

INTERNATIONAL HELLENIC UNIVERSITY

***Crisis Management of
Organizations,***

*during the recent Sociopolitical Turbulence in the
Arab Region*

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October 2011

MSC IN MANAGEMENT

Acknowledgements

This article is presented in partial fulfillment for the requirements of the degree Master in Management provided by the International Hellenic University. For its completion I would like to thank my parents whose guidance has been priceless and their support constant.

Eleni Vatsou
Thessaloniki 2011

Abstract

The aim of the project is to deal with the social and political crises that recently affected the Arab region and to examine how the organizations responded to the turmoil and to what extent they were affected. The paper will aim to contribute to the broader context of Corporate Crisis Management decisions when acts of force majeure occur. Specifically the paper will attempt to analyze two main industries of vital importance to the region which are the construction and the tourism industry. The research question that the paper shall try to shed light on is on how effective a crisis management system can prove to be when acts of force majeure actually occur. A comparison between organizations that have implemented crisis management systems and organizations that have a poor management crisis system will be examined in order to withdraw conclusions that will help evaluate the results of our research. Various models and theories can be found in the existing literature of Crisis Management of force majeure, however the paper believes that each crisis has its own characteristics and therefore has to be examined separately, in order to contribute further to the broader context of Crisis Management.

Definitions and Acronyms

MENA	–	Middle East and North Africa
IMF	–	International Monetary Fund
DRII	–	Disaster Research Institute International
ASIS	–	American Society for Industrial Security
ACP	–	Association of Contingency Planners
BCCM	–	Business Crisis and Continuity Management
CGE	–	Computable General Equilibrium
CES	–	Constant Elasticity of Substitution
GDP	–	Gross Domestic Product
CRT	–	Crisis Response Team

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I. Introduction

Starting from late 2010 a wave of spontaneous uprisings in Tunisia and Egypt led to the downfall of their local regimes and triggered a series of new protests in the Middle East and North Africa (MENA) region, threatening the stability of several other countries, such as Libya, Algeria, Bahrain, Jordan, and Yemen. Foreign exporters and investors in these countries are still being affected by the ongoing events, such as looting industrial activities, supply chain disruptions as well as increased counterparty risk.

The revolution in the Arab Region marked a significant increase in commercial, economic and financial risks. While the revolutions were under process most of the organizations of different backgrounds (industries) were forced to remain inactive. They resumed their activities partially after the downfall of the regime that was confronted. Businesses suffered great losses by looting, the tourism industry recorded major losses as visitors as well as expatriates fled the country urgently. In addition, cancellations of reservations increased dramatically due to the long term instability of the subject countries facing the problems. Supply-chain disruptions caused by damages to infrastructure as well as to manufacturing plants were noticed, while average capacity utilization in the production industry fell to half in the beginning of the revolution. In addition to that, several banks were degraded by rating agencies, like Standard & Poor's and Moody's, denying them to access credits on the international markets or even from the IMF (International Monetary Fund).

Therefore, it was clear that the political crisis that was spreading in the Arab Region was causing consequently a financial crisis contagion to the rest of the world affecting indirectly international markets, as well as directly businesses that had chosen to invest in the Region. Some of the consequences were exchange rates to mark high instability, causing great losses and uncertainty;

insurance risk premiums to increase dramatically, which had as a result boosting financing and insurance costs for domestic and foreign companies. In addition, it was noticed that great impact was caused to the energy market creating fluctuation in the prices of oil, as well as to the prices of natural gas in Europe, due to the interruption in the production of oil in the Region.

Due to the unpredictability and impact of the above mentioned crisis, a need to face, deal and tackle down these problems was raised to the international community as well as to large organizations and smaller local business, since all respective parties were affected more or less by the events. That is where Crisis and Risk Management comes to life and should play an essential role, not in forecasting such events, but in explaining, preparing and organizing businesses how to protect and prevent themselves from the consequences of such kind of force majeure actions.

Crisis management has never before been more vital and important. Taking into consideration recent events, they have displayed, that major organizations and smaller businesses, as well as communities at large, have become vulnerable and sensitive to unpredictable events and may cause disruptions to their production that can be extremely costly. Furthermore, the recent crisis caused loss of lives, displacement of families and communities (refugees), closing of businesses, and leaving behind helpless, destroyed economies that will take a great deal of time to revive and put them back on track towards a healthy economic growth.

Therefore, today's business world is in need of a stronger plan to be able to deal with the unexpected acts of force majeure. Business brands and reputations in addition to the trust of the shareholders are all vital factors to a correct and efficient implementation of a crisis management within a business. Human resource executives and managers are responsible in preparing and implementing a proper crisis management system towards an organizational

sustainable business, in order to achieve advance preparation, safety, as well as security initiatives for situational leadership-development and a rock stable communication to support the crisis management targets.

In the following chapter, a thorough literature overview shall be examined and researched that will help in connecting literature to our topic, and that will consequently contribute in achieving the target of this paper.

II. Literature Review

i. Analyzing the Main Terminology

The paper of Gregory L. Shaw (2004) “Business Crisis and Continuity Management” underlines that there are many inconsistencies in the terminology that is found in the contemporary literature of the business community in terms of Crisis Management and Business Continuity Management. Therefore, there is a crucial need for these terms to be clarified. Noted experts such as Ian Mitroff (Mitroff and Pauchant, 1992; Mitroff, 2001) and Stephen Fink (Fink 1986) emphasize crisis management as the unifying structure and term for strategic business protection, response and recovery and include business continuity as one of many supporting functions (Shaw, 2004). However, United States based organizations, such as Disaster Research Institute International (DRII, 2004), ASIS International (ASIS, 2004), and the Association of Contingency Planners (ACP, 2004) use the terms Business Continuity Management (or Business Continuity Planning) as their umbrella for multiple functions and processes including Crisis Management. The United Kingdom based Business Continuity Institute also employs the term Business Continuity Management as its overall program title. Thus, Shaw in his paper proposes one umbrella term which is defined as: *Business Crisis and Continuity Management (BCCM)* – “The business management practices that provide the

focus and guidance for the decisions and actions necessary for a business to prevent, prepare for, respond to, resume, recover, restore and transition from a disruptive (crisis) event in a manner consistent with its strategic objectives (Shaw and Harrald 2004)."

The paper of Granville King III (2002) "Crisis Management & Team Effectiveness, A Closer Examination", focuses on the differentiation between the terms of Crisis Management and Crisis Communication, the differences of which he thinks very significant. Crisis management is a "systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur" (Pearson and Clair, 1998). On the other hand, Crisis Communication is "the communication between the organization and its publics prior to, during, and after the negative occurrence" (Fearn-Banks, 1996). It is worth mentioning, that there are various strategies in communicating during a crisis for the organizations to choose from, for example, they can deny responsibility, make amends, elicit sympathy or use some form of ingratiation tactics, in order to win stakeholders support, (Ray, 1999) attack the accuser or use justification and corrective actions (Coombs, 1999).

The paper of Ian I. Mitroff, Paul Shrivastava, Firdaus E. Udwardia (1987) "Effective Crisis Management" points out that in order to manage crises effectively, organizations must first be aware of all the phases and steps involved in the entire process of crisis management as well as of the differences between the phases, for example, the purpose of the "preparation and prevention phase". Moreover, the paper indicates that every organization must attend not only to crises that are well known to it and its industry, but to the many disasters that can now happen to any organization and all industries. Thus, differentiates between crises that arise within the organization, and those that arouse outside it (Internal-External), and also differentiates between

crises caused by technical/economic breakdowns and those caused by people/organizational/social breakdowns. (See Table 1)

Table 1: Types of Corporate Crises¹	
Technical/Economic	
<ul style="list-style-type: none"> • Product/service defects • Plant defects/industrial accidents • Computer breakdown • Defective, undisclosed information • Bankruptcy 	<ul style="list-style-type: none"> • Widespread environmental destruction/industrial accidents • Large-scale systems failure • Natural disasters • Hostile takeovers • Governmental crises • International crises
Internal ←	→ External
<ul style="list-style-type: none"> • Failure to adapt/change • Organizational breakdown • Miscommunication • Sabotage • On-site product tampering • Counterfeiting • Rumors, sick jokes, malicious slander • Illegal activities • Sexual harassment • Occupational health diseases 	<ul style="list-style-type: none"> • Symbolic projection • Sabotage • Terrorism • Executive kidnapping • Off-site product tampering • Counterfeiting • False rumors, sick jokes, malicious slander • Labor strikes • Boycotts
People/Social/Organizational	

¹ Ian I. Mitroff, Paul Shrivastava, Firdaus E. Udwardia (1987) "Effective Crisis Management"

The paper of Wei-Tsong Wang and Salvatore Belandro (2005) “Strategic Integration, A Knowledge Management Approach to Crisis Management” shows how can crisis management strategies along with the alignment of knowledge based strategies lead to better crisis management. The paper depicts that knowledge based strategies can be used to locate and determine various critical knowledge a firm needs. Their research demonstrates, through case study analysis, how a more efficient alignment of knowledge based strategies along with crisis management strategies can lead firms to become less vulnerable to business crises. In addition, the authors explain that the crisis management model suggested by Mitroff focuses on the more critical aspects of crisis management and helps identify what is more knowledge appropriate to each stage of his mode. Furthermore, in their study are also mentioned crises classifications based on two factors external against internal as well as Technical/Economical against Human/Organizational/Social (See Table 1). In the end, different types of corporate crises are examined and discussed. The paper concludes by proving, that proper alignment of knowledge-based strategies along with crisis management strategies, can support businesses to find the correct formula in order to achieve eventually their key goals and tasks. Further study and testing is suggested by the authors, in order to go to the next level of the respective research.

Table 2: Crisis Definitions

A crisis is a “vitaly important or decisive stage in the progress of anything; a turning-point, a state of affairs in which a decisive change for better or worse is imminent; now applied esp. to times of difficulty, insecurity, and suspense in politics or commerce.”²

² Oxford English Dictionary

“A serious threat to the basic structure or the fundamental values and norms of a social system, which under time pressure and highly uncertain circumstances—necessitates making critical decisions.”³

“Any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial wellbeing, reputation or survival of the firm or some portion thereof.”⁴

“A situation that threatens high-priority goals of the decision-making unit, restricts the amount of time available for response before the decision is transformed and surprises the members of the decision-making unit by its occurrence.”⁵

“A low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.”⁶

ii. Crisis Management in the Tourism Industry

In the paper of Adam Blake and M. Thea Sinclair (2003) “Tourism Crisis Management: Adjusting to a temporary downturn” is explained how the tourism industry was affected in several ways, due to unexpected and sudden downturn in demand. It draws the attention of policy makers who are faced with the predicament of if and how they have to respond to various crises,

³ Uriel Rosenthal, Paul ‘t Hart, and Michael T. Charles, “The World of Crises and Crisis Management,” in *Coping with Crises: The Management of Disasters, Riots and Terrorism*, ed. Uriel Rosenthal, Michael T. Charels, and Paul ‘t Hart

⁴ Erica Hayes James and Lynn Perry Wooten, “Leadership as (Un)usual: How to Display Competence in Time of Crisis,” *Organizational Dynamics* 34, (2005)

⁵ C. F. Hermann, *International Crises: Insights from Behavioral Research* (New York: Free Press,1972), as quoted in Uriel Rosenthal and Alexander Kouzmin, “Crises and Crisis Management: Toward Comprehensive Government Decision Marking,” *Journal of Public Administration Research and Theory* (1997)

⁶ Christine M. Pearson and Judith A. Clair, “Reframing Crisis Management,” *Academy of Management Review* (1998)

when there is insufficient research into the relative effectiveness of different responses. Their study concentrates on the case of September 11 regarding the downturn in tourism demand in the United States of America which created a tourism crisis. The paper takes into consideration the fact that downturns due to tourism crisis are of temporary nature and government policies tend to focus in reducing the levels of adjustment. However, if such downturns are permanent, government decisions tend to make adjustments towards a new equilibrium that will reduce cost. This paper examines in depth the ways of measuring the cost of adjusting within a CGE (Computable General Equilibrium) model and tries to assess the way government policy can efficiently target towards reducing the respective costs. The study focuses on the construction of a general equilibrium model applicable to the U.S. in order to analyze the effects of the September 11 as well as potential and actual policy responses to the tourism crisis. Their model takes into consideration tourism demands which are specified as CES (Constant Elasticity of Substitution) functions over various services and goods, with different demands from foreign, local, and business tourists, each of which select air travel and non-air travel tourism trips. In addition, the paper extends its research by applying shocks to the air travel tourism industry, in order to simulate the effects that the September 11 terror attack has had on the demand for travel, and calculates the impacts that can be caused to the GDP (Gross Domestic Product) rate or even to the employment. Also, various levels of factor adjustments that take place in the economy are measured in the paper. In the end, the paper concludes that the initial government responses to the crisis were efficient to a certain extent in dealing with the fall in tourism demand; however, they were not so big enough in order to avoid the effects from that fall. The paper closes by suggesting that with more general tax relief measures offered to the tourism industry, the tourism industry may recover after such a crisis.

In the book of D. Glaesser and Butterworth Heinmann (2003) "Crisis Management in the Tourism Industry", the main purpose is to map out and

assess the strategic corporate orientation in correlation with the various unexpected negative events in the tourism industry. In addition, Glaesser's most interesting chapter is the second chapter of his book, in which he outlines various interaction spheres by using systems theory as a foundation for chaos in response to negative events. The author takes into consideration for his research competitors, consumers, suppliers and the government policies. The paper also examines specific methods for measuring and situating potential responses to negative crises and events. Furthermore, tools, such as vulnerability assessments, scenario analysis, as well as interaction matrices are used, in order to obtain secure results and conclusions against the problem examined.

iii. Crisis Management in the Construction Industry

The paper of M. Loosemore and M. M. M. Teo (2000) "Crisis Preparedness of Construction Companies" focuses its interest on how much prepared construction organizations are and gives a number of significant reasons for this choice. Firstly, construction industry is considered to be one of a high-risk and with a tendency to develop crises quite often. Secondly, a thorough understanding of management processes is a necessity, due to the fact that construction projects have become more complex and sophisticated. Thirdly, the construction industry in general does not help crisis management plans, due to the fact that it is driven by a scientific mind-set and an ascending tendency to leanness. What is more, the construction industry is considered one of low crisis preparedness by the media, and that is also why construction activities have a poorly public image in comparison to other industries. Last but not least, the article claims that has been poor research from a corporate perspective in terms of crisis management in construction projects.

In the paper of Martin Loosemore (1998) "Reactive Crisis Management in Construction Projects - Patterns of Communication and Behaviour", the author

concludes on a grounded theory of construction crisis management, setting as a prerequisite the distinction of characteristics between construction crisis management and crisis management in other contexts. However, it is clearly stated that the proposed theory has a limited focus on communication as well as behaviour issues; therefore it is not targeted to offer a unique, holistic approach that covers the complexity and multifaceted nature of different construction project crises. In his proposed pattern, the author pays significant attention to matters, such as social adjustment, behavioral instability, social structure and diametric opportunities. More specifically, he believes that social adjustment is period of which a new political, economic and social order emerges that depicts different groups of interests within the organization. The second part of his grounded theory states that a crisis has as a direct consequence behavioural instability, which has a self-perpetuating as well as negativity tendency. The third part of the theory refers to the new social structure that is emerged, which decides upon the information flow and more specifically about its speed, efficiency, potential distortion and the level of uncertainty between everyone that is affected. The fourth and last part of his grounded theory cites that a construction crisis provides a framework of either destruction and conflicts or an environment that strengthens efficiency, harmonization and cohesion. The expected outcome, of course, would be respectively to either prolong or to shorten the crisis.

The paper of He Zhi (1995) "Risk Management for Overseas Construction Projects" admits that construction projects are considered to be high-risk business, mainly due to the fact that there is lack of adequate environmental information, something that makes it hard to identify new potential risks and even harder to assess those risks. Other factors that hinder risk identification are lack of time as well as high cost. The author provides also a method that classifies, identifies, assesses and allocates risks always through a systematic thinking process. Furthermore, emphasis on the need for a global view is given, in terms of identifying and classifying risks, both for the construction project

itself and the sociopolitical environment in the region that affects the whole planning. Moreover, the author strongly believes that the most significant risk factors must be carefully examined and more specifically how probable is for them to occur as well as how much each of them could affect the whole construction project. Lastly, it is mentioned that the response methods could vary from project to project and also that flexibility should be taken into account in terms of how they operate.

iv. Crisis Management and Communication

The paper of Christian Neuhaus (2010) “Using what is already there – Integrated Crisis Communication as a new approach in Crisis Management – Case Study and Suggestions” emphasizes the vital role that efficient communication plays in today’s crisis management strategy. It also depicts the lack of businesses to use separate various communication channels and information systems towards a correct strategy management crisis system. The paper suggests an integrated crisis management system, in which both information systems as well as communication channels will be utilized under one oriented stakeholder approach, achieving the best possible integration. The paper uses two case studies in a two year research project examining a large German energy company. The paper concludes, in general, that companies utilize only a small part of the communication means that are available, and that companies depend highly on the media rather on the source of information that may be extracted by themselves. The paper in the end stresses the need for further research and the need to utilize other technologies, for example other social online networks.

v. Crisis Management Proposals for a Prepared Organization

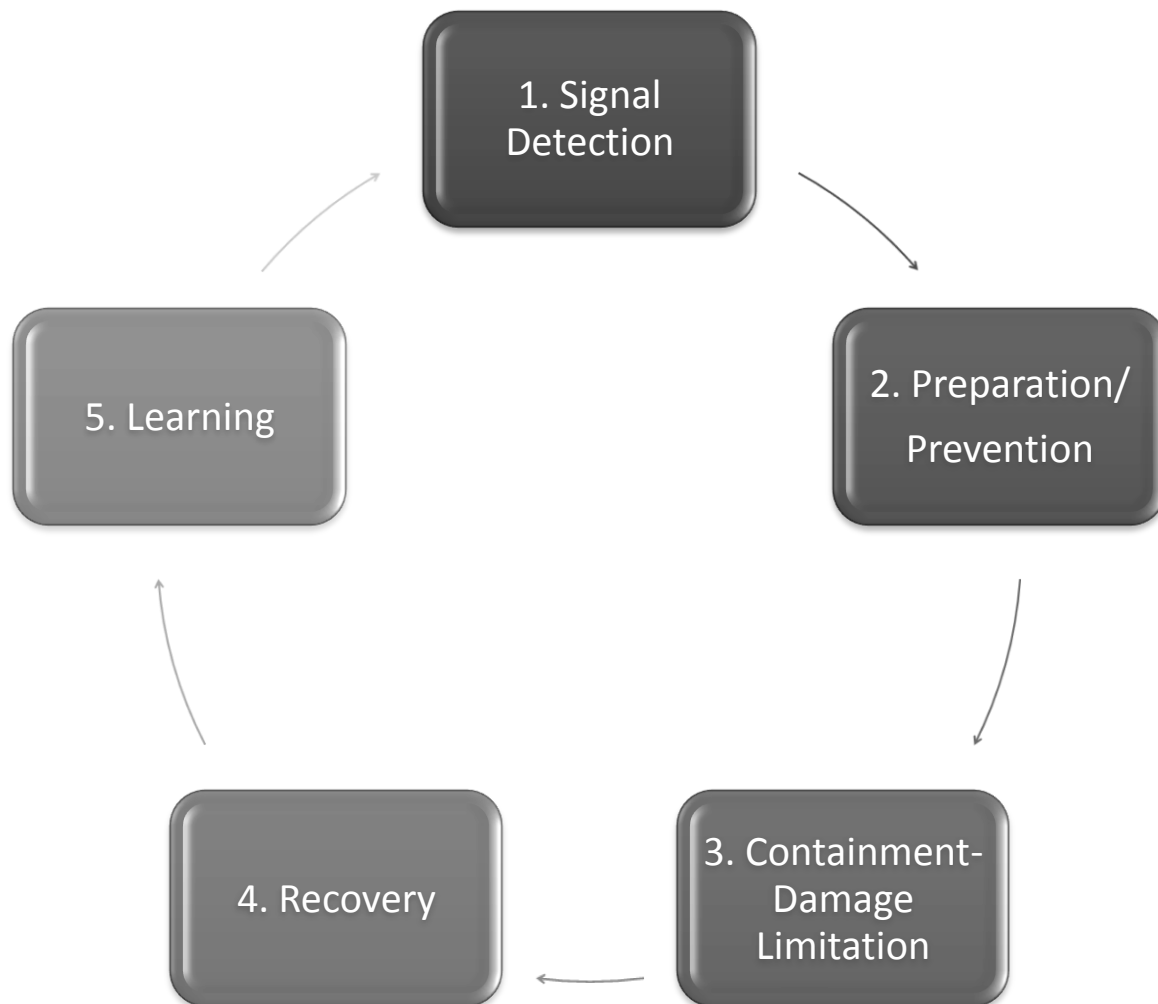
The paper of Arjen Boin and Patrick Lagadec (2000) “Preparing for the Future: Critical Challenges in Crisis Management” claims that crises are becoming

more complex in nature and more specifically, endemic features of modern society, due to globalization, increased mass communication, social fragmentation and the dissipation of state authority. They support that there is one 'stable' characteristic of crises throughout time, and that is the combination of uncertainty (or inconceivability), threat or disjunction and time compression (Rosenthal, Charles and 't Hart, 1989). In other words, they believe there is no such thing as a routine crisis. Moreover, it is stated that Crisis Managers need to be trained in order to avoid the elementary pathologies that accompany crises and breakdowns. In order for the organizations to be prepared for the unknown, a list of "best practices" is proposed, which includes the following: to ensure awareness at the highest levels, to develop appropriate operational capabilities, to engage in continuing preparation efforts, to have a continuous practice of feedback from experience, to make tests and simulation exercises, to provide managers with various type of training, to expand the learning process to inter-actor learning, to ensure the personal involvement of elites, to introduce a general scheduling of the intervention and to master the core processes of the organizations.

In the paper of Arjen Boin (2009) "The New World of Crises and Crisis Management: Implications for Policymaking and Research" it is stated that the world of crisis is shifting towards a different environment, due to their changed shape and dynamics. It is supported that this modern type of crisis, which is referred to as the transboundary crisis, will have a much longer lasting impact on organizations, though in a different way than the contemporary type of crisis. Moreover, the typical characteristics as well as the consequences of the transboundary crisis are mentioned. More specifically, a transboundary crisis can easily cross geographical, as well as functional borders, for example, from a city to a continent and from one sector of the economy to another, making it even more difficult to be managed and to make clear who must deal with it. Last but not least, a transboundary crisis transcends the traditional time boundaries, thus its effects can last through the years and could be memorable

even from different generations. Furthermore, the article pays attention to the significant job of crisis management by breaking it down into five executive tasks. Firstly, the preparation task, which means that the leaders of each organization must initially prepare themselves, and then they have to make plans and be ready to train their staff to be prepared for the unexpected. Secondly, officials must be trained in order to be ready to recognize the signals of a developing crisis situation, despite the fact that sometimes the pace, ambiguity and complexity of crisis or even personal stress could be potential obstacles. Thirdly, executives must be ready to coordinate large response networks, something that requires skills, such as flexibility, improvisation, redundancy as well as breaking rules. The next task that leaders have to face is to offer credible and convincing answers, in order to ensure support to their action plan and to continue their work without stress. The last task that a manager has to tackle is to be able to learn under pressure, before, during, as well as after a crisis takes place. Especially, the aftermath of such a disaster could be crucial to prevent potential future failures and repeat history.

Table 3: The Crisis Management Cycle



III. Methodology

One can find a large extent of arguments between researchers, taking into consideration the extended literature existing for improving the crisis managements system of large organizations as well as that of smaller businesses when acts of force majeure occur. Some researchers believe that organizational characteristics, such as training, are the most vital element that may lead them to a successful crisis management policy, on the other hand some point out adaption and learning and others clear chains of command and team building. The reason of this confusion derives from the fact that organizations understand the characteristics and issues that have to be addressed and solved, despite the fact that there may be dispute on the nature of these characteristics; however, in most cases the common problem that almost all organizations face is the *attention* and *funds* required to invest in order to resolve the problems – characteristics that will lead an organization to have an efficient management crisis system.

The research of this paper is based on a simple study that targets to identify and clarify the core characteristics – problems that the organizations faced during the crisis in the Middle East when a management crisis system does not exist within an organization or even when one exists and lacks in bringing out the desired results. Organizations from the tourism and construction industry will be studied in this paper. This will help us to focus on specific aspects of each industry and, therefore we will avoid broadening the subject.

What is very important is to answer the question on how organizations responded and what we can learn from this experience. In order to achieve safe answers to the questions of this research, targeted top management level executives, as well as middle level managers or employees of smaller businesses where asked to answer an interview questionnaire. In addition to the questionnaire some participants were interviewed by online video calls on

the internet answering to the same questions of the questionnaire, in order to obtain a better feeling of the subject which is to be studied, and in order to obtain personal experiences of people who lived on real time the incidents of the crisis. The response rate of the participants was very good, due to the fact that the sample that was used was targeted, as we previously mentioned. Out of the 20 people questioned, 10 were from the tourism industry and 10 from the construction industry and approximately half of each group were working for large firms and the rest of the half of each group were working for smaller businesses.

Of course the paper will not discuss and examine the political reasons behind this arise. Furthermore, it shall consider the crisis as a one and integral phenomenon that was contagious in the Arab Region and of course will not study separately the effects of organizations in each country. This could be examined in further research projects.

The participants in the research were asked to focus on the way their own organization responded to the crisis that hit them, and not to be affected by other organizations and stories in their answers. A wide variety of questions dealing with readiness during the crisis, including questions about resources utilized within their organization during the period, as well as if any planning for such a crisis existed. How relationships, internal structure, leadership, communication and management systems were utilized and how in general they responded to the crisis.

Participants were asked a series of core questions about the organization's scope, size and growth. The study depended on each respondent's level of knowledge about their selected organization. The education level of the participants was relatively high. All of the respondents held a bachelor degree and some had a master's degree.

IV. Data and Findings

Crisis Management in the Tourism and Construction Industry

i. General Factors

Before turning to the main factors of crisis research management, it is truly important to examine the importance of the role of place and time when wanting to prepare a crisis management system and of course when wanting to respond to such a crisis.

1. Tourism organizations were found to be much more ready for the Middle East crisis than organizations of the construction industry both before and after the crisis as per the respondents when asked after the crisis. Forty percent of the respondents from the tourism industry rated themselves 'very good' for the crisis against only ten percent (See Table 4) of the respondents from the construction industry respectively after the crisis.

Table 4: Reaction by Industry after Crisis

Sector	Not Good, %	Average, %	Very Good, %
Tourism	30	30	40
Construction	60	30	10

2. Another factor very important to the outcomes of the research is the overall performance of the organizations. High-performing organizations were rated as 'very ready' for the crisis, therefore creating a strong linkage among an organization's excellence and its crisis readiness and response ability. In the tourism industry twenty percent of the organizations that

were rated as 'very good' for the crisis hence were rated as very high performing to achieving the target of their organization despite the impact of the Middle East Crisis, whatever their mission might be, in comparison to thirty and thirty percent for both of the organizations that were rated as 'average' or 'not good', respectively (See Table 5). The same results are obtained approximately when applying the same question to the respondents of the construction industry (See Table 6) with a relatively decrease in the high rate of 'very good' shown in the results of the tourism industry. In general the results show that high performance appears to be a strong predictor as one of the many key factors in crisis management.

Table 5: Performance of Tourism Organizations

Performance	Not Good, %	Average, %	Very Good, %
Very high	0	0	20
Relatively high	0	0	20
Relatively poor	10	20	0
Very poor	20	10	0

Table 6: Performance of Construction Organizations

Performance rating	Not Good, %	Average, %	Very Good, %
Very high	0	0	10
Relatively high	0	20	0
Relatively poor	30	10	0
Very poor	30	0	0

- It was noticed from the results that high-growth organizations were more likely to being 'very ready' for the Crisis irrespective of the industry they belonged to. It was concluded that growth can generate the resources that are required in order to create a high performance crisis management

system. Although a size of an organization does not have a tight relationship with crisis management, however growth does. Forty percent of the tourism industry organizations that were rated as 'very good' for the crisis had either high or stable economic growth the past 7 years before the outbreak of the crisis, in comparison with thirty and thirty percent of the organizations that were rated by the respondents of the research, as 'average or not good' respectively for such a crisis. In addition forty percent of the construction industry organizations that were rated 'very good' for the crisis had either steady or even rapid growth the past 7 years before the outbreak of the crisis, in comparison with only fifty and sixty percent of the organizations that were rated by the respondents of the research, 'average or not good' respectively for such a crisis (See Table 7,8). The economic and commercial growth of an organization can provide the required flexibility improvement needed in order to obtain the resources towards achieving an effective and efficient crisis management system.

Table 7: Economic Growth in Past Seven Years

Tourism Industry

Economic Growth	Not Good, %	Average, %	Very Good, %
High	0	10	30
Stable	10	20	10
Poor	20	0	0

Table 8: Economic Growth in Past Seven Years

Construction Industry

Economic Growth	Not Good, %	Average, %	Very Good, %
High	0	30	20
Stable	20	10	20
Poor	40	10	0

4. It was also noted that some organizations displayed sensitivity and weaknesses to the crisis outbreak in the middle due to some form of internal crisis that they had experience in the past, for example, an operational major accident or a financial or funding crisis. Forty percent of the organizations that were rated as 'very good' appeared to have experiences of a prior internal crisis and in addition to that companies that had no such experience were rated as 'not good' with a very high percentage. (See Table 9)

Table 9: Threatened by internal crisis in the past

	Not Good, %	Average, %	Very Good,%
Yes	0	30	40
No	20	0	0
Not sure	70	30	10

5. On the other hand, organizations of both backgrounds tourism and construction, that had experienced some kind of external crisis, such as a terrorist attack or some kind of a natural disaster had better levels of response and experienced less unpleasant results to their organization. It seems that to having similar actual experiences of a crisis motivates higher preparedness a self-aware. For example, the tourism industry in the Middle East has always been under greater pressure to improve its readiness in comparison with organization of the construction industry. For example the multiple hotel terrorist attacks in Jordan had made their tourism industry more ready to the recent crisis outbreak and therefore the results of the crisis outbreak in Jordan were smoothed from their well-established management crisis systems.

It seems that actual experiences of a crisis can motivate organizations towards greater preparedness, suggesting ways of preparedness that would be clever to build campaigns for improvement based on various case studies from the real world experiences and from actual organizations. Therefore, it is very important to take advantage of the Middle East Crisis and learn from it for future incidents.

ii. Importance of External Factors

The relationship of businesses with their external environment is a factor that was taken very seriously into consideration when preparing the questionnaire. The importance of the external factors can be proved by the following findings that were obtained from the questions that respondents answered. Of course, the results are displayed in two tables for each of the question given, one related to the employees of the tourism industry and one to the employees of the construction industry. It is important to stress at this point that in the interview questionnaire the questions are not split in categories as it is being done in the analysis of the data and findings and, therefore the respondents are not aware of the fact that they are replying taking into consideration that it is an external factor question. This is to avoid any diversification or deterioration of the results of the research.

1. The first finding suggested that businesses that were rated as very ready for the Crisis, in their vast majority they keep track of biases that were affecting their targets. In addition these organizations were much keener in forecasting what the future might bring to their businesses. Thirty percent of organizations that were rated 'very good' for crisis monitor biases, compared with thirty and 30 percent of organizations rated somewhat 'average or not good', respectively for the tourism industry (See Table 10). Ten percent of organizations that were rated 'very good' for crisis reportedly monitor biases, compared with thirty and sixty percent of

organizations rated 'average or not good', respectively for the construction industry (See Table 11).

Table 10: Track of biases-Tourism Industry

	Not Good, %	Average, %	Very Good%
Yes	0	10	30
No	30	0	0
Not sure	0	20	10

Table 11: Track of biases-Construction Industry

	Not Good, %	Average, %	Very Good%
Yes	0	30	10
No	40	0	0
Not sure	20	0	0

- In addition employees of organizations that rated the organizations they work for as very well, tended to monitor future potential threats on a regular basis. This was a finding that was noted in both industries studied in this paper as it is shown by the two following tables. The results showed that for the Tourism industry forty percent of the organizations that were involved in following up with potential threats, in comparison to a twenty and thirty percent, respectively, of the organizations that were rated as 'average or not good' for the Crisis (See Table 12). In the construction industry ten percent of organizations were active involved in monitoring future potential threats, in comparison with only thirty and sixty percent, respectively, of the organizations that were rated as 'average or not good' for the Crisis (See Table 13).

Table 12: Monitoring Threats in Tourism Industry

Monitor threat	Not Good, %	Average, %	Very Good,%
Yes	0	20	40
No	30	0	0
Not aware	0	10	0

Table 13: Monitoring Threats in Construction Industry

Monitor threat	Not Good, %	Average, %	Very Good,%
Yes	0	30	10
No	60	0	0
Not aware	0	0	0

iii. Importance of Internal Factors

A very much important factor that was taken into consideration in this study was, whether or not adequate funds for investment in creating a crisis management system prior to the outburst of the crisis, were provided in the two industries. The results of this factor could be noted as significant, taking into consideration statistical results that were obtained. Statistics showed in both industries – cases, that when companies had chosen to invest money and time into building a sufficient crisis management system, these businesses appeared to have greater results in their operations and, therefore reporting fewer losses in their annual financial statements. The statistical results of the following two tables (See Table 14 & 15) support the above mentioned opinion.

**Table 14: Sufficient Investment in
Tourism Industry**

Importance	Not Good, %	Average, %	Very Good, %
Very important	0	0	20
Important	0	10	10
Not so important	30	20	0
Not important	10	0	0
Not aware	0	0	0

**Table 15: Sufficient Investment in
Construction Industry**

Importance	Not Good, %	Average, %	Very Good, %
Very important	0	0	10
Important	0	20	10
Not so important	30	10	0
Not important	10	0	0
Not aware	0	0	0

In addition it was noted from the interviews that there were several other internal issues that contributed to problems that was raised during the Middle-East Crisis, such as:

1. Businesses that were giving a high degree of authorization to their employees.
2. Businesses that did not support truly the idea of cooperation among their employees (internal miscommunication problems).
3. Businesses that did not have clear organization charts and decision making procedures.

Companies who shared the above mentioned characteristics had very bad results during the outburst of the crisis and until today are still facing the consequences of their poor internal management performance, as well as their poor personal performance.

iv. Importance of Leadership to an Organization

Leadership is an attribute towards an efficient crisis management system. It is of great importance for the leaders of an organization to be able to show characteristics, such as commitment and devotion, which will lead their organization to a higher performance. Consequently, it is of vital importance that senior managers share a clear and common vision of how they perceive the definition of leadership. In the following tables (See Table 16 & 17), forty percent that had rated their organizations as 'very good', noted that their executives shared a common vision for the company and believed that the importance of a strong leadership was vital in dealing with results of the Middle East Crisis, thirty percent and thirty percent of the "average" and "not good" organizations, respectively, were noticed to have that same attribute discussed above. As we can see for both industries, the results of the finding reflected the same conclusion. It is common truth that executives that show a high level of commitment to follow up with the preparation and implementation of a crisis management system within their organization, are seen as key factors towards the procedure of achieving a successful crisis response against such acts.

Table 16: Shared Vision – Tourism Industry			
Leadership shares vision	Not Good, %	Average, %	Very Good,%
Yes	0	20	40
No	30	0	0
Not sure	0	10	0

Table 17: Shared Vision – Construction Industry

Leadership shares vision	Not Good, %	Average, %	Very Good,%
Yes	0	10	30
No	40	10	0
Not sure	0	10	0

v. Importance of Crisis Management Systems to an Organization

In the end, the findings of the research suggest that crisis management systems are of vital importance when businesses are faced with a crisis and are obliged to deal with the situation by using only the existing means within their organization. Organizations that dealt actually with a crisis understood the vital importance of the existence of basic systems, in order to achieve a better tracking and, of course, in order to achieve a better utilization of their resources. In addition, the findings suggest that planning and training of these systems within an organization plays a significant role in order to overcome external threats. The level of crisis-ready businesses that can be achieved can make a difference when accessibility and utilization of basic resources, such as technological developments, training methods, crucial information and sufficient manpower are utilized in a correct and clever manner.

The results showed that thirty percent of the employees of the organizations involved in the tourism industry rated as “very good” reportedly had enough technology to achieve their missions and thirty and thirty percent “average and a not good” counterparts, respectively, met this test (See Table 18 & 19). These results apply for all the types of resources mentioned above.

The same results approximately apply for the construction industry.

However, from the results that were obtained, it showed that having sufficient number of employees for the operation of an organization did not play a vital role in the effort to overcome the crisis. This potentially means that a proper crisis management system is based on qualitative attributes rather than on quantitative characteristics.

Table 18: Access to Resources			
Tourism Industry			
Organizational access to resources	Not Good, %	Average, %	Very Good,%
High	0	10	30
Average	10	20	10
Poor	20	0	0

Table 19: Access to Resources			
Construction Industry			
Organizational access to resources	Not Good, %	Average, %	Very Good,%
High	0	10	40
Average	20	10	0
Poor	20	0	0

V. Discussion and Policy Implications

After taking into consideration the literature review and the data processed from the interviews that were conducted with employees working in the construction and tourism industry in the Arab Region, this chapter will aim to discuss the most significant factors that contribute to the crisis preparedness

of an organization and at the same time to suggest policies that should be thoroughly examined and smoothly integrated to every company structures.

General Recommendations that Can Boost Crisis Readiness

1. Systematic, honest and open communication is the starting point, in order to successfully maintain a trusted working environment as well as to have information flow to the right people through channels that have already been decided upon, for example, by written or electronic means or by face-to-face.
2. Effective leadership by the top management is crucial, in order to prepare a successful crisis response management plan, which among others includes the formulation of a Crisis Response Team (CRT) with experts both from inside and outside the company when a crisis occur. In general, companies, and especially those that have a record of crises that should dedicate one individual to crisis management. This individual does not need to be a “chief crisis officer,” but does need to make crisis management (and avoidance) a full-time responsibility.
3. Another worth mentioning point, is the preparation and education of employees about the implementation of the crisis response plan, by organizing seminars and workshop sessions in small groups of people, and by bringing in outside consultants that, with their different perspective of observing things, can contribute to the broader knowledge preparedness of the company.
4. What is more, companies should understand the limitations of risk analysis—namely the fact that it doesn’t usually include failures in multiple systems simultaneously.
5. Companies should not ignore low-probability but with high consequences events when developing their crisis management plans, otherwise they might face inevitable results that might even destroy completely the organization as a whole. Therefore, companies should always have crisis

management plans, even for events that they think that would not happen to them or to their immediate environment.

6. What is also important for the Crisis Manager is to offer credible and convincing answers to the top management, something that will help him to ensure support to his action plan and to continue his work without stress. Top management should offer the same authority, resources and time to all his senior executives, in order to sustain balance throughout its organization.
7. Companies should include crisis management within their annual budget, in order their objectives to become tangible and real. It is also important, that the budget of crisis management would not be counterbalanced with any other, relevant or not, budget of the organization.
8. Evaluation of the crisis response plan is also a crucial step that should be integrated into every company's processes. In this step the manager responsible for the implementation of the plan or the Crisis Response Team (CRT) evaluate the plan, take constructive feedback from employees and then take the corrective action measures needed, in order fatal mistakes of the past not to repeat. They are also responsible for explaining the new crisis response plan to the employees; in order everyone to be updated and informed about their role and implement the plan according to what has been decided.

VI. Conclusion

As it is concluded from the above study, organizations have to meet a lot of features, in order to be considered crisis prepared. Although, this could have as result companies that enjoy high performance, often it may result to frighten and stress employees that have to tackle and deal with the unexpected, as it seems above their league. What is certain, of course, is the fact that those organizations that have a poor performance will have fewer chances to be crisis

prepared. The explanation for this is clear and simple; high performance companies produce more resources, and more resources reduce stress and create an extra budget that can be completely dedicated to a crisis management system. Furthermore, greater attention must be given from organizations, which had not experienced an external crisis, due to the fact that they are not as much alert compared to those which have. This can be achieved through simulation cases, training, correct planning and of course commitment through a path that is fully understood and supported by all employees. In addition, leadership and more specifically an experienced crisis manager, who is given the means and the authority to act and enforce what is needed, as well as a ready-to-act Crisis Response Team (CRT) play a key role to a successfully implemented crisis management plan. Last but not least, moral behaviour is a prerequisite that ensures smooth development of the company's procedures. All in all, we live in an unpredictable and constantly changing environment and, although it is a common truth that organizations can manage *only* a quite small number of the characteristics that lead to crisis readiness towards an unexpected threat, the solution to the problem could not be other but this: Steady and high company performance, active and moral leadership, constant practice and alertness, effective and cross-functional communication, timely acting on the facts, feedback and learning processes; all of the above will help companies to detect the hidden signals fast and act against them even faster.

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VIII. Appendix

Interview Questionnaire

1. General Information about the Interviewee

a. Gender:

Male Female

b. Age:

<30 years 30-40 years 40-50 years >50 years

c. Education Level:

Compulsory Education High-school degree Technical
Education University Degree Master's Degree PhD

d. Years working in the same company:

<3 years 3-5 years 5-10 years 10-15 years
15-20 years >20 years

e. Position that you currently hold in the company:

Middle Manager Senior Manager Chief Executive

2. General Information about the Company

a. Business Industry of the company:

Construction Tourism

b. Size of the company (Number of Employees):

<50 employees 50-100 employees 100-200 employees

200-500 employees >500 employees

c. Maturity of the company (Years of Function):

<5 years 5-10 years 10-20 years 20-30 years
30-40 years 40-50 years >50 years

d. Annual Turnover of the company:

<500.000\$ 500.000\$-1million\$ 1million\$-5million\$
5million\$-10million\$ >10million\$

3. Company's General Response to the Middle East Crisis

a. How would you rate the company you work for in terms of the response it had to the recent contagious Middle East Crisis?

Not Good Average Very Good

b. How would you rate the company you work for in terms of its performance during the Middle East Crisis?

Very High Relatively High Relatively Low Very Poor

c. How would you rate the economic growth of the company you work for during the past seven years? (If life of business is less than seven years, then, from the inception of the respective business.)

High Stable Poor

d. Did the company you work for experience before the crisis any internal threats?

No Yes Not sure

e. Did the company you work for keep track of biases that affected the business from reaching its targets?

No Yes Not sure

f. Was the company that you work for involved in or threatened by an external crisis?

No Yes Not sure

g. Did the company you work for forecast potential external threats?

No Yes Not sure

h. How would you rate the company you work for, in terms of the importance it gives in investing for a crisis management system?

Very Important Important Not so Important Not Important

i. How would you rate in the company you work for, the degree of authorization that is provided to its employees?

High Average Poor

j. How would you rate the company you work for, in terms of the cooperation among its employees?

Strong Average Poor

k. How would you rate the company you work for, in terms of having a clear organization chart?

Very Clear Not so Clear Not at all Clear

l. How would you rate the company you work for, in terms of its decision making procedure?

Strong Average Poor

m. Do you believe that the leadership in the company you work for share a common vision?

No Yes Not sure

- n. How would you rate the company you work for in terms of utilization of its resources, such as technological implications, training methods used, and sufficiency of manpower requirement and communication of crucial information?

High Average Poor