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To What Extent Successive Crises Bring Positive Outcomes? A Crisis Management Anatomy Study of Businesses in Hong Kong SAR.

Abstract

This article aims to examine business behavior during consecutive crises in Hong Kong. In doing so, the author employs a phenomenological research approach to build cases by utilizing publicly available data and conducting in-depth interviews with businesses from the city's four key industries that were affected by at least two morphologically similar consecutive crises. Through exploiting the paradigm of crisis management, this study reviews to what extent businesses applied recently accumulated crisis management experience to diminish the impact of the Covid-19 crisis; considering behavioral antecedents from approaching another pandemic - severe acute respiratory syndrome (SARS), and the recent pro-democracy social movement (PDSM).

Keywords: crisis management, crisis anatomy, contingency planning, issue management, pro-democracy social movement, pandemics, SARS, COVID-19, Hong Kong.

INTRODUCTION

Crisis role in the contemporary world has been a subject that received intensive attention from theoreticians and practitioners for the past 40 years. A crisis is fundamentally exemplified as any unplanned event that can cause severe impact to the public, completely or partially disrupt operations, cause diverse types of damages while threatening financial standing or public image (Clark, 1995/1996). Similarly, Pearson and Clair (1998) described a crisis as “A low probability, high impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made quickly” (Pearson and Clair, 1998, p. 60). Studying this phenomenon falls under an area of inter-disciplinary research that includes subjects ranging from the investigation of natural disasters, economic disruptions, strikes, social movements, to terrorism; that systematically occur all around the world. Unfortunately, the case of Hong Kong is not an exception in this lamentable context. During the past 17 years, the city has experienced a series of severe slumps caused by three impactful yet morphologically similar crises.

In November 2002, doctors in the Guangdong province of southeastern China started to notice the first cases of what would become known as a severe acute respiratory syndrome - SARS. The patient zero of the virus is considered Liu Jianlun, a medical professor from Guangdong who unknowingly had SARS. He checked into Room 911 at Hong Kong's Metropole Hotel. In this way, in February 2003, the medical professor brought SARS from mainland China to Hong Kong. Shortly, the 64-year-old professor resembled virus symptoms and went to the hospital, where he passed away within two weeks. Unfortunately, during his short stay at the hotel, he unwittingly infected several other guests. Those people then took SARS with them to Singapore, Toronto and Hanoi. Over the next several months, 8,096 people in 26 countries contracted the

new viral illness, leading to 774 deaths (Little, 2020). In the studied context, besides social costs, the virus brought a series of severe disruptions and losses to local businesses which translated into substantial socio-economic costs for Hong Kong.

Another, more recent crisis that emerged in Hong Kong has its origins embedded in the social unrest that can be traced back to the changes in the initially proposed in February 2019 amendments to the extradition bill; known as Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Singh, Birsal, Richardson, & Tait, 2019). Starting from June 2019, the number of participants at the protests has exponentially expanded and reached on June 9th a number between 240,000 and 1 million participants (BBC, 2019). On October 23rd, the extradition bill was officially withdrawn, despite, the protests continued for the 22nd consecutive week in a row. As reported by SMCP, protesters are still taking the streets (Lam, Cheng, Lew, & Siu, 2019). Continuous series of unrests gradually turned from peaceful marches to increasingly violent protests involving vandalism. These actions paralyzed an ample portion of the vital income generated by four key industries of the city: financial services, tourism, trading and logistics, and other producer services (The Four Key Industries in the Hong Kong Economy, 2019).

In December 2019, a new coronavirus emerged in China. According to China's Health Commission, by February 2, 2020, death tolls from the new virus in mainland China exceeded that of the 2002 - 2003 SARS epidemic. This disease caused 1080 confirmed cases and 4 deaths in Hong Kong only; a region that despite encountering two waves of the pandemic, is still considered one of the role examples of pandemic crisis management (Little, 2020). The immediate response to this challenge allowed to help those afflicted and save many lives. However, the costs on the economic and commercial dimensions were extremely high.

Although different by their essence, the three proposed crisis cases mirror morphological similarities in the way these: 1) occurred (concerning each crisis paradigm), 2) developed (socio-economic effects), and 3) were approached (diverse organizations' responses). This allows an investigation under a certain degree of comparability in terms of the disruptions they caused to diverse business organizations and other stakeholders. In this respect, responses could be analyzed through the lenses of several models. A primarily and widely spread approach in analyzing and dealing with a potential crisis is by utilizing crisis typologies. It is conspicuous that conceptually, every crisis has its anatomy that is constructed on diverse stages based on distinct symptoms. One of the most fundamental models interprets the crisis anatomy through its life cycle while making analogies that include crisis' birth and death (González-Herrero & Pratt, 1996). Simultaneously, another line of research which was put forward by Coombs (1999); argues that the most influential models in crisis analysis are the Fink's (1986) anatomy of crisis lifecycle based on four stages, Mitroff's (1994) five-stage model, and the elemental model based on three-stages. Surprisingly or not, despite a large body of existing theoretical literature focus on responses to crises and macro socio-economic effects including impacts on governments, businesses, media, and members of the public (Corey & Deitch, 2011); majority omits the importance of utilizing learnings from previous crisis experience and oftentimes fail to acknowledge the degree of the positive effect of these experiences. This article, in a small way being original, seeks to provide a better understanding of crisis management frameworks while building on Shrivastava et al. (1988) argument which emphasizes the importance of learning from failures and the implications for organizational learning. Thence, this study aims to answer – *To what extent businesses from the four key industries in Hong Kong are utilizing the accumulated from the previous recent contingencies knowledge and expertise to cope with the*

current crisis? Similarly, Shrivastava (1993) argues that a sequence of crises can shift organizations from being crisis-prone to being crisis-prepared which in turn might alter the previous recent crisis negative perception and adjust the crisis anatomy paradigm. Following this imperative, this article seeks to discern – *To what extent the accumulated knowledge and expertise from previous recent contingencies contributes to diminishing the impact of the current crisis at different crisis stages.* The impact of crises on businesses might resemble distinct paths as the level of preparedness and resources heavily depends on the executive managers and/or owners. To investigate perplexities, this study employs an inductive, phenomenological approach to construct cases by triangulating 1) utilizing the Delphi technique to address a panel of experts 2) interviewing executives and/or business owners from the city's four key industries and 3) publicly available information. The preeminent contributions of this study will feature documentation of executive and/or owner's crisis management experiences from at least two recent consecutive crises in Hong Kong. Addressing these will conduce to shedding a light on the extent businesses utilized their accumulated learning and experience from the previous recent crises to diminish the impact of the recent one. To elucidate the above-mentioned puzzles, this article proposes to combine two fundamental models put forward by Fink's (1986) and González-Herrero and Pratt's (1996). Ultimately, from a holistic standpoint, the article seeks to examine how the unique context of Hong Kong can be incorporated into scholarly frameworks on crisis anatomy and management.

THEORETICAL BACKGROUND

Crisis Management

Crisis, its anatomy, and crisis management have been long analyzed in a plethora of specialized and interdisciplinary literature from management, economics, psychology, and sociology fields (Waugh, 1999). Albeit crisis has been defined by scholars in a surfeit of ways, much of the literature still concentrates on the crisis at the organizational level. Shrivastava, Mitroff, Miller, and Miglani (1988) presented an in-depth definition of a crisis as: “An organizationally-based disaster, which causes extensive damage and social disruption, involves multiple stakeholders and unfolds through complex technological, organizational, and social processes” (p. 285). Likewise, Sapriel (2003), construe crisis as “an event, revelation, allegation or set of circumstances which threatens the integrity, reputation, or survival of an individual or organization” (p. 348). Conversely, Pauchant and Mitroff (1992) introduced a more holistic definition of crisis that goes beyond the organization level and defines it as “a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core” (p.15). This type of definition includes non-organization crises concerning also emergencies that are usually triggered when various types of hazards (natural or industrial) interact with vulnerabilities (social, economic or environmental conditions) which subsequently make communities susceptible to those hazards (McEntire, 2001; Paton & Johnston, 2001). Oftentimes crises and emergencies cause a colossal social and economic impact that is beyond a community’s capacity to keep it under control. These kinds of problematic crises demand various contingency plans and procedures to enhance problems and hazard mitigation while reducing vulnerability and coping with impacts. Albeit the crisis has received a vast

amount of attention from both theoreticians and practitioners, many organizations do not put enough effort into preventing and addressing crises. Business and other organizations' leaders often agree that the probability of an economic actor facing a crisis is very high, yet only a minor percentage of those leaders take necessary actions towards anticipating and preparing a crisis plan (Augustine, 1995). Intuitively, organizations tend to focus on their growth and expansion while often pay less attention to acknowledge and prepare for the possible jeopardy failures. The tendency often diagnosed among executives of various types of organizations is to ignore the probabilities of a disaster occurring and anticipating occurrence. The central reason why a myriad of companies decline is the failure to take steps in preventing disaster occurrence. Elaborating on this context in their study, L. Grunig, J. Grunig, and Dozier (2002) noted: "Regardless of the model of public relations practiced or the expertise of the communicator, crises inevitably befall organizations" (p. 473). Therefore, crisis occurrence is not a novel phenomenon, but its catastrophic consequences continue to generate uncertainty for various organizations at different levels. Often the governments or lawmakers are in charge of developing national-wide crisis management and contingency plans that include four areas: preparedness, mitigation, response, and recovery (Waugh, & Hy, 1990, p.2). In this context, *preparedness* policies and plans represent a blend of measures that are designed to increase the organization's capabilities to anticipate and respond effectively and timely to crises. Following, *mitigation* policies are oriented towards reducing the disruptive impacts of the crises on the community, economy, region, etc. Along with the similar structures, *response* plans are utilized to enforce the capability of absorbing the shock after the crisis as well as to diminish its impact. Ultimately, recovery blueprints are meant to support in rehabilitating the natural and business environments after the crisis occurs. Despite public and private sectors often vary in their

operations, tactics, and strategies, crisis management appears to be an area where a plethora of conceptual similarities are observed (Schneider 1995). For example, a cohort of scholars has generated more basic approaches to linking crisis definitions with organization orientation. Coombs (1999a) presented a description of crisis a concept that can challenge an organization's character. Building upon this, Coombs and Holladay (2001) defined a crisis as "one event or interaction within a larger relationship between an organization and its stakeholders... [that can] damage or be a threat to a quality relationship" (p.324). The similarity axis between the aforementioned definitions is employed by the principle that a crisis can dramatically influence an organization's ability to sustain itself.

In a business environment, some signs indicate the early symptoms that could lead to a subsequent crisis. Acknowledging and paying appropriate attention to symptoms could prevent or diminish the impacts of the upcoming crisis event. Similarly, one of the most advanced practitioner's citations on preparedness put forward by Howard and Mathews (2000) annotates: "...because you cannot control the elements, human nature or the outside world" (p. 217).

Though a surfeit of factors contributes to the crisis aftereffect, Smits and Ezzat (2003) presuppose that a timely preparation is one of the imperative steps in crisis avoidance, "Effective crisis management depends upon planning and people" (p. 2). Along the same lines, Penrose (2000) mentioned that: "Researchers tend to agree that organizations that practice proactive crisis management will lessen the damage of a crisis" (p. 155). In their later work, González-Herrero and Pratt (1996) augmented the idea that crises manifest preliminary clues and signs while stating that, "...sensing potential problems is the first step toward avoiding or resolving them or minimizing their impact" (p. 82).

Ultimately, a different contour of the literature suggests that crises may be generated by various events, hence every crisis is somewhat “unique” (Elliot et al.,2010). This approach adds some vulnerabilities to the rest of the existing models as organizations might not be able to rely on previously accumulated knowledge from a crisis with distinct features to take preemptive measures against a crisis with dissimilar features. Subsequently, organizations should be able to anticipate what kind of crisis these might face and prepare contingency plans presumably for every kind of such event. This controversial approach, if accepted per se, appears to be lacking viability and requires supplementary attention.

Addressing the “uniqueness” controversy

Organizations dealing with crises often address past experiences and generally examine every crisis as being “unique”. Even though the experiences likewise might seem “unique”, most executives will seek for clues about what to do and what to avoid by looking back. To dilute the “uniqueness” of every crisis and solidify a slightly more universal approach to crisis management, scholars in crisis management and political governance literature focus on two aspects. The primary aspects concern the so-called “learning in crises” which bases on utilizing the historical analogies during crisis decision making (May, 1973; Bennett, 1999; Houghton, 2001). It involves learning from the past while mobilizing support for the “correct” decision they have previously made and utilizing them for diminishing the impact of the current crisis (Levitt & March, 1988). Contextually, scholars emphasize the importance of “cognitive interpretations”. This often presents an opportunistic view over a past crisis experience that helps to invoke history for discovering analogies between past and current crises (Neustadt & May, 1986).

The other aspect deals with “learning from crises”. This method grounds on opportunities provided by crises that motivate organizations to learn from incidents and develop self-monitoring, contingency plans, and resilient safety culture (Pidgeon, 1997). This aspect is also frequently portraying a crisis as learning opportunities. A study by Sabatier and Jenkins-Smith (1993) propelled the idea that crises exert a profound shake on the organizations that experienced them, while simultaneously such shocks send warning signals to other organizations that find themselves in similar situations. In this sense, organizations could resemble a “self-denying propensity” which will motivate them to take measures in preventing their recurrence (Mannarelli, Roberts, & Bea 1996). Conversely, if organizations are more pessimistic about learning from the past, they will try to exaggerate their present success and explain their failures in other contexts (Hacker, 2001). To such a degree, by employing historical analogies, the organizations can be analyzed through “learning in crises” or “learning from crises” aspects. Thence, despite divergence in the attributes of the three selected Hong Kong crisis examples, pieces of scholarly evidence suggest that based on their morphological similarities, these can be analyzed under the same theoretical umbrella of models of crisis management.

Crisis management models

The majority of crises undergo a development “life” cycle as they do not occur suddenly and out of nowhere. This development cycle usually represents a few stages that are labeled by particular symptoms. Circumstantially, the cycle offers the possibility to the executives of the organizations to realize the degree of the upcoming challenge and to determine the issues that should subsequently be addressed. As pointed by scholars, it is imperative not only to recognize the symptoms and the challenges but also to timely respond to them (Darling et al., 1996). Some

other models interpret the crisis as a life cycle while making analogies which include crisis' birth and death (Fink, 1986; González-Herrero & Pratt, 1996). In this connection, González-Herrero and Pratt (1996) recommend a lifecycle analogy to crisis interpretation that includes: birth, growth, maturity, and decline. Although the model might appear somehow simplistic at first sight, it represents an extremely effective way to illustrate how crisis changes over time.

Complementary, González-Herrero, and Pratt (1996) proposed an extension to their original model that illustrates the effects of issue management on crisis contagion (please see *figure-1*).

The authors are arguing that by employing issues management before the initial stage of the crisis (birth), organizations might shift the outcomes of the crisis. In comparison with the initial model where after reaching the maturity a crisis would decline; by adopting issue management in the extended model a certain degree of crisis prevention would occur.

Employing a more particular approach, Burnett (1998) identifies a framework that comprises factors oriented towards an organizations' ability to recognize and confront the crisis (please see *figure-2*). Initially, the author envisages the core four factors that inhibit crisis management: time pressure, control issue, threat level concerns, and response option constraints. Burnett (1998) argues that these factors, typically located on the outer ring of the model; possess the ability to disrupt an organization's operations as well as the ability to timely respond to the crisis.

According to the model, the four factors should be primarily addressed as they represent the gatekeepers of the following strategic management procedures to address the crisis. Following, the model divides its six-step inner-circle into three categories: identification, confrontation, and reconfiguration. In this context, the *identification* step encompasses the goal formation as well as the study of the crisis evaluation to generate a better preparation plan. The following step is the *confrontation*; which diverts the model towards strategy formulation and evaluation along with

the organization's involvement in the crisis. Ultimately, the circle culminates with the *reconfiguration* step that is designed to include strategy implementation and control as well as an organization's ability to adapt to crisis. Overall the model exemplifies that during a crisis, it becomes more difficult for an organization to perform well in each category. However, if the organization focuses on the task employed in the inner circle, it might achieve success at managing and controlling crises.

Another line of research that was put forward by Coombs (1999b) argues that the most influential models in crisis analysis are the Fink's (1986) anatomy of crisis lifecycle model based on four stages, Mitroff's (1994) five-stage model, and the elemental model based on three-stages. It is generally considered that the three stages model has no official author as stated by Seeger, Sellnow, and Ulmer (2003, 97): "The three-stage model is not associated with any particular theorists, but it appears to have emerged from several research efforts as a general analytical framework". Coombs (1999b) envisages the three stages of the model through the macro stage lenses which include pre-crisis, crisis, and post-crisis. The primary macro stage of crisis prevention includes a variety of aspects that are oriented towards prevention such as issues management, planning, and proactive steps. Following, the crisis stage comprises of steps that would support organizations in coping and responding to the crisis such as recognition, information distribution, reputation management, etc. Lastly, the post-crisis stage includes confirmatory steps that the crisis is over as well as accumulating the pieces of knowledge learned from the crisis event. In support of this generalizable model, Coombs (1999b) argues that Fink's (1986) and Mitroff's (1994) models fit into the basic framework and parameters of the three-stages model. He also mentions that the three-stage model might be often expanded by incorporating various sub-stages based on the nature, size, and environment of the crisis. At the

same time, Seeger et al. (2003) argue that Fink's (1986) four-stage model provides one of the most comprehensive models in crisis analysis that is capable of analyzing all the influential factors (please see *figure-3*).

Conceivable consolidation of crisis models

To address the aforementioned issues, Fink (1986) proposed a model that segregates crisis into four distinct stages: *prodromal* crisis stage, *acute* crisis stage, *chronic* crisis stage, and crisis *resolution*. Since contemporary organizations tend to have similarities with living organisms that are not immune to the surrounding environments, these are often labeled as being "organic". Environments might bring to organizations positive and negative impacts in short and long terms. The ability to adapt to these surroundings, evaluate, prevent, and/or diminish threats is what defines a successful organization. Simultaneously, González-Herrero and Pratt (1996) introduce their model's logic by presupposing that crisis is a sudden occurrence which suggests that it has identifiable stages that resemble how crises change over time. An additional intriguing aspect of this model is the consideration of *issue management* and its effects in a crisis situation. The authors propose that intensive and timely practice of issue management before or during the early stages of the crisis can shift the outcome of the crisis. The adaptation model in their study hypothesizes that issue management is capable of showing effectiveness in the prevention of crises or in diminishing the impacts of the crisis. Contextually, it is imperative to mention that there is a thin line between issues management and crisis management as a process. The concept of issue management is often regarded as a complex process that alerts stakeholders about emerging economic, social, or political tendencies; thus, offering management the possibility to

concentrate resources to cope with these trends while crisis management is regarded as a holistic framework (Brown, 1979).

Under the aforementioned circumstances; a consolidation of Fink (1986) and González-Herrero and Pratt (1996) models is capable of assuring coverage of micro and macro stages thus enriching the understanding of how and to what extent previously accumulated crisis knowledge might influence strategies dealing with the current crisis.

Prodromal crisis stage and issue management

The notion of prodrome is borrowed from the field of medicine and symbolizes a symptom of the onset of a disease. In economic and management terms, a prodrome is a set of warning signals that and the organization has to pay attention to keep up with the trends that might concern the business environment. Actions that might be taken during the *prodromal* crisis stage could be integrated into the three-stage model. Fink (1986) conceptualizes that at every crisis's fundament is located a trigger. If timely attention is paid and these are handled successfully a crisis might find its end at this early stage and save a vast amount of resources. Simultaneously, González-Herrero and Pratt (1996) conceptualize that *issue management* has shown efficiency at the planning and prevention (equivalent to *prodromal*) stages. In this context, it is imperative to analyze whether a previous recent crisis experience could positively contribute to implementing accumulated knowledge through issue management; towards a more rapid detection of crisis in the *prodromal* stage. Hence the following proposition could be articulated:

Proposition 1. – Previous recent crisis experience will ponderously contribute towards accelerating crisis detection during the prodromal stage.

Acute (growth) crisis stage

Since the *prodromal* stage is often difficult to detect if no appropriate measures are taken then the *acute* crisis stage will inevitably occur (Fink, 1986). However, acute stages might not necessarily occur as a continuation of *prodromal* stages, these might occur directly and independently. This stage requires immediate attention simply because it often causes disequilibrium and disruptions to the entire value chain of the economic organization. During this similarly referred to in González-Herrero and Pratt (1996) as the *growth* stage, the executives can only take measures to elucidate the consequences and control and/or diminish the damage, as prediction is already impossible. The *acute* stage also plays an important role in emphasizing the importance of the earlier stage where problems are easier to predict and manage. The *acute* stage is also characterized by the presence of damage. Successful and proactive identification of the crisis in the *prodromal* stage might considerably reduce the impact of the crisis at the *acute* and following stages. Conversely, a failure to recognize the magnitude of crisis while taking corresponding measures might generate a reactive situation. Taking into consideration that successful identification of the crisis might resemble considerable positive outcomes including saving lives and resources, a previous recent crisis experience might contribute by delivering exceptional expertise and knowledge which in turn could shrink the *acute* stage crisis curve. In this respect, the following proposition could be formulated:

Proposition 2. – Appropriate and timely application of previous recent crisis experience will contribute towards shrinking the crisis curve in the acute stage as well as diminishing the costs provoked by the current crisis.

Chronic (maturity) crisis stage

In Fink's (1986) this stage examines the lasting effect. Oftentimes the length of the crisis is distinct from its occurrence time. Hence crisis events might occur unexpectedly and quickly, while the effects might last for much longer and spin around the crisis circle. Similarly, this stage might be divided into sub-stages that would allow organizations to take more precise actions especially if the length of the crisis is extended. During this stage, it is critical to take immediate action as the crisis symptoms are becoming evident the antecedents of these are impactful. For some organizations, this period is considered to be crucial and might determine the future survival probability of the organization. Amid the *chronic* stage, it is imperative to consider the sources of the problems that occurred during *prodromal* and *acute* stages and not to accustom to it as to a normal situation by increasing the level of tolerance towards it. Likewise, in González-Herrero and Pratt (1996) during this *maturity* stage, previous recent crisis experience might contribute towards limiting the length of the crisis. Organizations could utilize their accumulated learnings and expertise to anticipate and prevent a certain phenomenon that can trigger a lengthier *chronic* crisis period. Thence, the following proposition could be addressed:

Proposition 3. – Appropriate and timely application of previous recent crisis experience will ponderously contribute to flattening the current crisis curve during the chronic stage.

Resolution (decline) crisis stage

The final stage in Fink's (1986) model identifies the end of the length of the crisis. Since the author mentions that organizations' recovery capabilities vary, a systematic rush towards reaching the goal of crisis ending might also make them vulnerable towards the resurgence of crisis. It is imperative to perform due diligence based on the previous three stages of the crisis to assure that such a regression does not occur.

In this context, the major differences between the three-stage model, Coombs' (1999), González-Herrero, and Pratt's (1996), Mitroff's (1994), and Fink's (1986) models are located in the recovery and learning stages. Mitroff (1994) and the three-stage model emphasizes the learning and empowering opportunities while the rest focus on the timeframe of the recovery. Similarly, Shrivastava et al. (1988) argument emphasizes the importance of learning from failures and the implications for organizational learning. Following this research line, one might argue that a sequence of crises can shift organizations from being crisis-prone towards being crisis-prepared which in turn might alter businesses' previous recent negative perception and adjust the crisis anatomy paradigm.

Proposition 4. – The application of accumulated from previous recent crisis experience learnings and expertise will transform an organization from being crisis-prone to being crisis-prepared which in turn might alter the previous recent crisis negative perception.

In an attempt to answer the proposed research questions and to verify the appropriateness of the propositions the author utilizes and builds upon a combination between Fink's (1986) and González-Herrero and Pratt's (1996) models. The two models use a similar time scale and complement each other in describing crisis and demonstrating the beneficial effect of timely implications for prevention at different stages of the model.

METHODOLOGY AND DATA COLLECTION

Methodology

This study employs an inductive, phenomenological approach to construct a small number of cases in an attempt to investigate the sui generis settings of crisis management in Hong Kong.

The methodological background of the study is rooted in the case study approach which provides imperative advantages when elaborating a theory in an area in which limited data or theory exists (Yin, 1984). Contextually, the study amplifies a small number of cases designed to build and test the theory through critical phenomenological driven findings. This specific construct of qualitative case research is frequently utilized in management and other related disciplines to generate or extend theory in comparatively new domains (Yin, 1984; Eisenhardt, 1989). The impact of crises on businesses might resemble distinct paths as the level of preparedness and resources heavily depends on the executives and/or business owners. Unfortunately, the past 17 years were abundant in epidemiological, political, and economic crises for Hong Kong; which makes the city a rare example of intense theoretical and phenomenon driven research interest (Cantoni et al., 2019). These sui generis settings offer an exclusive environment to analyze how and to what extent businesses utilized awareness towards every new crisis given previous experience.

Data collection

The study utilizes a rich blend of primary and secondary qualitative data to build a small number of cases by triangulating 1) the information obtained utilizing Delphi technique to address a panel of experts from the four key industries; 2) qualitative interviews with 20 executives and/or business owners from the four key industries; 3) and publicly available information. Detailed and rich data will be collected from executives and owners who have been affected at least by two out of three aforementioned crises including those who suffered structural damages, disruptions, and concession costs. Data analysis will be partially structured from previous literature on crisis management and seeks to address the questions: 1) Did the executive and/or the owner anticipate

the crises? 2) What were the impacts and costs of each crisis? 3) How did they respond at different crisis stages? 4) What did they learn from the previous crises? and 5) How did they apply the previously acquired knowledge? (Smith, 1990).

Primary data / Delphi technique & in-depth interviews

This qualitative research methodology offers the possibility to gather a plethora of valuable information from individuals who possess exceptional practical or theoretical knowledge (Clare, 1994). The technique allows addressing questions to a panel of experts while researchers are posing supportive questions and arguments utilizing primary evidence from the panel to elaborate on the topics. This process serves as a great method of structuring group communication (Turoff & Hiltz, 1996). The panel of experts will comprise executives, shareholders, and/or owners of businesses from four key industries in Hong Kong. Additionally, twenty in-depth interviews will be conducted with business key figures to complement the missing puzzles. These interviews also feature executives and business owners from the city's four key industries.

Secondary data / various resources

Secondary data was obtained by extrapolating information from newspaper outlets and publicly available sources, as well as from officially released companies' statements and consultancy company reports categorized as bearing a high degree of credibility. To avoid biases and to collect data that analyzed diverse perspectives, both local and international sources in English and Chinese languages were utilized.

International Newspapers. The study relies on articles published starting from early June 2019, by *The New York Times*, *Bloomberg*, *The Guardian*, *Thompson-Reuters*, *BBC*, *CNBC*, *The Wall*

Street Journal, The Washington Post and TIME. A vast majority of articles are used to re-create the narrative and action environment that took place since the offset of the SARS pandemic and the Hong Kong pro-democracy social movement. It also considers official statements by governments or companies and key data facts. These give added support to exploring and analyzing public and private parties' positions and behaviors.

Regional and Local Newspapers. To avoid biases the article makes use of a set of regional and local newspaper outlets that includes *Southern China Morning Post, Hong Kong Free Press, Asia Nikkei Review Asia Times, Tak Un Pao, and Ming Pao.* These newspapers represent a reliable source of information concerning local opinions while also generating an additional regional perspective on the events.

Companies' official statement reports and consultancy companies. Since a vast majority of analysis is based on position interpretation, official statements issued by companies and similar structures are analyzed. Additionally, data from official websites and reports are used to complete the picture and describe disruptive impacts, especially in monetary terms. A higher degree of credibility was ensured by identifying and juxtaposing opinions, facts, and analysis from reports of consultancy companies on the three crises.

Sample

For primary data, the study utilizes a purposive sample of twenty executives from businesses that vary in size and industry from the city's four key industries. Besides the crucial importance of these businesses in monetary terms, investigating them represents an additional phenomenological interest, as some of them were affected by the crises at different degrees.

The businesses have to have operated at least under two out of three crises and remain viable after the first crises until the second one. The selection process is based on snowball sampling which offers access to reach populations that are difficult to sample otherwise.

Data analysis

Collected data will be compared by juxtaposing information from available data sources. To minimize threats to validity, information on similar topics will be triangulated by using different data sources. Throughout the process of data collection, the study will follow a constant comparative method. Responses will be tracked to compare and reveal common patterns and justifications of their actions.

EMERGENT FINDINGS

The lifecycle and impacts of Severe Acute Respiratory Syndrome (SARS) in Hong Kong

Awareness across the subject of SARS gradually increased from the moment the World Health Organization (WHO) issued a global level alert concerning a new infectious disease on March 12th, 2003. In less than 4 months, the infection known as a severe acute respiratory syndrome - (SARS) has spread to 29 countries and 3 regions with a total number of cases amounting to 8422 and a total number of registered deaths of 916 (Siu & Wong, 2004). It is considered that the first outbreak was registered in November 2002 in Foshan, near Guangzhou. Due to this, the most affected areas are considered mainland China, Hong Kong, Taiwan, and Singapore. Patient zero was identified as a medical doctor who traveled from Guangzhou. Because at that time authorities were not completely aware of the seriousness of the disease, no isolation measures

were instantly adopted, hence Hong Kong caught itself completely unprepared in the face of the outbreak. A few days later, when the severity of the virus was acknowledged, The Hong Kong Department of Health issued drastic quarantine measures to prevent the spread of the SARS virus to the community. These included closing schools, restaurants, shops, cinemas, and other entertainment venues. Simultaneously, authorities were trying timely to identify travelers who might resemble SARS symptoms at the airport and other border checkpoints. Despite all measures, Hong Kong ultimately accounted for 20.8 percent of the world's total registered cases (Siu & Wong, 2004).

The SARS outbreak brought negative unprecedentedly negative consequences for the Hong Kong economy affecting all sectors, especially on the demand side. Local consumptions and export services were severely affected with figures mirroring consistent falls. Additionally, tourism services and air travel were affected in the short run which subsequently led to sales dropping by 10 percent in restaurants and in retail outlets (Siu & Wong, 2004). Primarily, there was a severe decline in the amount of local consumer spending most probably caused by fear of the disease spreading which in turn forms the intuitive instinct of saving more. As a result, people refrained from consuming products and activities outside their homes. This drop in consumer spending echoed towards other sectors of the economy and put further pressure on price levels and unemployment rates. Because of a previous incomplete recovery from the 1997 Asian financial crisis, Hong Kong was still facing a weak labor market at that point. The SARS outbreak brought further increases in the unemployment rates because many sectors had to lay off their employees. Following the negative trend, the number of tourist visitors in the city dropped in the second half of March 2003 by 10.4 compared to the same period of the previous year. Another contemporary study reported a drop of 850,000 visitors in April 2003. As a result, the occupancy rate in Hong

Kong dropped drastically from about 78 percent in early March to 18 percent in early May. The impact of tourism spending on retail sales was also substantial. It is estimated that retail sales dropped by approximately HK\$ 2.0 billion in April only (Siu & Wong, 2004). This translates into a cut of HK\$4.2 billion of spending in the domestic consumption market. These figures also were followed by declined by 15.2 percent in April compared to the previous year.

Notwithstanding, evidence suggests that the stock market did not suffer that many dramatic fluctuations due to the SARS outbreak. Within the stock market itself, the shares of companies from the airline, hotel, and retail industries worsened more compared to those of companies from export-oriented industries. On average the Hong Kong Hang Seng Index dropped only by 1.78 between March 12th and April 30th (Siu & Wong, 2004). Louis M. Bowen, the managing director of Asia Capital Management Limited, a company that manages private equity assets and venture capital investments noted that: “export-oriented businesses have been affected the least. But firms that depend on consumer spending have been hit hard because tourism is down sharply and local people have been reluctant to go shopping and mingle in public places”

(Knowledge@Wharton, 2003). Similarly, in an interview, one of the executives of Shiu Wing Steel Limited, a steel manufacturing and trading firm in Hong Kong, David Chun-Yee Pong mentioned that airlines, hotels, restaurants, and retail stores in Hong Kong have been severely impacted. Pong further enunciated that: “the effect of SARS on these particular industries in Hong Kong (less so in China) has been very serious indeed” (Knowledge@Wharton, 2003). Likewise, Pong mentioned that organizations need to learn how to react quickly and decisively while preparing for future outbreaks: “There will no doubt be such outbreaks again. It is quite possible that SARS will not be completely eradicated but will become a preventable, containable, and treatable disease. And most important of all, the general public, travelers, and

companies around the world will look back and see that life goes on, as it always does. We adapt to changing times and move on with our lives.” In an attempt to boost the economy weakened by SARS, the Hong Kong government allocated US\$ 1,5 billion (Knowledge@Wharton, 2003). Ultimately, the outbreak of the SARS epidemic not only severely affected the economy, social life, tourism, international trade, and other business activities; it has also revealed that there might be additional issues with school and tertiary education programs. At the same time, the outbreak of SARS epidemic pointed out at some similar challenges Hong Kong might face in the nearest future due to environmental problems mainly related to air pollution and population density. This encouraged the population to change and improve their lifestyles as well as to demand from authorities better crisis preparedness. Correspondingly, the local authorities established a Center for Disease Control and Prevention. It was directed towards undertaking research, development of new vaccines, training of personnel, and knowledge spillover on how to control the disease spreading. The pandemic also taught businesses to develop and frequently test contingency plans as well as to build a better connection with local communities and various sectors of the population. Some companies went further and developed preventive measures to diminish the risk of mass contamination in a single area by splitting their departments into different locations (Health Economics).

The evolution and fallouts of the Pro-Democracy Social Movement (PDSM) in Hong Kong

The origins of the social unrest in Hong Kong are considered to be rooted in the initially proposed changes in amendments to the extradition bill in February 2019 (known as Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment)) (Singh, Birsal, Richardson, & Tait, 2019). Following, on April 3rd, 2019, the government proceeded towards introducing the proposed bill to the Legislative Council. The amendments offered the

possibility to extradite criminals including to mainland China, on top of the 20 countries with which Hong Kong already had extradition treaties arranged. As a consequence, during April and May, the street began to be gradually filled with protesters demanding the suspension of the controversial bill. Starting from June, the number of participants at the protests was exponentially expanding and reached on June 9th a number between 240000 and 1 million participants as reported by BBC (BBC, 2019). The background of the protesters was also quite versatile including students, businessmen, lawyers, and senior citizens. According to Bloomberg, it was observed after the peaceful protests ended, clashes with police erupted that frequently used pepper spray and batons to disperse the demonstrators (Bloomberg, 2019). Furthermore, on June 12th, Hong Kong ruler, Carrie Lam, announced that the bill will proceed to the second reading with considerations of further amendments in an attempt to quell the public anger. Unfortunately, this strategy did not work as expected and in turn, thousands of black-shirted protesters tried to prevent the lawmakers to enter the Hong Kong Legislative Building (Bloomberg, 2019). Even though Carrie Lam announced on June 15th, 2019, an indefinite suspension of the new extradition bill, during the next day a new wave of protests took the streets; some media resources claiming a number of approximately 2 million participants (Bloomberg, 2019). During the next months, protests continued to spread all around Hong Kong while gradually becoming more violent. On September 4th, Carrie Lam officially announced the withdrawal of the extradition bill (BBC, 2019), however, unfortunately, this action did not stop the protests that continued over the weekends on September 15th, 22nd, and 29th. The continuously increased levels of violence took protesters to vandalize MTR and police stations, banks, shops, and restaurants. On October 23rd the extradition bill was officially withdrew, despite, the protests continued for the 22nd week in a row. Between November 17th and 28th approximately 1000

protesters barricaded themselves inside the Polytechnic University campus and attacked the police during the siege (Lau & Ho-min, 2019). As reported by SMCP, after the siege incident, there were a following two weeks of calm after which protesters took the streets again and vandalized restaurants and shops with a direct link to mainland China (Lam, Cheng, Lew, & Siu, 2019). On top of the U.S. – China trade war and other uncertainties, the pro-democracy protests plunged Hong Kong into a recession for the first time in a decade (Gracemzshao, 2019). The four key industries were affected at different degrees with some approaching to the edge of bankruptcy.

Tourism and Retail

Primarily there was a drastic decline in retail sales in a situation where private consumption accounts for nearly 65% of the city's GDP (Lee, 2019). The protests determined consumers to spend less, in this way placing even more pressure on the retail sales. In this context, the magnitude of the impact on the four key industries was disparate. One of the most severely affected was the tourism and retail sectors. With tourism arrivals from the mainland, accounting for about 80%, this has been a particularly hard hit for the Hong Kong tourism industry (Gunia, 2019). Tourism figures decreased with an estimated drop in foreign visitors to 30-50% (Dormido et al., 2019). With fewer tourists pouring into the country the hotel vacancy rate increased to 60%. All in one, this led to a shrank of GDP by 3,2% in the last quarter of 2019 (Harrison, 2019). The retailing industry is strongly related to the tourism industry, thence the retailers were set to experiencing a fall at similar rates. Sales of jewelry, watches, clocks, and valuable gifts fell 17.1% on-year in June, data showed, after a revised 2.9% drop in May. Medicines and cosmetics fell 4.1% in June, compared with a revised 1.5% growth in May. Department store sales slid 6% in June, against a 0.3% gain in May (Siu & Kwok, 2019).

Transportation and logistics

Another city's key industry that suffered from the anti-government protest is the logistics industry. One of the imperative players in the industry is the Hong Kong International Airport which is considered the busiest air cargo hub in the world (Resilience360, DHL, 2020). During 2019 the airport handled 5.1 million metric tons of cargo. The hub's strategic positioning enables it to act as a major transit point between intra-Asia flights, as well as Transpacific travel between Asia and North America. The protests have severely impacted the operations of the Hong Kong International Airport (HKIA) on August 11-12 when the airport had to cancel over 300 flights. Although most freighter aircraft and cargo transportation were not directly impacted; some cargo carriers reported flight cancellations on August 13 including the Yangtze River Express, China Cargo Airlines, UPS, Airbridge Cargo Airline, and SpiceJet (Resilience360, DHL, 2020). The common method of disruptions was sit-in protest in the airport and road closures. The attempt to paralyze the roads seriously impacted the ability of cargo to reach freight to and from the airport. Ground transportation also was set to suffer major disruptions as protesters attempted or blocked highways in Wong Tai Sin, Mong Kok, Yau Ma Tei, Tsing Yi, and Tuen Mun districts. Also, full or partial traffic suspensions have frequently taken place primarily in the Hong Kong Island area including at the Cross-Harbour Tunnel, Harcourt Road, and Chater Road. Ocean freight was one of the least affected as protests have mostly taken place on weekends and have been concentrated in the Hong Kong Island area, thence no major blockages were reported at ocean terminals. Charles Brewer, CEO of consulting firm Click and Connect and former global CEO of DHL eCommerce noted that "if such events continue, shippers and freight forwarders would likely look to reroute belly cargo onto freighters, which in turn could strain capacity on freighter

flights. That could also result in rolled cargo due to a lack of available supply” (Resilience360, DHL, 2020).

Financial sector

Since the onset of coronavirus in December 2019 and its spread to Hong Kong in early January, the Hang Seng Index has dropped by 4% from its recent high on 17 January 2020, as noted by an expert from Colliers: “indicating a decline but certainly not collapse in market sentiment” (Tang, Tang, & Lau, 2020). Still, in visible terms, the financial sector appears to be still one of the least affected. For example, the HSBC group reported revenue of \$28,5 billion (an 8% increase compared to the previous year) and a profit before tax of \$12,5 billion (an 8% increase compared to the previous year) (HSBC Group factbook, 2019). Despite solid results, the entire financial system has multiple concerns about future earnings. As Hong-Kong maintained its win-win position over the last two decades by oscillating between the West and the East, being world’s largest US-dollar-clearing banking system appears to be quite problematic to continue giving current circumstances (Crow, 2019). Also, financial market specialists argue that the Hong Kong currency peg could break if prolonged unrest and downward factors diminish the city’s economy levels of liquidity. Likewise, specialists from Goldman Sachs estimated that between US\$3 billion and US\$4 billion in Hong Kong dollar deposits were transitioned to Singapore, the city’s rival international financial center, as of the end of August. According to analysts: “those outflows are ‘modest’ and ‘still small’ compared with the Hong Kong dollar and US dollar deposits in Hong Kong” (Bowie, 2020).

Organizations’ repercussions to COVID-19 in Hong Kong

Amidst crisis, countries around the world were forced to take various extreme measures to control the COVID-19 virus. These measures were generated, tested, and implemented by

private and public sectors across different levels of the economy. Diverse organizations had to consolidate their crisis management and contingency plans. These implied a high degree of diversity as a response to severity, velocity, and uncertainty. The contingency plans were also directed towards distinct goals diverging from mild to extreme, some of them were literally about survival or optimal exit plans. The case of Hong Kong represents a unique setting that involved responding to ongoing challenges that continued without interruption since June 2019 when the pro-democracy social movement took the special administrative region's streets. However, simultaneously, Hong Kong was able to construct a set of response plans utilizing previous experience from the SARS epidemic. These crisis steering instruments might be observed through the lenses of the two precedents.

The 2003-2004 SARS outbreak remained deeply solidified in the local memory of Hong Kong. This epidemic caused at that time 280 deaths and a shrink in the city economy of 0,5% in the second quarter (Berlinger, 2020). This phenomenon has played the role of a deep alert for the Hong Kong administration used a conservative approach since the first cases of COVID-19 in the central Chinese city of Wuhan in December (Gunia, 2020). The city used a blend of various social distancing measures since the first cases were reported in early January in Hong Kong itself. Since then, the city has reached slightly above 1000 confirmed cases out of a population of 7,8 million residents. Notwithstanding, Hong Kong is considered one of the most densely populated places in the world, the government has demonstrated the ability to keep the case numbers under strict control by utilizing social distancing, contact tracing, isolation and travel restrictions (Gunia, 2020). Starting from early January, schools, universities, and some governmental agencies were shuttered and a vast majority of the population was directed to study or work from home. Other business profiled organizations followed similar patterns and advised

their employees to work remotely where possible as well. Later in March, when a large number of residents and ex-pats started returning from abroad, the authorities took into consideration that the second wave of infections might occur and decided to strengthen the measures. These include banning non-residents for entering Hong Kong, made a 14-day quarantine mandatory for those arriving in the city, closed businesses such as gyms, bars, karaoke, and other service-providing institutions (Gunia, 2020). Despite the drastic measures, and the authorities' abilities to keep the situation infectious situation under control; months of violent protests and the uncertainty over US-China trade deal plunged Hong Kong into a recession year for the first time in a decade (Berlinger, 2020). The economy shrank 1,2% last year due to the increasingly violent social movement that paralyzed the city, while the GDP shrank by 2,9% in the fourth quarter alone (Berlinger, 2020). The protest hit severely the hospitality, retail, and food industries.

Additionally, Hong Kong's economic three-headed carriage (export, consumption, and investment) has been seriously impacted. For example, Hong Kong Small and Medium Enterprises Association Honorary Chairman Liu Dabang noted that: "because of the embargo ban imposed by Europe and the United States to fight the epidemic, some Hong Kong businessmen have been reduced or suspended orders by local customers, especially for non-essential consumer goods such as toys, accessories, clothing and luxury goods" (Mingpao, 2020). Following, Liu Dabang added that "the impact of engineering products and semi-manufactured products is not as serious as that of consumer products, such as the aluminum products produced by its factories. Although American customers have to stop working for two weeks, they have not cut any orders" (Mingpao, 2020).

Taking into considerations all the peculiarities of the crisis, the Hong Kong government projected high uncertainties for the entire 2020 year (Gunia, 2020). In this respect, based on

previous experience, the Hong Kong government unveiled on April 8th, 2020, a new stimulus package to support local businesses and individuals in response to the coronavirus pandemic (Ng, Cowley, & Wolfers, 2020). The stimulus package amounts for approximately 5% of Hong Kong's gross domestic product was targeted to a wide range of industries, sectors, and businesses to help them diminish some of the COVID-19 crisis impacts. These include a wide range of economic stimulus measures (loans, a moratorium on debt repayments on strategic sectors, etc.); proposals on easing the burden on businesses and individuals especially the SMEs; various subsidy schemes; employment state compensation schemes, etc (Ng, Cowley, & Wolfers, 2020; The Government of Hong Kong SAR, 2020). Preponderantly, these stimuli were oriented towards supporting organizations during the *acute* and *chronic* stages of the crisis in the for key industries.

Primarily, various pieces of evidence demonstrate that organizations in Hong Kong were able to learn some valuable lessons from the SARS 2002 outbreak (KPMG, 2020). The majority of them have already generated contingency plans in plans specifically designed for epidemics.

Oftentimes, companies would test their drilling plans every year to ensure that their response in a real-time situation will be efficient and adequate. Similarly, economic actors had the opportunity to test their plans during the social unrest that started in 2019. "The most important learning is the importance of having a well-drilled crisis management plan in place" (Eagar, Alves, & Little, 2020:7). Company evidence underlines that the most imperative is to focus on two things during the initial phase: to secure the safety and, maintain a viable level of operations. This goes line in line with the *issue management* or the *prodromal stage* logic in consolidated models. "The first 72 hours are important to come up with an overall strategy and to use your contingency plans for infectious-disease scenarios" (Eagar, Alves, & Little, 2020:8). Similarly, Yao Sirong, a member

of the Legislative Council of the tourism industry, said that the epidemic has “frozen” the entire tourism industry. To save themselves, some travel agencies have developed new businesses and launched online shopping platforms; some travel agencies have also introduced local hotel reservation discounts (Ta Kung Pao, 2020). To help maintain a lucrative level of operations, based on previous SARS experience, the government has introduced more than 70 measures under the first round of Anti-Epidemic Fund targeted to severely affected sectors by providing one-off grants, cash subsidies, and rental waivers, etc. (The Government of Hong Kong SAR, 2020; KPMG, 2020). In addition to supporting from authorities, a vast majority of influential organizations businesses have introduced recovery-planning activities in their crisis management actions and contingency plans which should ideally bust the initial response and keep the situation under control (KPMG, 2020). As noted by an executive from the logistic sector: “Immediately take action and establish a crisis committee working on the worst scenario!” (Eagar, Alves, & Little, 2020:10). Another cohort of economic actors has stressed the emphasis on intensive communication while maintaining employees’ and customers’ safety. These are equally important during the *acute* and *chronic* stages according to Fink's (1986) model. In a report, a tourism business owner noted: “All staff have been given a two-month supply of surgical masks for them and their families (around for 2,000 staff).” (Eagar, Alves, & Little, 2020:10). The consideration means providing a wide range of sanitizing and protective equipment, have a clear agenda for mid-level management, and promote well-being for remote workers. Despite the difference between the sectors of economic actors, staff appeared to be the most critical group because they are on the first line when interacting with customers. The staff could also play a crucial role in educating other stakeholders by providing valuable personal experience-based examples. At the same time, there is an ongoing metamorphosis is CEOs’

manners of conducting operations, as more delegation and trust are observed: “A new kind of leadership is required – the CEO needs to be a servant of his employees and to maintain a certain level of focus on their projects.” (Eagar, Alves, & Little, 2020:11) Simultaneously, more pressure is exerted on the CEOs as they gradually became a kind of role model that has to maintain a high level of morale and positivism to alter the fears of job losses as well as provide other guarantees to motivate employees. These new job professional characteristics were developed by many executives as a result of the recent PDSM. Additionally, the government authorities have stepped in and introduced supportive measures such as wage subsidies to eligible employees, one-off lump-sum subsidy grants, temporarily relaxed taxes, and job creation investment to create around 30000 new jobs (The Government of Hong Kong SAR, 2020; KPMG, 2020).

Another imperative learning from previous experience is related to the artificial separation of teams inside the company. To secure the continuity of operations as well as decision making, top-management oftentimes had to create different smaller operations and executive teams to secure the continuity in case one of the team becomes infected. As mentioned by one of the executives from the service provision industry: “Always have a second-team ready to substitute the first team in case quarantine is needed.” (Eagar, Alves, & Little, 2020:13) This leadership practice has been inherited and further developed from the previous SARS epidemic. In this sense, task and decision delegation becomes an important key function that emphasizes its role in safeguarding operations’ continuity. These sorts of previous learning also oriented many businesses towards consolidating their partner ecosystem and bring more support to each other through knowledge and safety equipment sharing, guidance, new arrangements for future supply, etc. Some executives agreed that: “For the many companies whose revenues are adversely

affected by the crisis, managing cash flow is critical” (Eagar, Alves, & Little, 2020:13) Likewise, the newly appointed Financial Affairs and Treasury Secretary Xu Zhengyu published on his blog that “in the process of economic recovery, the Treasury Bureau must also play its role, one of which is to create a more convenient business environment for various industries” He also noted that in order to stabilize the business in the epidemic, the application of technology has become decisive, so whether it is a wider application of technology, a more competitive tax arrangement, or even a program to loosen walls to further create a more convenient business environment (Mingpao, 2020). In addition, Xu Zhengyu believes that the stability of the financial and asset markets is strong support for real economic activities. In his opinion, the Treasury Bureau should continue to consolidate the foundation of the stability of Hong Kong’s financial market with various regulatory agencies, focus on attracting investment, and stabilize the flow of funds in various industries to promote And protect employment; at the same time, we must take advantage of Hong Kong’s core competitiveness, including making good use of Hong Kong’s solid financial infrastructure and excellent professionals, developing asset and risk management centers, and using financial technology to enhance Hong Kong’s financial professional services and developing green Financial hub (Mingpao, 2020).

As many organizations’ and other economic actors’ revenues were adversely affected by the crisis, the abovementioned ecosystems advised them on how to generate new income, secure salaries, and helped to access government support. Simultaneously, the government helped strategic sectors to recover by offering various cash subsidies, waiver of fixed rent and management fees, introduce enhancements and special guarantees, etc (Ng, Cowley, & Wolfers, 2020; The Government of Hong Kong SAR, 2020). The Hong Kong government utilized a similar one-payment initiative designated for every permanent resident as a consequence of

PDSM. This was commented by executives as: “Every incremental AFF (adjusted free cash flow) dollar saved or earned is a one-dollar buffer against us having to cut talent costs.” (Eagar, Alves, & Little, 2020:14) Ultimately, the previous experience helped not only organizations and other economic actors but also boosted the interaction between the public and private sectors as well as generated more ground for support. Organizations became more open towards communicating with a variety of stakeholders including the government and other local authorities or communities. Some companies redesigned their contingency plans to meet government safety plans and regulations, as noted: “Critical services for government and other institutions are specially secured; anything critical to community, government, and society is done in a matter of hours, not days.” (Eagar, Alves, & Little, 2020:14) From their side, the public sector also supported organizations by injecting cash flow in their operations or creating safeguard nets for their existing credits in the banks by covering them with government guarantees. Other economic actors also built very strong cooperation ties with various communities and labor unions by bringing donations and contributions to employees and their families. Company leaders have realized that during extreme crisis companies have a moral obligation to help societies which is more important than profit maximization.

DISCUSSION AND CONCLUSION

In an attempt to answer the proposed research questions and to verify the appropriateness of the propositions this article overtures a consolidation between Fink’s (1986) and González-Herrero and Pratt’s (1996) models. The two models use a similar time scale and complement each other in describing crisis and more importantly in demonstrating the beneficial effect of timely implications for prevention at different stages of the models. The emergent findings exposed the

validation that previous crises (SARS and PDSM) played a crucial yet beneficial role for businesses in preparing and timely responding to COVID-19. Pieces of evidence extrapolated from the narrated cases suggest that organizations from the city's four key industries made exclusive use of the previously accumulated knowledge and expertise in timely anticipating, dealing with possible impacts of the new pandemic on their daily operations. As noted by executives' depictions, a large body of organizations developed contingency plans that were tested on a monthly and yearly basis depending on the nature and peculiarities of their business. Some organizations created specific protocols that were deeply rooted in their organization philosophy and spread throughout their networks. When incorporating these shreds of evidence in the proposed coagulated model, it is palpable that previous recent crisis experience contributes towards accelerating crisis detection and prevention during the *prodrome (issue management)* stages (please see *figure-4* for schematic reference). In visual terms, this dynamism can be illustrated by a flattening curve during the *prodrome* stage. This positive amplification effect could diminish the negative impact during the following *acute* stage. Further, additional information indicates that organizations utilized their learnings and expertise from the previous recent crisis to focalize on maintaining a lucrative level of operations. Some businesses provided additional resources to avoid considerable disruption of their logistic chains. Others considered imperative to maintain their employees' and customers' safety by introducing severe working protocols and providing the necessary safety equipment. Despite the difference between the key industries, organizations focused on issues that required immediate attention to avoid disequilibrium and disruptions to the entire value chain. Evidence suggests that at this stage, proactive organizations successfully identified the best solutions which considerably reduced the impact of the crisis at the *acute* and following stages. This could be schemed by a resultant

shrink of the crisis curve during the *acute* stage (please see *figure-5* for a suppositional dynamic scheme).

Furthermore, supplementary materials suggest that organizations became more proficient in administering the crisis cycles by incorporating the learning and expertise into the *chronic* stage from the previous *prodromal* and *acute* stages. The organizations thoroughly considered the sources of the problems that occurred during *prodromal* and *acute* stages and took imperative decisions that ensured the continuity of their operations and liquidity flows. At this point, a large number of organizations were able to adjust themselves to the crisis duration; in this way contributing to flattening the crisis curve at the *chronic* stage. In the proposed consolidated model, the above-mentioned metamorphoses could be illustrated by a compress in the crisis curve from *acute* towards the *chronic* crisis stages (please see *figure - 6* for a suppositional dynamic scheme). Amidst the ultimate *resolution* stage, organizations received support from the government and local authorities. In addition to the financial cushion provided by local authorities, a vast majority of key industry businesses have introduced recovery - planning activities in their crisis management actions and contingency plans which should ideally bolster the initial response and keep the situation under control until the crisis ends.

Collectively, the above - mentioned developmental coagulation of the proposed models, induced to a supplementary theoretical substance in the anatomy of crisis paradigm while contributing to crisis management literature. If the further anecdotal pieces of evidence prove to be correct then each of the existing crisis management models might need to reconsider the transition between the crisis stages and the extent to which a former crisis might impact the current crisis in their frameworks. Utilizing the proposed combination between Fink's (1986) and González-Herrero and Pratt's (1996) models, this study demonstrates that some stages of the crisis could be limited

to a minimum impact. For example, a well-prepared organization that utilizes previous learning and expertise from the SARS case might completely eliminate the *prodromal* stage and avoid probably a great portion of the *acute* stage (please see *figure-7* for a suppositional dynamic scheme). Additionally, when considering successive or interceptive crises, pieces of evidence suggest that a combination of the *resolution* stage of the primary crisis and the *prodromal* or *acute* stage of the more recent crises might occur. Although, in theory, this combination might be considered an additional burden to the organizations, in practice the opposite could occur.

Organizations that are already in their *resolution* stage of the primary crisis might use all the available instruments to diminish and/or completely avoid the *prodromal* and *acute* stages of the more recent crisis (please see and *figure-8* for a suppositional dynamic scheme).

This study is a modest way being novel, seeks to contribute to the extended body of interdisciplinary literature on crisis evolution and crisis management. Primarily it coagulates a vast body of literature on crisis management and integrates the case of Hong Kong in the present frameworks and models. Further, it combines and builds on two prominent models in crisis management anatomy by introducing new behavioral evidence based on organizations from the city's four key industries. Likewise, the study demonstrates that organizations make use of learnings and expertise accumulated during previous recent crises to diminish the effects of the ongoing one. Resultantly, this might often change organizations from being crisis-prone to being crisis-prepared which in turn might alter the previous recent crisis negative perception and adjust the crisis anatomy paradigm.

Concurrently, the present study resembles some limitations related to conceptualization and methodology choices that could generate prospects for future research. The primary limitation is related to the framework and model choices. Although there are five fundamental models and the

choice of the combination between Fink's (1986) and González-Herrero and Pratt's (1996) is demonstrated; these still are considered to be somewhat limited in instruments that might help an organization to diminish the susceptibility to crises. Following the above-mentioned issue, it is still troublesome to integrate the uniqueness of the Hong Kong case into any of the five discussed models. A prospective way to address this limitation is to conduct a series of thought in-depth interviews with executives from the four key industries and integrate their models of contingency planning in the existing frameworks.

Another series of limitations are directly related to the methodology used in data collection and analysis. The organizations were selected based on the four key industries of the economy which might not necessarily illustrate precisely the entire economic environment picture. Besides, there is no clear distinction between the size of the businesses. This is a crucial limitation since it appears to be obvious that companies with greater resources have better contingency plans as well as more liquidity available for financial cushioning in the case of a crisis. Additionally, some companies suffered from disproportional shocks during the PDSM in Hong Kong.

Oftentimes these were attacked based on their political associations, hence the effect of the crisis might have been dissociated with the generally recognized frameworks. To address this issue, further investigation is required on the motives of the crisis. Similarly, companies were selected through snowball sampling which appears to be a suitable option in this sense however it limits the poll of interviewees to a limited closed circle.

Ultimately, a methodological limitation is caused by the Delphi technique which requires constant efforts to maintain participation that if not carried appropriately might result in missing questions and answers. This limitation might be further buffered by a close juxtaposition between the panel and interview data.

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APPENDIX 1: LIST OF FIGURES

Figure 1: Development of Issues with or Without Management Intervention; Adopted from González-Herrero and Pratt (1996)

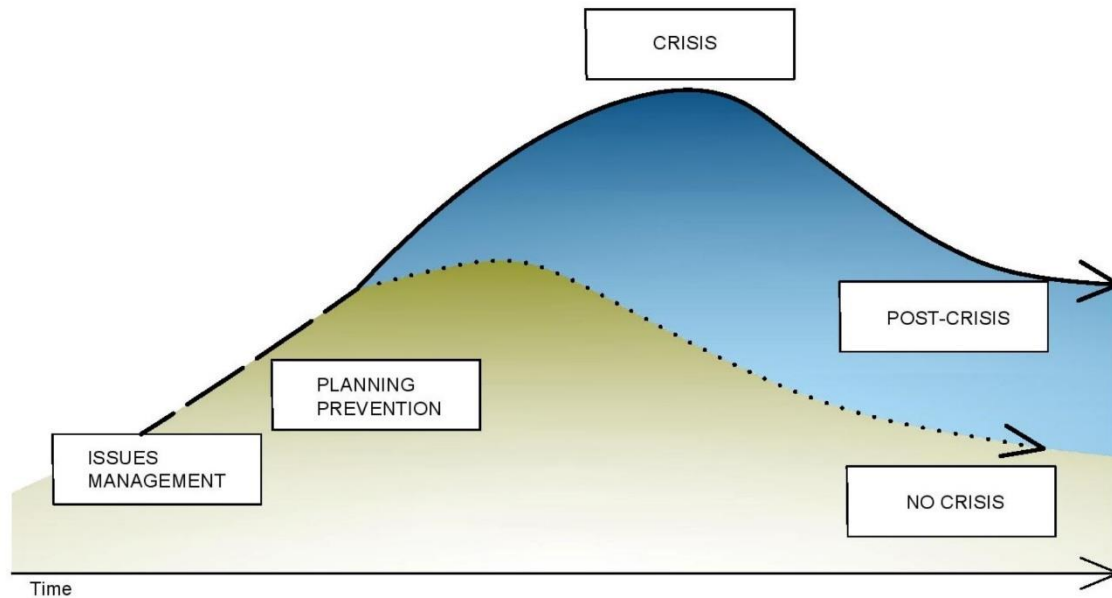


Figure 2: Crisis Management: Strategic Considerations; Adopted from Burnett (1998)

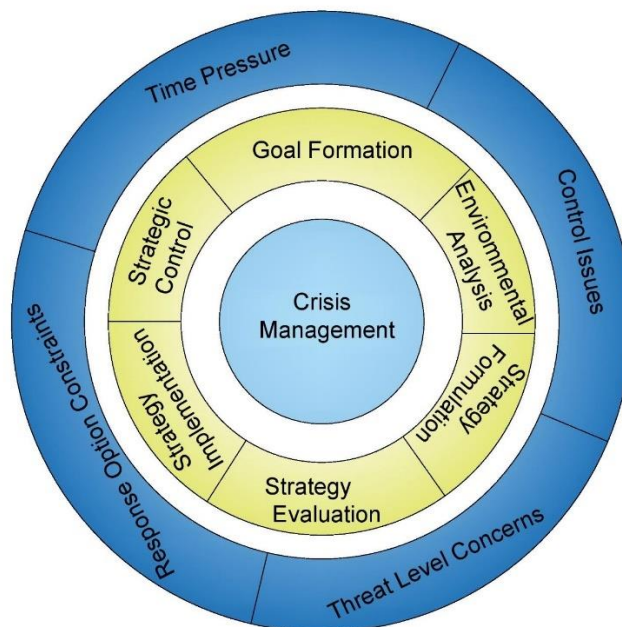


Figure 3. Crisis cycle flow chart; Adapted from Fink's (1986)

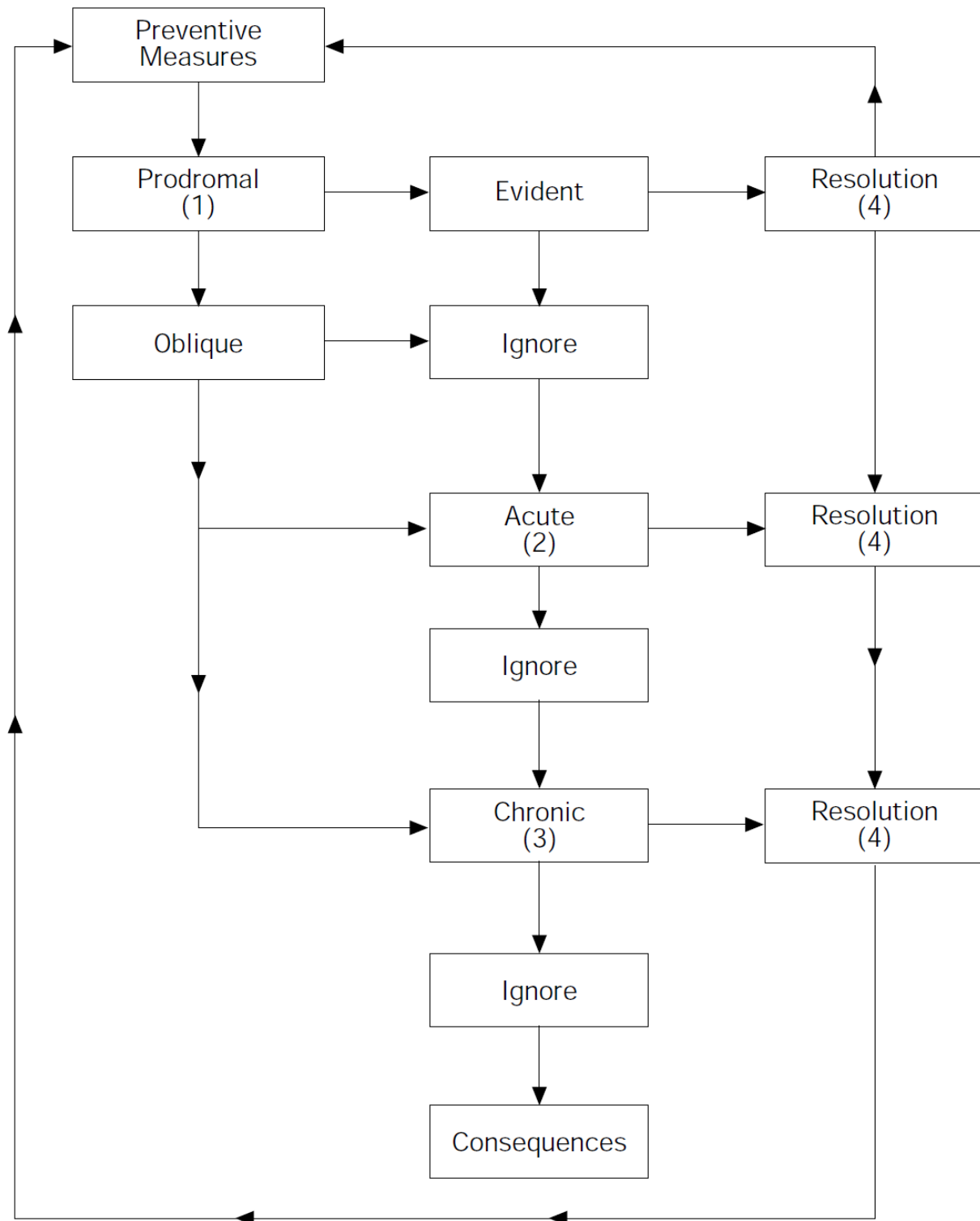


Figure 4. Accelerating crisis detection during the prodromal stage; Adapted and combined from Fink's (1986) and González-Herrero and Pratt (1996)

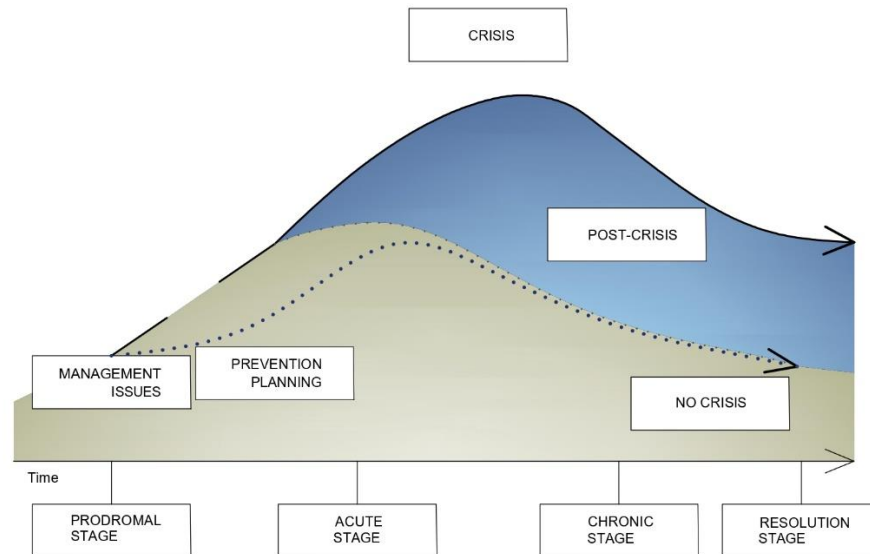


Figure 5. Experiencing a shrink in acute stage due to accumulated learning and expertise; Adapted and combined from Fink's (1986) and González-Herrero and Pratt (1996)

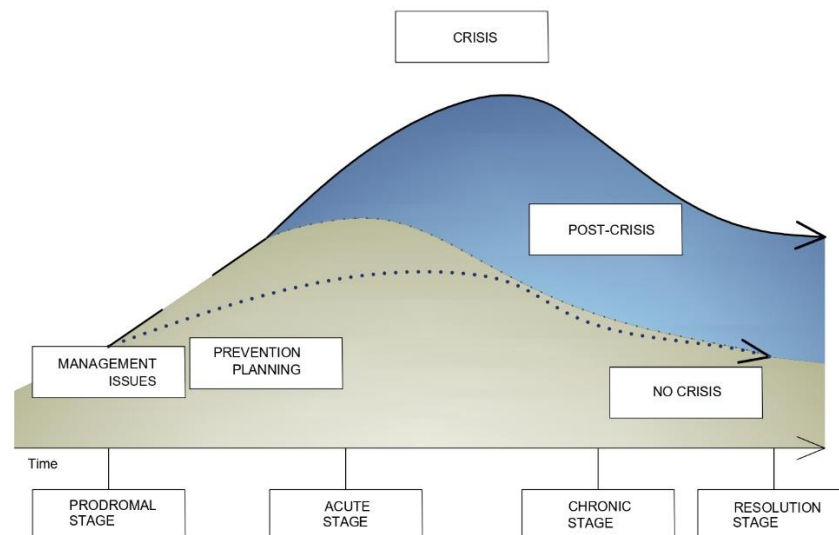


Figure 6. Flattening of the curve during the chronic stage; Adapted and combined from Fink's (1986) and González-Herrero and Pratt (1996)

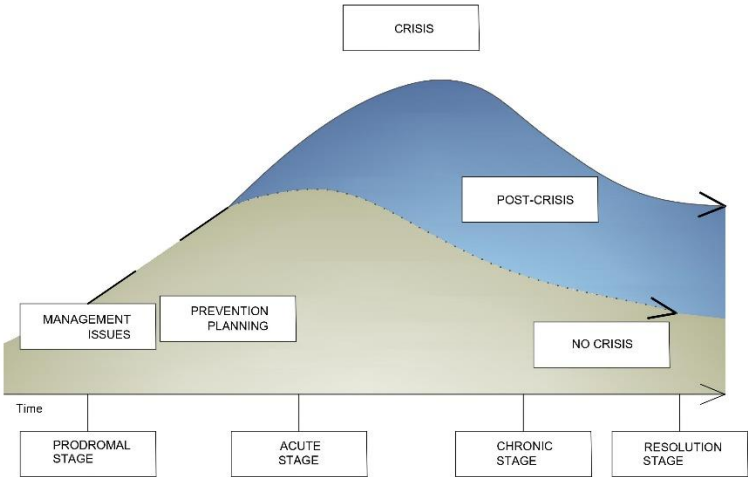


Figure 7. SARS effect on the COVID-19 crisis anatomy model; Adapted and combined from Fink's (1986) and González-Herrero and Pratt (1996).

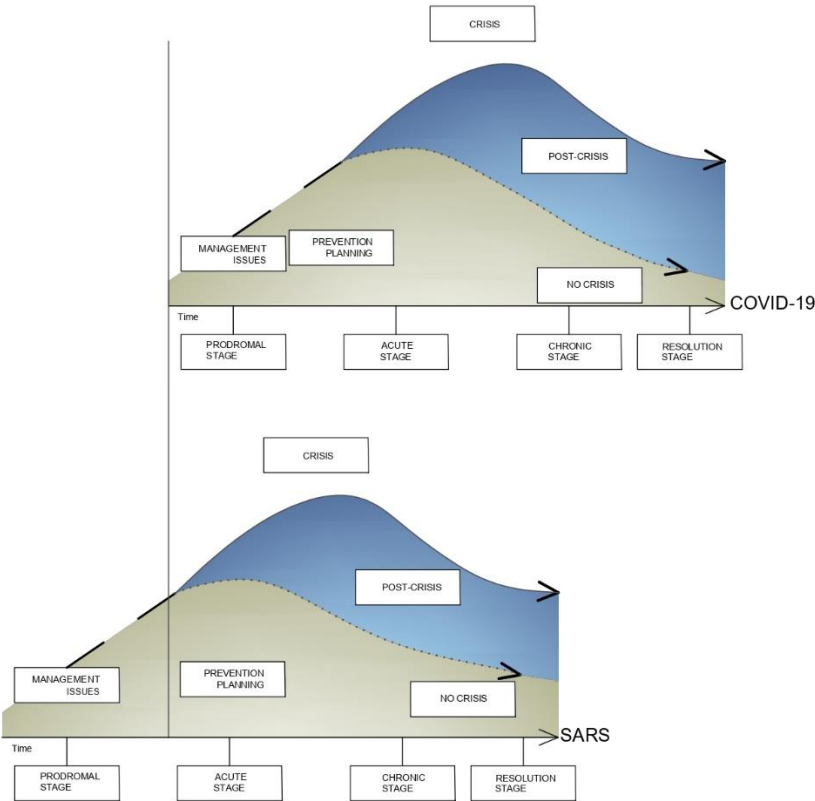


Figure 8. PDSM effect on the COVID-19 crisis anatomy model; Adapted and combined from Fink's (1986) and González-Herrero and Pratt (1996).

