INTRODUCTION

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The analogy of the boiled frog has been recalled by scholars when dealing with the concept of risk, issues and crisis communication. A frog dropped into a saucepan of boiling water quickly jumps out. Placing a cold-blooded frog in a saucepan of cold water and slowly warming the water to boiling point sees the frog become accustomed to the heat and finally succumb. Many organisations react quickly (if often chaotically) to an emergency, but in a familiar environment where they view the potential risk as too remote to damage them, they tend to ignore it – and in some cases, succumb.

The tale is a useful illustration as we determine the differences and similarities of risk, issues and crisis communication and their interconnectivity and how they all come to be considered areas of practice in the profession of public relations (PR). This text seeks to examine these areas and assist the reader in discussing questions that can resolve the respective and combined challenges. This chapter will also discuss the synergies of these three areas and as you read through the case studies in the text you should ponder the existence of each element collectively and individually. They can co-exist and they can stand alone; while the evidence of one may be patently clear it is hoped that after your study of these cases you can observe the missing elements and ponder what might have been had a certain strategy been employed.

In the case studies presented, it is the intention of the editors and contributors to illustrate how the PR professional reacts to and learns from each situation and the role played in risk, issues and crisis communication. In that respect this is not a how-to book – it asks the reader to contemplate, consider and learn from the collective wisdom of the presented case studies. It does this by using the context of the digital world where the nature of each of the elements has changed as dramatically as the nature of communication itself. It also takes a deliberate international perspective including case studies from nations beyond Australia to ensure an understanding of the global impact of crisis. In each case study the crisis impact is featured – but the discussion of risk and issue management can also be observed. Readers will come to realise that recovery from crisis, if successful, can be viewed as an organisational strength and will actually build a corporate reputation.

The tools of risk and issues management can be seen at the forefront in crisis situations – sometimes used well and wisely; sometimes ignored until too late and the damage done. However the capacity to look at events through a lens of risk and issues management allows the PR practitioner a capacity to recover – it allows them to also consider the opportunities that can present in these critical events in an organisation's history.

Some may question the common denominator played by public relations in these settings. However scholars of risk communication and management, issues communication and management, and crisis communication and management (Palenchar, 2005; Galloway, 2012; Galloway & Kwanash-Aidoo, 2006, 2012; Regester & Larkin, 2002, 2008; Power & Hutter, 2005) have posited the connection's strong links – that although risk, issues and crisis are often linked with the noun *management*, it is just as viable to consider them as linked with the noun *communication* – and the management of communication falls squarely within the domain of public relations. Galloway (2012, p. 35) explained the connection when he wrote that 'For PR, forging a link between issue communication, risk communication and crisis communication matters, because some issues are 'risk issues' (Regester & Larkin, 2002) and it is in PR's clients' interests to use communication in their efforts to minimise risk and avert crises'. The role of communication is critical in the management of each element. Readers of this text will become aware that when the word *management* is used the author will be referring to an overall technical and organisational approach and that the communication aspect refers to the communication management subset of each risk, issue and crisis.

It is important to look at these three words in the PR context. They are commonly used words in everyday speech but as you will come to see their inclusion in the public relations lexicon requires a realignment from the reader; a new interpretation and new understanding. The chapters in this book will assist the reader in coming to grips with what the terms mean and how they apply in specific areas. Some chapters deal specifically with one concept – others will look at how events occurred through analysing two or three of these elements. The editors and contributors strongly believe that prospective practitioners should know how to apply these terms and the conditions under which they may occur and consequently gain a greater understanding by using definitive tools to analyse and review the circumstances.

The other common factor is the recognition that organisational decision-making is about developing and implementing internal and external responses for challenges. We will be examining how organisations from corporate, NFP and government sectors have anticipated for and succeeded and in some cases failed at planning for events. Yet, especially in times of natural disaster such as earthquakes and wildfires (see Part 5), it has not been possible to foresee the damage wreaked on the organisation and the community and environment in which it exists.

Risk

Risk is not the beginning, nor is a crisis the end point of the three areas – they are not linear. However as the public relations practitioner seeks to manage their responsibilities it is apparent that an assessment of challenges is required. The best-informed and most well-intentioned PR manager will attempt to identify the challenges that the organisation faces – yet many situations will not have been accounted for in that planning process.

Although we can give no date as to the invention of risk communication, Palenchar (2005, p. 253) has indicated that it came about when key publics realised that 'private sector and public-sector organizations failed to understand and exhibit appropriate levels of corporate responsibility by failing to achieve proper risk associated with their activities'. This could be from the time manufacturers realise that they had a responsibility to the end consumer to ensure their product was safe or when they came to realise that their processes in making these things were safe. Ultimately it means that 'corporate and institutional behaviour has come under increased scrutiny. People are less trusting' (Galloway & Kwanash-Aidoo, 2005, p. 3).

Harrison (2011) states that some people don't see risk as a PR matter, but more to do with operations concerning safety or security. However, as he identifies, risk is inherent in bad reputation, in controversial public issues, corporate crises, sponsorships turning bad, and so on. The management of risk must also involve the communication of risk or risks. Palenchar (2005) prescribes the topics of such a conversation as including the 'character, cause, degree, significance, uncertainty, control and overall perception of a risk' (p. 752). Fearn-Banks (2002) reinforces Harrison's approach of considering risk communication in all PR activities and seeing it as the 'ongoing program of informing and educating various publics' (p. 17) about negative and positive challenges that can affect an organisation.

It is of interest Harrison includes risk as part of the strategic development of a communication plan – the risk planning is undertaken when considering objectives for a PR plan or program. Galloway and Kwanash-Aidoo (2005) point to a process that involves 'the ability to integrate information from a variety of sources, to make sense of it, to assess possible approaches for the organisation to decide on' (p. 3).

Authors (Palenchar, 2005; Fearn-Banks, 2004) agree that risk communication and management cannot be conducted successfully unless there is a quality two-way relationship with the publics affected by the perceived risks. If this is present then recovery from a crisis can be achieved in a more appropriate timeframe and with little lasting damage to the organisation and its reputation.

Risk communication is a new practice in public relations but as more and more practitioners adopt the common techniques that underpin risk assessment for strategic planning it is becoming better understood. The blending of the 'risk issue' (Leiss, 2004, p. xvi) is a way of making the familiar new for practitioners. Just as issues management has come to be inextricably linked with crisis communication then it would seem logical that 'an altered perspective of PR's role in relation to risk would also see the profession complement its focus on crisis communication with a similar emphasis on risk communication as a crisis prevention strategy' (Galloway, 2012, p. 42).

Issues

While the establishment of risk and crisis in a communication context grew out of the management of crises and risks the provenance of issue management (sometimes called 'IM') and communication has been firmly placed in public relations. Galloway (2006) identifies it as a 'central concept' for both the public relations practitioners and academics. Dougall (2008) cites Heath and Casino's (1990) arguments of the public relations role, with its heavy dependence on communication and strategy in meeting and understanding issues. In fact, according to Jaques (2008), the very inception of IM can be traced to a specific time and place. On 15 April 1976, Howard Chase first defined and used the term 'issue management' (note the singular use of 'issue') as:

> the capacity to understand, mobilize, coordinate and direct all strategic and policy planning functions, and all public affairs/public relations skills, toward achievement of one objective: meaningful participation in creation of public policy that affects personal and institutional destiny.
>
> (Chase, 1982, p. 1)

In managing issues a PR practitioner 'anticipates the issues that are potential crises and ranks them in order of possible damage to the organisation' (Fearn-Banks, 2002, p. 20). We can see here that the tools of risk management become critical in categorising the issues. Chase himself saw IM's role in strategic planning as purely concerned with public policy and failed to recognise what Jaques has called 'the crucial interface with the practice of crisis management' (2008, p. 340) and points out validly that Chase did not see the growing complementarity between the emerging crisis management and IM which is now so widely accepted and taken as the norm. A retrospective opinion is given by Howard Chase's colleague, the author and practitioner Ray Ewing (1990), who agrees that companies were already using methods that predicated the rise of IM, and writes that 'Those of us in the corporate world developing foresight and planning techniques in the social-political arena which impacted the economic viability of our companies thought of it as an ad hoc process, not a planned and continuous process' (p. 19).

In technical terms, Howell (2009) notes that Heath (1977) indicates the four key functions in IM:

1. Anticipation of and analysis of issues.
2. Development of the organisational position on the issues.
3. Identification of the key publics and those whose support is needed for the public policy issues.
4. Identification of the desired behaviours of the key publics.

Howell (2009) refines this further by structuring IM into four key issues areas (identification, scanning, monitoring and analysis) although Heath and Palenchar (2009) more correctly discern more steps, in a different order (scanning, identifying, monitoring, analysing and priority setting). Every attempt should be made to identify these activities as you read the case studies in the text.

Crisis

No matter how well prepared an organisation is, the effect of a crisis may be extreme. It is critical to realise that the crisis is more than a disruption to daily activities – it is an event that threatens the very existence of the organisation. The case studies in this book reflect many of the major crisis types, and no two responses are the same. The modern manager is prepared to deal with disruptions – that is, problems that require solving either through immediate action or long-term policy changes. A crisis means that the main focus of business becomes survival.

Well-managed crisis communication helps to reduce stakeholder negativity. If a crisis is not the organisation's fault, but rather a natural disaster such as an earthquake, an organisation can still lose the confidence of the stakeholders if it appears to be confused or ill-prepared, or if its own reactions compound the crisis. The best crisis preparation will even go one better and suggest how the organisation might use a crisis communication to dispel a lingering rumour before a crisis expands, and to reaffirm commitment to the community and workforce; we can see this in practice in Chapter 12, 'Post-crisis: Rebuilding a company, a reputation, a community'.

As the reader proceeds through each chapter exploring the elements of risk, issues and crisis communication it is apparent how intertwined each element is – and although a crisis may occur it may better handled with better outcomes, but not avoided, because the risk and issue has been managed. Crisis is also covered in detail in Chapter 1, 'Theorising and practising public relations crisis management'.

Let us consider a case study. Unlike the other examples in this text, which all date from this century, this case comes from an earlier time. It indicates the presence of communication strategies which we now recognise as issues management.

Assessing risk, recognising the issue and avoiding the crisis: Saving Australia's banks*

Chase's identification of IM as a public policy role and Ewing's definition are reflected by the action undertaken by Australian banks in the post–Second World War period (Sheehan, 2011), led by Sir Leslie McConnan, Chief Manager (equivalent to a CEO) of the National Bank of Australiasia (now NAB), whose actions in 1944 reflect those of an organisation jumping from that boiling saucepan we discussed at the start of this chapter.

Australia's wartime Treasurer, Ben Chifley, had often stated that 'the best service to the community can be given only by a banking system . . . entirely under national control' (Crisp, 1961, p. 172); in effect, the nationalisation of the banking system. It was Chifley, in late 1941, who became Australia, chief financial regulator as Treasurer.

In 1944, the government announced it would continue the wartime banking controls into the peace. In 1945, Chifley, now Prime Minister and Treasurer, introduced the *Banking Act* to give further control to the government.

In the post-war climate of the 'new order' society there was little sympathy for banks among Australians. It was only 15 years since the Great Depression, when the collapse of the banks had led

* This is an abridged version of a paper presented by Mark Sheehan: 'The 1947 bank nationalisation scheme: A prehistory of issues management?', *7th Australian Media Traditions Conference: Trends, Traditions & Transformations – Conference Abstracts*. Swinburne University of Technology, Melbourne, 1–11.

to extreme hardship and financial misfortune for many. To create a positive opinion climate for the banking industry was a major public relations undertaking in itself, but for the banks to include in their strategy the defeat of a popular government and its leader was a very bold initiative.

At the 1946 election, the banks had expected a change of government, which they expected would eliminate Chifley's banking legislation. However, Chifley was re-elected. The nine major banks had trodden carefully during the war, seeking not to antagonise the government, and had hoped for a conservative Liberal government win. McConnan, even during the war, had been boldly resolute in his opposition to further government control of banking. In late 1944, in response to Chifley's moves, McConnan's bank – the National Bank of Australasia – wrote to all its customers against the 'political control over industry and the individual' (Blainey, 1958, p. 357), a bold and unprecedented move in Australian banking. McConnan noted 'We are taking our courage in our hands, and *breaking the traditional banking silence* by making a plain statement to our constituents' (Blainey, 1958, p. 358, emphasis added). This communication was distributed by mail and hand, reprinted in newspapers and covered in opinion columns of the day 'Hundreds of thousands of circulars [McConnan's term for the material] were issued and the verbal fight was on in the press, Parliament and in the streets', yet many banks were 'fearful of departing from their long-standing tradition not to interfere in politics' (Kemp, 1964, p. 151).

Historian Ross McMullin (2000) notes that 'funds for this campaign were unlimited'. Others noted that it was 'the longest and most lavishly funded political campaign ever seen in Australia . . . a campaign estimated to cost several hundred thousand pounds' (Goot, n.d.). The banks also realised that to change government they must change the public perception of Chifley and so 'the carefully crafted public image of Chif' as the old homespun Abe Lincoln philosopher' began to be blasted away by the most expensive publicity campaign in Australian history' (Day, 2001, p. 460).

The campaign to defeat the nationalisation of private banking and ultimately the Labor Government commenced in earnest after the 1946 election when all major banks decided to take courage in their hands.

Part of the legislation required all government bodies to bank with the government owned Commonwealth Bank. The Melbourne City Council decided to challenge this section (s. 48) in the High Court, which then declared the section invalid. The banks buoyed by this saw a way to weaken the government's position. But they were not prepared for Chifley's response to the High Court decision.

On 16 August 1947, Chifley 'dropped his bombshell' (Day, 2001, p. 457) and informed Australia of the decision that his government would nationalise the trading banks. Conservative author Charles Kemp (1964) observed that 'this entirely unexpected development hit the Australian community with the suddenness and force of an atomic explosion', and so the battle for the banks 'entered its final, climatic stage' (p. 155).

1947–1949: Banking on victory

When the banking bill was assented on 27 November 1947, the banks immediately challenged the legislation in the High Court 'while they simultaneously poured buckets of money into a public campaign of opposition to nationalisation' (Day, 2001, p. 464). Interestingly this time around the banks were leaving nothing to chance. Even though 'They already had the public on their side with a gallup [sic] poll in September 1947 reporting 65% opposition and 21% in favour'. Their action was necessary because despite their efforts three months later support for nationalisation had grown to 30% (Day, 2001, p. 464).

After the banks challenged the validity of the Act in the High Court and won, the government appealed to the Privy Council in the UK. In July 1949, the appeal was dismissed. The banks had won the argument in the court of law – now they must win in the court of public opinion and defeat the government to ensure nationalisation was dead and buried.

The outcome of the election was a foregone conclusion. A former banker in his memoirs wrote much later that: 'Ultimately we achieved our objective with the fall of the Chifley Government in December 1949 and the reaffirmation of the right of private trading banks to exist' (White & Clarke, 1995, p. 29). Chifley himself remarked on his defeat he had 'moved too fast on banking' and had 'incited a well-funded and popular campaign by the banks in communities across the country' (Day, 2001, p. 501).

Clearly, McConnan's experience with Chifley's membership of the 1936 Royal Commission on Banking lead him to anticipate and identify the likelihood of further regulation of banking under Chifley as Treasurer and then Prime Minister. When Labor ascended to power in 1941, McConnan would have monitored this issue, but would this have been reasonable given Australia's wartime footing? As Jaques (2000) has pointed out, no organisation can identify, track and respond to every issue, and certainly under wartime conditions that would not be a realistic goal. But McConnan, through his 'Circular' of 1944, met what Heath and Palenchar (2009) describe as the criteria for issue monitoring:

1. Journalists believe the issue is worth covering (difficult in wartime with censorship and war news competing).
2. Harm to operations (remember that McConnan was looking to after the war) and most critical.
3. The issue is associated with one group that has the potential of bringing it to the legislative agenda (it was the Labor Party's top policy priority for more than 20 years to nationalise banking [Day, 2001, p. 461]).

However, it can be argued that, with the end of the war, the banks expected that the wartime regulations would be relaxed, including the fixing of interest and exchange rates; control of all capital movements in to and out of Australia; details of all accounts of activities and the maintenance of compulsory deposits with the Central Bank (Salsbury, n.d.). The Allied victory of 1945 saw the banks, with the exception of McConnan's National Australasian Bank, still in that saucepan of water, and warming up nicely.

The extension of Chifley's regulations into peacetime, followed by his call in 1948 for nationalisation, finally led the issue to surface. However, McConnan's astute approach to issue management – and his ability to see the inherent risks for an entire industry – meant that the banks were prepared to meet their foe head-on and muster their considerable might in defeating them.

The failure of the Labor Government's bank nationalisation proposal was ultimately responsible for changing the face of the nation for a generation. Chifley's ambition to nationalise the private banks allowed the Liberal Party, then a new political force under Robert Menzies, to reshape conservative politics and sell a vastly different brand of political philosophy to the Australian people. McConnan may perhaps be given the posthumous title of 'Australia's First Issues Manager', a title that recognises his skill. His own actions during the campaign saw him 'absent from his desk for months at a time, travelling to lobby and organise, to galvanise his loyal troops of bank-workers and to make public appearances' (Merrett, n.d.). His well-developed issues analysis and priority setting capabilities, of understanding the public policy process, anticipating the social and political risks and understanding each advocates' objectives (Heath & Pelanchar, 2009) assured success from an early stage. To call the banking anti-nationalisation campaign a public relations campaign seems to sell short the strategic intent and value. McConnan's broader message of freedom created, as Heath and Pelanchar (2009) stipulate, a zone of meaning that Menzies and his Liberal Party, and the Australian public, embraced and understood.

CASE QUESTIONS

1. Identify the risks of nationalisation for Austraila's banks in the period following the Second World War.
2. How are McConnan's activities reflected in the quote from author and practitioner Ray Ewing?
3. Thinking about the bank nationalisation case, why did the banks continue their campaign when they had already been successful in the High Court?

The authors recognise the contribution of Dr Stephen Mackey, Deakin University, to this chapter.

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