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**EFFECTIVE COMMUNICATION AND STAKEHOLDER ENGAGEMENT:  
EFFICACIOUS TOOLS FOR MANAGING CRISIS AND PROTECTING  
ORGANIZATION'S REPUTATION**

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**ABSTRACT**

This study examined the benefits of effective communication and stakeholders' engagement in organizational crisis management. The study submits that the place of communication and stakeholder engagement in crisis management cannot be overexaggerated as they play tremendous roles in protecting an organization's image and reputation. Findings revealed that effective communication and stakeholder engagement during crisis and its management promote stakeholders' trust, births stakeholders' loyalty, helps an organization identify threats and opportunities, breeds transparency and helps an organization undergoing crisis develop efficient and effective crisis response strategies. The study also found that the lack of effective communication and stakeholder engagement during crisis can result to reputation loss, rumours/gossips, and mistrust among stakeholders. Therefore, in managing organizational crisis, the study suggests that priority should be given to stakeholders by effectively communicating them and engaging them adequately.

**Keywords:** Stakeholder Engagement, Crisis, Crisis Communication, Crisis Management.

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**INTRODUCTION**

Organizations, nations, and or individuals are susceptible to crisis so long as they are in existence, and unavoidably, these crises are inevitable. Crisis is an ugly situation or event that hits an organisation or nation leaving it confused and threatening its existence and reputation. According to Zamoum and Gorpe (2018) humans today are witnessing multiple serious crises, whether economic, social, environmental, but the most devastating crises are those security crises that end up with endless wars, killing thousands each year, and displacing millions of others.

During crisis, proactivity, effective communication, and stakeholder engagements are important tools required by management of different organizations or nations to ensure that they handle the situation adequately. These steps have become important and are deemed necessary because they go along way in alleviating and manging the effects of crises on the organization, individual and or nation. As such, an organization or nation that is worth its salt must ensure that they engage in effective crisis communication and stakeholder engagement to ensure that a crisis is well handled in order to protect, manage, and preserve their reputation which is a valued asset.

However, crisis management cannot be actualized without recourse to effective crisis communication and stakeholder engagement. In other words, for an organization to effectively manage a crisis and engage various stakeholders both internal and external stakeholders, they must first of all engage stakeholders through adequate and effective communication of the crisis situation, this engagement, thus, will help them understand their stakeholders' different dispositions and expectancies, as such, help them in making effective decisions and choosing appropriate crisis response strategies and measures that can be used in handling the crisis situation.

**CRISIS DEFINITIONS**

An organizational crisis is an event perceived by managers and stakeholders as highly salient, unexpected, and potentially disruptive that can threaten an organization's goals and have profound

implications for its relationships with stakeholders (Bundy, Pfarrer, Short and Coombs, 2017). Crisis, as defined by Coombs (2012), is an unpredictable event that presents real or potential negative outcomes such as financial loss, deaths and injuries, and reputation damage for organizations, their stakeholders, and their industries.

According to Harrison and Harrison (2019) crisis can also be defined as any issue, problem or disruption triggering negative stakeholder reaction that can threaten an organization's viability (Harrison and Harrison, 2019). In an organisational context, crises are usually new situations to the organization, often defined as unexpected, unstructured, and totally outside the typical operational framework of the affected organization (Beall, 2007). Seeger, Sellnow, and Ulmer's (1998) definition of crisis (as cited in Janssen, Swaen and Vanhamme, 2011) is as specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and threaten or are perceived to threaten an organization's high priority goals. In the same vein, Jaques (2010) emphasised that "virtually nothing can damage organisational reputation and financial performance more rapidly and more deeply than the impact of a major crisis"

A crisis, therefore, simply defined is an unexpected, sudden, unplanned, worrying, threatening and unpredictable event that strikes an organization, nation and or individual leaving them in a worrisome and confused state which calls for diplomacy and urgent attention.

These various definitions suggest that crisis requires immediate, careful, and calculative attention for it to be properly handled; otherwise, they possess the potentials of damaging the individuals, nations and or organizations affected.

### **WHAT IS CRISIS COMMUNICATION AND STAKEHOLDER ENGAGEMENT?**

The importance of crisis communication during crisis in an organization cannot be over exaggerated as it plays an important and major role in organization's crisis management. Furthermore, due to the inevitable nature of crisis communication during crisis management, several scholars have attempted defining crisis communication. Crisis communication according to Coombs (2010) is the collection, processing, and dissemination of information required to address a crisis. It is a special wing which deals with the reputation of the individuals as well as the organization. Crisis communication is an initiative which aims at protecting the reputation of the organization and maintaining its public image (Juneja, 2015). Crisis communication can be said to be the process of information collection, information processing, decision making, and information distribution of data necessary to address a crisis situation to internal and external stakeholders (Hale et al., 2005). Buttressing further, Heath (2010) maintains that a well communicated crisis by an organization's management is the one that puts things/situations right the most quickly and ethically. Crisis communication is the life blood of crisis management; when crisis communication is ineffective, so is the crisis management (Coombs, 2014). Coombs differentiates between two types of crisis communication: "crisis knowledge management" and "stakeholder reaction management." "Crisis knowledge management" involves collecting information, analysing the information gathered, sharing what is learned and decision-making. While the "stakeholder reaction management," involves efforts to influence the organization's stakeholder groups through communication. This may be accomplished through words or what is done, the deed. It is important to understand the perception of the stakeholders' groups of the crisis, the organization under crisis and its response to the crisis to influence them (Coombs, 2009). In the context of this paper, the stakeholder reaction management will be concentrated on as it explains the very crux of this paper. The implication of the above definitions is that a crisis cannot be effectively managed without effective communication as it helps an organization understand the various dispositions of stakeholders both internal and external.

### **STAKEHOLDER ENGAGEMENT**

Stakeholder engagement is the process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. They may

support or oppose the decisions, be influential in the organization or within the community in which it operates, hold relevant official positions, or be affected in the long term (Stakeholder Engagement. n.d). Stakeholder engagement is used by organizations in the private and public, especially when they want to develop understanding and agreement around solutions on complex issues and large projects (Stakeholder Engagement, n.d). Stakeholder engagement in the context of crisis communication and managements can be said to be the frantic efforts made by organizations' management during a crisis to help maintain a healthy relationship between stakeholders in order to ensure that stakeholders are in agreement with their policy decisions made towards solving a crisis. A good relationship with stakeholders and adequate stakeholder engagement can go a long way in helping an organisation through crisis because, when stakeholders feel involved, they support an organisation through positive word of mouth and attitude.

### **CRISIS MANAGEMENT**

Crisis management can be defined as “a set of factors designed to combat crises and to lessen the actual damages inflicted” (Coombs, 2007). Explaining further, Coombs (2007) maintained that crisis management is critical to business continuity (for operations) and for protecting the extremely valuable reputational assets of an organization. Given the central value of reputations in modern organizations, crisis management as reputational defence is a critical organizational function.

### **REPUTATION**

Due to limited literature that exists with regards to reputation definition, this study tried defining reputation as the overall summation of various individuals' assessments of judgement concerning an organization, nation or individual's past actions/deeds, their present capabilities to create value including its future potentials and trustworthiness. Hendriks (2016) also stated that organisational reputation is a perception or judgement of stakeholders about an organisation's ability to create impression and value based on prior actions.

### **THEORETICAL FRAMEWORK:**

To position this paper in a proper theoretical framework, the stakeholder theory is adopted. The choice of this theory is to help in fully dissecting and understanding the importance of stakeholders in an organization/nation and the need for proper stakeholder engagement of stakeholders by organizations during a crisis of any sort.

The stakeholder theory propounded in 1984 by Edward Freeman emphasizes the interconnections between business and all those who have a stake in it, namely, customers, employees, suppliers, investors, and the community. (Bhasin, 2018). Additionally, the stakeholder theory suggests that the purpose of any business or an organization is to create as much value as possible for stakeholders. Thus, to succeed and be sustainable over time, executives/management of organizations must keep the interests of (stakeholders) customers, suppliers, employees, communities, and shareholders aligned and going in the same direction. (lexicon ft.com).

With the stakeholder theory, the role effective communication and stakeholder's engagement play in the management of crisis situation becomes clear and well understood- stakeholder engagement through effective communication by management of organizations could help alleviate the problems posed by a crisis to an organization. Within the framework of this theory, this paper therefore appraises the benefits of stakeholders' engagement in crisis communication.

### **POSITIVE IMPACTS OF EFFECTIVE COMMUNICATION AND STAKEHOLDER ENGAGEMENT ON ORGANIZATIONS/NATIONS DURING CRISIS:**

Being obviously inescapable, crisis must hit an organization/nation whether prepared or not, so long as they are in existence. Regardless of the level of proactiveness and preparedness, inevitably, it must surely happen. For this reason, the efforts, strategies, measures, and steps taken by an organization/nation must at some point be evaluated, criticized, and judged by different stakeholders who affect or are affected by the actions and or decision of an organization. In this

vein, organization, however, must employ different tactics/strategies in addressing crisis situations and key among these strategies include but are not limited to effective communication and stakeholders' engagement.

### **EFFECTIVE COMMUNICATION AND STAKEHOLDER ENGAGEMENT PROMOTE TRUST AMONG STAKEHOLDERS:**

Crisis threatens an organisation's existence and introduces fear in the minds of stakeholders. Effective communication and stakeholders' engagement during crisis can be very beneficial to an organization because they go extra miles in promoting trusts among stakeholders. When organizations communicate a crisis to stakeholders and engage them adequately, they have automatically scaled a huge hurdle of disbelief as such actions would make them appear transparent and honest in the eyes of their stakeholders. Buttressing further on the importance of trust in an organisation which comes and is earned as a result of stakeholder engagement, Kramer and Tyler (1996) believe that trust toward the organization and inside the organization is central especially in an era when organizations aim and struggle to deal with and manage public displays of positive and negative emotion.

When trust is promoted and built in stakeholders, positive behaviours by stakeholders are consciously and or unconsciously exhibited towards the organization undergoing crisis and this will help an organization manage a crisis appropriately.

### **EFFECTIVE COMMUNICATION AND STAKEHOLDER ENGAGEMENT MAKE FOREASY UNDERSTANDING OF VARIOUS STAKEHOLDERS' FEELINGS AND EMOTIONS:**

During crisis, it is germane to understand the feelings of stakeholders as such understanding of stakeholders' emotions will help an organisation manage a crisis suitably having understood the different needs of stakeholders. When you know what client expectations are, it is much easier to meet them (Webb, 2019). Stakeholders' feelings cannot be understood by organisations if they fail to communicate and engage stakeholders. Stakeholder engagement, ushers in room for dialogue, as such, providing partial solutions to the crisis at hand because it enables the management of an organization undergoing crisis learn what stakeholders want and the best possible ways to meet their demands and expectations during a crisis.

### **STAKEHOLDER ENGAGEMENT AND EFFECTIVE COMMUNICATION BREED STAKEHOLDERS' LOYALTY DURING CRISIS MANAGEMENT:**

Stakeholders' Loyalty towards an organization during crisis and its management helps an organization tremendously. When stakeholders feel appreciated and accepted and valued by an organisation, they become loyal to that organization. This will make them stand firm with an organisation and support the organization through a crisis by exhibiting positive attitudes. A stakeholder becomes a faith-holder simply when they engage positively with an organization or a brand (Luoma-aho, 2015). Coombs & Holladay (2014) talk of favourably predisposed publics and summarize that positive expectations, brand loyalty, and familiarity, together, protect organizations and brands reputations, especially during and after crisis.

### **ABILITY TO IDENTIFY THREATS AND OPPORTUNITIES:**

Crisis introduces high level of uncertainty and confusion among members of the organization and various stakeholders. According to Coombs (2014) when crisis strikes in an organization, there are three emotions that are triggered in stakeholders that tend to dominate crises: anger, sympathy, and anxiety. Thus, engaging with stakeholders through adequate communication about the crisis helps an organization's management detect these emotions and identify possible threats and opportunities that can erupt due to these emotions. Not all crises leave negative impacts on organizations, however, how these crises are handled determines the future and reputation of the organization in

question. Furthermore, when organizations' management develop positive relationships with stakeholders and engage them efficiently during policy changes and crisis management, they foresee opportunities, at the same time, identify potential threats associated with a crisis. Ability to identify these threats and opportunities will help in crisis management. In the words of Leadbeater (2002) one would deduce that stakeholder engagement and cooperative relationships with stakeholder enable firms to adapt, share and communicate risks and embrace innovation.

### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION HELP ORGANIZATIONS UNDERGOING CRISIS DEVELOP EFFECTIVE CRISIS RESPONSE STRATEGIES:**

In managing crisis, organizations are bound to take effective crisis management measures and make effective decisions when they engage stakeholders adequately. Engaging and communicating with stakeholders during crisis give room for a bottom-top approach where the feelings of various stakeholders are solicited and factored into organizational crisis management decisions. Claeys and Cauberghe (2014) submitted that stakeholders' involvement in organizational crisis as well as how the crisis messages are framed affect how crisis response strategies will impact on post crisis attitude and perceptions towards the organization from stakeholders. This implies that organizations tend to manage crisis adequately and suitably when they engage stakeholders in their crisis management plans.

### **STAKEHOLDER ENGAGEMENT BREEDS TRANSPARENCY:**

Crisis plunges an organization into a precarious stage and raises questions in the minds of various stakeholders. At the event of any crisis, stakeholders are bound to ask questions and doubt the competency of the organization involved. To effectively manage the crisis, stakeholders expect organisations to engage them adequately and communicate every step and measures that are to be taken. This engagement promotes transparency in the organization because stakeholders perceive organizations who engage them adequately as transparent, open and in control of the situation which is a positive step in managing a crisis.

### **NEGATIVE EFFECTS OF LACK OF COMMUNICATION AND STAKEHOLDER ENGAGEMENT:**

Lack of communication and stakeholder engagement during crisis affects organizations and their reputation negatively.

### **MISTRUST AND TENSION:**

When organisations fail to communicate effectively and engage their various stakeholder during a crisis, there is bound to be tension and mistrusts. Stakeholders will act in unfavourable ways that might be detrimental to the existence and survival of an organization. Jeffery (2009) maintained that poor stakeholder engagement has the potential to undermine stakeholder relations resulting in mistrust and tensions, as well as making the possibilities for future successful relations more difficult.

### **GRAPEVINE/RUMOURS:**

When stakeholders thirst and hunger for information, they feed themselves with gossips. Lack of communication and stakeholder engagement usher in curiosity and gossips thereby making stakeholders turn to every possible means for information especially to the media, this, however, gives rise to unverified facts and claims. Rumours have a negative way of affecting an organization's reputation, as such, become detrimental to organizations success. Eden (2013) averred that rumourscarrying incorrect information can create anxiety, fear, misunderstanding and a wide range of conflicts in the organization; as such, interfere with the crisis management process of an organization making it vulnerable to reputation damage. In the same vein, Clegg and Iterson (2009) maintain that While rumours intend to interpret situations that are undefined or threatening , gossip occurs when a third person who is not currently present is criticized and disapproved of by individuals (Erden, 2013).

**REPUTATION LOSS :**

As Warren Buffet said, “it takes 20 years to build a reputation, and five minutes to ruin it” (Webb, 2019). The implication of the aforementioned statement is that an organization can work diligently over years to build a reputation which is considered a valued and precious asset, and stand the risk of losing it within a twinkle of an eye if they neglect what they are meant to do or are careless in managing their reputation. Lack of communication and stakeholder engagement can damage an organization’s reputation during a crisis, this is because when stakeholders feel abandoned and left in the dark during a crisis, they can take to several media platforms to express their anger, thus, damaging the reputation of an organization. Succinctly, the management of a crisis cannot be achieved when stakeholders are left behind or ignored.

**CONCLUSION:**

The truth remains that crises are unavoidable and inevitable in corporate environments and to nations, and as such, any organization and or nation that is worth its salt must proactively prepare for crisis and its unforeseen physiognomies. Grounded on this argument, the present study focused on the benefits of effective communication and stakeholder engagement in organizational crisis management and reputation protection. The study posits that effective communication and stakeholder engagement are indispensable tools with regards to crisis management; as such, must not be relegated to the background nor ignored during a crisis.

On the positive impacts of effective communication and stakeholder engagement, findings revealed that effective communication and stakeholder engagement during crisis promote trust among stakeholders, aide in the understanding of stakeholders’ expectancies. Similarly, it was discovered that due to stakeholder engagement and effective communication, there is stakeholders’ increased loyalty as well as increased ability to identify threats and opportunities during crisis and crisis management. Also, effective communication and stakeholders’ engagement was found to aide organization’s management in developing effective crisis response strategies.

On the negative aspect, lack of stakeholder engagement and crisis communication during crisis can cause mistrust, tension; reputation loss and grapevine among stakeholders in an organization and these are detrimental to organizations and have negative effects on the crisis management processes.

Thus, the study recommends that organizations and or nations must ensure that they engage stakeholders adequately and communicate effectively with stakeholders before, during and after a crisis. Furthermore, the study recommends that organizations cannot operate in isolation, as such, they must establish good relationships between their stakeholders before a crisis hits. This is because such established prior relationships go a long way in helping an organization during a crisis. Additionally, the study recommends that organizations must ensure that they have in place optimistic communication networks that will enable them to efficiently communicate to various stakeholders both external and internal stakeholders during a crisis, as such actions will tremendously help in managing a crisis and alleviating the negative effects of a crisis to an organization and its public, thus, saving and protecting an organization’s image and reputation.

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