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Crisis Management and Communication Strategies: RUSAL's Case

Alexander Rozanov, Maria Ivanchenko, Alexandra Baranova,
Mikhail Smirnov, Olga Belyaeva, Alexander Barannikov,
Mikhail Ilichev, Ludmila Ilicheva, Biyaslan Tambiev,
Maria Krotovskaya, Vladimir Chilingaryan,
Tatiana Grabovich, Zaru Dulatkyzy, Alla Nikolaeva,
Svetlana Ivanova, Kwame Boateng, Mattia Masolletti,
Marina Danilina, Dmitry Medvedev and Natalya Ogneva

Abstract

No company is immune to crisis situations, an affirmation which, despite its triviality, is undeniably true. However, from the early 2014, such statement may have become even more true to Russian corporations, as the annexation of the Crimean Peninsula gave start to rounds of economic sanctions that are still perpetrated today. Such measures, which were initiated in response to the Kremlin's political maneuvers, have hit a number of Russian companies, and increased the degree of uncertainty in which they have to operate, as they see economic restriction's impact not only on the business activity tangible factors—i.e., economic rewards, service, and performance—but also on intangible factors—i.e., image and reputation—as well. Crises are integral parts of all world systems, unfortunately. While they are a theoretically well-understood issue, in practice, crises are perceived as a very painful phenomenon. A crisis can be compared to riding a roller coaster. First, as we gain speed and climb up the tracks we are filled with a sense of joy and delight. These feelings are quickly replaced with anticipation, panic, and fear as the roller coaster plunges into the "abyss."

Keywords: crisis management, crisis, communication strategies, RUSAL, risk management

1. Introduction

Crises are integral parts of all world systems, unfortunately. While they are a theoretically well-understood issue, in practice, crises are perceived as a very painful phenomenon. A crisis can be compared to riding a roller coaster. First, as we gain speed and climb up the tracks we are filled with a sense of joy and delight.

These feelings are quickly replaced with anticipation, panic, and fear as the roller coaster plunges into the "abyss."

Given the likeliness of finding itself in the midst of crises resulting from the geopolitical crossfire between Russia and the U.S., some guidelines in the form of a strategy are needed, and the paper will aim at providing them. It should be made clear, though, that the strategy does not seek to attain this purpose only, as it also intends to formulate a set of directives to mitigate negative repercussions for the corporate reputation within unstable geopolitical conditions. More precisely, by taking into exam the case study of RUSAL—a leader in the Russian metal and mining industry, which after being put on the U.S. Congress blacklist on the base of presumed closeness to the Russian government last April has recently obtained to have sanctions against it terminated—a communications strategy that could serve companies to ease the sanctions-lifting process will be outlined.

A crisis is something that can stimulate an almost infinite number of associations in one's mind. Due to the extremely various scope of actions that this word may include—from natural catastrophes to personal problems—it is extremely hard to find a definition which can perfectly fit any critical occurrence. As has already been established, the research will deal with crises at the international political level, e.g., geopolitical tensions between the U.S. and Russia, which have led to crises at the business level, e.g., sanctions and blacklisting of Russian companies. Even if the idea of crisis is narrowed down to these two specific contexts, it may still be hard to find a generally accepted definition, although some consistency among all the diverse descriptions might be observed. In the field of international politics, Coombs [1] affirmed that there is no commonly accepted idea of international crisis, as a crisis is usually defined by and in the terms of the involved parties. For example, Tucker and Melewar [2] described the Cuban Missile Crisis during the Cold War by mentioning some elements necessary to understand the nature of such crisis, including the perception of high threat to important values and objectives, the feeling of being caught unaware, and having short time to respond.

These elements were seen by the American decision-makers as the reasons to classify the Cuban Missile situation as crisis. Conversely, according to other scholars, an international crisis is any situation in which there is some significant change in the normal interaction patterns between nations [3].

More precisely, as explained by Young, an international crisis consists of "a set of rapidly unfolding events which raises the impact of destabilizing forces in the general system substantially above 'normal' (i.e., average) levels and increases the likelihood of violence occurring in the system" [3]. Thus, at least as far as international politics is concerned, the definition of a crisis closely depends upon the approach which is used to analyze a situation. If, on the one hand, a crisis can be defined by the definitional approach focusing on the decision-making perspective, on the other, it can be defined by the way decisions taken by nations that have an impact on the system and the ordinary flow of politics. Defining a crisis in corporate context is equally difficult. As a matter of fact, despite increasing scientific interest in the issue and the importance that crisis management functions are recognized, there is still no generally accepted terminology for organizational crises. Based on a sample of 20 in-depth interviews conducted in 2014 with senior crisis communicators about organizational crisis recovery, crises were largely defined as "events which have the potential to negatively impact organizations' operations" [1]. Well before, O'Rourke [2] had claimed that although such bad events may be all unique, they do share some common characteristics. These characteristics include an element of surprise, which can make crisis management even more difficult, insufficient information, which makes it hard for a company to explain all the questions it is usually asked right away. In addition, the quick pace of events and the fact that the

situation can go south very rapidly are reflected by the intense scrutiny and media attention to which the whole matter is normally accompanied with.

Similar to O'Rourke's view is the one of Coombs [1] for which a crisis is a threat that can potentially damage an organization and its stakeholders in three regards—public safety, financial loss, and reputation loss. In particular, a crisis represents a threat to corporate reputation because it gives people reasons to think badly of the organization. Alongside many of the accusations raised by OFAC against Russia were not proved to be true and the motives behind sanctions also came into question, a crisis here could trace the idea of scandal which, according to Davis [2], derives from extensively publicized allegations that damage or attempt to damage the reputation of another party. A scandal can lead to stakeholders having more distrust for the party involved, which is likely to come out of the situation with a damaged reputation. Many other definitions and synonyms for the term "crisis" exist. However, it is the idea conceptualized by Coombs [1], the one that will be referred to in the course of the paper. Such choice was dictated both by the fact that further theories of his will be cited later on in the work, and also by the fact that in his definitions he stressed the potential impact of crises on corporate reputation.

As previously mentioned, crises can affect a company's tangible and intangible assets. Therefore, it is logical that crisis management is among the most important management functions. In fact, due to the inevitability of a crisis developing, crisis preparation may be a critical determinant of survival for any organization. Thus, strategic crisis preparation is becoming increasingly important as companies try to cope effectively with potential crises [1]. Once again, as for the concepts of corporate reputation and crisis, there are many definitions to crisis management. The first ground of debate comes with the differentiation between crisis management and risk management, which both deal with threats that impact the well running of the organization's systems and the well-being of its individuals [3]. Despite often being mistakenly thought to be the same, crisis management and risk management are two distinguished parts of the general domain of organizational management. Crisis management deals with critical situations mostly from a reactive perspective—e.g., it tries to limit the negative effects of an event by putting certain actions in place.

Risk management approaches threats proactively as it is concerned with identifying and correctly assessing a possible threat. Also, while risk management is treating risks individually, crisis management tries to identify the possible connections between different individual threats. Risk management consists of three different actions: the identification of risks, the evaluation of risks, and mitigation. Given the proactivity that characterizes it and the fact that it assesses threats before they actually materialize, risk management can also be referred to as crisis prevention, as it aims to create a reference framework that will allow companies to handle risk and uncertainty [2]. If implemented within a company as a continuous process, crisis prevention or risk management will considerably diminish the probability for the organization to face a crisis. The three actions of crisis prevention are just components to the larger crisis management process, which deals with crises before, during, and after they have occurred. Therefore, the concepts of risk management and crisis management do not overlap, rather, they are two different organizational practices that aim at increasing the capacity of a company to cope in the most efficient way with any crisis that arises, which might put in danger its functionality or even existence. Having clarified this point, some definitions of crisis management will be discussed further. Coombs [1] intended crisis management as a process designed to prevent or lessen the damage that a crisis can inflict on an organization and its stakeholders. As hinted earlier, such process can be divided into precrisis, crisis response, and postcrisis phases. In order to be effective, crisis management

needs to handle the threats in a sequential way. Some additional criteria to assess the effectiveness of such process were suggested by Pearson and Clair [2].

Essentially, given the variety of negative effects crises are usually accompanied by, to judge as effective all the efforts of a company aimed at pulling it out of a crisis would be inappropriate; likewise, the simple survival of the company may not be enough of an indicator of the effectiveness rather ineffectiveness of such efforts and of the crisis management process in general. However, it is possible to define crisis management as effective when operations are sustained or resumed, and internal and external stakeholders' losses are minimized, and learning occurs so that lessons are transferred to future incidents [4]. More precisely, crisis management was viewed by Pearson and Clair as a "systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur" [3], whose effectiveness is evidenced when "potential crises are averted or when key stakeholders believe that the success outcomes of short and long-range impacts of crises outweigh the failure outcomes" [1]. Apart from the issues that arise when considering the definition, the complexity of the concept is also reflected by the number of crisis management models in the existing literature. Given the fact that the quantity of information in the volumes on crisis management can be overwhelming, only the three crisis management models that have been indicated by Coombs [1] to be the most influential—the three-stage model, Fink's four-stage model [2], and Mitroff's five-stage model [5]—will be overviewed. Among the first crisis management models is the three-stage one, which is attributed to no particular scholar. Such model is characterized by three stages—precrisis, crisis, and postcrisis. The precrisis stage deals with all the proactive aspects of crisis prevention; the crisis stage refers to the measures taken in response to the occurrence of the crisis event; and the postcrisis mostly about ensuring that the crisis is over, and learning from the event. Similar to the three-stage model is the model proposed by Fink [2]. Essentially, S. Fink compared the crisis to a life cycle, which can be divided into four different stages: the prodromal stage, the acute stage, the chronic stage, and the resolution stage.

The prodromal stage—the denomination comes from the Greek term "prodrome" which means "running before"—can be traced back to the three-stage model precrisis stage, during which the professionals need to adopt a proactive approach in order to detect the signals of an impending crisis. Then, following a trigger event, the acute stage initiates and the actual crisis begins. This stage is characterized by the crisis event and the resulting damage. The severity and damage can depend upon the prevention activities carried out during the prodromal stage. The third phase is labeled as chronic stage, as here the main crisis occurrence might have been managed. However, the lasting effects of the incident might extend the duration of the life cycle and make the shift toward the resolution stage—which is identified with the clear end to the crisis—more difficult. Some of the elements firstly introduced by the three-stage model and then readapted by Fink have also been shared by Mitroff's [5] five-stage crisis management model, which includes signal detection, probing and prevention, damage containment, recovery, and learning. The first two stages include all the proactive steps that an organization can take prior to a crisis event. As signal detection consists of identifying the signs of possible crises, it is much like Fink's prodromal stage; probing and prevention, instead, constitute a new phase in which known crises are observed and researched in order to determine ways to prevent them from happening. The last three phases of Mitroff's model vary just in a minor extent from Fink's acute, chronic, and resolution stages. As a matter of fact, they are all devoted to the containment of the crisis and to the operations that should be undertaken to facilitate the return to the precrisis status quo. The slight differences between the two

authors arise from the way in which they have structured their models. As it was mentioned before, Mitroff's model [5] is cyclical, unlikely from Fink's. Thus, the learning stage allows an organization to integrate what it has learned from the crisis into its organizational philosophy, and to further apply it in the future. The model by Fink simply states that resolution occurs when the crisis is no longer a concern and does not bring any mention for what concerns future applications. Although disregarded by Fink, the idea that organizations can and should learn from crisis—because otherwise they would be susceptible to similar critical events—was acknowledged by the three-stage model as well. As the idea that companies should consider crises and other activities from the past will return in a number of passages later in the composition, which happens to be divided into three parts itself, the paper could also be referred to as a three-stage crisis management model. Further clarifications will be made throughout the paper.

2. RUSAL's case

As RUSAL obtained to be delisted from the U.S. Treasury OFAC sanctions list on January 27, 2019 [6], after being put under economic restrictions less than 1 year before, on April 6, 2018 [7], it was thought that Deripaska's former company might have had some strategy, or at the least some guidelines to resort to in case of sanctions imposition. Subsequently, a more in-depth analysis of the whole sanctions on RUSAL affair was carried out by the process of deductive reasoning. Deductive reasoning—as opposed to inductive reasoning—can be defined as the process for which the truth of the input propositions—or premises—logically guarantees the truth of the output proposition—or conclusion [6]. Such premises may be propositions that the reasoner believes, or assumptions that the reasoner is simply exploring. An example of deductive reasoning is displayed in the following: premise 1: every football player must wear a helmet while playing in a football game; premise 2: Joseph is a football player; conclusion: as Joseph is a football player, then he must be wearing a football helmet while playing in a football game. Before applying deductive reasoning to the RUSAL case, it should be reminded that a strategy is a method or a plan intended to bring about a desired future, such as the achievement of a goal, or solution to a problem [7]. In case of RUSAL, the possible solution could be connected with the plan to ease the sanctions-lifting process, given the fact that the company was freed from U.S. economic restrictions within a rather short period of time [8, 9].

Here, deductive reasoning might be applied as follows:

- premise 1: RUSAL had sanctions against it lifted in a short period of time;

- premise 2: a strategy serves to solve a problem, and sanctions are such; and

- conclusion: therefore, RUSAL must have resorted to a strategy.

To ascertain whether a strategy was actually used, a content analysis of press releases and media articles coming from the involved parties and a number of diverse media sources and newswire agencies was conducted. Another aim of the analysis was to seek to identify the strategical measures that RUSAL had employed, so that they could be implemented in the overall aim of the research—to provide a global communications strategy for companies operating under economic sanctions, or in the context of adverse geopolitical situation at the state level. In terms of time, contents taken into account span from sanctions imposition—April 6,

2018—to sanctions lifting—January 27, 2019—except for a few pieces of news dating back to March 2019. In terms of sources, when it comes to the involved parties, En+ Group, RUSAL, and the U.S. Treasury press releases were mainly considered; when it comes to the media, instead, news from a number of different countries— e.g., France, the United Kingdom, Ireland, Italy, and the United States—and different news organizations—e.g., Bloomberg, CNN, Financial Times, NY Times, Reuters, Wall Street Journal, and others—were considered and will be mentioned along the composition in order to get a perspective on the matter as global as possible. The content analysis first proceeded with the pieces of news from the media, not just because it was easier to retrieve them, but also because they could give a broader first glimpse of the situation and the communications practices possibly used; after, given the vagueness characterizing some articles and the fact that their veracity could not anyhow be verified, the statements from the more "official" sources—what was labeled above as "involved parties"—were taken into account. If, on the one hand, the first two sections were selected and made part of the dissertation right on the basis of the content analysis of such materials, on the other hand, the third and last section on CSR was included not following the examination of the case of RUSAL.

Even though as proved by press releases on the company [6] and Deripaska's official websites that RUSAL itself has been engaged in CSR initiatives, the inclusion of such section came more in light of the consideration of the Global Transparency Initiative (GTI) [2] campaign launched by Kaspersky Lab after the alleged accusations of working for Russian intelligence services in 2017. As a matter of fact, despite not having been put under economic restrictions, Kaspersky—in a similar way to RUSAL—suffered due to geopolitical contrasts between Russia and the U.S, as it was imposed a ban and saw operations within foreign markets compromised because of the damage to its reputation. The abovementioned GTI represents a recent case of CSR campaigning designed specifically in reaction to a crisis, something which RUSAL has not done so far, but that needs nonetheless to be considered, as it can have a vital role in restoring a company's damaged reputation [10]. Therefore, it is more accurate to say that the overall strategy takes two communication practices from the analysis of the experience of RUSAL, and integrates it with one taken from the case of Kaspersky, which responded to a crisis triggered by geopolitical motives with a CSR maneuver designed exactly for that. However, regardless of the type of crisis and how similar they might be, it should be reminded that a specific critical occurrence may pose its own specific communicational demands, and this, together with the company's resources—that may in turn be different from the ones of company of the size of RUSAL—might make it more convenient to prioritize a certain measure over another, or to use measures that are not discussed in the composition. Hence, the paper does not intend and will not be the ultimate strategical framework for companies suffering due to on-state level geopolitical clashes, but it will shed light on how to react to a type of crisis that might be experienced by other corporate players in the future, and on the communication practices that were used in that regard in the recent case of RUSAL and Kaspersky, too.

It was previously said that RUSAL represents one of the biggest companies in the metal and mining industry globally. As a matter of fact, the company, which was founded back in 2000 following a merger with SUAL (the Siberian-Urals Aluminum Company) and Glencore (a multinational commodity trading and mining company headquartered in Switzerland), became the aluminum industry leader in 2007. Although the throne of leader in terms of aluminum production was seized by the Chinese Hongqiao Group in 2015, RUSAL remains a vital player, as it has more than 62,000 employees globally and a number of facilities across 5 continents and 19 countries [2]. The man behind the consolidation of RUSAL's position in the

global aluminum industry is the well-known Russian businessman and tycoon Oleg Deripaska, whose first moves in entrepreneurship were in the metal market. Following his involvement in the metal market, Deripaska then decided to expand his activities and founded En+ Group in 2006. En+ Group includes a number of companies from different industrial spheres, such as the energy and machinery ones. Consequently, Deripaska's predominance in both the organizational structure and the shares of these companies is obvious, as he holds approximately 70% [7] of the shares of En+ Group of which he is founder and president. Alongside this, he has a controlling stake in RUSAL. However, some consider Deripaska to be a controversial figure: if, on the one hand, he is known for his business activities and philanthropy initiatives—e.g., Volnoye Delo, which is Russia's largest charity foundation, founded in 1998 [7]—on the other hand, he is known for having always been in close contact with some of the most important officials of the Kremlin— e.g., Vladimir Putin, or Polina Yumasheva, the ex-wife and step-granddaughter of former Russian President Boris Yeltsin, and daughter of Valentin Yumashev, one of Yeltsin's close advisors.

Although the extent of the effective closeness of Deripaska to the Kremlin as well as the real influence of the Russian government inner circles on his actions cannot be determined, Deripaska and a number of other Russian oligarchs were accused of behaving on behalf of their government by OFAC. More precisely, Treasury Secretary Steven T. Mnuchin accused the Russian government for operating in favor of oligarchs and political elites, as well as for being engaged in "a range of malign activity around the globe, including continuing to occupy Crimea and instigate violence in eastern Ukraine, supplying the Assad regime with material and weaponry as they bomb their own civilians, attempting to subvert Western democracies, and malicious cyber activities" [7].

Thus, as oligarchs have always been profiting from such corrupt system, on April 6, 2018, economic restrictions against them were imposed. In this regard, Deripaska was designated "for having acted or purported to act for or on behalf of, directly or indirectly, a senior official of the Government of the Russian Federation, as well as pursuant to E.O. 13662 for operating in the energy 1 sector of the Russian Federation economy. Deripaska has said that he does not separate himself from the Russian state. He has also acknowledged possessing a Russian diplomatic passport, and claimed to have represented the Russian government in other countries. Deripaska has been investigated for money laundering and has been accused of threatening the lives of business rivals, illegally wiretapping a government official, and taking part in extortion and racketeering. There are also allegations that Deripaska bribed a government official, ordered the murder of a businessman, and had links to a Russian organized crime group" [6].

At that time, Deripaska owned a controlling share of En+ Group which, in turn, was controlling RUSAL, and this was enough of a motivation for the U.S. Treasury to put economic penalties on Deripaska's companies. While there was no comment from RUSAL, the En+ Group announced changes in the structure of the organization following designation on April 9, 2018, and that the company intended "to continue to fulfill its existing commitments whilst seeking solutions (which may involve adjustments to its existing agreements and arrangements in accordance with legal and regulatory requirements) to address the impact of the OFAC Sanctions" [6], although sanctions were expected to be "materially adverse to the business and prospects of the Group" [2]. Immediately after the Treasury's decision in April, the price of aluminum soared above $ 2500 a ton [7]. In order to prevent the situation from further worsening, OFAC opted for watering down sanctions on En+ and RUSAL. Also, Mnuchin declared that RUSAL "felt the impact of U.S. sanctions because of its entanglement with Oleg Deripaska" [7] and that the Department

of the Treasury did not mean to target the "hardworking people who depend on RUSAL and its subsidiaries" [2].

Moreover, Mnuchin added that RUSAL had immediately approached the U.S. treasury with a petition for delisting, and that given the collateral damage on U.S. partners and allies due to these sanctions, the issue of General Licenses extending the maintenance of the wind-down period would be considered. To sum up, it is clear that RUSAL was being penalized due to its connection with En+ Group. As highlighted by Mnuchin himself, the measures taken by the Treasury were not only affecting Deripaska's companies, but a number of U.S. political and commercial allies as well. When presenting RUSAL, it was mentioned that because of its size and number of production facilities around the world its importance could not be confined to the Russian Federation. In fact, the importance of RUSAL increases even more when talking about aluminum output, as the company alone prior sanctions was covering about 20% of the aluminum demand in Europe, and was "responsible for 7% of global aluminum production" [6]. Hence, as reported by Reuters, it is logical that the situation put into alarm a number of European countries from the very beginning, as economic restrictions led to the previously mentioned shock in the price of aluminum, which in turn resulted from the fact that RUSAL, after being imposed to sanctions, could not produce aluminum at its full capacity; this would lead to severe repercussions for the global aluminum supply-chain and, consequently, to all the European manufactory industries whose production relies upon RUSAL. Therefore, the U.S. treasury directive from April 23 to diminish the gravity of sanctions on RUSAL was dictated—or at least influenced—by the interest that many countries had in minimizing any disruption in material supplies, and in avoiding any repercussion on their aluminum-liaised industries.

Officials from countries such as France, Germany, Ireland, and Italy—countries in which are RUSAL facilities, or interest in its aluminum provision—were among the first calling for a mitigation of the restrictions. Even some competitors of RUSAL, such as the Anglo-Australian multinational corporation Rio Tinto, advocated for a change in the initial measures, as "a squeeze on the largest producer of aluminum outside China would hit businesses around the world, disrupting production of myriad goods from car and planes to cans and foil, and putting jobs at risk" [10]. So, having understood the gravity of the situation, OFAC issued the so-called General License 14, which "authorizes U.S. persons to engage in specified transactions related to winding-down or maintaining business with United Company RUSAL PLC (RUSAL) and its subsidiaries until October 23, 2018 OFAC will not impose secondary sanctions on non-U.S. persons for engaging in the same activity involving RUSAL or its subsidiaries that General License 14 authorizes U.S. persons to engage in" [2].

In fact, measures similar to General License 14—General License 12 and General License 13—to minimize disruption to U.S. persons, partners, and allies had been already disposed from the beginning. However, as they proved to be not enough, the General License 14 was also issued. On 27 April 2018, En+ Group had announced that the day before they had submitted a formal request to OFAC to postpone the deadline of both General Licenses 12 and 13 from the initial set date (May 7, 2018), adding that "without an extension of the authorization period for General License No. 13, the ability of the Company to maintain its GDR listing on the London Stock Exchange will be materially impacted." What is more important here, though, is that En+ made it known that following negotiations, Oleg Deripaska agreed in principle to reduce his shareholding in the Company to below 50%. Moreover, he agreed to later resign from the Board and "consent to the appointment of certain new Directors such that the Board will comprise a majority of new independent directors."

On May 2, En+ informed its publics that OFAC announced on May 1 an extension of the authorization period under a new General License 13, which would last until June 6, 2018. If the issue of General License 14 was mainly to be attributed to the pressure exerted on the U.S. Treasury by a number of interested parties, whose normal business activity was being threatened by sanctions on En+ and RUSAL, the extension of General License 13, instead, resulted from the efforts of En+ under the so-called "Barker Plan," which Lord Gregory Barker of Battle—the current executive chairman of the company—started precisely on April 27, as he convinced Deripaska give up the 70% of En+ he then possessed. In a statement from June 6, 2018, by the French and the Jamaican governments to the U.S. FARA Unit in support of the "Barker Plan," it was stated that by that time Lord Barker and En+ had already implemented the first two steps of the plan—to reduce Deripaska's ownership stake in En+ below 70 % and to remove him from the Boards of both En+ and RUSAL.

The last component to replace Deripaska's allies on the Boards by independent directors was the only one remaining. In this regard, on June 27, En+ announced the resignation of several members of the Board of Directors of the company. These changes were all made within the framework of the "Barker Plan." Moreover, it was stated that the new members of the Board (being selected to ensure the efficient functioning of the corporate governance structure) would be replaced after lifting the sanctions, as previously established with OFAC [10]. As the last step of the "Barker Plan" was completed, OFAC announced on September 21 that En+ and RUSAL approached the U.S. "about substantial corporate governance changes that could potentially result in significant changes in control," and that to review the situation all the previous wind-down licenses would be extended until November 12. Following this, a number of further extensions of the General Licenses expiration dates were declared.

Finally, on December 19, 2018, the U.S. Department of the Treasury sent a notification to the Congress about its intention to terminate sanctions imposed on En+ and RUSAL within 30 days, as it was determined that "the significant restructuring and corporate governance changes will enable them to meet the criteria for delisting." On December 26, RUSAL announced the resignation of Matthias Warnig, the company's Chairman of the Board of Directors. As expressed by Warnig's words, with the planned delisting of the company from OFAC sanctions blacklist, his resignation was the natural last step to start a new strategic development for RUSAL. At this point, the last obstacle to sanctions removal was raised by the Democratic Party.

As a matter of fact, after OFAC notified the U.S. Congress about its intent to terminate sanctions against Deripaska-linked companies, Democrats submitted a bill to the U.S. Senate to repeal such measure as they viewed it as another directive pro-Russian/pro-oligarch from the Trump administration [11]. In spite of the fact that they were joined by eleven Republicans, Democrats fell short in the vote, as only 57 senators voted in favor of prolonging sanctions enforcement, and at least 60 votes were required to approve the bill. At last, on January 27, 2019, the official delisting of En+ and RUSAL from the OFAC sanctions list was declared. As stated the next day by En+, the removal from the OFAC list was reached upon the completion of the "Barker Plan," together with some other conditions such as auditing, reporting, and certifications by both En+ and RUSAL to OFAC, in order to prove further compliance with the delisting norms. In this regard, Lord Barker of Battle added that "the strong support for this plan from both the European Union and the British government, and a coalition of nations from Sweden to Jamaica, further underpins the broad based international support for the actions of the U.S. Administration to lift sanctions. With two thirds of the Board now are controlled by independent

directors and nearly two thirds of the company shares now are controlled by minority shareholders & independent U.S. Trustees, there has been a fundamental shift in both governance and ownership." The ad personam restrictions on Oleg Deripaska—whose direct interest in En+ was brought below 44.95%—are instead continued in force at present day—April 23, 2019. On March 15, 2019, the Russian oligarch filed a lawsuit in the district court of Washington D.C. against the U.S. Treasury and Secretary Steven T. Mnuchin, as sanctions left him "totally isolated" and excluded from both the American and Russian financial systems.

It was established that the term "crisis" refers to a number of different events and occurrences. A common factor of most crises is their potential to disrupt an organization's operations, while also posing both a financial and reputational threat. In this chapter, it was decided to put emphasis on the reputational component, as reputational damage can be viewed as the factor capable of bringing together crises of diverse nature. As highlighted by Coombs [1], during any crisis an organization's reputation suffers and the normal level of reputation that it enjoys among stakeholders goes down. On top of this, a call for action on part of the managers of the company is needed. In crisis contexts, one of the most important functions is crisis communication, a branch of strategic communication which deals with the use of words and actions to manage information and meaning during crisis process in order to prevent and limit the damage that can be caused [12]. Given that every crisis arises due to individual circumstance, no crisis is the same. Therefore, a communication strategy which can answer communication demands presented by diverse and specific crisis situations would represent the ideal solution. However, precisely because of the multitude of facets a crisis can present and the great number of variables that—as the En+/RUSAL case showed—might be needed to be taken into consideration, the use of terms such as "best-practice" will be avoided. Having clarified this, one of the best routes that companies under crisis circumstances can pursue is provided by the evidence-based situational crisis communication theory (SCCT), developed by Coombs in 2007, which suggests that crisis managers should mould strategic crisis responses on the basis of the particular threat posed by the particular crisis [1]. The relevance that the Coombs model enjoys in the field of crisis communication derives precisely from its ductility and wide applicability, which is also why it was ultimately decided to use it as main component for the first building block of the communications strategy discussed in the paper. The main idea of SCCT is that a crisis, regardless of its gravity—and no matter how well it is handled—is a negative event nonetheless. During critical occurrences, the stakeholders of the company try to make sense of the situation, and they do so through the so-called attribution theory. This theory claims that people tend to search for the causes of the events, especially when those are as negative and potentially harmful as crises [3]. Essentially, the people of the organization will experience certain emotions in reaction to the event, and such emotions, together with the attributions of responsibility, are to be the determiners and the "prescribers" for managers about how to handle information and respond to the crisis. In other words, if the crisis is the result of some situational factors—factors whose control goes beyond the responsibility of the organization—then the emotions of the interested publics are likely to be not as negative as the ones of the stakeholders of a company that is deemed to be the main responsible for the outburst of the crisis. Thus, while in the first case—as the organization is not considered responsible—stakeholders' emotions will be relatively ok, in the second case, stakeholders will be likely to be angry and this will cause further reputational damage to the company. SCCT suggests that by understanding the situation and the probable reactions from the publics, crisis managers can determine which crisis communication strategies will maximize reputational protection. Therefore, first of all, crisis managers need to assess the level of the reputational

threat that the crisis presents. To do so, three factors need to be taken into account: initial crisis responsibility, crisis history, and prior relational reputation.

Initial crisis responsibility traces back to what has been told in the previous passage—i.e., the assumption that stakeholders try to understand the degree of involvement that the organization has in the outbreak of a crisis, and to what extent stakeholders believe organizational actions caused the crisis. It goes unsaid that if the attribution of responsibility on the organization goes higher, the reputational threat will increase. More specifically, in the context of SCCT theory, three crisis clusters—which are in turn related to certain types of crisis—have been identified. In the first cluster—known as victim cluster—there is a very weak attribution of crisis responsibility; in fact, the company is observed as a victim of the occurrence. Usually, natural disasters, rumor, and workplace violence are categorized as such crises. The second cluster, instead, is defined as and characterized by a minimal attribution of crisis responsibility. The crisis event is here considered as unintentional or uncontrollable by the organization—e.g., technical-error accident, technical-error product. Finally, the intentional cluster, which views a strong attribution of the event on the organization—e.g., human-error accident, organizational misdeed. A list with some examples of crisis grouped by crisis clusters can be arranged as follows:

Victim cluster (the organization is also a victim of the crisis; weak attributions of crisis responsibility and mild reputational threat):

- natural disaster—acts of nature damage an organization such as an earthquake;

- rumor—false and damaging information about an organization is being circulated;

- workplace violence—current or former employee attacks current employees onsite; and

- product tampering/malevolence—external agent causes damage to an organization.

Accidental cluster (the organizational actions leading to the crisis were unintentional; minimal attributions of crisis responsibility and moderate reputational threat):

- challenges—stakeholders claim an organization is operating in an inappropriate manner;

- technical-error accidents—a technology or equipment failure causes an industrial accident; and

- technical-error product harm—a technology or equipment failure causes a product to be recalled.

Preventable cluster (the organization knowingly placed people at risk, took inappropriate actions or violated a law/regulation; strong attributions of crisis responsibility and severe reputational threat):

- human-error accidents—human error causes an industrial accident;

- human-error product harm—human error causes a product to be recalled;

- organizational misdeed with no injuries—stakeholders are deceived without injury;

- organizational misdeed management misconduct—laws or regulations are violated by management; and

- organizational misdeed with injuries, stakeholders are placed at risk by management and injuries occur.

The second factor—crisis history—concerns whether the organization has previously experienced crises of similar nature. In this sense, the attribution theory suggests that when an organization undergoes crises of a similar nature on multiple occasions, then it must have some ongoing problems that need to be addressed. If these issues are not addressed, then there could be negative repercussions when considering the third factor, prior relational reputation. Prior relational reputation consists of how well or poorly an organization is perceived to have treated its stakeholders before. Both the last two elements can work as intensifiers for the degree of initial crisis responsibility: if the company has a bad history, then the company will be likely to be attributed more responsibility for the crisis. As previously stated, these three interconnected elements become of use to crisis managers in assessing the reputational threat that a crisis can pose to the company. Here, the three factors are combined in a process of assessment consisting of two phases.

Firstly, managers try to determine the type of crisis that their company ended up in; according to SCCT, each crisis type generates specific and predictable levels of crisis responsibility. By identifying the crisis type, managers will be able to anticipate the extent to which stakeholders initially hold the company responsible for the outbreak of the crisis. Secondly, crisis history and prior relationship reputation—the two intensifying factors of initial crisis responsibility—are considered, as they can alter the initial reputational threat: greater crisis responsibility will be attributed to the company that already experienced analogous occurrences in the past, while the company whose reputation has never been tarnished similarly before will not suffer as much. It was affirmed by Coombs [1] that the reputational threat deriving from an accidental crisis can escalate into the degree of intentional crisis when similar preconditions are there, as they can trigger stronger feelings of hatred toward the company. After identifying the reputational threat, managers must create their own crisis response strategies. As reiterated on several occasions earlier in the composition, even for the major experts of the field, it is inconceivable to craft a list of response strategies that can be referred to in any crisis situation. In this sense, SCCT presented a groundbreaking approach to crisis communications, as it made crystal clear that there should be a theoretical link between the type of the crisis and the response strategies adopted to put the fire out. For example, the response needs to be dictated by the degree of responsibility which the company is attributed during a crisis; still, as response strategies are pivoted on the organization's perceived acceptance of responsibility for the crisis, managers need to be extremely careful, as resorting to inappropriate responses may lead to worsened reputational damage. The more accommodative response strategies—e.g., to show greater concern for the victims—can lead stakeholders to believe that the organization is taking on the responsibility for the whole matter. Additionally, SCCT suggests that response strategies can be grouped into three different typologies on the basis of the organization's perceived acceptance of responsibility for the crisis—e.g., denial, diminish, and rebuild. A list of SCCT crisis response strategies will now be presented, following which some insights about them will be discussed.

Deny crisis response strategies are:

- attack the accuser—crisis manager confronts the person or group claiming something is wrong with the organization;

- denial—crisis manager asserts that there is no crisis; and

- scapegoat—crisis manager blames some person or group for the crisis.

Diminish crisis response strategies are:

- excuse—crisis manager minimizes organizational responsibility by denying intent to do harm and/or claiming inability to control the events that triggered the crisis; and

- justification—crisis manager minimizes the perceived damage caused by the crisis.

Rebuild crisis response strategies are:

- compensation—crisis manager offers money or other gifts to victims; and

- apology—crisis manager indicates the organization takes full responsibility for the crisis and asks stakeholders for forgiveness.

Bolstering crisis response strategies are:

- reminder—crisis manager tells stakeholders about the past good works of the organization;

- ingratiation—crisis manager praises stakeholders and/or reminds them of past good works by the organization; and

- victimage—crisis manager reminds stakeholders that the organization is a victim of the crisis too.

Deny crisis strategies seek to disconnect the organization from the crisis, as if it is not involved, it is unlikely to suffer from it. Still, in some types of crisis, such as rumor and challenge, managers are called to argue that there is no real crisis. If stakeholders embrace the version of crisis managers, then the organization is spared any reputational damage.

Diminish crisis strategies instead attempt to prove that a crisis is not as bad as stakeholders believe, or that organizational mismanagement was not among the underlying causes. If managers succeed in diminishing the involvement of the organization in the outbreak of the crisis—i.e., they lead stakeholders to believe that responsibility is not on the company—then the harmful effects are reduced. In order to achieve this, solid evidence is required as stakeholders will be given a number of frames—or versions—differing from the organization, from which they will select the one that they find as more plausible.

Such strategies are mostly used to mitigate the damages of crises constituting serious reputational threats, i.e., intentional crises, or crises that are of a similar nature to previous ones. Similar to rebuild strategies are bolstering response strategies, which are used to develop the organization's reputational asset, although

only to a minor extent. Bolstering strategies base more upon the past relationships between the company and its stakeholders; for instance, the bolstering strategy "reminder" draws on back past good deeds in order to counterbalance the adverse effects from the present crisis. Essentially, bolstering functions as an additional strategy in order to support the aforementioned strategies. It was determined that communications can affect perceptions and change the way people think of the organization. If, on the one hand, the deny strategy turns out to be of use exclusively if stakeholders are convinced that there is no crisis, on the other hand, adjusting information, e.g., to express concern for the victims, and rebuilding the strategy find more ground for application and are the most effective ways to lessen the damage resulting from reputational threats.

Considering how well they address victims, rebuild strategies may be seen as the most logical response to crisis. However, they are not always the optimal solution for a number of reasons. First of all, it was demonstrated that they are usually more expensive. Secondly, overly accommodative strategies bring no greater reputational benefits; in fact, they can actually worsen the situation as stakeholders may be led to believe that the company is even more involved in the crisis than what was originally thought. To sum up, a list of crisis response strategies recommendations will be now presented:

- informing and adjusting information alone can be enough when crises have minimal attributions of crisis responsibility (victim crises), no history of similar crises and a neutral or positive prior relationship reputation;

- victimage can be used as part of the response for workplace violence, product tampering, natural disasters, and rumors;

- diminish crisis response strategies should be used for crises with minimal attributions of crisis responsibility (victim crises) coupled with a history of similar crises and/or negative prior relationship reputation;

- diminish crisis response strategies should be used for crises with low attributions of crisis responsibility (accident crises), which have no history of similar crises, and a neutral or positive prior relationship reputation;

- rebuild crisis response strategies should be used for crises with low attributions of crisis responsibility (accident crises), coupled with a history of similar crises and/or negative prior relationship reputation;

- rebuild crisis response strategies should be used for crises with strong attributions of crisis responsibility (preventable crises) regardless of crisis history or prior relationship reputation;

- the deny posture crisis response strategies should be used for rumor and challenge crises, when possible; and

- maintaining consistency in crisis response strategies.

Mixing deny crisis response strategies with either diminish or rebuild strategies will erode the effectiveness of the overall response. In spite of the fact that the whole theory bases on the specific crisis event, some limitations in the crisis response strategies provided by SCCT exist. In this sense, financial resources are the dominant constraints as some companies might not be able to afford or finance a particular crisis response, having then to resort to a less preferred strategy.

Yet, SCCT is among the best frameworks that managers have at their disposal to protect corporate reputation at crisis times, and this is due to the fact that it originates from and incorporates the psychology of the stakeholders.

Overall, crisis type, crisis history, and prior relationship reputation help understanding how stakeholders will react to the crisis situation. Managers will be able to draw upon from that, and outline recommendations that best fit the particular crisis context. To give an example, some elements belonging to the SCCT framework will now be applied to the case of En+/RUSAL. In the first press announcement after the inclusion of RUSAL in OFAC list, En+ [7] reported that it was searching for a solution, while fulfilling its existing commitments. Then, as it was seen, pressure from several U.S. economic partners and allies following the increased price of aluminum spurred OFAC into extending the sanctions relief General Licenses on En+/RUSAL. In addition, OFAC reaffirmed the reason which first led to sanctions imposition—i.e., Deripaska's influence over En+. Although this was known from the beginning, it was now even more obvious that the best way for En+ to have sanctions lifted might be to remove Deripaska from the organizational structure. Therefore, OFAC declarations not only led to the initiation of the "Barker Plan"— aimed at forcing Deripaska out of his seat as majority shareholder of the Board— but also hinted the preferable crisis communication strategy for the particular situation—i.e., scapegoating. In the second press release from April 27, En+ [7] let stakeholders know that Deripaska agreed in principle to the conditions dictated by OFAC, and this became the leitmotif of En+ crisis communication; indeed, in all the following press releases, it was always made clear that efforts to reduce the relevance of Oleg Deripaska—i.e., the expedient used by OFAC to justify sanctions imposition—were being carried out. It is, however, curious that the choice of the scapegoat here did not come in response to the stakeholders' attribution of the situation, but was suggested by the opposing party itself. To conclude, the fact that Deripaska [7] commented the accusations moved against him only after sanctions were lifted suggests that he might have been instructed to do so, otherwise his crisis communication approach might have hindered En+'s, making it harder to have sanctions lifted in a short period of time.

Author details

Alexander Rozanov[1*], Maria Ivanchenko[1], Alexandra Baranova[2], Mikhail Smirnov[2], Olga Belyaeva[2], Alexander Barannikov[2], Mikhail Ilichev[3], Ludmila Ilicheva[2], Biyaslan Tambiev[2], Maria Krotovskaya[2], Vladimir Chilingaryan[1], Tatiana Grabovich[4], Zaru Dulatkyzy[5,6], Alla Nikolaeva[7], Svetlana Ivanova[7], Kwame Boateng[8], Mattia Masolletti[9], Marina Danilina[10], Dmitry Medvedev[11] and Natalya Ogneva[12]

1 NUST MISIS, Moscow, Russian Federation

2 Russian Academy of National Economy and Public Administration, Moscow, Russian Federation

3 All-Russian Academy of Foreign Trade, Moscow, Russian Federation

4 MGIMO, Moscow, Russian Federation

5 Lomonosov Moscow State University, Moscow, Russian Federation

6 Lomonosov Moscow State University, Kazakhstan

7 Moscow State University of Psychology and Education, Moscow, Russian Federation

8 NUST MISIS, Ghana

9 NUST MISIS, Italy

10 Plekhanov Russian University of Economics, Moscow, Russian Federation

11 Gubkin Russian State University of Oil and Gas, Moscow, Russian Federation

12 Immanuel Kant Baltic Federal University, Kaliningrad, Russian Federation

*Address all correspondence to: rozanov-88@list.ru

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