Decision-Makers behind Effective Crisis Management:

An industry comparison of a crisis prepared approach among Small and Medium-Sized Enterprises

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Abstract

**Problem.** The world is in an era with technological advancements, shorter business cycles and a growing competition that requires constant organizational changes in order for organizations to stay on track. Uncertainty in the business world is therefore higher than ever. With respect to Small and Medium-Sized Enterprises (SMEs) and their central role in the European economy, it is of high relevance of today’s researchers to adopt the perspective of these businesses to take on a more crisis prepared approach.

**Purpose.** The focus of this study is to investigate the perception of the concepts of crisis and crisis management among SMEs’ managers in different industries in Sweden. Moreover, this study intends to develop an understanding of the decision-making behind a crisis prepared approach of different industries of SMEs.

**Method.** This research employs a multi-methodical qualitative research approach in which, in-depth interviews with owner-managers of SMEs and a crisis expert have been conducted.

**Results.** This study indicates that there may be a lack of insight regarding the core meaning of crises and crisis management among the SMEs’ managers studied. Crises and crisis management was found to be perceived in a similar way among all the managers in the study. Crises were perceived as involving the personnel and safety issues of the businesses. Crisis Management, was understood as the management of an already occurred crisis, rather than the preparation for potential crises. A deficiency was found among the businesses regarding crisis preparations. This seemed to be related to resource restrictions and a general lack of research about this topic in the context of SMEs. The study indicates that SME managers do not always make formal decisions regarding crisis preparations. In the cases where the SME managers of the study had prepared plans and strategies for how to handle crises, these had emerged as a gradual process rather than from decisions taken in this matter.
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1. Introduction

The first chapter will make a brief presentation of the background of the research followed by a discussion of the problems related to the topic. The purpose of the study and the research question will be introduced as well as a brief explanation of the definitions used throughout the paper.

1.1 Background

We have all encountered or will encounter some form of setbacks in our lives. Whether this has a mental, physical or economic effect, we are aware that we need some form of protection that prepares us for any unpredictable events that may occur, e.g. insurance. The same applies to organizations. We live in a rapidly changing world where globalization and the development of capitalism society have resulted in many opportunities for businesses today. This is an era with technological advancements, shorter business cycles and a growing competition that requires constant organizational changes in order for organizations to stay on track. As the saying goes, there are two sides of the same coin, and the opportunities nowadays to operate in wider and more complex markets mean increased uncertainties and risks. Crises have become an increasingly common phenomenon and it is no longer considered as something unusual or random, it is “built into the very fabric and fiber of modern society” (Mitroff & Anagnos, 2001, p. 5).

The financial crisis that broke out as a result of the financial bubble in America in 2008, the Enron Scandal of 2001, British Petroleum Oil Spill in the Mexican Gulf in 2010 and 9/11 are all examples of major crises that led, not only to internal crises but also had an impact on the entire global economy. Cascade failures means that a failure of one organization often leads to failures of other organizations because of today's close business links. Small and medium-sized enterprises (SMEs), which will be the focus of this paper, tend to suffer the ‘ripple effect’ of many of these crises, being at the whim of changing market behaviors and client expectations (Vargo & Seville, 2011). Given the central role of SMEs in the European economy, it is extremely important that research today focuses on the development and maintenance of SMEs in the market. Studies that focus on crisis management in smaller businesses are scarce and crisis management rarely attracts the attention of SMEs research (Herbane, 2010). Yet, it is clear that crises affect SMEs and thus requires the attention of their managers.

Consider for example the extensive fire that broke out in Västervik, Sweden in January 7, 2013. The fire was caused by a massive explosion and several subsequent explosions in a powder coating company in a centrally located industrial facility. Most of the building was completely destroyed in the fire and several companies who had their business in the same building suffered considerable financial impacts. As far as I know, the building has not been recovered since and is by now a thing of the past (B. Löwhagen, personal communication, 2015-04-02).
To mention another example, a private senior housing in Huddinge, Sweden, suffered severe criticism and major negative media coverage when two residents died in 2013. The speculations where circulating around whether the reason for the deaths was due to mistreatment by the nurses of the elderly housing. The media has the power to put an entire company in severe crisis and many times it is not only the internal flaws that are the contributing factor for crises that occur (Pettersson & Wikén, 2013).

Organizational-wide crises in SMEs can have serious impact on the business as whole. However, due to the smaller size of SMEs each of these crises may not have an extensive impact on the global market on their own and they thus do not gain as much attention in the literature. This gap in literature is unfortunate because the combined impact of these crises can be claimed to be much larger than the impact of each crisis in isolation. Moreover, the common perception, that major crises occur more frequently on a national basis, is not simply anecdotal; the occurrence of organizational-wide crises, both man-made and human-caused, are on the rise (Mitroff, 2004).

1.2 Problem discussion

Based on a survey made by the Swedish insurance company IF (2007), many companies today are poorly prepared for crises. The majority of the companies in the study by IF say that they are aware of the increasing risks of crises in the market but the companies have still not done anything to analyze and/or reduce the potential risks of crises within their own organization. In addition, earlier research within the topic shows that many organizations are ill-prepared for critical situations and many managers respond to crises in ways that make these crisis events even worse (Spillan & Hough, 2003; Starbuck, Greve & Hedberg, 1978). A large proportion of organizations do not have well-structured and efficient crisis preparedness strategies and those who have implemented such strategies do not appropriately utilize internal representatives in developing and monitoring them (Crandall, McCartney & Ziemnowicz, 1999).

Numerous studies have been made concerning the general idea behind crisis management, both in terms of the definition and the broader picture of effective crisis management and crisis preparedness. The majority of the literature more generally points to the importance of effective crisis management within businesses. However, there is a clear shortage in the literature pointing to the fact that this is of interest and important to all existing organizations, no matter the size (Lerbinger, 2012). More precisely, there is a lack of research concerning crisis management of SMEs. This is surprising given the fact that the legislation requires all organizations, in for example Sweden, to have crisis management practices in place, regardless of firm size (Herbane, 2010; Spillan & Hough, 2003, AFS 1999:7). From the few studies available, it is revealed that SMEs are less likely to carry out crisis-preparedness approaches when compared with larger organizations, and when they do carry out such approaches, the preparatory work is likely to be less disciplined (Berman, Gordon & Sussman, 1997; Herbane, 2010). It is further found that SMEs are particularly vulnerable to crises due to their limited financial resources. The abilities of SMEs to respond quickly to changing environments are, however, considered a strategic advantage compared with larger organizations. Researchers however
claim that too few SMEs, fully develop this capability to improve their resilience towards major crises (Vargo & Seville, 2011). This is unfortunate as research also indicates that when the preparation for critical events is done correctly, these SMEs will obtain better financial results with increased sales volume as a key indicator (Berman et al., 1997).

Altogether, the above line of reasoning suggest that management of SMEs is an area in need for further research (Freiling, 2007; Spillan & Hough, 2003; Herbane, 2010; Vargo & Seville, 2011).

### 1.3 Purpose and research question

Considering the lack of research concerning crisis management in SMEs, this study aims to examine why SMEs, in various industries, do not commonly implement strategies for effective crisis management. Particularly this thesis intends to explore how SME managers, within various industries, relate to crisis management by investigating the following research questions:

- How do SMEs’ managers, in different industries, understand the concepts of crisis and crisis management?
- How do SMEs’ managers, in different industries, make decisions about how to prepare for crises and why?

### 1.4 Delimitations

It is important not to confuse crisis management with the management of natural disasters, usually referred to as emergency management. Natural disasters are still considered as crises that an organization without proper planning and training might suffer from but unlike natural disasters, human-caused crises are not inevitable. Man-made or human-caused crises do not need to occur if managed properly. It is therefore of interest within this paper to exclude natural disasters and focus on the crises that can actually be predicted and prevented, or at least mitigated if managed properly (Mitroff & Anagnos, 2001).

Large scale crises such as the Enron Scandal in 2001 or the Financial Crisis in 2008 have major effects also on the local companies through the so-called cascade effect. It would however be hard to draw conclusions about how these events with respect to the crisis preparations of smaller businesses actually helped them in times of such crises. Therefore, the focus of this study will be on smaller scale crises in which they have a direct impact on that particular business as a whole, a division of the business and/or an impact on the industry in Sweden.

It is very important that the reader understands the broad scope and the relatively abstract nature of this topic. Therefore, I recommend the reader not to consider my findings as the single most correct explanation applicable on all SMEs. Given the sensitivity of this topic, my findings will work as one guiding tool, among others, for the progress of approaching a more crisis prepared strategy among SMEs in Sweden. The previous research discussed in this paper,
the selected organizations to be studied and the arrangement of the survey are however performed as to provide the best picture of reality as possible.

1.5 Definitions

There are indeed many definitions of the word crisis and the array of situations that can be added to this category really proves the breadth of this topic. The most feasible definition of the term organizational crises, which holds even today, was offered by Pearson and Clair (1998). They defined an organizational crisis as “a low-probability, high-impact event that threatens the viability of the organization…it is characterized by ambiguity of cause, effect, and means of resolution” (Pearson and Clair, 1998, p. 60). An organizational crisis is an event that directly or indirectly affects the organization. It negatively impacts the health and safety of the employees within the organization and may also have a major impact on other stakeholders in the market (Mitroff & Anagnos, 2001; Pearson & Sommer, 2011). It is important to distinguish a crisis from the daily setbacks that may occur within an organization. Coping with customer hostile for example, is not considered an organizational crisis (Pearson, Kovoor, Clair & Mitroff, 1997). Instead, an organizational crisis has the potential to jeopardize the very existence of the business (Pearson et al., 1997; Mitroff & Anagnos, 2001). It forces the organization to let go of their daily habits and it requires a great extension of the company's capabilities, mainly in terms of resource availability (Pearson et al. 1997; Skoglund, 2002).

Crisis management, with the embedded concept of crisis preparedness is defined as being “the art of avoiding trouble when you can, and reacting appropriately when you can’t” (Bernstein & Bonafede, 2011, p. 1). Proponents use the word art instead of science when talking about crisis and this is related to what has been stated above about the broadness of the term and the array of events that may occur to an organization. That is, there is no simple guideline that can be applied to all types of crises but there are indeed ways to go about to more effectively prepare for and managing the crises. This, in order to potentially avert it or to mitigate its impact and gaining quick control over the situation (Bernstein & Bonafede, 2011; Caponigro, 2000). Crisis management is highly integrated with the processes, values and the mindset of the organization and it is reflected in the everyday work of the organization. Crisis management means continuous updates and control and it requires planning, training, communication and a company-wide vigilance towards changing patterns (Pearson et al., 1997). That is, no matter of what organizational crisis we are dealing with or preparing for, i.e. tangible, intangible or human (Mitroff & Anagnos, 2001), we have to be aware of the fact that crisis management is not a notion about preparing for whether a crisis will occur but rather about the planning and preparation for when and how it will occur (Birkehorn, 2008; Mitroff & Anagnos, 2001).
2. Frame of reference

This chapter is divided into three sections. The first section makes a general presentation of what previous researchers have been able to conclude concerning the types of crises and why they occur. The second section aims at providing a better understanding of the specific characteristics of SMEs; followed by a section about the most prominent findings regarding effective crisis management.

2.1 Types of crises and why they occur

There are myriad of examples of crises that may occur in an organization and all crises cannot be foreseen and prevented. All crises can however be managed much better if one understands the types of crises most relevant to that specific business or industry (Mitroff & Anagnos, 2001).

2.1.1 Crises Categories

Research within the field shows that crises can be sorted into categories to get a general overview of the crises that may occur (Thierry, Pauchant & Mitroff, 1992). More specifically, crises can be sorted into seven broad categories including: economic, informational, physical, human resources, reputational, psychopathic acts and natural disasters. As can be seen in appendix 8.1, the crises included within each of the seven columns are crisis events that through support by research seems to be the events most likely to occur (Thierry et al., 1992). Fire and explosion mentioned in the category of natural disasters, are the result of and have impact on several of the other categories. Therefore, they will not be excluded in this study, whereas the other events mentioned under natural disasters will be.

There is no clear research approach demonstrating that some specific crises are more likely to occur in SMEs than in other organizational forms. Rather, this is a question about what type of industry the organization is operating in as well as the degree of managers’ effort in evaluating and detecting the risk of crises events (Spillan & Hough, 2003). It is however evident that all organizations regardless of whether it is a SME or a larger multinational organization should prepare for at least one crisis within each of the seven categories, provided in appendix 8.1, for it to be considered an effective crisis-portfolio. This idea holds true due to the fact that environmental factors change constantly and major crises takes place both in the context of what organizations can predict, plan and prepare for but just as much from what they do not know. Evidence points to the fact that if you prepare thoroughly for one of the crises within each of the seven categories, you will be better prepared for other events of a similar nature within the same category. Moreover, one crisis can be both the cause and the effect of any other crisis of another of the seven categories (Thierry et al., 1992; Mitroff, 2004; Mitroff and Anagnos, 2001).

Potential crisis events may be considered from different perspectives. Separating the internal and external factors as well as separating those that arise and have an impact on technical and
economic factors with those that are caused by personal, organizational and social factors is considered to be helpful. By doing so, one will get a better overview of the various components of the business with relation to the crises common to that specific industry (see appendix 8.2) (Mitroff, Shrivastava and Udwadia, 1987). The different axes are not to be considered as distinct from each other but rather, by putting these factors in relation to each other, one will be in a better position for the preparation and correction of the whole system (Mitroff et al., 1987).

2.1.2 Why crises occur

The source for effective management in times of turbulence is to understand the real cause of why crises occur (Watkins & Bazerman, 2003). Mitroff (2004) argues that it is about the relationship between the organization, its people and the technology that constitute effective crisis management. This idea is a very simplified model of the relationship between the fundamental parts of an organization in which it is constructed. The purpose of this finding is to extend the fact that, all organizations have technologies that are designed and operated by people, the more complex the technologies, the larger the organization is required in which they operate. Crises occur due to any deterioration in the relationship between the organization, its people and its technology. Causes for the emergence and escalation of crises are further related to failures in the conventionality of an organization (Mitroff, 2004). Failure of conventional thinking means that organizations today lack the ability to "connecting the dots", to see the big picture of the whole system (Mitroff, 2004, p.13). That is related to what has been said above regarding the fact that companies today are forced to not only prepare for individual crises in isolation but instead to create an understanding of the bigger picture of preparation for the simultaneous occurrence of multiple crises. Organizations need to emphasize the interconnection between different events where one crisis can be both the cause and effect of another crisis. The organizational structure can be the source for major crises that occur and failure of conventional organizations emphasize the general absence of effective crisis leadership in practice, further discussed in section 2.3.3. Failure of conventional organizations is mainly due to old organizational structures in which crisis leadership is in the periphery of the organization and in need for a redesign into the very center of the daily operation. Finally, failure of conventional responses is about the general flaw of interaction between managers and executives within an organization. Inappropriate responses are the result of the lack of communication and transparency which, in turn, has the potential to cause a crisis or worsen the situation of an already occurred event (Mitroff, 2004).

Lack of communication and transparency is further addressed in the RPM-process (Watkins & Bazerman, 2003). Deficiencies in the capability of managers to recognize, prioritize and mobilize (RPM) a first indication of a critical situation, is a major reason for the aggravation of a crisis. Failure to recognize early warning signs, a lack of attention as well as some degree of denial about a major problem are caused by flaws in the communication and in the mechanisms, mainly technical and human, of an organization. This is further discussed in the subsequent sections. Failure to prioritize means that managers and executives recognize that there are some threats towards the organization or that there are problems that have not been dealt with but they do not consider it to be serious enough to warrant immediate attention. When an
organization recognizes a major problem or an emerging threat and they prioritize the right means to determine its potential impact but fail to mobilize the threat by failing to provide immediate and effective responses, there is a great risk that the situation may aggravate rapidly and uncontrollably (Watkins & Bazerman, 2003).

2.2 SME

Micro, small and medium-sized enterprises (SMEs) play a central role in the European economy. “SMEs are the backbone of the European economy; they represent 99% of all businesses in the European Union (EU). In the past five years, they have created around 85% of the new jobs and provided two-thirds of the total private sector employment in the EU. The European Commission considers SMEs and entrepreneurship as keys to ensuring economic growth, innovation, job creation, and social integration in the EU” (European Commission, 2015a). SMEs are however often confronted with market imperfections and have restricted resources (European Commission, 2005).

2.2.1 The definition of SMEs

When referring to SMEs, I will make use of the definition adopted by the Commission Recommendation of the European Union concerning the definition of micro, small and medium-sized enterprises established May 2003 and incorporated as from January 2005.

<table>
<thead>
<tr>
<th>Company category</th>
<th>Employees</th>
<th>Turnover</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

Figure 1: Micro, Small and Medium-Sized Enterprises (SMEs)
Source: European Commission (2015b)

It is stated by the Commission that, for an enterprise to be considered a SME, the enterprise employs less than 250 persons, in which the annual turnover do not exceeds EUR 50 million, and/or the total annual balance sheet do not exceeds EUR 43 million (European Commission, 2003/361/EC, L124/39: Article 2.1).

2.2.2 SME management

Smaller businesses are often regarded as entrepreneurship-driven and there are many reasons to conclude that SMEs should be regarded with relation to the entrepreneurship theory given the management of these businesses. “The entrepreneur as a person plays a much more vital role than in large firms and entrepreneurial spirit is not weakened by considerable hierarchies and can more easily pervade the firm” (Freiling, 2007, p. 1).
Several entrepreneurial functions such as risk management, coordination, innovation, and ‘market-making’ represent the featured areas in SMEs’ management (Freiling, 2007). Several points as summarized in the following appear to be consistent in the literature about the management of SMEs. To start with, there is a distinctive structural coordination prominent in SMEs, in which the degree of structural complexity is relatively low due to the size of these organizations (Jennings & Beaver, 1997; Freiling, 2007). The transparency and control systems can be maintained more easily in which flatter structures seem most prominent. Extensive and complex structural hierarchies is usually not required (Freiling, 2007), providing for the possibility of a more dynamic and flexible operation (Jennings & Beaver, 1997). There is also a distinctive managerial coordination in which SMEs are influenced by the owner-managers. This means that the operational process is to a large extent personalized (Storey, 1994; Beaver, 2002) and reliant on the entrepreneurs’ dominant logics (Freiling, 2007). The ownership distribution in SMEs is said to be structured around a more traditional ownership model with a unity between the ownership and the leadership of the business. Given the considerable impact of the owner-managers on the management process, entrepreneurship is much more dependent on single persons compared to larger companies (Freiling, 2007). The extensive key-role of the owner-managers of SMEs usually comes with some degree of capacity restrictions. Managerial bottlenecks and lack of specialized knowledge and professionalism are the results of the capacity restrictions and this is due to the liabilities of managerial coordination small businesses are confronted with (Jennings & Beaver, 1997; Beaver, 2002; Welsh & White, 1981). Lastly, it has been argued that there is a relationship between the growth and development of SMEs and the increased risk of crises and obstacles encountered. The types of crises related to the growth of SMEs, which range from financial issues to weak general management skills, were related to the fact that the businesses grows at a pace more rapidly than usually is expected (Hill, Nancarrow and Wright, 2002).

2.3 Effective crisis management

Crisis management is not simply a case of responding or reacting to a major crisis that has already occurred but even more about the preparation for the possible events that may occur (Mitroff & Anagnos, 2001). In the end, effective crisis management comes down to two main questions: “How much reality can an organization bear to learn about itself with regard to its crisis strengths and weaknesses?” and “How much is an organization willing to invest to correct its weaknesses and improve upon its strengths?” (Mitroff & Anagnos, 2001, p. 50). At a bare minimum one may expect the SMEs to follow the legal requirements as for crisis management and this is a subject that will be attended to next.

2.3.1 AFS 1999:7

In Sweden, one regulation that concerns crisis management is The Swedish Work Environment Authority’s provision on first aid and crisis support (AFS 1999:7). It states the requirements of Swedish organizations to plan, organize and follow up on the basis of an assessment of the risks. The regulation requires that:
• All workplaces implement a crisis prepared approach with the routines needed considering the nature of their operation.

• The managers possess the knowledge and the education about crisis management, regarding first-aid and crisis support in order to plan and organize the work in an appropriate manner.

• Relevant information on how crisis management is performed within the organization should continuously be communicated to the employees within the company.

• Employees are familiar about the routines, procedures as well as eventual changes in the crisis work. The routines and the equipment need to be maintained and all employees must know where to find the contact details to public agencies and the necessary equipment if something happens.

(AF 1999:7)

The Work Environment Authority’s provisions on first aid and crisis support (AFS 1999:7) is applicable for private and public companies. That means, there is a legal responsibility and an obligation, through the conditional requirements specified in the regulation, to prepare crisis support as well as to provide for and educate everyone in the company about crisis management.

2.3.2 A Comprehensive Model of Crisis Preparedness

Crisis preparedness refers to the ongoing activities performed by an organization in order to prevent, contain, recover and learn from crises and their consequences as far as what is humanly possible (Kovoor, Zammuto & Mitroff, 2000; Kovoor, 1995). It has been argued that the understanding of crisis management is more about the preparation for the possible events that may occur (Mitroff & Anagnos, 2001). For this reason a comprehensive model of crisis preparedness will be presented next.

2.3.2.1 A multidimensional model of an organization

A multidimensional model (Kovoor, 1995) has been adopted in this study, as a means for understanding the breadth of effective crisis preparations (Kovoor, 1996). It advocates for effective crisis preparedness to involve the integration between several dimensions of the organization. These include:

• technical (physical science knowledge)
• human and social (psychological, physical and social aspects of individuals)
• political (power and influence behaviors performed by the manager)
• legal (laws and regulations)
• ethical (morals and values)
• economic (financial capacity)

(Kovoor, 1995)

Organizational crisis preparedness is defined by the help of the model as being about the capability of an organization to address the causes (to prevent) and the consequences (to con-
tain, recover, and learn) from a range of crises in all the proposed dimensions. Integrated mechanisms such as crisis organizations and crisis plans and strategies exist to address common issues and interactions across these dimensions (Kovoor, 1995). Organizations should focus their attention towards the critical factors associated with the causes of crises related to each dimension of their business (Kovoor, 1995). Critical factors related to the technical dimension of an organization can for example be fires, explosions, leaks, spills and/or transportation incidents. From the human and social dimension, the types of crises might be sabotage, employee violence, death and injury. From this dimension, an organization must be able to address the causes and take actions against potential crises by confront and change faulty organizational assumptions, beliefs and defense mechanisms as well as it need to be able to understand the physical and psychological state of each individual within the business (Kovoor, 1995).

Crises are caused by factors from a variety of organizational dimensions; they differ in complexity, have consequences towards multiple dimensions in which these dimensions trigger different crises (Kovoor, 1995; Kovoor, 1996). The complexity of this relationship requires several integrating mechanisms (Kovoor, 1995, Mitroff & Anagnos 2001). It is found that there are several integrating activities most prominent in the crisis preparedness and prevention literature, three of which will be presented in this paper. The systematic activities of proactively address the underlying causes of potential crises, the development of mechanisms to detect early warning signals and the emphasis on a learning organization in which a culture of learning and unlearning behaviors is addressed (Mitroff & Anagnos, 2001; Kovoor et al., 2000; Fink, 1986; Carmeli & Schaubroeck, 2008).

2.3.2.2 A best practice model of the integrating activities for crisis preparation

A best practice model (Mitroff & Anagnos, 2001) of crisis management has been adopted as a guiding model for the purpose of understanding the integrating activities for crisis preparedness. It argues for the idea that crisis management may not be perceived as a program separated from other parts of the organization. Instead, crisis management must be comprehended in the context and as an integral part of the daily operation (Pearson & Mitroff, 1993; Mitroff & Anagnos, 2001).

Very few organizations do well on each component and that is why the model should not be considered as the solely ideal condition for success. Rather it should be used as a guiding model to measure current crisis management practices (Mitroff & Anagnos, 2001). The model constitute of 5 key components as presented in figure 2. The first component, types/risks of major crises, is the risk-analysis consisting of a thorough and systematic review of both subjective and objective probabilities of conditions and threats towards an organization (Watkins & Bazerman, 2003). The risk-analysis is consistent with the crisis-portfolio assessment presented in the beginning of this chapter (Thierry et al. 1992).
The second component is about the mechanisms of the crisis management procedures to prepare for and dealing with major crises:

- Anticipating
- Sensing
- Reacting
- Containing
- Learning
- Re-designing

(Pearson & Mitroff, 1993; Fink, 1986; Kovoor, 1995)

The management of these mechanisms is to be done systematically and since crises send out early warning signals, organizations need to be able to effectively scan and analyze these signals in order to prevent a major crisis from occurring (Pearson & Mitroff, 1993; Mitroff & Anagnos, 2001). These warning signals however, are not always visible for the people higher up in an organization and most often the person(s) who knows most about a pending event are those who have the least power to bring it to attention within an organization (Mitroff & Anagnos, 2001). The mechanisms of re-designing and learning from an event are important aspects in which focus should be on the evaluation of the actual process and key lessons to be learned (Pearson & Mitroff, 1993; Mitroff & Anagnos, 2001). A culture of learning from failures will be more observant and have an attentive system to detect the early warning signals (Carmeli & Schaubroeck, 2008). As some crises cannot be predicted, even not with the most developed signal detection mechanisms, the damage containment of crisis management can be said to be the most important component for effectively dealing with the event of a crisis (Pearson & Mitroff, 1993; Mitroff, 1988). This mechanism, as the name suggests, means that organizations work diligently to prevent an already occurred crisis to spread to other parts of the organization (Mitroff & Anagnos, 2001; Kovoor et al., 2000). The damage containment of crisis management is argued to be more effective if a crisis organization is present. The concept refers to the formation of a knowledgeable and well-informed group of people, both from within the organization but also external parties, which have access to all internal data. Their tasks are to analyze current strategies, digest available information about external trends and to look for critical patterns of business drivers and flash points (Fink, 1986; Watkins & Bazerman, 2003, Birkehorn, 2008).
The third component, presented in figure 3, constitutes the various systems that govern most organizations. (Pearson & Mitroff, 1993; Thierry et al., 1992). The five systems are sometimes called “the onion model of crisis management” (Thierry et al., 1992) since it metaphorically resembles the shape of an onion. The outer layers, technology and organizational structure, are the systems most visible for external parties. The underlying layers, organizational culture and top management psychology, however requires a deeper understanding of the visions, policies and procedures of an organization. The onion model was developed as a means of understanding the depth of effective crisis preparation (Kovoor, 1996). The key aspect of the technology of an organization is that it cannot function in a vacuum. The human factors are the branch of knowledge that exists to assess the causes of errors to design systems to detect and prevent the effects on humans (Mitroff & Anagnos, 2001). Furthermore, the technology within an organization is built up around the complex system of interactions between different and multiple layers and dimensions. Errors occur depending on the multiple layers of which messages and communication will have to be transported (Thierry et al., 1992; Mitroff & Anagnos, 2001). The cultural and psychological features of an organization, layer 4-5 in figure 3, are the most critical elements in determining the crisis management performance of an organization (Thierry et al., 1992; Mitroff & Anagnos, 2001). The beliefs of the people within an organization constitute the basis for the general assumptions made regarding crisis preparedness. Incorrect assumptions such as "our size will protect us" or "excellent well managed companies do not face crises" must be dealt with to ensure the assumptions are realistic (Kovoor, 1996). Organizations, like individuals, make use of different types of defense mechanisms to deny their vulnerability towards crises. Hence, this works as an attempt to justify their ignorance and unpreparedness against crises in today’s society (Pearson and Mitroff, 1993; Mitroff & Anagnos, 2001). Alterations in the defense mechanisms and the organizational culture are what drives crisis preparedness practices in the outer layers. The most central changes however, are those that lead to changes in the innermost and very core of the organization (Thierry et al., 1992; Kovoor, 1996).

If crisis management is to be effective within an organization, one will have to make sure the interactions with all, both internal and external parties, are established and maintained way ahead a first warning signal is detected (Pearson & Mitroff, 1993; Phelps, 1986). Fictional crisis management scenarios are what connect all the foregoing components together. By the use

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**Figure 3: The Onion Model of Crisis Management**

of fictional event, one will be able to see how an unpredictable event can affect the organization. The scenario should be unforeseen and include the occurrence of event(s) that the organization neither has considered nor has prepared for (R. Birkehorn, personal communication, 2015-01-25; Mitroff & Anagnos, 2001).

Figure 4: Multidimensional/Onion Model of crisis preparation and prevention
Source, inspired by: Kovoor (1996); Kovoor (1995)
To sum up, the multidimensional model (Kovoor, 1995) and the onion model (Thierry et al., 1992) have been presented as means for understanding the breadth and depth of effective crisis preparation (Kovoor, 1996). For each of the dimensions, the outer circle of figure 4, the onion model with its layers is applicable. The onion model presents the integrative mechanisms for the comprehensive understanding of the cause, types and consequences of crises within and among different dimension. To clarify, for the human and social dimension of an organization, the integrative systems of the outer layers of the onion model are for example the clarifications of the organizational structure and functions within a business. The cultural and psychological systems in the inner layers of the model are for example the management of anxiety and inappropriate defense mechanisms of individuals (Kovoor, 1996). In short, the capability of an organization to prevent, contain, recover and learn from a range of crises in all its dimensions and layers is necessary to effectively prepare for crises (Kovoor, 1995; Kovoor, 1996; Thierry et al., 1992).

### 2.3.3 Managers responsibilities

It is evident from what has been discussed above, from the early studies by Fink (1986) as well as from the majority of later scholars, that the managers have the main responsibility for crisis preparedness and prevention strategies being established and maintained within an organization. Given the personal capacity restriction of the owner-managers, there is a need to develop a cross-functional management team. Crisis organizations can expand the boundaries of individual perceptions by adding the experience, knowledge and training capabilities from an enlarged group of people (Weick, 1988; Fink, 1986; Birkehorn, 2008). Furthermore, it is evident that one single person or a small group of people should never bear responsibility for an entire organization in times of crisis (R. Birkehorn, personal communication, 2015-01-23).

The manager has the ultimate responsibility to ensure that all parts of an organization are doing the utmost to identify and communicate any event that appears to be abnormal from the daily operation (Watkins & Bazerman, 2003). The work of identifying and isolating potential crises is an ongoing process that will never be completed due to the constant discoveries of new threats, technological developments and ongoing globalization. The understanding of people and organizations, the interactions and factors separating one person or organization from another, is however argued to be the most vital ability of any manager (Fink, 1986; Mitroff, 2004). Knowing how to make proper decisions calls for the manager to vigilantly ask whether the course he or she is considering will lead closer towards the strategic objective of the organization, taking into consideration the diverse interests, beliefs and perceptions of people (Fink, 1986).

Given the increased complexity of organizational systems, Mitroff (2004) asserts the requirement of a reorientation of the word crisis management. Crisis leadership is about the creation of an infrastructure for crises where a comprehensive integration of all levels and divisions of an organization is required. Structural redesigns make possible for the autonomy of local units by moving the crisis focus from the periphery of an organization into its center and the key element of this new design is the creation of a crisis organization. The essential skill of crisis leaders is the understanding of individual personality differences and the differences of organ-
izational characteristics. Different personalities make visible for the variation in the effectiveness of response strategies towards crises, both within and among organizations (Mitroff, 2004).

Different people speak different languages and it is the major task of managers to understand these languages. Different languages are not referred to as the official languages spoken by people from different parts of the world. Instead, this is a notion used to describe the relative differences between people and organizations in how they perceive the world. For the reason that people attach different meanings of words, there is a risk that communication barriers arise within an organization. Hence, the requirement of managers to address this issue explicitly and systematically by decoding the language of people and the organization is essential for any management initiative to succeed. Related to what was discussed in section 2.1.2; the ability of managers to think conventionally by looking at a problem from multiple perspectives is argued to be essential for any management initiative to succeed. Furthermore there is a need for the ability of connecting the dots by understanding the system as a whole, consisting of several different languages in which each and every address a vital aspect of the reality. The failure of conventional responses of managers and the general flaw in interactions and communication between individuals within an organization are the results of failures in understanding, accepting and explicitly and systematically address the different languages of individuals and organizations (Mitroff, 2004).
3. Method

This chapter describes the approaches used for this research. It argues for the methodological choices made with regard to the study area; the process of collecting, processing and analyzing the data. The quality criteria of reliability, generalizability and validity are discussed, together with the limitations and disclosures found of this study.

3.1 Research philosophy

People attach different meanings to the same thing and see the world from different perspectives, particularly with respect to the structure and scope of crisis management. As no previous studies are available, the research had to be constructed based on the assumption of a multiple reality to any phenomenon or situation (Saunders, Lewis & Thornhill, 2012). Hence, the research philosophy is primarily the ontological approach to manage the socially constructed and multiple nature of reality. A subjectivism/constructionism position has been made where reality is seen as intersubjective, continually constituted by the differences in perceptions and actions of all social actors, including the ones held and performed by the researcher (Hudson & Ozanne, 1988; Carson, Gilmore, Perry & Gronhaug, 2001; Bryman, 2012). It is the authors view that subjectivism calls for the interpretation of the individual’s meaning of the world, and for the application of this into a practical research, a detailed and in-depth study was advocated (Saunders et al., 2012). It is important that the reader understands that for this type of studies, the researcher both influences and is being influenced by the research activity being performed (Carson et al., 2001; Hudson and Ozanne, 1988; Saunders et al., 2012).

3.2 Research approach

3.2.1 Choice of theoretical reference and theories

To gain a better insight and understanding of the topic of interest, secondary sources were reviewed. The secondary sources served as a critical review of the literature as to constructively and critically analyze and develop the arguments about what previous literature indicated as known and not known about the research objective (Wallace & Wray, 2011). During the start-up phase of this thesis in January 2015, I was in contact with Regina Birkehorn, a crisis expert that has written many books about this subject. She is the founder of Crisos AB and has developed a patented method for effective crisis management in practice. R. Birkehorn together with the CEO of the company Lars-Göran B Karlsen, gave me the great opportunity to be part of Crisos AB’s three-day session about effective crisis management in practice.

Through the review of previous research and the session with Crisos AB it became clear that crisis management and SMEs in the same context is a relatively unexplored area among previous researches. For this reason, the literature concerning crisis management and SMEs had to be collected and interpreted separately. Some researchers were however found to be more prominent in the subject than others, and many of the theories regarding crisis management have been developed before the twenty-first century. As this is the case, older literature de-
scribed as being the first in the field of crisis management (e.g. Fink) has formed the basis for the critical assessment of more recent literature (Ketchen, 2014).

### 3.2.2 Primary data collection

The primary data were collected for the empirical component of this study. From the empirical and in-depth research approach, the aim of this study is to create a conceptual framework to generate new ideas for future researchers to test on a more hypothetical ground (Saunders et al., 2012). The research is lending itself towards an inductive research approach. In contrast, if a deductive approach were to be used, that would require the existence of several previous studies from where a hypothesis could have been defined to test for theory verification or falsification in practice (Saunders et al., 2012; Saunders & Lewis, 2012).

There are two generally acceptable methods of research design, quantitative and/or qualitative approach. The exploratory nature of my research questions required a qualitative method in which an interpretivism philosophy, as discussed in the first section of this chapter, formed the basis for this work. Given the diverse nature of risks and crises and a lack of academic literature available about the topic, it would have been impossible to establish predetermined quantitative survey questions, satisfying all possible perceptions. In order to accept for the various phenomena of crises, qualitative in-depth interviews were performed as to systematically explore the seemingly unchallenged topic of crises and SMEs (Saunders et al., 2012). In-depth interviews emphasize communication as an inclusive part of the knowledge. It further enables for reflections to be made concerning the related reactions of the investigated, representing one aspect of the data to be interpreted in addition to what is stated during an interview (Flick, 2014).

#### 3.2.2.1 Selection of sample

Exploratory researches are often associated with the non-probability sampling technique, where the chance of each case being selected from the population is not known. For non-probability sampling it is not possible to make statistical interferences about the characteristics of the population. Instead, subjective judgements were used to draw on an appropriate sample to be analyzed (Saunders et al., 2012). Non-probability sampling still makes possible for generalizations to be made about the population, and for in-depth studies, focusing on a rather small number of cases to gain information-rich theoretical insights is argued to be an adequate approach (Saunders et al., 2012). A self-selection sampling (also called a volunteer sampling) allowed for the individuals to identify their own preferences to take part in the research. Given the seemingly sensitive topic about crises, it is advocated to let the potential respondents decide whether to take part or not (Saunders et al., 2012).

The potential participants were found through a list of host companies of Jönköping University. A number of companies were also selected from Science Park, a business developing company located in the region of Jönköping. A final selection consisted of companies in which I had some prior knowledge about. After a careful examination of all found organizations through the help of several intermediation services for businesses online, the requests were sent out through email. The reason for why the selection was made from three different
places was mainly to get as wide sample as possible. The quality of the research would have been greatly impaired if the sample consisted of companies solely located in Science Park for example. A total of 20 executives were asked to participate in the interview. The selection consisted of companies from different industries as to ensure the quality and breadth of the study as well as to provide for comparative measures to be made with regard to the objective of this study. The requests were sent out on March 18, 2015. To maintain the research ethics of qualitative studies, a short description about the work was provided (Flick, 2014; Saunders et al., 2012) and it was made clear that strict secrecy/confidentiality would apply both concerning the sound recordings and notes being made during the interviews. Furthermore, it was made clear that the empirical presentation would comply with the anonymity requirement of the agreement (see appendix 8.3).

Out of the twenty respondents, I got a sample of four SMEs, which is a response rate of 20%. The responding companies all differed in their operating industry. The representatives being subject for the interview were all CEOs and three out of the four respondents were associated with the concept of owner-managers, discussed in the previous chapter. As the objective of this paper is to study different industries, no significant differences existed in the other measures related to the categorization of SMEs. An expert interview with the crisis expert Regina Birkehorn at Crisos AB, was also scheduled in addition to the responding sample of companies. Through the expert interview, I allowed for new perspectives to be implemented as part of the processing of conceptualizing and categorizing the data collected.

Based on the number of respondents, two weeks were allocated for the primary data collection in which I made sure to adapt, as far as it was possible, to the requested time and location of the respondents. As the interviews were conducted at one particular point in time, it eliminated the possibility for data to be measured and compared on a longer time horizon. Therefore this study is a cross-sectional research (Bryman, 2012; Saunders et al., 2012). Twenty four hours ahead of the interview, an email was sent out to the company including the general information as to how the interviews were to be conducted and time frame allocated for the meeting. The agreement (appendix 8.3) were also attached in the email as for the respondent to go through it before the meeting and by that, making sure the interviews were executed in as efficient manner as possible. Furthermore, prior to each interview I prepared myself by carefully reviewing the companies’ website to identify areas of relevance for further discussions during each interview.

3.2.2.2 Design of the Interview

For each interview, the agreement regarding confidentiality/secrecy was provided and signed by both parties (see appendix 8.3). The interviews were performed as to the greatest extent possible, avoiding the direction of the topics being discussed during the conversation. Since I was aware that it may be difficult to get people to talk freely about such a sensitive subject, some themes were developed in order to get a flow in the interviews. However, if predeterminated questions were to be used, they would have been built on my personal perceptions about the subject as sufficient theories do not exist to support the questions. Hence, this would result in a lack of validity of the research. Semi-structured and in-depth (unstructured) inter-
views, are sometimes used in the same context. They are both considered as non-standardized form of interviews with the only difference being the degree of predetermination of the structure of the interviews. Unstructured interviews however are informal and used to explore in depth a general area of interest. No questions were developed in advance and it was rather the interviewee’s perceptions that governed the structure of the interview (Saunders et al., 2012).

Figure 5, is developed as to present the guideline that were used during the interview. It presents the different themes that were to be discussed during the interviews.

<table>
<thead>
<tr>
<th>Company</th>
<th>Crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Facts</td>
<td>• Perception (definition/ types/ extent)</td>
</tr>
<tr>
<td>• Culture/ Organizational Structure/</td>
<td>• Industry risks</td>
</tr>
<tr>
<td>Technological factors</td>
<td>• Experience (what/ how/ learning from failure)</td>
</tr>
<tr>
<td>• Organization and Leadership (SMEs)</td>
<td></td>
</tr>
<tr>
<td>• The role of the corporate representative</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Crisis Management/ Preparedness</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Perception</td>
<td>• AFS 1999:7</td>
</tr>
<tr>
<td>• Actions (how/ by who/ responsible)</td>
<td>• Crisis Organization</td>
</tr>
<tr>
<td>• Obstacles/ Motivational Factors</td>
<td>• Third Party</td>
</tr>
</tbody>
</table>

Figure 5: Themes for Interviews

For the purpose of gaining consent and credibility from the respondent, each interview began with a brief description about my research area. The conversation proceeded with a relaxed dialogue where the goal was to get the respondent to feel confident by talking about the company. The opening of the interviews was all the same but the remaining part of the discussions differed depending on what the respondent considered relevant to be discuss. Open and closed questions as well as several probing questions were formulated in the clearest way possible as a response to what was stated by the respondent. Some shorter pauses in the questioning were made in order to try to get the interviewee to further develop his/her claims (Saunders et al., 2012). An active presence from my part made it possible to productively ask follow-up questions and dealing with difficulties such as monosyllabic answers or discussions and answers beyond the scope of my work (Saunders et al., 2012). The interviews lasted from 50 minutes up to about 1 hr. 15 minutes and the majority of the interviews were performed at the office of the corporate representative. One interview was made via video connection because the office of the representative is located far outside Jönköping.

For the expert interview, the approach used was a semi-structured interview (Saunders et al., 2012) to provide for and validate the research findings found in the interviews with the four
SMEs. As can be seen in appendix 8.4, the questions were more specific with relation to what had been addressed and discussed in the preceding interviews.

3.2.3 Analytical method and interpretation approach

For an inductive and interpretive research, there is an integration of the analytical process in which the data collection, data analysis and the formulation and verification of any established propositions is of a somewhat interrelated nature (Saunders et al., 2012). The grounded theory method used as a guideline for the analytical part of this research entails the use of coding techniques. It enables for the qualitative material to be sorted into categories and further to be summarized and simplified to draw on conclusions in concordance with the research question of the study (Bryman, 2012; Saunders et al., 2012).

The interpretive and inductive approach of this research demanded that I transcribed the interviews (Saunders et al., 2012). I listened to each interview two times and for the transcribed document, presented in the next chapter, it was sent out to each corresponding company as to share my perceptions about the interview as well as to investigate whether any other valuable information had emerged. The coding of the interviews was derived from the summary of each interview. Several font colors were used as to highlight the similarities and differences between the respondents, emphasizing the important concepts and surprising claims stated during the interviews. The coding also worked as an aid for categorizing the data into several groups (see appendix 8.5). Based on the categories established, several topics were subject for further analysis with respect to my research question and the objective of this study:

1. SMEs’ managers understanding of the concepts of crises and crisis Management
2. SMEs’ managers understanding of the concept of crisis preparedness as an integral part of effective crisis management
3. Decision-making and decision-makers behind effective crisis management

From the codes and the data categories established, the interviews were unitized by relating the categories and words of the respondents with existing terms and theories derived in previous chapter. The data reduction worked as a means for summarizing and simplifying the material. Throughout the entire analysis process, several tools were used as to record the information and developing reflective ideas to supplement the transcribed document and the categorized data (Saunders et al., 2012).

3.3 Methodical analysis

3.3.1 Quality criteria

It is certain that several issues arise from the choice of having a qualitative in-depth study. The first issue encountered concerned the general lack of standardization. The lack of standardization regards the importance around the degree of reliability of whether alternative researchers would reveal similar information as when compared with the result presented in this study. It is however argued that in-depth interviews are not necessarily intended to be repeatable since they reflect reality at the specific time they are collected. When qualitative and in-
depth methods are used, it is often because of the rather complex and dynamic circumstances that are to be explored. To overcome the reliability issue being related to the qualitative choice of method, explicitly stated arguments about the research design and the reasons for the chosen strategies were made and retained (Saunders et al., 2012; Flick, 2014). The reliability of the study also concerned the issue around biases connected to the interviewer and the interviewee. Biases arise as a result of the comments, tones and behaviors of both parties. Taking into account the seemingly vulnerable aspect of crises, there is a certain risk that the interviewees may avoid to address certain aspects and instead stick to what is considered as socially acceptable. Qualitative studies in the form of interviews make certain demands on the interviewer and on the interview as such. In order to avoid the biases being related to a conversational research method, several measures were to be considered. The consideration dealt with the relative level of prior knowledge about the participating organizations as well as the information provided to the participating organizations (Saunders et al., 2012).

Concerning the validity of this study one would argue that, since an expert interview were performed in addition to the four respondents, this would imply a form of triangulation in which I accepted new interesting information to be gathered. The expert interview also reinforced the material already received through the interviews with the SMEs. By accepting for different perspectives of the issue, a multiple-case study supported for greater validity of the findings in this research. This worked as a means to test the findings derived by seeking alternative explanations of any relationship and to test for negative explanations that did not confirm with the original idea (Saunders et al., 2012). An inquiry was also made as to whether the interviewee approved to have further contact by email or other electronic contact if necessary. To ensure the communicative validation of my research, a respondent validation was performed through a follow up in which I made possible for the summaries to be evaluated jointly with the company. This, in order to ensure the research ethics and the authenticity between the categories established and my perceptions with those of the interviewees (Flick, 2014).

3.3.2 Limitations and Disclosures

The complex and often time-consuming characteristics of a qualitative interpretive study gives rise to certain limitations of this study. Given the abstract features of this study by which meanings are constructed and interpreted into a conceptual framework, the research design is not intended to create a generalized theory but rather to draw insights into the understanding of this relatively untreated topic. That is, this study intends to draw conclusions that will give rise to future hypotheses to be studied. Because of the agreement about anonymity of the respondents, a prudent presentation of the findings of the interviews was necessary. This raised several issues as to how to present all important information without confining the anonymity of the respondent. As most of the interviews were held at the office of the participating, some level of geographical limitation existed. It was desirable to investigate the perspectives held by several representatives at the companies and the same applied to the number of businesses interviewed in which it would have been preferred to interview more companies from a larger field. The somewhat multi-methodical approach that prevails for this study, however resulted in an increased validity and generalizability as more than one qualitative research strategy where used subsequently. This enables for overcoming weaknesses usually as-
associated with using only one method as well as it provides a scope for a richer approach to data collection, analysis and interpretation. It was therefore considered most reasonable, given the budget constraints and the time-limitation for this research, to limit myself to only one representative at each company (Saunders et al., 2012).
4. Interview Summaries

This chapter presents the empirical results generated through the interviews, both with the respondents of each SME and from the expert interview. Each interview is summarized by the help of one or two guiding headings as related to the purpose of this study; Crises, Crisis Management and The decision-making behind crisis management.

For the reason of confidentiality, the four organizations that participated in the research are referred to by the pseudonyms with reference to their operating industry: Logistic/TransportationCo, ComputerConsultancyCo, CateringCo and HomeCareServiceCo.

4.1 Logistic/TransportationCo

Logistic/TransportationCo is a company located within the region of Jönköping and with their own vehicles and personnel, the company offers courier transportation services through distribution solutions for businesses. The company manages and transports hazardous goods, and previously they had a warehouse and offered mixed cargoes transportations as part of their business. The company has faced several reorganizations recently, where the warehousing and mixed cargoes had to be decommissioned, mainly because of an increased competition from foreign haulage contractors. With 4 employees working in the office with managerial tasks within finance and personnel, the company has over 40 full-time jobs and several part-time positions. The CEO of the company took over the company for more than 16 years ago together with one co-owner. The company has several cooperation partners and it uses its own staff and their own vehicles for any cooperation assignment.

4.1.1 Crises and Crisis Management

From the interview it was found that the perception about crisis was related to personnel and safety issues of the company. With employees in relation to crises, it was argued that crises that may occur and have occurred at the company was related to incidents and negligence by the employees. Furthermore, it was revealed that due to the fact that the company is dealing with hazardous goods, it increases the risk of crises that can occur, with examples such as explosions or leakages. The safety issue was mainly traffic related and several examples of crises were presented in which collisions and incidents with subsequent serious injuries or deaths were mentioned as crises that had occurred at the company. Based on the discussed crises, the information sharing were said to be the most important component of effective crisis management:

“Rumors spread quickly, both true but many are untrue and it is important to find out the real facts before any information is shared with the employees.”

Furthermore, the respondent discussed several approaches used during the crises. These were related to the shock condition that arises just after a critical situation has emerged. For the purpose that everyone is in chock and you easily forget what was done and how it was done, it
was important for the company to make notes about the dates and times, what was said to whom and when. Another aspect taken into consideration after a crisis had occurred, was whether any extra staff should be called in. If some employees were not in a good condition to work the following night(s) or the following day(s) because of the turbulences in the company, extra staff was needed. Information meetings for the employees were arranged and psychological help and support sessions were offered for people who felt they needed it. After a couple of days, the emergency services who were argued to be the first on site in situations like those mentioned, visited the company. The reason for the emergency services visited the company after a few days was said to be because then the shock state had subsided and all the questions started coming in which the respondent felt he/she had no answers to.

4.1.2 The decision-making behind crisis management

The degree of preparedness prior to a crisis as well as changes made after a crisis had occurred was discussed with the respondent:

“Crisis situations such as those related to transporting hazardous goods and incidents caused when vehicles are driven by humans, are factors that we have to consider all the time…this is done almost automatically…crisis management is evaluated based on various crisis situations that have occurred and may occur.”

“…because of the many supplementary questions that arose when this topic was discussed, an approach emerged in which we today have a shared mindset for how to act if a major situation occurs.”

The Logistics/TransportationCo is operating in a highly legislated industry and many safety concerns need to be maintained for this type of business. Several qualifications were said to be required that needs to be up-to-date for transporting certain goods. The activities enforced by law was moreover said to comprise large costs incurred and covered by the company itself. The respondent however, did not see any specific barriers for the establishment and preparation for crisis with relation to their business:

“If we had not been in the industry we are today or if we would not be transporting hazardous goods, I believe we would not have as detailed for how to act in a crisis situation.”

In relation to the crisis preparedness approaches in the company, the respondent referred to a list of several steps to be followed if and when a crisis was to occur. The list was said to be updated on a regular basis with phone numbers to emergency services, priest and relatives of their employees:

“The list has been very useful for what to do in a crisis situation and how to act both with relation to the individuals and with relation to the company as whole…this is something you understand only after you have experienced an actual crisis.”
The discussion continued about whether any changes were made and implemented as a result of the crises that had occurred. From this it appeared that several changes had been made in which operational changes and policy revisions were addressed:

“One can never be sure that it will never happen again…but…this worked as an attempt to minimize the risk for future crises…employee meetings at least two times a year work as to maintain the common understanding and as reminders of the safety aspects among all employees of the company.”

4.2 ComputerConsultancyCo

ComputerConsultancyCo is a company in the IT and electronics industry that has existed for about 10 years. The company is working towards the construction industry and is currently a relatively small company in a growth period, with a growth increase of about 50% during the last fiscal year. The company has its core operation in the region of Jönköping and the growth has resulted in an expansion towards operation in several Nordic countries, including England. The company employs slightly above 30 employees consisting of several product developers and a large sales team. The management team includes the sales manager of Sweden, marketing, finance and development managers, a support/service responsible as well as a country manager for operations outside Sweden. The CEO of the company was recruited as the new CEO around 2 years ago and prior to that, one of the founders of the company was CEO. Today the former CEO works as the sales manager and has a position within the board. The company has several partners for the manufacturing and product rental services.

4.2.1 Crises and Crisis Management

The perceptions about crisis and crisis management were found to be related mainly to the rapid growth the company is experiencing. The corporate representative was relating to the fact that, if a company grows in a rapid pace, you no longer have the possibility to have the overview you previously had. Everything becomes more spread out and there is no daily contact and therefore, managing issues outside the daily activities were argued to be extremely difficult. Based on this perception, it was further found that crises were related to several key areas in which traffic-related incidents was one area of crisis that had actually occurred at the company. The company managed this situation by having a prepared list for who were responsible for the information sharing and with whom would the information be shared. A second area related to crisis that had occurred at the company was the loss or longer absence of key personnel caused from termination or serious illness.

4.2.2 The decision-making behind crisis management

The respondent referred to a risk matrix that had been prepared by the company. This matrix addresses several internal and external key areas for where there is a risk of situations having a major impact on the company. The internal crises were the ones discussed above, hence for example the loss or absence of key personnel due to termination or illness. For this matter, it was important for the company to consider how to avoid not having all knowledge and hence
the dependency on single persons. They wanted to make sure more employees are involved in
the decision-making and know what is happening in the company. It was however considered
a challenge as how to pass the knowledge on to more people. Furthermore, stakeholders were
considered an external key area included in the established risk matrix. In addition to the risk
matrix, the company has developed an employee handbook with the help of the Swedish
Work Environment Authority’s elaborated routines. The employee handbook was said to be
focusing on crises in relation to the individuals and the risk matrix was developed based from
the ownership perspective. These two documents were said to be reviewed once a year.

It was revealed that SMEs find it very difficult to spend time and resources on writing the
plans and documenting crisis situations when the outside world is so dynamic. One do not
know how the organization will look like from one year to another. Since no extra resources
are available, the preparatory work of hypothetical situations were said to be sidelined when it
does not apply to current issues or have to do with the employees’ wellbeing.

“You are thinking: What is a crisis, how is it even possible to prepare for all situa-
tions?…you have to restrict yourself as to not involve too much preventive work.”

Preparatory work emerges on the basis of the systematic work of the company but the utmost
responsibility for a prepared approach was said to be on the CEO.

“I would say that the focus is not on crises but more on the risks… the preventive
work is based on the risks involved…as a small business, the focus is often on the
risks and then crises are embedded into that category.”

“… in comparison with a large company, it becomes less clear for what could
cause a crisis.”

Several points were found and addressed as involving a greater risk than others. These were
of legal and economic nature. The industry appeared to be highly regulated and commercial
risks were related to the fact that the company is operating beyond the border of the Swedish
law. The economic issue was regarded as being related to the size of the company.

As from the interview themes established prior to the interview, it was discussed how the
company is maintaining the common understanding among all employees. It was revealed that
this is an issue for the management team and that they are responsible for the information be-
ing shared with the employees further down in the line. Crisis preparedness was something
that the corporate representative thought was too general or too hypothetical for the employ-
ees to embrace:

“…you do not want to go through all possible scenarios with your employees…if
something would happen, we have considered taking in and get the help from the
occupational health services.”
4.3 CateringCo

CateringCo is a family business that has existed for over 20 years. They are active in a variety of assignments offering a comprehensive concept within the event industry. The company has opted out activities, otherwise lucrative for this industry, such as pubs, night-clubs, discotheques and late open restaurants. The business operates on a nationwide level and offers project management and events also overseas. The company employs about 30 part-time employees and a few hundred hourly employees, in which many of them have been working for the company for over 20 years. The ownership structure of the company consists of the CEO and founder of the company along with the co-owners within the family. For each department, the restaurants and the catering and event functions have their own responsible manager.

4.3.1 Crises and The decision-making behind crisis management

The crises discussed had to do primarily with the employees and the quality and safety issues of the company. The corporate representative was relating to growth as a main factor for crises. Given that the business is rather small and many of the employees have been working for the company for over 20 years, it was argued that a general understanding of the core values and the safety aspects among the employees exists.

“...if we were a company with over 1000 employees I would assume several situations would be much harder to manage…”

With relation to crisis preparedness, the corporate representative said that the reason for why several sections such as nightclubs and discotheques have been opted out was because there is a specific clientele around these activities. Many of the potential crises could be overlooked if these sections were not part of the operation. The corporate representative further related to criminality, treats, groupings and pressure as characteristics associated with the industry. Furthermore, it was revealed that there are several areas in which the company needs to be extra careful. These applied primarily to the safety and quality issues being related to the food and alcoholic beverages served as well as the many people involved in larger events.

There is a set of core values in the company concerning ethics, attitudes and morals. The company has been named a recommended company with relation to these areas where continuous follow-ups are performed every year. Furthermore the corporate representative said that he/she is involved in a cooperation committee with authorities and governmental agencies. The purpose of this committee is particularly to address and discuss the issues related to crises and crisis management. Through the industry association, they have committed themselves to run the company in a specific way and through the membership, they are offered to be involved in seminars about crises and crisis management related to the industry. If a situation would arise, the company representative says that it is first and foremost the lawyers of the industry association that are called in. Furthermore, third parties such as guardians are used and emergency organizations are informed when larger events are organized. The planning and organizing of these events are maintained accurately and way ahead:
“…even though, accurate evaluations and risk assessments are made, there will always be situations in which we cannot predict or prevent.”

The company has been discussing whether they should implement meetings to discuss the subject of crises with all employees involved. Due to the fact that they are operating at many different places and that the employees and the premises are spread out, it was however considered to be difficult to get the message to reach out to all employees. For this reason, a management team is meeting once a week and in addition, the owners and hence the family members have their own meetings:

“…we want the communication to flow as smooth as possible…decisions can be made fairly quickly within an organization like this.”

Decisions are taken by the family owners and they were said to be the three cornerstones of any decision-making. Furthermore it was stated that the final implementation of these decisions lies on the CEO:

“I believe it has to do with the personality of the decision-maker(s)…you have to be anchored to reality and think rationally…what you do yourself, so will your employees do.”

As a final point discussed in the interview, the possible barriers for smaller businesses to maintain crisis preparedness concerned dimensions that appeared to be of greater relevance than others. The dimensions mentioned were regulatory and political aspects of SMEs.

“I do not see any direct economic barriers for maintaining crisis preparedness…we have to deal with the issues as they arise.”

4.4 HomeServiceCo

HomeServiceCo is a local and private company directed towards the care sector. It operates in the region of Jönköping and it has existed for about 8 years. The company was found before The Act on System of Choice in the Public Sector (LOV 2008:962) came into effect on the 1st of January 2009. The purpose of the act is to facilitate the efforts of municipalities, to increase freedom of choice for the users of their services by letting the users make the choice of provider themselves (Statskontoret, 2012; LOV 2008:962). Today, the company employs over 30 employees and is currently in a period of growth with several new recruitments. The company operates through a number of cooperation partners. The ownership structure of the company consists of one operative owner and two passive owners where everyone has equal ownership. The CEO of the company is also the founder of the company and is therefore related with the concept of owner-managers discussed in the previous chapter. The structure of the company is divided into different geographical and cultural units where each unit has a unit coordinator or team-responsible.
4.4.1 Crises and Crisis Management

Crisis referred to by the corporate representative of the HomeCareServiceCo, were mainly related to longer absence of employees due to illness:

“When faced with the staff shortages, we have three working groups or areas, where the same people are responsible for dealing with difficult situations…”

During situation of staff shortages, the respondent stated that the efficiency disappears and the focus is solely on the quality of the work they have time to perform. Furthermore, the respondent pointed out the difficulty of these situations, being related to severe negative stress. It was discussed whether any third party help were used as to mitigate the impacts of difficult situations. The respondent stated that relief sessions and tutorial support by therapists had been used as to manage situations such as workload with subsequent negative stress. Several political issues that have occurred were also discussed as to being related to the regulation about The Act on System of Choice in the Public Sector (LOV 2008:962). One of the political blocs in the previous election wanted to abolish this law. The respondent said that they established an impact assessment and given the situation, it was very important to stick to the truth and inform the employees. The respondent further discussed the concept of industry-crises, in which the industry was argued to be highly vulnerable to crises:

“This industry is huge and if someone does something wrong, the whole industry is affected…take for example, the Carema Scandal in 2011…it is the whole industry that is in focus…”

4.4.2 The decision-making behind crisis management

“For public companies, when these types of situations arise [understaffing], they have the means for effective crisis preparedness and they can demonstrate red numbers in their accounts…but…on privately owned, smaller businesses, you do not have the economic resources for structured and effective crisis preparedness…”

“The medical and health sector is dynamic, and hence you have to develop an ABC-plan for each and every day and it is all about priorities…for sick leaves and/or terminations happening at the same time, these are situations you cannot predict nor prevent…since situations can appear so differently from case to case, it has been impossible to really learn from these situations to prevent it from happening again.”

Through the Tax-Funded Assistance Efforts and cooperation with the Municipality of Jönköping there are certain requirements that must be maintained. When discussing the crisis preparedness approaches of the company it was addressed that growth complicates the work of the management team. The difficulty lies in the maintenance of efficiency when the company grows. Having to be prepared for everything that could happen is impossible and an organiza-
tional crisis was said to have the potential of causing an even worse crisis at the managerial level.

“As an owner and/or CEO, you have to be prepared to handle difficult situations all the time… either you have to be constantly supernumerary, in which you do not have the financial resources for it, or you must be able to handle difficult situations all the time… this would be different in for example a larger hospital where you can get help from other departments or have more resources available.”

SMEs demonstrating deficiencies in their crisis preparations were argued to be related to the lack of research and the general ignorance of this issue in practice. To be able to handle though situations all the time, the personality of the decision-maker was said to be a determining factor. One needs to be able to see the possibilities instead of the barriers. It was said to be about the entrepreneurs’ multidimensional way of thinking, to turn situations into something positive. Entrepreneurs were regarded as having another way of perceiving the reality and a different mental preparedness. As an owner-manager in a small business, you are being present in the daily operation and therefore have the possibility to act quicker. The ability of the owner-manager to understand the uniqueness of each individual was said to be of importance. In addition, workplace meetings worked as an efficient approach to embrace these different perceptions and opinions of the individuals. To facilitate the communication flow and to managing the different personalities and perceptions within the company, there is one responsible present in each of the geographical units, assuring the communication flows as smooth as possible.

As a last point of this interview, the respondent was discussing the issue of having too much crisis preparedness within an organization:

“Too much crisis preparation is not good either, then you run the risk of being too comfortable in which you create a false sense of security, both for yourself and for your employees… you cannot cover all situations and because of that, I would assure you that if a crisis was to occur, it would be of a type you have not prepared yourself for… if you are unsure about how to attack the situation at the same time as you are worried about why this situation were not considered, one crisis could easily cause another crisis… too much crisis preparedness would mean a whole bookshelf of binders with every possible scenario.”

4.5 Expert interview

4.5.1 Crisos AB and external third party crisis experts

From the interview with the crisis expert Regina Birkehorn at Crisos AB, it was found that using third party crisis experts was in the majority of cases related to an already occurred crisis in which a larger number of people were involved:

“It is not the case that companies contact us because they have concerns regarding the legislation that exists today [presented in chapter two] or that companies are
perceiving the help as a step towards the development and preparation given the society we live in today...they contact us, because something has happened or when things are happening in the company that are outside their daily routines...there is a general lack of knowledge regarding this area which contribute to the wrong resources are used [usually HR or security personnel] in which they have no education or knowledge for maintaining effective crisis management.”

4.5.2 SMEs

It was discussed whether any barriers exist as for SMEs to implement and maintain the crisis preparedness approaches today:

“Actually there are no barriers whatever size of the company we are talking about...there is an existing law, and it is all due to an ignorance and a lack of knowledge today...if they knew that the law exists and that there are trainings available that embrace the HR and safety aspects within the same context as crisis management...I think many more people would be willing to maintain and ensure the usefulness of this work.”

The discussion continued as to investigate what her perception was about the decision-making behind the implementation of crisis preparedness approach within SMEs:

“I would assume that the general perception about crisis is that, since nothing has happened, a crisis will never occur within the organization.”

It was further stated that if one ignore the education behind crisis psychology and do not understand or ignore what it is really about, one will have to make decisions during crisis. Since crisis management involves human beings, there is a risk that the crucial minutes just after a crisis has occurred is managed improperly. There is a general need for this concept to be addressed for the leadership at all levels, as to what it actually means and what responsibilities the companies actually have for the implementation of a crisis organization in the workplace. It was however argued that crisis preparation is not a priority in leadership training today and it was further revealed that this is an issue not even of priority at the municipal and governmental level. The need for crisis preparations to be addressed at all levels in the organization was related with today’s dependency on single individuals:

“If the CEO possesses the required knowledge about crisis management...this is not enough...what if he or she is the victim of a crisis, then who are responsible and in charge during these types of situations?...or...when there is reorganizations or people retiring, the knowledge will disappear”

“It is very important to implement a structure or organization for crisis management.”

The interview continued as to whether the financial capacity restrictions of SMEs are the contributing factors for crisis management and crisis preparedness not being maintained. It was found that there is a general concern among companies today about the economic factors be-
hind educating and implementing crisis prepared approaches. Based on the perception held by the crisis expert, not all employees should attend the education. It is the crisis organization that should have the education and it should then be distributed to the rest of the employees in which they are made aware of who are involved in the crisis organization and what their tasks are if a crisis occurs. Besides, it was argued for the educational aspect as not being of high cost to a company.

The interview progressed as to involve the concept of risk management. This concept was perceived by the crisis expert as not involving the human beings:

“…it is about the safety and security issues related to the tangible resources of a company… for risk management, the security manager is usually involved… but crisis management is solely about the human resources being present at the company, not the tangible ones.”

Crisis management was perceived as an activity of exclusively managing human beings during crisis. It covers the understanding of why people in shock behave in the way they do. From this it was revealed that, usually it is the employees that are first on the spot when a crisis has occurred, not the emergency services nor the crisis organization. For this reason, it is important to understand that information that is shared during a crisis is shared with people in crisis and that it needs to be conveyed in a specific way. If information is provided in the wrong way, one runs a risk of facing employees feeling uninformed or the other way around, in which employees feel they have received too much information to understand what really needs to be done.
5. Research findings

This chapter presents the empirical analysis generated through the interviews and through the theoretical data found from previous researches. The disposition of the chapter is focused around several areas that appeared to be of major interest with regard to the purpose of this study. The chapter includes a compound analysis to detect the differences among the industries being subject for this research.

It was found that a general interest exists about this topic among the organizations interviewed. It appeared to be the case that they agreed towards the fact that this topic and the purpose of this thesis are highly relevant. The companies further agreed this is a neglected area among the existing researches. Nevertheless, the lack of research about this topic and the shortcomings of today’s leadership education, not addressing this issue sufficiently enough, was indicated to be the predominant factors of today’s ignorance about crisis management among businesses.

5.1 SME managers’ understanding of the concept of Crises

The perceptions about crises among the SMEs’ managers interviewed were found to be consistent in between industries. The perception about crisis, no matter of the industry studied, appeared to be related to two areas. These two areas concerned the employees of the businesses and the safety issues with respect to the vehicles and other tangible properties of the company. With respect to employees, it seemed that the majority of the respondents were relating to the absence of key personnel. The absence of personnel was related to terminations or retirements. Staff shortages for a long time due to illness or accidents as well as thefts and other personnel-related misconducts also appeared to be connected with the employee perception of crises. The perception of employees with regard to crises is consistent with Thierry et al. (1992) as can be seen in appendix 8.1. Safety issues were predominantly related to traffic incidents in any form. That is, no matter of industry studied, only two areas appeared to be regarded as important with relation to the perceptions and occurrences of crises among the managers. This raised a concern towards the fact that crises, as can be seen from both appendix 8.1 and 8.2 include several additional areas to be considered.

5.1.1 Increased risk of Crises

All the companies in any form of growth period pointed out the increased difficulties and problems faced during growth. The growth aspect was considered an inhibitor for the comprehensive work of the management team. The difficulties concerned the reduced possibility for having the overview of the company when situations emerge that is beyond the daily routines. This verifies the findings proposed by Hill et al. (2002), in which it was argued for the relationship between the life cycle growth of SMEs and the risk of crises and obstacles encountered as the organization grows. In the same study it was stated that the increased risk of crisis occurring within SMEs was related to the fact that the companies grows at a pace more
rapidly than usually is expected, and this may be associated with the reduced possibility of managers to perform the comprehensive work previously performed.

It appeared that industry-crisis was an important concept. The concept of industry-crises was however perceived differently among the businesses that mentioned it. The first perception appeared to be related to the differences in the need to manage the increased risk of crises among different industries. A second perception of the concept of industry-crises was related to how different companies are affected differently by other actors’ mistakes within same industry. Hence, the differences in the perceptions of industry-crisis were due to the perspective in which it was considered. Either, the concept was perceived from an external point of view, referring to the differences across industries or it was perceived from an internal perspective as to being related to the impacts of crises within the same industry.

5.2 SME managers’ understanding of the concept of Crisis Management

Concerning the perception of the word crisis management, a disagreement was found. The disagreement concerned the understanding of the concept between the SMEs, the crisis expert and that of previous researchers. The understanding of crisis management among the SMEs seemed to be related to the process of dealing with a crisis that has already occurred. Hence, it contradicts with the idea of crisis management being more about effectively preparing for possible events as proposed by Mitroff and Anagnos (2001).

There is a seemingly distinct perception about risk management being of more concern to SMEs than is the actual crisis management. For this statement, there is a compliance with the proposition of Freiling (2007), where smaller businesses are usually considered with relation to the risk management function as a featured area of SMEs management. An inconsistency was however found with respect to the perceptions of the two concepts of risk management and crisis management. From the crisis expert, the perception of crisis management was that it is intended solely for the purpose of effectively manage the people, before, during and after a crisis situation. Previous research indicated however, that crisis management is about the management of both tangible, intangible and human resources as can be seen from the figure in appendix 8.1 (Thierry et al., 1992; Mitroff & Anagnos, 2001).

5.2.1 Crisis Management approaches

It was found that the crisis management approach was related to one common aspect that emerged during all four interviews. All four companies addressed information as the main component for effective crisis management. The information sharing prior to, rumors that arise during a crisis and the importance of sticking to the truth were all aspects discussed during the interviews. The information sharing was also addressed by the crisis expert as being an important aspect for effective crisis management. It was however argued by the crisis expert for the importance of providing the right and accurate information when managing human beings during crises. A reoccurring concept among previous researches is crisis organization as first introduced by Fink (1986). Moreover, crisis organization was as well addressed as
an important aspect for effective crisis management by the crisis expert. However, no specific patterns appeared as of this concept being considered an important component of effective crisis preparedness among the SMEs’ managers. A consistency was found with respect to the idea proposed by Mitroff (2004) regarding the fundamental construction of an organization for crisis management. The consistency appeared to involve the understanding of the relationship between the people and the technologies as implications for why crisis may occur. In addition, the perception about the importance of information being communicated within the organization is related to the maintenance of the relationship between organizational components to ensure the transparency as proposed by both Mitroff (2004) and Watkins and Bazerman (2003). The informational perspective of effective crisis management is as well consistent with what is regulated by law. The regulation requires companies to possess the relevant information and being aware of how crisis management is performed within the organization. Information should continuously be communicated to the employees in the company, as a clear requirement stated in the law (AFS 1999:7). Therefore, there are some indications that the legislation is maintained within the businesses but it is notable that none of the companies mentioned the regulation as an important part of this issue. This may be a reason to question the underlying understanding of the regulation as part of crisis management.

5.3 SME managers’ understanding of Crisis Preparedness as an integral part of Crisis Management

It has been indicated that a common understanding existed among the SMEs interviewed about the types of crises that may occur and for the general idea about crisis management. Crisis management appeared to be understood as the management of an already occurred crisis rather than the preparation for when and how a crisis will occur (Birkehorn, 2008; Mitroff & Anagnos, 2001). For this reason, crisis preparation has been analyzed as a separate approach rather than as a comprehensive part of effective crisis management. The findings made possible for developing a chart demonstrating for the understanding of the perceived need for crisis preparedness in relation to the degree of preparatory approaches actually implemented. This will be the topic of one of the sections below.

5.3.1 Crisis Preparatory Actions

The respondents agreed towards the fact that one will never be able to prepare for all possible situations that may occur. This is an accepted view among previous researchers, particularly with respect to the understanding of crisis management as being an “art”, rather than science, because of the abstract and broad nature of the phenomenon (Bernstein & Bonafede, 2011). The same is true based on the study of Thierry et al. (1992) in which it has been stated that for crises, not every organization need to prepare for all events provided in the list of appendix 8.1. Preparing for at least one situation within each category with relation to the relative industry was both encouraged and necessary for it to be considered effective crisis management. Hence, it is apparent that the respondents cover the crisis being related to several of the categories, with a central perception concerning the importance of human resources. A crisis-
portfolio of a prepared approach towards at least one crisis in each of the broader crisis areas is however not fulfilled by the respondents being subject for this research.

5.3.2 Barriers and Motivational Factors for a Crisis Prepared Approach

In accordance with Berman et al. (1997) and Herbane (2010), the impracticability of preparing for crises was in the majority of the cases related to the lack of resources within SMEs. The most prominent factor for this statement was due to economic resource restrictions in which it was argued to be insufficient or no means for structured crisis preparedness. The economic barrier among the majority of the respondents concerned the human resources restriction. For this it was argued, again with accordance to Berman et al. (1997) and Herbane (2010) to be the case that the preparatory work therefore is likely to be less organized. For one of the respondents, the CateringCo, it was however stated that economic restriction was not an issue related to the barriers of developing and maintaining a crisis prepared approach. From a comprehensive evaluation of this statement, it was indicated that it may still be possible to suggest for the resource restriction of SMEs being the inhibitor for the implementation of a crisis prepared approach among SMEs. The understanding of the economic restrictions of SMEs with relation to effective crisis management were further indicated as being the cause of a general concern of doing too much preventive work among the businesses. The lack of resources where argued for being the cause of why hypothetical work usually is overridden because of the rather dynamic characteristics of today’s society. An indication pointed towards a concern of doing too much preventative work due to the false sense of security that may arise. An excessively comfortable attitude towards crises seemed to act as an inhibitor for effectively dealing with an event that occurs.

As a final point found concerning the understanding of crisis management and hence crisis preparedness among SMEs. Three dimensions as proposed in the multidimensional model by Kovoor (1995) was regarded as important among the respondents. These dimensions appeared to be perceived as the barriers and motivational factors for crisis management among the managers interviewed. Hence, a disconformity with the idea of these dimensions representing the causes, types and consequences of different crises for crisis preparedness as the model intended to demonstrate. The first dimension however found was the human and social, as related to the finding that crises were commonly understood as being caused by or have an impact on the employees of a company. Furthermore, the economic dimension as already discussed was also addressed by the majority of the respondents as being an important aspect with regard to this topic. Finally, the law and regulatory dimension was recurring in the context of crisis management among the SMEs’ managers.

5.3.3 Compound analysis of the perceived need for Crisis Preparedness in relation to the efforts made

For the reason of clarity, a compound analysis has been developed as to detect the differences among the industries being subject for this research. From figure 6 each company with the fictitious name related to their operating industry is mentioned. The figure is developed based on a careful examination of the coding/categorizing template in appendix 8.5 with relation to the
suggestions proposed by the crisis expert and that of previous research. The outcome is not
based on clearly mentioned examples but is the result of a thorough interpretation and analysis made where all aspects were taken into account.

From a comparison of the SMEs with respect to the perceptions of the crisis expert, it was discovered that there is room for several improvements to be made concerning crisis preparedness of the SMEs. From the work of Kovoor (1995) and Mitroff and Anagnos (2001), a systematic evaluation was made for the relative understanding of crisis preparation as part of effective crisis management among the SMEs’ managers studied. Since a comprehensive presentation of crisis preparedness was provided in chapter 2, I assume the reader is familiar with the two models of crisis preparedness. With regard to the research questions of this study, a conscious choice was made as to not explicitly present each component in relation to the understanding of crisis preparedness of the SMEs managers in the analysis. It was however indicated that crisis preparation was not of major concern of the SMEs’ managers of this study. Based on the integrating activities for crisis preparedness as proposed in the best practice model (Mitroff & Anagnos, 2001), none or very few of the activities were brought up by the managers. For instance, the human and technological factors of the onion model (Thierry et al., 1992) for detecting potential crises appeared to be rather narrowly understood. The crisis management approaches appeared to be rather concentrated around those with authority. Using technological and human factors for the detection and preparation for potential crises did not seem as an approach used among the managers. This makes evident for the rather low scores on both dimensions among all businesses. It should however be noticed that, common among all respondents was that their perceived need for crisis preparedness was higher than the relative crisis preparedness approaches actually implemented. Hence, it is in accordance with what was stated in the study by IF (2007) in the introduction of this research. The findings indicate that companies today are aware of the increasing risks of crises in the market but few initiatives are made to analyze, prepare and/or reduce the potential risks of crises within their own organization.

Figure 6: Understanding of Crisis Preparedness (chart)
For the Logistics/TransportationCo to score higher on both the perceived need for crisis management as well as on the crisis preparedness approaches implemented is due to the general consistency between what was discussed during the interview, with that of the crisis expert. The understanding of crisis preparedness appeared to be more consistent with the perception held by the expert than was the case of any of the other respondents. The development of a comprehensive strategy for what to do if a crisis was to occur and crisis management evaluated based on different situations, are in compliance with most of previous research developed within this topic. For the other companies, crisis preparedness appeared to be understood in the context of avoiding the business risks related to each corresponding industry. Hence, disconfirming with the idea of crisis management not being the purpose of preparing for whether a crisis will occur but rather about the planning and preparation for when and how it will occur (Birkehorn, 2008; Mitroff & Anagnos, 2001). For the ComputerConsultancyCo risks, rather than crises, was prominently emphasized as being of major concern. Furthermore, arguments for hypothetical issues easily being overridden were of great importance as to evaluate whether crisis preparedness was an issue of concern for the managers. For the HomeCareServiceCo there was a distinct perception towards the idea of crisis preparedness not being an efficient way of dealing with the issue. Hence, the argument that situations have to be dealt with as they arise since the industry in which the company is operating in is very dynamic. For the CateringCo, several arguments seemed to align with that of the crisis expert but as was the case common to all organizations studied; the perceptions about the need for a crisis prepared approach was higher than the actual initiatives implemented in practice. An industry dependency was however found in the relative scoring of these two variables.

5.4 Decisions behind crisis management

5.4.1 Decision-making

Regarding crisis management, a careful assessment of the interviews revealed that the decision-making seemed to be more related to an already occurred crisis than is the case for decision-making about crisis preparations. It is indicated that crisis prepared approaches of SMEs arises as from the systematic work of the company rather than from formal decisions. If a somewhat crisis prepared approach could be identified in the company, it was found that earlier crises had occurred or that something happened or was about to happen in the company. This finding did not arise as from distinct statements of the respondents but was rather a comprehensive conclusion drawn with relation to all factors discussed. Crisis preparedness appeared to be a gradual process in which situations were evaluated and contemplated as a constant process out of the daily operation. This was further agreed to by the crisis expert. Based on her experiences, companies do not consider crisis management as a key part for decision-making. Hence, leading to the fact that decisions are to be made during an already occurred crisis and not for the preventative purpose of future events as required by law.
5.4.2 The Decision-maker

Regarding the decision-makers of SMEs, the owner-manager perspective as proposed by Freiling, (2007) seems to be applicable for this case. Given the seemingly considerable impact of the owner-managers of the management process, the decision-making processes is much more dependent on single persons compared to larger companies. The extensive key-role of the owner-managers of SMEs usually comes with some degree of capacity restrictions and this is in compliance with the perception held by the majority of the respondents of this study. With accordance to the findings by Freiling (2007) and that of the European Commission (2005), the capacity restrictions of SMEs is indicated to be related to what has been regarded as managerial bottlenecks and a lack of specialized knowledge and professionalism. When the leadership is focused on single persons there is no comprehensive structure for crisis management within the company. In order to avoid the dependency on single persons, the leadership, as highlighted by the crisis expert in accordance with Mitroff (2004), needs to be addressed at all levels of an organization. A possible explanation appeared to be that SMEs suffers from managerial bottlenecks of capacity restrictions because crisis management, and for this case the management of an already occurred crisis, is tied to single areas. Since it appeared to be the case that only one or few people had the main authority for decision-making within the companies, one would assume the absence of the infrastructure for crisis.

For the reason that the decision-making seemed to be more related to decisions taken during a crisis than for the reason of preparing for potential crisis among SMEs. Several characteristics emerged as important of a crisis manager. The ability of effectively manage a crisis appeared to depend on the relative personality of the owner-manager. In accordance with Mitroff (2004), understanding the differences in personalities and different characteristics of organizations were suggested by the respondents. The personality of managers to effectively manage a crisis was characterized with being anchored to reality and to think rationally. Furthermore, as examined by Freiling (2007), the characteristics of managers were regarded as being related to several entrepreneurial distinctiveness. For this reason it was argued that entrepreneurs have a multidimensional way of perceiving the reality, by acting effectively and dealing with the issues as they arise. With respect to the resource restrictions discussed, it seems to be necessary for the ability of managers to act upon which a situation has already occurred rather than planning for potential events. With regard to what was found by Watkins and Bazerman (2003), the advantage of SMEs is that communication flows easier and decisions can be made swiftly. This seems to be apparent for this case. Given the more simple structure of SMEs when compared with larger organizations, the managerial capability to recognize, prioritize and mobilize a first indication of a critical situation, may be advantageous. For this reason, it indicates for a connection between the simpler structure of SMEs and again, the managerial ability of SMEs’ managers to rather act upon which a situation has already occurred.
6. Conclusions

This chapter covers the conclusions drawn from the analysis performed in the previous chapter. Final discussion with suggestions for further research and ethical and social implications of the findings of this thesis is discussed.

6.1 Concluding Remarks

This study set out to investigate the understanding of crisis management and crisis preparedness in the context of the decision-makers of small and medium-sized enterprises. In order to do so, two research questions were attended to. The first research question focuses on how Swedish SME managers, in different industries, understand the concepts of crises and crisis management. It appeared that crises and crisis management was rather narrowly understood and not clearly addressed within the businesses. For example, the managers' understanding of the concepts appeared to lack support of underlying theories about this topic. It was revealed that an awareness of the increasing risks of crises, given today’s uncertain conditions in the market, was higher than the actual initiatives taken for preparing and/or reducing the risk of crises. The perception about the types of crises was however consistent among all industries studied and it was focused around two areas, namely personnel and safety issues with a main concern for traffic or property-related events that may occur. The understanding of crisis management as an important and reoccurring concept in previous researches, appeared to be regarded as a managing an already occurred crisis. Information sharing and communication flow were the predominant aspects of effectively managing an ongoing crisis. As explicitly argued by several of the respondents, the actual approaches found were more related to risk management than crisis management. This finding, indicated for a non-compliance between the perception held by the crisis expert and that of the SMEs’ managers. The analysis pointed towards three areas of the organization as being related to the subject of crises and crisis management. These were the human, the economic and the legal/regulatory aspects. As no significant differences were found regarding the perceptions about crises and crisis management, this indicated for an independency of the relative industry with relation to these concepts among SMEs’ managers in Sweden.

The second research question focuses on how Swedish SME managers, in different industries, make decisions about how to prepare for crises and why. Previous research has shown that a general deficiency exists with regard to crisis preparedness among SMEs. This study verifies that this deficiency exists also in Sweden. Regardless of industry, the SMEs’ managers of this study tend to understand crisis management as how to effectively manage crisis situations that have already arisen. Preparing for various potential crises does not seem to be the focus of decision-making among SMEs' managers. Moreover, the study indicates that the ignorance of the SMEs' managers to focus on preparing for crises is due to two additional issues. Firstly, the scarcity of research addressing the issue of crisis preparedness within SMEs. Secondly, it appeared to be the shortcomings of today’s leadership education, not sufficiently addressing the importance of preparing for potential crises. The study indicates that SME managers do
not always make formal decisions regarding crisis preparations. In the cases where the SME managers of the study had prepared a plan for how to handle crises, these plans had emerged as a gradual process. This means that the plans did not appear to be the result of the managers' formal decision-making. This finding holds true for all types of firms in the study, regardless of industry. An interpretive approach of the data however indicated a dependency on the relative industry for a crisis prepared approach being present. The study confirmed that an absence of a crisis prepared approach among SMEs most reasonably was caused by the resource restriction confronted with as well as the relative growth pace of these types of businesses.

6.2 Discussion and suggestion for further research

Several additional areas were found as being outside the objective of this study but still of importance for the comprehensiveness of this work as well as for future researches. As should be clear at this point, the focus of this study has been on the differences in relation to the understanding of crisis management and the preparatory actions of SMEs’ managers. This would apply as a suggestion for future research as to whether any differences can be found in relation to either the number of employees or the annual turnovers or annual balance sheet totals of SMEs. It was the perception of the crisis expert that the number of employees plays a major role for whether a business is seeking help from external parties to pursue a crisis prepared approach or to managing an already occurred crisis. To develop this idea further to see if this view is in compliance with that of SMEs would be an interesting approach for further research.

In addition, it became apparent that, it is the case that companies most often make use of external help only after something has already occurred. In other cases, external help was used because several situations had emerged that indicated something was about to happen. That is, benefitting from the use of external parties for educational purposes of future events did not seem to be an approach of the managers. The use of external parties for educational purposes appeared to be perceived as inadequate due to a rather dynamic market where situations differ from case to case. Hence, it was indicated that education would never be sufficient enough to cover the rather diverse situations that may emerge. From the interview held with the crisis expert, the employees were argued to be the ones who in most cases are the first on the scene when something happens. Hence, it is usually not the emergency services nor the psychologist or the CEO that are the first in place when something happens. It was indicated for the importance of the understanding among all employees about the management, attitude and treatment of people during a crisis. It however seemed to be the case that hypothetical issues are usually being overridden as they are perceived too general for the employees to embrace. With regard to the economic restrictions of SMEs in relation to the educational implications for a crisis prepared approach, this is something that appeared to not being agreed upon by the crisis expert. From the understanding of the crisis expert it is evident that crisis preparedness should not be regarded as a financial burden on the company. It was rather argued that it is not a financial burden to have a crisis prepared approach, except for the case, if you do not have it and something actually occurs.
The human, the economic and the legal/regulatory components constituted three out of the six dimensions as proposed in the multidimensional model of crisis preparedness (Kovoor, 1995). These were found to be related to the barriers and motivational factors for crisis management rather than the cause, types and consequences of different crises as the model aimed at showing. It is suggested to develop this further, to explore the various areas in which this comprehensive model can be applied. Hence, although an interpretive approach demonstrated that an economic resource restriction seems to exist for effective crisis preparedness among SMEs, several other barriers appeared as being related to this model and hence makes room for further studies.

Several inconsistencies arose from this research and for example the understanding of the concepts of crisis management and risk management appeared to be conflicting. These inconsistencies were found both in terms of the perception held by the respondents interviewed as well by the crisis expert and previous researchers. Although, this work has provided several new insights in addition to the understanding from the objective of this study, I neither possess the knowledge nor the competence to decide on whether these concepts are to be implemented in one way or another. This study has however raised a concern towards the idea of risk management being more compatible with the work of SMEs than is the actual crisis management. Furthermore, the lack of research about this subject in relation to smaller businesses, make evident for the inconsistencies that exist. It is certain that many of these inconsistencies would be clarified if this topic were to be more emphasized in today's society.

Given today’s mass communicative and fast moving society, the impacts of media in relation to crises were also found as being a highly relevant issue. Several indications pointed towards the differences between how the media interprets and reports situations depending on the type of business, the size as well as the operating industry. There is much to be explored concerning this area and especially considering the numerous social networks that exist of today. Hence it would be of interest for further researches to explore, in more depth, the impact of media in terms of crises occurring within SMEs. Furthermore, it would be of interest for future researches to study the impacts of today’s social and communicative platform for the preparation and management of crises within SMEs.

6.2.1 Societal and Ethical implications of the findings

In the hope that this study will bring a number of subsequent studies about the topic, this research has emphasized the importance of the subject from a managerial perspective but it is of equal importance from a social and political point of view. This study works as an attempt to generate an interest of future researchers about crises management in SMEs. I believe an increased attention among researchers, also will have an impact on the understanding of this topic among SMEs’ managers for effective crisis management in the future. It is desirable that managers of SMEs embrace the research and create an understanding of the difficult and abstract work of crisis management. The models and theories presented can be applied and modified based on the company's own abilities and approaches. It is desirable, in relation to the legislation presented in this paper, that this study also generates the attention of the people exercising positions of governance. The legislation discussed make evident for the perception of
the importance of this topic among political practitioners. Judging from the broader understanding acquired from the comprehensive work of this thesis, several concerns have arisen. It is questionable whether the developed work of crisis preparatory actions are actually being present at the municipal level or even at the governmental level. The study encourages a crisis prepared approach and emphasizes the importance of training and knowledge. Therefore, I hope this research gives rise to the ethical behaviors of managers in their approaches, both prior to and during crises. It is ethically right that managers do their utmost in order to manage crises, especially considering the impacts of crises on employees. SMEs have a central role in the European economy and in the past five years they have created around 85% of the new jobs and provided two-thirds of the total private sector employment in the EU. These numbers show that researches supporting effective crisis management among SMEs are as well of a major social interest. Some crises may then be prevented but most importantly, the impact of crises can be limited through the use of the right managerial tools. As a reoccurring and important aspect of this subject, the employees of a business are the most crucial element for any crisis initiative to succeed. Crises are caused by, prevented through and have implications on the human beings of the society. From this perspective, the findings of the thesis address one of the most important and final argument of this study; the human resource is already available in businesses but the knowledge of effectively managing this resource in times of turbulence is what distinguishes a setback from a complete failure.
7. References


# 8. Appendix

## 8.1 Major Crises Types/ Risks (categories)

<table>
<thead>
<tr>
<th>Broader crisis categories</th>
<th>Sub-categories within each broader category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Disasters</td>
<td>Earthquake</td>
</tr>
<tr>
<td></td>
<td>Hurricane</td>
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<tr>
<td></td>
<td>Floods</td>
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<tr>
<td></td>
<td>Typhoons</td>
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<tr>
<td></td>
<td>Fire*</td>
</tr>
<tr>
<td></td>
<td>Explosions*</td>
</tr>
<tr>
<td>Psychopathic Acts</td>
<td>Product tampering</td>
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<tr>
<td></td>
<td>Kidnapping</td>
</tr>
<tr>
<td></td>
<td>Hostage taking</td>
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<tr>
<td></td>
<td>Terrorism</td>
</tr>
<tr>
<td></td>
<td>Workplace violence</td>
</tr>
<tr>
<td></td>
<td>Damage to corporate reputation</td>
</tr>
<tr>
<td></td>
<td>Workplace violence</td>
</tr>
<tr>
<td></td>
<td>Tampering with corporate logos</td>
</tr>
<tr>
<td>Reputational Resources</td>
<td>Slander</td>
</tr>
<tr>
<td></td>
<td>Gossip</td>
</tr>
<tr>
<td></td>
<td>Sick jokes</td>
</tr>
<tr>
<td></td>
<td>Rumors</td>
</tr>
<tr>
<td></td>
<td>Damage to corporate reputation</td>
</tr>
<tr>
<td></td>
<td>Workplace violence</td>
</tr>
<tr>
<td></td>
<td>Tampering with corporate logos</td>
</tr>
<tr>
<td>Physical (loss of key plants and facilities)</td>
<td>Loss of key executives</td>
</tr>
<tr>
<td></td>
<td>Loss of key material supplies</td>
</tr>
<tr>
<td></td>
<td>Breakdown of key equipment, etc.</td>
</tr>
<tr>
<td></td>
<td>Rise in absenteeism</td>
</tr>
<tr>
<td></td>
<td>Rise in vandalism</td>
</tr>
<tr>
<td></td>
<td>Rise in accidents</td>
</tr>
<tr>
<td></td>
<td>Major plant disruptions</td>
</tr>
<tr>
<td>Informational</td>
<td>Loss of proprietary information</td>
</tr>
<tr>
<td></td>
<td>False information</td>
</tr>
<tr>
<td></td>
<td>Tampering with computer records</td>
</tr>
<tr>
<td></td>
<td>Loss of key facilities</td>
</tr>
<tr>
<td></td>
<td>Major decline in stock price and fluctuation</td>
</tr>
<tr>
<td></td>
<td>Loss of key computer information with regard to customers, suppliers, etc. (Y2K)</td>
</tr>
<tr>
<td>Economic</td>
<td>Labor strikes</td>
</tr>
<tr>
<td></td>
<td>Labor unrest</td>
</tr>
<tr>
<td></td>
<td>Labor shortage</td>
</tr>
<tr>
<td></td>
<td>Major decline in stock price and fluctuation</td>
</tr>
<tr>
<td></td>
<td>Market crash</td>
</tr>
<tr>
<td></td>
<td>Decline in major earnings</td>
</tr>
</tbody>
</table>

* Can be the result of and have an impact on several of the aforementioned categories

Source, inspired by: Thierry, Pauchant and Mitroff (1992)
### 8.2 Types of Corporate Crises (axes)

<table>
<thead>
<tr>
<th>Technical / Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CELL 1</strong></td>
</tr>
<tr>
<td>Product/ service defect</td>
</tr>
<tr>
<td>Plant defects/ industrial accidents</td>
</tr>
<tr>
<td>Computer breakdowns</td>
</tr>
<tr>
<td>Defective, undisclosed information</td>
</tr>
<tr>
<td>Bankruptcy</td>
</tr>
<tr>
<td><strong>CELL 2</strong></td>
</tr>
<tr>
<td>Widespread environmental destruction/ industrial accident</td>
</tr>
<tr>
<td>Large-scale systems failure</td>
</tr>
<tr>
<td>Natural disasters</td>
</tr>
<tr>
<td>Hostile takeovers</td>
</tr>
<tr>
<td>Governmental crises</td>
</tr>
<tr>
<td>International crises</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CELL 3</strong></td>
</tr>
<tr>
<td>Failure to adapt/ change</td>
</tr>
<tr>
<td>Organizational breakdown</td>
</tr>
<tr>
<td>Miscommunication</td>
</tr>
<tr>
<td>Sabotage</td>
</tr>
<tr>
<td>On-site product tampering</td>
</tr>
<tr>
<td>Counterfeiting</td>
</tr>
<tr>
<td>Rumors, sick jokes, malicious slander</td>
</tr>
<tr>
<td>Illegal activities</td>
</tr>
<tr>
<td>Sexual harassment</td>
</tr>
<tr>
<td>Occupational health diseases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CELL 4</strong></td>
</tr>
<tr>
<td>Symbolic projection</td>
</tr>
<tr>
<td>Sabotage</td>
</tr>
<tr>
<td>Terrorism</td>
</tr>
<tr>
<td>Executive kidnapping</td>
</tr>
<tr>
<td>Off-site product tampering</td>
</tr>
<tr>
<td>Counterfeiting</td>
</tr>
<tr>
<td>False rumors, sick jokes, malicious slander</td>
</tr>
<tr>
<td>Labor strikes</td>
</tr>
<tr>
<td>Boycotts</td>
</tr>
</tbody>
</table>

| People / Social / Organizational |
8.3 Agreement

8.3.1 Agreement about secrecy/confidentiality (interviewee copy, originally in Swedish)

I hereby undertake, towards

__________________________________ through ____________________________ about

confidentiality (secrecy) in accordance with the following statements:

- I undertake to ensure that material entrusted to me will not be disclosed to any unauthorized person for any reason unless expressly authorized by the company, or required with respect to the recommendations or requirements stated by the school in the context of the master thesis program. With unauthorized means; all (hence including family members) that are not deemed to need the information for his or her service within the operation of Jönköping University.

- During and after the course, I understand that I am required to keep all confidential data securely, and I undertake to follow all relevant local procedures in doing so. I hereby undertake to ensure that all records and notes provided or created for the purposes of this agreement, are deleted or kept in a safe manner as directed, once I have received confirmation that the work I was employed to do has been satisfactorily completed and all the required information has been provided in accordance with the course requirements.

- Specified person or authorized representative for the organization indicated in this agreement, the address and / or phone number, will, under no circumstances, be mentioned in the thesis and the utmost caution prevails for all information provided in the empirical part of the study.

- For the analytical part of this study, a fictitious name will be used for each organization.

__________________________________
City / Date:
__________________________________ School: JÖNKÖPING UNIVERSITY
__________________________________
Signature (interviewer): Name (interviewer):
__________________________________
RENÉE LÖWHAGEN

Jönköping International Business School Civilekonomprogrammet, Management
### 8.3.2 Agreement about the interview (interviewer copy, originally in Swedish)

I have received a signed agreement about the confidentiality for the material provided during the interview; everything that was provided to the interviewer in the form of notes, sound recording and other information will be kept in a confidential manner.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

I accept a sound recording during the interview and I understand that this material will solely be used for personal purposes, only as feedback on the interview during the processing of the data collection. Furthermore, the material is intended solely for the interviewer's personal use and no unauthorized person will have access to the information.

<table>
<thead>
<tr>
<th>Yes, I agree to the sound recording</th>
<th>No, I do not want sound recording to be made</th>
</tr>
</thead>
</table>

I accept further contact after the interview if necessary; furthermore I will then also be given the opportunity review the summary of the interview.

<table>
<thead>
<tr>
<th>Yes, I prefer being contacted through (multiple options are possible):</th>
<th>No, I cannot / do not want to / do not have time for further contact and I am then aware that no opportunity may be given to jointly study and review the summary of the interview.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone</td>
<td></td>
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<tr>
<td>E-mail</td>
<td></td>
</tr>
<tr>
<td>Skype</td>
<td></td>
</tr>
<tr>
<td>At the office</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
</tr>
</tbody>
</table>

I wish to get a copy of the finished work at the end of May, 2015

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

I understand that everything that is said and done during the interview may be used for further interpretation in the processing of the empirical part of this thesis.

City/ Date:  

<table>
<thead>
<tr>
<th>Organization:</th>
</tr>
</thead>
</table>

Signature (Corporate representative):  

<table>
<thead>
<tr>
<th>Name (Corporate representative):</th>
</tr>
</thead>
</table>
### 8.4 Interview template crisis expert

**Crisos AB**

- What companies are more likely to contact Crisos AB to get help and educate their employees with use of outside third parties crisis experts?
  - Specific companies, industries, individuals
- Why and when do companies contact Crisos AB?
- When Crisos AB is visiting companies, how would you say the companies manage crises?
  - Crisis organization
- Those who do not contact a crisis expert, why is that; why do companies not take advantage of getting help from third party and educating its employees for preparatory purposes?

**SMEs**

- Why do SMEs demonstrate deficiencies in their crisis management and why is there a general lack of crisis preparatory work in SMEs?
- What causes the establishment of a crisis preparedness mindset/approaches within the SME?
- Who is/are responsible for the crisis preparedness being maintained at the company?
- Barriers for establishing and maintaining crisis preparedness?
- Are there specific industries/companies that are better prepared for crises?
- What are the most prominent perceptions about crisis preparedness and crisis management by the companies you encounter?
## 8.5 Coding/Categorizing

<table>
<thead>
<tr>
<th>Company/Organization</th>
<th>Computer/Consultancy Co</th>
<th>Catering Co</th>
<th>Home Care Services Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics/Transportation Co</td>
<td>Competition, Reorganization, Downsizing</td>
<td>Growth 50% increase last fiscal year International market</td>
<td>Growth, Private vs. Public Flat organization</td>
</tr>
<tr>
<td>Perception about the research area</td>
<td>Neglected area</td>
<td>Actualized at any time</td>
<td>Sheet light on many issues / raise many new questions Important now and in the future</td>
</tr>
<tr>
<td>Goals</td>
<td>Employee/Personnel: Accidents/Incidents Negligence</td>
<td>Employee/Personnel: Loss of key personnel (absence / termination)</td>
<td>Employee/Personnel:ulnerability to deliver services undertaken: Sick leave, staff shortages longer periods of time Contagions Stress / Chaos</td>
</tr>
<tr>
<td>Safety:</td>
<td>Traffic-related (accidents/negligence) Collision / accidents involving wild animals Major injuries, death, suicide Hazardous goods (e.g., explosions, leakages)</td>
<td>Safety:</td>
<td>Safety:</td>
</tr>
<tr>
<td>Crisis Management</td>
<td>Extra staff Information: Rumors Risk management</td>
<td>Information: Information</td>
<td>Information: Information</td>
</tr>
<tr>
<td>Crisis preparedness efforts/actions made</td>
<td>List (actions for when and if a crisis were to occur) &quot;A crisis can be understood only when something really has happened&quot; Learning from failure</td>
<td>Guiding documents (reviewed annually) Risk management: Risk matrix (breadth, many aspects) Risk management: Ownership perspective</td>
<td>Planning / Risk Assessment: Invested money (Food) prevention-own controls VISTA courses / programs Cooperation committee / authorities / government agencies / semi-annual</td>
</tr>
<tr>
<td>Changes implemented after crisis</td>
<td>Changes in the way of working Policy changes</td>
<td>You cannot prepare for all situations, SMEs hard time putting the extra time and resources to organize, plan and document - dynamic market &quot;Avoiding too much preventative work, economic issue&quot; Not being dependent on the knowledge of one single person You operate based on the ownership perspective</td>
<td>&quot;There will always be situations in which we cannot prepare for&quot; (ex. The neighborhood where the business operates may be a threat in itself) &quot;In order to know which buttons to push&quot;</td>
</tr>
<tr>
<td>Decision-making (crisis preparedness approaches / implementations)</td>
<td>Automatically: Crisis management based on different contexts / situations</td>
<td>Systematic work</td>
<td>Systematic work</td>
</tr>
<tr>
<td>CEO/Co-owner / HR Manager</td>
<td>The founder / Management team (1/ year) / CEO: Structured work Focus on the risks</td>
<td>The other co-owners - family business / The responsible for each area / CEO: Personality, anchored in reality</td>
<td>CEO: Situations have to be dealt with on a daily basis - stress, supernumerary: economically impracticable Personality, entrepreneurs another way of perceiving reality, rational, multidimensional thinking</td>
</tr>
<tr>
<td>Decisions: More than one decision-maker, people perceive situations differently</td>
<td>Decisions: Risks information: Concrete/current (not hypothetical, hard to embrace)</td>
<td>Communication Flow (decisions can be made faster camp. with larger corporations)</td>
<td>Communication Flow (different perceptions of messages) Unit coordinators (efficiency)</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>Common Understanding among employees</td>
<td>Staff meeting Reminder with deterrent video clips 2/year in cooperation with partners</td>
<td>Difficult (spread out): Growth The Management Group + various sections 1/year Information</td>
<td>Difficult (spread out): To get the message to reach all employees Management team meeting 1/week + owners own meetings (introducing meetings where all employees are involved)</td>
</tr>
<tr>
<td>Multiculturalism: Workplace meetings Information</td>
<td>No hourly employees without any regular full-time employee - Responsible for the Alcoholic beverages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third party help/experts</td>
<td>Education: Regulated by law</td>
<td>Education: Occupational Therapist Ergonomics</td>
<td>Education: Meditraning Environment &amp; Health, the Municipality of Jönköping Authorities / Government Agencies</td>
</tr>
<tr>
<td>Help: Psychologist / On-call priest</td>
<td>Help when needed: Occupational Health Services</td>
<td>Help when needed: the lawyers at VISITA (if crisis occurs related to the &quot;staffing&quot;)</td>
<td>Help: Therapist Unloading / Training Conflicts / Sadness / Workload</td>
</tr>
<tr>
<td>Security / Safety Advisors and Responsible for hazardous Goods 2/year</td>
<td>Media Facebook (online before the company was informed): Information: relatives / employees</td>
<td>Collaboration: Municipality of Jönköping (mutual recognition) - Health Center</td>
<td>Accidents, the way of formulating/reporting by media: Private (harder examined) vs. Public</td>
</tr>
<tr>
<td>Barriers for SMEs/ Why research demonstrate the deficiencies among SMEs</td>
<td>Industry-related (comp. with a manufacturing industry - no need for crisis preparedness)</td>
<td>Lack of resources (outside world dynamic, hypothetical work is overestimated): Economic Time (comp. large company with specific functions for crisis preparedness)</td>
<td>Lack of resources: Economic</td>
</tr>
<tr>
<td></td>
<td>Lack of resources (outside world dynamic, hypothetical work is overestimated): Economic Time (comp. large company with specific functions for crisis preparedness)</td>
<td>Not an economic issue You have to deal with the situation as it arises</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lack of research: Not emphasized</td>
<td>Many are cheating</td>
<td></td>
</tr>
<tr>
<td>Law/Regulation</td>
<td>Highly regulated industry (safety advisor and responsible for hazardous goods). New legislation: Certificate of professional competence (CoP) Negative from an economic perspective</td>
<td>Many are cheating</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td>Ethical</td>
<td>Recommended business (R-business): Ethics, attitude and morale (follow-up 3/year)</td>
<td>Political bias: Abolish The Act on System of Choice in the Public Sector</td>
</tr>
<tr>
<td>Economical</td>
<td>An economic issue</td>
<td>Always an economic issue (e.g. comp. med non-profit corporation) Small company: poorly managed &quot;Avoiding too much preventive work&quot;</td>
<td>Always an economic issue (e.g. comp. pub. sector) Private (do not have the means for structured crisis preparedness) Public (resources for on-call personnel, possible to display red numbers) Lack of resources: Staff shortages</td>
</tr>
<tr>
<td>Law/ Safety issues: Education (economically vulnerable)</td>
<td>Education: &quot;A media training session does not costs that much&quot;</td>
<td></td>
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<tr>
<td>Competition: (Reorganization-Downsizing)</td>
<td>Competition increases</td>
<td>Business risk: Technical features for safety/payment/ information storage</td>
<td>Business risk: Duplicates of data in hard copies</td>
</tr>
<tr>
<td>Technical</td>
<td></td>
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</tbody>
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