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Business and Political Dimensions in Disaster Management

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ABSTRACT

A considerable and growing body of crisis management literature seeks to help business managers address disasters. Notwithstanding, the business literature on crisis management fails fully to understand the policy and political aspects of business disasters, and concentrates on prescriptive, managerial issues that show disregard and sometimes disdain for plural democracy. We illustrate our argument with a review of the existing crisis management literature, and three case studies: the *Exxon Valdez* oil spill, the Jack in the Box *E. Coli* outbreak, and the crash of ValuJet flight 592. We find that the primary gap in the crisis management literature is its failure to understand the motivations of countervailing interest groups and the facts that mobilize them to take action. We argue that the lessons derived from these cases are equally applicable to North American, European and Asian business crises.

Business and industry have become, in the latter part of the 20th century, more competitive and more complex. Businesses today manage dangerous processes and complex technologies that carry with them a relatively small but very real risk of disaster (Perrow 1984). In the past twenty five years, crisis events of far-reaching magnitude in various industries have simultaneously focused attention on crisis management while at the same time sensitizing the public to hazards ranging from eating fast food to flying on commercial airlines. These events have occurred in various parts of the globe and have been notable for the extent of damage they have done to the firms involved as well as the public. In response, a literature on crisis management has developed that seeks to help business managers address these disasters.

Examples of major crisis events include product tampering incidents (most notably of Tylenol brand pain relievers in the United States in 1982); the catastrophic poison gas release from the Union Carbide plant in Bhopal, India, in 1984; the *Exxon Valdez* oil spill in Alaska,

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1989; food poisoning and food quality incidents such as the *E. Coli* outbreak in Washington State in the United States in early 1993, as well as the discovery of benzene in Perrier water in the United States and Europe in 1990, widespread contamination of Coca Cola products in France and Belgium in 1999, and various airline crashes, including ValuJet's flight 592 crash in the United States in 1996.

These events suggest a definition of 'business disaster' as an event that leads to deaths or injuries of people, property damage, or environmental damage for which a business firm is brought to account. These business disasters are a subset of 'focusing events' that can bring greater attention to a problem and, most important in this article, cause the mobilization of groups – formal or ad hoc – to press claims that the firm in question be held liable and accountable for the damages caused by the event (Birkland 1997, 1998).

This article describes how firms seek to manage the political effects of what we call 'business disasters.' We are particularly interested in the politics of these disasters – that is, how the media, interest groups, governmental officials, and other actors react to these events in the political arena. As citizens and social scientists, we are concerned that the business literature on crisis management (CM) fails fully to understand the policy and political aspects of business disasters, and concentrates on prescriptive, managerial issues that show disregard and sometimes disdain for democratic politics. If policy scholars can shed some light on the politics of crisis management, both business interests and their detractors will better understand each other's motivations, with better disaster-driven policy making a possible result. The examples we cite and the literature we employ center primarily on crises in the United States. Nonetheless, our examples are applicable to nearly any business crisis in democratic, pluralist nations in which the mass media are relatively free to report business and government shortcomings, and in which interest groups are free to mobilize to demand some sort of policy change or redress. This description describes existing and emerging democracies and markets throughout the world.

Much of the CM literature is written for business managers and is therefore prescriptive (for example, Barton 1992, Fink 1986, Mitroff and Pearson 1993, Mitroff, Pearson and Harrington 1996, Mitroff, Shrivastava and Udwadia 1987). Research aimed at academic and professional audiences combines prescription with sophisticated analysis of crisis and response (for example, Bowonder and Linstone 1987, Casamayou 1993, Pearson and Clair 1998, Shrivastava 1987). However, an important shortcoming shared by both these genres of management literature is their focus on the management of public relations instead of on the broader world of public policy making. These shortcomings

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are likely to be reflected in actual business management, as these books are read and used by business managers, and are written and used by the consultants that seek to guide businesses in corporate crisis management. This is unsurprising, as there is considerable overlap between consultants, academics, and the authors of these 'how-to' management books.

Our focus in this article is, therefore, on what Grefe and Linsky, in their insightful book *The New Corporate Activism*, call 'public affairs crises, as distinguished perhaps from public relations crises' that 'are played out in the governmental system or in the political process' (Grefe and Linsky 1995, 201). The CM literature is remarkably underdeveloped in its understanding of the policy aspects of these public affairs crises. The CM literature suggests that if business stakeholders – which include everyone from the mass public to stockholders – can be persuaded that the firm's explanation for and response to a fatal or environmentally injurious disaster is reasonable, the firm is thus shown to be doing everything it can do to remedy the harms and will, in time, return to normal.

This explanation fails to account for the numerous, well-established groups that are ready to provide alternative explanations for the causes of business disasters, and that are entirely willing to advance their preferred remedies for the organizational, managerial, or regulatory shortcomings that allowed the disaster to happen at all. Even when such groups are not entirely well organized to respond to a corporate crisis focusing events can mobilize an inchoate group of interests to coalesce around shared interests. These combinations of groups, known as advocacy coalitions (Sabatier and Jenkins-Smith 1993) are vocal and can wield influential countervailing power against business interests by telling causal stories about the disasters that are substantially different than the stories told by firms and their allies. While much of the interest group and political power literature has treated 'big business' as monolithic and single-mindedly focused on profit and power (Mills 1956), others argue that business's political power has decayed since the 1960s (Quinn and Shapiro 1991). Today, the ability of business and industry to influence policy making is still considerable, but so is the ability of government agencies and 'countervailing power groups' to regulate or influence business activity (McFarland 1998).

We do not settle the ongoing debate over growth of shrinking of business power, as 'the issue of business power is as much ideological as scientific' (Quinn and Shapiro 1991, p. 851). Rather, we consider business as an important and potentially powerful actor in policy making, but not the sole powerful actor. The competition between firms and their detractors is not simply one of 'public relations,' in the tradi-

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tional sense of promoting and maintaining good will, but rather is a political competition in which policies will be made that will impose costs and benefits on the various actors. Even so, the CM literature treats group opposition as something between merely annoying to a more tangible and immediate threat to a firm's survival or profitability. Indeed, some of these treatments reflect a belief that group mobilization is a function of some peoples' need to be heard or to protest against business for protest's sake, rather than advancing any ethical considerations or policy preferences.

The way business firms and interest groups construct and explain a crisis is through telling what Deborah Stone calls 'causal stories' (Stone 1989) that then become contested explanations of a disaster or accident. The CM literature takes a half step toward understanding the politics of telling causal stories by, in most cases, suggesting that businesses disclose as much information as possible about a disaster, why it happened, and, in particular, what the firm is doing to mitigate the disaster and to prevent its recurrence. But while the CM literature understands that an important part of managing the crisis is managing its political fallout, the CM literature fails to consider the organization of a policy domain and the rhetorical and material resources that opposing groups can bring to bear as a disaster unfolds.

A retrospective analysis of several corporate disasters shows that various features of a crisis play a significant role in determining how much mass and political attention the crisis received (Birkland 1997). Simultaneously, the industry and firms' causal storytelling during and after the crisis influenced the final effect the policy-making process had on the firm, its industry sector, and on public policy. The CM literature examines and prescribes actions for companies to take when their manageability or even survival are threatened by crisis. However, the CM literature has not examined the process of creating alternative explanations for the disaster.

Definitions

While there is some disagreement as to what constitutes a crisis (see, for example, Khandwallah 1978; Kupperman, Wilcox and Smith 1975; Nystrom and Starbuck 1984), we find that Hermann's (1963, 1972) definition of crisis as being characterized by threat, an element of surprise and reduced response time is most useful. Kuklan (1988) uses Hermann's definition but combines it with a perceptual component: it is the decision maker's *perception* of his or her ability to deal with the elements of threat, response time, and surprise that define a crisis. This definition is useful because we argue that *all* elements of a crisis,

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from the fact of its existence to its effects on public relations and policy, contain considerable perceptual elements. Threat, surprise, reduced response time, and, in particular, the manager's perceptions of the crisis and what should be done about it are the key to understanding firm behavior in crises. In much the same way, the public policy literature has begun to understand the extent to which differing perceptions of a phenomenon or event are crucial to its expansion to a broader public. Indeed, the *perception* that a problem exists may be more important than any factual basis of the problem itself, provided that forces exist to persuade people or groups of the superiority of one interpretation over another.

Crisis and Focusing Events

The definition of 'crisis' is closely related to Birkland's definition of a 'focusing event' as an event that is sudden; relatively uncommon; can be reasonably defined as harmful or revealing the possibility of potentially greater future harms; has harms that are concentrated in a particular geographical area or community of interest; and that is known to policy makers and the public simultaneously (Birkland 1997). In other words, focusing events are by definition crises. Focusing events gain attention more suddenly and rapidly tan problems such as crime or disease that need longer-term analysis of statistical evidence to understand (Kingdon 1995). The immediately obvious harms revealed by focusing events highlight problems to which government or other institutions might respond. These harms are usually concentrated in a particular geographical area, so that evidence of the harms done by an event is more obvious than when the harms are distributed throughout a region or nation. However, communities of interest are as important as communities defined by geographic proximity. An oil spill in Alaska, for example, will be of particular interest to people who live in coastal Washington state or coastal Europe. 'Local' events can gain national and world attention, and new groups and coalitions are formed within a policy domain to address problems that could affect other communities, and to expand attention to promote policy change.

Rhetoric and Story Telling in Crisis Management

There is a considerable literature on the rhetoric of corporate communications in general and of crisis communication in particular. Johnson and Sellnow (1995), Sellnow and Ulmer (1995), and Sellnow (1993) review a great deal of this work. Deborah Stone (1989) makes the link between rhetoric and politics in her discussion of how causal stories

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Table 1: *Types of Causal Theories with Examples*

Actions	Consequences: Intended	Consequences: Unintended
Unguided	A mechanical cause intervening agents brainwashed people machines that perform as designed but cause harm	B accidental cause nature weather earthquakes machines that run amok
Purposeful	C intentional cause oppression conspiracies that work programs that work as intended, but cause harm	D inadvertent cause intervening conditions unforeseen side effects avoidable ignorance carelessness omission

Source: Adapted from Stone 1997.

are told by all members of the policy community, not just the business firms that are assumed to be responsible for the crisis.

The challenge for a business firm's causal storytellers is to tell a story that will be broadly believed and that therefore will work to the benefit of the firm. To do so, Stone argues, one must tell a story of a disaster as an unintentional, unguided event rather than intended, purposeful actions that cause harm because of something the firm, its employees, or its agents did wrong. Table 1 summarizes these stories.

Johnson and Sellnow (1995) argue that the causal storytelling phase is the first of two steps in crisis communication:

> The first step involves the assessment of causes leading to the crisis, and typically demands forensic discourse. The second step entails a search for solutions intended to cope with the immediate crisis as well as to avoid similar crises in the future. This second phase of crisis management calls for deliberative discourse.

This distinction between causal storytelling (blame fixing) and the deliberative process (developing responses and solutions) is useful, but does not explain the *politics* of crisis management. The distinction between causal storytelling, blame fixing, and the search for solutions are not politically distinct; rather, they are inextricably bound together, because the assumed cause of a problem is often at the very heart of the solutions that are debated and adopted. Accordingly, businesses confronted with crises will seek to tell a causal story about the event that favors some solutions and precludes others. Furthermore, Johnson and Sellnow, like most of the CM literature, focus on the firm doing the explaining, and overlooks the countervailing group arguments that

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quickly link the cause of the disaster to the solutions that the groups have been promoting for a long time. Following John Kingdon's (1995) streams metaphor of agenda setting, a focusing event creates a 'window of opportunity' that groups will use to promote a set of solutions that had, heretofore, been ignored or blocked by business and its allies. In sum, it is important to focus on other actors outside any one business firm when analyzing crisis.

Case Studies

We illustrate our argument with three brief cases: the *Exxon Valdez* oil spill of 1989, the *E. Coli* food contamination outbreak at Jack in the Box restaurants in 1993, and the crash of ValuJet flight 592 in the Florida Everglades in 1996. We chose these events because they have been well covered by the news media and in some cases by social scientists, and are reasonably well known to citizens, business leaders, and politicians alike, thereby allowing us to focus on the elements of these cases that are important to our study. These events describe a range of crises in three distinct industry sectors that operate in somewhat different business environments, therefore allowing us to make important comparisons.

The Exxon Valdez *Oil Spill*

On March 27, 1989, the supertanker *Exxon Valdez* ran aground in Prince William Sound, Alaska, spilling 11 million gallons of North Slope crude oil into the waters of the Sound and south-central Alaska. Almost immediately the news media converged on the Sound, beaming pictures of oiled beaches and wildlife to a shocked and angry public (Davidson 1990, Keeble 1991, Wheelwright 1994). The spill directly broke a fourteen-year legislative deadlock and triggered the passage of the Oil Pollution Act of 1990 (OPA 90), which provided for increasingly stringent regulation of tankers and other oil facilities. The *Exxon Valdez* spill and the passage of OPA 90 is a particularly apt example of how a dramatic focusing event changes the importance of issues on the media and institutional agendas, and is a key example of industry and corporate crisis. While the *Exxon Valdez* spill was both spectacular and a key turning point in the history of federal oil spill policy, other large oil spills, such as the Santa Barbara oil well blowout in 1969 and the grounding of the *Argo Merchant* off Nantucket in 1976, also gained considerable attention, but without the same policy making results.

The importance of the *Exxon Valdez* spill in driving policy change can be attributed to the general proposition that symbols and images are

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very powerful in political discourse (Burnier 1994, Edelman 1967, Gusfield 1981). Long before the *Exxon Valdez* spill, oil spills were recognized as 'one of the most highly visible and emotion-causing forms of ocean pollution' (Interagency Committee on Ocean Pollution Research 1986, 76–77). The dominant symbols f the *Exxon Valdez* spill were of oiled otters and birds, the soiling of the 'pristine Alaskan environment,' and the image of a large, uncaring oil company, which employed a drunk tanker captain, spilled oil, and then failed to manage the cleanup. These images and stories focused on Alaska as a wild, pristine 'last frontier,' and made this event particularly compelling to many people and interest groups (Birkland and Lawrence, forthcoming). However, the symbols and imagery of these oil spills cannot, by themselves, carry much weight in policy advocacy. Rather, the symbols need to be carried beyond the most immediately affected group of people to a broader group, the attentive public. This is something that the oil companies sought to avoid, and Exxon in particular put on a full media and legal blitz to contain this issue (Smith 1991, 1992). While this effort failed to prevent the passage of OPA 90, it did moderate some of the more stringent liability and tanker construction requirements that were proposed immediately after the spill.

The Crash of ValuJet Flight 592

ValuJet (which operates today as AirTran) was founded in 1992, one of a number of new discount airlines that blossomed in the early 1990s. Soon after becoming a publicly traded company in 1994, the airline was quickly profitable, and built considerable cash reserves. ValuJet contained costs by paying pilots and flight attendants salaries that were considerably lower than industry standards (senior captains were paid about half the industry rate) and by purchasing older, used airplanes, typically the McDonnell-Douglas model DC 9-30. A key element of its cost containment strategy – and one that was to become a major part of the post-crash controversy – was hiring subcontractors to perform maintenance and other functions, thereby allowing ValuJet to operate as a 'virtual airline' that had relatively few capital costs with tight control over operating expenditures. This allowed ValuJet to have over $200 million in cash on hand at the time of the flight 592 crash. The airline grew so fast that it was difficult for Federal Aviation Administration (FAA) regulators and inspectors to keep pace with the airline's growth, although critics, most prominently Department of Transportation Inspector General Mary Schiavo, claimed that the FAA did not aggressively regulate ValuJet or most other air carriers (Schiavo 1997).

There were many warnings of potential problems at ValuJet. The

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Miami Herald noted in its May 4, 1987 editions that the airline averaged one emergency landing per week in 1995, and almost four per week in 1996, many due to mechanical problems. These problems had become so serious that the FAA began to consider grounding the airline, and the United States military ruled, after a September 1995 inspection, that the airline was unfit to carry military personnel. This bar was lifted six months later, but still raised serious questions about ValuJet's safety and the *Miami Herald* reported that, on February 29, 1996, the FAA wrote a letter to ValuJet's chief, expressing their concerns with safety in the face of such rapid growth. The FAA did not ground ValuJet, and a little more than two months later, Flight 592 crashed, killing all the passengers and crew. Subsequent investigations revealed that ValuJet's maintenance contractor, SabreTech, had improperly labeled and shipped several boxes of oxygen generators used in ValuJet's MD-80 aircraft – this, and ValuJet's failure to properly oversee SabreTech, were the proximate causes of the accident. At this writing, SabreTech and several employees have been indicated on criminal charges, including murder, because of the illicit labeling and loading of the oxygen canisters; whether the trial will take place is an open question.

Clearly, one cannot draw conclusions about the safety of all air carriers from this incident. Commercial aviation is quite safe overall. The aviation industry is very visible to the traveling public, and this visibility compels the industry to place a primary emphasis on safety. Safety is very important because, as Perrow (1984) notes, it is in everyone's interest – passengers, regulators, pilots, investors, and airlines – to maintain the safest possible commercial aviation system.

In the post-crash analysis, ValuJet seemed to flout all the norms by which this industry operated to cut costs, grow rapidly, and become quickly profitable. Its practices drew the ire of its competitors, who subsequently let ValuJet bear the political brunt of the accident by refusing to defend it as a mainstream player in the aviation sector. When ValuJet tried to put forward the plausible but ultimately unconvincing causal story of SabreTech's incompetence and criminal neglect, it did not receive support from the industry, which contributed to ValuJet's very public political and organizational disintegration.

E. Coli Outbreak at Jack in the Box

The Jack in the Box fast food chain operates primarily in the western and southwestern United States. Faced with competition from the better-known chains such as McDonald's and Burger King, Jack in the

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Box has aggressively promoted its menu and food quality since the late 1980s.

In early 1993, an outbreak of food poisoning was linked to hamburgers sold by Jack in the Box primarily in the state of Washington. A particularly dangerous strain of the *Escherichia Coli* bacterium – *E. Coli* 0157:H7 – caused the food poisoning. Children are particularly susceptible to the ravages of this *E. Coli* strain, and three children died after being infected with the bacterium, while others suffer lingering effects to this day, and overall hundreds of adults and children were struck ill.

The Jack in the Box *E. Coli* outbreak revealed important problems with food processing and inspection systems in the United States. As journalists and interest groups became more concerned with the issue, the public learned that the United States Department of Agriculture's (USDA) food inspection systems were quite primitive and rely largely on visual, olfactory and tactile inspections rather than on actual testing of samples for contamination. Jack in the Box was also undercooking the hamburgers; *E. Coli* is killed at 165 degrees Fahrenheit, but most restaurants – particularly fast food chains – did not use thermometers to check for proper cooking temperature.

Jack in the Box's initial response to its *E. Coli* outbreak appeared fumbling and confused. At first, the company could not isolate the source of the bacteria, but argued that the outbreak was not confined to Jack in the Box restaurants. When the scope of the outbreak and the magnitude of the business implications of the problem became obvious, however, the firm reacted more quickly. Within two weeks of the first outbreak, Jack in the Box recalled all hamburger meat from its stores in the Northwest, suspended hamburger promotions at Jack in the Box units in Washington State, and resumed selling hamburgers only after it was assured that the replacement meat supplies were safe. Jack in the Box later accepted a measure of responsibility for the outbreak by offering to pay the medical expenses of anyone sickened by the tainted meat. At the same time, the company filed suits against Von's, a California-based supermarket chain that also served as Jack in the Box's primary supplier of hamburger patties. Jack in the Box also argued that it was following federal guidelines for cooking hamburgers, but that, in the future, it would follow the more stringent Washington State standard that required the burgers to be cooked at 165 degrees. Thus, Jack in the Box both accepted responsibility and sought to share the responsibility with others, such as government regulators and their suppliers. This 'ambiguous argument' allows a firm some latitude in the telling of its side of a story (Sellnow and Ulmer 1995), and stands in contrast with the rather less frank arguments made by ValuJet and Exxon's relatively long silence after *Exxon Valdez*.

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The *E. Coli* outbreak was particularly damaging to Jack in the Box's finances. Growth of the chain slowed, and the company lost money for three years before beginning a financial comeback. The firm is now performing very well and is again an attractive investment. In the meantime, Jack in the Box, the restaurant and food industries, and the government have learned a great deal from this outbreak. Jack in the Box has since developed one of the most thorough and well-respected food safety programs in the food industry. Other restaurants, particularly the fast food industry, have instituted industry-wide efforts to avoid food contamination, and the federal government has begun more stringent food inspection systems.

The causal event that brought Jack in the Box to the edge of the precipice was the *E. Coli* outbreak. For a time, it seemed that the politically volatile situation would get the better of Jack in the Box, as many had been hurt or affected very visibly and profoundly and the firm seemed roundly to blame for its role in the fiasco. However, its causal story seemed to resonate with the public and with political actors. This causal story was bolstered by Jack in the Box's immediate actions to take care of the affected children, to sue its meat provider, to accept that while it thought it was following the law, it could have done better, and to change its food preparation programs. These actions gave credence to Jack in the Box's causal story and thus, the focusing event's serious implications on its survival were averted.

Causal Storytelling and the Management of Business Crises

The most striking example of the attempt to tell favorable causal stories is the *Exxon Valdez* spill, in which the firm went to considerable lengths to tell stories that would deflect blame – that is, culpability for causation – from the firm to some other phenomenon. Exxon alternatively tried to depict the spill as an 'act of God' (cell B in Table 1) that was caused by the ice floes that the *Exxon Valdez* was maneuvering to avoid. The news media and some groups countered with a story of negligence, arguing that Captain Hazelwood was drunk when the ship ran aground; Exxon replied that Hazelwood was, in effect, an 'intervening agent' that did not perform in the way intended by Exxon, thereby relieving Exxon of some or most of the responsibility for the spill, reflecting the classic principal-agent problem.

However, claims of failure based on agent misbehavior are not often persuasive in the political arena. Exxon's opponents argued that the spill was purposeful, either through Exxon's avoidable ignorance or carelessness (cell D in Table 1); a more extreme version of this story was that Exxon and other tanker operators were cutting corners on the

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size of tanker crews and their rest periods (cell C), making a spill at some time virtually inevitable. The result was a struggle between Exxon, the oil industry, and environmental groups and their allies to tell opposing stories of the spill, emphasizing unguided action versus purposeful action. The media were much more prone to seize on the purposeful action story, in large part because news coverage imperatives require drama (Bennett 1995), and Big Oil versus Environment is a more dramatic story frame than 'fate' or an 'act of God.' While Exxon lost this causal story debate, its sheer size and economic importance insulated the firm from the danger of significant economic damage.

ValuJet's small size and few friends in the industry made it much more vulnerable to a negative causal story, and, as we have seen, it was forced to merge with another airline lest its unsuccessful causal storytelling led to the demise of the firm. The firm attempted to depict the crash as an example of 'machines run amok' (cell B in Table 1), rather than as the result of willful 'carelessness' or 'avoidable ignorance' (cell D) that reflected poorly on management.

There are several unsolved airline accidents, such as TWA flight 800, and most recently Alaska Airlines flight 261, where the ultimate cause of the crash is either unknown or the accident is so rare as to be a nearly random, unavoidable incident. In such cases, it is simple for an airline to argue that it was as much a victim of fate as its passengers, or that the accident could not be the firm's fault because the cause could not reasonably be foreseen. But ValuJet's already-established record as an aggressively cost-cutting and seemingly corner-cutting airline made this story impossible to tell: FAA and others had already taken note of ValuJet's problems, sometimes quite vocally. ValuJet's more ardent critics were, thus, able to tell a story of willful negligence (cell D in Table 1) that resulted in substantial economic loss and forced the acquisition of AirTran if for no other reason than to shed the discredited ValuJet name.

The contrast between ValuJet and Exxon in their political and managerial sophistication is striking given the outcomes of these crises. While OPA 90 did substantially change oil spill policy, Exxon was a full and more capable participant in post crisis deliberation over policy change. Exxon not only sought to blame the oil spill on human error, which cannot be regulated against, but also advanced the argument that governmental wavering immediately after the spill hampered the company's efforts to clean up the spill (Johnson and Sellnow 1995), a position that was based on actual experience after the spill. Exxon had, of course, experience in participating in politics on a global scale that neither Jack in the Box nor ValuJet enjoyed. Exxon operates worldwide

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and is one of the largest firms in the world in terms of assets and revenue. Its experience led it to understand that it would need to be a full participant in policy making after the spill to protect its own interests.

On the other hand, ValuJet seemed to completely miscomprehend the almost inevitable storm of criticism that followed the revelations of multiple managerial problems at the airline, and appeared to fumble the post-disaster policy process. The changes in policy that followed were not statutory, as with Exxon and OPA 90, but the response did have a greater impact. In particular, FAA grounded the airline for several months while ValuJet's practices were reviewed. This is a highly unusual step that FAA is loath to take, but that was forced on FAA given the spectacular nature of the event. The crash caused FAA to require smoke detectors and fire suppression measures in cargo holds, a step the highly-respected National Transportation Safety Board (NTSB) had been recommending since the late 1980s. ValuJet's ability to cast the airline as a victim of overzealous regulation or of malfeasance by SabreTech was significantly hampered by the firm's own management philosophy of cost cutting and farming out work to contractors. The NTSB, in their final report on the accident, issued in late 1997, noted the probable cause of the accident:

> The National Transportation Safety Board determined that the probable causes of the accident, which resulted from a fire in the airplane's class D cargo compartment that was initiated by the actuation of one or more oxygen generators being improperly carried as cargo, were: (1) the failure of SabreTech to properly prepare, package, and identify unexpended chemical oxygen generators before presenting them to ValuJet for carriage; (2) the failure of ValuJet to properly oversee its contract maintenance program to ensure compliance with maintenance, maintenance training, and hazardous materials requirements and practices; and (3) the failure of the Federal Aviation Administration (FAA) to require smoke detection and fire suppression systems in class D cargo compartments.
>
> Contributing to the accident was the failure of the FAA to adequately monitor ValuJet's heavy maintenance programs and responsibilities, including ValuJet's oversight of its contractors, and SabreTech's repair station certificate; the failure of the FAA to adequately respond to prior chemical oxygen generator fires with programs to address the potential hazards; and ValuJet's failure to ensure that both ValuJet and contract maintenance facility employees were aware of the carriers 'no-carry' hazardous materials policy and had received appropriate hazardous materials training.[1]

By fixing a considerable measure of direct responsibility for the accident on ValuJet management, it was virtually impossible for the airline to claim that it was a victim of fate or its contractor's negligence. The firm ended up buying AirTran and adopting the AirTran name

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primarily because of the negative brand association with ValuJet and with ValuJet management's inability to persuade the aviation community that it was competent to manage an air carrier. Indeed, under new management, ValuJet/AirTran moved from having one of the oldest aircraft fleets in the nation (with concomitant maintenance problems) to one of the youngest fleets due to its multi billion-dollar purchase of Boeing 717 aircraft. This change in philosophy and practice may be because none of the top executives that managed ValuJet at the time of the 592 crash remain in management at AirTran, although former ValuJet president Lewis Jordan continues to serve on the board.

In contrast with the *Exxon Valdez* and ValuJet cases, Jack in the Box was able to tell a much less damaging story of its *E. Coli* problem. This was largely due to the firm's ability to shift the causal story away from Jack in the Box itself and onto other parties: Vons, Jack in the Box's meat supplier, the USDA, which is charged with inspecting meat, and the entire meatpacking industry, which, Jack in the Box argued, needed more stringent safeguards for food handling. This story came to be viewed as credible, as media coverage and congressional oversight shifted to revealing significant gaps in the food inspection system.

Furthermore, Jack in the Box complemented its blame fixing and causal story telling with a willingness to improve its own food handling procedures. Indeed, Jack in the Box instituted an advanced food testing system – known as Hazard Analysis Critical Control Point, or HACCP – to ensure that the food (the meat, in particular) was uncontaminated (Allen 1997). In taking such a step, Jack in the Box aligned itself with groups such as Center for Science in the Public Interest (CSPI) and the Safe Food Coalition (led by CSPI), which attacked the USDA and industry food packing practices, not Jack in the Box's failure to properly cook hamburgers, which would have killed the bacteria in the first place (Hubler 1999, Sugarman 1994; Tolchin 1993). The fast food industry also joined this effort (Howard 1994).

This is not to say that Jack in the Box easily weathered the *E. Coli* crisis. Its franchisees sued the company over the *E. Coli* outbreak, which resulted in a third quarter 1993 loss of over $40 million (Standard and Poors 1993a, 1993b). While the firm did not expect additional financial fallout after 1993, it found the return to profitability slow going. According to Jack in the Box's 1999 annual report, the company lost $3.8 million in 1995 or 10 cents a share, before turning around in 1996 to earnings of $20 million, or 51 cents a share. In 1999, after stock buybacks, the firm earned $1.66 a share or $65.1 million. The firm is stronger than it was in 1993; it has expanded to the southeastern United States, and seems poised for growth after a number of very difficult years.

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Crises, Causal Stories and Mobilization

In these three cases, Exxon and ValuJet had considerable trouble telling causal stories that were broadly accepted, while Jack in the Box had somewhat more success. Even if we stipulate that Exxon and ValuJet were reasonably good at disseminating information about the events themselves and in responding to the concerns of stakeholders – which they arguably were not – the fact remains that business disasters are *focusing events* that trigger attention to a problem and its potential solutions, and that are usually accompanied by greater *negative* attention to the firm and the underlying problems revealed by the event (Baumgartner and Jones 1993).

The event and the negative attention accompanying it can create a presumption that the firm did something wrong or managed something poorly. Firms tell causal stories to overcome this presumption and paint a more positive image of the firm's behavior. Groups that seek policy change will claim that the current crisis is evidence of the failure of existing policy and the need for improved policy. In social science terms, these groups seek to move issues higher on the institutional agenda by telling a countervailing causal story, while the firms and, in some cases, their trade associations seek to keep the issue off the institutional agenda.

One way to prevent an issue from gaining more attention is try to ignore or downplay it, as Exxon and its allies tried to downplay the Valdez spill in favour of an information and lobbying campaign addressing oil spills in general. A count of the number of people that testified before Congress after *Exxon Valdez* about oil spills in general and the Valdez in particular found that environmental groups and their allies were most likely to mention the spill by name in their testimony. Exxon and its allies, in contrast, were much more likely to discuss the spill in general, thereby shifting the debate away from the symbol-rich Valdez spill (Birkland 1998). This reflects Exxon's attempt to contain the issue (Schattschneider 1960, 1975) to prevent it from festering on the agenda; in this case, this attempt failed because the event was already very big and widely known.

The crisis management literature implicitly recognizes the possibility of group mobilization, and counsels firms to maintain strong ties with and information flows to and from their stakeholders (Pauchant and Mitroff 1992). Stakeholders include anyone with a stake or interest in the activities of a firm, including not only stockholders and customers, but also its retailers, suppliers, employees, the communities in which the firm operates, and so on. In policy studies, we might think of the entire set of stakeholders as members of the broadest policy

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community. In reality, when we assess the behavior of business we see that business sees its stakeholders broadly, but fails to understand the *political* organization of stakeholder groups that claim to represent various interests or the public interest.

In particular, in a well-organized policy domain in which the positions of the participants are established, it is understood that some interests will be hostile to the industry or firm facing the business disaster. These interests will shine the spotlight on the firm, the disaster, and sometimes the industry as a whole. Regardless of a firm's efforts to assure their stakeholders of their dismay, their sympathy for victims, and their plans to ensure that the firm would learn from the crisis to prevent its recurrence in the future, the increased and often-negative attention can further tilt the balance of debate in favor of pro-change groups. Apart from group efforts to expand issues, major events often reach the agenda without group promotion through media propagation of news and symbols of the event, which pro-change groups need only exploit in ongoing debate.

In the face of a swell of negative publicity, businesses and their allies must carefully plan how they will respond to focusing events. If an event threatens to reduce the power of advantaged groups (in this case, business and their allies) to control the agenda, these groups are likely to respond defensively to focusing events. They may argue that an event is not as important as claimed by opposing groups, and that existing policy is able to deal with any problems. Alternatively, business may argue that if new policy is needed, the policy proposed by the contending groups would be ineffective or counterproductive. In employing either of these tactics, businesses may work to downplay an event by providing officials and the public with alternative explanations of its meaning and significance.

All of these tactics are evident in the causal stories told by Exxon, ValuJet, and Jack in the Box. Exxon has spent considerable resources seeking to demonstrate that the oil spill had relatively little impact on the environment (Wheelwright 1994 and Wiens 1996). It has steadfastly resisted paying settlements since the initial 1991 agreement to pay up to $1 billion in civil penalties was voided by a federal judge in Anchorage (Rosen 1994). Exxon has gone so far as to enter into a secret agreement with Seattle-based seafood processors to have the processors rebate punitive damages to the company (Houston Chronicle 1996). At the same time, Exxon strongly opposed post-spill legislative initiatives, most notably OPA 90. The OPA 90 increased liability limits for spills and phased in requirements for double-hull tankers in the Alaska oil trade, a provision that Exxon and the industry opposed because of the added cost and because it is unlikely that double hulls would have prevented or ameliorated the Valdez spill.

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Exxon's tactics were made possible by Exxon's substantial political or economic power. The company can afford to fight litigation while continuing in business. Indeed, the spill had little long-term influence on the firm's profitability. In the end, Exxon's crisis management efforts were unsuccessful from a public relations perspective, as the firm became associated in the public mind with environmental damage. But in terms of firm survival, Exxon weathered the spill very well.

Jack in the Box does not enjoy Exxon's economic and political influence, and took a different course in managing its food poisoning crisis. It assumed a greater measure of responsibility for the outbreak by admitting some-but not all-error. It compensated families for medical expenses and losses associated with the illnesses they suffered, and it instituted a new food inspection and quality control system that has made Jack in the Box one of the models of food handling in the industry. Jack in the Box could then tell a causal story that the problems is not in the restaurants themselves, but in the food production and processing phase. This story was remarkably successful, considering that the outbreak would not have occurred had the Jack in the Box franchises in Washington State cooked the hamburgers to the State's 165 degree standard, rather than the lower company standard of 155 degrees. By telling its story of the firm as a victim and yet assuming some responsibility (including paying the medical bills for sickened customers), Jack in the Box created an atmosphere of trust that allowed its causal stories to gain a more sympathetic hearing than they might otherwise have had.

In the ValuJet case, the cause of flight 592's demise was held to be a fire caused by illegally loaded oxygen canisters that were loaded on the flight by ValuJet's maintenance contractor, SabreTech. ValuJet could not lay blame on SabreTech the way that Jack in the Box laid blame on its meat supplier, because ValuJet had made a conscious decision, in marked contrast with most major carriers, to farm out much of its operations to reduce costs and improve cash flow. From a financial perspective this was quite successful, as reflected in positive treatment of the firm in the business press, but from an operational perspective it was a failure, even before the flight 592 accident, when government was very carefully scrutinizing ValuJet's high rate of safety 'incidents' and when the Defense Department refused for a time to use ValuJet to carry its personnel.

ValuJet competed with the major airlines. For this reason, the major airlines would not rally to its defense – or to the defense of the discount airline sector at large – and the company's fortunes declined rather rapidly. Nor were other discount airlines ready to rally to ValuJet's defense when it became clear that the entire industry was under

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greater scrutiny after the ValuJet crash. The airline was ground for about six months, and in the end merged with and changed its name to AirTran. Its crisis management techniques were at best ham-handed, and were compounded by the remarkable level of media and government scrutiny that accompanied the crash. This scrutiny was rather loudly criticized by ValuJet and its allies, but as the magnitude of ValuJet's problems became evident, even the best efforts to manage the crisis were overwhelmed, thereby precipitating the merger and, more to the point, to substantial changes in top management at ValuJet/AirTran.

Variations in Industry Support

Some crises are unique to a firm and its particular business practices, while others are a result of the factors that could befall any firm in an industry sector, given the current state of practice in the industry. One might think of the disasters that befall firms in the latter category 'there but for the Grace of God go I' accidents, because managers of other firms can understand why the event occurred and, to some extent, can see a reflection of their firm's vulnerabilities in their competitor's misfortune. This learning can lead to positive changes, which can bolster public confidence in the industry in general.

In both the *Exxon Valdez* and Jack in the Box cases, their industry groups were a source of support for the firms, testifying before Congress and other bodies, providing information to allied groups and the media, and working together to either counter environmental groups and their allies' arguments, or amplifying the message of the food safety community by portraying Jack in the Box as a victim of the flaws of the food inspection system. Other fast food restaurants such as Taco Bell and Dairy Queen adopted improved food handling technologies, further validating Jack in the Box's approach to remedying their problems, while decrying the poor meat inspection systems. Similarly, the oil industry and its allies coalesced to provide a closely coordinated causal story of the problems of oil transportation and what would or would not be workable solutions to the problem.

On the other hand, an industry will abandon a firm during a crisis if the accident is unique to the firm and its particular practices, and if the firm reflects poorly on the industry sector as a whole. In particular, ValuJet did not gain the support of the airline industry because the causal story that became dominant in the media and in governmental circles was one of remarkable malfeasance by the airline and nonfeasance by regulatory agencies, such as FAA and its organizational parent, the Department of Transportation. Indeed, in the initial reac-

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tion to the crash, Transportation Secretary Federico Peña declared that the airline was safe and that he would fly on it. As the days and weeks passed after the event, however, the extent of ValuJet's operational and safety problems became so great that FAA grounded the airline, a remarkably extreme move for a regulatory agency whose reputation was as much promoting the idea of air safety as it was actually enforcing it (Schiavo 1997).

The abandonment of ValuJet by its industry reveals the differences between airlines and other industries, and between ValuJet on the one hand and Exxon and Jack in the Box on the other. The airline industry is a remarkably competitive sector, and as discounters like Southwest, Kiwi, and AirTran made inroads into the routes flown by the 'majors' – United, American, TWA, Delta and the like – margins became tighter, competition tougher, and animus between the majors and the discounters more and more manifest. This was evident when the major carriers – allegedly called the 'sinister seven' by the discounters – advocated a ticket tax change that would have hit discounters harder than the majors (Barlow 1996). In such a climate, all of ValuJet's protestations that others, including the FAA, were at fault for the ValuJet crash were unsuccessful, as ValuJet's overall business practices came under scrutiny. In the end, it was not the sometimes sloppy maintenance *per se* that so harmed ValuJet's reputation; rather, it was its overall business practices and the tone set by the company that more generally led, at least indirectly, to the crash.

ValuJet managers would take little comfort from the words of a well-known student of CM, who argues:

> '[N]o one appreciates your crisis than just your competition. . . . During crisis, particularly a major crisis, an organization has no friends, only varying degrees of enemies. From the moment the *Exxon Valdez* spilled its first drop of oil to the legal confrontations five years later, Exxon has stood alone. Its only supposed friends are the legion of lawyers and specialists whose short-term loyalty has been bought by millions of dollars of fees' (Silva 1995).

This is indeed true when a firm distinguishes itself as being an industry outsider in some important way. On the other hand, Grefe and Linsky argue that firms should defend against the 'our ox is not being gored' fallacy: 'Trade associations in particular have to remind members that usually when one's member's ox is gored, everyone gets smeared' (Grefe and Linsky 1995, 49). The major airlines realized that their collective ox was hardly gored by ValuJet, and, indeed, that their position against cut-rate airlines was strengthened as much of the public returned to the major airlines in a belief that their maintenance standards and practices were superior to the discount airlines.

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The implications for the success or failure of causal stories are remarkable. When a company has the support of its industry sector, it can tell causal stories that are amplified by the industry and its allies in elected and appointive office. However, when a firm's story is ignored or implicitly rejected, a signal is sent that the firm's explanation is wanting, and that the industry and its allies do not wish to be tarred by an event that raises serious questions about the competence of one firm. Firms thus abandoned are much more vulnerable to more stringent government response than might otherwise be expected. This may explain why the FAA shut down ValuJet after the Flight 592 accident, a fate not suffered by Alaska Airlines, TWA, or any other major carrier in recent memory.

Globalization, Democracy, and Business Crisis Management

We believe our analysis applies to the increasingly global nature of business in an increasingly democratizing world. The growth and importance of interest group politics continues in the European Union (Kohler-Koch 1994), and prescriptions made by North American authorities are cited in European sources on various crises and crisis management (Lok and Powell 2000). American crises are equated with European events to draw similar conclusions. In particular, an article in the *Financial Times* clearly drew the parallel between Johnson and Johnson's management of the Tylenol crisis (a successful case of crisis management) with Coca Cola's apparently failed efforts to contain its product contamination problems in France and Belgium (Tomkins 1999), the latter serving as an important example of global business crisis and its management. Indeed, American models of crisis management are likely to become more important in Latin American, Eastern European, and Asian contexts as markets emerge and as relatively unfettered systems of information gathering and dissemination, such as the Internet and private news media, make information more available to consumers and activists in emerging as well as long-standing democracies. At the same time, competitive pressures will cause firms to demand that their suppliers and business partners in emerging markets rise to the same standards of corporate responsibility and product quality demanded in North America and the European Union (Pearson and Rondinelli 1998). Democracy and group mobilization have led to a demand for American-style crisis management and public relations consultancies (Matthews 1999) that are spreading American style systems of image and reputation management globally.

There will clearly be some differences in each country in the composition and style of the media, pressure groups, and the like, but we

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believe the similarities in the nature of crisis and public responses are becoming more important than interstate differences. For example, media coverage of Coca Cola's problems in France and Belgium (an American firm operating in Europe), or of Bridgestone/Firestone's problems with its recall of tires used on popular Ford sports utility vehicles in the United States, Venezuela, and Saudi Arabia (a Japanese firm in world markets), did not focus on the political attributes of these countries. Rather, these stories focused on the failure of firms to follow the classic prescriptions of the crisis management literature. One can conclude, then, that crisis management cuts across cultures and political systems, and appears, as a political matter, to require the same sense of openness and contrition, coupled with actual remedial action, that differentiates more successful crisis management efforts with efforts that are less successful.

Political Factors influencing Crisis Management

The literature on agenda setting and crisis management, coupled with the cases discussed in this article, allows us to identify factors that will influence the management of corporate disaster in a political framework (Table 2). Each factor represents a continuum of attributes that make some disasters more easily managed than others are. Second, these factors apply to both long-standing and emerging democracies, so that they are broadly applicable in a range of political contexts. Finally, these factors may serve an important predictive and prescriptive function. They are predictive in that one could use them with hypothetical disasters to predict what the most likely policy and political outcomes will be. They are prescriptive in that they imply that crises can be better managed in order to mitigate some of the damage done to both the firm and its stakeholders by a business disaster. To apply this table, let us consider three hypothetical disasters: an airplane crash, a refinery explosion, and a product-tampering incident.

It is highly likely that a firm that has learned from the Tylenol case can effectively manage the public policy outcomes of a product-tampering incident. Product tampering incidents lack some of the dramatic imagery that accompanies the other two hypothetical cases, and can therefore be addressed before the event becomes part of popular culture. Tampering also suggests that there is an unknown malefactor with no connection with the firm. This causal story is easily told by the firm, the firm can demonstrate concern about the well being of its stakeholders, and the event can be kept less visible than chemical or aviation accidents. It is likely that other firms will join with the victim-

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TABLE 2: *Influences on the manageability of business disasters, with hypothetical examples*

Easy to Manage		Difficult to Manage
	Visibility	
Low visibility, hard to visually depict the harms done by an event (product tampering)	Moderately visible, but the meaning of the imagery is unclear and easily contested (chemical plant accident)	Highly visible, harms (or apparent harms) are easily depicted) (airplane crash)
	Speed of onset of the crisis	
Slow to develop, relatively easily contained before great damage is done (product tampering)	Rapid onset (hours or days); harms can be averted if skillfully and decisively addressed	Very sudden, very difficult to contain as crisis develops almost immediately (chemical plant accident, airplane crash)
	Harms	
Relatively minor, quickly addressed and remedied; damages to very few people are minor or perhaps nonexistent and quickly remedied (product tampering)	Moderate damage to few people that is quickly remedied (chemical plant accident, product tampering)	Actually or seemingly major; numerous deaths or damage to people or resources (airplane crash)
	Extent of media coverage	
Low to nonexistent coverage	Moderate coverage that dwindles rapidly, or coverage that is largely confined to the region in which the accident occurred (product tampering, chemical plant accident)	Extensive, ongoing coverage with lots of images of horror, harm, or suffering (airplane crash, chemical plant accident)
	Scope	
Relatively few people directly or indirectly affected	A moderate number of people directly affected in a particular region (product tampering, chemical plant accident, airplane accident)	A very large number of people affected or potentially affected (chemical plant accident, airplane accident)
	Stakeholders	
Few stakeholders or stakeholder groups; stakeholders are closely integrated in the firm's business	Moderate number of stakeholders that can be worked with to mitigate business damage (chemical plant accident)	Many stakeholders, widely dispersed, can easily switch to other firms for goods and services (product tampering, airplane crash)
	Extent of development of countervailing groups	
Few interest groups to press claims	Moderate interest group development (airplane crash)	Numerous well developed interest groups (chemical plant accident)
	Nature of industry group or sector	
Small number of firms, cohesive industry associations, a crisis involving one can involve all firms (airplane crash involving a major carrier)	Moderate number of firms, moderate to highly competitive; crisis could help or hurt other firms depending on the nature of the crisis and its supposed cause (airplane crash involving a discounter, chemical plant accident)	Relatively large number of firms; high competition, crisis in one firm could benefit other firms or subsectors (product tampering)

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Table 2: *Continued*

Easy to Manage		Difficult to Manage
	Casual story	
Unavoidable or unforeseen problem; company as victim (airplane crash, chemical plant accident due solely to fate, such as sudden freak weather or completely unforeseeable mechanical or human problems)	Rare but avoidable problems; system accidents that could be avoided by monitoring all aspects of the system (most industrial and airplane accidents)	Demonstrable negligence or malfeasance on the part of the firm, attempts at covering up 'true' causes (airplane accidents or industrial accidents due to demonstrable corporate malfeasance)

ized firm to defend the overall safety record of the sector and to develop sector-wide solutions to see to it that the problem never repeats.

An accident in a chemical plant or similar facility will vary in its public and policy importance by its size – that is, the damage and harm done by the accident – and by the range of stakeholders involved in the accident. The event will be moderately visible and compelling as a news item, depending on the nature of the accident – a toxic gas plume that causes some evacuations but no visible damage is much less likely to make for dramatic coverage than an explosion, particularly at night, that leads to fire, damage, and the like. A key factor in the manageability of such a disaster will come in the firm's management of the causal story behind the accident. There can be many causes of industrial accidents – design flaws, worker carelessness, unforeseen system accidents (Perrow 1984), or natural disasters. The firm's challenge is to tell a causal story that plausibly transfers blame to some other actor or, better yet, an 'Act of God.'

Airplane crashes may be the most difficult to contain: they are highly visible and symbol-rich, leaving as they do sometimes gruesome crash scenes; their scope is broad, since they influence nearly everyone who flies in some way; and because they trigger remarkably extensive efforts to find the causes of accidents. Within days of the accident, we will know whether the accident will lead to greater calls for regulation based on the drama of the accident, the nature of the airline, and the apparent cause of the crash. Thus, a particularly gruesome wreck of a discount airline's plane in which it is proven that the crash was due to a pilot's or mechanic's error is likely to become a much more contentious event than an accident befalling a major carrier enjoying industry support that is ultimately laid to a highly unlikely mechanical event. In the latter category one could include the crash of TWA flight 800 in 1996 and the crash of Concorde in 2000; in the former, the crash of ValuJet flight 592, and, somewhere between, the crashes of Alaska flight 261, USAir flight 427, and other recent accidents.

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In the airplane crash example, it is particularly clear how a firm might wish to move the cause of a crash out of its realm of control (maintenance, pilot training, procedures) and into some other actor's realm of control (design, construction, etc.). ValuJet's efforts to pin the cause of the flight 592 crash on its contractor, SabreTech, or Boeing's continuing efforts to find proof that TWA 800 was brought down by a bomb rather than a fuel tank explosion are examples of these rhetorical moves. But, as reflected in Table 2, there are important differences between accidents that can be said to be caused by corporate or individual malfeasance and those seemingly caused by freak events that are entirely unavoidable.

Conclusions: How the CM Literature Misunderstands Public Policy

The literature on crisis management, and the case studies reviewed here, reveal some serious misunderstandings of the workings of the policy process. First is a failure to understand the public policy implications of crisis. Ryan et al. (1987) note that most corporate managers are unfamiliar with the policy process, and tend to make incremental, *ad hoc* decisions when developing a public affairs plan or, more likely, a response to a public affairs issue. They argue that such responses should be planned as part of the strategic management process, but many firms tend to focus simply on the competitive environment.

Even when firms seek to improve their planning and management functions, they often make a second mistake: they persist in a belief that business disasters are internal business matters that managers must *manage*. The crisis *management* literature, as we have reviewed, focuses on the managerial aspects of crisis. But few treatments consider the overwhelming business disaster. In these disasters, managers can make choices that may result in better or worse outcomes, but the idea that the whole crisis and the political and public response to it can be managed is fallacious. A major proponent of this control position is Fink, who claims, 'the key is to control as much of the crisis as you can. If you can't control the actual crisis, see if you can exert some degree of influence over where, how, and when the crisis erupts' (Fink 1986, 19). Pauchant and Mitroff, on the other hand, argue, 'increasingly, large-scale crises seem to be built into the very fiber of modern life. They seem to occur almost daily. Their very names have become virtually synonymous with a special type of disaster' (Pauchant and Mitroff 1992, 9), while Pearson and his colleagues argue 'no company is immune to crisis or the threat of a crisis' (Pearson et al. 1997, 51). Implicit in these treatments is the idea that some disasters happen no matter how well the firm or the incident is managed and would advise

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managers to take the next step and plan for the various *political* aspects of corporate crisis and disaster.

In doing so, we would urge that managers avoid internalizing in their firms a degree of disdain for the political system, a failure to understand it, and, in particular, failure *dispassionately* to take into account the role of other actors, particularly interest groups, in their planning for disaster and their execution of these plans. Albrecht (1996) echoes a common view, from the business perspective, of interest group politics:

> Visible or not, the need for recognition, money, or a pound of flesh drives many people, either alone or in groups, to go after our institutions: government, politics, schools, law enforcement, the courts, the media – and, of course, business.

Albrecht's claim, and others like it, are misleading, for they fail to consider properly why groups exist, how they interact with each other, and how they work within the political system to effect change. Adopting this claim and defending against the attacks of opposing groups assumes that political debate can be engaged and even won while the firm is simultaneously managing the business crisis itself and its concomitant effects. These effects – including loss of life, environmental damage, eroding good will, staff departures and lower revenues and earnings – serve to further prove the firm's opponents' case, even as the firm seeks to control these outcomes. The battle is not simply over the prestige of countervailing groups or their urge to extract their pound of flesh from the firm – they are often driven by real policy problems and real supporters who demand solutions.

Nor are normative statements about the motivations of interest groups and government agencies helpful in creating a more useful theory of CM. However, these statements help us to understand why some managers still consider the political world messy, irrational, amoral, or 'dirty.' There are more sophisticated treatments of business/political relationships that take a more hopeful and realistic approach, such as when Grefe and Linsky (1995, 41) argue that 'the ongoing media scrutiny and government lobbying and election laws keep public affairs more on the up and up.'

One might argue that the more aggressive anti-interest group efforts are fully consistent with most firms' strategic goals. We believe that these responses are actually antithetical to sound strategy. Preble (1997) finds strategic crisis management theory and practice are divergent when theories and practices should run together an offensive, longer-run perspective with the short term, sometimes-defensive posture of crisis management. The gaps between sound corporate strategy,

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as demonstrated by business responses to crises, and the prescriptive literature suggest that the sort of actions outlined in our cases are dysfunctional, regardless of whether a firm *believes* it is behaving in its best (that is, strategic) interests.

Thus, running counter to the longer-run perspective of strategic planning and management, there remains among some management-oriented writers a sense that firms need to practice self-defense against activist groups with 'agendas,' the media, plaintiffs' attorneys, 'irrational' government regulators, and other perils of management (for instance, Albrecht 1996 and Fink 1986). Bernstein (1994) urges that restaurateurs should run for office because their industry, through various regulations, is 'taxed without representation.' This sentiment is understandable but also striking in its misunderstanding of the role of representatives and interests in democracy.

More sophisticated treatments of crisis management do not simply assume that opposition groups or government are malicious or irrational in their motivations. They tend to avoid (appropriately, we feel) the question of whether negative arguments are illogical or irrational, and focus instead on what the firm can do to enhance its response to crisis in a way that balances the desires of stakeholders with the good of the firm. The literature views opposing or mobilizable groups as stakeholders in the broader business environment. This view of groups as stakeholders results in a sense that they need to be accommodated as important elements of a firm's success, rather than simply opposed. This latter tendency abounds in the less sophisticated literature, in which some claimants are considered outside of the firm's perceived circle of stakeholders. The result is failure to account for these other interests before, during, and particularly after a crisis, with many professionals and lay people holding business in such low regard.

NOTES

1. This report was accessed via the AVWeb site, at http://www.avweb.com/articles/vj592clo.html. The synopsis of this accident is available at the NTSB web site, http://www.ntsb.gov.Aviation/DCA/96A054.htm

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