

**Ministry of Education and Science of Ukraine**  
**Ukrainian-American Concordia University**  
***Department of International Economic Relations, Business & Management***

Bachelor's Qualification Work

**Crisis management: prevention, diagnosis, and intervention**

**On basis of Amazon Inc**

Bachelor's student of student of 4<sup>th</sup> Course

Field of Study 07 – Management  
and Administration

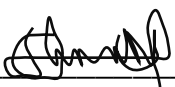
Specialty 073 – Management

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Doctor of Philosophy

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Kyiv – 2022

## **ABSTRACT**

Organizational research has long been interested in crises and crisis management. In today's society, crises are phenomenon that every organization has to be prepared for. There are great variety of crises, and the study examines how different types of crises can be described. Whether focused on crisis antecedents, outcomes, or managing a crisis, research has revealed a number of important findings. However, research in this space remains fragmented, making it difficult for scholars to understand the literature's core conclusions, recognize unsolved problems, and navigate paths forward.

The topic of crisis management is very interesting to investigate, especially how organizations communicate with the media during an ongoing crisis. Therefore, the purpose of this study is to gain a deeper understanding on crises faced by Amazon and current Crises plaguing the world today. The study utilizes a qualitative case study approach by analysing different crises in the world today.

**Keywords :** Crisis, crisis management, organization.

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**TASK**  
**FOR BACHELOR’S QUALIFICATION WORK**

**Chimeremeze Barth-Obi**

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(Name, Surname )

**1. Topic of the work**

**Crisis management: prevention, diagnosis, and intervention**

**Supervisor of the work: Lesya Leshchii, Ph.D., Associate professor**

(surname, name, degree, academic rank)

Which approved by Order of University from **“22” December 2022 №22-12/2022- 3c**

**2. Deadline for bachelor’s qualification work submission “16” May 2022**

**3. Data-out to the bachelor’s qualification work**

On basis of Amazon Inc

**4. Contents of the explanatory note (list of issues to be developed)**

- uncover crisis management tactics, crisis prevention, diagnosis, and intervention that public relations directors may use to deal with a crisis disruption in a business.
- the findings of this study might provide insight into Amazon

- disclose crisis management tactics, as well as successful crisis management strategies implemented by their public relations directors to alleviate the consequences of a crisis disruption.

## 5. List of graphic material (with exact indication of any mandatory drawings)

The work includes 8 figures and 6 tables

## 6. Consultants for parts of the work

Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
<b>1</b>	Approval of the topic		
<b>2</b>	Discussion of work design		
<b>3</b>	The content of the main sections		
<b>4</b>	Discussion of statistical data		
<b>5</b>	Consultation on the presentation		
<b>6</b>	Final consultation before the defense		

## 7. Date of issue of the assignment

### Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	<i>14.02-13.03.2022</i>	In time
2.	II chapter	<i>14.03-10.04.2022</i>	In time
3.	III chapter	<i>11.04-24.04.2022</i>	In time
4.	Introduction, conclusions, summary	<i>25.04 – 01.05.2022</i>	In time
5.	Pre-defense	<i>06.06.2022</i>	In time

Student \_\_\_\_\_  
(signature)

Supervisor Lesya Leshchii \_\_\_\_\_

**Conclusions:** The student worked diligently and consistently. Even in previous years, the student has established herself as a person who delves deeply into the topic, with

interest studies the tasks and takes into account the recommendations of the teacher. The work was significantly corrected after the agreement of the first version of the work, the graphic material was added and the third section was improved, and now it includes the realities of today.

The work in general reveals the topic and deserves a grade of "Excellent"

Supervisor  
(signature)

Lesya Leshchii

## CONTENT

### CHAPTER 1: INTRODUCTION

1.1 Background .....	1
1.2 Rationale of the study .....	4
1.3 Overall purpose .....	5
1.4 Outline of the study .....	5

### CHAPTER 2: THEORITICAL ASPECT OF CRISIS MANAGEMENT

2.1 Crisis .....	6
2.2 Stages of Crisis .....	9
2.3Types of crisis .....	18
2.4 Crises Management theories .....	23
2.5 Crisis diagnosis, prevention and intervention .....	30

### CHAPTER 3: ORGANIZATION AND IMPLEMENTATION OF CRISIS MANAGEMENT IN AMAZON

3.1 General assessment of the company's activities.....	32
3.2 Amazon financial analysis review .....	38
3.3 Crises and crisis management in Amazon .....	40
3.4 Conclusion and recommendation .....	47

### CHAPTER 4: NEW CHALLENGES FOR CRISIS MANAGEMENT : pandemic and war

4.1 COVID-19 impact on crisis management.....	48
4.2 Pandemic preparedness measure for business .....	54
4.3 Crises due to Russia's invasion of Ukraine .....	57
4.4 conclusion and recommendation .....	60

CONCLUSION .....	61
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REFERENCES ..... 62

ANNEX .....69

# **CHAPTER 1**

## **INTRODUCTION**

This chapter begins by providing context for the issue of crisis management, which is explored throughout this thesis. The background will explain what a crisis is and how it harms an organization's reputation. The study's logic is then briefly summarized. At the end of this chapter, the research purpose and research question will be provided.

### **1.1 BACKGROUND**

Crisis is a significant threat to operations. In an organization, a crisis can arise at any time. It is essential to have an in depth course of action for extraordinary kinds of crisis which can arise. The course of action can make or break an organization in times of crisis.

A fundamental principle in crisis management planning is vital, and strategic communication methods help deal with events that negatively influence an organization (König et al., 2020). This plan could make or break the organisation. It isn't a matter of if an organisation will face a crisis, it really is a matter of "where" " and "when" the crisis will arise. A crisis is inescapable, making it essential for an organization to react to and prepare for operational disruption (Shore, 2020). Examples of such crisis in an organizations include financial, natural, technological, and personnel crises (Kim & Lim, 2020).

What is important is how properly organized or ready the organization is to and in handling it. Therefore, it is critical for a public relations director to effectively anticipate a crisis directive and proactively plan for a crisis (Y. Kim, 2020). Crisis is an elevated consequence, low chance motion that affects an organisation, and has the potential to threaten the whole business. The danger to public safety, financial damage, and credibility loss could cause a crisis (Généreux et al., 2019).



The word 'crisis' originates from the Greek word 'krisis' - translated into English it might be similar to 'decision' or 'choice' (Paraskevas, 2006). Often, there are numerous answers to circumstances where 'choice' and 'decision' are involved. A trade-off among essential alternatives frequently eases the state of affairs, and it is of utmost importance that the organization has strategic plans ready for handling crisis. In order to erase all room for hypothesis the media and opponents possess to cause damage, the method has to be thoroughly planned and established considering there's a proper and incorrect manner to address a crisis. For an occasion or incident to be classified as a crisis, the incident has to pose an obtrusive chance to an organisation's recognition and survivability. A crisis solution intends to enable the company's leadership and staff to avoid damaging its image or reputation (Diers-Lawson, 2019).

The definition of crisis nowadays may be formulated alongside 3 dimensions.

An organizational crisis

1. Threatens high precedence values of the employer,
2. Provides a limited window for a reaction to be made, and
3. Is surprising or unanticipated by the employer.

In an unusual state of affairs a few level of trial and mistakes is found in searching for a solution. Crisis conditions regularly function as proving grounds for the paradoxical cooperation-conflict correspondence among reporters and public relations practitioners. Image is an important component to any person and business enterprise; regardless of if they're governmental, non-profit or commercial. A top recognition enables the company to stay competitive and attain goals, and reinforce their relationship to stakeholders. A crisis solution intends to enable the company's leadership and staff to avoid damaging its image or reputation (Diers-Lawson, 2019).

A healthful reputation enables to create a competitive advantage, through demonstrating principal variations from different corporations. Reputation is regularly represented through the feelings and also understanding people have toward a selection of various

products. A recommended definition of company reputation is "a stakeholder's usual assessment of a organisation over time. This assessment is primarily based on the stakeholder's direct experiences with the organisation, some other form of communicate and symbolism which gives information about a firm's activity and/or a assessment with the activity of different main opponents".

An organisation's recognition, although it isn't put forward up in economic reports, is simply as essential as another asset possessed by the company, the harm posed to any organisation's recognition can possibly be translated into huge economic damage which could threaten the survival of an organisation. The safety of an organisation's recognition from crisis is completed via the implementation reaction strategies for crisis. Stopping and responding to a crisis constitute strategic plan making and a part of crisis control, with the motive of casting off chance and uncertainty.

Crisis control is a crucial part of any organization and helps the well being of any organisation in the effective control it entails. A part of crisis control is implementing a plan that must be part of an organisation's universal strategic management plan. Crisis management isn't same to mismanagement, i.e. crisis type conditions that arise because of insufficient or irrelevant preparation or the entire loss of it. Therefore, crisis control serves as a critical part of present day strategic management. It must be of the maximum importance to guarantee an organization's existence before it is able to dedicate its efforts toward boom orientated objectives.

The term crisis management may also vary a lot among nations or even among corporations (in Khodarahmi, 2009). This is because of the extent of dynamic that exists in vast conditions in different parts of the world.

Crisis control in its essence is presenting businesses with an organized reaction to crisis conditions. With an ordered crisis reaction an employer is capable of carrying on with its day to day activities as a crisis state of affairs is being handled. Crisis control is "a chain of capabilities or methods to perceive observe and forecast crisis issues". Crisis control additionally permits corporations to manage or avoid a crisis. An employer will attain significant edge through planning eventualities and developing crisis control plans. The

positive impact from putting in motion a crisis plan, together with progressed communicate, more potent company networks and using a huge variety of recent talents, additionally results in much better management of different factors of strategy.

In order to impact how stakeholders interpret a crisis, the employer can use communication. Communication can be a valuable device for managers who are dealing with crises. The economic harm that a crisis may also cause upon the organisation must have an effect on the communication among the employer and their stakeholders. Except from the standard stakeholders, information media also bears an interest in crisis conditions affecting an organization.

## **1.2 RATIONALE OF THE STUDY**

The importance of the study stems from the possibility of uncovering crisis management tactics, crisis prevention, diagnosis, and intervention that public relations directors may use to deal with a crisis disruption in a business. The findings of this study might provide insight into Amazon Inc's crisis management tactics, as well as successful crisis management strategies implemented by their public relations directors to alleviate the consequences of a crisis disruption.

Also, as events comparable to world war are unfolding before our eyes, organizations and the world at large is now faced with a crises, this paper will also give insight on organisations which have faced or are facing this crises, what type of crisis prevention or/and management strategy they had in place or have now put in place and how they implemented it. I will also briefly pen down in my work, how the world at large is implementing and dealing with the crises, and crisis control measure that are put in place. A crisis can result in huge losses for companies and their associated partners, efficient management and policies may increase organizational performance, match economic goals with environmental protection, safeguard the workforce and stakeholders' interests, and ensure compliance with legislation to prevent costly penalties

and litigation (Chatzitheodorou et al., 2021). Ignoring a crisis, on the other hand, is an operational risk that might have negative consequences (Kaufman, 2019). The findings of this study may assist public relations directors in improving crisis readiness, decreasing reaction time, and lowering recovery costs. This dissertation also contributes to a better understanding of the process of strategy generation and selection in businesses during a crisis. Previous study in this area indicates that strategy is a given and that companies must choose strategies based on the nature of crisis.

### **1.3 OVERALL PURPOSE**

Based on the discussion above, the general goal of this research is to give insight into crisis management, the crisis experienced by Amazon Inc, crisis resolution, and the methods taken to restore image. A brief examination of the current global crisis is detailed as well.

RQ1: Detailed explanation of crisis.

RQ2 : Amazon Crisis management.

### **1.4 OUTLINE OF THE STUDY**

The thesis is divided into four chapters. Chapter one provides the reader with background information on the subject of crisis and crisis management. Following that, the study is narrowed down to a problem discussion, where more specific information about the topic is presented. The first chapter concludes with a stated purpose and two research questions. The second chapter contains in-depth information on the theoretical aspects of crisis management. The third chapter focuses on Amazon in terms of crisis and crisis management, as well as results and conclusions. The fourth chapter will cover the current global crisis. Conclusions and recommendations are used to round up the paper.

## **CHAPTER 2**

### **THEORITICAL ASPECT OF CRISIS MANAGEMENT.**

#### **2.1 CRISES**

Several authors have extensively researched the word crisis in the context of management and business administration, according to their unique domains of work.

In the organizational context, Gregory (2005, p. 313) defines crisis as an occurrence of "great importance, low likelihood, layered with risk and uncertainty, done under time constraints, disrupting routine operations, and possibly fatal to corporate reputation."

In turn, Raftari et al. (2011, p.1923) define crisis as "a circumstance that disturbs the original system of order or sections of it, known as sub-systems and threatens their stability."

The International Institute for Crisis and Disaster and Risk Management defines crisis as "a critical point or event in the progression of anything; a turning point; an unsteady situation in which a sudden or decisive change is near" (ICDRM, 2010, p.25).

As a result, it is feasible to conclude that there is no agreement on how to define the term crisis. Several scholars note a lack of agreement on the definition of crisis. According to Paraskevas (2006), the use of the term crisis differs based on the situation and the researcher's perspective. Elliott and Macpherson (2010) provide a contrasting perspective on this lack of consensus by stating that People working during crises must exhibit adaptability and ingenuity, in order to transfer theory into reality. Thus, a critical issue with ambiguity in the word crisis is that some authors describe its features by taking into account an event's symbolic significance and the subsequent challenge to dominant norms (2006, Elliott and Smith).

An organizational crisis—an incident that managers and stakeholders regard as highly visible, unexpected, and possibly disruptive—can jeopardize an organization's goals and have far-reaching consequences for its relationships with stakeholders. For example, BP's Gulf oil disaster affected its financial performance and reputation, and it

forced the company to renegotiate its relationships with consumers, workers, local communities, and governments. Similarly, Target's consumer data breach cost the firm money and damaged its brand, and the incident prompted widespread changes in how electronic information are now processed and stored. For these implications, organizational research from a wide range of disciplines has focused on crises and crisis management, attempting to understand how and why crises occur (Coombs & Holladay, 2002), as well as how organizations can handle crises to minimize harm (Kahn, Barton, & Fellows, 2013; Bundy & Pfarrer, 2015; Combs, 2007). Stakeholder perspectives of organizational reputation, trust, and legitimacy, organizational learning and adaptation, and financial performance and survival have all been studied in organizational research. Despite significant interest across various disciplines, recent analysis on the field suggests that "We've only just begun to tap into the possibilities of our knowledge." of crises and crisis management, and stimulates further investigation of the theoretical mechanisms at work. Furthermore, research in this field has been chastised for a lack of theoretical and empirical rigor, owing to the fact that many of its conclusions and recommendations are based on case studies or anecdotal data. Finally, many academics continue to bemoan the silo effect, observing that researchers from various viewpoints frequently talk past one another rather than seizing opportunities to establish cross-disciplinary study (James, Wooten, & Dushek, 2011; Jaques, 2009; Kahn et al. 2019 ). As a result, there is minimal agreement and integration across disciplines, various and sometimes contradictory prescriptions exist, and discussions over the important antecedents, processes, and consequences connected with crises and crisis management remain.

There are two basic views that focus on various elements of crises and crisis management and use different theoretical traditions to solve different research issues.

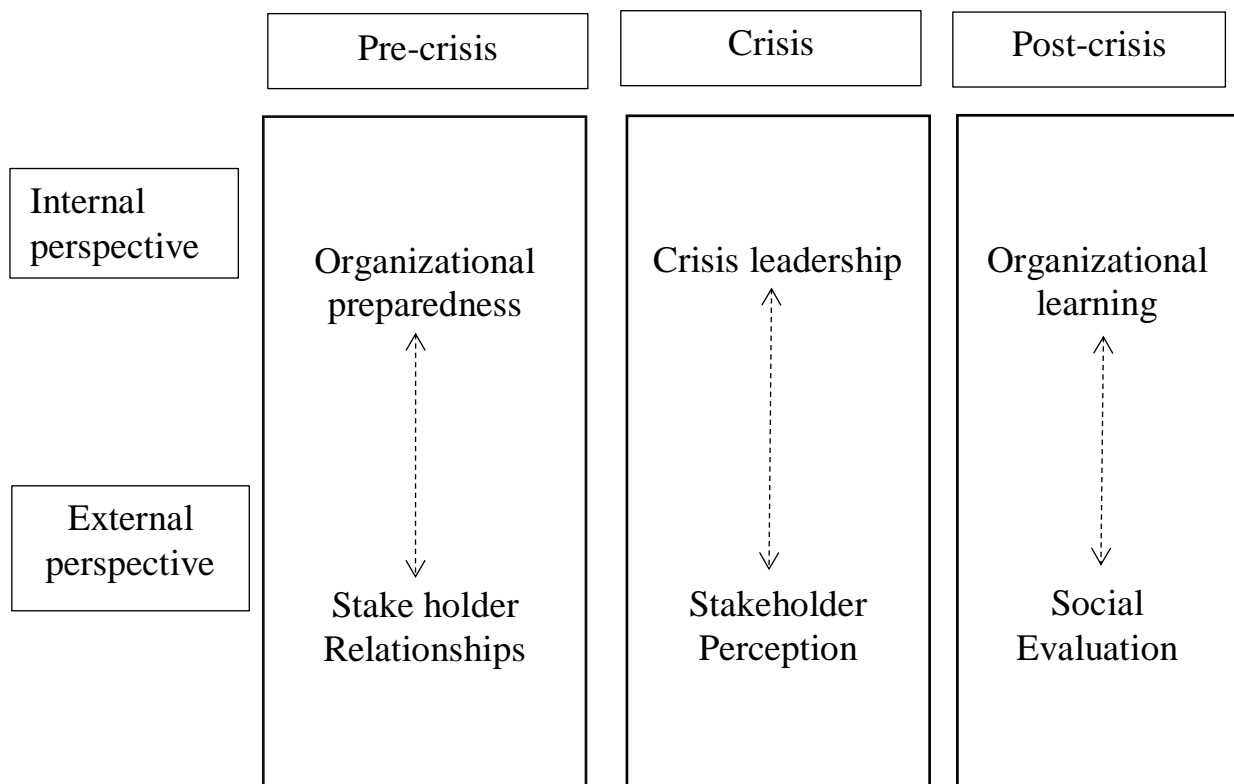
The first perspective, which I call the internal perspective, is concerned with the dynamics of risk, complexity, and technology within organizations. Internally, crisis management entails the coordination of complex technological and relational systems, as

well as the design of organizational structures, in order to prevent the occurrence, mitigate the damage, and learn from a crisis.

The second perspective, which I call the external perspective, explores the interaction between organizations and external stakeholders, drawing heavily on theories of social perception and impression management. Crisis management, according to this viewpoint, entails shaping perceptions and collaborating with stakeholders to prevent, solve, and grow from a crisis.

While the internal and exterior viewpoints share a number of underlying assumptions and characteristics, which will be discussed more below, they have evolved separately. As a result, the assessment is organized around these two major views and highlights a number of integration potential. Figure 1, which divides the literature into two perspectives, internal and external perspectives and canters on three main stages of a crisis: precrisis prevention, crisis management, and post crisis outcomes.

**Figure 1:** Internal Perspectives and External Perspectives of Crisis Process



*Note:* The dashed arrows show an understudied relationships and provides opportunities for future research

Source: [Crises and Crisis Management: Integration, Interpretation, and Research Development Jonathan Bundy, Michael D. Pfarrer, Cole E. Short, W. Timothy Coombs ]

The model is detailed below while synthesizing commonalities among the perspectives.. First, I will discuss the research that has explored how organizations might lessen the chance of a crisis, which I term the precrisis prevention stage. In particular, I emphasize research on organizational preparation from the internal perspective and research on stakeholder interactions from the exterior perspective. Second, I'll concentrate on the crisis management stage, which evaluates managers' activities in the immediate aftermath of a crisis. The model's last section focuses on the consequences of the postcrisis stage. Internal literature has stressed the importance of organizational learning in the aftermath of a crisis, whereas external study focuses on social appraisal as consequences (for example, evaluation of reputation, legitimacy, and trust).

## **2.2 STAGES OF CRISIS**

### **Stage 1: Precrisis Prevention**

#### **Internal Perspective: Organizational Preparedness**

Internal precrisis highlights the inevitability of crises owing to the complexity of modern organizational life. Two key issues will be highlighted: organizing for reliability and the factors organizational culture and structure play in how an organization may prepare for a crisis.



## Organizing for reliability

Organizations may orient themselves by changing their culture, design, and structure in order to avoid system failures that could lead to crises. A high-reliability organization can manage unexpected occurrences because of a cognitive and behavioural process of collective management "mindfulness". While "high reliability" is frequently studied in industries or settings that are volatile (e.g., nuclear power, military, NASA, air traffic control, SWAT teams, and emergency health care), it can apply to any organization interested in managing complexity and avoiding crises. Three aspects of high-reliability organizations are: mechanisms for changing formal structures, leadership support for improvisation, and techniques for enhanced understanding. Potential reaction speed is increased, depletion of cognitive and other resources is reduced, and the probability of organizational dysfunction is limited to the extent that an organization has the capacity to implement premeditated organizational solutions rapidly enough to meet the more predictable aspects of an evolving incident.

Based on this basis, other scholars have focused on the factors that may restricts an organization's capacity to organize for reliability, such as managers' emotional and cognitive limitations, the amount of organizational disruptions, the availability and use of organizational resources, and the roles of practices and structures used to boost reliability.

## Organizational culture and structure.

Internal research has identified additional factors that may increase the likelihood of a crisis, including an organization's culture, compensation structure and governance, for example, An organization's culture can be more accepting of misconduct, which is often the result of managerial aspirations or power struggles. Certain governance practices, such as policy clarity and communication, were more effective at preventing white-collar or clerical crime than other governance structures, such as increasing the percentage of outsiders on the board.

Finally, studies have found that certain executive compensation arrangements, such as Financial fraud and risk-taking which may be encouraged through the use of out-of-the-money stock options. financial fraud and risk-taking, increasing the likelihood of a crisis.

#### Summary:

Three elements emerge from the internal perspective's emphasis on organizational preparedness: First, organizing for high reliability is frequently regarded as a cognitive and behavioural task. Second, numerous studies indicate that high-reliability organizations are better able to prevent crises. Third, other factors, such as organizational culture and structure, may influence the likelihood of a crisis occurring. While not explicitly studied, It might be hypothesized that the cultural and structural variables that raise the chance of a crisis also make organizing for reliability more difficult. I also note that research on high-reliability organizations in particular, and organizational preparedness in general, has been chastised for its lack of specificity (2009- Leveson, Dulac, Marais, & Carroll.). Bigley and Roberts (2001). According to my review of the literature, this detailed treatment has yet to fully materialize. Furthermore, the majority of high-reliability studies are case studies that focus on atypical, highly volatile environments, limiting their generalizability. As a result, studies of more "typical" organizations are still lacking.

#### External Perspective: Stakeholder Relationships

Unlike the internal emphasis on organizational readiness, external precrisis research emphasizes the importance of stakeholder relationships. Within this area, I identified two streams that focus on positive and negative relationships, respectively.

##### Positive stakeholder relationships:

External precrisis prevention research contends that keeping positive connections with stakeholders can lessen the chance of a crisis. Clair and Waddock (2007: 299), for

example, offered a "whole responsibility management" strategy that emphasized the significance of identifying an organization's duties to stakeholders in order to improve crisis identification and prevention. Using a similar reasoning, Kahn and colleagues (2013) hypothesized that relational cohesiveness, adaptability, and open communication between internal and external stakeholders can aid in crisis prevention. Finally, Coombs (2015: 107) stated that "stakeholders should be a part of the preventative thinking and process," implying that stakeholders may assist in identifying and minimizing the risks that may create a crisis.

While theoretical research in this area is diverse, empirical studies remain limited. While some studies, such as Ulmer's (2001) examination of an industrial fire at Malden Mills and Coombs and Holladay's (2001) study of stakeholder relationships in accident crises, provide proof that positive stakeholder relationships can mitigate the potential damage from a crisis, few have directly examined the correlation between positive relationships and the likelihood of a crisis occurring.

#### Negative stakeholder relationships:

In contrast to the above-mentioned positive viewpoint, other scholars have examined the negative aspects of stakeholder relationships. Mishina, Dykes, Block, and Pollock (2010) discovered, for example, that prior positive organizational performance raises stakeholders' expectations for future positive performance and that organizations may engage in illegal conduct to meet these expectations. This social pressure was cited by Greve and colleagues (2010: 64) as an example of "strain theory," which holds that "performers resort to wrongdoings when they are unable to achieve their goals through legal means." As a result, the burdens associated with meeting the expectations of stakeholders may encourage behaviour in the organization that can lead to a crisis. Furthermore, studies have mentioned how negative relationships with stakeholders can lead to retaliatory action, such as protests, activism, boycotts, and lawsuits (James & Wooten, 2006; Lind, Greenberg, Scott, & Welchans, 2000; McDonnell & King, 2013). For instance, James and Wooten (2006) investigated negative relationships in the context

of discrimination lawsuits, and McDonnell and King (2013) investigated the impact of an organization's positive and negative relationships on consumer boycotts.

### Summary:

The focus of the external perspective on stakeholder relationships in the precrisis prevention stage suggests the following: Negative stakeholder relationships can cause or escalate crises, so it's critical to cultivate positive stakeholder relationships. In order to avoid the strain associated with unattainable goals, positive relationships must also be founded on reasonable expectations and open lines of communication. Creating such a foundation is most likely the duty of both organizations and stakeholders, as organizations must focus on managing expectations and communicating openly, while stakeholders must be aware of unrealistic expectations and associated biases (Bundy & Pfarrer, 2015). Of course, while managing expectations may aid in the prevention of a crisis, it could have a negative impact on organizational performance. Shareholders, for instance, may view attempts to manage expectations in a negative light, particularly in the aftermath of positive performance.

### Stage 2: Crisis Management

Moving on from the precrisis prevention stage, a big part of research from both internal and external perspectives has focused on the processes associated with the crisis management stage. Before delving into the distinctions between internal and external perspectives, it is worth noting that the factors that work to prevent a crisis, such as organizational readiness and positive stakeholder relationships, could also help with crisis management after a triggering event.

## Internal Perspective: Crisis Leadership

Traditional crisis management approaches are founded on a traditional engineering mandate, that identify and solve problems in inputs and operations that lead to ineffective outputs. While research on crisis management has advanced well beyond this mandate, the internal viewpoint continues to stress the "fix-the-problem" approach, typically by concentrating on the elements that impact within-organization crisis leadership. For example, James and colleagues (2011:458) emphasized the importance of "crisis handlers," emphasizing not only the "tactical aspects of management" during a crisis but also the "responsibilities of leading an organization in the pre- and post-crisis phases." The authors focused on the relationship between crisis perceptions and crisis leadership, arguing that leaders who view crises as threats react more emotionally and are more constrained in their efforts, whereas leaders who view crises as prospects are more open-minded and flexible.

Researchers have also looked at how managers in high-reliability companies handle crises, noting that the capacity to adapt and shift mental models in an emergency scenario might improve coordination and communication. This shows that not only does planning for dependability assist to avert a crisis, but it can also help to improve leadership efforts if one happens.

### Summary:

According to the internal viewpoint, leaders are crucial to the crisis management process, and a variety of factors impact their capacity to lead. However, research on crisis leadership, like research on organizational readiness, is frequently critiqued for its lack of clarity. Indeed, attempts to experimentally investigate the literature's proposals, such as the establishment of organizational structures to help in information processing and resource allocation, have found little support. Further investigation is required to expand present organizational theories of crisis management, and the method in which organizations should be organized to enable adaptability" must be addressed.

## External Perspective: Stakeholder Perceptions

In contrast to the emphasis on internal crisis leadership, much external study has concentrated on how stakeholders view and react to crises, as well as how organisations impact these views.

### Crisis response strategies:

Numerous research included in my analysis focus on how companies implement crisis response tactics, which are defined as "a set of coordinated communication and activities meant to alter assessors' crisis impressions" (Bundy & Pfarrer, 2015: 346). Much of this material is based on attribution theory, which claims that people are compelled to investigate the origins of unexpected and unfavourable occurrences, and that these attributions of blame can elicit negative feelings and behaviours. Using this reasoning, I contend that the more blame stakeholders place on an organization for a crisis, the more unfavourable their impressions. Experimental research confirms this premise, and a number of management studies have drawn from the tenets of attribution theory and SCCT to consider the role of crisis attribution.

While attributions are important for understanding stakeholders' perspectives of a crisis, research acknowledges that they are "a negotiated component of crisis management, and hence prone to social influence" (Bundy & Pfarrer, 2015: 352). As a result, an organization's reaction plan is critical in this process. Researchers have developed a variety of categorisations to capture the responses of organizations (e.g, Coombs, 2006; Elsbach, 2003; James & Wooten, 2006; Lamin and Zaheer, 2012; Pfarrer, DeCelles, et al., 2008; Zavyalova, Pfarrer, Reger, & Shapiro, 2012).

Given their commonalities, integrating them along a continuum from defensive to accommodating is a beneficial strategy. Bundy and Pfarrer (2015: 352) emphasize that "response strategies that accept less responsibility are generally characterized as a defensive attempt to minimize an organization's perceived affiliation with a crisis," whereas "strategies that admit more responsibility are generally classified

accommodative and acknowledge an organization's causal role in a crisis." Denial, disobedience, and scapegoating are examples of defensive techniques. Apologies, expressions of remorse, and promises of corrective acts are all examples of accommodating techniques. Decoupling and decreasing offensiveness via reasons and excuses are two examples of techniques in the center of the continuum that stress minimal organizational accountability.

The impacts of time and the source of the crisis reaction have also been studied. For example, research has shown that when a company is the first to provide crisis information, unfavourable impressions are lessened (Claeys & Cauberghe, 2012; Pfarrer, Smith, et al., 2008). Other researchers have found that businesses may use anticipatory response methods, such as combining unpleasant news with more positive information, to soften negative emotions (Graffin, Carpenter, & Boivie, 2011; Graffin, Haleblan, & Kiley, 2016). Others have concentrated on stage models that highlight an organization's response strategy as a key component of reintegration.

Finally, it is crucial to acknowledge that crisis response strategies can include functional communication and actions, such as information that assists stakeholders in avoiding harm, as well as more symbolic management efforts that strive to maintain the organization's public image. Despite this awareness, I find limited study that considers an organization's behavioural reaction in addition to its verbal response. Rather, the great majority of researchers, especially those employing quantitative empirical methods, concentrate solely on crisis communication or organizational activities directed at stakeholders.

### Stage 3: Post crisis Outcomes

Moving on from crisis management to post-crisis results. Internal research has generally concentrated on organizational learning, whereas external research has primarily focused on social assessments. As previously stated, it is critical to note that characteristics linked with prior phases can also impact crisis results. As a result, many of the articles assessed in Stages 1 and 2 apply here as well.

## Internal Perspective: Organizational Learning

The internal approach stresses organizational learning as a vital crisis outcome as part of its focus on dependability and leadership. For example, James and colleagues (2011) emphasized the significance of pushing beyond the status quo in order to create new competitive chances by learning from a crisis. Ulmer and colleagues' (2011: xiii) language of renewal theory highlights crisis management's "potential for opportunity, renewal, and progress."

### Summary:

Internal post-crisis research reveals that learning from a crisis is feasible, subject to variables that determine the sorts of lessons learnt and the extent to which lessons are incorporated.

## External Perspective: Social Evaluations

Much external research views an organization's social evaluations as crucial consequences of a crisis, such as judgements of organizational reputation, legitimacy, and trust. Love and Kraatz (2009), Pfarrer et al. (2010), Rhee & Haunschild (2006), Zavyalova et al. (2012), and Zyglidopoulos (2001) all agree that crises harm social assessments. However, as previously stated, there is some variation in the findings, and a number of studies have explored factors that may impact the degree of harm. Management and communication research has focused in particular on the impact of an organization's crisis response plan.

### Summary:

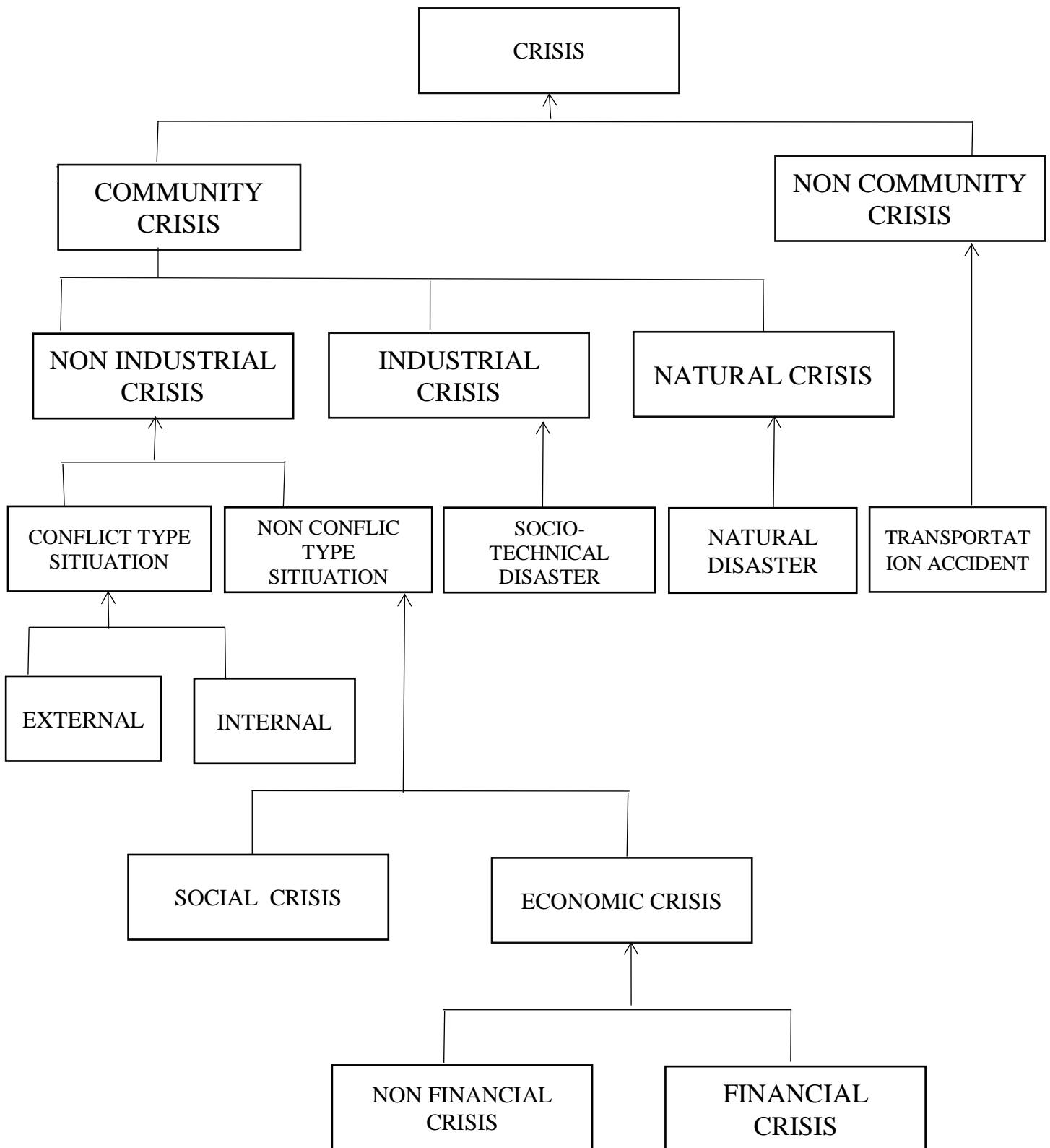
Post crisis research from the internal perspective shows that learning from a crisis is possible, subject to conditions that may influence the types of lessons learned and the degree to which lessons are internalized.



## **2.3 TYPES OF CRISIS**

There are several forms of crises. The varieties of crises will be reviewed in the diagram below. First difference is made between community and non-community crises. A community crisis is divided into numerous subcategories, including natural disasters, industrial disasters, and non-industrial disasters. A natural crisis occurs as a result of a natural disaster, such as earthquakes, flooding, tsunamis, or volcano eruptions. An industrial crisis occurs as a result of socio-technical disasters such as a train accident, a product recall, stadium fires, or a computer malfunction. Political conflicts and non-conflict crises are examples of non-industrial crises. Non-industrial crises are classified into two types: conflict-type situations and non-conflict-type crises.

**Figure 2:** Types of crisis



Source :[ Adapted from Shaluf, Ahmadun, and Aini, 2003 p.28]

The first group is further subdivided into two genres: internal and exterior. External crises are war, threats, relationship breakdowns, embargoes, and blockades. Internal crises are political crises, internal disputes (religious, ethnic, and so on), terrorist attacks, strikes, sabotage, riots, and executive kidnappings. Economic and social crises are the only non-conflict forms of crises. Financial crises include events such as the East Asia financial crisis. Non-financial crises include the UK's BSC crisis and the UK's foot-and-mouth crisis. False rumors, on-site sabotage/product tampering, extortion, copycat threats, off-site sabotage, bribery, price rigging, and racism are examples of social crisis occurrences (Shaluf, Ahmadun, & Aini, 2003).

#### Crisis Typology and Potential:

Crises could be characterized along two components; internal-external dimension and technical-social dimension. The two dimensions can be merged to form a figure with the internal-external dimension on the horizontal axis and the technical-social dimension on the vertical axis as shown on the table below

**Table 1:** Different types of corporate crisis triggering event.

		Technical	Economic		
INTERNAL	Cell 1	<ul style="list-style-type: none"><li>-Major industrial accidents</li><li>-Product injuries</li><li>-Computer breakdown</li><li>-Defective, undisclosed information</li></ul>	Cell 2	<ul style="list-style-type: none"><li>-Widespread environmental destruction.</li><li>-Natural disasters</li><li>-Hostile takeover</li><li>-Societal crisis, civil or political</li><li>-Large scale system failure</li></ul>	EXTERNAL
	Cell 3	<ul style="list-style-type: none"><li>-Failure to adapt/ change</li><li>-Sabotage by insiders</li><li>-organizational breakdown</li><li>-Communication breakdown</li><li>-On-site product tampering</li><li>-Illegal activities</li><li>-Occupational health diseases</li></ul>	Cell 4	<ul style="list-style-type: none"><li>-Sabotage by outsiders</li><li>-Terrorism</li><li>-Executive kidnapping</li><li>-Off-site product tampering</li><li>-Counterfeiting</li></ul>	
Human / Organizational / Social					

Source: [Adapted from Shrisvastava and Mitroff P.7]

## TECHNICAL/ECONOMIC

Organizations are affected by a variety of crises. Beginning with cell 1, this cell depicts technical and economic failures as a result of an organization's internal failings, more especially the organization's fundamental technology. Chernobyl, Bhopal, and Three Mile Island are examples of such disasters. Defective plant equipment was the principal cause of those incidents. Cell 2 covers crises that are essentially the result of technology and economic failures. These failures, however, are not attributable to an organization but to the surrounding environment. Crises include hostile takeovers, changes in currency rates, and other macroeconomic factors that have a detrimental impact on a firm. The remaining cells are failures caused by human, organizational, or societal forces. Cell 3 represents problems in internal social systems. These failures are primarily the result of administrative blunders, purposeful injury, hazardous working conditions, and so on. Such catastrophes may have been prevented if the impacted organization had improved communication.

NASA and its suppliers, is an example of such a catastrophe. Finally, cell 4 depicts flaws in an organization's social environment. In other words, crises arise when agents or institutions have a negative reaction to an organization. Outsider sabotage and CEO kidnapping are two examples of such crises.

## HUMAN / ORGANISATIONAL / SOCIAL

The conclusion reached is that companies experience a wide spectrum of crises. Furthermore, businesses must assume that any of the listed crises may hit them, even if not all organizations are equally vulnerable to each type of crisis. Each organization's susceptibility varies depending on the type of its goods, consumers, and technology employed.

## **2.4 CRISIS MANAGEMENT THEORIES**

An examination of crisis communication research articles published in the Journal of Public Relations Review and Public Relations Review between 1975 and 2021 demonstrates the theoretical frameworks of crisis management. The theories used in crisis communication research include situational crisis communication theory, issue and crisis management theory, image restoration theory, apology theory, attribution theory, contingency theory, situational theory, organizational theory, and the research also reveals other theories such as the excellence theory, diffusion and innovation theory, self-disclosure theory, chaos theory, commodity theory, stakeholder theory, post-crisis communication theory, and post-crisis communication theory.

Public relations, management, and rhetorical theories such as image restoration and apology theory are among the crisis management theories. The situational crisis communication theory was the most often referenced hypothesis in the survey (SCCT). In summary, the explanations of the commonly referenced hypotheses in the study report are provided below.

The situational crisis communication theory suggested by Coombs and Holladay is an extension of the attribution theory. The core principle behind SCCT is that firms should respond to a crisis scenario strategically based on an awareness of how the public assigns blame for the problem. When the public believes a problem to be more deliberate, they place more blame on an institution, and vice versa. SCCT is used to test various crisis response tactics. SCCT is a theory that focuses on the audience and is currently in its early stages.

Theory of issue and crisis management:

Howard Chase created the phrase "issues management" in 1976. According to him, issues management is the ability to comprehend, mobilize, coordinate, and direct all strategic and policy making functions, as well as all public affairs/public relations skills,

toward the achievement of a single goal: meaningful participation in the creation of public policy that affects personal and institutional destiny.

As previously indicated, issues and crises are mutually exclusive. An issue can cause a crisis, and a crisis can cause an issue to be dealt with. If the problem is not managed properly, it might escalate into a crisis. In other words, if good problem management is practiced, the likelihood of a crisis scenario is reduced. As a result, anticipating developing difficulties is essential in the issues management process. This scanning might be thought of as pre-crisis preparation.

#### Image restoration (repair theory):

Image restoration tactics are reputation repair strategies that may be employed after a crisis, and that successful crisis resolution necessitates honest and ethical communication throughout a crisis. Several crisis response options are proposed by image restoration theory. This might range from "denial" to "evading accountability" to "lowering offensiveness," and there are various techniques to choose from. IRT's central premise is that an assault might endanger one's reputation (image). An objectionable act or an accusation of culpability for the conduct is a threat to reputation, and the theory employs communication to protect its reputations.

#### Apology vs. corporate apologia:

Apology and apologia are not the same thing. Apologia is more than just an apology as a communication response tactic. The organization explains clearly and strives to persuade stakeholders that it is correct by utilizing apologia. Apologia is a counter-description in which the individual or organization defends itself in order to create more positive material for the charges. When a company is accused of wrongdoing, four techniques can be taken. These include denial (not being involved in any wrongdoing), boosting (reminding of positive things done), distinction (separating the action from its bad meaning), and transcendence (placing the activity in a new and favorable perspective)

Attribution theory:

Attribution theory underlines and emphasizes the communication and media dimensions, as well as the relevance of public relations in crisis management. It describes how humans make meaning of occurrences. When an event occurs, especially if it is a terrible occurrence, people strive to figure out why it happened. People will assign blame for occurrences. When applied to a crisis, stakeholders will assign crisis responsibility either internally (inside the firm) or externally (environmental factors). Logically, if stakeholders blame organizations for crisis events, they will have a poor view of the company, and vice versa. This audience-based theory aims to explain the aspects in the crisis scenario itself that affect the crisis attributions stakeholders make.

The contingency theory of conflict management:

This attempts to explain an organization's communication with its public groups and identifies the numerous aspects that influence this communication. It includes the idea of "stance," which refers to how an organization responds to competition and disagreements with other parties. Stances exist on a continuum, with advocacy at one extreme of the spectrum and accommodation at the other. Advocacy occurs when an organization advocates for its own interests, whereas accommodation occurs when the organization makes compromises to other parties. The use of contingency theory to crisis indicates similarities between the positions and crisis response tactics of image repair and SCCT. Contingency theory adds other variables to examine, such as threat kind and duration.

Factors affecting the process of crisis management

Crisis management process necessitates a wide range of skills and expertise because as previously stated, main point here is the process of changing reality and convincing the public opinion of the organization's point of view that protects its vision



and interests. Moreover, the crisis management necessitates social, legal and communication knowledge in the search for possible solutions.

Here are some of the factors affecting crisis management:

For starters, psychological considerations are critical for the person in charge of crisis management. Self-control, self-confidence, and coolness are some of the mental characteristics that are highly required, since the crisis management process necessitates patience, wisdom, and good thinking in the preparation for crisis management and delivering appropriate answers. The process of handling crises necessitates some basic psychological understanding, mostly because managing some crises necessitates a great deal of emotion and sentiment regulation, self-control, patience, composure, and staying away from anxiousness and carelessness. These attitudes and behaviours are critical for managing a crisis effectively, professionally, and with a high level of conciseness, precision, and without tempered emotions that might undermine reasonable and successful judgements.

Second, good awareness of the organization's surroundings may include knowledge of the society's cultural, social, and political systems. This is due to the intricacy of the crisis management process, which necessitates rapid and decisive judgements as well as emergency management preparation and implementation.

Third, people in charge of crisis management should be well-versed in the nature of local laws and regulations concerning libel, defamation, misinformation, and copyrights. Furthermore, legal and legislative components are inextricably linked with moral and value elements of society, implying that those in charge of handling the crisis should be able to regulate its effects. Furthermore, by committing to openness and transparency, as well as true empathy for the victims, they will be able to improve the organization's performance, reputation, and image.

For example, British Petroleum (BP) used the aforementioned principles during the oil leak disaster in the Gulf of Mexico on April 20, 2010. The Company chose transparency

and honesty with the American people and authorities by fully disclosing the situation and its consequences and issuing a comprehensive apology. It also provided compensation in excess of \$20 billion, despite the fact that the company's losses from the catastrophe were \$70 billion.

Fourth, develop a communication and media strategy targeted at interacting with the public, which is in dire need of a genuine story of the catastrophe. As a result, any delay, miscommunication, or silence exposes the organization to rumors and false news, exacerbating and complicating the issue. Because it is the ethical and proper manner to restore the ravages of the crisis, communication strategy must be founded on honesty with the public and opinion leaders. The process of restoring the public's trust during or after the crisis is the most difficult, and it is impossible to win without adopting speech openness and complete transparency in crisis management.

Fifth, the public must be involved in crisis management. This can happen in a number of ways. Non-governmental groups, opinion leaders, and members of the local community are among those included. Involving them in the crisis communication plan in order to develop acceptable solutions finally leads to the absorption of public wrath and the re-establishment of public trust. Indeed, one method to recovering public trust during or after a crisis is to respect the sentiments of individuals impacted by the crisis and recognize their rights in order to rehabilitate them and engage them in making appropriate decisions.

#### Decision-making and leadership in crisis

On a communicative level, it is essential to recognize that managing a crisis in a constructive way necessitates a thorough awareness of the local cultural context and its features, as well as the values and ethics of the community to which they belong. Decision-making in a crisis is critical in light of what is deemed a crisis. The crisis management process necessitates making sensible and solid judgements, as they contribute to the crisis's successful departure and alleviation of its impacts. This might explain why decision-making frequently necessitates a high level of experience and

knowledge. In reality, one of the most essential qualities of a successful leader is his capacity to make the right judgments in times of crisis, therefore the timing of those decisions is critical to their success and efficiency. Leaders should not jump to conclusions or make quick choices, especially when the nature of the issue does not necessitate immediate intervention or decision-making. This demonstrates a characteristic of leadership by not succumbing to pressure and making mistakes in the process, while it is vital to take the time needed to investigate the situation thoroughly and confer with those who are aware of it.

Leadership in times of crisis has grown increasingly crucial, particularly in the aftermath of 9/11 and the danger of terrorism. This new reality need leaders with strong communication skills, compassion, and a clear picture of the crisis situation. In addition to these abilities, empathy and expertise, as well as the capacity to lead, are required of leaders who must cope with crisis circumstances. Task-oriented leadership practices have been demonstrated to be more beneficial to crisis leadership effectiveness. At the same time, people-oriented and organizational-oriented leadership actions are not ineffective. The authors conclude that, while their research emphasizes task-oriented leadership, concentrating solely on this leadership will not boost the efficiency of crisis management.

Leaders lay the groundwork for collective consultation, which allows people to engage in decision-making and problem-solving in times of crisis.

The ethical aspect of crisis management:

The ethical part of crisis management is one of the most essential components that modern studies stress, recognizing that the ethical factor is critical to the process of rebuilding one's mental image as well as regaining public trust. "Partaking in ethical communication seems to be a repeating topic in today's practice and study in times of crisis." In a crisis, ethics suggests that the physical and psychological needs of the stakeholders take precedence.

A crisis should be handled ethically, and "decision-makers who understand the demands of a diverse range of stakeholders as part of their strategic decision-making would make more ethical judgements during a crisis."

Thus, ethical rationality is a habit that must be ingrained in the culture and day-to-day operations of the company. This ethical rationality entails managing the organization's internal and external stakeholders carefully during the crisis. Furthermore, several new studies stress the relationship between the moral aspect and practical factors in the area of public relations such as trustworthiness, objectivity, and correct knowledge. Credible messaging concerning the likely reason or responsibility for the problem assist the organization in connecting with its shareholders.

During times of crisis, an open and honest approach is crucial. If communication during crisis events is not ethical, the company's reputation may suffer if adequate blame for the causes of the crisis is not given. Morality and integrity provide a solid foundation for a true preventative and risk management strategy that can be implemented through current crisis management tactics. This is the ideal way to address crises, which is to use amnesty and be flexible, since crisis resolution approaches avoid intra-conflicts, which produce a harsher atmosphere.

Crisis management necessitates openness and credibility, since deception and opacity rob a corporation of public confidence and make it far more difficult to restore any credibility in public opinion. When stating the truth, there are always long-term benefits. The third component of practising truthfulness is to use conventional and digital media in a disciplined and unambiguous manner when disseminating information, news, and opinions. Many crises begin with a rumor, misleading information, unsubstantiated news, and so on. The duty for disseminating disinformation falls on both the sources and the media, as free expression is linked to a minimum of accountability. In fact, the spread of rumors usually results in huge crises, as witnessed with several banks in the United States, Hong Kong, Taiwan, Greece, and Cyprus, where major financial institutions were damaged by the spread of rumors during the global economic crisis that rocked the United States in 2008.

The only effective way to combat rumors is to educate people about their harmful effects and unintended consequences. This mandate serves as the foundation for public relations ethical principles/standards such as honesty, accuracy, loyalty, and justice. Management should begin by developing a successful communication strategy that focuses on developing a clear, logical, and compelling message, since the public is primarily impacted by communication style and form, as well as its substance. In the context of crisis management, spokespersons are vital. The style of the spokespeople must be influenced by their distinct and appealing personality. Their eloquence, open and effective communication style, and unique manner of providing information and expertise, on the other hand, allow them to influence their audience. Another distinguishing feature of spokespeople's approaches is their ability to use non-verbal communication, as their facial expressions, gestures, and body language always reflect the atmosphere of the situation. Spokespeople must be able to modify their voice throughout talks, alternating between high and low tones to fit their talking points.

## **2.5 CRISIS DIAGNOSIS, PREVENTION AND INTERVENTION**

### **Crisis diagnosis**

A crisis diagnosis is a method or collection of processes that aid in determining the status of an organization and the factors that influence it. The problem is determined by identifying the symptoms. It is unusual for the same symptoms to develop in multiple firms. As a result, it is said that crisis diagnosis is a complex procedure that defines several signs that identify challenges in firm performance.

Crisis diagnosis has appeared as a study aim and research object Since 1932, when FitzPatrick (Murphy, 2006) evaluated and contrasted 20 performing organizations with 20 unsuccessful ones, . He reported his findings in the journal The Certified Public Accountant. He did not do statistical analysis, but he did examine financial rates and their variations. This was the first documented complicated rate analysis interpretation.

To create a crisis diagnostic and prevent a firm from entering a critical phase, it is vital to determine the causes of a crisis as well as the stage of crisis development, which will aid in the selection of crisis prevention tools for situation stabilization.

### **Crisis prevention**

Whatever cause precipitates the crisis, the needs for crisis management are essentially the same. As a result, it is possible to plan ahead of time to avoid or deal with crises. If you plan ahead of time, you will have adequate resources to respond successfully in the case of an issue. Risk analysis, the formation of a crisis management team, the creation of a crisis management manual, event communication concepts, staff and deployment exercises, and communication and media training are all part of crisis prevention.

The preventative phase corresponds to the Prodromal crisis stage. Some caution signs are constantly on in business. There are various issues that might affect business if the essential methods are not implemented on time, regardless of whether the firm is successful or not. The threat and probability of bankruptcy are not particularly significant during the prodromal crisis period, because having conducted a preventative rate diagnosis of the firm performance, it is feasible to observe and recognize the first crisis symptoms and establish an action plan to avert it.

### **Crisis intervention**

Crisis intervention is a short-term management method used to mitigate the long-term effects of a crisis on an organization. Every crisis is unique, but all require rapid response to halt and decrease crisis reactions and return afflicted organizations to pre-crisis functioning. The most important part of a crisis response is making an accurate evaluation since it directs the intervention. A poor judgment in the aftermath of a crisis might be lethal. The capacity to think swiftly and creatively is critical in crisis response. Businesses under crisis might have tunnel vision or become blind to choices and

possibilities. Maintaining an open mind during crisis intervention allows you to explore ideas and address problems in a powerful way. Crisis intervention is usually short-term and entails setting precise goals that can be met in a short period of time.

## **CHAPTER 3**

### **ORGANIZATION AND IMPLEMENTATION OF CRISIS MANAGEMENT IN**

### **AMAZON**

#### **3.1 General assessment of company's activities**

Amazon Inc. is an American multinational technology company whose main focus is on e-commerce, digital streaming, cloud computing, and artificial intelligence. It's one among the Big Five companies in the United States information technology industry, along with Google, Apple, Microsoft, and Facebook. The corporate has been mentioned as "one of the foremost influential economic and cultural forces within the world", furthermore because the world's most beneficial brand. Jeff Bezos founded Amazon on July 5, 1994 in Bellevue, Washington, from his garage. At first, he considered naming the corporate "Cadabra" (from abracadabra). However, his lawyer, Todd Tarbert, advised him that the name might be seen as reasonably obscure. Besides, it gave the look of "cadaver", especially over the phone.

Name decided, the subsequent decision should be about the merchandise to be sold on the e-commerce. Bezos found the most important logical option would be books. Amazon.com surpassed 180,000 accounts in its first year, defying financial journalists and analysts who couldn't see the internet's rise as clearly as Bezos could. In 1997 May, Amazon became a public company, recording \$54 million on NASDAQ. At the top of the identical year, there have been 1 million accounts and \$148 million in revenues (what would become \$610 million the subsequent year).

The business quickly grew and began offering music, films, gadgets, video games,

software, housewares, toys, games, and other items. More so, point of attraction for customers were its personalized recommendation tools and also customers reviews, hence creating a community of consumers.

Jeff Bezos, a Princeton graduate with a degree in technology and engineering science, created the corporation.

After resigning as a senior vice-president at D.E.Shaw, a Wall Street investment bank, Bezos relocated to Seattle. He failed to know much about the net but, he came upon a statistic that the web was growing at 2300%, which convinced him that this was an oversized growth opportunity. Not knowing way more, he plunged into the planet of E-Commerce with no prior retailing experience.

He chose to locate the corporate in Seattle because it had an oversized pool of technical talent and since it absolutely was near one in all the most important book wholesalers located in Roseburg, Oregon. Clearly, he was thinking of the corporate as a bookseller at the start. Moreover, the excise laws for online retailers state that one must charge nuisance tax within the state during which one is incorporated. this suggests that for all transactions from that state the value would be increased by the excise tax rate resulting in a competitive disadvantage. As a result, rather of locating in a large state like California or New York, it seemed reasonable to locate in a small state and be uncompetitive on a smaller number of transactions.

In 2000, Amazon opened room for tiny companies and individuals to sell their goods through the platform. Two years later, Amazon Web Services (AWS) was launched, confirming what Bezos claimed from the start: Amazon wasn't a retailer, but a technology company. From that year on, AWS has encompassed statistics on the net for developers and marketers, its Elastic Compute Cloud that rents out computer processing power, and its Simple Storage Service, for renting data storage.

The introduction of Kindle e-readers in 2007 boosted the e-book business. Amazon Encore, the company's first publishing line, was launched in 2009, allowing users to self-



publish e-books. Two years later, it might become Amazon Publishing, about to develop its own titles.

Well, Amazon went from a bookstore to an “everything store” and so to a worldwide e-commerce giant. But the brand definitely didn’t stop there – and its potential never seems to finish. Perhaps what keeps its audience so close is its ratio, which remains low on any product/service offered by the corporate.

For the customer, it's comfortable to grasp that Amazon will always bring an inexpensive and competitive price altogether fields and products. it is also beneficial for sellers who use the multisided platform to grasp that they will quickly exhibit their products on the web site and earn sales on all seven continents.

Amazon is now widely acknowledged because the world's largest retailer, a brand that the sky appears to be the limit.

It began as a book-selling website, but has now evolved to incorporate gadgets, software, video games, fashion, furniture, cuisine, toys, and jewellery. By capitalization, Amazon surpassed Walmart because the most useful retailer within the us in 2015. Amazon paid \$13.4 billion purchase Whole Foods Market in August 2017, significantly expanding its physical retail reach. In 2018, Amazon Prime, the company's two-day delivery service, surpassed 100 million global users. Amazon is understood for using technology innovation and large size to disrupt well-established businesses.

In terms of sales and capitalization, it is the world's largest online marketplace, AI assistant provider, live-streaming platform, and cloud computing platform.

Amazon is that the world's most profitable Internet corporation.

It is the country's second-largest private employer and one in every of the world's most beneficial corporations. Amazon has the biggest global brand valuation as of 2020.

Amazon's subsidiaries Amazon Prime Video, Amazon Music, Twitch, and Audible distribute a spread of downloadable and streaming material. Amazon includes a publishing division called Amazon Publishing, a movie and tv studio called Amazon Studios, and a cloud computing division called Amazon Web Services. Among other

things, it produces Kindle e-readers, Fire tablets, Fire TV, and Echo devices. Zoox, Ring, Twitch, Whole Foods Market, and IMDb are among the businesses it's acquired throughout the years. Metro-Goldwyn-Mayer, a movie and tv studio, is currently being purchased by Amazon.

Amazon has been chastised for methods like excessive technological surveillance, a hyper-competitive and demanding work environment, evasion, and anti-competitive behaviour.

Amazon.com is probably going the corporation most closely related to the E-Commerce phenomena in many respects. Music CDs, Cookware, Toys and Games, and Tools and Hardware are among the items sold by the Seattle, WA-based corporation, which has evolved from a book seller to a virtual Wal-Mart of the web. The company has also grown at a tremendous rate with revenues rising from about \$150 million in 1997 to \$3.1 billion in 2001.

Amazon reported operating earnings of \$22,899 million in 2020, up from \$2,233 million in 2015, on sales of \$386 billion, up from \$107 billion five years before. The shareholders expressed their satisfaction, but not all were proud of Amazon's meteoric rise. Many traditional retailers within the us were going bankrupt, while major competitors like Walmart and Best Buy were forced to speculate aggressively in online retailing to forestall their market share from eroding. Every retail sector perceived to be under threat, fueling anxieties that Amazon and America's other tech giants were becoming too big and powerful. The COVID-19 pandemic, during which Amazon grew fast while most traditional stores failed, only added to these concerns. Amazon's growing goals in healthcare and self-driving cars were also creating alarm. In early 2021, Amazon was drawing criticism from across the political spectrum within the us, with demand it to be variable. the eu Union was also investigating its practices. Meanwhile, on day, 2021, Amazon reported that company founder and CEO Jeff Bezos would step down from his role and become executive chairman of the board. Andy Jassy Amazon Web Services (AWS) CEO Andy Jassy will take over as the new CEO.

## Vision and Value

Jeff Bezos was one in every of the few people to know the special nature of Internet Retailing and E-Commerce. this can be how he compares E-Tailing to traditional retailing. Look at e-retailing. The key trade that we make is that we trade realty for technology. Land is that the key cost of physical retailers. That's why there's the old saying: location, location, location. land gets more expensive each year, and technology gets cheaper per annum. And it gets cheaper fast. There were really two elements to his vision-

1. He wanted to create the world's most customer-centric company.
2. He wanted to ascertain an area where customers could buy anything.

This is how he describes his customer-centric vision. Our goal is to be the most customer-centric company on the planet. I'll leave it to others to mention if we've achieved that. But why? the solution is three things: The first is that customer-centric means determining what your customers want by asking them, then working out the way to provides it to them, and then giving it to them. That's the traditional meaning of customer-centric, and we're focused thereon. The second is innovating on behalf of consumers, working out what they do not know they require and giving it to them. The third connotation is the concept of personalisation, which is unique to the internet: redecorating the shop for each and every individual consumer. If we've 10.7 million customers, as we did at the tip of the half-moon, then we should always have 10.7 million stores. Amazon.com, for example, has lately created a "Your Store" option. translating this vision into a reality. He strived to know what was unique about the web in developing a customer-centric company "In the age of the internet, businesses have the opportunity to develop truly deep relationships with their customers," says one expert. customers so observing their purchase behaviour over time, in order that you'll be able to get that individualized knowledge of the customer and use that customer knowledge that is unique to them in order to speed up their discovery process. If we are

able to try this, then the shoppers are visiting feel a deep loyalty to us, because we all know them so well”.

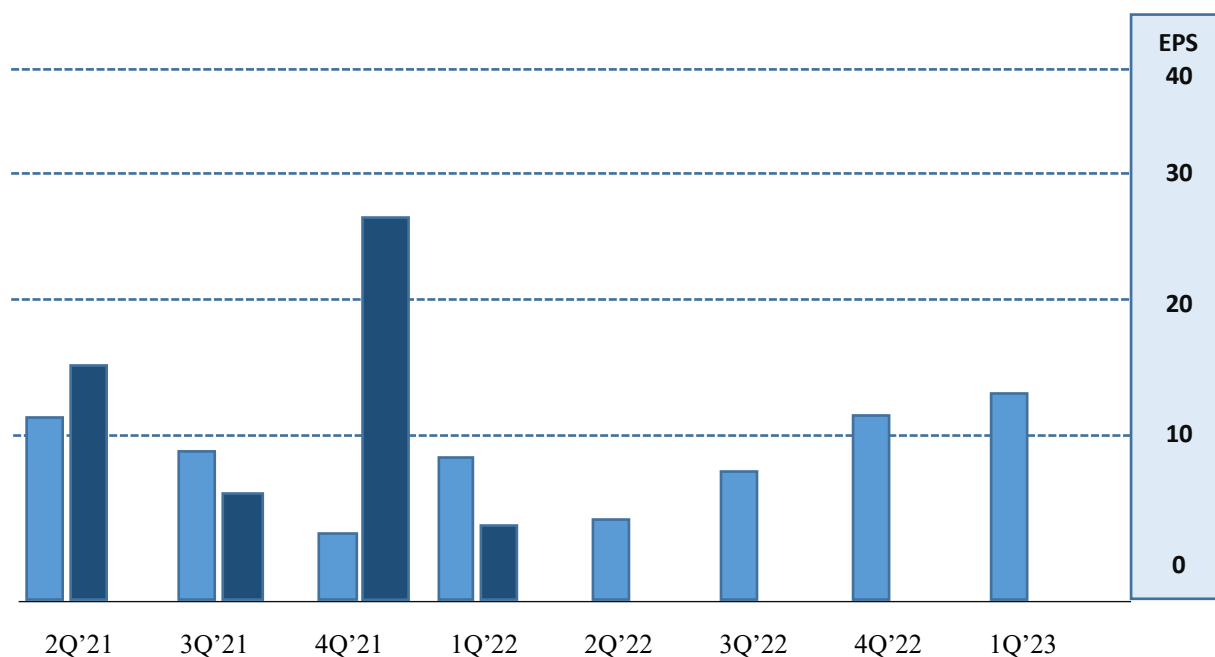
This Bezos quote exemplifies the value factors Amazon.com intended to give.

"Bill Gates said in a magazine interview. He said, "I buy all my books at Amazon.com because I'm busy and it's convenient. They have a big selection, and they've been reliable." That's the traditional meaning of customer-centric, and we're focused thereon. The second is innovating on behalf of consumers, working out what they do not know they require and giving it to them. The third connotation is the concept of personalisation, which is unique to the internet: redecorating the shop for each and every individual consumer. If we've got 10.7 million customers, as we did at the top of the half-moon, then we must always have 10.7 million stores. Amazon.com, for example, has lately created a "Your Store" option. translating this vision into a reality. He strived to grasp what was unique about the net in developing a customer-centric company "Firms have the opportunity to establish really deep relationships with customers in the internet age." ties with customers, both through accepting client preferences and tracking their purchase behaviour over time, so you can obtain that individualised knowledge of the customer and exploit it. customer information tailored to them to help them get what they're looking for more quickly process. If we will try this, then the purchasers are visiting feel a deep loyalty to us, because we all know them so well”.

### 3.2 Amazon financial analysis review

**Figure 3:** Earning per share 2022 from Nasdaq.com

● Estimated    ● Reported



Source:[ <https://www.nasdaq.com/market-activity/stocks/amzn/earnings>]

**Table 2 :**Quarterly Earnings Surprise Amount from nasdaq.com

Fiscal End	Quarter	Date Reported	Earnings Per Share*	Consensus EPS* Forecast	% Surprise
Mar 2022		04/28/2022	4.24	8.73	-51.43
Dec 2021		02/03/2022	27.75	3.89	613.37
Sep 2021		10/28/2021	6.12	9.1	-32.75
Jun 2021		07/29/2021	15.12	12.22	23.73

Source [nasdaq.com]

**Table 3 : Amazon Income Statement from Yahoo finance**

All numbers in thousands

Breakdown	TTM	12/30/2021	12/30/2020	12/30/2019	12/30/2018
Total Revenue	477,748,000	469,822,000	386,064,000	280,522,000	232,887,000
Cost of Revenue	413,689,000	403,507,000	334,564,000	241,699,000	202,020,000
Gross Profit	64,050,000	66,315,000	51,500,000	38,823,000	30,867,000
Operating expense	44,367,000	41,436,000	28,601,000	24,282,000	18,446,000
Operating income	19,683,000	24,879,000	22,899,000	14,541,000	12,421,000
Tax provision	1,213,000	4,791,000	2,863,000	2,374,000	1,197,000
Earning from equity interest net of tax	8000	4000	16,000	-14,000	9000
Total operating income as reported	19,683,000	24,879,000	22,899,000	14,541,000	12,421,000
Total expenses	458,065,000	444,943,000	363,165,000	265,981,000	220,466,000
Normalized income	17,208,277	20,551,997	21,331,000	11,588,000	10,073,000
Interest income	451,000	448,000	555,000	832,000	440,000
Interest expense	1,882,000	1,809,000	1,647,000	1,600,000	1,417,000
Net interest income	1,431,000	-1,361,000	-1,092,000	-768,000	-977,000

Source: [<https://finance.yahoo.com/quote/AMZN/financials>]

### **3.3 Crises and crisis management in Amazon**

Modern enterprises are confronted with a greater variety of crises than ever before. All crises, large or little, have an impact on companies, whether it's financial, reputational, or emotional/public safety. As a result, it is advantageous for companies to adopt preventative measures so that crises that may harm the company are reduced or have a limited impact. The question is not about if an organization will experience crises, but when. As a result, crisis management is a burgeoning study area that has grown in relevance inside businesses over the years. With the spread of the coronavirus virus in most parts of the world, the world suffered an unprecedented crisis, posing a challenge for governments and organizations in determining how to manage this disaster. The global impact of the Coronavirus pandemic on workers and communities is enormous. As individuals sought refuge during the lockdown, demand for e-commerce and cloud computing skyrocketed, as did Amazon's growing influence over our economy and culture. Amazon is no stranger to experiencing and handling crises. From lackluster new product releases to worker endangerment during COVID 19, here are a few of the crises experienced by Amazon Inc.

#### **Impact of COVID 19 pandemic on Amazon**

Economic crises tend to produce winners and losers. Procter & Gamble prospered during the Great Depression by increasing advertising spending; Target grew following the 2001 recession and saw revenues increase by 50%. Prior to the epidemic, Amazon accounted for around 4% of overall US retail sales. However, because of the new habits created during the epidemic, UBS expects that by 2025, e-commerce will account for one-quarter of overall retail sales, up from 15% last year. The organization also predicts that 100,000 physical retail stores will shut during the next five years. Analysts said that "consumers are progressively gravitating toward internet buying." "Many of these customers may not return to in-store purchasing after the current situation has passed."

Amazon has definitely been the standout performer during the duration of this worldwide epidemic, playing a critical role in providing access to commodities and essentials required for everyday life. Like many shops, it has concentrated on projects to develop answers to the way COVID-19 has transformed buying patterns, sectors, and economies worldwide.

Amazon negative response to the pandemic:

Though Amazon was one of the few corporations to gain from the COVID19 epidemic, they also faced a number of obstacles, including a labor issue that garnered public scrutiny from politicians, regulators, and workers' rights advocates. Amazon's supply chain was severely impacted, causing delivery delays and out-of-stock warnings. The coronavirus epidemic not only killed over a million people worldwide. It's also wreaked havoc on the global economy, brought industries to a halt, prompted huge layoffs, and, in the case of retail, hastened the slow-motion downfall of already-ailing department store companies. One of the rare exceptions is Amazon.

At the height of the coronavirus epidemic, the e-commerce behemoth, with its seemingly limitless range and determination to provide ease and low costs, became the default shop and a vital service for many consumers. Faced with store closures and empty shelves, buyers resorted to Amazon first for Covid-19 protection goods such as hand sanitizer, face masks, and disinfectants. They first loaded up on household items and groceries, then, as the crisis developed, purchased office supplies and fitness equipment to prepare for being indoors. Toilet paper sales increased 186 percent year over year on Amazon between February and March, while cough and cold medication sales increased 862 percent. Amazon set a new high for sales in the second quarter thanks to a rush of online orders. It subsequently invested billions of dollars on coronavirus-related expenditures such as worker safety equipment and its internal testing program, Project Ultraviolet. During the pandemic, as unemployment was at an all-time high, Amazon employed almost 200,000 new employees. The unexpected surge in orders caught Amazon off



surprise at first. The corporation failed to achieve its lauded two-day delivery schedule, which Prime members receive as part of their \$119 yearly membership fee. It swiftly ran out of high-demand items like hand sanitizer and paper towels, battled rampant price gouging, and scrambled to adapt processes within its warehouses to keep employees safe without materially slowing down the speed of work.

Amazon is usually prepared for unforeseen supply chain interruptions, but not for one like this. Even Amazon, with its vast end-to-end logistics network encompassing warehouses, aircraft, trucks, and vans, was unable to maintain consistent operations.

"Amazon's holy grail or crown jewel is the supply chain," "The first location where [the coronavirus] impacted severely was their supply chain." It has yet to return to some kind of normalcy." Working conditions for Amazon employees during the pandemic were subpar. Warehouse workers said Amazon did not do enough to keep them safe from the virus as they proceeded to pick, pack, and ship orders at a dizzying speed. Legislators, regulators, labor rights organizations, and even some Amazon workers have urged the corporation to take action.

#### Amazon crisis resolution and Positives Responses approach

Amazon made precautions to preserve the health of employees and communities in the aftermath of the epidemic. They postponed major events, relocated their annual shareholders meeting online, and suspended tours of their fulfillment hubs and headquarters. They also switched to virtual employment interviews when possible and increased the rate of sanitization for all locations worldwide.

Amazon endeavoured to ensure that COVID-19 vaccination and testing were available to their workers and communities. Amazon aided with the vaccination of thousands of individuals through pop-up clinics in Washington and Florida. They lobbied for COVID-19 immunizations for its front-line staff, including those working in fulfilment and data centers, as well as at Whole Foods Market locations. They also increased staff COVID-19 testing on-site.

During the epidemic, Amazon also made significant investments in assisting workers, customers, and communities, from improving safety measures to boosting paid time off. In 2020, they will have paid out more than \$2.5 billion in bonuses and incentives to their staff worldwide.

They deployed disinfectant spraying and temperature checks throughout businesses globally, and made over 150 process modifications, including improved cleaning and social distancing measures. Amazon provided staff with personal protective equipment, including millions of masks.

Employees with COVID-19 are eligible for up to two weeks of paid time off, in addition to other paid and unpaid time off choices. Furthermore, they ensure that Amazon employees enjoy complete health coverage from day one of employment.

They launched a \$25 million assistance fund for partners suffering financial difficulty or quarantine, such as delivery drivers and seasonal colleagues. Amazon is fighting price gouging aggressively in order to assure fair pricing and to battle companies aiming to profit from the COVID-19 situation.

Amazon encourages all workers who are able to work from home to do so. Employees and partners whose jobs require them to be on the job have access to all of their standard paid and unpaid time off benefits.

They are continuing to pay all hourly employees who work for service providers—from food service workers to security guards to janitors—to support their worldwide operations across the world.

Amazon contributed \$1 million to a COVID-19 Response Fund to help community-based groups on the front lines of the COVID-19 epidemic in the Puget Sound region. The fund, administered by the Seattle Foundation, will give flexible funding to NGOs and community-based groups dealing with individuals disproportionately affected by the epidemic and its economic implications. Initial grants will benefit groups that assist those without sick leave or health insurance, medically vulnerable persons, and healthcare staff.

They established a \$5 million Neighborhood Small Business Relief Fund to assist small companies in the Seattle region during this difficult economic period. The fund will assist enterprises with less than 50 workers or less than \$7 million in yearly revenue. Establishing a \$25 million Amazon Relief Fund to assist our independent delivery service partners and their drivers, Amazon Flex members, and seasonal employees in financial difficulties during the epidemic. All of these organizations can apply for awards of up to two weeks' wages if they are diagnosed with COVID-19 or placed in quarantine. □ Initial awards will benefit groups that assist those without sick leave or health insurance, medically vulnerable persons, and healthcare staff.

They established a \$5 million Neighbourhood Small Business Relief Fund to assist small companies in the Seattle region during this difficult economic period. The fund will assist enterprises with less than 50 workers or less than \$7 million in yearly revenue. Establishing a \$25 million Amazon Relief Fund to assist our independent delivery service partners and their drivers, Amazon Flex members, and seasonal employees in financial difficulties during the epidemic. All of these organizations can apply for awards of up to two weeks' wages if they are diagnosed with COVID-19 or placed in quarantine. □ Amazon has donated more over £3 million to organizations in the UK that are assisting individuals most impacted by the COVID-19 crisis, including the British Red Cross and local intuitions in places where its workers live and work.

### **Kindle paper white complaints:**

Amazon's Crisis Lesson: Amazon got ahead of Kindle Paperwhite complaints by posting about key shortfalls. Amazon appears to have kept up with the newest PR crisis communications trends, and with the Kindle Paperwhite, it adopted a smart, proactive plan to quell any social backlash concerning the shortcomings of its new e-reader, the Kindle Paperwhite. Amazon just outpaced the competition by addressing the constraints on their website before they became an issue. This strategy did not ensure that customers would accept the explanation, but it did reduce the backlash. The kindle paper white's shortcomings included no audio or text-to-speech functionality (which Amazon claims

enables for the device's slimmer form) and uneven built-in illumination (which is visible around the borders, where there is no text anyhow). The tablet also has less memory, having just 2GB of storage as opposed to prior generations' 4GB.

Despite the fact that these features are addressed on the device's product page, Amazon has chosen to be explicit about the differences between the Kindle Paperwhite and previous models. Amazon was able to get in front of this this crisis by releasing the statement which read:

*"The Kindle Paperwhite is by far the greatest Kindle we've ever built, but there are certain restrictions and differences from previous generations that we want you to be aware of. The Kindle Paperwhite lacks audio and text-to-speech capabilities. As a result, the gadget is smaller and lighter than it would be otherwise. The Kindle Fire and Kindle Fire HD feature audio as well as an upgraded Text-to-Speech engine. The illumination at the bottom of the screen from the built-in light is not exactly even in certain lighting situations. View samples of how the screen appears in various lighting situations. These differences are typical and are mostly seen in the margins where there is no text. The lighting is more even than that produced by a book light or lit cover. The contrast, resolution, and lighting of the Paperwhite display represent a substantial improvement over our previous generation. The Kindle Paperwhite has a storage capacity of 2 GB. Previous Kindle versions have up to 4GB of storage. With 2GB, you can save up to 1,100 books directly on your smartphone. Furthermore, your whole Kindle collection is free to keep in the Amazon cloud, and you can effortlessly transfer books from the cloud to your device."*

In this case, Amazon applied crisis prevention strategy, letting the customers know of their shortcoming, thereby minimizing the uproar that would have ensued and controlling the narrative.

### **Amazon's HR tech crisis:**

One of the crises Amazon encountered was HR technology failures in providing perks and payment to a part of its full-time workers on paid parental leave were reported absent from work, others' pay was delayed for months at a time, and welfare benefits were deferred from others, leaving employees failing to afford their bills—highlights the weak points of an overly complex technology landscape and an overtaxed HR sector.

This is not a size issue. Companies such as IBM, Deloitte, Unilever, Nestlé, and many more excel in managing employee programs. Researchers say this is an example of a corporation that just does not care. Other experts believe that these HR and benefit technology errors are most likely the result of Amazon's fast development over the last decade to become the country's second-largest employer. Stakeholders think that for a firm as tech-focused as Amazon, this should not have been such a major problem. If any company should have technology that handles these challenges, it should be Amazon. It has been around for a long time and is a technological pioneer. Amazon executives acknowledged that they had an issue and outlined plans to address it. The business reacted with slickly produced TV and web commercials depicting happy employees within Amazon distribution fulfillment hubs.

When Jeff Bezos became chairman and announced that he was going to work on Amazon becoming "the most employee-focused company," it seemed like a completely new concept to him. The public scolded him, claiming that caring for employees is more

essential than caring for consumers because it is employees who provide the products, services, and support that customers demand.

### **Practice Scrutiny:**

Amazon was in a crisis. When one of its warehouses collapsed, Amazon's representatives replied with formulaic "thoughts and prayers." Add in a too-little-too-late response from executive chairman Jeff Bezos, and any corporation (apart from Amazon, of course) might face a long-term communication issue. Bezos was chastised for making his comments just 24 hours after a cyclone slammed across four states, destroying the warehouse. The fact that Bezos chose to cheer on his New Shepard rocket's six-person, millionaire and billionaire crew over expressing remorse for casualties spoke a lot to the families of hourly employees who perished in the collapse, not to mention the entire public. Union representatives and advocates have aided in bringing the company's labor practices to the attention of the media.

A Teamsters campaign and new California laws have increased pressure on Amazon to address its poor workplace image. Amazon has leaned heavily on its \$15/hour salaries to manage the situation, releasing documentary-style YouTube and TV advertising praising individual workers' rise from poverty as a consequence of fair pay.

### **3.4 Conclusion and recommendation**

Crisis can have devastating effect on the economy of any business or organization, it can tarnish the reputation and integrity of a business to stakeholders so therefore crisis prevention and crisis management is of utmost importance. Effective crisis management addresses threats in a sequential manner. In a crisis, the top focus must be public safety. Failure to address public safety exacerbates the effects of a crisis. After public safety has been addressed, reputation and financial considerations are evaluated.

Amazon crises incidents might Amazon to invest in more crises preparedness measure in the company.

## **CHAPTER 4**

### **NEW CHALLENGES FOR CRISIS MANAGEMENT**

#### **4.1 COVID 19 impact on crisis management**

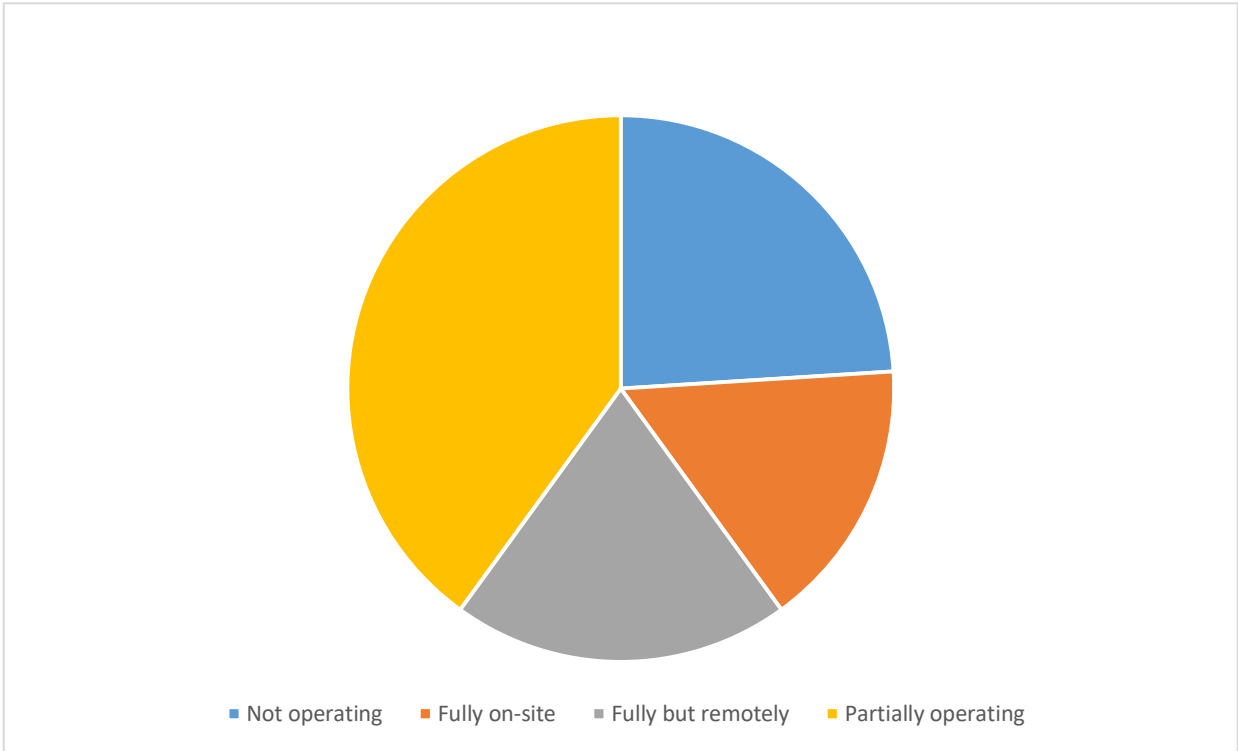
The full impact of COVID-19 is still being analysed, many organisations were impacted by declining sales and reduced consumer demand, supply chain disruptions, and transport restrictions. These issues created a domino effect on global markets with the escalating risk impacting those not yet directly affected by COVID-19. Companies need to consider their crisis preparedness measures and be proactive and more prepared for crisis.

This section will focus on crisis faced due to the pandemic identifying critical dependencies; and how to develop pragmatic and effective crisis and resilience solutions. Despite significant efforts that were put in place to contain the spread of COVID-19, including travel bans, closure of businesses and working from home, a growing number of geographies, people and organizations are and were affected by this human disaster. COVID-19 became a public health emergency of international concern and containment of the virus, and providing health care to the victims remains a top priority for many governments and businesses. COVID-19 has economic, operational, and budgetary repercussions in addition to the obvious visual impact on people's lives, families, and communities. Although the full impact of COVID-19 is still being determined till date, many organizations were impacted by declining sales and reduced consumer demand, supply chain disruptions, transport restrictions, lack of personnel mobility, and production difficulties. These issues created a domino effect on global markets. This

rising danger has prompted organizations that have not yet been directly affected to reconsider their pandemic preparation procedures.

When planning for the (possible) consequences of a pandemic, companies must be proactive and prepared, concentrating on risk assessment and organizational exposure, identifying crucial dependencies, and establishing pragmatic and effective crisis and resilience solutions. To achieve maximum development and sustainability, each sector, industry, and function will need to reinvent itself. As COVID-19 adds to economic uncertainty and loss, optimizing profits, minimizing risk, and preserving corporate health necessitates a thorough grasp of shifting market circumstances and government policies. Timely, comprehensive political and economic scenario analysis for the epidemic and the probable path(s) to recovery for specific economies is becoming increasingly important in company planning and commercial choices.

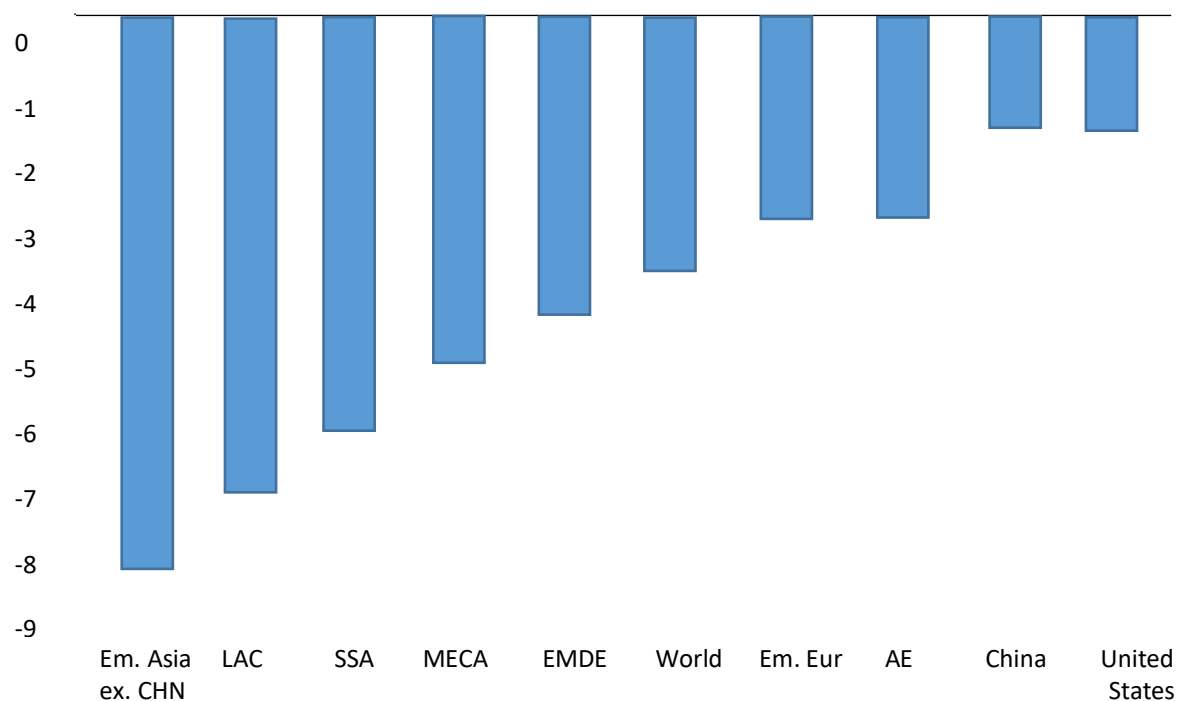
**Figure 3 :** Enterprise mode of operations for businesses during the pandemic in Ukraine



Source: [[https://www.ilo.org/budapest/whats-new/WCMS\\_745555/lang--en/index.htm](https://www.ilo.org/budapest/whats-new/WCMS_745555/lang--en/index.htm)]



**Figure 4:** Impact of COVID-19 on global GDP growth 2020



Source: [IMF-WEO Apr-2021]

Note: Em. Asia ex. CHN = emerging and developing Asia excluding China; LAC = Latin America and Caribbean; SSA = Sub Saharan Africa; MECA = Middle East and Central Asia; EMDE = Emerging Markets and Developing Economies; Em. Eur - Emerging and developing Europe; AE= Advanced Economies;

#### Impact of COVID-19 crisis on businesses

The first COVID-19 shutdown in spring 2020 resulted in an unusual decline in activity: 73 percent of enterprises claimed that their sales plummeted by more than 10%, and 35 percent by more than 50% during this period. One-third of businesses closed for

an average of 57 days, most commonly owing to regulatory limits on admitting the public (65%), but also due to supply (8%) or opportunity concerns (3%). (7 percent ). This halt in activity particularly affected activities with the most direct interaction with the public, such as food and beverage service activities, lodging, personal services, cultural and recreational activities, and air transport. By September 2020, only 1% of businesses remained shuttered.

To deal with the rapid drop in activity, more than 4 in 5 enterprises requested for government assistance: short-term labor (70 percent of companies), postponed payment of social security payments (53 percent), and state-guaranteed loans (41%). Food and beverage service activities (97%) , motor commerce and repair (96%), and lodging (95%) depended on these metrics the most.

Companies reacted to this new environment in tandem by changing what they supplied (20%) and providing new products or services (10%), reorganizing their logistics (52%), or forming new alliances (7 percent ). They also put in place safeguards that might cost up to 20% of turnover, depending on the activity. Finally, teleworking helped 40 percent of enterprises that stayed open during the shutdown to maintain operations: by September 2020, 26 percent of companies planned to rely on this more regularly on a temporary or permanent basis.

Data: <https://www.insee.fr/en/statistiques/5018508>

## Impact of COVID-19 on the economy

The COVID-19 pandemic has taken a considerable toll on the world economy, with the International Monetary Fund (IMF) predicting that global median GDP fell by 3.9 percent from 2019 to 2020, the worst slump since the Great Depression. Last year, in 2021, when nations began to reopen and vaccines became available, the global economy was projected to expand, but at a slower rate than pre-pandemic estimates, and recovery has been unequal across countries and regions.

On September 20, 2021, viral fatalities in the United States surpassed the previous highest pandemic-related fatality total of 675,446 from the 1918 Spanish flu. The epidemic has disrupted life in all nations and communities and has had a negative impact on global economic development in 2020 that is unprecedented in over a century. According to estimates, the virus lowered global economic growth in 2020 to an annualized rate of roughly -3.2 percent, with a 5.9 percent rebound expected in 2021.

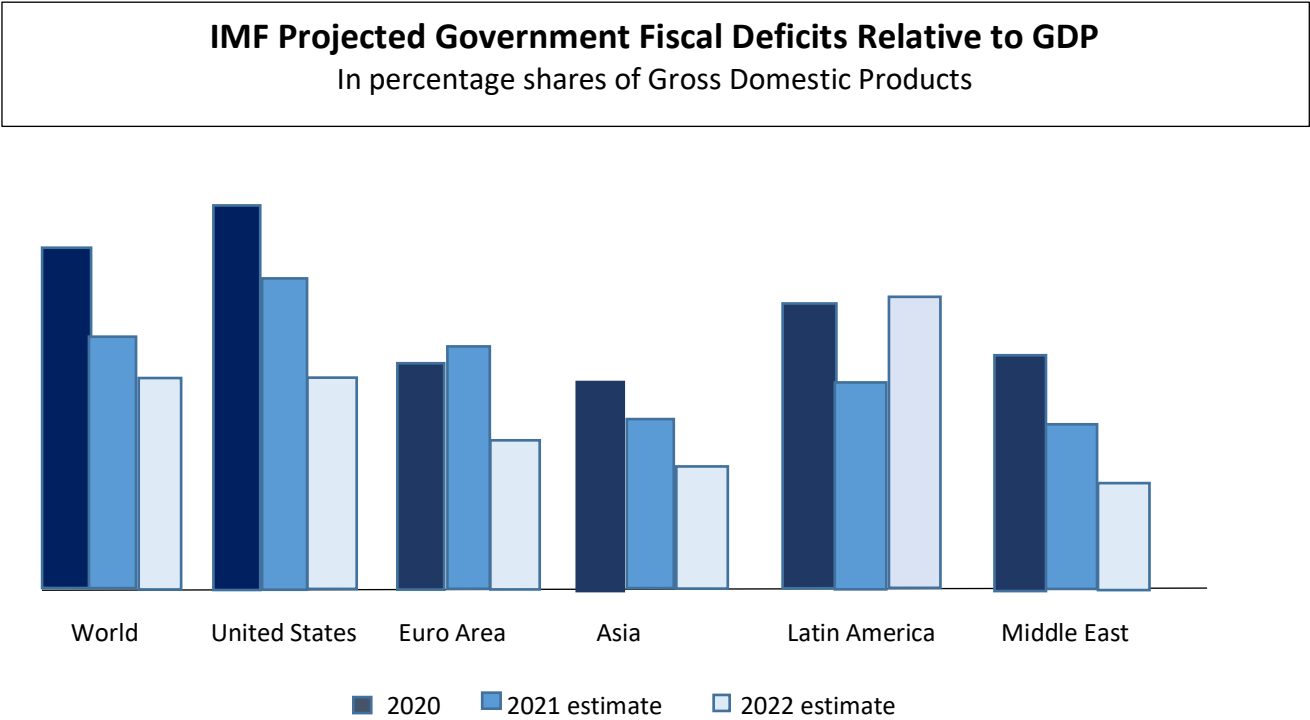
Global commerce was expected to shrink by 5.3 percent in 2020, but to increase by 8.0 percent in 2021. According to mainstream projections, the economic slump in 2020 will be less severe than previously anticipated, thanks in part to fiscal and monetary policies implemented by governments in 2020. Economic growth in most nations decreased drastically in the second quarter of 2020, swiftly recovered in the third quarter, and has been largely positive thereafter. Although they are diminishing, the overall global economic repercussions continue to increase. The chronic nature of the health issue, in particular, is harming the global economy in ways that go beyond traditional measurements, potentially with long-term and far-reaching effects. Economic estimates reflect the continued dangers to a durable global recovery presented by a comeback of infectious illnesses, as well as anticipated inflationary pressures caused by pent-up consumer demand supported by an increase in personal savings. On the supply side, shortages are a result of persisting labor market disruptions, manufacturing and supply chain bottlenecks, disturbances in global energy markets, and shipping and transportation difficulties, all of which are contributing to inflationary pressures.

As numerous developed economies begin to recover, central banks and national governments weigh the impact and timing of reducing monetary and fiscal support due to concerns about potential inflationary pressures versus the danger of delaying the pace of recovery. These worries are exacerbated by the introduction of novel disease types and rolling pandemic hotspots, which pose a challenge to national attempts to limit infections and completely restore economic activity. Major advanced economies, which account for 60% of global economic activity, are expected to function below their potential production level until at least 2024, implying reduced national and individual

economic wellbeing in comparison to pre-pandemic levels. In contrast to the synchronized nature of the global economic slowdown in the first half of 2020, the global economy has shown signs of a two-track recovery that began in the third quarter of 2020, marked by a nascent recovery in developed economies with high vaccination rates, but a slower pace of growth in developing economies with low vaccination rates. Overall, industrialized nations have made progress in vaccinating increasing proportions of their populations, improving the potential of a durable economic rebound in late 2021 and early 2022, and hence a recovery in the global economy. However, novel COVID-19 viral variations and an increase in identified cases in big emerging economies, as well as vaccine resistance in select populations in established economies, raise concerns regarding the speed and intensity of an economic recovery in the near future. A return of infectious cases across Europe, Latin America, Russia, the United States, Japan, Brazil, India, and much of Africa prompted calls for lockdowns and curfews, threatening to undermine or postpone a potential prolonged economic recovery beyond late 2021.

The economic consequences from the epidemic has had a divergent impact on specific sectors of the economy, notably the service sector, and certain demographic segments, raising the prospect of more labor dislocations. Workers are evaluating their career paths and work patterns in certain situations, implying post-pandemic economies with more diverse labor arrangements and changing metropolitan surroundings. The human costs in terms of lives lost will have a long-term impact on global economic growth, in addition to the costs of greater poverty, upended lives, failed professions, and increasing social unrest. According to some projections, 65 million to 75 million people may have fallen into severe poverty by 2020, with 80 million more undernourished than at prepandemic levels. Furthermore, according to some projections, the reduction in global trade in 2020 would exact a particularly high economic toll on trade-dependent developing and emerging nations.

**Figure 5:**



Source: [imf.org]

**4.2 Pandemic preparedness measure for businesses**

Traditional resilience planning is insufficient for preparing for a pandemic. The quickly evolving dangers around the COVID-19 virus, also known as a coronavirus, shook the global business and investing community. In the event of a pandemic, The worldwide and linked structure of today's corporate environment creates a substantial danger of global supply chain disruption, which may result in considerable revenue loss and have a negative impacts on public economies. The worldwide economic effect may rise depending on the degree of the virus's geographic spread. However, the epidemic has already had a devastating influence on the global economy.

Business disruptions produced by natural, man-made, technological, or operational failures differ significantly from those caused by pandemic occurrences. These disparities exist as a result of the possible increased magnitude, intensity, and length of

pandemic outbreaks, prompting companies to look beyond standard resilience planning tactics. Companies must integrate pandemic planning concerns into their existing resilience management operations in order to offer a thorough response and continuity for their most vital goods and services.

Dimension	Business disruptions*	Pandemic-related disruptions
Scale	Localized: influence a certain company, area, facility, third party, or staff	Systemic: Everyone is affected, including employees, consumers, suppliers, and rivals.
Velocity	Once the fundamental cause of the problem has been identified, they are usually rapidly contained and isolated.	Market contagion spreads quickly throughout a territory or perhaps internationally, with severe cascading consequences.
Duration	Generally, the period of interruption is less; for example, less than a week.	Extended and longer lasting; for example, can extend for several months
Workforce shortage	This might lead to a temporary staff shortage or repositioning.	May result in a rapidly developing, substantial manpower shortage, e.g., more than half of the workforce

External coordination	Coordination with public, government, law enforcement, and health agencies may be required.	High levels of cooperation with public, government, law enforcement, and health officials are required, and collaboration with more than one regional jurisdiction may be required.
Infrastructure availability	Requires reliance on public infrastructure (e.g., power, mass transit, telecommunications, internet) to supplement basic commercial methods.	As the magnitude and intensity of the event grow, so will the availability of public infrastructure, especially if other organizations are affected by the same problem.

To avoid interruptions, businesses may consider developing pandemic-specific rules and procedures, as well as capabilities for staff communications, telecommuting, and personal/family leave. Because of their length, the effects on workers in the locations that absorb increased work cannot be exaggerated, from the onset of the epidemic until several weeks later, when contractor resources can begin to contribute substantially. Scale can also vary, and so far it has been locally focused with some worldwide repercussions; we have not yet seen a truly global debilitating pandemic, but this is still a possibility.

While some of the attributes and implications of business disruptions due to natural disasters (e.g., hurricanes, earthquakes, and tsunamis) may well be similar to those caused by pandemic events, a natural disaster is confined to a specific area/geography, whereas a pandemic can start in a specific area/geography and spread globally quickly.

### **4.3 Crises due to Russia's invasion of Ukraine.**

On February 24th 2022, Russia launched a full scale invasion in Ukraine, some of the effects of the war is the large scale crises nations, continents and organisation are now faced with. Since this is a war incomparable to anything in recent times, many organisation and institution found themselves poorly prepared and also were faced with task of quick crisis control response. I will take into account, a few examples of crisis / crises and control measures that were carried out by some countries / organisation.

#### **Nord stream stream 2**

After Russia formally recognized two separatist republics in eastern Ukraine, Germany halted the Nord Stream 2 Baltic Sea gas pipeline project, which was intended to double the supply of Russian gas directly to Germany. The Nord Stream 2 project, Europe's most divisive energy project, was completed in September but is still awaiting certification from Germany and the European Union. The pipeline was designed to ease pressure on European customers who are facing record energy bills as part of a larger post-pandemic cost-of-living crisis, as well as governments that have already spent billions to try to reduce the impact on consumers.

Despite the potential benefits, the pipeline was opposed by the European Union and the United States on the grounds that it would increase Europe's energy dependence on Russia while also denying transit fees to Ukraine, which hosts another Russian gas pipeline, and making it more vulnerable to Russian invasion. Because of the significant consequences for energy security, there was a big crisis for Germany and German foreign policy, but the crisis was contained by stopping the project, which is the ethically, politically, and practically correct decision in the current situation and also a show of solidarity with Ukraine. "True leadership entails making difficult judgement in challenging circumstances." Germany's decision demonstrates this."



In light of this, future crisis prevention is being examined in a ten-point plan by the European Union, which includes reducing reliance on Russian fossil fuels by the end of the decade, not just by Germany, but by the globe at large.

### Aviation Blockade

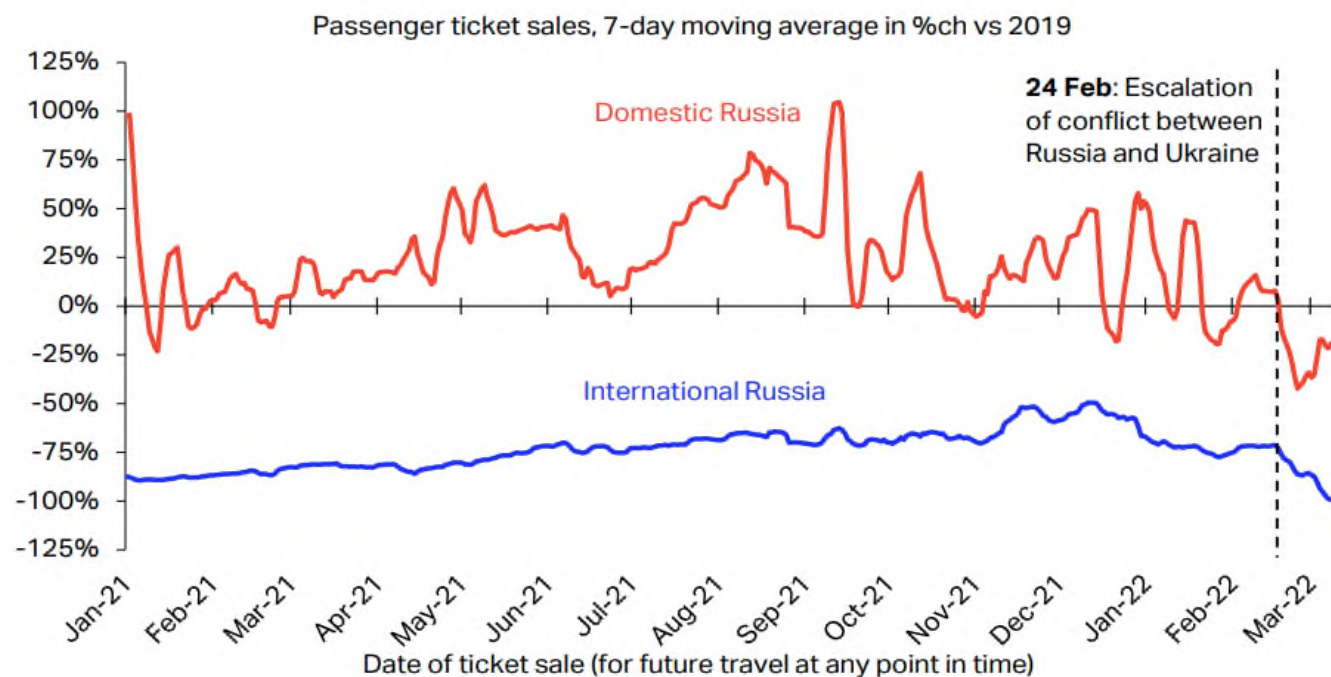
The aviation industry is another area of the economy that is suffering as a result of Putin's war in Ukraine. Since the start of Russia's invasion of Ukraine, Ukrainian airspace has been fully closed off to the rest of the world, and all foreign planes have avoided it. The Russian invasion of Ukraine and the ensuing sanctions placed on the nation have presented the aviation sector with a slew of new obstacles, just as it was recuperating from the crushing consequences of the COVID-19 lockdowns. The battle to recover has been exacerbated by sanctions and flight restrictions imposed both by and against Russia. Since the start of Russian Invasion in Ukraine, Canada, the European Union, the United Kingdom, the United States, and a number of other nations have barred Russian planes from their airspace. Russia has replied by prohibiting 36 nations from flying within its airspace. Mutual sanctions and air restrictions have shook the aviation industry, resulting in crises such as

- Rerouting or cancellation of flights,
- Increase in fuel prices
- Increased prices of air ticket
- Shortage of Titanium
- Increase in operational cost.

Many non-Russian airlines are working hard on crisis management measures such as diverting flights to avoid flying across Russian airspace or cancelling flights to Asia entirely. Flight rerouting is solved by new, longer routes, which raises the cost of fuel and air ticket costs. Airlines are also dealing with an operational cost dilemma, which is particularly acute at the moment due to the impact of Russia's invasion of Ukraine on oil

prices. "Increased fuel costs will have an impact on airline profitability, which is still recovering from the pandemic's drop in demand," according to GlobalData. Closed airspace results in longer flight durations, more fuel, more pilot hours, more costs, and, as a result, higher tickets. Higher fares may have an even greater impact on demand recovery." This would also damage other tourism locations popular with Russian tourists. Titanium scarcity is another crisis that the aviation sector is faced with as a result of the war. The Russian invasion of Ukraine has also raised fears of titanium supply shortages. According to the GlobalData study, "titanium is a major metal utilized in the manufacture of airplanes." Ukraine and Russia are two of the world's largest producers of titanium, and the current war may have an immediate impact on supply."

**Figure 6:** The evolution of tickets sold for future travel to/from/within Russia



Source: [IATA Economics using DDS ticketing data 2022]

## Exit of companies operating in Russia:

It is inevitable to mention the humanitarian crises caused due to the war, Russia's Invasion of Ukraine could create as many as seven million refugees. According to experts, the battle might quickly become Europe's greatest humanitarian disaster since the 1990s. With hundreds of thousands of people fleeing from the war, neighbouring countries and international organizations are mobilizing to condemn Russia's war and provide relief for the growing number of refugees. Another crisis to consider is in the aspect of world food supply, during normal times, Ukraine is the world's 5th largest exporter of wheat, exporting over 18 million tons of wheat to countries across the world, most importantly to the Middle East and North Africa. Since invaders are occupying most of Ukraine's ports and Ukrainian farmers fighting on the front lines, it has made harvesting and shipping very difficult. The same goes for Russia as well, with a devastating amount of sanctions against them and shipping companies who have ceased business in Russia, Russia which is by far the world's largest exporter of wheat, has difficulties exporting its produce, causing a major increase in the price of wheat and barley. Countries such as Syria, Yemen, Lebanon, Egypt, who depend heavily on the supply of wheat from Russia and Ukraine, could be facing major hunger crisis.

### **4.4 Conclusion and Recommendation**

Following a war, all sides focus on "lessons learned," a phrase that has become overused. A battle is, in a terrible sense, a learning opportunity, with the purpose of identifying the triumphs and failings of one's own troops and studying and integrating the process that led to either conclusion into planning and preparation for the future conflict. Unfortunately, it is also a learning and important point for businesses and the economy.

In the face of crisis, ethics still need to be upheld, as demonstrated by the companies and business that halted relationship and exited the Russian market. Crisis prevention measures, need to be quick, well thought out and properly executed.

## **CONCLUSION**

In Conclusion, There are many forms of crises that may be found throughout human history, even if they do not fully combine the professional and academic understanding of crisis management as we know it now. The acquisition of crisis management knowledge serves as the foundation for either avoiding or efficiently handling crises. For example, the expansion of hatred and bigotry has been related to the majority of previous military and security crises, including the Second World War and on going war by Putin in Ukraine. Similarly, in the mainstream media, we are witnessing the same sort of political discourse.

It is unavoidable for residents of the globe to live in a crisis-free zone; hence, the significance of "crisis literacy" knowledge, which is related to media literacy in certain aspects. The fundamental notions of media literacy may be applied to crisis literacy as well, and crisis literacy knowledge will result in the capacity to encode and decode crisis events in a meaningful way. Today's information environment is fueled by a plethora of sources. Individuals' judgment may be influenced by these smartly designed compelling illusions, and the reality from the artistically constructed crisis communication media messages may be purposely concealed. The mediated crisis management activities may create confusion among stakeholders regarding the truth. At the same time, audiences, including the media and organizations, strive to mold public views of the situation. In addition to crisis literacy education incorporated in media literacy and/or crisis management courses, working and compiling on crisis management instances from prior civilizations in all sectors of life such as political, religious, individual, international, and so on is recommended. An examination of what has been done in a crisis scenario since then may demonstrate that not much has changed. However, we must also mention that crisis management has gotten more scientific in recent years. Global crisis management may be evaluated from several perspectives, such as historical, ethical, and sociological approaches/frameworks that are comprehensive for all areas of crisis management, such as leadership, ethics, and communication. The world is in desperate need of it right now.

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## **ANNEX**

### **Appendix A**

#### **General Crisis Management Statistics**

-Seven out of 10 organizations report plans to increase their investments in building resilience.

-Only 23% of survey respondents felt their business' various crisis management functions are well integrated.

-75% of respondents said technology has facilitated the coordination of their organizations crisis response team.

-Areas that make businesses feel most vulnerable to crisis are corporate reputation, cyber-crime, and rumors.

-Business' key areas of crisis response planning are creating clear alert and mobilization plans (45%) , clearly defined governance and chain of command (44%), and clearly defined roles for who should act should act in certain situations (42%).

-Evaluating key risk scenarios (50%) and engaging multifunctional teams (46%) are significant steps taken by businesses practicing crisis preparedness.

Businesses that have already experienced a crisis say the most important lessons they've learned or would do differently are doing more to identify crisis scenarios (34%), executing a more timely and robust communications plan (29%), and communicating more effectively with employees (29%).

#### **Why You Need a Crisis Management Strategy**

-69% of business leaders reported experiencing a crisis over a period of five years, with the average number of crises being three.

-A crisis-agnostic management strategy is the hallmark of a resilient organization, but only 35% of survey respondents have a crisis response plan that is crisis-agnostic.

-In 2019, 95% of PWC survey respondents said they expected a crisis to hit within the next two years, but only 30% of respondents to the 2021 survey said they had a crisis management team in place when the COVID-19 pandemic hit.

-Only 49% of respondents to a Deloitte survey say their companies have playbooks for likely crisis scenarios. (Deloitte)

30% of board members that experienced past crises said their reputations recovered in less than a year. 16% said it took four years or more.

-49% of respondents engage with management to understand their efforts in crisis preparedness, but only half say that board members and management have specific conversations about crisis prevention.

-Only 32% of respondents say part of their crisis response planning is before-the-fact crisis simulation or wargaming, which is scenario role play.

### **Crisis Communication**

-59% of business communicators say they have a communications strategy drafted, but only 45% admit to having a documented crisis communications plan.

Much of the training top executives receive around crisis management is little more than training in crisis communications.

-62% of survey respondents used a crisis response plan during the COVID-19 pandemic.

Among businesses that reported having a strong crisis communication plan, the key elements of their plans were outreach to employees (71%), outreach to customers (63%), and outreach to key constituents (53%).

-When it comes to drafting communications, businesses pre-script social media messaging, pre-draft press releases, and press statements.

41% of respondents said communication protocols were part of their crisis management regiments.

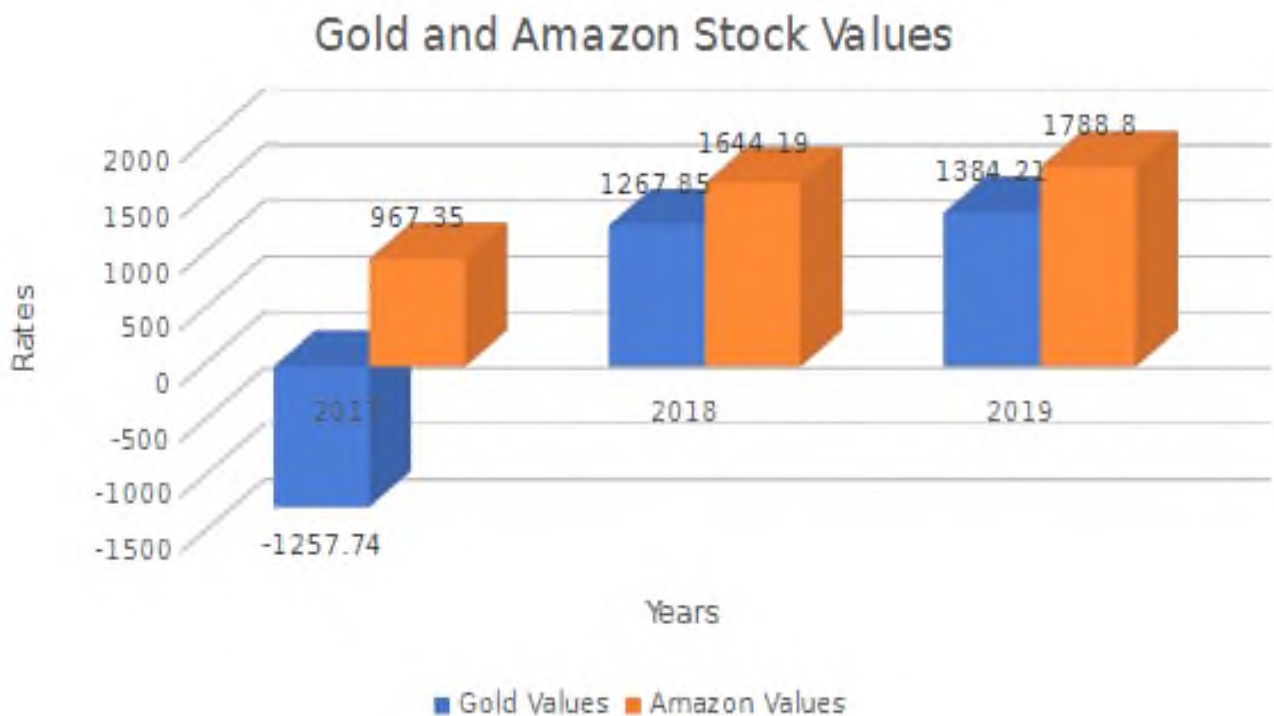
-28% of businesses that have been through a crisis before say that, in the future, they would communicate more effectively with customers.

## **Appendix B**

### **Financial analysis of COVID19 impact on Amazon Inc**

Previous research has revealed that the economic repercussions of pandemics such as COVID-19 influence different society sectors. Amazon, like most other firms, has been severely impacted by the epidemic. The economic conditions generated by the expansion of COVID-19, on the other hand, had a different influence on Amazon than on the other corporations. First and foremost, Amazon is a global firm that works in many places throughout the world. As a result, the effects of COVID-19 on countries or regions are a crucial driver of the pandemic's influence on Amazon. In general, Amazon's stock market behaved differently before and after COVID-19. The research of Gold and Amazon's performance reveals that the firm had general performance fluctuations.

**Figure 7:** 2017, 2018 and Early 2019 Gold and Amazon's Stock Performance



Source: [researchgate.net]

The above graph clearly shows that the gold and Amazon stock rates and performance have been strong since 2017. First and foremost, gold prices in the stock market play an important role in defining market risks. As a result, firms generally employ these variables to determine stock market success.

**Figure 8:** Performance of Gold vs Amazon in during the 2008 financial crisis



Source : [Researchgate.net]

According to the accompanying graph, the firm stock was also performing well prior to the 2008 financial crisis. Even in 2008, when most corporations were hit by the financial crisis, performance improved. As a result of the aforementioned tables, the performance of Gold and Amazon stocks has not been negative throughout societal financial crises.