RESEARCH PAPER | Management | Volume : 6 | Issue : 1 | JANUARY 2016 | ISSN - 2249-555X

Methodological Considerations in Crisis Management Research: Fictitious Scenarios Vs. Real Crises

KEYWORDS: Crises, Uncertainty, Attribution, Trust, Emotions

Prof. (Dr.) Surendra Kumar	Prof. Ritesh Kumar
School of Management, Babu Banarasi Das University, Faizabad Road, Lucknow	School of Management, Babu Banarasi Das University, Faizabad Road, Lucknow

ABSTRACT *The current paper aims to investigate consumer reactions under two different methodological conditions: a) imaginary scenarios and b) real crisis situations. For the purpose of this research two sets of questionnaires were developed and distributed. In the first set, a hypothetical toy crisis was described. The second set presented a real crisis concerning a baby soother, which was recently recalled. Analysis of the results revealed no significant differences between purchase intention, attribution of blame, trust and perceived risk, when measured under the real and the imaginary scenario and only the emotion of anger indicated statistically significant higher levels under a real crisis situation. In the light of these empirical findings, the use of imaginary scenarios as a valid method in crisis management research is discussed.*

INTRODUCTION

Crises are unexpected events, which generate high levels of uncertainty and may threaten the entire company (Seeger et al., 1998). Product-harm crises are events or situations where a product is faulty or dangerous (Dawar and Pilluta, 2000) and can destroy the company's image and reputation (Siomkos, 1999; Davies et al., 2003). Crises have negative consequences for the company in general (Ruff and Aziz, 2003) and mainly for the company's publicity, products, services and/or reputation (Fearn-Banks, 1996). According to Lerbinger (1997), crises usually have an impact on long-term goals of profitability, growth and survival. If the company does not give proper attention in a crisis, then this can be turned into a disaster (Davies and Walters, 1998). Although a crisis may be considered a rare incident with unknown causes and effects (Dutton, 1986), it occurs that the element of surprise (Hermann, 1963) and the time pressure for a quick response (Quarantelli, 1988) have major implications on stakeholders (Roux-Dufort and Metais, 1999; Pauchant, and Mitroff, 1992) and the company's solvency (Weick, 1988).

The aforementioned explain to a certain extent the continuous development of the field of Crisis Management over the past 25 years. Crisis management involves the use of public relation strategies for the reduction of harmful effects on business in emergency situations, which could cause the company irreparable harm (Kreps, 1986). According to Ashcroft (1997) efficient Crisis Management depends on the effectiveness of information management. Kash and Darling (1998) agree that effective communication with the media should be reinforced whether the company wants to survive after a crisis. Immediate reaction is therefore invaluable.

As Varcoe (1998) discusses, valuable time can be won if the company is prepared before the event. Once the crisis happens, every minute is precious and should not be lost. Burnett (1998) argues that crises are difficult to be resolved mainly due to the pressure of time, limited control and high uncertainty. Proactive crisis management is crucial as it contributes to the monitoring, efficient allocation of resources and the better responding to the crisis (Heath, 1998). As some crises do not occur suddenly, there are usually warnings and signs that a company could recognize (Darling et al., 1996). If the company becomes aware of these signals, then many crises can be prevented (Mitroff, 2002). During the detection of signals, firms should invest resources to provide, understand and listen to these warning signals of potential or emerging crisis (Pearson and Rondinelli, 1998).

Regardless the severe consequences a crisis may have it seems that a number of companies decide not to tie resources by taking precautions. As Augustine's (1995) survey reveals only half of the companies are prepared to deal with a crisis. Weiner (2006) agrees that a considerable number of companies fail to recognize crises at an early stage in order to incorporate the counterstrike strategy in the development of the crisis management plan. As reported by Brown (1993), 80% of businesses that do not have a well-designed and tested crisis management plan do not survive more than 2 years after a major crisis.

The use of imaginary scenarios has been widely criticized. Cleeren et al. (2008) argue that such a method reduces the validity of findings as the imaginary environment of the experiment may lead respondents in trying to guess the purpose of the experiment (Shimp et al., 1991). In addition, according to Dawar and Pillutla (2000) this method ignores the intermediary role of various marketing variables (e.g. the Media) as well as the information distributed among consumers and competition among businesses in the industry. Wirtz and Mattila (2004) add that the main drawback of the method of hypothetical scenarios is the potential inability of the respondent to see himself in fantastic situations and react accordingly as likely to react to real crises. Yen et al. (2004) believe that the scenarios do not include all aspects of an actual experience that the consumer had with the defective product or service. The scenarios do not raise the same level of emotion that can result from a real experience (McColl-Kennedy and Sparks, 2003). Dardis and Haigh (2009) agree that the scenarios can be a constraint on research because scenarios may reduce the external validity of research carried out in a perfectly controlled environment. During a real crisis, consumers receive information from various sources, and sometimes the information received is contradictory.

METHODOLOGY

Volume : 6 | Issue : 1 | JANUARY 2016 | ISSN - 2249-555X

Two scenarios (a hypothetical one and a real one) describing two issues were distributed to the participants. The design of the hypothetical scenario followed the Schwarz's (1988) criteria of consistency, reliability, and relevance. For the hypothetical scenario setting, a fictitious brand name was chosen (i.e. *Kidli*). The story was presented as being a newspaper article and respondents were informed that *Kidli* is a fictitious company and none of the crisis details is real. The scenario described a crisis of a baby fluffy toy that was found to be defective due to potential allergies that it may cause and that the product was recalled. In the real crisis setting respondents were given a newspaper article which narrated the Chicco baby soother crisis. A crisis caused by the use of wrong chemical proportions during the production and which eventually resulted to the recall of the specific product.

In both situation participants were called to read carefully the scenarios and answer to the questions that followed. The participants in the survey, who were all volunteers and parents of at least one child, were randomly selected to take part in the survey. The survey was conducted outside two well-known baby stores in Athens. A total of 600 questionnaires were distributed (half of the questionnaires described the imaginary crisis, while the other half described the real crisis). From these 600 questionnaires distributed 284 (response rate: 94.7%) from the fictitious scenario and 279 (response rate: 93%) from the real crisis scenario were appropriately completed and could be used for further analysis. All questions were in seven Likert-type scale formats. From the final sum of 563 respondents it is observed that 66% were females and 44% males, 53% aged from 26-40 years old, 31% are older than 40 years old, while 16% ranged from 18 to 25 years old.

RESULTS

As shown in Table 1, the difference between the mean scores for several items between the real and the imaginary scenario is not significant. More specifically: intention of buying does not differ significantly between the two settings ($t=0.61$, $df=561$, $p>0.05$), consumers seem to perceive approximately equal levels of risk in the real and the imaginary scenarios ($t=-1.886$, $df=561$, $p>0.05$), while the differences in the attribution of blame ($t=0.287$, $df=561$, $p>0.05$) and trust ($t=0.314$, $df=561$, $p>0.05$) between the two samples are also non-significant. It seems that the only significant ($t=-7.633$, $df=561$, $p<0.05$) difference in mean scores between the two different methodologies concerns "anger".

CONCLUSIONS

Although imaginary scenarios are often used in crisis management research as they offer the possibility to exclude pre-existing attitudes towards the brand (Dardis and Haigh, 2009), they have been much criticized as being unrealistic and less valid (Cleeren et al., 2008). As stated by Wirtz & Mattila (2004) some authors believe that the fictitious environment would produce different consumer responses because respondents may have difficulties in putting themselves into a real situation.

The findings of this study demonstrated that the vast majority of the consumers' responses do not differ significantly among hypothetical and real scenarios. Thus, it may be suggested that imaginary scenarios could not pose a serious problem in crisis management studies since they may provide similar results to a real crisis situation. Participants' answers for purchase intentions, trust, perceived risk and attribution of blame do not change considerably between the two survey conditions. As argued by Lyon & Cameron (2004) and Dardis & Haigh (2009), the imaginary scenarios are sometimes similar to the reality, especially in cases where the consumer reads about a crisis that is unknown to him and has not received great publicity. In contrast, respondents seem to feel angrier when the crisis given in the questionnaire is real compared to the imaginary crisis. This finding is consistent to McColl-Kennedy and Sparks's (2003), who concluded that the fictitious scenarios do not raise the same level of emotion that can result from a real experience (McColl-Kennedy and Sparks, 2003).

As a result, imaginary scenarios could be used in crisis management research since they will not pose a serious methodological constraint. Imaginary scenarios are easy to be designed and could save valuable resources for the research.

LIMITATIONS & FUTURE RECOMMENDATIONS

One of the main limitations of the current study is the potential recall bias that may be created by the real crisis story (Singh and Wilkes, 1996). Moreover, as stated by Johnston (1995) in crisis research the time lag between the real incident and the questionnaire distribution may be a critical limitation of the study. Further research could use more additional emotions (e.g. fear, sadness, surprise) or other variables (e.g. attitudes towards the product, buying intentions of other products of the company, perceived severity, etc). Furthermore, future research could take into consideration the role of various consumer sociodemographic characteristics.

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