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# **Expounding Organizational Reputation/Crisis: Exploring its definitional landscape**

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#### **Abstract**

Of late, there has been a growing interest in the concept of corporate reputation/crisis, yet a precise and widely accepted definition remains elusive. This study aims to meticulously review, analyze, and assess previous definitional statements of corporate reputation/crisis.

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Building on this review and a lexicological analysis of the concept of reputation/crisis, a new, more explicit and narrow definitional statement is proposed to bring theoretical clarity to these areas of studies. A comprehensive, extensive, and panoptic literature review in the relevant fields was reviewed to improve and expound the understanding of organizational reputation and crisis definitions. These definitions have considerable information in each of them with unique terms. Regrettably, many organizations invest in organizational reputation and stakeholder relationships. However, very few organizations deemed it fit to invest in unpredictable crises, which have the potential to damage reputation in a significant capacity. It is hoped that this study and the resulting definitions will stimulate further scholarly efforts aimed at establishing a unified understanding of corporate reputation/crisis. An organizational crisis determines reputational damage as well as the effectiveness of crisis response strategies. Reputation could create a halo effect that shields an organization during a crisis, deflecting potential reputational damage.

**Keywords**: Corporate Organization, Corporate Reputation, Organizational Crisis, Organizational Issues, Organizational Emergency.

#### Introduction

The worth of a corporate reputation is enhanced or magnified in a crisis. The word "Corporate" unequivocally pertains to large companies, or to a specific large company. Corporate reputation is the perception of a corporation by all its stakeholders, including employees, clients, shareholders, and the general public. This perception is influenced by the company's activities, products, and interactions with stakeholders. On the other hand, a corporate crisis refers to an event, situation, or public initiative that poses a significant threat to a company's effective daily business operations. Either corporate reputation or crisis can significantly affect a corporation's existence positively or negatively (Dominic et al., 2022).

A company's corporate reputation is shaped by various crucial factors. Foremost among these is the organization's core values, closely followed by its products and services, and subsequently its customer service. Additionally, other contributing factors encompass the company's treatment of its employees, its engagement in the community, and its marketing and communications efforts. Thus, Reputation measurement involves tracking various metrics, such as customer satisfaction, consumer sentiment, online reviews, brand mentions, and overall engagement (Dominic et al., 2022).

However important a corporate reputation may be, it can be quickly damaged when a (critical event) crisis hits the corporation. Critical events can have unpredictable and cascading effects on brand reputation, customer satisfaction, employee morale, and the supply chain. In the event of a crisis affecting a company's reputation, it's important to take the following measures, it is crucial to analyze the extent of the damage caused, prioritize effective internal communication, adapt your strategy for responding on social media, be transparent when addressing public concerns, rebuild trust and uphold core corporate values, and plan for the future (Reddy & Gupta 2020; Roy et al., 2020; Malecki et al., 2021).

Furthermore, in building a strong corporate reputation, corporations should fully understand its brand, always keep promises, consistently deliver on its commitments, continuously enhance the customer experience, act as a responsible corporate citizen, and effectively manage negative feedback. Corporate reputation is the organization's ability to meet the

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expectations and needs of its stakeholders in terms of quality service delivery and positive reflection of past deeds (Coombs, 2007).

Three critical factors that profoundly impact corporate reputation are performance, communication, and governance. Performance encompasses the products and services offered as well as the track record. Communication denotes the corporations' interactions with customers, employees, and other stakeholders. A crisis is an unanticipated occurrence that poses a substantial risk to an organization's operations. It is a sudden and unforeseen incident that significantly jeopardizes an organization's operations, financial stability, and reputation.

In times of crisis, three key elements come into play: a looming threat, unexpected circumstances, and a pressing need for swift decision-making. More so, a crisis is a difficult or dangerous point in a corporate organization marked by confusion, argument, or suffering. It is crucial to remember the following stages within every crisis: warning, risk assessment, response, management, resolution, and recovery (Dominic, Mahamed, Abdullah, & Hashim, 2024).

Corporate crises are unforeseen organizational issues that attract public attention and pose a significant threat to the organization's reputation. According to Ulmer (2019), an organizational crisis is characterized by specific, unexpected events that create high levels of uncertainty, presenting both opportunities and threats to the organization's primary objectives. Coombs (2019) defines a crisis as the perception of an unpredictable event that threatens stakeholders' important expectations, leading to potentially severe negative impacts on the organization's performance. Crises can be categorized into predictable and unpredictable crises, controllable and uncontrollable crises.

#### **Expounding Organizational Reputation/Crisis**

Reputations are widely recognized as a valuable, intangible asset (Ghuslan et al., 2021). Reputation is an organizational asset during a crisis situation. According to Fombrun (2012), reputation serves as the foundation for an organization during a crisis. No corporation/company/organization are immune to crises situations. Thus, reputation stands as a complex construct that exhibits dynamic instability and undergoes continual change over time (Kim, & Rhee, 2021; Dominic et al., 2021).

The ability to communicate effectively, yielding significant results, is crucial for ensuring the survival of corporations during times of crisis (Dominic, Mahamed, & Uwadiegwu, 2023). Corporate reputation emphasizes how an organization is perceived based on its past actions and anticipated future actions, relative to its main competitors. Corporate reputation is identical to corporate image.

Building a strong corporate image is crucial for shaping a positive corporate reputation (Dominic et al., 2023). No business can thrive in the long term without a robust reputation. Reputation holds significant importance within the realm of business due to its profound impact on various facets including customer trust, brand equity, partnerships, employee relationships, investor confidence, crisis management, and the overall operational milieu.

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However, reputational damage can stem from a variety of sources such as data breaches, negative reviews, mishandled public interactions, unfavorable news coverage, communication or customer service blunders, discontent among employees, natural disasters (pandemics/epidemics)-COVID-19, and other related issues.

A corporate crisis espouses a critical situation that holds the potential for substantial damage, encompassing financial, reputational, and operational repercussions. One major obstacle to a corporate reputation is a crisis, which is an unstable and uneasy manageable situation with a possibility of highly undesirable outcome. It is a sudden, unexpected event that disrupts the regular operations of the organization and demands an immediate response.

Corporate reputation entails the sum of all the views, beliefs, and trust held about an organization based on its history, interactivity, and prospects compared to close competitors. Reputation determines and builds customers and organizational relationships. A corporate reputation is a collective judgment about an organization based on the public's assessments over time. Corporate reputation can be specified as the concerted, cumulative, synergistic, aggregate, accumulated perception of the organization's past actions and expectations regarding its future steps, measures, or actions, in anticipation of its efficiency about its major competitors. It covers the stability and zero questionability of an organization in the face of a severe crisis (Gaines-Ross, 2008; Fombrun, & Riel, 2003; Dominic, Mahamed, Abdullah, & Hashim, 2022).

It builds both stakeholders' and workers' engagements. Reputation acts as gauge against any organization's operational disruptions. Nguyen, & Leblanc (2001), define reputation as "an estimation of the consistency over time of an attribute of an entity." The four main components of corporate reputation are organizational credibility, trustworthiness, reliability, and responsibility (Fombrun, 1996). Reputation is a culmination of how customers, stakeholders, employees, and the general public, view an organization. According to Gaines-Ross (2008), "a positive reputation acts as a buffer, helping the organization recover faster and mitigate potential damage during a crisis phase." Organizations with positive reputations attract better employees and the public. They are perceived as dishing more value, services, and trust, which allows them to be outstanding among competitors. Their customers or stakeholders are more loyal to products and services (Gotsi & Wilson, 2001; Fombrun, 1996; Devine, & Halpern, 2001).

A crisis or an organizational crisis has the potential to damage an organizational reputation. Simply put, crisis captivates, and inflicts significant threats to an organizational reputation (Coombs & Holladay, 2006; Coombs, 2007; Shim & Yang, 2016; Chang, Weng, & Wu, 2023). A corporate crisis represents an event, situation, turning point, or sudden occurrence that threatens an organization's ability to operate its performance effectively. A crisis has several defining characteristics. Fichet, Seeger, Schwarz, Sellnow, and Ulmer posit that crises have four defining characteristics - "specific, unexpected, and non-routine events or series of events that [create] high levels of uncertainty and threat or perceived threat to an organization's high priority goals." A crisis is characterized by a situation that is extremely difficult to cope with by an organization. It generates confusion and anxiety (Sellnow & Seeger, 2021; Schwarz, Seeger & Auer, 2016; Ulmer, Sellnow & Seeger, 2010; Fichet, 2018).

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Public Relations define a crisis as "a significant threat to operations that can have negative consequences if not handled properly" (Institute for Public Relations, 2018). (Küffer & Uglem, 2020; Ulmer (2021) describes an organizational crisis as a "specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and simultaneously present an organization with both opportunities and threats to its high-priority goals." Additionally, Coombs defines a crisis as "the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization's performance and generate negative outcomes" (Coombs et al., 2019).

Crises are not only associated with being "difficult," a "turning point," or "dangerous" in nature, but also "significant," "potentially," "negative," and "unexpected," creating "uncertainty" and "perceived reality," affecting an organization's preferences, and shifting stakeholders' relationships. A crisis interrupts organizational or business transactions and sometimes threatens the existence of the organizations with a potentially negative outcome. It affects organizations, companies, stakeholders, products, services, and the organization's good name (Fearn-Banks, 2016).

A good corporate reputation can be one of an organization's most valuable assets because it can lead to more trust, customer loyalty, and happy employees, as well as financial performance and benefits like higher stock prices and more revenue. Corporate crises can be highly damaging. They erode trust, destroy company image and value, and ultimately lead to the organization's failure (Aramburu & Pescador, 2019). Corporate organizations can manage reputation using recommendations in (Fig.1) below



Fig. 1 managing reputation using recommendations (Dominic et al., 2022)

A corporation's reputation can be affected by customer service, marketing strategies, employee treatment, organizational financial performance, environmental factors, corporate culture, philanthropic efforts, and lack of organizational transparency, and customer privacy, organizational crisis unpreparedness, media coverage/reports (Özkan et al., 2019; Vogler, & Eisenegger, 2021). A crisis has a direct effect on corporate reputation.

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When a crisis is well handled and planned for before it happens, it helps to sustain the reputation and reduce the effect of the crisis on reputation (see fig.2) below.

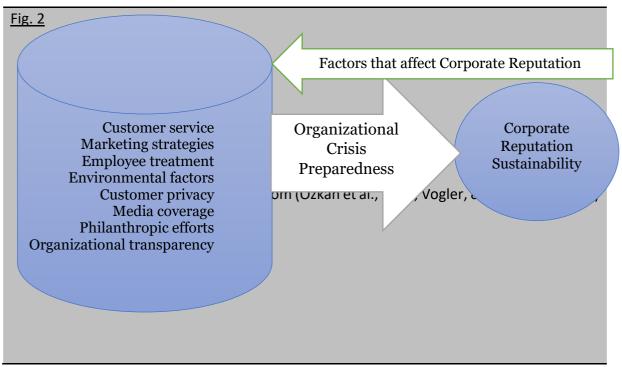


Fig.2 Factors that affect organizational reputation

#### Effective expectations of every organization to sustain its reputation

It is worthy of note that no organization is immune to crises (Beak & Taddeo, 1971; Dominic et al., 2021). Hence, guiding against organizational crisis becomes necessary to sustain organizational reputation. Therefore, the goal of every organization should be to prepare itself for any potential crisis and develop and implement contingency plans for crisis responses. To prevent a crisis, corporate organizations should develop a plan before crises happen and systematize a team to identify the type of crisis and embrace leadership best practices.

Again, it is crucial to train employees for unforeseen challenges ahead and communicate with relevant audiences. This will enable the organization to gather information and assess the state of the organization at any given point in time. Thus, stay calm and composed in anticipation. Before a crisis, the organization should establish a crisis unit and make space for crisis management. It is wrong to wait for a crisis to hit, before planning for it.

Developing a plan before crises happen is a key necessity. Corporate organizations should not stop at establishing a crisis unit but also review and update their plans. It is imprecise to assume that an organization can manage a crisis by continuing to do things the way it has always done. This is so especially owing to the growing complications in social media and increasing technological advancement (Dominic et al., 2023). Developing crisis prevention strategies before a crisis occurs helps to maintain reputation and guarantee stakeholders' relationships during a crisis (Fig. 3). Crisis communication plan curtails the impacts of crisis on reputation. An effective crisis prevention procedure is more than just damage control. It shields reputation, addresses issues, build trust and goodwill, and foster relationships with

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the publics (Clay & Daniel, 2000). A high reputation can bring immense profits to the company, optimize shareholder value, attract customers and high-quality employees, protect the organization during the economic recession, enhance competitive advantages, and strengthen brand loyalty and stakeholders' trust. Intangible assets are corporate reputation (Deniz, 2020; Dacko-Pikiewicz, 2022; Martín et al., 2020).

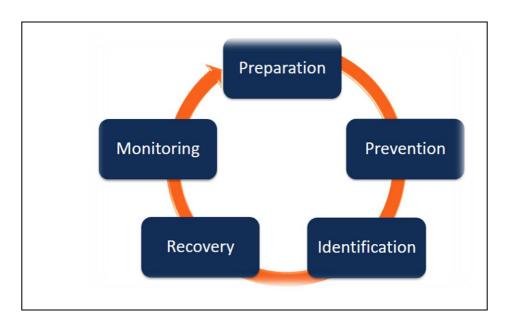


Fig.3 developing crisis prevention strategies

The impact of a crisis on organizational stakeholders can be significant and multifaceted. Stakeholders may be affected during a crisis through the following ways: Employees:

Job security: Fear of layoffs or reduced hours.

Emotional stress: Anxiety, uncertainty, and job dissatisfaction. Workload: Increased pressure to manage crisis-related tasks.

Health and safety: Concerns about workplace safety and well-being.

#### **Customers:**

Service disruptions: Delays, cancellations, or reduced quality of products/services.

Trust: Loss of confidence in the organization's ability to meet their needs. Communication: Clarity and transparency in addressing customer concerns.

Reputation: Impact on brand image and loyalty.

#### Investors:

Financial losses: Stock price declines, reduced dividends, or investment devaluation.

Confidence: Trust in the organization's ability to recover and deliver returns.

Transparency: Timely and accurate communication about the crisis impact.

Long-term outlook: Perception of future growth and sustainability.

#### Suppliers:

Disruption in supply chain: Delays, shortages, or changes in demand.

Financial impact: Payment delays, renegotiation of contracts, or loss of business.

Relationships: Collaboration and support in managing crisis-related challenges.

Risk management: Strategies to mitigate supply chain vulnerabilities.

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#### Community:

Reputation: Perception of the organization's role in the community during a crisis.

Social responsibility: Contribution to relief efforts, support for local initiatives.

Public trust: Openness, accountability, and ethical behaviors in crisis response.

Long-term impact: Influence on community relationships and engagement.

Therefore, managing the impact of a crisis on stakeholders requires proactive communication, empathy, and strategic decision-making to address their needs and concerns effectively.

On the other hand, the reputation of an organization plays a crucial role in shaping its relationships with stakeholders. Some of the impact of reputation on organizational stakeholders are:

#### Trust and Confidence:

Customers: A positive reputation can build trust among customers, leading to loyalty and repeat business.

Employees: A strong reputation can attract top talent, boost morale, and improve employee retention.

Investors: Reputation influences investor confidence, affecting stock prices, funding opportunities, and long-term investments.

Suppliers: Good reputation can attract reliable suppliers and foster strong partnerships in the supply chain.

#### **Brand Perception:**

Customers: Reputation impacts how customers perceive the brand, influencing their purchasing decisions and brand loyalty.

Employees: Reputation shapes the employer brand, affecting recruitment efforts and employee engagement.

Investors: Brand reputation reflects the organization's values, ethics, and long-term sustainability, impacting investor perception.

#### Crisis Management:

Customers: Reputation management during a crisis can impact customer trust, loyalty, and willingness to engage with the organization.

Employees: Handling crises transparently and effectively can boost employee morale, trust, and confidence in leadership.

Media and Public: Reputation management in the face of challenges can shape public opinion, media coverage, and stakeholder perception.

#### Long-Term Sustainability:

Customers: Consistent positive reputation fosters customer loyalty, advocacy, and positive word-of-mouth.

Employees: Strong reputation contributes to employee satisfaction, motivation, and commitment to the organization.

Investors: Reputation as a responsible, ethical organization enhances long-term investor support and financial stability.

Community: Positive reputation builds strong relationships with local communities, fostering goodwill and support.

Organizations must prioritize reputation management as a strategic imperative to maintain stakeholder trust, enhance brand perception, and ensure long-term sustainability. Open

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communication, ethical conduct, and consistent delivery on promises are key to building and safeguarding a positive reputation among stakeholders (Dominic et al., 2024).

#### **Findings**

The authors decided to discuss the findings first and explain the methodology later below. Bringing this discussion together, a new definition of corporate reputation is proposed as: the sum of predictable behaviors, stakeholders relationships, a core intangible reserve, capital, and resource that represent an affective or emotional evaluation of a firm as part of the social construction process, and a two-way crisis response communication strategies undertaken by an organization as judged affectively by its stakeholders over a period of time (Fig. 4b). Organizational crisis is a deep-rooted abnormal, unexpected, unstable, and complex situation that represents threats to strategic objectives, goals, reputation, image, and existence of organizations. This is represented in the Fig.4a & 4b below.

Fig. 4a

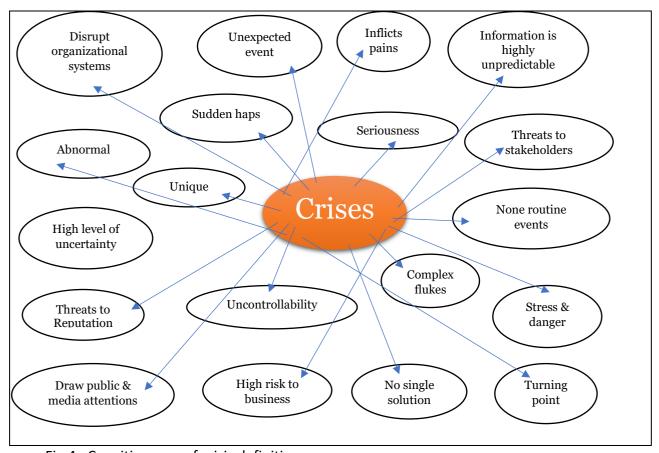


Fig.4a Cognitive map of crisis definition

A crisis impacts the company's image, reputation, financial health, regulatory compliance, and employees. Preparing for crises beforehand is a better way to prevent its impact on organizational reputation and maintain employees/stakeholders' relationships (Timothy Coombs & Holladay, 2006). Active monitoring, listening, strategically balancing communication with traditional and social media, quick responses to the public's questions, and appearing transparent are the conventional approaches in a crisis.

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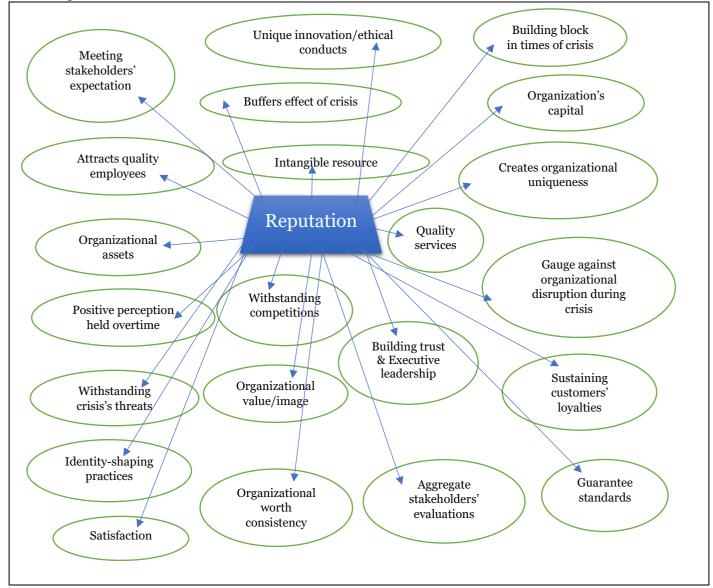


Fig. 4b Cognitive map of organization reputation

organization as it influences or impacts various aspects such as customer trust, brand value, partnerships, employee relations, investor confidence, crisis management, the overall operating environment, financial performance, staff reviews, marketing credibility, positive media coverage, increased business opportunities, reduced marketing costs, the attraction of loyal customers, increased customer and sales numbers, differentiation from competitors, the promotion of lasting relationships with clients, and the increase of organizational revenue. A crisis has the potential to disrupt all these benefits embedded in corporate reputation (Timothy Coombs & Holladay, 2006; Chun, 2005; Carlisle & Faulkner, 2005; Islam et al., 2021; Rust et al., 2021; Dominic et al., 2022; Dominic et al., 2024).

#### Methodology

To critically review the arguments and notions of organizational reputation and crisis in terms of definitions, thirty-two definitions of these terms were investigated from nineteen sources, using conceptual content analysis and cognitive mapping approaches. On the authority of

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Krippendorff, contextual content analysis focuses on identifying and analyzing the repetitiveness, frequency, and presence of concepts found within the set of text (Krippendorff, 2018). The authors used this approach because it justifies the opportunity to scrutinize the definitions from the body of literature and to examine the existence and frequency of a concept or theme. The predominant concepts in the definitions were categorized into codes to find similar cognition under the same concept. Again, the frequencies of selected terms within the definitions were identified and explicitly related to the chosen concepts. The authors used a cognitive mapping technique to structure the concepts and themes into a hierarchical network to achieve the concepts explicitly. A comprehensive, extensive, and panoptic literature review in the relevant fields was reviewed to improve and expound the understanding of organizational reputation and crisis definitions.

#### Conclusion

This article examines and expounds on organizational reputation/crisis, exploring its definitional landscape. In summary, Corporate Organization means an organization unit consisting of employees whose primary duties involve the corporation's activities as a whole and not the activities of a particular division. It is a legal entity that is separate and distinct from its owners. It entails an organized group of individuals with a specific purpose, such as a business or a government department. It is characterized by an ordered structure where people with various roles, responsibilities or positions coexist and interact to achieve a particular goal. It is a legal goal-oriented process that aims to achieve them. It is profit-based oriented.

Corporate reputation on the other hand refers to how a corporation is viewed by all its stakeholders, including its employees, clients, shareholders, and the general public. It is influenced by an organization's activities, goods, and communications with stakeholders. It entails the aggregate evaluation stakeholders make about how well an organization is meeting stakeholder expectations based on its past behaviors. It refers to the intangible asset/currency that allows an organization or business to better manage the expectations and needs of its various stakeholders, creating differentiation and barriers among its competitors (Dominic, Mahamed, Abdullah, & Hashim, 2021).

This corporate reputation, which is difficult to accumulate, or earn, achieve, or gain, can be threatened or damaged within a second by a crisis if not properly handled or pre-planned. A corporate crisis is an event, a sudden and unexpected organizational situation, a public initiative that threatens an organization's ability to operate its business effectively, or a succession of events that disrupts organization and activity, leading to an uncertain social climate. It poses a significant threat to an organization's operations, financial well-being, and reputation. It can escalate into a disaster or long-term impediment to business growth if not handled with efficiency and sensitivity to all involved. An organizational crisis determines reputational damage as well as the effectiveness of crisis response strategies (Schoofs et al., 2019).

To achieve organizational goals, remain competitive, build trust, validate relationships, and prosper, whether they are commercial, governmental, or not-for-profit, reputation is of immense importance to all organizations. Reputation underpins competitive advantage by establishing distinctive differences from other similar organizations. In political science and

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political economy, reputation involves public judgments on the ability of any given political party to deliver future results, in terms of promises fulfillments (Dominic, Mahamed & Uwadiegwu, 2023).

A crisis ultimately affects corporate organizations' performances and functionalities, reputation, stakeholders, and potential interactions with organizations and shapes perceptions of organizations before, during, and after a crisis. In providing a comprehensive framework for managing a crisis effectively, three stages of crises are pre-crisis, crisis response, and post crisis. However, managing a crisis has five stages: recognizing the nature of the crisis, initiating a response, controlling the situation, creating flexibility in pre-recovery and real-time recovery.

Organizational reputation could range from CEO reputation, performative reputation, brand, product, services reputation, technical reputation, moral reputation, procedural reputation, employee capacity reputation, environmental reputation, financial reputation, structural reputation, transparency reputation, organizational value/ public perception reputation, consistency reputation, organization media reputation, and image reputation (Roberts & Dowling, 2002

Every organization exists in a world driven by competition and achievable-goal-oriented. Crises threaten and damage the organizational reputation, and such changes or shifts can affect how stakeholders interact with the organization, especially when poorly handled. When a crisis damages organization's reputation, it's worth becomes uncertain, unpredictable, and unreliable and this could lead to organizational extinction. This study is limited to organizational reputation and crisis definitions. Subsequent researchers should consider expounding crisis response strategies definitions.

An organizational reputation evolves from an organization's uniqueness, innovations, work environment, and identity-shaping applications, maintained over time so that stakeholders perceive the organization or company as credible, reliable, responsible, trustworthy, straightforwardness in operation, susceptible to feedback, consistency in trademark messages and experiences, excellent quality employees, communicate a clear vision, show honesty and good ethics, manage crisis effectively, maintain global business viewpoint, maintain company's goal, objective, policies, and vision, remain decisive to high quality services, brands, and products, and peculiarity or distinctiveness from competitors. Alexander (2005b) posited that "the significance of crisis is its unexpectedness and uncontrollability which disrupts and impedes normal operations." As quoted by (Alexander, 2005; Al-Dahash et al., 2016; Unlu, Kapucu, & Sahin, 2010).

Worthy of note: An issue encompasses a broader challenge that disturbs the functioning of an organization or its employee's members. Organizational issues may span weeks, months, and even years, while crises generally have a clear start and end. An emergency is a serious, unexpected, and often dangerous situation requiring immediate action. Disaster refers to a sudden accident or a natural catastrophe that causes substantial damage or loss of life.

A sticky crisis is a complex, challenging, and recurring (consistent) crisis demanding a near-instant response but often requires effective crisis communications and a senior leadership

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role to see possibilities and understand the breadth and scope of an emerging crisis. A sticky crisis is more complex and challenging than your quintessential crisis. According to Coombs (2024), Sticky crisis is an umbrella term that effectively captures the idea of high-intensity emotional crises. A Para-crisis is a publicly visible crisis threat that charges an organization with irresponsible or unethical behavior or practices and threatens its reputation. A crisis could be a creeping crisis, a slow-burn crisis, and an instantaneous crisis.

A crisis implies a time of intense, acute, uncontrollable difficulty or danger. A crisis can outturn three interconnected threats: public safety, monetary loss, and reputation loss. A reputational loss can also result in long-term damage and undermine the confidence of customers, investors, and other relevant stakeholders. However, a crisis offers organizational learning opportunities and causes an organization to redefine its values. Organizations with stronger reputations take advantage competitively during crises. It implies that a crisis is not absolutely in itself a bad thing. The prior reputation could create a halo effect that shields an organization during a crisis, deflecting potential reputational damage (Timothy, 2006; Kim, 2022).

#### Recapitulation

A crisis is a time of intense difficulty, danger, or uncertainty that requires immediate action or resolution. Types of crises can include natural disasters such as hurricanes, earthquakes, or floods; health crises like pandemics or disease outbreaks; financial crises such as economic downturns, market crashes, or recessions; personal crises involving individual challenges like loss, illness, or mental health issues; and environmental crises like climate change, pollution, or deforestation.

Effective crisis responses involve preparedness, which means planning, training, and having resources before a crisis occurs. This includes emergency response tactics aimed at addressing the situation and mitigating its impact, as well as recovery efforts focused on rebuilding, restoring, and recovering from the aftermath of the crisis. Additionally, developing resilience is crucial in order to better cope with and recover from future crises.

It is important to note that the impact of a crisis can be humanitarian in terms of loss of life, displacement, and suffering; economic in terms of disruption of businesses, jobs, and financial stability; psychological in terms of trauma, stress, and mental health challenges; and social in terms of strain on communities, relationships, and societal structures. Crises can test individuals, communities, and systems, but they also offer opportunities for growth, resilience, and learning.

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