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How Your Company Responds To A Crisis In 2021 Can Depend On The Country Where It Is Located
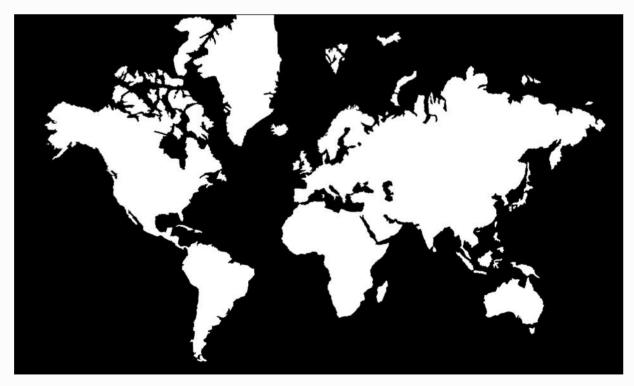
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Leadership Strategy

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What an organization does or says about a crisis situation in 2021 will continue to be heavily influenced by the country where it is headquartered or does business. A nation's cultural environment can be baked into a company's crisis management plan without anyone realizing it.

The start of the new year is a good opportunity to take a fresh look at your crisis management plan to see if it takes into account the role a country's culture would play in how you react to crisis situations.

Cultural Contexts

Indeed, culture can make a significant difference not only in *how* a business responds to a crisis but *whether* it considers a situation to be a crisis in the first place, according to Maury Peiperl, who taught or consulted on leadership in 35 countries. He is currently the dean of the School of Business at George Mason University.

A Priority On Control

Peiperl noted that if "the national culture sees the role of humans and organizations as striving to control the world around us (such as in the U.S., U.K., New Zealand, Canada, Israel, and Russia) it will require a more immediate and proactive response to natural phenomena like pandemics—and more crisis/contingency planning in advance, to minimize their effect."

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Collective Responsibility

Sometimes a culture is more collective in nature than oriented to the individual. This means a company owes its responsibility as much to their country as it does to shareholders and customers, Peiperl noted. In these situations, "…corporate messaging in a crisis will tend to focus on stability and social order—particularly if the regime in power requires this (think China, Saudi Arabia, Singapore)."

Seeking Harmony

If a country's culture emphasizes harmony with nature [such as Korea, China, Taiwan, Brazil, and Thailand] "people and organizations are likely to see their role less as fighting to solve a problem and more as figuring out how best to work within a changing natural context, often over an extended period," Peiperl said.

Japan's leaders tend to call for the respect for the social harmony and self-control of its citizen[s], noted Tatsuo Sato, Senior director of the Regional Economic Vitalization Investment Company of Japan. But the harmony strategy may not work in all crisis situations. Sato recalled that during Fukushima Daiichi nuclear power plant disaster in 2011, leaders had to react quickly with [their] power and authority so they could save many lives."

Individualistic

Compare other countries to the U.S., whose individualistic culture — a subset of its national culture — has hurt, rather than helped, efforts to combat the coronavirus crisis.

"Due to our individualistic culture, many politicians, some companies, and many people do not believe they have to do what is best for the larger community," according to Robert Kelley, professor of management at Carnegie Mellon University's Tepper School of Business. "The lockdowns and other safety measures were viewed as an infringement on individual

rights. Instead, these individualists prefer to do what they want to do and drape their defense as upholding American values. To them, the crisis is not their problem until it affects them personally," he said.

Several companies have reflected this culture, going so far as to protest the lockdowns and filing hundreds of lawsuits against state governments for mandating the temporary closure of businesses.

Culture And Compliance

Some cultures expect immediate compliance with authority.

Katherine King, an intercultural workplace dynamics consultant, is the founder and CEO of Invisible Culture. She observed that "Compliance is easier in a culture where the [government] leader provides direction and protection...in exchange [for loyalty]. If there is trust and loyalty to the government and people feel safe, then there will be a higher chance that the company will go with the flow."

King cited Singapore, where people are accustomed to complying with that government's requests. "After independence from Britain, the population was content to be led by Lee Kwan Yew's benevolent director-type of governing and the definition of a good leader is still rooted in his style."

"On the other hand, in countries where the trust in government isn't as high, such mobilization will be different and companies may have a tendency to blaze their own trails," she concluded.

Impact On CEOs

A country's culture intrinsically impacts how and when business leaders respond to crisis situations, King observed. "In some cultures, moving fast is more important than perfection. Others believe that nothing should stand in the way of quality and haste is a detriment," she observed.

What corporate leaders says about a crisis can depend on the expectations of others. A CEO "...expecting to be judged by government leaders and society at large may give a very different message—or none at all—than one whose fate rests on the opinion of shareholders alone," Peiperl said.

If a nation's leadership "...has made clear its views about the crisis in question, the extent to which the culture encourages individuality rather than communal action will determine whether it is even possible, let alone advisable, for a business leader to say otherwise," he observed.

Overcoming Barriers

Sabine Saadeh, a former financial trader and asset manager who lives in Lebanon, observed that her country has experienced several recent crises including a revolution, financial crisis, pandemic, and a massive explosion at a Beirut harbor warehouse that "snuffed out the economic soul of Lebanon."

"Despite the downturn of the economic situation in Lebanon, some firms managed to raise capital from abroad to sustain their business [during crises] because they have set themselves apart from the culture of the country itself," she observed.

"Lebanese businesses' sustainability relies on isolating the business itself from the Lebanese culture of nonchalance," she noted. Business leaders in that country respond to crisis "by highlighting the most urgent one, appointing the appropriate response team to handle that crisis, [and] protecting stakeholders from currency devaluation," Saadeh said.

Values

When responding to a crisis, how much a country's government "....values its own people is usually, in turn, how their people [and companies] follow along and 'do the right thing' or abide by crisis guidelines or protocols or

policies—no matter how new or foreign or different they may be," said Baron Christopher Hanson of RedBaron Consulting.

"How cultures or populations follow national mandates or policies or guidelines...is [a] critical example of how the math of each nation's cultural influence can have over how steadfastly the people do as they're told and march [as one] in the same direction toward any crisis solution," he observed.

Advice To Business Leaders

A country's culture consists of myriad factors including the systems of government, legal and regulatory environments, freedom of the press, dominant religions, populations' educational levels, taboos and norms, recorded and lived history, and major stakeholders and their relationships. "All these forces, to greater or lesser degrees, affect what business leaders can effectively say about crises to stakeholders, employees, the media and the public," according to Usha Haley. She is the W. Frank Barton Distinguished Chair in International Business and director of the Center of International Business Advancement at Wichita State University's Barton School of Business.

Her advice to corporate leaders "...is to observe how the major politicians and government leaders interact with their constituents and external stakeholders: politicians often have succeeded because their communication styles match those that the populations expect.

"At least in the short term, and during a crisis, this path may lead to the least resistance and maintain flows of scarce resources for companies," Haley said. That's why "...companies may wish to consider seriously if they wish to continue operating in countries which do not correspond to their own values and cultural norms, but that is another story," she observed.

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Edward Segal

I'm the author of *Crisis Ahead — 101 Ways to Prepare for and Bounce Back from Disasters, Scandals, and Other Emergencies* (Nicholas Brealey) which was rated the #1 best... **Read More**

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