
Exploring the constituents of Investor Relations in a crisis in
Germany: antecedents, consequences and role

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ABSTRACT

In my thesis, I explore the constituents of an organizational crisis for Investor Relations and the capital market in Germany.

The literature review reveals a research gap on crisis research for these organizational groups as well as on qualitative research in the field.

Grounding my research within the hermeneutic phenomenological tradition, I conduct an instrumental case study on BP and the Deepwater Horizon oil spill to obtain the required pre-understanding. I use secondary data by means of newspaper articles from three UK national newspapers. The findings from the instrumental case study guide the collection of primary data. I conduct interviews with Investor Relations managers and institutional capital market participants. I analyze the interview data using thematic analysis.

A crisis that is considered relevant for Investor Relations and the capital market shows different characteristics than those relevant for other organizational crises.

My study extends existing crisis frameworks by adding impacts and the perspective from a specific corporate function and the related stakeholder group. It offers a new conceptualization of crisis.

Research regarding impacts on capital markets is often associated with quantitative research, using secondary data to assess effects on share prices. My research seeks to explore the underlying mechanisms of effects on Investor Relations and the capital market by employing a twofold exploratory approach. Therefore, my qualitative approach is methodologically relevant. I demonstrate that qualitative research can be applied successfully in this domain and obtain meaningful results.

DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas. Any views expressed in the thesis are those of the author and in no way represent those of the University.

Signed _____ Date _____

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ABBREVIATIONS

AGM	Annual General Meeting
AV	Anlegervertreter (Shareholder Representative)
B2B	Business to business
B2C	Business to customer
bn	billion
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DAX	Deutscher Aktienindex
DIRK	Deutscher Investor Relations Verband (German Investor Relations Association)
DVFA	Deutsche Vereinigung für Finanzanalyse und Asset Management
EPA	Environmental Protection Agency
ES	Equity Sales
FM	Fund Manager
FTSE	Financial Times Stock Exchange Index
GBP	British Pound
HR	Human Resources
IFRS	International Financial Reporting Standard
IR	Investor Relations
lb	barrel
MDAX	Mid-Cap-DAX
MMS	Mineral Management Service
PM	Portfolio Manager
PR	Public Relations
R&D	Research and Development
SCCT	Situational Crisis Communication Theory

SDAX	Small-Cap-DAX
SME	Small- and Medium-Sized Enterprise
SS	Sell Side
USD	US Dollar

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1 INTRODUCTION

My research seeks to determine the constituents and effects of organizational crises for Investor Relations (IR) and the capital market. This thesis begins with my personal motivation of undertaking this research. Subsequently, I provide an overview on organizational crises and articulate why they are of importance for research and, more specifically, in the context of IR and the capital market.

After that, the reasons for using qualitative research and the related research philosophy are explained. Finally, I provide an overview of the study's contribution to theory, practice and methodology.

1.1 Personal Motivation for Undertaking this Research

My motivation for conducting doctoral research stems from my professional background. During my professional life, I have predominantly been working in the domain of finance. For more than seven years, I was in charge as an IR Manager, responsible for the financial publications in a major listed German company in a Prime Standard Index¹ in Germany. I work in a crisis-prone industry which also depends on the economic cycle. While working as an IR Manager, two major crises occurred in the organization which I work for. One of these crisis events was a tragic accident which involved victims. The other crises comprised a series of industrial action from a small but important group of employees. Whereas the tragic event received a long and recurring media coverage, I realized it had far lesser impact on IR than the industrial action series. This contrast awakened my interest.

Thereby, the subject of this thesis combines two fields of my professional life and personal interest, IR and crises. With more than seven years professional experience in the vocational field of IR and over 21 years in the company, the choice of subject seems logical.

¹ Segment of the regulated market at the German Stock Exchange (Deutsche Börse) with the highest standards regarding follow-up duties and transparency requirements to appeal to international investors (Deutsche Börse "Prime Standard", n.d.).

In addition, IR in connection with the capital market² in Germany has not been subject to much research and thereby offers a field worthwhile to explore.

1.2 Organizational Crises

Organizational crises are not a rare or peripheral syndrome but have become a feature of business life. The German crisis research institute Krisennavigator (n.d.) notes a constant number of crises happening in the German speaking countries Germany, Austria and Switzerland since 1984. This goes in line with the findings of Mitroff and Anagnos (2001) who argue that organizational crises can happen at any time. A number of reasons for organizational crises exists as shown in the literature review (see below). Going along with this trend, a growing body of crisis management has emerged over the years. These crisis management frameworks are based on phased-approaches and crisis typologies, regarding stakeholders as a homogeneous group without further definition. Despite this extensive research on organizational crises, the approaches are exclusively grounded in management research with a rather generic approach. The related communication frameworks (Seeger, Sellnow & Ulmer, 2003, Coombs, 2007) are located in the domain of Public Relations (PR). While PR within organizations addresses the general and the media public, IR is the department of listed companies which focuses on communication with the capital market.

IR and its interactions with financial community has been researched in different disciplines, in economic and communication science research. Research within the economic tradition is dominant and mostly concerned with the topics of disclosure and information efficiency (Köhler, 2015, p. 16). This stream of research employs predominantly quantitative methods (ibid.). Research in communication science puts the relevant stakeholders, investors and information intermediaries, in its focus (ibid.) and uses qualitative methods (e.g. Hoffmann & Fieseler, 2012; Köhler, 2015). Despite this theoretical and methodological variety, IR is a relatively under-researched area

² In my study, I use the terms capital market and financial community interchangeably. The financial community or the capital market consists of financial stakeholders of a listed company and includes existing and potential institutional and retail investors, financial analysts, securities departments of banks, rating agencies and shareholder's associations (Zanger, 2000, p. 60).

(Laskin, 2009, p. 209). A number of manuals is available providing an overview of IR as management practice (Guimard, 2013; Kirchhoff & Piwinger, 2009).

Furthermore, I locate my research in the German context. Here, one of the rare works on IR is Köhler's (2015) dissertation about the institutionalization of the vocational field in Germany. One of the reasons for this is that IR historically started in the US, moving to the UK to continental Europe (Marston, 2004). I further lay out the current German context in the Chapter Background and Context.

This indicates a research gap which suggests that IR in conjunction with the capital market are an appropriate way to interrogate to the research subject of organizational crises.

1.3 Methodology and Methods

I ground my research in the communicative context where qualitative research, as suggested by Köhler (2015), prevails. In addition, I found that gaining deep insight into people's experiences would rather add to existing knowledge by generating nuanced data. I therefore decided to utilize a qualitative, exploratory approach by drawing on two data sources consisting of newspaper articles and semi-structured qualitative interviews.

After a long searching and reflection process, I decided to ground my research in the tradition of hermeneutic phenomenology. The major reason for my choice is that I am interested in understanding the underlying mechanism of crises which matter to IR and the capital market. Hermeneutic phenomenology acknowledges the complexity which arises in real life situations. At the same time it owes respect at research participants' experiences where each one is different from the other. By employing a hermeneutic phenomenological approach, I aim to explore and understand what constitutes a crisis for IR and the financial community.

Hermeneutic phenomenology entails that the researcher possesses a pre-understanding to approach the research project. This pre-understanding within the paradigm should be derived from the existing literature to provide the researcher with a conceptual framework (Patterson & Williams, 2002). While reviewing the existing literature I

found that there was no existing literature on IR and its interaction with the capital market in crises. The existing literature on organizational crisis is organization-centric and targets specific crisis management units. I do not deem the crisis communications literature feasible either as IR must fulfil statutory requirements in its work (Westermann, 2004). PR is solely aimed at privileging the source organization (Boys, 2007, p. 26). Therefore, crisis communication approaches are not compatible for my research. Yet, I draw on selected PR approaches to ground my study in the field of communications and to evaluate whether this approach is applicable to my study. After reviewing the literature I was able to derive a preliminary conceptual model from the literature but felt that this was insufficient.

Hence, I enhance my pre-understanding by conducting an instrumental case study on the oil company BP and the Deepwater Horizon oil spill in 2010. I use articles from three UK national newspapers as source for the case study. The reason for using UK newspaper is based on Kolb's (2005) research on issues lifecycles in the media. Kolb (2005) finds that regarding crisis coverage, German newspapers focus on scientific discourse in crises whereas in UK newspapers economic and capital-market related topics in crises coverage prevail. Hence, I make use of Kolb's (2005) research and assign newspaper articles to a crisis phase approach. Hereby, I aim to determine what topics matter to IR and the capital market at these different stages. I deem this choice of secondary data appropriate for obtaining the required pre-understanding. Although I adapt a German perspective to the main body of my research, UK newspapers suit my research purpose.

With the help of the newspaper data, I broadened my pre-understanding which enabled me to amend my provisional conceptual framework. Nonetheless, I was aware of the fact that German firms differ from UK firms regarding the Corporate Governance framework as well as the socio-political environment. I explain these differences in the chapter Background and Context. In addition, I kept in mind that the case study considers one case only and that newspapers provide an outside view in their coverage.

Therefore, in a final step, I create own data through semi-structured qualitative interviews to add deep insight and rich description to the particular German context within a hermeneutic phenomenological study. In order to obtain this insight, I interviewed twelve IR managers and ten capital market participants with different roles

and backgrounds. This range of methods and data sources establishes a sound trustworthiness of my research project and adds to knowledge in the area of crisis research. The final conceptual framework adds the perspective of IR and the financial community on crises.

1.4 Contribution

A Doctor of Philosophy requires contribution to theory. As my research is grounded in business research my study also offers contribution to practice and to methodology. I briefly highlight these aspects below and explore them in detail in the Conclusion chapter.

Contribution to theory is achieved by extending existing crisis management research approaches by adding a further dimension to existing crisis frameworks. The resulting framework can be used as a basis for further research. Furthermore, the new framework focuses on a specific group of organizational stakeholders, namely the capital market from the IR perspective. The main contribution of my research is a new conceptualization of crises from the IR and capital market perspective from Germany.

Contribution to practice is also made through the enhanced framework and a resulting matrix. Organizations may use this matrix when preparing or evaluating an organizational crisis which matters to the capital market. Further, I contribute to practice by evaluating the role of IR in organizational crises.

Contribution to methodology is achieved through applying qualitative methods to a topic which is associated with quantitative research. Primary and secondary data are building on each other, demonstrating that a qualitative research approach can achieve meaningful results. Hereby, I introduce a twofold exploratory approach.

1.5 Structure of the Thesis

This thesis consists of seven chapters. This introductory chapter is followed by the outline of the background and context in which the research takes place. Subsequently, a review of the literature on crisis management and IR stakeholders and contents follows. Thereafter, the Methods and Methodology chapter presents the methodology,

the underlying research philosophy as well as the research strategy. In the following chapter, the instrumental case study on BP and the Deepwater Horizon oil spill to gain the pre-understanding required in the chosen research paradigm is laid out. The interview data is analyzed and discussed in conjunction with the findings from the BP case study and the existing literature in the next chapter. The final chapter is the Conclusion, which summarizes the key factors in referring to the research questions, discusses the contribution and provides recommendations.

2 BACKGROUND AND CONTEXT

In this chapter, I provide an overview of contemporary Germany, the context in which my study takes place. This chapter starts with an outline on the German economic system. In the following, I present an introduction to the German industrial landscape and the related composition of the major stock indices. Subsequently, I provide a brief outline on German share culture.

The chapter concludes with an overview on recent crises. Here, although not located in Germany, I also refer to the Deepwater Horizon accident to provide an introduction to the instrumental case study.

2.1 Contextualizing Germany

Germany is a coordinated market economy. Coordinated market economies are one variation of capitalism (Hall & Soskice, 2001, pp. 19 et seq.). The main characteristic of coordinated market economies is that organizations seek equal relationships with employees, trade unions, financial institutions, politics, media and civil society groups (Schwalbach & Schwerk, 2014, p. 207). Moreover, the state provides a regulative framework for the economy, which provides social compensation and fair working conditions (Ritter, Beck & Tüngler, 2015, p. 8). One of the effects of this system is that supervisory boards in German companies are equally staffed with employee representatives and shareholder representatives (§96 Aktiengesetz). This is called a two-tier system and the supervisory board is not allowed to intervene in the course of business as in the one-tier systems which prevails in liberal market economies. The opposite to coordinated market economies are liberal market economies, which rely on market mechanisms and shareholder value orientation, such as the US or the UK (Vitols, 2001).

The codification of Corporate Governance reflects the different features of management in these differing systems (Schwalbach & Schwerk, 2014, p. 207). Corporate Governance is the legal and factual framework for companies which considers the internal and external relationships of a company whereas focus is on the company's owners (Köhler, 2015, p. 51 et seq.). The development of Corporate

Governance has been triggered by corporate accounting scandals and bankruptcies³. Therefore, securities exchange regulations and laws have been tightened worldwide. Corporate Governance is based on decision making standards and codes of conduct which differ internationally, depending on the alignment of the economic system as laid out by Hall and Soskice (2001).⁴

Corporate Governance in the German context reflects the principles of Corporate Social Responsibility (CSR) (Köhler, 2015, p. 53). This means that organizations need to justify themselves towards all their stakeholder with regard to their economic, ecologic and social responsibility (Schwalbach & Schwerk, 2014). In liberal market economies, the shareholder value approach is also reflected in the Corporate Governance codices of these countries, where companies act in the sense of their owners to increase the value of the company, i.e. their investment⁵.

Recent developments show a changing attitude towards this concept. In 2008, Larry Fink, CEO of global investment management corporation BlackRock, was the first head of a major US financial corporation to offer critique. In a letter to CEOs' of large international corporations, he states that companies should not deliver financial performance only but also contribute to society and benefit all of their stakeholders ("Eine bemerkenswerte Mahnung", 2018). Another public appeal from 181 top managers of major US firms followed in August 2019. They published a statement for the purpose of a company in which they commit themselves to the stakeholder approach while breaking with the long tradition of the shareholder value (Zöttl, 2019). A study by Schwarzmüller et al. (2017) supports this notion, as the researchers find that organizations who consider their stakeholders' interest show a long-term firm value enhancement.

³ Numerous accounting scandals took place in the United States of America erupting in the wake of the market downturn of 2000 (Andreadakis, 2010, p.142). One of the high-profile collapses was the fall of Enron in 2001 (Mallin, 2007, p. 2). For an overview see Nordberg (2011).

⁴ For an overview of different Corporate Governance systems see Schwalbach and Schwerk (2014, p. 206).

⁵ The shareholder value concept was developed by Rapaport (1998). For an overview of the concept with regard to IR see Köhler (2015; p.54-55).

2.2 Germany's Current Economic Situation

Germany is the fourth largest economy in the world and the largest in Europe (Urmersbach, 2018). Germany is a highly industrialized country with a share of almost 30% in manufacturing industries (Deutschland in Zahlen, 2018). The country heavily depends on exports while the most important exported goods are motor vehicles and automotive components (Ritter, Beck & Tüngler, 2015, p. 9).

In Germany as a coordinated market economy, non-market mechanisms for financing like bank funding for companies prevails (Köhler, 2015, p. 123). Therefore, it seems natural that 91% of the German companies account for small and medium sized enterprises (SME), the *Mittelstand* (Gottschalk et al., 2017).

Besides the dominance of SMEs, the 30 largest and most liquid companies in Germany are listed in the DAX index, the best-known stock exchange barometer in Germany (Deutsche Börse Glossary, n.d.). The major index within the Prime Standard Deutscher Aktienindex (DAX) was just founded in 1988 (Köhler, 2015). The DAX reflects the German economy which relies on traditional industries as stated above, which highly depend on the economic cycle. The highest share of the DAX has the automotive industry with 12.7%, followed by pharmaceuticals with a share of 12.6% and chemicals with 12.3% (Deutsche Börse Factsheet, 2018). The index following the DAX is the MDAX (Mid-Cap-DAX) which reflects the performance of the 60 largest companies following the DAX30 and was calculated since 1996 (Deutsche Börse Glossary, n.d.). The index reflects the performance of the shares of midsize companies in Germany and refers to the traditional sectors listed in the DAX (Statista Research Department, 2020). The MDAX also includes companies from other countries which mainly operate in Germany (ibid.). The Small-Cap-DAX (SDAX) comprises 70 companies that are subordinate to the MDAX values in terms of market capitalization and stock exchange turnover (Dax-Indices, 2019, p 19). In addition to the Prime Standard, Deutsche Börse offers sector indices for this segment. Hereby, companies are allocated in segments with their peers. There are 18 sector which are further aggregated in nine supersectors (Dax-Indices, p. 21). These supersectors comprise the most liquid companies of the Prime Standard from utilities, telecommunications, financials, industrials, information technology, pharma and healthcare, basic materials, consumer goods and consumer services with a daily exchange turnover of at least 1

million Euro (ibid.). This shows again that Germany strongly depends on traditional industries. Companies depending on these key industries range from other sectors represented in the DAX like steel (Verwerich, 2016) on to SME's (Ritter, Beck & Tüngler, 2015). It should be noted that DAX companies are exclusively located in former Western Germany due to the German history. Nonetheless, DAX and other companies have production facilities in former East Germany.

The shares of the DAX are predominantly held by institutional investors with a share of 61,8% (Ipreo, DIRK, 2018). Only 17,2% of the DAX are held by private households (ibid.). In addition, the DAX is dominated by foreign investors. German investors only hold a share of 15,9% (ibid.). Investors from liberal market economies, the US and the UK, prevail (ibid.). This dominance stems from a long history of share culture.

The caution of German investors towards stock market investment is historically determined due to the coordinated market economy system, where the state ensures the largest proportion of pension provision. The German pension system is based on a pay-as-you-go system. This is also reflected in corporate compensation schemes in Germany, where only one third of the listed companies have an employee share scheme (Plawner & Deters, 2018). Another reason for lacking German share culture is grounded in the bursting of the new market in 2000 (Köhler, 2015, p. 349). At that time, the stock exchange was overheated with Initial Public Offerings (IPO) from companies of the new economy, consisting mostly of information technology with no substantial value in their business model and "*people's shares*" (Hartmann, n.d.). Due to lack of knowledge, many private persons without stock market knowledge naively invested in shares and lost high amounts of money when the market collapsed. Since then, investing in shares has not been popular in Germany despite a historically low interest rate in Europe as a result of the World Financial Crisis (ibid.). I elaborate on this major economic crisis and other crises in the following.

2.3 Major Crises

In recent years, many impacting crises unfolded worldwide. I briefly introduce selected crises and their impact on Germany.

The World Financial Crisis which started with the bankruptcy of US Bank Lehman Brothers spilled over from the US to the whole western financial system in 2007 (Mishkin, 2011, p. 50; van Bracht, 2014, p. 1). During this short time period, the financial system was brought into a system-threatening disequilibrium (van Bracht, 2014, p. 1). Diverse international and national rescue mechanisms were initiated by national governments, central banks, supervisory authorities, citizens and the banks themselves to avoid or at least reduce the imminent consequences of an immediate financial collapse (ibid.). After the World Financial Crisis, regulation on banks was tightened especially in Europe, which burdens banks located there financially until today (“Bankenverband beklagt”, 2019). In addition, German financial institutions still suffer from the repercussions of the World Financial Crisis and the zero-interest rate policy imposed by the European Central Bank (ECB), which nowadays results in large wave of layoffs (Scholtes, 2019).

The World Financial Crisis led into a global recession which did not only affect banks but many industries. In the vein of the World Financial Crisis, the Federal Government in Germany initiated a major economic stimulus package (Bundeszentrale für Politische Bildung, 2009) to reduce the effects of the recession. This package was mainly based on large investments which also included the scrappage bonus for cars older than nine years (ibid.). With these measures, the Federal Government aimed to strengthen German core industries to overcome the recession. This package can be seen as a feature of coordinated market economies. Mast (2018, p. 347) refers to the World Financial Crisis and argues that organizations and especially financial institutions need to realize that they do not act as an isolated entity but that they should be aware that society shouldered the costs of rescuing these institutions. Further, stimulus packages as described above are also funded through tax money. In the aftermath of the World Financial Crisis, societal aversion towards financial institutions rose and for a short time, the protest movement Occupy (Kraushaar, 2012) was the face of this sentiment. Whereas the movement vanished, the aversion still exists (“Der Geist der Occupy-Bewegung lebt”, 2018).

On 20th April 2011 the Deepwater Horizon offshore drilling platform, which was located in the Gulf of Mexico about 40 miles off the US coast, exploded (Hoffbauer, 2011). Eleven rig workers were killed and seventeen were injured (Gravells, 2015).

The subsequent fire on the platform, which was leased by UK oil company BP, burned for two days and then sank to the ocean floor (Hoffbauer, 2011). The following series of events then lead to what is today commonly known as “*the BP oil spill*” (ibid.) and turned into one of the largest environmental disasters in the USA (ibid.). After long-enduring litigation in the US, BP is again a financially healthy company (Witsch & Leitel, 2018).

Following the Deepwater Horizon oil spill, another environmentally impacting disaster took place: the Fukushima Daiichi nuclear disaster in Japan. Here, a nuclear power plant was struck by an earthquake and its resulting tsunami on 10 March 2011 (Kawashima & Takeda, 2011). An enormous amount of radioactive material was set free, contaminating a large area (Landeszentrale für Politische Bildung Baden-Württemberg, n.d.). In contrast to the Deepwater Horizon oil spill, the disaster led to a strong political reaction in Germany, following a long-term societal movement against nuclear power (Beveridge & Kern, 2013). The Christian Democrat (CDU/CSU) – Liberal (FDP) coalition in Germany revised the lifetime extension of nuclear power plants coined in their coalition agreement of 2009 (Radkau & Hahn, 2013). By this, Germany returned to the status quo of nuclear energy that had been already agreed by the red-green (Social Democrat and Bündnis90/Die Grünen) government in 2000 (Radkau & Hahn, 2013). At that time, following long negotiations between government and the energy industry, a gradual withdrawal from nuclear power was finally agreed. The agreements included the stop on constructing new commercial nuclear power plants as well as the restriction on the remaining operating time of existing nuclear power plants to 32 years of the plants’ start-up residual operating time (Beveridge & Kern, 2013).

The political reaction did not arise out of the blue. Opinion polls showed that the majority of Germans opposed to nuclear power and that support for Bündnis90/Die Grünen was rising at the expense of the CDU (Pidd, 2011). Chancellor Angela Merkel made a fast U-turn in atomic policy as important elections in federal states were to be held soon (Beveridge & Kern, 2013). Three days after the Fukushima disaster happened, on 14 March 2011, Chancellor Merkel suspended the decision on extending the lifetime of nuclear plants by 3 months (ibid.). All nuclear power plants built before 1980 were temporarily shut down (ibid.). Beveridge and Kern (2013) argue that the

public debate had outstripped science by the time – and politics reacted because of upcoming elections. By this, the plan to shut down all nuclear power plants by 2022 was revived by traditionally pro-nuclear energy parties (Beveridge & Kern, 2013). This revision is called *Energiewende* since then.

The environmental movement and the aversion towards nuclear energy in Germany arose already before from a whole societal shift in the 1960s, including the anti-war and feminist movements (Rucht, 2008; Radkau, 2011). The initial environmental campaigns were dominated by protests against the construction of nuclear power plants in former West Germany (Beveridge & Kern, 2013). The nuclear disaster in Chernobyl in 1986 led to a further increase in anti-nuclear feeling in West-Germany that time (ibid.). This societal movement shifted into politics with the Green Party (Bündnis90/Die Grünen). The party established in the 1980s and made opposition to nuclear energy and enhancement of environmentalism a cornerstone in German politics (Kern, Koenen & Löffelsend, 2004). Following governmental opposition, the party came into power in a coalition with the Social Democrats in 1998 (see above).

A general trend made out by the Federal Environmental Agency through a representative opinion poll is that Germans show a strongly rising environmental consciousness (Umweltbundesamt, 2019). Especially adolescents and young grown-ups argue that environmental protection matters for them (ibid.). This might be a reason why the Fridays for Future Movement is successful in Germany by the time I conducted my study (“Millionen fürs Klima”, 2019).

Yet, since its initiation, the *Energiewende* has become a costly issue for the Federal Government, energy companies and citizens. Rising costs are predominantly related to investments in grid expansion for renewable energy (Wetzels, 2016). The shift to renewables indicates that further investments will be needed to move out of conventional energy in order to meet the goals of the Paris agreement on climate protection (Weimann, 2016). These investments could include research and development (R&D) activities in energy companies, costs for shifts in employment because of changing work profiles and more costs for emission trading certificates (ibid.). These certificates are related to the emission of CO₂ and work as follows: the emission trading scheme is a finance instrument of the European Union to reduce carbon emissions and combat climate change. National governments issue certificates

under this scheme to energy suppliers, energy-intensive industries and airlines which entitle them to a certain quantity of emissions (Federal Ministry for Economic Cooperation and Development, 2016). In case these industry sectors do not use all certificates allocated to them, they can sell these to other companies whose emission level exceeded the allowance permitted to them (ibid.). About 20% of emission certificates are currently auctioned in the EU under this trading scheme (ibid.). As stated above, the German industry is rooted in traditional sectors which are energy intensive. This indicates that further climate-related measures will impact German industries financially.

The Energiewende leads the German energy industry or utilities sector, which only partially relies on nuclear energy but on other traditional forms of energy supply into problems. In addition, it needs to be mentioned that energy companies' major shareholders are German communities in which these firms have their company headquarters. Energy companies are often located in precarious areas where the former mining industry is located, such as the Ruhrgebiet. These communities strongly rely on the energy companies as employers and tax providers ("Stellenabbau und gekürzte Dividenden", 2013). These facts show the multifaceted dependency of stakeholders on companies and not only the dependency of companies on their stakeholders.

The automotive industry, Germany's most important industry, has been involved in a series of scandals. On September 18, 2015, car manufacturer Volkswagen AG (VW) received a notice from the United States Environmental Protection Agency that it had committed violation under the Clean Air Act (Painter & Martins, 2017; Mačaitytė & Virbašiūtė, 2018). The US Governmental agency revealed that certain Diesel engines within VW vehicles contained a software or defeat device which was only active during laboratory tests of emission controls (Painter & Martins, 2017). VW admitted that about 11 million cars worldwide contained the device, a fact unknown to the car holders (ibid.). Meanwhile, other German car manufacturers got caught in the maelstrom of the scandal for Diesel cars ("Abgasskandal: Chronik der Ereignisse", n.d).

German truck manufacturers, which belong to the main German car manufacturers, were involved in a truck cartel. The cartel was established in 1997 and was discovered when the European Commission carried out unannounced inspections in 2011 on the

premises of the companies. From 2004, the cartel was organized through the German subsidiaries of truck manufacturers and the exchange of information generally took place by electronic means. Throughout the fourteen years of its existence, the cartel agreed on increasing gross list prices, scheduling of the introduction of new emission reduction techniques and passing on the associated costs to customers (Europäische Kommission, 2016).

In this section, I have provided an overview of Germany's current economic and societal situation as well as recent crises in order to contextualize my study. Being a coordinated market economy, the country depends on traditional industries. Yet, the German society shows a high degree of environmental consciousness because of a long-term development related to the anti-nuclear power movement. This constitutes a contrasting development.

3 LITERATURE REVIEW

In this chapter, I lay the foundation for the research topic by reviewing the existing literature. Its further objective is to disclose gaps in the existing research. The structure of the literature review follows the denotation of the research topic from crisis to IR and the capital market.

The outcome of the literature review is a first provisional conceptual framework for my study.

3.1 Defining Organizational Crisis

The German dictionary of foreign words (Duden Fremdwörterbuch, 2006, p. 574) defines crisis as a word of Greek-Latin origin, translated as decision situation, a turning point or peak of a dangerous situation. Another definition points to diseases like suddenly occurring pain attacks in different body organs (ibid.).

Hermann (1963) is one of the early researchers who established the field of organizational crisis study. He defines a crisis as an unexpected surprise for an organization which threatens its goals and requires short decision-making and response time. Several scholars have built their definition of crisis on Hermann's (1963) notion that a crisis is an event that threatens an organization's foundation. This organization-centric perspective is grounded in the school of thought that this threatening event creates a discrepancy between long-term organizational goals and the disruption created through the crisis (Pearson & Clair, 1998; Seeger, Sellnow & Ulmer, 2003; Arpan & Pompper, 2003). Another stream of research challenges this assumption. It argues that a crisis is not a surprising occurrence but that early warning signs mostly exist. Appropriate management activity could mitigate the effects, but retrospection shows that early warning signs are often ignored (Gundel, 2005; Hausschildt, 2000). The annual report of the Institute for Crisis Management (2018, p. 2) supports this assumption, finding that most crises have a smouldering character and develop over time whereas the reason for most organizational crises is mismanagement (ibid.). The German Institution Krisennavigator (n.d.) finds that the prevailing form of organizational crises in the region Germany, Austria and Switzerland are grounded in

financial matters (40,000 p.a.) followed by operational (incidents) and communicative (scandals) crises (280 together).

As existing research suggests that organizational crises are costly for organizations (Shrivastava et al., 1988), I assume that organizational crisis matters to IR and the capital market. Therefore, I attempt to fill this research gap by exploring what constitutes an organizational crisis for these two interrelated groups.

Three Dimensions of Organizational Crises

The literature on organizational crises and communications can be divided in three dimensions (Völker, 2015). These three dimensions consist of the process, the structural and the stakeholders' dimension. The process dimension is concerned with lifecycles of organizational crises. The structural dimension focuses on crisis types. The stakeholder's dimension looks at organizational stakeholders and their crisis perception. The works of renown crisis researchers like Coombs (2007), Fearn-Banks (2007) and Seger, Sellnow and Ulmer (2003) reflect these dimensions. In this section, I review the literature based on these three dimensions.

3.2 The Process Dimension – Crisis Lifecycles

Crisis lifecycle or phase models refer to the timely characteristics of a crisis. The central understanding in this research stream is that the normal course of business and habits are interrupted during a short period of time (Lim, 2017). This interruption is unexpected and can entail changes. Therefore, a crisis event can affect an organization beyond the interruption which can also constitute a turning point.

Crisis lifecycle approaches posit that organizations have processes installed that enable them to prevent, cope, recover and learn from crises. In each phase, there are defined tasks to be conducted. Researchers who advocate the phase model argue that each phase of a crisis is characterized by different needs and challenges. However, there is a diverging view among researchers regarding the number of phases within a crisis lifecycle. Crisis lifecycle models recognize three main phases to capture the key characteristics: pre-crisis, crisis and post-crisis phase (Coombs, 2007). Some crisis

lifecycle models consist of more phases, based on the extension of these three phases. Four- or five-phase models have extended pre- or post-crisis phases. Phase models shape the course of a crisis schematically and are often combined with recommendations for action. The table below depicts a choice of crisis lifecycle models based on stages:

Authors	Crisis Lifecycle Models and Recommendations for Action					
Coombs (2007)	Precrisis <ul style="list-style-type: none"> • Signal Detection • Prevention • Crisis Preparation 	Crisis Event <ul style="list-style-type: none"> • Crisis Recognition • Crisis Containment 	Postcrisis <ul style="list-style-type: none"> • Evaluating Crisis Management • Learning from the Crisis • Other Postcrisis Actions 			
Seeger, Sellnow and Ulmer (2003)	Pre-Crisis <ul style="list-style-type: none"> • Critical uncertainty grows/interacts in unanticipated/ nonlinear disproportional ways • Growth of threat and/or shrinking of response capacity 	Crisis <ul style="list-style-type: none"> • Initiation of mitigation activities/plans 	Post-Crisis <ul style="list-style-type: none"> • Apologia/image restoration • Cultural adjustment in beliefs about risk • New norms, behaviours, procedures • Changes in preparation • Establishment of crisis as a historical/critical event • Organizational learning • Continue on crisis themes of self-organizing/potential for renewal 			
Fink (1986)	Prodromal	Chronic	Acute	Resolution		
Roselieb (1999)	Potential Crisis Phase	Latent Crisis Phase	Acute Crisis Phase	Post Crisis Phase		
González-Herrero and Pratt (1996)	Birth (Proaction) <ul style="list-style-type: none"> • Issues Management • Planning - Prevention 	Growth (Proaction) <ul style="list-style-type: none"> • Monitor environment • Establish Information/ Warning System • Develop Internal Communication Procedure 	Maturity (Reaction) <ul style="list-style-type: none"> • Assessment of Dimension, Control, Time Constraints and Options • Crisis Plan Update • Learning • Feedback (Research) 	Decline (Reaction)		
Fearn-Banks (2007)	Signal Detection	Preparation/Prevention	Containment /Damage Control	Business Recovery	Learning	
Mitroff (1994)	Signal Detection	Probing/Prevention	Damage Containment	Recovery	Learning	
Turner (1976)	Point of normal operations	Crisis incubation period	Precipitating event	Onset of crisis	Rescue and salvage	Full cultural readjustment of beliefs

Table 1: Overview of Crisis Lifecycle Models (developed for this research)

The table shows that models resemble each other regarding the contents spread over the varying number of phases. Some models are rather descriptive like Fink's (1986) approach which stresses the characteristics of each phase and the progression of a crisis. Mitroff's (1994) approach is more prescriptive as it focuses on crisis management efforts and the related progress.

Although these phase models help to provide an overview of a typical organizational crisis, all models are generic in their approach or "*misleading in presenting a simplistic representation of the complex nature of crisis*" (Lim, 2017, p. 38). Jaques (2007) also argues that crises do not proceed in separate identifiable stages but can be a set of series or parallel events overlapping each other. This can also be made out from the depiction of the models. They are either circles (Fink, 1986; Mitroff, 1994; Jaques, 2007) or progression charts (Seeger, Sellnow & Ulmer, 2003; Roselieb, 1999) which connect back at their end to the beginning. González-Herrero's and Pratt's (1996) model is curve-shaped with an open end.

Armstrong (2008) in her evaluation of crisis lifecycle models in the tourism industry argues similarly:

"Frameworks tend to imply that crises and disasters proceed calmly, predictably and logically through an orderly, linear sequence of steps with each decision supported by adequate information. The reality, however, can be very different with uncertainty, unpredictability, patchy information and complex decision making potentially occurring in many, if not all, stages." (Armstrong, 2008, p. 26)

In addition, phase models do not reflect that an initial event can trigger further events. However, it must be acknowledged that including all dynamics in the phase approach would make these models far more complex. Nevertheless, it needs to be considered that unexpected problems and back-coupling can take place during crises. None of the models suggests to provide information about the duration of each phase. Another shortcoming of crisis lifecycle models is that they do not provide insights on influences and stakeholders. The argument here is that these can only be identified in an ex-post examination (Veil, 2011). Furthermore, crisis lifecycle models target dedicated crisis management units with assigned responsibilities to rescue operations or media communications (Coombs, 2007; Fearn-Banks, 2007). None of the models mention activities related to IR or the capital market. Nonetheless, crisis lifecycle

models from the management literature are helpful to understand how organizational crises progress.

Crisis lifecycle models show resemblance with issues management approaches. Crable and Vibbert (1985) develop a catalytic model consisting of five stages. These are (1) potential, identification of the issue; (2) imminent, argument is set-up for the importance of the issue; (3) current, the audience aware of the issue grows; (4) critical, the pressure for a decision rises and (5) dormant, a decision is made, regardless whether action is taken or not. Coombs (2017) provides a reduced illustration of the course of an issue over time:

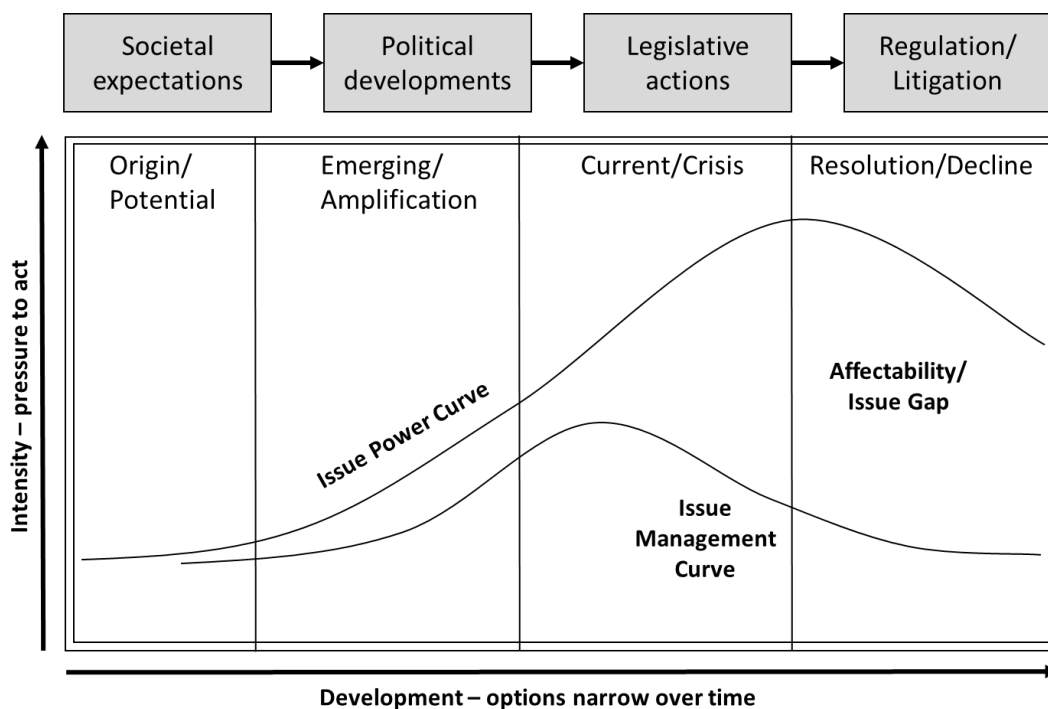


Figure 1: Lifecycle of a Strategic Issue
(Coombs, 2017, p. 337)

Issues management serves to detect signals which can potentially develop into a crisis (Coombs, 2007). Or to put it with Henry Kissinger: “*An issue ignored is a crisis invited*” (Krisennavigator, n.d. (b)). González-Herrero and Pratt (1996) propose environmental scanning for issues detection. Environmental scanning seeks to determine changes, trends or events as well as social or political issues to determine a potential crisis for an organization (Coombs, 2007). PESTLE is a framework to conduct environmental scanning (Yudha, Tjahjono & Kolios, 2018, p. 22). The PESTLE framework analyzes various political, economic, social, technical, legal and environmental developments and factors that could have a potential impact on a firm

and its operations. PESTLE includes developments and factors such as governmental regulations which can affect an industry in which a company operates, the economic performance of organizations, markets, industries or countries and changing societal attitudes towards industries (Cornelissen, 2008, p. 218). Further factors are technological innovation or changes in legislation which both can impact organizations (Yudha et al., 2018). Besides PESTLE Cornelissen (2008) further recommends a SWOT (strength, weaknesses, opportunities, threats) analysis to examine a company's internal environment. Yet, SWOT and PESTLE frameworks relate to planning of company or PR strategies (Gregory, 2017, p. 175). Hence, such analyses need to be conducted over a dedicated time frame with a properly planned target.

The course of the issue lifecycle as depicted by Coombs (2017) is more decided than crisis lifecycle models and shows that the different stages interconnect and are mutually depending on each other. Dyllick's (1992, pp. 243 et seq.) approach resembles Coomb's (2017) depiction and consists of five phases: latency phase (event), emerging phase (expectation), upswing phase (politicization), mature phase (regulation) and downturn phase (sanctioning). Dyllick's (1992) research addresses the public and the role of mass media while analyzing public disputes of companies. Yet his approach focuses on non-market-related relationships (ibid.). Dyllick (1992) posits that media attention reflects public interests. The researcher further argues that the media plays a central role with regard to the mobilization of public pressure (ibid.).

Roselieb (1999, pp. 91 et seq.) exemplifies the development of an issue and argues that companies nowadays act in an increasingly more complex and aware society which obliges them not to fulfil a market-based function only but also a socio-economic function. Roselieb (1999) finds that confrontation and disputes between a more critical public and companies have risen rapidly since the 1980s. The triggering event of such controversies lies in societal disapproval of company activities. The reasons for this disapproval can be related to value discrepancies and diverging positions of interest between the affected company and its societal environment. Here, interest groups such as protest movements act as ambassadors for society (Beck, 1986, pp. 345–355). Roselieb (1999) finds that every third organizational crisis is grounded in the socio-economic environment of an organization and can be traced back to actions

implemented by interest groups addressing politics. Accompanying media coverage enhances this development and has increased over time (ibid.).

As laid out in the chapter Background and Context, societal movements can be related to environmentalism like the anti-nuclear power movement in Germany. Researchers point out that the implementation of environmental strategies are vital to avoid or mitigate organizational crises (Mitroff 1994). Companies are advised to employ risk assessment procedures to avoid that damages are done to the environment (ibid.). Mitroff (1994) adds that a focus on manufacturing processes which benefit the environment or the use of renewables can help to avoid crises (ibid.). Pauchant, Mitroff and Lagadec (1991) advise to reconsider organizational strategy and to introduce technical and structural changes as a proactive feature of preparatory crisis management. Other researchers argue that environmental strategies put into practice can lead to cost reduction, positive company reputation, quality improvements and higher financial performance (Hart & Ahubja, 1996; Ambec & Lanoie, 2008; Gallego-Álvarez, García-Sánchez & Vieira, 2014).

The development of issues supports Gundel's (2005) and Hausschildt's (2000) assumption that organizational crises do not arise from a singular event but are based on the interplay of several factors.

Based on the findings laid out above I decide to employ a four-phase crisis approach as suggested by Fink (1986), González-Herrero and Pratt (1996) and Roselieb (1999) in my research. I chose the four-phase approach as it suggests to be the least determined approach and resembles the issues management lifecycle. This is particularly valid for the phase preceding and following the acute crisis phase. The latent crisis phase is separated from the potential crisis phase which shows that issues can develop over a longer time and do not arise suddenly (Roselieb, 1999). In addition, researchers advocating a four-phase approach do not only assign recovery or organizational learning to the post crisis phase. These factors do not necessarily constitute the post crisis phase exclusively but can be part of it. Following the definition of Roselieb (1999), the process scheme of a four-phase approach can be described as follows:

The potential crisis phase is characterized to be the normal course of business, which means that crisis symptoms are missing (Krystek, 1980, p. 64). Potential crisis signals

are too weak to be discovered during this phase (ibid.; Fearn-Banks, 2007, p. 11). A latent crisis phase is given when crisis signals are detected with the use of adequate methods. In case of early signal detection, a crisis can be prevented, depending on the possibility of intervention going along with enough room for manoeuvre. A characteristic feature of an acute crisis phase is its recognition within and outside the organization (Krystek, 1980, p. 64; Seeger, Sellnow & Ulmer, 2003, p. 99). A crisis enters its acute stage when methods of early crisis recognition failed (Roselieb, 1999, p. 90; Coombs, 2007, p. 50). The acute crisis phase is followed by the post crisis phase. Staehle (1993, p. 2453) posits that an organization seeks for a new state of stability in this phase which is furthermore characterized by examining the crisis (Fearn-Banks, 2007, p. 14).

The studies of Kolb (2005) and Howell and Miller (2006) are helpful as they apply crisis lifecycle models to evaluate the development of media content within different crisis phases.

Kolb (2005) examines issues lifecycles in UK, French and German newspapers by drawing on Dyllick's (1992) work. While lifecycles of newspaper coverage show the same cyclicity in all countries there were salient contrasts about the content. The results of Kolb's (2005) content analysis show that in Germany topics change from a predominantly scientifically dominated discourse to a politically dominated discourse while in France a vice-versa effect is noticed. The coverage of UK newspapers is dominated by economic, capital market-related and political discourse which make UK newspapers interesting for my research. Howell and Miller (2006) draw on the crisis lifecycle model of Fink (1986) to assign media contents of a safety crisis at an Australian Airline to the crisis phases. The researchers evaluate which topics dominate the coverage at what phase in order to create recommendations for PR managers on the use of tools. I deem these two approaches useful to determine crisis phases in an ex-post approach.

3.3 The Structural Dimension – Crisis Types

Descriptive crisis management approaches attempt to categorize the diversity of crises through typologies. There is a large content-related spectrum for organizational crises.

Numerous researchers have contributed to clustering crises into typologies. Like in the crisis phase approaches, the assigned number of clusters differs. Notwithstanding the different clusters, crisis types show similarities. Table 2 provides an overview on clusters of crisis types:

Author	Clusters			
Egelhoff and Senn (1992)	Technical Failure in Remote Environment (e.g. hurricanes, floods, other acts of god)	Technical Failure in Relevant Environment (e.g. major industrial accident)	Sociopolitical Failure in Remote Environment (e.g. kidnapping of important executive by terrorist group)	Sociopolitical Failure in Relevant Environment (e.g. strike by workers at an important plant)
James and Wooten (2005)	Sudden Crises <ul style="list-style-type: none"> Natural Disasters Terrorist Attack Plant Explosion Workplace Violence Product Tampering Sabotage Hostile Takeover Executive Kidnapping Environmental Spill Technology Disruption 	Smouldering Crisis <ul style="list-style-type: none"> Product defects Rumours / Scandals Workplace Safety Bribery Sexual Harassment Consumer Activism Mismanagement Whistle Blowing Class Action Lawsuits Labour Disputes 		
Seeger Sellnow and Ulmer, (2010)	Intentional <ul style="list-style-type: none"> Terrorism Sabotage Workplace Violence Poor Employee Relationships Poor Risk Management Hostile Takeover Unethical Leadership 	Unintentional <ul style="list-style-type: none"> Natural Disasters Disease Outbreaks Unforeseeable Technical Interactions Product Failures Economic Downturns 		
Lerbinger (1997)	Physical Environment <ul style="list-style-type: none"> Natural Disaster Technology Failure 	Human or Social Environment <ul style="list-style-type: none"> Confrontation Malevolence 	Management Failure <ul style="list-style-type: none"> Skewed Values Deception Misconduct 	
Coombs (2007)	Victim Cluster <ul style="list-style-type: none"> Natural Disaster Rumour Workplace Violence Product Tampering / Malevolence 	Accidental Cluster <ul style="list-style-type: none"> Challenge Technical-error Accidents Technical-error Product Harm 	Preventable Cluster <ul style="list-style-type: none"> Human-error Accidents Human-error Product Harm Organizational Misdeed with no Injuries Organizational Misdeed Management Misconduct Organizational Misdeed with Injuries 	
Mitroff, Shrivastava and Udwadia (1987)	Technical/Economic - Internal	People/Social/Organizational - Internal	Technical/Economic - External	People/Social/Organizational - External
Pearson and Mitroff, (1993)	Technical/Economic Attacks <ul style="list-style-type: none"> Extortion Bribery Boycotts Hostile Takeover 	External Information Attacks <ul style="list-style-type: none"> Copyright Infringement Loss of Information Counterfeiting Rumours 	Psycho <ul style="list-style-type: none"> Terrorism Copycats On-site Sabotage / Tampering Off-site Sabotage / Tampering Executive Kidnappings Sexual Harassment Rumours 	Breaks <ul style="list-style-type: none"> Recalls Product Defects Plant Defects Computer Breakdowns Poor Operator / Errors Poor Security

Author	Clusters			
Gundel (2005)	Conventional Crises (easy predictable, easy influenceable, e.g. loss of Estonia ferry in 1994)	Unexpected Crises (hard predictable, easy influenceable, e.g. tunnel blaze in Kaprun, Austria in 2000)	Intractable Crises (easy predictable, easy influenceable, e.g. nuclear power incident in Chernobyl, USSR in 1986)	Fundamental Crises (hard predictable, hard influenceable, e.g. 9/11 terror attack in New York in 2001)

Table 2: Overview of Crisis Types
(developed for this research)

Some researchers doubt the applicability of crisis typologies and point to their limitations (Gundel, 2005; Quarantelli, 2001). Lim (2017) argues that *“such models are seen to be inadequate in accounting for the complex and ill-structured nature of organizational crisis, which typically involves a series of linked events”* (pp. 35-36). Shrivastava (1987) explains the multidimensionality and depicts with the help of the Bhopal industrial accident in 1984 what a crisis means to various stakeholder groups:

“To Union Carbide, the ‘incident’ was a technical malfunction that needed to be corrected without causing major financial damage to the company. To the government, it was an ‘accident’ that required relief without damaging the political position of the ruling regime. To the victims, it was a disaster that had irrevocably changed their lives; it required grief and anger and beginning the slow process of putting the pieces back together again. To the activists who sympathized with the victims, it was an unnecessary tragedy for which a negligent company and a culpable government ought to be taken to task.” (Shrivastava, 1987, p. 85)

Shrivastava (1987) describes that a crisis type is not given by definition but is a co-construction depending on the stakeholders’ diverging views. In addition, the crisis type can change over time and cannot be assigned uniquely, which constitutes a weakness of the crisis typology approach (Lim, 2017).

The literature does not reveal insights on crisis characteristics besides the organizations-centric perspective on how organizations should prepare before, act within and cope with the outcomes of a crisis after it is allegedly over. Shrivastava’s (1987) elaboration shows that crises have a strong potential to escalate, have profound effects on society, the economy and politics while constituting different types for different stakeholders. Shrivastava, Mitroff, Miller and Miglani (1988) note that the following features are inherent to industrial crises:

- Triggering event (sudden destructive events or new information about those events);
- Large-scale damage to human life and environment as outcome of the triggering event;
- Large economic costs, created through open-ended liabilities of affected organizations, such as clean-up cost or rebuilding production facilities which are hard to assess regarding costs;
- Large social costs, related to disruption in social arrangements;
- Cause of crises, including human factors such as mismanagement and organizational factors like policy failures or misperceptions;
- Multiple stakeholder involvement and conflict, including the organization itself, media, government agencies or victims;
- Responses to crises, including immediate and long-term responses;
- Crisis resolution and crises extension through missing identification of the cause of the crisis (compiled from Shrivastava et al., 1988, pp. 288-292).

The features outlined by Shrivastava et al. (1988) show the multifaceted nature of organizational crises but focus on industrial crises only. However, there is no evidence about issues which could determine the triggering event, and specifically not with regard to IR and the capital market. Yet, the study of Shrivastava et al. (1988) provides some orientation.

Shrivastava et al. (1988) refer to crisis responses within the features which constitute an organizational crisis. An array of crisis communication frameworks within the PR tradition has evolved over time (An & Cheng; 2010). One of the most cited theories is Situational Crisis Communication Theory (SCCT) developed by Coombs (2007). SCCT constitutes a synthesis of the three crisis dimensions phases, types and stakeholders (Coombs, 2007). Coombs applies a three-phase crisis approach as well as a threefold crisis type cluster as depicted in the tables above. This crisis type cluster aims at defining the degree of responsibility for an organization whereas attribution rises with the culpability of an organization. Regarding communications, SCCT merges attribution theory with crisis response strategies. These response strategies synthesize approaches of corporate apologia (Hearit, 1995), impression management (Allen & Caillouet, 1994) and image restoration theory (Benoit, 1997). SCCT seeks to

protect organizational reputation which comes under threat by the type of crisis, the organization's crisis history and its prior reputation (Coombs, 2007). Herger (2006) describes image as the reflection of an organization, based on the formation of individually and subjectively perceived attributes among stakeholders. One definition of reputation regards the concept as the net perception of a company's ability to meet expectations of all stakeholders (Fombrun, 1996). These definitions show that Coombs' (2007) approach is rather aimed at a broader public. I refer back to reputation below in this section (see Intangibles). Coombs (2007, p. 140) delineates response strategies which he groups under four categories of posture. These are denial, diminishment and rebuilding and bolstering (ibid.). SCCT is a reactive response strategy which comes into place at the peak of a crisis and in its aftermath. Massey (2005) describe this approach as *"message repertoires which are designed to repair the organization's image by influencing stakeholder perceptions"* (p. 158). Seeger and Ulmer (2002) add that most strategies in crisis communication typologies *"focus largely on moving beyond the crisis, principally by obscuring, disputing, suppressing, diffusing, or discounting responsibility for the event and/or associated harm"* (p. 128).

An alternative approach within communication research is to regard crisis as a chance for change due to the disruption of the status quo (Seeger, Sellnow & Ulmer, 2003; Sellnow & Seeger, 2001). Seeger and Ulmer (2002) introduce the discourse of renewal as an alternative conceptualization of crisis communication. The researchers regard crises as an opportunity rather than interruption for transformation in the course of the organizational lifecycle (Seeger & Ulmer, 2002). The work is grounded in organizational learning and ethical communication (Ulmer, Sellnow & Seeger, 2010). The discourse of renewal centres on leaders' discourses and does not take further communicative functions into account. Both approaches are grounded in PR research. A further evaluation regarding the feasibility of these approaches follows in the next section in which I evaluate the stakeholders' dimension relevant for my research.

3.4 The Stakeholders' Dimension – Investor Relations and the Capital Market

Organizations have numerous stakeholders, consisting of *"any group or individual who can affect or is affected by the achievement of the firm's objectives"* (Freeman, 1984, p. 47). Various definitions of organizational stakeholders exist. For example,

Evan and Freeman (1993) categorize stakeholders in narrow or wide stakeholders. Narrow stakeholders include shareholders, management, employees, suppliers and customers as they can be deemed to be directly affected by an organizational crisis. Wide stakeholders comprise government or customers who are not strictly depending on the organization, the wider community (in contrast to the local community) and other more peripheral groups. Clarkson (1995) classifies stakeholders as primary and secondary. Primary stakeholders are those without whose enduring participation, an organization is not able to survive, i.e. shareholders, investors, employees, customers and suppliers. Secondary stakeholder consists of groups who generally influence or affect an organization and vice versa but are not essential for the organization's survival in economic terms like media or other interest groups. All definitions show that shareholders – or investors – are important stakeholders for companies.

Existing crisis research such as SCCT do not clearly define organizational stakeholders and their differing importance for organizations in crisis but depict them as homogeneous group. As my research focuses on a specific organizational function and its interaction with the capital market in a crisis, I dedicate this section of the literature review to these interacting groups.

An Introduction to IR

Within the following, I present a brief overview of IR and its tasks. I introduce theoretical approaches of PR research to ground my study within communication. This paves the way to introducing the stakeholders of IR and their information needs.

The National Investor Relations Institute (NIRI) in the US is the largest professional association for IR and defines the tasks of this vocational field as

“(...) strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation⁶.” (NIRI, 2003).

⁶ Fair value may be defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” (IFRS 13, paragraph 9).

The definition of NIRI points to the statutory character of IR. The fulfilment of statutory requirements is related to disclosure which Bassen, Basse Mama and Ramaj (2010) explain as follows:

“Included in the ‘decision-relevant’ information is information about a company’s past performance and future prospects. This information provided to the addressees must, at a minimum, satisfy the mandated requirements (mandatory disclosure). Beyond that, companies can voluntarily decide to provide additional information to the market (voluntary disclosure). Voluntary disclosure is a trade-off between transparency and freedom of activity.” (Bassen et al., 2010, p. 53)

The definition of Bassen et al. (2010) shows the multifaceted nature of the tasks of and requirements to IR. The figure below depicts the different instruments employed by IR to meet these requirements:

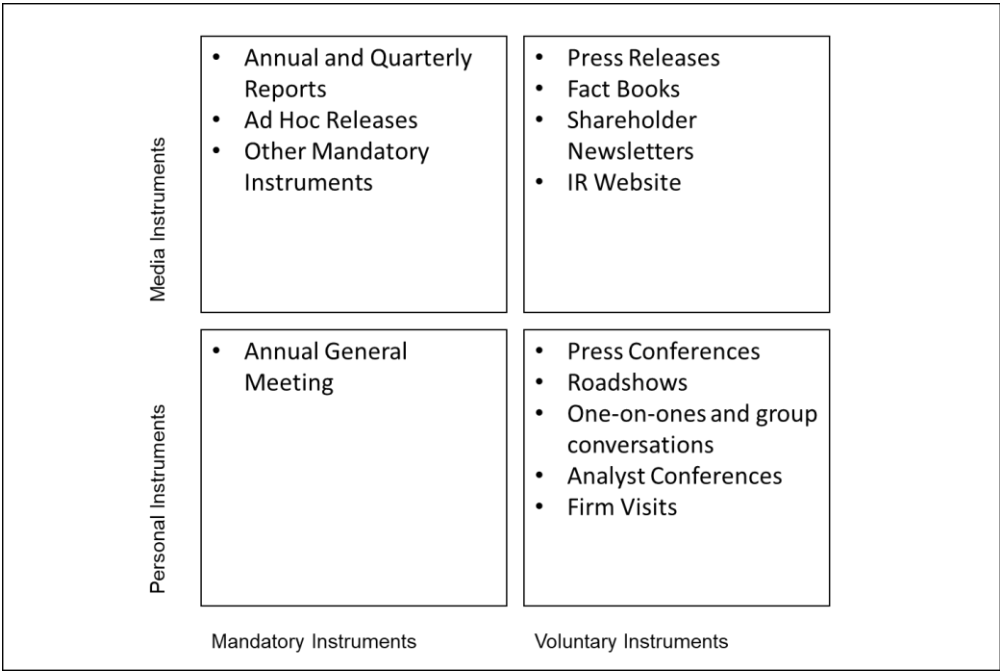


Figure 2: Instruments in IR (adapted from Mast, 2018, p. 354 and Wichels, 2002, p. 22)

The use of the instruments displayed above depends on the communicative occasion. Financial reports must be published on a quarterly basis⁷. Ad hoc releases contain company information which can potentially impact the share price of a listed company.

⁷ For an overview of the legal framework in Germany which covers information and disclosure obligations see Zitzmann und Decker (2014).

The term states that such information must be published to all shareholders immediately after they got to the knowledge of the company (Mast, 2018, p. 355).

According to Marston (2004, p. 52) one-on-one meetings are the most important communication method with analysts and investors. Laskin (2009) proposes a similar finding for the US. Hoffmann and Tietz (2018) also find that one-on-one communication is the preferred way of communication for IR in Germany. Pellens, Ahlich and Schmidt (2019) find that direct contact with a company's management and IR staff are the most important communication instruments for capital market participants.

Hoffmann, Tietz, and Reinholz (2019, p. 18) argue that capital market participants dedicate only 5 - 15 minutes at all on the lecture of the annual report. This finding of Hoffmann et al. (2019) leaves room for the assumption that annual and quarterly reports as well as other written publications in the field of mandatory disclosure serve as reference work. Mandatory disclosure is often subject to research conducted in the finance paradigm (e.g. Kosaiyakanont, 2011; Yafele, 2012; Chithambo, 2013). Research on disclosure is concerned with effects and uses quantitative methods, e.g. in how far disclosure meets compliance regulation (Yafele, 2012) or the relationship between voluntary information disclosure, audit firm size, analyst following and stock market liquidity (Kosaiyakanont, 2011). Further works examine the relationship between disclosure and earnings management or Corporate Governance (Katmun, 2012). This means that studies on disclosure are often concerned with regulatory requirements, which is better available in disclosed documents. As laid out before in this section, IR is mostly concerned with personal communication. Therefore, I focus on this form of communication. I also base this focus on the assumption that communication in crisis needs to be fast and direct whereas financial reports mostly provide information in the aftermath⁸.

Research confirms that the favoured method of communication in IR are dialogical (Hoffmann, Tietz & Hamann, 2018). The two-way symmetrical communication model

⁸The publication of financial reports follows a pre-defined schedule, which must be adhered to due to statutory requirements. Hence, crisis and reporting schedules must not necessarily correspond. This complies with my personal experience.

(Grunig & Hunt, 1984)⁹ enjoys widespread acceptance (Hoffmann et al., 2018; Kelly, Laskin & Rosenstein, 2010). The definition of NIRI as shown above also mentions two-way communication. The findings of Hoffmann et al. (2019) support this assumption.

In applying two-way symmetrical communication, IR strives for target-group orientation, transparency and continuity to provide a credible view on the firm (DVFA, 2006). That means that pursuing a regular, active and honest dialogue with investors and analysts based on an equal treatment which avoids selective dissemination of information in a timely manner are vital constituents of IR (ibid.). Thus, the work of IR continuously aims at maintaining a constructive relationship with the financial community.

I ground my study in the communications area. Therefore, I briefly introduce different streams of PR research. In their seminal work *“Managing Public Relations”*, Grunig and Hunt (1984) consider all communicative functions within companies and their related publics, including the financial area.

The work of Grunig and Hunt (1984, p. 9) is linked to systems theory. Systems theory is regarded as dominant approach in PR research as it posits that theory development should primarily enhance practice (Edwards, 2014). This research stream takes the practitioner working for an organization and the organization executing PR or the situation in which PR is carried out as a starting point (ibid.).

Systems theory posits that systems consist of entities characterized through their interactions with their environment (Gregory, 2000). Within the business context, three perspectives of systems are applied, namely the closed or mechanistic perspective and the open or organismic and the adaptive perspective (ibid.).

Systems theories within the closed or mechanistic stream focus on an organization itself or the management of an organization without taking other units or the environment of a company into account (Gregory, 2000). Therefore, the focus is on

⁹ The four models conceptually developed by Grunig and Hunt (1984) depict how PR is practiced: press agency, public information, two-way asymmetrical, and two-way symmetrical. Grunig and Hunt (1984) identified the models through a review of public relations history. The models then were developed by combining communication direction (one-way versus two-way) and balancing communication effects (asymmetrical versus symmetrical).

internal work like a car production line (ibid.). Open systems state that units within organizations are affected by other units and affect them vice versa, while the organization is open to environmental change.

Within open systems, the organismic stream originates from biology and reflects evolutionary or Darwinian aspects (Gregory, 2000, p. 268). Hence, the objective within organismic systems is survival which organizations achieve through obtaining balance within themselves as well as with their environment (ibid.). The focus of organismic systems is on change whereas an overall balance is the main goal (ibid.). Although Grunig and Hunt (1984) make no explicit reference to the organismic model, their one-way communicative models as well as the two-way asymmetric model¹⁰ can be grounded within this stream (Gregory, 2000).

The adaptive model emphasizes adaptive feedback (Gregory, 2000). Organizations actively seek this sort of feedback “*to initiate purposeful change*” (Gregory, 2000, p. 269). The two-way symmetrical model proposed by Grunig and Hunt (1984) fits best within this theoretical line as it posits that organizations’ will to change results from dialogue with their publics (Gregory, 2000).

Another stream of PR research which evolved within systems theory posits that the objective of PR should focus on the improvement and maintenance of relationships between organizations and their publics (Ledingham & Bruning, 1998). Ledingham and Bruning (1998) define relationships of companies with their publics in an encompassing view:

“the state that exists between an organization and its key publics in which the actions of either entity impact the economic, social, political and/or cultural well-being of the other entity” (Ledingham & Bruning, 1998, p. 62).

Broom, Ritchey and Casey (2000) offer the following principles for relationship management within the systems theory approach:

¹⁰ Press agency is one-way communication which is intended at spreading a particular view via media and other communicative channels only (Edwards, 2014, p. 124). The publicity model uses the same channel but is intended to inform rather than to persuade (ibid.) The two-way asymmetric model is based on persuasive communication and intends to generate agreement between the organization and its publics by spreading the organization’s way of thinking (ibid.). Communicative strategies are adapted through the use of feedback from the publics to obtain more persuasion and not to change the organization’s position (ibid.).

- Relationships consist of interdependence in which the parties adapt to pursue a particular function within the relationship.
- Relationships are characterized by exchanges or transfers of information. The exchanges' attributes provide the basis and definition for the relationship.
- Relationships have antecedents (histories) and consequences (effects or results).

Yet, Hon and Grunig (1999) find that most measures of relationships between organizations and their publics were derived from the perception of one of the parties within the relationships only.

Numerous researchers¹¹ contribute to the dimension of the relationship approach in PR while focusing on different publics. Nearly all studies argue that trust is a key feature in relationships (Ledingham & Bruning, 1998; Hon & Grunig, 1999; Huang, 2001). These studies have not been applied to IR to my present knowledge. Within the relational approach, Ledingham and Bruning (1998) are the only researchers to mention investment. Ledingham and Bruning (1998) compile relational dimensions from other disciplines (interpersonal communication, marketing, and social psychology). They find that five relational dimensions can predict customer satisfaction within a competitive environment. These dimensions are trust, commitment, openness, investment and involvement (Ledingham & Bruning, 1998, p. 61). Due to the combined term of IR, the research of Ledingham & Bruning (1998) indicates to be applicable to my study.

The open systems approach offers a framework for examining organizations within context while taking external forces and internal processes and structures into account (Gregory, 2000). Cutlip, Center and Broom (2000) suggest that PR should regard itself as part of an open system in order to support an organization to monitor and evaluate relevant influences from the environment. Yet, observations obtained from practice suggest that mechanistic and organismic systems still prevail as organizations only change when they are forced to (Gregory, 2000).

Other researchers have pointed to the shortcomings of the systems theory approach to PR. Critical perspectives on the role of PR in society state that *“PR is a negative force*

¹¹ For an overview see Jo (2003).

in democracy because it supports dominant elites and corporate interests” (L’Etang, 2013, p. 41). Hereby, critical theorists point to the effect of PR in its social and economic context and focus on the interrogation of power dynamics through politics and corporations (Edwards, 2014).

Ihlen (2007) examines PR in the organizational context and argues that PR practitioners fulfil a supportive role for organizations in their struggle for power. He argues that PR develops organizational networks which enhance the social capital of organizations. Edwards (2008, 2009) finds that PR practitioners act as advocates for their clients from corporate or governmental sectors. She finds that members of this professional group act *“as symbolically violent cultural intermediaries, who communicate particular cultural and social values and attitudes through discourses that shore up the interests of those for whom they work”* (Edwards, 2014, p. 137). L’Etang and Pieczka (1996) raise critique that the two-way symmetrical model (Grunig & Hunt, 1984) is idealistic. The researchers argue that the reality of communication processes is misrepresented in this model as *“vested interests dictate the nature of PR practice and rarely encourage a truly balanced communications process”* (Edwards, 2014, p. 130).

Due to the statutory character of IR, the critical perspective indicates to be rather difficult to apply. In order to further evaluate the role of IR, I introduce the development of IR in the following. Köhler’s (2015) seminal study examines the institutionalization of IR in Germany and therefore provides valuable insights. Köhler (2015) finds that the function institutionalized from 1950 until 2008. A further important outcome of her study is a typology of different types of IR functions.

Köhler (2015) finds that influencing factors from a macro-, meso- and micro-level shape the IR function (Köhler, 2015, pp. 349-388). Macroeconomic factors consist of the socio-cultural environment and especially the share culture in a country. Further factors are macroeconomic developments, political and legal conditions as well as technical innovations (Köhler, 2015, pp. 349–350).

Köhler (2015) regards the different capital market participants as mesoeconomic factors. Köhler (2015, pp. 352-369) also classifies the legislator as influential within the mesoeconomic area. The research of Knyphausen-Aufseß, Mirow and Schneider (2011) further depicts that the capital market can influence a company’s strategy

process. Yet, the degree of power exerted by the financial community depends on the strengths of the financial profile of the company. Therefore, financial analysts' influence can be stronger in case of a weak financial company.

Regarding microeconomic factors, Köhler (2015, p.79-388) names career ambitions of the prospective IR manager and symbol politics of the CEO as influential factors. These include company culture, the sector affiliation and the size of the company (ibid.).

These three influential factors determine the self-conception and external perception of the IR function. The types Köhler (2015) develops follow different historical phases¹². The table below depicts the different types:

Type	Function
Information Disclosure	IR exclusively fulfils regulatory requirements provided by legislation and other regulatory instances. The capital market regards IR as reactive, fulfilling minimum requirements and often not as adequate dialogue partner.
Communication Function	IR sees itself as part of corporate communication. The financial community constitutes another stakeholder group integrated into the corporate communications strategy. This type includes PR work for the company share. The capital market regards the IR manager as ambassador for the company.
Marketing Function	IR perceives itself as marketing function for the share (and the company's products) or the equity story ¹³ in its own view. IR is a service function for the customers at the capital market. The capital market regards IR as service function or salesperson.
Finance Function	IR regards itself as a support for the finance function within the organization (refinancing, raising capital and securing the availability of financial means for investments). The reduction of information asymmetries serves at optimizing costs of capital. The capital market regards IR as function which explains the figures of the company.
Integrated Function	IR is an integrated function that links up finance and communications as well as strategy, mergers and acquisitions, Corporate Governance, sustainability and company development. The function has a distinct internal dimension and sets the capital market-orientation of the company while acting as representative of the owners. The capital market regards IR as a strategic function. IR is able to influence the company's focus and development. The capital market further regards IR as

¹² For an overview of the historical development and the assigned functions see Köhler (2015, p. 236 et seq.).

¹³ The concept of arguments to attract investors, which should be strategically coherent, innovative and contain new aspects of a business, depicting its value and growth potential (Pfennig, 2014).

	consultant to the executive board and other corporate functions or operating units.
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Table 3: Five Functions of IR
(Köhler, 2015, p. 389)

Köhler (2015) argues that companies can use the different types as recommendations to design the IR function in their contexts. Köhler (2015) argues that there is no unique perception of the different types. The information disclosure type prevails in SMEs. The finance function prevails in non-listed and listed companies (ibid). The communication function has a negative connotation set against the backdrop of the new economy bubble (ibid., also see Background and Context). Köhler (2015, p. 344) describes the integrated function as an innovative understanding in index-listed companies. Yet, even in companies listed in the Prime Standard where IR can be regarded as an institutionalized function, no unique perception of IR exists (ibid.).

Köhler (2015, pp. 344-345) finds four commonalities within all functions:

1. Target groups: IR regards investors and sell side analysts are regarded as most important. The CEO and the CFO are deemed the most important internal contact persons.
2. Objectives: IR considers building transparency, trust and long-term relationships with the capital market as major goals. Janik (2002) and Dziawgo (2012) also name trust as the overarching goal of IR work. These are complemented by reducing capital costs and achieving a fair valuation of the company at the capital market.
3. Measures and instruments: Besides mandatory instruments like disclosure or the annual general meeting (AGM), personal communication is the priority focus.
4. Design of function: IR is either responsible for all communicative capital market activities or focuses on professional capital market actors.

Hoffmann and Tietz (2018) conduct a survey among 160 German listed companies focusing on the strategic meaning of IR and the degree of peculiarity of the strategic steering of IR. The researchers find that IR is distinctly oriented towards the long-term goals of an organization, followed by supporting the mid-term goals of companies whereas the goals for the business year are ranked third (Hoffmann & Tietz, 2018, p. 9). The overall company strategy forms the basis for the alignment of IR. Hoffmann

and Tietz (2018) also find that respondents coming from larger listed companies regard themselves as relationship managers in their function as an IR manager, focusing on dialogue and interest intermediary between the financial community and the management of their company, watching investors' sentiment. Interviewees from smaller companies rather regard themselves as fulfillers of regulatory duty towards the capital market (ibid.). Only within very few companies, IR takes over an active role regarding the positioning of strategic goals and acts as a consultant for the board (ibid.). Hoffmann and Tietz (2018) find that the majority of their respondents is invited occasionally or on a regular basis to board meetings which are concerned with the strategic planning for the company.

Regarding the use of internet in IR, researchers acknowledge the increasing importance of this medium as it enables companies to make information more widely available in a timely fashion (e.g. Kuperman, 2001; Marston, 2004). This comprises the publication of financial reports or other mandatory disclosure (ibid.).

Hoffmann, Tietz, Fetzer and Winter (2018) conduct the most recent study on digital leadership on IR in Germany based on qualitative interviews followed by a survey on companies listed in the Prime Standard of the German stock exchange. They find that the use of digital tools is closely linked to efficiency. The majority of IR departments uses digital instruments to automatize standard processes of the department, such as the publication of financial reports. Social media only play a very minor role in IR (ibid.; Köhler, 2014) as regulatory requirements make the use of these tools difficult (Alexander & Gentry, 2014).

Briefly referring again to the crisis communication models presented in the review of the structural dimension, the models of Coombs (2007) and Seeger and Ulmer (2002) do not suggest to suit the purposes of IR. Crisis communication is related to a specific event and time frame and does not take place regularly (Reynolds & Seeger, 2005, p.48). As laid out by DVFA (2006) and Köhler (2015), communication with investors or analysts should take place on a long-term and continuous basis. In addition, crisis communication is reactive and focuses on an event (Reynolds & Seeger, 2005) whereas IR fosters an active and continuous dialogue with the financial community (Köhler, 2015). In addition, the concept of trust indicates to matter to IR which both crisis communication models do not take into account. However, when a crisis takes

place IR must react and continue to fulfil its communicative duties. This indicates that the preceding IR communication influences communication activities during crises regarding contents and messages.

Stakeholders of IR

Hoffmann and Tietz (2018) find that institutional investors followed by analysts are the most important stakeholders for IR in Germany. This finding complies with previous research (Diehl, Loistl & Rehkugler, 1998; Porák & Fieseler, 2005; Köhler, 2015) and my personal experience as an IR Manager. Hoffmann and Tietz (2018, p. 6) find that internal target groups such as management and employees rank as third important target group for the communication activities of IR.

In the following, I briefly introduce the working methods of institutional investors and sell side analysts. Subsequently and in more detail, I provide an overview on the information requirements of these important audiences.

Institutional investors are organizations with large amounts of money at their disposal (Nix, 2012, p. 5). Institutional investors are also termed buy side (Fieseler, 2008, p. 51). A distinctive feature of institutional investors is that an investment decision is based on statutory provisions and own investment policies (Görge, 2005, p. 166; Fiedler, 2007, p. 118). The primary motivation of institutional investors stems from their interest in financial returns (Görge, 2005; Pendleton, 2005). Investment decisions are made in a team in order to ensure a rather rational than emotional investment decision (Porák & Fieseler, 2005, p. 22). Therefore, the investment decision is preceded by a very detailed analysis and processing of relevant information (Nix, 2000, p. 38). Due to high investment volumes, institutional investors are able to diversify their investment portfolio (Argenti, 2008, p. 209). Institutional investors' interest targets a company's strategic alignment and its objectives for a horizon of five years or lesser (Görge, 2005, p. 166). As institutional investors are performance-oriented, their loyalty towards a company in which they invest is rather low (Kirchhoff, 2001, p. 40).

Sell side analysts constitute the other important group of institutional actors at the capital market (Fieseler, 2008, p. 52). Sell side analysts mostly work for investment

companies, universal banks or broker institutions who supply their research to third parties such as institutional investors (Düsterlho, 2000, p. 74; Frank 2005, p. 2). The main task of sell side analysts is to draft studies which analyze companies, markets and industry sectors in an impartial manner (Porák & Fieseler, 2005, p. 19). The goal of these studies is to provide recommendations for investors. These recommendations provide guidance to buy, hold or sell a share (Fieseler, 2008, p. 52). Sell side analysts' studies do not comprise the calculation of a fair company value only but also provide an encompassing description of the whole company (Fiedler, 2007, p. 148). Therefore, sell side analysts serve as important information intermediaries at the capital market and enhance transparency for investors (Nix, 2000, p. 26; Köhler, 2015, p. 359). For both institutional groups, IR serves as primary contact in companies (Pellens et al., 2019).

The majority of financial analysts employs a financial model called fundamental analysis to evaluate companies and to assess their recommendation (Fiedler, 2007, p. 148; Grüber, 2014, p. 147). The data needed to conduct fundamental analysis comprises financial data, such as the past performance of the business. Further information needed for fundamental analysis consists of non-financial data which serves to understand the business (Grüber, 2014). Fieseler, Hoffmann and Meckel (2006, p. 5) find that capital market participants heavily rely on such further non-financial information to correct the figures applied in financial models. This need is based on findings that results of the models deviate significantly over a long period (ibid.).

Ernst & Young (1997) find that non-financial criteria matter to investors' decision and that non-financial measures enhance the accuracy of analysts' forecasts. Another finding is that firms which do not manage non-financial factors strategically experience that their operating performance and value of securities suffer (Ernst & Young, 1997, p. 13). IR managers acknowledge that investors rather ask for the strategy and the business development of the company than for concrete figures (Köhler, 2015, p. 357). Köhler (2015, p. 357) posits that it could be assumed that such soft factors matter more than the financial community would like to admit.

Laskin (2016, p. 377 et seq.) finds that in the US investors and financial analysts nowadays seek more information about non-financial indicators when making

investment decisions while at the same time IR devotes more efforts to communicate non-financial information to ensure that the financial community understands the fair value of an organization. In addition, more related non-financial information reduces uncertainty for the capital market (ibid.).

My research seeks to determine what causes and constitutes a crisis for IR and the capital market. To my present knowledge, no qualitative or explorative studies regarding crisis and IR and the capital market exist. Research on crises in finance focuses on effects of share prices caused by different crisis events. I provide a few recent examples to depict this stream of research. Kawashima and Takea (2011) research the share price effect of the Fukushima nuclear disaster on other energy companies. Sabet, Cam and Heany (2012) examine the effect of the presidential moratorium on deepwater drilling in the Deepwater Horizon oil spill on other oil companies. Mačaitytė and Virbašiūtė (2018) exemplify the effects of unethical company behaviour on the stock market, the financial performance and a reputation index by using the Volkswagen Diesel emission scandal. This stream of research employs mathematical models such as event studies. As these studies do not focus on causes and underlying mechanisms of crises but on effects on share prices, I do not consider them for my research.

Furthermore, I do not focus on past financial performance as I assume that financial figures are an outcome or effect of organizational performance related to different reasons. At the same time I acknowledge that bad financial performance is a major issue for IR and the capital market, drawing on my own experience as investors expect return for their investment. Therefore, I focus on exploring what factors the financial community deems important to assess companies. The capital market operates internationally as shown in the chapter Background and Context. Major stock exchanges are located in major cities worldwide¹⁴. My main study focuses on Germany, a coordinated market economy whereas I achieve the necessary pre-understanding from newspapers located in the liberal market economy. Therefore, a resembling combination of countries besides qualitative research is another selection criterion for studies to be reviewed.

¹⁴ For an overview see “Die größten Börsen der Welt“ (n.d.).

In the following, I present an overview of studies focusing on non-financial factors and information conduct which the capital market considers appropriate to evaluate companies.

I consider these findings useful for my study. Subsequently, I compare and contrast the findings from these studies where possible. After the critical evaluation of the chosen studies, I refer to the concept of intangibles to further evaluate non-financial matters. I conclude this section with an outline of shareholder activism, a recent phenomenon on capital markets. Finally, I briefly evaluate the role of the media for the capital market to assess Roselieb's (1999) and Dyllick's (1992) findings with regard to media influence in crises.

Fieseler et al. (2006) conduct 66 interviews with analysts, institutional investors as well as financial business journalist in the UK, Germany, Switzerland, France, Spain and The Netherlands to assess what non-financial factors matter to the financial community with regard to its work. Fieseler et al. (2006) refer to trust building as outcome of a favourable reputation as the overarching goal of IR with the financial community but provide no further details. The researchers make out eight major categories with 50 subcategories. The categories are ranked according to their importance for evaluating companies and building trust. Hoffmann and Fieseler (2012) examine non-financial factors related to image building on capital markets. They interview 42 financial analysts from the Frankfurt Stock exchange followed by a survey among 134 financial analysts. The researchers use the survey results to conduct an exploratory factor analysis to group identified items. Hoffmann and Fieseler (2012) find eight categories and 24 subcategories of non-financial factors to which they also assign a ranking with regard to their importance.

The publications Fieseler et al. (2006) and Hoffmann and Fieseler (2012) are important for my study as they provide the rare qualitative research approaches on IR. Furthermore, Hoffmann (2018) undertakes research in contemporary IR in Germany as depicted in the evaluation of studies above.

The findings of Fieseler et al. (2006) and Fieseler and Hoffmann (2012) are complemented by the results of Marston's (2004), Laskin's (2016) and Pellens et al.'s (2019) studies. These studies are mainly based on survey research and provide information about trends. Marston (2004) conducts survey research in listed

companies located the UK and continental Europe followed by 19 interviews with IR personnel to examine the function and the contents of IR work with regard to the capital market. Laskin's (2016) study is based on survey research in public listed companies in the US, seeking to evaluate the importance which non-financial factors receive most attention by IR managers when communicating with the capital market. Pellens et al. (2019) conduct the most recent survey research to examine the information conduct of German institutional and retail investors. Pellens et al. (2019) compare their findings on surveys which they conduct recurrently within a time frame of four to five years. The research is supported by a major German stock exchange-listed company which provides contacts to the financial community consisting of its institutional and private investors. Here, the development of what factors matter to the capital market over the years provides insights in changing trends.

Finally, Arvidsson (2014) interviews 17 financial analysts working at different international banks to assess the financial communities' view on the communication of CSR-related topics. Arvidsson's (2014) study is of particular interest in the context of Corporate Governance and trends as explained in the chapter Background and Context.

The study of Fieseler et al. (2006) provides the most detailed overview of non-financially related factors and therefore, is the leading study which guides this part of the literature review. I work through the non-financial factors regarding their importance assigned by Fieseler et al. (2006).

Quality of Management

Fieseler et al. (2006) find that their interview partners regard the quality of management as most important non-financial factor within company evaluation. The researchers make out seven subcategories in this category.

Fieseler et al. (2006) assign managerial "reliability" (p. 13) the most important attribute, becoming manifest through information and execution of current plans and the capacity to deliver previously presented goals. The financial community relies on

factual business results to measure the delivery. In other words: the fulfilment of promises matter. Dishonest behaviour, such as lying about reaching goals, damages managerial credibility (ibid.).

“Transparency” (Fieseler et al., 2006, p. 14) relates to the management’s ability to reply appropriately to questions from the financial community, especially to critical questions. Failing or missing to answer critical questions or not reporting critical development of the business is perceived negatively by capital market members (ibid.). Köhler (2015) as well as DVFA (2006) refer to transparency as an important goal of IR.

Fieseler et al. (2006) argue that company management must make itself “available to the financial community” (p. 14), as the capital market places strong value on personal impressions of a company’s management team. This complies with the findings of Köhler (2015, p. 344) who finds that the CEO is the preferred contact partner for investors. Pellens et al. (2019, p. 85) report a declining importance regarding the contact with the management. The capital market expects active exchange to take place through one-on-one meetings, conference calls or roadshows. This provides further evidence to the findings of Marston (2004, p. 52) and supports the two-way symmetrical model developed by Grunig and Hunt (1984). This further indicates to confirm the relational dimension of communication (Ledingham & Bruning, 1998).

According to Fieseler et al. (2006), past successes and failures form the “experience and track record” (p. 15) of a manager which constitutes a key factor in individual evaluation of corporate personalities by the capital market. Hereby, the financial community assesses the ability of managers to contribute to positive future business developments. The track record supports the fostering of credibility (ibid.).

Eloquence, charisma and public appearance form the basis of “communicative and presentational skills” (Fieseler et al., 2006, p. 16) of managers. Rhetorical skills and a high level of self-confidence should go along with a certain level of excitement about the organizational business.

Fieseler et al. (2006) posit that the capital market expects managers to have a thorough “understanding of the business” (p. 16) and the key value drivers of their company. This understanding should encompass the sector and its competitive rules while the

financial community expects confident answers to targeted questions (ibid.). Hereby, Fieseler et al. (2006) comply with the factors of commitment and involvement identified by Ledingham and Bruning (1998).

The financial community deems "*leadership skills*" (Fieseler et al., 2006, p. 17) as key determinant of management. These leadership skills do not manifest themselves in the development and communication of compelling strategies only but also in their implementation (ibid.). Meeting forecasts also strongly matters in this regard. Furthermore, convincing, moving and motivating employees is deemed a further key characteristic in this vein (ibid.).

The findings of Fieseler et al. (2006) on company management depict that company executives are vital in many ways for organizations. Past successes and future strategy are related to organizational actors (Fieseler et al., 2006.). In addition, an active interest in and presence at the capital market is important for the financial community (Fieseler et al., 2006).

The findings of Hoffmann and Fieseler (2012) correspond to the findings of Fieseler et al. (2006) with regard to some categories made out regarding company management. Yet, the category quality of management ranks as one of the least important factors in the findings of Hoffmann and Fieseler (2012). This difference might be grounded in the different foci of the researchers, as Fieseler et al. (2006) retrieve non-financial factors which matter to the capital market on a general basis while Hoffmann and Fieseler (2012) examine which factors contribute to image-building at capital markets. The findings of Hoffmann and Fieseler (2012, p. 148) comply with the findings of Fieseler et al. (2006, p. 15) with regard to the managements' experience and track record. The capital market wants to get a personal impression of a company's management to assess previous employment and industries experience, followed by the experience in and understanding of the present company. Hoffmann and Fieseler (2012, p. 148) posit that knowing managerial characteristics helps analysts to assess managements' knowledge and skills whereas positive past experience enhances the trustworthiness of a manager.

Marston (2004, p. 150) confirms that management is a key issue in meetings of IR with the financial community. However, she does not provide any further details which factors matter specifically to the financial community.

Laskin's (2016, p. 394) findings contradict Fieseler et al.'s (2006) and Marston's (2004) findings. He finds that in US firms, IR managers undervalue information about the company's management in contrast to investors. However, Laskin's (2016) survey participants consist of IR managers only which might reflect a different impression. In addition, Laskin's (2016) research takes place in the US which might be another reason for this diverging viewpoint.

The research of Pellens et al. (2019, p. 82) does not exclusively rely on non-financial factors but also takes key figures into account. The researchers find that besides the earnings situation of a company, the quality of management is the second-most important factor in all surveys conducted since 2004. Follow-up surveys took place in 2008, 2013 and 2018. The importance of the quality of management has risen over the years. Unfortunately, no further details are provided.

Strategy

According to Fieseler et al. (2006), the strategy of a company reflects its goals and the achievement of these. Hence, an organization's future development can only be assessed based on its strategy. Therefore, the factor strategy ranks second in the research of Fieseler et al. (2006). As stated in the research of Hoffmann and Tietz (2018) the alignment of IR follows the company strategy. Fieseler et al. (2006) make out nine subcategories with regard to strategy.

Investors entrust companies with their capital as they expect that the organization is enabled to generate reasonable capital growth through its business activities. The related strategy should reflect the "commitment to shareholder value" (Fieseler et al., 2006, p. 18). As explained in the chapter Background and Context, the term might be considered outdated at the point of time I conducted my study. Yet, investing money is still aimed at creating value although other organizational stakeholders are also important for organizations especially in coordinated market economies. This complies with the findings of Schwarzmüller et al. (2017). Therefore, management needs to demonstrate its awareness towards investors' goals and willingness to also act in their interest (Fieseler et al., 2006, p. 19).

Since the financial community is concerned with the future of its investments, it constantly evaluates a company's development and strategy. According to Fieseler et al. (2006), the capital market focuses on a "forward-thinking mindset" (p. 19) in a company's strategy. Investments in R&D serve as an indicator here (ibid.).

Established market and the related sector trends serve as evaluative basis for the financial community to assess the plausibility of a company's strategy (ibid.). Fieseler et al. (2006) term this factor "market orientation" (p. 19) and argue that the capital market expects an organizational strategy to align with sector developments and related challenges.

Nonetheless, the financial community regards "creativity and differentiation" (Fieseler et al., 2006, p. 20) as competitive advantage within a company strategy. Hence, company strategies should differ from those of the competitors. Yet, capital market participants regard strategies contradicting established market trends as unique feature as these demonstrate a company's independence (ibid.).

According to Fieseler et al. (2006), the capital market does not appreciate constant changes in company strategies but favours "consistency and predictability" (p. 21). This consistency should be clear for all company divisions. For the financial community, a consistent strategy offers a certain level of security regarding investments and planned mergers and acquisitions should be in line with strategy consistency (ibid.).

The targeted "market positioning" (Fieseler et al., 2006, p. 21) of an organization plays an important role within a company strategy. Here, the financial community expects comprehensive information on coherent business goals, aligned products and distribution channels in comparison to competitors (ibid.).

Fieseler et al. (2006) find that the quality of products and services a company offers should be aligned with the "branding and pricing strategy" (p. 22). Here, the ability to influence market prices and to realize price premiums matter to the capital market (ibid.).

The "technological positioning" (Fieseler et al., 2006, p. 23) can be decisive for a company's competitive edge. Again, R&D activities as well as technological maturity

of products and services offered matter. Hence, the strategy of an organization should clearly depict technological positions and objectives (ibid.).

Finally, with regard to strategy, the authors find that the success of a company depends on advantages on earnings or the “*cost structure*” (Fieseler et al., 2006, p. 23). Cost structure matters regarding production, distribution and efficiency of the workforce (ibid.). An advantageous cost structure further matters for rationalization, the realization of efficiency gains and potential outsourcing of services and divisions (ibid.).

The findings of Fieseler et al. (2006) suggest that a coherent company strategy is of vital importance to the capital market, showing many facets to create value for investors.

Hoffmann and Fieseler (2012) rank “*Consistency*” (p. 148) as the highest-ranking factor in their factor analysis. This ranking shows the importance of a consistent company strategy to the capital market. Yet, a company strategy is subject to alignment to changes taking place in markets. These changes seemingly must show consistency as well. This subcategory consists of “*Execution of strategic plans*” (Hoffmann & Fieseler, 2012, p. 148) and “*Consistency of strategic plans*” (ibid.) and complies with the findings of Fieseler et al. (2006). Hoffmann and Fieseler (2012) acknowledge that strategy is one of the most vital factors at the capital market. Hoffmann and Fieseler (2012) argue that a consistent and understandable strategy supports the capital market in developing a reliable picture of a business whereas frequent changes in strategy are deemed as a weakness because it indicates operational problems. Again, management’s role is deemed vital in the implementation of a company’s strategy (ibid.).

Marston (2004) finds that the short- and long-term strategy of a company constitute two major factors in discussions of IR with the capital market about future prospects of a company. The “*explanation of major new projects and development*” (Marston., p. 65) is also mentioned in this vein. Marston’s (2004) survey research results support the findings of Fieseler et al. (2006) and Hoffmann and Fieseler (2012). Marston (2004, p. 66) further argues that the financial community does not focus too much on the explanation of past results in meetings but is rather interested in guidance regarding the future development. Yet, Marston’s (2004) findings contradict the findings of

Hoffmann and Tietz (2018, p. 9) who argue that IR aligns itself with long-term strategic goals of a company. This difference might be grounded in a change of trends or differing cultural values in coordinated and liberal market economies.

The findings of Laskin (2016, p. 389) concur with the previous findings as his research suggest that corporate strategy is the only non-financial factor that is seen as equal to financial information by IR managers in the US.

Pellens et al. (2019, p. 82) rank the strategic alignment of companies as third most important factor for investment decisions, which further underlines the importance of this factor. Thus, the reviewed articles do not show a direct interrelation between the strategy and the aforementioned management. This is surprising as it is the management who decides about a company's strategy and related changes. None of the articles reviewed point to an involvement of IR in the strategy process as Hoffmann and Tietz (2018) find and which is a feature of the integrated function of IR suggested by Köhler (2015).

Communication

Fieseler et al. (2006) assign vital importance to communication on capital markets as IR serves as the most important source of information for the financial community. The researchers develop eleven subcategories to the main category communication. Inconsistent communication can result in loss of credibility at the capital market (Kuperman, 2003). Although ranked third regarding importance for the capital market, the number of subcategories shows the high variety of the field of communication.

Fieseler et al. (2006,) rank the "*quantification of company strategy*" (p. 25) first. The researchers base the assessment of corporate success on previously communicated goals. Here, the reliability and credibility of the organization's communication comes under scrutiny through the capital market as the financial community demands tangible and quantified goals and their delivery in relation to clear financial outcomes (ibid.).

Besides information provided on strategic goals, the perceived quality of communication through IR depends on the clarity of disclosure (Fieseler et al., 2006). As the capital market needs to judge the prospect of organizations, it depends on

companies to provide “disclosure of strategic milestones” (Fieseler et al., 2006, p. 25.) for the realization of strategic goals. Ideally, the company provides estimated realization dates (ibid.).

Fieseler et al. (2006) argue that the “logic and coherence of strategic argumentation” (p. 25) matter for the financial community. This means that the messages a company delivers need to make sense in relation to previously provided communication and the overall market development (ibid.). They argue that the financial community requires a sufficient level of details from companies (Fieseler et al. 2006, p. 26).

“Transparency” (Fieseler et al., 2006, p. 26) has already been described as a major goal of IR (DVFA, 2006; Köhler, 2015). The researchers relate transparency to the degree of depth of information which organizations provide, which means that as many details as possible are given. Timeliness matters, especially in case of unexpected developments (ibid.).

The interviewees of Fieseler et al. (2006) regard the “quality of the equity story” (p. 27) with regard to its overall coherence as vital. The capital market judges the equity story “on its capacity to engage and fascinate” (Fieseler et al., 2006, p. 27).

Referring again to transparency, the findings of Fieseler et al. (2006) state that the “accessibility and pro-activeness” (p. 27) of IR and the senior management are important to the financial community. Accessibility means that IR people are reachable for the capital market while being willing to discuss the concerns of and the arising issues for its target group (ibid.).

Information provided by IR needs to be “user-friendly” (Fieseler et al., 2006, p. 28). This feature is important to the capital market as well-prepared information facilitates its work. User-friendliness relates to formal aspects like consistency of financial reporting or other data provided (ibid.). Furthermore, IR staff should know what information the capital market needs (ibid.).

The capital market expects “impartiality of guidance” (Fieseler et al., 2006, p. 28) which consists of fair and equal treatment from companies. That means that no member of the financial community should obtain more or better information than others. In addition, information should be well-balanced without any marketing efforts

such as presenting the company in a favourable manner (ibid.). These requirements are statutory nowadays with regard to the market abuse regulation (MAR¹⁵).

Fieseler et al. (2006) relate the aforementioned communicative factors to the “*competence of the IR staff*” (p. 29). Experienced personnel showing a high degree of reliability and availability is appreciated, going along with a low level of staff turnover (ibid.). This factor complies with proactiveness as made out by Fieseler et al. (2006) also within this category.

Whereas direct access and personal impressions matter to the financial community, the public image of an organization distributed through media shows a certain degree of influence on capital market participants. The creation of a public image is not assigned to IR but to the quality of organizational “*Public Relations*” (Fieseler et al., 2006, p. 30).

Finally, “*reliability and consistency of communication*” (Fieseler et al., 2006, p. 30) matter. The financial community assigns importance to these attributes with regard to regular follow-up communication and avoidance of inconsistent or contradictory messages (ibid). Hence, communication should be timely and factual (ibid.). This complies with the positions laid out by DVFA (2006).

The communications factors made out by Fieseler et al. (2006) seem somewhat obvious from a practitioner perspective. Yet, the ranking suggests that this is not the case. However, since the publication of Fieseler et al.’s (2006) research, some time has passed and IR in Germany has institutionalized and established itself as an important function in listed companies also due to ongoing regulation (Köhler, 2015).

Hoffmann and Fieseler (2012) rank the “*Quality of communication*” as the second most important factor “*in terms of absolute means*” (p. 146). The category consists of “*Availability and openness of IR staff*” (Hoffmann & Fieseler, 2012: 146.), “*competence and experience of IR staff*” (ibid.) and “*Proactive Agenda Setting*” (ibid.). Again, the findings partially mirror the findings of Fieseler et al. (2006), where accessibility and proactiveness of staff are graded as sixth and competence and experience of IR staff as ninth out of nine sub-factors. Proactive agenda setting differs as it points to an active communicative conduct especially in difficult economic times

¹⁵ An EU Regulation (EUR-Lex, 2014) to avoid market abuse and insider trading.

(Hoffmann & Fieseler, 2012). However, the researchers do not provide further insight of what they mean by difficult economic times, whether this factor refers to the macroeconomic environment or to company-related difficulties. As the financial community is eager on developing a coherent understanding of an organization's situation and prospects, personal contact with competent IR staff matters (ibid). In addition, IR serves as an access point not only for information but also to the management (ibid.). Hoffmann and Fieseler (2012) argue that personal competence and accessibility are a new dimension within IR research which often focuses on corporate disclosure (see above in this subsection, An Introduction to IR). In addition, the findings related to communication by Fieseler et al. (2006) and Hoffmann and Fieseler (2012) concur with Broom et al.'s (2000) position that relationship in PR consist of interdependence and exchange. Ledingham and Bruning's (1998) findings of commitment, openness and involvement also suggest to comply.

Marston's (2004, p. 112 et seq.) results assign high importance to meetings of the financial community with IR and the management for all involved parties, the capital market and the management as well as IR, as these meetings provide insight on the quality of management and valuable feedback from analysts and investors.

Pellens et al. (2019, p. 82) observe that the support demanded from the financial community from IR declined in comparison from 2013 until 2018. Pellens et al. (2019, p. 84) assign this decline to the increasing importance of management meetings with the capital market without further details. This complies with Köhler's (2015, p. 344) finding that investors wish to talk to the CEO.

Industry Trends

Fieseler et al. (2006, p. 31) find that the capital market perceives the market in which an organization operates as an important factor. Therefore, the financial community needs general information about the specific industry. The authors posit that a single company is not able to influence an industry whereas its prospects and profits are impacted by market trends.

The findings of Fieseler et al. (2006) show that the financial community shows a vital interest in the "market growth and potential" (p. 32) in which a company operates.

The capital market's interests focus on current and future growth potentials but also on potential for changes within a market, such as the structure, the participants and demand patterns. The "rate of technical innovation" (Fieseler et al. 2006, p. 32) matters to the capital market. This also includes the relevance of technical changes to an organization's business model, for example the maturity of the company's plants and equipment. This factor shows strong resemblance with the technological positioning of strategy made out in the category strategy by Fieseler et al. (2006). Price trends constitute another important feature of a market as they are decisive for a company's profits. The capital market therefore closely watches "price trends" (Fieseler et al., 2006, p. 32) in relation to the products and services a company offers. The "competitiveness of a market" (Fieseler et al., 2006, p. 32) in which an organization operates is vital for its future prospects. Here, the number of competitors as well as the company's market share are important factors for the capital market to judge a company's future competitiveness. The authors do not provide any information what markets are more or less competitive. Furthermore, Fieseler et al. (2006) find that the capital market analyzes "market restrictions" (p. 33) such as geographical barriers or political constraints with regard to the potential competitiveness of a market. The financial community also takes the aforementioned factors into account when it estimates the business options of an organization when it enters a new market. Unfortunately, Fieseler et al. (2006) do not provide any further detail on geographical barriers or political constraints besides limitations by law in the case of the latter one. The financial community emphasizes the "market sentiment" (Fieseler et al., 2006, p. 33), which the researchers describe as a collective judgement of "*attractiveness and potentials – relative to other sectors*" (ibid.). A market sentiment can be bad when a sector gets out of fashion. Again, no further information on situational or other related factors is provided by the authors.

With regard to the category industry trends (Fieseler et al. 2006, p. 31), Laskin (2016, p. 390) finds that information about a company's products and services and its market position ranks second and third in US IR managers' evaluation of communication of non-financial factors. Laskin (2016) relates this position to direct financial impact on an organization.

Corporate Governance

As already laid out in the chapter Background and Context, Corporate Governance matters to listed companies, depending on the type of economy the company is located in. According to Fieseler et al. (2006) the capital market takes a keen interest in three related subjects. First, the capital market focuses on the transparency of an organization's "remuneration policy" (Fieseler, et al., 2006, p. 34). Here, shareholdings and stock options of the company's management as well as the basis of remuneration policies are vital. Remuneration can be related to the development of key figures or the share price development (ibid.). Therefore, Fieseler et al. (2006, p. 33) argue that the financial community expects that remuneration aligns management's and with shareholders' interest, i.e. that it is based on the management's performance. Thus, remuneration policy should be a motivating factor for the management that a company performs well as this factor determines the salary. Second, the "composition of boards" (Fieseler et al, 2006, p. 34) matters. The importance of a respected and capable management team has already been explained above. Yet, the quality of the supervisory board also affects the perception of the capital market towards a company. Special focus is on qualifications, accomplishments, capabilities and connections with different industries of its members to avoid conflicts of interests (ibid.). Appointments of supervisory board members should be made in a transparent manner. Third, "shareholdings and regulations" (Fieseler et al., 2006, p. 35) are interesting for the financial community. Capital market participants appreciate when the management has a stake in the company it works for. In addition, the point of time when the management buys or sells shares¹⁶ is interesting for the financial community (ibid.). Again, Fieseler et al. (2006) state that a high level of transparency, as all over in IR, is expected when it comes to buying of selling shares from these insiders.

Hoffmann and Fieseler (2012, p. 145) rank Corporate Governance as fifth out of nine corporate factors. Remuneration and board structure are common factors while Hoffmann and Fieseler (2012) add "*Transparency of appointment policies*" (p. 145) and "*Transparency regarding insider trading*" (p. 145.). The financial community regards appointment procedures for the governing bodies of organizations as a high-

¹⁶ This is termed directors' dealings, see also EUR-Lex, 2014.

ranking indicator for the quality and transparency of companies' governance (ibid.). In this respect, the capital market regards the composition of the supervisory board as specifically important. Hoffmann and Fieseler (2012, p. 147) argue that this view is hardly surprising as the supervisory board oversees management activities and thus, acts in the interest of the shareholders. Insider trading, i.e. management transactions of shares, must be transparent to the capital market. The findings of Fieseler et al. (2006) and Hoffmann and Fieseler (2012) point out that Corporate Governance ensures that companies' management should act in the best interest of the owners as an important stakeholder group.

Marston (2004, p. 70) suggests from an interviewee's statement that Corporate Governance has gained importance since interviewees filled out the questionnaire. She posits that the importance of Corporate Governance has risen since the Enron affair took place (see Background and Context). Marston (2004, p. 69) further argues that Corporate Governance was assigned a moderate importance in the survey whereas interviewees stressed the importance in the follow-up interviews.

Köhler (2015, p. 359) finds that investors are rather interested in Corporate Governance than sell side analysts as it is not part of the valuation model. This depicts a difference between the requirements of investors as owners and sell side analysts as multipliers. According to Pellens et al. (2019, p. 81), the importance of Corporate Governance has increased strongly since 2013 and has risen steadily since 2004. The authors relate the strong increase of interest from institutional investors to the emission scandal in the German automotive industry. To my present knowledge, no amendment of the German Corporate Governance Code has taken place following the emission scandal. Nonetheless, the importance assigned to Corporate Governance in the reviewed studies again depicts the statutory character of IR.

Customer and Industry Relations

Fieseler et al. (2006, p. 35) posit that an organization is not defined by its features and physical assets but by its representation in the minds of its stakeholders. The authors also deem this representation indirectly valid for the capital market, referring to the impression of an organization's customers, suppliers and competitors. Fieseler et al.

(2006) relate "reputation" (p. 36) to the coloration of the media coverage of a firm, whereas other definitions are not clearly defined. Another facet of reputation is "industry reputation" (Fieseler et al., 2006, p. 37), i.e. how a company is perceived by its suppliers and competitors. However, the authors do not provide further insight to more constituents of this factor but rank it lower than the assigned media reputation. The financial community relates the "image of products" (Fieseler et al., 2006, p. 36) of a company to the products and services it offers, whereas here, quality is the only feature mentioned that matters. Fieseler et al. (2006) relate "brand strength" (p. 37) to the popularity of a brand, whereas the financial community sees geographical positioning as an indicator, i.e. in which countries the products are successful and how big the margins are that can be gained. Hence, brand is the only factor to which a concrete monetary value can be assigned. However, the authors do not provide information in what sectors brands are more important than in others. According to Fieseler et al. (2006), the capital market regards "customer satisfaction" (p. 38) as a reliable indicator for buying behaviour and thus, financial success of a company. Here, customer loyalty such as close client relationships are seen as an indicator (ibid.). No information is provided how insight into customer loyalty is given or what markets are more important than others.

Hoffmann and Fieseler (2012) develop two separate categories which form subcategories in the study of Fieseler et al. (2006). These are "*Branding*" (Hoffmann & Fieseler, 2012, p. 147) and "*Reputation*" (Hoffmann & Fieseler, 2012, p. 148). Fieseler et al. (2006) group both categories as subcategories under "*Customer and Industry Relations*" (p. 35 et seq.). This difference in weighting can be assigned to the differing foci of the studies, as Hoffmann and Fieseler (2012) focus on image building.

The factor "*Branding*" (Hoffmann & Fieseler, 2012, p. 147) consists of "*Brand strength*" (ibid.), "*Branding acumen*" (ibid.) and "*Innovation and technology leadership*" (ibid.). Fieseler et al. (2006) place innovation and technology under "*Industry Trends*" (p. 32), whereas the category "*Strategy*" (Fieseler et al., 2006, p. 23) contains the subcategory "*Technological Positioning*" (ibid.). Therefore, I group the findings of Hoffmann and Fieseler (2012) under Industry Trends. Whereas "*Innovation and technology leadership*" (Hoffmann & Fieseler, 2012, p. 147) shows the same features as defined by Fieseler et al. (2006), the subcategories regarding branding are mainly related to a company's marketing efforts which the capital market

deems as efforts from companies to gain competitive and profit advantages. Hoffmann and Fieseler (2012, p. 147) find that analysts assign branding a medium importance. Capital market participants regard brand strength as indicator for the positioning of a company. Yet, no further detail of how the brand is put in context is provided.

Hoffmann and Fieseler (2012) also relate “*Reputation*” (p. 148) to media coverage. The researchers admit that the capital market assigns this factor the lowest rating but put it into connection with a company’s direct stakeholders such as customers and employees (ibid.). Hoffmann and Fieseler (2012, p. 148) posit that the capital market assumes that a bad reputation resulting from media coverage could influence external company stakeholders while no direct relationship is provided. Crisis frameworks such as SCCT (Coombs, 2007) aim to protect reputation. Yet, the aforementioned authors relate reputation mostly to media coverage and customers.

Corporate Culture and Employee Relations

Fieseler et al. (2006, p. 38) argue that the cooperation with the workforce is vital for an organization as this factor enables it to offer attractive products and services to its customers. The authors posit that talent, performance and loyalty of employees are decisive for an organization’s success.

Fieseler et al. (2006) posit that “*employee satisfaction*” (p. 39) has a direct effect on the loyalty and motivation of this important stakeholder group as it can impact the business performance. According to the researchers, the financial community regards conflicts between management and employees or a culture of fear as factors which negatively affect organizational success (ibid.). A “*culture of cooperation*” (Fieseler et al., 2006, p. 4), although ranked lower, is deemed positive by the capital market, whereas Fieseler et al. (2006) do not provide any examples of what constitutes a cooperative company culture. Employees must understand and accept the strategy of a company. Therefore, the capital market expects companies to have a coherent “*internal communication*” (Fieseler et al., 2006, p 39), which the company conducts in a comprehensive, regular and transparent manner to its staff so that a dependable execution of the organizational strategy is ensured. Nonetheless, Fieseler et al. (2006) do not mention whether IR is included in these communicative efforts. According to

Fieseler et al. (2006), the financial community regards “*employee turnover*” (p. 39), especially related to frequency of layoffs, as an indicator for corporate culture as employee satisfaction and motivation can affect the business performance. Fieseler et al. (2006, p. 38) argue that the capital market regards small turnover among employees as a good cultivation of human resources, whereas high rates of turnover lead to severance costs and expenditures for recruiting and training of new staff. The interviewees of Fieseler et al. (2006) regard an organization’s ability to “*recruit employees*” (p. 40) as vital for its existence. Therefore, the capital market is interested in the disclosure of recruiting policies processes as well as opportunities for employee development. Depending on the legal conditions of a country in which an organization operates, “*relations to unions*” (Fieseler et al., 2006, p. 41) and worker representatives can be critical for the success of companies. A high number of conflicts or industrial action are important for the financial community as these events are associated with costs and negative public attention (ibid.), a finding which goes in line with my own working experience.

Hoffmann and Fieseler (2012) group customer service and satisfaction in one category with employee satisfaction, communication and turnover and name this category “*Stakeholder Relations*” (p. 143 et seq.). According to the authors’ factor analysis, stakeholder relations is rated fourth out of nine non-financial factors. Within the category, customer satisfaction is ranked first, followed customer service. Arguments comply with those formulated by Fieseler et al. (2006). Customer satisfaction is important for the profit enhancement of a company while loyal employees are regarded as an indicator for a good operation. Employee satisfaction is followed by employee turnover while employee communication ranks third within this subcategory. Hoffmann and Fieseler (2012, p. 145) posit that customer and employee relations indicate that positive stakeholder relations are important for the sustainable success of an organization.

Laskin’s (2016, p. 392) results show that the quality of employees receives the second lowest degree of attention from US IR managers. His findings indicate that this lack of interest could be related to cultural issues, that employees are deemed more important in coordinated market economies or Europe than in liberal market economies or the US.

Public Affairs

Public institutions, such as governments and related agencies, can have a strong influence on the development of the business and markets of organizations (Fieseler et al., 2006). The capital market regards the “*relationship with regulators*” (Fieseler et al., 2006, p. 41) as decisive for a company’s success. The degree of influence of the government or public agencies depends on the industry in which a company operates. Fieseler et al. (2006, p. 41) argue that market trends and market shares are a direct subject to state interventions but do not provide examples on industries or trends. Therefore, the authors argue that the financial community tries to evaluate to what extent an organization is able to exert countervailing influences on the decisions of government agencies. In addition, the capital market wants to know in how far an organization can defend its strategic decisions from the intervention of governments (ibid.). Hence, the quality of public affairs and the success of lobbying efforts are perceived as important by the capital market. A company’s “*relationship to the financial industry*” (Fieseler et al., 2006, p. 42) is deemed positive by the financial community. Here, the quality of the relationship is set in context with positive company performance, which means that a company with a sound financial profile is supposed to have a good relationship with financial institutions (ibid.). Finally, the amount of attention the general public pays to environmental matters determines a company’s business practices. Fieseler et al. (2006, p. 42) posit that the level of regulation or the potential for further regulation can be decisive for organizations. Therefore, the financial community expects that organizations “*show a sound level of environmental sensibility and responsible business practices to ensure its unhindered business development*” (Fieseler et al., 2006, p. 42). The authors stress that environmental sensibility relates to the sector or industry in which a company is located. Furthermore, a negative track record regarding environmental matters is considered as adverse effect in attracting qualified and committed workforce. Yet, the authors do not provide examples what industries could be affected. Regarding public affairs, they further present a compelling argument: “*No level of managerial skills or business expertise can insure a company's success, if public institutions decide to withdraw their support of a company*” (Fieseler et al., 2006, p. 41).

Like Fieseler et al. (2006) who rank their non-financial factor “*Public Affairs*” (p. 41) last, Hoffmann and Fieseler (2012) rank this category which they term CSR “*the second last pronounced*” (p. 147) out of nine factors. Hoffmann and Fieseler (2012) define “*Susceptibility to regulation*” (p. 147), “*Lobbying*” (p. 147) and “*Environmental and social sensitivity of operations*” (p. 147) as features of this category. Ecologically and socially sensitive business practices are key (Hoffmann & Fieseler, 2012, p. 147), whereas successful lobbying activities and good relationships with regulatory authorities support the capital markets’ sentiment that both factors support the economic prospect of a company.

Marston’s (2004, p. 68) findings suggest that survey participants assign social and environmental issues a moderate importance. This result is exemplified by one of her interviewees who argues that the importance of this topic has raised from low to moderate since he filled out the questionnaire (Marston, 2004, p. 70). Another interviewee states as well that interest in the topic has risen but that he views no influence on investing behaviour (Marston, 2004, p. 69).

Arvidsson’s (2014, p. 210) interviews with financial analysts suggest that at the point of time when the interviews were conducted that the capital market shows a meagre interest in CSR-related topics. Companies increase their communication efforts about CSR, arguing that this increase was driven by the financial community. The interviews reveal the opposite, as financial analysts argue that they are not interested in related topics and do not demand information on it. Interviewees argue that their clients, investors, do not demand CSR-information either. Arvidsson (2014) finds that interviewees posit that CSR does not create value per se but can avoid value destruction when companies do not engage in “*bad activities*” (p. 218). Her interviewees argue furthermore that CSR can destruct value when handled incorrectly as such mishandling could result in bad publicity (ibid.). Value destruction is further related to costs created by CSR activities (Arvidsson, 2014). Arvidsson’s (2014, p. 220) interviewees criticize how companies handle CSR information, that they do not relate it to financial metrics or communicate it as stand-alone activity. Regarding the future development of CSR and capital market, Arvidsson (2014, p. 221) posits that financial analysts argue that shareholders should be the prime stakeholder group when a company decides about engaging in CSR, i.e. that profits should not be sacrificed for other stakeholder groups or products. Arvidsson (2014, p. 222)

concludes that by the time the interviews were undertaken, CSR was a one-way-strategy of companies. Interviewees demand that information on CSR must be made comparable for the financial community and that a value effect for the company in terms of financial advantage must be visible (ibid.).

Laskin's (2016, p. 392) results indicate that US IR managers assign the lowest amount of communication to CSR-related topics. This could again be a cultural matter, similar to the low interest US IR managers assigned to the quality of employees. Yet, this goes in line with the finding of Arvidsson (2014) who finds that financial analysts are not interested in CSR-related topics.

In contrast to Laskin's (2016) and Arvidsson's (2014) findings, Pellens et al. (2019, p. 81) find that CSR experiences the highest degree in meaning in the German context, whereas this factor was assigned the lowest meaning by institutional investors in the preceding surveys in 2008 and 2013. Pellens et al. (2019) relate this increase to the rising meaning of sustainability issues in politics, the economy and the general public. This complies with Köhler's (2015, p. 359) findings who argues that CSR topics are rather relevant for investors than for sell side analysts. She argues that CSR aspects are not fed into the valuation model which shows that requirements from sell side analysts as multipliers and investors as owners differ (ibid.).

The studies of Fieseler et al. (2006), Hoffmann and Fieseler (2012), Marston (2004), Laskin (2016), Arvidsson (2014) and Pellens et al. (2019) provide important insight to non-financial factors that matter to the capital market. However, within the studies of Fieseler et al. (2006) and Hoffmann and Fieseler (2012), which provide the most detailed insights, some details are missing. In both studies, the authors regard all factors made out in an isolated manner and do not depict in how far the factors are interrelated with each other. In addition, Fieseler et al. (2006) as well as Hoffmann and Fieseler (2012) do not provide information to what extent which factor matters to what sector as the findings are provided in a generalized manner. Some factors like transparency and timeliness seem to be outdated as these are now codified in laws or standards. However, one could argue here that the studies provided foresight. The factor equity story seems contradictory, as Fieseler et al. (2006) posit that it must be fascinating while arguing information for the capital market must be factual. Finally, it is unclear whether all factors made out in the existing literature matter in a crisis as

no literature on crisis in IR and the capital market with regard to underlying mechanism is available.

Intangibles

Non-financial factors resemble to the concept of intangibles (Ittner & Larcker, 2000). An intangible is “*something that exists but cannot be touched, exactly described, or given an exact value*” (Cambridge Dictionary, n.d.). Andriessen (2004, p. 58) further explains that an intangible is something hidden but known to be real. Yet, a unique definition of intangibles is missing as conceptions differ, e.g. in the accounting or taxation literature (Grüber, 2014, p. 37).

Grüber (2014) and Laskin (2008) provide an overview of studies of intangibles from different researchers. Grüber (2014, p. 49) finds that three domains prevail in these classification schemes: human or employee capital, external or relational capital and organizational capital.

Edvinsson and Malone (1997) define human capital as the “*combined knowledge, skill, innovativeness, and ability of the company’s individual employees to meet the task at hand*” (p. 11). Grüber (2014, p. 49) summarizes that this domain refers to the resources which employees provide to their employer. Garcia-Meca and Martinez (2007, p. 64) name knowledge, skills, abilities, previous experience, creativity, innovation capacity, flexibility and loyalty as examples. As these abilities are associated with the employees, they cannot be owned by an organization (Sveiby, 1997, p. 10). According to Grüber (2014, p. 51) employees consist of staff and management equally, which makes management quality or experience an equal part of this category.

According to Canibano, Sanchez, Garcia-Ayuso and Chaminade (2002), external or relational capital is concerned with the relationship of an organization with its external stakeholders such as suppliers or customers. Customer capital refers to the sales of an organization and may comprise customer satisfaction, quality of customers, market share, listing of (relevant) brands and value added by customer (Duhr & Haller, 2013, p. 66). Supplier capital contains relationships with suppliers, the structure of suppliers or negotiating capacities (Grüber, 2014, p. 51). Duhr and Haller (2013) also group

investor capital in this domain which comprises the financing structure, the shareholder structure, credit ratings or IR activities.

According to Sonnier (2008, p. 710), organizational capital refers to the capabilities which enable an organization to meet its objectives by assembling, integrating, combining and deploying resources. Duhr and Haller (2013, pp. 64 et seq.) distinguish organizational capital into innovation capital (R&D expenses, patents and intellectual property rights as well as innovation rate), process capital (speed of processes, process quality and product quality) and location capital (location quality, presentation in the media and attractiveness of the labour market).

Laskin (2008, p. 166) also evaluates studies on intangibles and argues that it is surprising that only a study of Hill and Knowlton (2006) mentions strategy as a separate factor within intangibles. The study of Ernst & Young (1997) also ranks strategy as the most important non-financial indicator for the capital market. This complies with Köhler's (2015, p. 357) finding that investors wish to talk especially to the CEO about company strategy. Fieseler et al. (2006) come to a similar conclusion in their study. Grüber (2014, p. 197) further analyzes studies about analysts' reports and concludes the same, namely that strategy is highly important to the capital market.

The table shows the degree of similarities regarding intangibles and non-financial factors:

Fieseler et al. (2006)	Hoffmann & Fieseler (2012)	Laskin (2008)	Pellens et al. (2019)	Grüber (2014)	Duhr & Haller (2013)
Quality of Management	Stakeholder Relations	Strategy	Quality of Management	Human Capital (Management and Employees)	Human Capital
Strategy	Quality of Communication	Markets	Strategy	Internal Capital (Organizational Capital, Strategy and Innovation)	Customer Capital
Communication	Corporate Governance	Product and Services	Corporate Governance	External Capital (Customers, Suppliers and Investors)	Supplier Capital
Industry Trends	CSR	Management	CSR		Investor Capital
Corporate Governance	Branding	Organizational Capital	Management Outlook		Process Capital
Customer Relations	Reputation	Research and Development	Sector Affiliation		Location Capital
Public Affairs	Consistency	Corporate Communication			
Corporate Culture	Quality of Management	Employees			
		CSR			

Table 4: Comparison of Intangibles and Non-Financial Factors (developed for this research)

Besides their importance for evaluation models, non-financial factor or intangibles fulfill an important role. Fieseler et al. (2006) argue that a *“favourable reputation of a company installs trust in and respect for that company and its management”* (p. 8) which they relate to the importance of non-financial factors. Yet, the subfactor reputation receives a relatively low ranking in their study (Fieseler et al., 2006, p. 36). Hoffmann and Fieseler (2012, p. 148) also find that the capital market rates reputation as lowest factor in their research. One reason for this low ranking might be related to the finding that no unique definition of reputation exists (Gotsi & Wilson, 2001; Barnett, Jermier & Lafferty, 2006). Fombrun and Rindova (1996) argue that the definition is context related.

Fombrun (1996) argues from an economic perspective and regards reputation as strategic assets which *“produce tangible benefits: premium prices for products, lower costs for capital and labour, improved loyalty from employees, greater latitude in decision making, and a cushion of goodwill when crises hit”* (p. 57). Hence, reputation can be regarded as an intangible asset which has the potential to create value (Little & Little, 2000; Roberts & Dowling, 2002). In the economic school of thought, reputation is seen as an outcome (Bebington, Larrinaga & Monega, 2008, p. 339). Fombrun and Van Riel (1997) argue that *“reputations constitute subjective collective assessments of the trustworthiness and reliability of firms”* (p. 10). Trust is mentioned as an antecedent to reputation. Yet, Bebbington et al. (2008) find that reputation can be

connected to intangibles via ranking studies. Bebbington et al. (2008, p. 361) examine six reputation rankings which all consist of the following five factors:

1. financial performance;
2. quality of management;
3. social and environmental responsibility performance;
4. employee quality and
5. the quality of the goods or services provided.

Besides financial performance, which is an outcome of non-financial factors (Ernst & Young, 1997, p. 13), these elements reflect intangibles (Grüber, 2014; Laskin, 2008) as well as in the literature on non-financial factors (see above).

Ramaj (2010, p. 38) regards trust and credibility as the prerequisite and outcome of reputation. Melgin, Luoma-aho, Hara and Melgin (2017) confirm that *“building trust and commitment is the main objective of investor relations, and much of this is achieved through building intangible assets”* (p. 10).

Hence, I evaluate the concept of trust as it indicates to be valuable for my study as indicated by Köhler (2015, p. 344). Furthermore, researchers in the systems theoretical stream of PR evaluate trust as a mandatory feature of successful relationships in PR. Fieseler et al. (2006) further refer to credibility. As PR concepts related to systems theory indicate to be useful for my study in connection with Köhler’s (2015) findings, I lay out a conceptualization of credibility and trust from this research domain (Bentele & Seidenglanz, 2008).

Credibility

Bentele and Seidenglanz (2008) regard credibility as a sub-phenomenon of trust and argue that *“credibility is limited to the communicative dimension, the meaning of trust is somewhat more extensive”* (p. 49). Ramaj (2010, p. 30) refers to Bentele (1988) and posits that three constituents must be coherent to achieve credibility. The first constituent is the messenger or source of communication. This is the organization or person working for the organization. The second is the message itself, which means the text or event. The recipient of the message is the third constituent who needs to be

able to attribute trust to the messenger and the message. Köhnken (1990, p. 83) provides a similar definition. He refers to the evaluation of credibility with regard to conduct, content and source or context. Hence, the attribution of credibility requires a communicative situation in which the recipient does not possess the same information as the communicator. DVFA (2006) refers to target-group orientation, transparency and continuity as features of credibility. The findings of Fieseler et al. (2006) suggest to confirm the concept of Bentele and Seidenglanz (2008) as they locate credibility within the categories management and communication.

Trust

Bentele and Seidenglanz (2008, p. 49) argue that trust is not limited to communications like credibility but can also be attributed to technical objects (e.g. automobiles), social institutions (e.g. unemployment insurance or political parties), locations or geographical setting (e.g. weather conditions) or social systems (e.g. the pension system, the economic system or the parliamentary democracy).

This leads to the question why companies need to communicate to be trusted. Reinmuth (2006) argues that a company is not able to act like a human being to show that it can be trusted. This lack becomes obvious in the relationship of a company with its customers and investors (Reinmuth, 2006). A company demands the trust of these two stakeholder groups combined with a risk, namely to buy its products or shares (ibid.). The customer or the investor expects future benefits from this decision. Therefore, Reinmuth (2006) posits a company needs to send signals through communication to show that it is trustworthy. Yet, companies are exposed to a twofold problem regarding trust. On the one hand, there needs to be trust in the business or business purpose itself. On the other hand, it is the communication about the business which requires trust (Keller, 2006).

Therefore, within the communication process, trust subjects (individuals or groups) actively trust so-called trust objects (individuals or institutions) (Bentele & Seidenglanz, 2008, p. 56). Trust mediators (media or PR agents) have an intermediating role. Facts and events are the reference objects while text and messages play a key role (ibid.). This conception can be transferred to IR. The financial

community constitutes the trust subject while the listed company or its management constitutes the trust object. This could be further related to the products of the company. IR takes over the role of the mediator.

Bentele and Seidenglanz (2008, p. 56) posit that four types of trust are important. These are interpersonal, personal, institutional and systems trust (ibid.). These types of trust may also be transferred to IR. Interpersonal and personal trust can constitute between IR and the members of the financial community. Referring to Fieseler et al. (2006) and Hoffmann and Fieseler (2012), interpersonal and personal trust can also be deemed appropriate for the role of the CEO. Institutional trust refers to the organization itself. Systems trust can be referred to the company, the country or economy in which an organization is located. This refers to the non-financial factors industry trends (Fieseler et al., 2006.) and public affairs (Fieseler et al., 2006) or location capital (Duhr & Haller, 2013).

Diverse factors contribute to establish trust (Bentele & Seidenglanz, 2008, pp. 56 et seq.). The table below depicts these factors as well as the reverse effects in case of breach:

High level of trust	Low level of trust
Knowledge of Subject	Lack of Knowledge of Subject
Problem-solving Competency	Lack of Problem-solving Competency
Adequacy of Communication	Inadequacy of Communication
Communicative Consistency	Communicative Inconsistency
Communicative Transparency	Lack of Communicative Transparency
Social Responsibility	Lack of Social Responsibility
Ethics of Responsibility	Utilitarian Ethics

Table 5: Trust Factors
(Bentele and Seidenglanz (2008, p. 57), table adapted from Köhler (2006, p. 118))

The trust factors defined by Bentele and Seidenglanz (2008) show parallels to the non-financial factors made out by Fieseler et al. (2006) and Hoffmann and Fieseler (2012) as key features of IR and the management. The concept of Ledingham and Bruning (1998) also names trust as one of five important factors for successful PR work. As

suggested by Fieseler et al. (2006) trust indicates to matter as overarching concept of non-financial factors or intangibles as it determines the features or outcomes of organizational conduct.

Bentele and Seidenglanz (2008, p. 58) posit that building trust is a long-term and dynamic process. Broom et al. (2008) confirm this concept as they argue relationships for PR practitioners have antecedents and consequences. A loss of trust can be related to intentional and unintentional discrepancies in a relationship (Bentele & Seidenglanz, 2008, p. 57). As a crisis can be regarded as a discrepancy (Köhler, 2006), the concept of trust again suggests to matter.

The evaluation above paves the way to briefly referring to shareholder activism as recent development on the capital market and the role of the media.

Shareholder Activism

A recently developing phenomenon on the in Germany is shareholder activism (Jahn & Köhler, 2018). Shareholder activism emerges when shareholders as company owners do not agree with business decisions or planned acquisitions (McCahery, Sautner & Starks, 2009). In this vein, shareholder activism can actively target the replacement of a company's management (Hoffmann, Tutic & Wies, 2011). According to Hoffmann, Simic-Brønn and Fieseler (2016, p. 36), institutional investors formerly behaved passive and sold their share in companies when the companies' strategy no longer met their expectations. I have laid out the importance of the management and the strategy for the capital market above. Institutional investors' behaviour has now changed as this important shareholder group starts to confront organizations with diverse aspects of their Corporate Governance rules and practices (Hoffmann et al., 2016).

Hence, shareholder activism aims at changing company policy. Uysal (2014) researches the "*boundary spanning role*" (p. 220) of IR in the context of shareholder activism by adopting a case study approach to explore how the management of an energy company handled shareholder activism in the context of CSR. Uysal (2014) uses stakeholder theory and classifies activist shareholders as a salient group which possesses power, legitimacy and urgency (Mitchell, Agle & Wood, 1997), being "*in a*

unique position, whereby they can voice society's expectations from within the corporations" (Uysal, 2014, p. 216). Uysal (2014) argues that shareholder activism is a form of societal influence on organizations as it urges companies to implement structural changes. Uysal (2014) refers to a US company which had to introduce its first CSR report and to seek third-party endorsements to receive certifications for meeting its environmental responsibility. This means that besides conflicts and changes, shareholder activism is costly for companies (Hoffmann et al., 2016).

Uysal's (2014) study can be connected to the findings of Roselieb (1999). Coombs and Holladay (2012) argue that the raise of activism is related to communication and power. Regarding PR, Grunig (2001) posits "*If the organization does not respond to the symmetrical initiative, they (activists) use asymmetrical techniques to force the organization to consider the public's problem also to be its problem*" (p. 19). Roper (2005) argues that organizations introduce change in order to appease stakeholders, but that this effort is used to "*facilitate quiescence and maintain the existing hegemony and power structures*" (Coombs & Holladay, 2012, p. 884). Although Roper (2005) as well as Coombs and Holladay refer to stakeholders, it can be suggested that their appraisal refers to societal stakeholders like in Uysal's (2014) study.

A Brief Outline on News Media in IR

Although IR often has no direct contact with the media, Köhler (2015, pp. 359 et seq) argues that the media took over a vital role in shaping the vocational field. As I use newspaper articles to gain the pre-understanding for conducting the interviews, I consider it important to evaluate the role of media with regard to IR and the capital market.

Janik (2002) concludes that the perception of the media public and the capital market public are structured by different evaluative criteria:

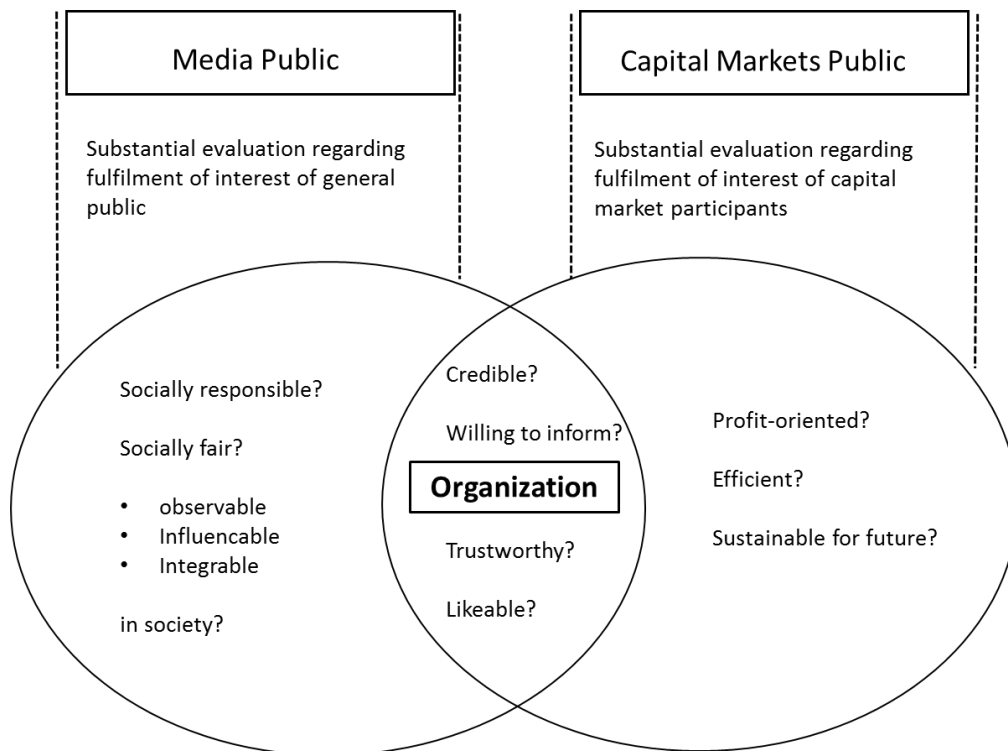


Figure 3: Evaluation Criteria of Media and Capital Market Publics (Janik, 2002, p. 264)

However, the overlap Janik (2002) depicts is interesting. The overlapping area depicts the intangibles of trust and credibility. In addition, Roselieb’s (1999) research depicts that society can have decisive influence on companies through media, which can result in crises. Dyllick (1992) posits that media attention reflects the public’s interest. As organizations are embedded within society, media suggest to matter for companies.

Davis (2006) examines the role of mass media in IR. Davis (2006) argues that financial news media are important for retail investors but argues with regard to institutional investors that “*the financial news media appeared to have little conscious influence on their evaluation of individual shares*” (p. 12). He further argues that media information is not too important to institutional investors as they have direct access to the CEO and financial directors of a company (ibid.). The findings of Pellens et al. (2019) confirm this perception. This contrasts the findings of Fieseler (2006) who argue that reputation assigned to companies by media coverage matters. In addition, media are a source of information which is available not to IR publics only but to virtually everybody.

3.5 Concluding Remarks and Provisional Conceptual Framework

The literature on organizational crisis reveals that these crises consist of three dimensions. First, the process dimension, which divides crises into phases and focuses on the time-related development of an organizational crisis. Second, the structural dimension which considers crisis types. Both dimensions have received criticism as crises do not follow a pre-designed schedule and cannot be related to a single reason only. Third, the stakeholder dimension remains unclear in the existing crisis literature as stakeholders are treated as a single undefined group. Here, I focus on IR and its most important stakeholder group, namely institutional investors and sell side analysts, depicting their information needs. With this information from the literature, I am able to derive a first provisional conceptual framework for my research:

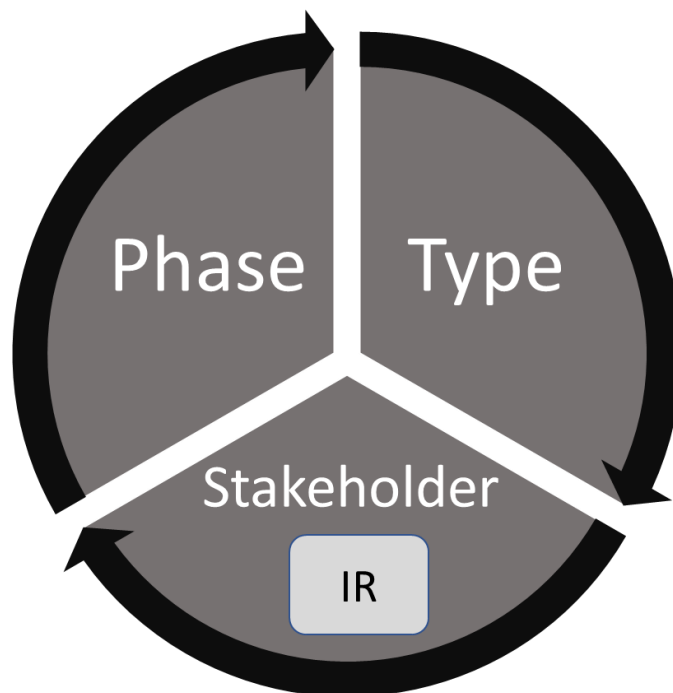


Figure 4: Provisional Conceptual Framework after Literature Review
(developed for this research)

The initial conceptual framework is a starting point and rather generic. I choose to depict the three dimensions in the form of a circle connected with arrows to visualize that the three dimensions are interrelated. A vertical flowchart could have been an alternative depiction. Yet, this could have led to the assumption that one of the dimensions is a starting point and another one would constitute an ending point. This is not clearly depicted in the literature. Hence, with the initial conceptual framework I

aim to evaluate whether all dimension fit for IR and organizational crises. The stakeholder dimension leaves most room for questions to be raised. I place IR including its publics within the stakeholder dimension as the positioning of this organizational function in crisis has not been subject to research yet.

Therefore, I use the initial conceptual framework to design my study and to analyze my findings. I employ the process dimension of crisis phases to structure the data used in my study. I evaluate within the iterations of my study whether the critique on the dimension of crisis types is justified. Regarding the stakeholder dimension, I seek to explore the data from the point of view of IR and its institutional publics.

Yet, I feel that the information gained from the literature does not equip me with sufficient knowledge to approach interviewees. Therefore, I conduct an instrumental case study on BP and the Deepwater Horizon oil spill. With the help of the instrumental case study, I aim to achieve further insights what matters to IR and the capital market in a crisis and to enhance the provisional conceptual framework. What follows is the Methods and Methodology Chapter, in which I lay out how I conduct the instrumental case study and the interview study.

4 RESEARCH METHODOLOGY AND METHODS

In this chapter I present hermeneutic phenomenology as the underlying research philosophy. On this basis, I develop the research questions. Subsequently, I illustrate the research methodology. In the following, I describe the research methods, the strategies used to gather data and the process of analysis for both data sets in my study. Subsequently I outline the criteria used to ensure trustworthiness and discuss anticipated ethical issues.

4.1 Research Philosophy and Research Questions

Neuman (2014, p. 29) suggests to begin qualitative research projects with a self-assessment and to situate the chosen topic within the socio-historical context. In this sense, Daymon and Holloway (2011, p. 107) argue that qualitative researchers often depend on their biography and personal beliefs. Therefore, I lay out my motivation in the Introduction and the socio-historical context in Background and Context.

The literature review reveals that no dedicated research regarding IR in crisis exists. Therefore, I decided that I need to approach my research topic in an exploratory manner. Neuman (2014) supports this assumption and argues that exploratory research is appropriate when *“the subject is very new, we know little or nothing about it, and no one has yet explored it”* (p. 38). Hence, I deem it advisable to choose a qualitative research approach as qualitative research focuses on exploratory investigation of the field (Lamnek, 1995, p. 22).

The circumstance as depicted by Neuman (2014) influences my fundamental decision to choose the appropriate research philosophy. The grounding of the research is decisive as this step determines the choice of data and the methods of investigation. Grix (2002) depicts the questions which guide this process:

- Ontology (theory of nature of reality or *“What is out there to know?”* (Grix, 2002, p. 180))
- Epistemology (theory of nature of knowledge or *“What and how can we know about it?”* (ibid.))

- Theoretical perspective (philosophical stance informing the methodology (ibid.))
- Methodology (strategy, plan, process or design behind the methods or “*How can we go about acquiring the knowledge?*” (ibid.))
- Methods (techniques or procedures which are used or “*Which precise procedures can we use to acquire it?*” (ibid.))
- Collecting and analyzing data and finally sources (“*Which data can we collect?*” (ibid.))

Scientific research rests on the assumptions and principles of ontology and epistemology (Neuman, 2014). Awareness of these assumptions helps a researcher to obtain a better understanding of what underlies the choices within research (ibid.). Thereby, ontology relates to the question of what a researcher is looking at (Thomas, 2009), the assumption about what is going to be studied and its place in the world (Neuman, 2014, p. 94). Epistemology is concerned with the question “*how do we know about the world that we have defined ontologically*” (Thomas, 2009, p. 87). Snape and Spencer (2003) argue that three main issues dominate the scientific debate about epistemology. First, the relationship between the researcher and the objects of study (ibid.). Second, claims about the truth (Snape & Spencer, 2003, Neuman, 2014). Third, the way of acquiring knowledge (Snape & Spencer, 2003). Taking these assumptions into account, numerous researchers (Guba & Lincoln, 1994; Easterby-Smith, Thorpe & Lowe, 2002; Neuman, 2014) have discussed research philosophies or paradigms (Kuhn, 1962) and how these guide research approaches. Yet, their naming of philosophies they consider most relevant differs:

- Positivism (Guba & Lincoln, 1994, p. 109; Easterby-Smith et al., 2002, p. 28; Neuman, 2014, p. 119)
- Postpositivism (Guba & Lincoln, 1994, p. 110) / Relativism (Easterby-Smith et al., 2002, p. 33)
- Critical Theory (Guba & Lincoln, 1994, p. 110) / Critical Social Science (Neuman, 2014, p. 121)
- Constructivism (Guba & Lincoln, 1994, p. 110-111) / Social Constructionism (Easterby-Smith et al., 2002, p. 30) / Interpretive Social Science (Neuman, 2014, p. 121)

All researchers named above have compared and contrasted the different philosophies by illustrating the ontological, epistemological and methodological position. The table below draws on Guba and Lincoln’s (1994) “*Cross-Paradigm Analysis*” (p. 111):

Item	Positivist Social Research	Postpositivism / Critical Realism	Critical Social Science	Interpretive Social Science
Ontology	Naïve Realism - “real” reality but apprehendable	Critical Realism – “real” real reality but only imperfectly and probabilistically apprehendable	Historical Realism – virtual reality shaped by social, cultural, economic, ethnic and gender values; crystallized over time	Relativism – local and specific constructed realities
Epistemology	Dualist / objectivist Findings true	Modified dualist / objectivist; critical tradition / community; findings probably true	Transactional / subjectivist; value-mediated findings	Transactional / subjectivist; created findings
Methodology	Experimental / manipulative; verification of hypotheses; chiefly quantitative methods	Modified experimental / manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods	Dialogic / dialectical	Hermeneutical / dialectical

Table 6: Basic Beliefs or Alternative Inquiry Paradigms (Guba & Lincoln, 1994, pp. 108 et seq.; Neuman, 2014, p. 121)

In the following, I discuss the four research philosophies with regard to their applicability to my study. Although Guba and Lincoln (1994) refer to constructivism, I continue to use the term interpretive social science (Neuman, 2014).

Positivism

Positivism is broadly defined as the approach within natural science (Neuman, 2014, p. 97). Positivist research is based on the assumption that the social world exists externally and that its properties can be measured through value-free methods like experiments or surveys (Easterby-Smith et al., 2002, p. 28). This means that social reality exists independent from the perceptions of individuals (Daymon & Holloway,

2011, p. 101). The purpose of positivist research is to discover causal laws (Neuman, 2014, p. 97; Easterby-Smith et al., 2002, p. 34) or universal patterns (Daymon & Holloway, 2011, p. 101) by verifying hypotheses (Guba & Lincoln, 1994, p. 109). Thereby, documented explanations can be verified by replication through other researchers (Neuman, 2014, p. 102). Hence, a positivist researcher is independent within research and employs large samples while testing theories (Easterby-Smith et al., 2002, p. 43).

Taking these explanations into account I do not consider positivism an appropriate research philosophy for my study. First, according to the reviewed literature no crisis or crisis communication theory dedicated to IR is available for testing. Second, the number of potential respondents¹⁷ would have been hard to identify for me. A low response rate would yield into a non-representative study. Third, as no prior studies for evaluation were available in the literature, I adhere to Neuman's (2014) stance that an exploratory and therefore qualitative approach is appropriate. Finally, as I have been an active IR manager and my study arises from my personal interest, I do not consider myself an independent researcher.

Postpositivism / Critical Realism

Critical Realism shares beliefs of the two opposite poles of positivist and interpretivist research. Supporters believe that external reality exists outside peoples' beliefs or understanding while at the same time acknowledging these perceptions (Daymon & Holloway, 2011, p. 103; Snape and Spencer, 2003, p. 23). Therefore, critical realists rather falsify than verify hypotheses (Guba & Lincoln, 1994, p. 110). Therefore, researchers include several perceptions in their approach (Easterby-Smith et al., 2002, p. 53) in order to shed light on peoples' action as well as social and cultural structures or "*broader historical and contemporary formations*" (Daymon & Holloway, 2011, p. 103). While positivists aim at discovering causalities, critical realists focus on correlations (Easterby-Smith et al., 2002, p. 34). Yet, researchers within critical realism consider theories as their starting point (Sobh & Perry, 2005,

¹⁷ According to Köhler (2015, p. 185), there are about 700 full time equivalents of IR in Germany. The number of sell side and buy side participants can only be made out via tools like Bloomberg to which I have no access.

p. 1201). As no dedicated theory or previous model for IR in a crisis exists, I consider this starting point as not given although I draw on crisis research models as well as PR theories. A further feature of critical realism is triangulation, which Bazeley (2004) describes as a synonym for mixed methods. Although my choice of data and methods would suit the critical realist approach, the literature review led me to the decision that the foremost aim of my study is to understand what constitutes IR and the capital market in a crisis. One could argue that an external reality exists for companies and the capital market, namely that the aim of a company should be to generate profit. Yet, cultural differences contradict this sentiment regarding strategic alignment of organizations (see Background and Context).

A critical realist approach could have been applicable in an encompassing case study research. Hereby, I could have used the findings from the Deepwater Horizon oil spill to further examine BP's IR activities and the related capital markets' reaction. Further sources of evidence could have been BP's financial reports and IR releases to see how these are mirrored in the coverage. Another possible approach could have consisted of interviews with BP staff or with other IR managers from the oil industry. A survey with participants from the financial community would have been feasible in this approach as well. Yet, being a stranger to BP and the oil industry I did not consider this approach suitable.

The critical realist approach could also be considered feasible in a comparative study based on two cases. Yet, this would have led my study in another direction of, e.g. comparing causes and effects.

Critical Social Science

Critical social science is a version of interpretive social science (Neuman, 2014). It is based on critical social theory and considers power and inequalities in society, e.g. social, political, cultural, economic and ethnic as well as gender values (Daymon & Holloway, 2011, p. 103). Hereby, the aim of research is not to study the social world only but to change it (Neuman, 2014, pp. 110 et seq.). Critical social science also argues that positivist research rejects to acknowledge the social context (Neuman, 2014, p. 110). Yet, critical social science criticizes interpretive social science to

prioritize humans' beliefs and ideas over actual conditions making it too subjective and relativist (ibid.). Methods in critical social science are qualitative (Daymon & Holloway, 2011), based on dialogue between the researcher and the research subjects *“with the value of the investigator (and of situated “others”) inevitably influencing the inquiry”* (Guba & Lincoln, 1994, p. 110).

My study does not aim to influence or transform the participants or the structures in which they are located. Therefore, I do not deem a critical approach suitable for my study purpose.

Interpretive Social Science

Interpretive social science seeks to develop an understanding of social life.

Researchers adopting this stance aim to discover how people construct meaning in natural settings and *“how they experience everyday life”* (Neuman, 2014, p. 104). In contrast to positivism where researchers regard evidence as observable and independent of theory and values, interpretive social research posits that evidence arising from social action cannot be regarded as isolated from the context in which it occurs (Neuman, 2014, p. 108). Interpretive stances are largely associated with qualitative research (Snape & Spencer, 2003, p. 23). The researcher is involved and the research aims to generate theory, two positions which contrast the stance of positivist research (Easterby-Smith et al., 2002, p. 43).

I consider taking an interpretive social stance appropriate for my study. First, my research is exploratory due to the lack of prior knowledge. Only few practitioners will be able and willing to share their experience about IR and the capital market in a crisis. Second, exploring the constituents of IR and the capital market in a crisis requires a deep understanding based on thorough inquiry about the development and the related context. Third, I am not detached from my study topic but an active and passionate practitioner in the field. Referring to Snape and Spencer (2003), these prerequisites determine my relationship to the research participants. Furthermore, Snape and Spencer (2003, p. 14) define truth as an issue in the different streams of worldviews. Positivism or natural science posit that truth consists of the match between observations and the existing independent reality. Interpretive social science

posits that truth is rather consensual than absolute (ibid.). Hence, I rely on my participants' statements to constitute the truth with regard to IR and the capital market in crisis.

Phenomenology

Based on my choice of interpretive social science, I ground my study within hermeneutic phenomenology. Before explaining the development of hermeneutic phenomenology, it makes sense to introduce phenomenology. Phenomenological research has developed in different strands since it was introduced. The term phenomenology is derived from the Greek word "*phaenesthai*" (McConnell-Henry, Chapman & Francis, 2009, p. 8), meaning "*to show itself, a phenomenon might be considered anything that presents itself*" (ibid.). Phenomenology is considered both a philosophical discipline and a research method (Goulding, 2005). According to Tymieniecka (2003), phenomenology "*as a philosophical perspective has thrown light on previously ignored phenomena of the human experience, reformulated philosophical questions, and penetrated thought in almost all fields of scholarship*" (as cited in Wojnar & Swanson, 2007, p. 173).

Edmund Husserl is often referred to as the father of modern phenomenology (Koch, 1995; Polkinghorne, 1983). Husserl introduced what is known today as transcendental phenomenology. Husserl, who was originally a mathematician, sought to discover the experience of human consciousness and experience with a logical and scientific method (Giazzoni, 2009). Intentionality, essences and phenomenological reduction are the major principles in Husserl's approach to understand the life-world (*Lebenswelt*) or lived experience (Koch, 1995). Husserl's approach is epistemological and considers experience fundamental for gaining knowledge while aiming at "*the rigorous and unbiased study of things as they appear in order to arrive at an essential understanding of human consciousness and experience*" (Dowling, 2007, p. 132).

The process was later refined by Husserl in terms of transcendental subjectivity, "*a condition of consciousness wherein the researcher is able to successfully abandon his or her own lived reality and describe the phenomenon in its pure, universal sense*" (Wojnar & Swanson, 2007, p. 173). This method to set aside prejudices is called

bracketing or epoché, which involves eliminating preconceived notions so that the experience of the phenomenon itself can be revealed (Crotty, 1998). This feature is an essential part of eidetic or descriptive phenomenology that can be described as a suspension of judgment in order to reach phenomenological reduction (Kvale, 1992).

Hermeneutics and Phenomenology

Husserl's student Martin Heidegger shifted the focus away from human understanding to examining the reality of human beings. Heidegger agrees with Husserl's declaration "*to the things themselves*" (as cited in van Manen, 1990, p. 184), but reacted against Cartesianism which means objectification while he extended Husserl's philosophy through the examination of its ontological status (Koch, 1995). In his work *Being and Time* (*Sein und Zeit*, 1927), Heidegger proposes that consciousness is not separate from the world of human existence and thus argues for an existential adjustment to Husserl's writings (Koch, 1995). The pivotal difference between Husserl's descriptive phenomenology and Heidegger's hermeneutic phenomenology lies in context which Husserl considers peripheral while for Heidegger, it is a central concern (Lavery, 2003; Wojnar & Swanson, 2007). The concept of Being-in-the-world (*Dasein*) is central to Heidegger (Lavery, 2003). Hence, nothing can be encountered without reference to a person's background understanding and "*every encounter entails an interpretation based on the person's background, in its historicity*" (Koch, 1995, p. 176).

Furthermore, Heidegger reversed the concept of interpretation. The application of hermeneutics was previously based on the belief that the people interpreted to understand and interpretation was the tool used and set aside thereafter (Giazioni, 2009, p. 39). Heidegger moved this concept while arguing that human beings understand to interpret and afterwards understand more (*ibid.*). For Heidegger, the normal process of learning and being does not consist of gathering facts but is a dialectical relationship with the world where a pre-understanding is required and then used to gain further understanding (*ibid.*).

Hans-Georg Gadamer was a student of Husserl and Heidegger. Gadamer's work extends Heidegger's existential ontological exploration through identifying the

conditions within which understanding takes place (Cheng, 2010, p. 70). With regard to epistemology, Gadamer's approach has been called "*perspectival realism*" (Wachterhauser, 1994, p. 154) where truth is not found but experienced (Giazconi, 2009). Key philosophical concepts of Gadamer are prejudice or pre-understanding, the hermeneutic circle, dialogue and the fusion of horizons.

Gadamer broadened Heidegger's concept of pre-understanding and historicity through the introduction of tradition (Butler, 1998). Gadamer argues that pre-understanding is sharpened through tradition, or as he terms it, through prejudices (ibid). The hermeneutic circle is an important component and posits that a continuous dialectical movement characterizes the process of understanding. In this vein, understanding is an interpretive process within which the researcher moves backwards and forwards from "*the whole through grasping its parts, and comprehending the meaning of the parts divining the whole*" (Crotty, 1998, p. 92).

Alvesson and Sköldbberg (2000) argue with regard to the hermeneutic circle that in "*relation to the text, hermeneuticians neither take a monologic stance similar to that of positivism, nor do they proceed via a passive reception of the text as in grounded theory*" (p.62). They describe the interaction with the text as proceeding in the form of dialogue through asking questions to the text and consequently listening to it (ibid.). Within this dialogue, the questions posed are based on the pre-understanding.

The concept of horizon refers to historical understanding. Holroyd (2007) emphasizes the importance of gaining an appropriate historical horizon in order to understand something in its true dimensions. The fusion of horizons relates to "*both the expansion of understanding that emerges between dialogical partners in genuine conversation and the enlargement of knowledge that arises when an interpreter interacts with a text*" (Newberry, 2012, p. 12). This means that the fusion of horizons enables a researcher to move beyond his or her own understanding.

The concepts mentioned above are central to hermeneutic analysis when trying to understand the world of others with reference to one's own (Racher & Robinson, 2003). I deem all of these features vital for my study. In addition, the consideration of the part and the whole suits the communications approach grounded in systems theory which regards organizations as objects of study not as isolated entities.

As explained above, I chose an exploratory research approach to study the under-researched area of IR and the capital market in crisis. I develop the research questions based on the features of hermeneutic phenomenology and the context of my study. Neuman (2014) argues that exploratory research requires precise questions and that knowledge is acquired in a two-step process: *“As a first stage of inquiry, we want to know enough after the exploratory study so we can design and execute a second, more systematic and extensive study”* (Neuman, 2014, p. 36). Therefore, researchers who take an exploratory stance must be *“creative, open minded, and flexible; adopt an investigative stance; and explore all sources of information”* (Neuman, 2014, p. 36). Based on Neuman’s (2014) suggestion and considering the lack of prior knowledge I decided to adopt a twofold exploratory research approach. I start with descriptive research which guides the way to an exploratory study. Both approaches *“blur”* (Neuman, 2014, p. 36) in research. Descriptive studies focus on *“how questions”* (Neuman, 2014, p. 36.) to present a picture while exploratory studies focus on *“what questions”* (Neuman, 2014, p. 36) which rarely yield in definite answers. This corresponds with the design of my research questions. Neuman (2014, p. 3) supports my choice and argues that exploratory studies are difficult to conduct as only few guidelines exist. In addition, many aspects can be considered potentially important and steps are not well defined (ibid.).

Thereby, the first research question aims to provide me with an appropriate pre-understanding of the phenomenon of IR- and capital market-related features in a crisis. Based on this pre-understanding, I explore individuals’ experiences of crises which matter to IR and the capital market. In a final step, I evaluate what the knowledge gained from the both previous research questions means for IR as a corporate function of an organization in crisis. This leads to the following research questions:

1. How do UK national newspapers address an organizational crisis with regard to capital market issues?
2. What are Investor Relations managers’ and capital market participants’ perception of the course of an organizational crisis?
3. What are the tasks Investor Relations should fulfil in an organizational crisis?

Subsequently, I describe and explain the application of a hermeneutic phenomenological approach to my study.

4.2 Research Design

The choice of a research paradigm as well as the selection of the appropriate methods needs to be accomplished by a suitable strategy of inquiry (Creswell, 2009). Saunders, Lewis and Thornhill (2009) argue that strategies of inquiry can be combined with each other as they are not mutually exclusive. Nevertheless, the overall research design needs to be coherent and consistent (Creswell, 2009). The figure below depicts the research strategy for my study:

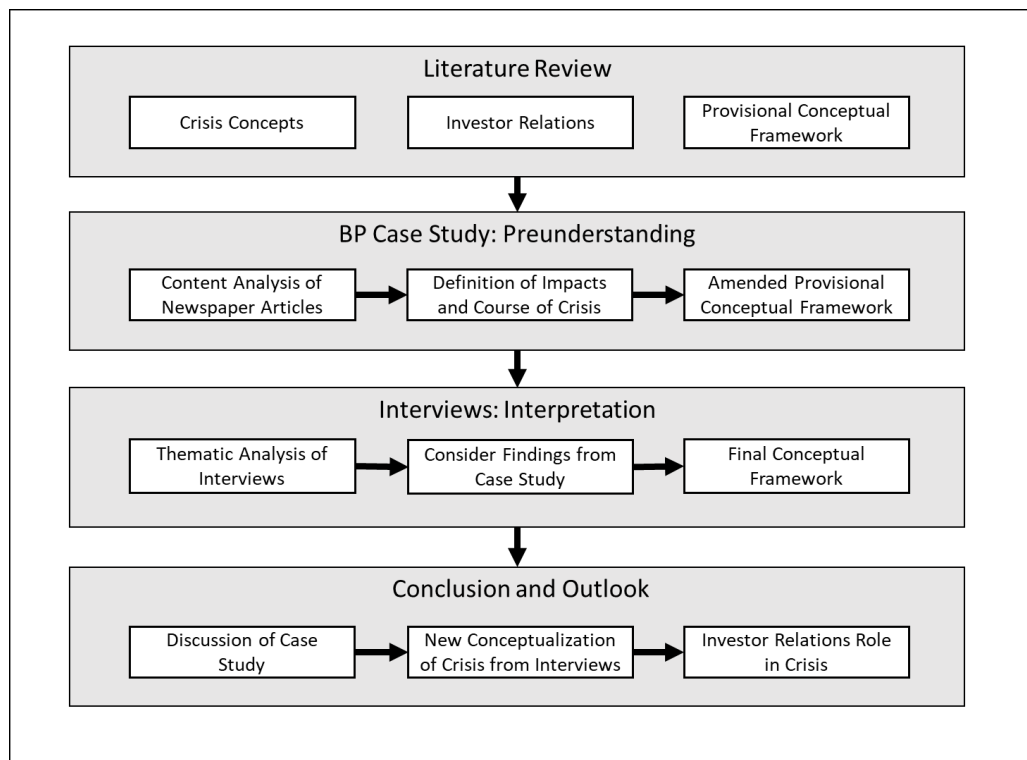


Figure 5: A Twofold Exploratory Qualitative Research Strategy (developed for this research)

4.3 Research Strategy and Methods

In the following, I discuss the steps taken within the overall research strategy which are required for a hermeneutic study as laid out above. These consist of pre-understanding, hermeneutic circle, dialogue and fusion of horizons. Hence, I use a

twofold exploratory approach. I start this section with the lay out for the research strategy of the case study (pre-understanding). This is followed by the lay out of the research strategy for the interview study (hermeneutic circle, dialogue and fusion of horizons).

4.3.1 Research Strategy and Methods for Case Study

Patterson and Williams (2002) argue that researchers using a hermeneutic approach “seek to develop a *‘fore-structure of understanding’* (a conceptual framework about how to approach or understand the phenomenon) through an extensive review of literature on the phenomenon” (p. 39). Yet, the literature review chapter reveals that there is no direct link between crisis research and research on IR and the capital market.

Thereby, I consider it necessary to carry out an additional step before approaching potential interviewees. This step is related to three prerequisites. First, I aim to enhance my pre-understanding as explained above. Second, I seek to start the process of theory building within my study. Third, through the broadened pre-understanding and to corroborate theory building, I seek to inform the interview guideline on which I base the exploratory part of my study (see Constructing the Interview Guideline in this section). I did not consider unstructured interviews due to the restricted time of potential interviewees (see Interviewee Sampling in this section). Hence, a twofold sequential qualitative approach with combined data sources and differing methodologies adds novelty to the exploratory design.

One possible approach for the first step could have been interviews or focus group discussions on IR and the capital market in a crisis. Yet, I was aware that I would need a thoughtful combination of participants who would understand my research approach. My number of potential interviewees from companies and the capital market would be limited. Yet, it would have been a challenging decision whom to approach. It would have been difficult for me to gain access to potential interviewees from different backgrounds like crisis managers, staff from communication agencies, researchers or journalists as I have no professional relations with these groups. In addition, focus groups would have been difficult to conduct as professional people are limited in their time. Furthermore, there is a potential conflict in bringing these people together as

their interests are diverging. While agency staff is interested in supporting companies, journalists conduct investigative work due to their profession. As I am not experienced in hosting discussions, I rejected this option.

Due to the lack of knowledge and the circumstances explained above I conduct an instrumental case study. The main reason for an instrumental approach is grounded in its multiple perspectives and details rooted in specific context (Lewis, 2003; Neuman, 2014). Thereby, I am able to examine the features of a case and the surrounding situation (Neuman, 2014). Walton (1992) describes this feature concisely: *“The logic of the case study is to demonstrate a causal argument about how general social forces shape and produce results in particular settings”* (p. 122).

There are several ways to conduct case studies. Thomas (2011, p. 93 et seq.) provides a useful classification for case studies. This classification is based on the purpose, the subject, the process and the approach. I draw on Thomas’ (2011) classification to explain and justify my choice for an instrumental approach as well as to evaluate alternatives. Thomas (2011) argues that all these categories are related to one and another.

The figure below depicts the classifications and their subcategories. The terms in bold map out the design of my study:

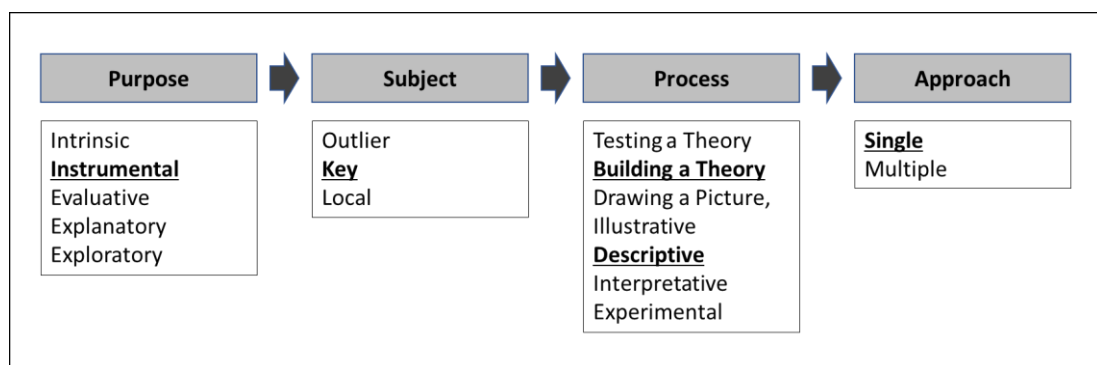


Figure 6: Different Types of Case Studies (Thomas, 2011, p. 93)

Purpose: Instrumental Case Study

Thomas (2011) names five types of case studies. Researchers undertake intrinsic case studies due to the particularity of one specific case. Here, research is undertaken for

its interest as “‘*blue sky*’ research or ‘*curiosity-driven*’ research” (p. 97). The opposite pole to an intrinsic case study is an instrumental case study. Here, the case serves as a tool to gain knowledge of a specific topic (ibid.).

Easterby-Smith, Thorpe and Jackson (2008) refer to Stake (2006), who distinguishes between instrumental and expressive case studies. Easterby-Smith et al. (2008) argue that the “*former involves looking at specific cases to develop general principles; the latter involves investigating cases because of their unique features which may, or may not, be generalizable to other contexts*” (pp. 97 et seq.).

I base my choice of data gathering on Holladay’s (2012) suggestion that “*researchers have neglected the opportunity to explore systematically through content analysis the specific types of information that have been included in media reports about crisis*” (p. 160.). Besides Holladay’s (2012) argument, the findings of Kolb (2005) and Howell and Miller (2006) as laid out in the literature review are important for my study. Bryman and Bell (2007, p. 319) argue that the use of newspaper data does not cause obtrusion. In addition, it is a non-reactive source which makes it feasible to use for sensitive topics (ibid.). Janik’s (2002) findings suggest that media take a broad view on chosen topics (see Literature Review).

Another important inspiration for an instrumental case study based on newspaper data is Shihab’s (2009) dissertation. She analyzes media frames from UK newspapers on the Maldives after the tsunami from 2004 to 2005. Shihab (2009) finds that media frames change thematically over time. She further uses her findings to enhance a tourism crisis management model. Although I consider Shihab’s (2009) research valuable, I draw on further sources not to run at risk of only seeing “*half the picture*” (Daymon & Holloway, 2011, p. 121). I relate this to the fact that newspapers write for their readers and do not have the perspective of IR in connection with the capital market. In addition, newspapers are not the target audience of IR (Köhler, 2015). Hereby, I comply with Daymon and Holloway (2011) who posit that “*within qualitative research it is still good practice to draw on multiple sources of information, such as observations, interviews, documents and audio-visual materials*” (p. 118).

The use of an exploratory case study could have been another feasible approach. Exploratory case studies share the features of exploratory research as laid out by Neuman (2014). Very little preliminary knowledge exists and the researcher needs to

approach the phenomenon from several angles (Thomas, 2011, p.104 et seq.). I could have used the Deepwater Horizon oil spill to further investigate BP's IR practice and the capital markets' appraisal (see also 4.1 in this section, Research Philosophy and Research Questions). Yet, I did not feel confident with this approach. I did not feel to be equipped with sufficient knowledge regarding the company or the industry. In addition, I was not sure whether BP would have granted me access to their staff or if these would have been willing to talk to me as an IR manager from another country and sector. Furthermore, I do not know whether the staff which experienced the Deepwater Horizon oil spill is still in charge. I assume the same for other members of the financial community regarding their availability and willingness¹⁸ with regard to the topic.

Hence, I considered that the instrumental case study would facilitate my understanding of the constituents of a contemporary crisis in the context of IR and the capital market. Creswell (2013) strengthens my argument for employing an instrumental case study. He argues that instrumental case studies are valuable for qualitative researchers who attempt to make their investigations transferable to other circumstances.

Subject: Key Case Deepwater Horizon Oil Spill

Thomas (2011) offers three choices of cases. First, Thomas (2011, p. 77) describes a key case as exemplary. Second, an outlier case differs from the norm because of interesting features (ibid.). Third, the starting point of a local knowledge case arises from the personal interest of the researcher (Thomas, 2011, p. 86). Yin (2009) regards a key case as representative or typical and an outlier case as critical or extreme or unique.

Thomas' (2011) classification and the reviewed literature on crises indicate that a key case is the appropriate choice. Crises situations deviate from situations considered as

¹⁸ Explanatory case studies (Thomas, 2011, pp. 99–104) are aimed to explain a set of causal links or *“how” or “why” something happened* (Yin, 2009, p. 141). Evaluative case studies contribute to assess prior findings (Thomas, 2011, p. 99). These case study designs suggest to involve more than one case. I did not consider these designs as feasible as this could have potentially harmed the confidentiality agreed with the study participants.

normal within business. This suggests that an outlier case is not useful. Regarding a local knowledge case I exclude both crises I experienced in my own professional life (see Introduction). Hereby, I want to avoid potential social desirability¹⁹ bias for my research participants.

Finding a feasible key case for my study was a vital decision. I locate my study in Germany. Therefore, a German case would have been a logical choice. When I started to search for an appropriate case in the German context I considered three prerequisites to be important. First, the company needs to be a listed company. Second, the crisis needs to be a recent case to identify contemporary features. I am aware that my study will be a contemporary document, a snapshot of listed German companies in the decade after the World Financial Crisis. Third, the case should not do harm to any potential research participant with recent crisis experience. That means I did not want to inquire participants about organizations and people they might probably know.

Therefore, I started to search for crises within major German companies. Several crises hit firms which were not listed (“Die größten deutschen Firmenpleiten”, 2013). This suggests to be grounded in traditional German company financing (see Background and Context). I found that feasible cases were considerably outdated or that the cases were atypical due to the companies’ short history. The outdated cases comprise the construction companies Philipp Holzmann (Seidel, 2003) and Walter Bau (“Ende von Walter Bau ist besiegelt”, 2005). The companies went bankrupt in 2002 and 2005. The companies with an atypical history are Arcandor (“Thomas Cook ist versilbert”, 2009) and Babcock Borsig (“Wie das Dax-Gründungsmitglied Babcock pleite ging”, 2018). Both companies were conglomerates which emerged from traditional companies which were already in financial difficulties for a long-time. In addition, Babcock Borsig was already delisted from the DAX in 1995 (ibid.). Hence, the outdatedness would not provide me with the necessary context-specific knowledge, a particular strength of case study research.

¹⁹ Respondents want to avoid providing themselves with abnormal (original in quotation marks) or extreme views and therefore do not reflect their actual views. Instead, the respondents give answers which they assume they are socially accepted - in other words, “socially desirable” (Statista, n.d.). This effect applies to many questions that affect society’s values and norms (ibid.).

In addition, researching these four cases would have been difficult. At the time the construction companies as well as Babcock Borsig collapsed, print media were the prevailing format. That means that I would have needed access to chosen German media archives. The University of Gloucestershire provides access to newspapers in the Lexis Nexis and Abi Inform database. Yet, I found these cover UK newspapers but not German newspapers. Hence, I would have needed to search for appropriate German newspapers in the German National Library (Deutsche Nationalbibliothek). As a full-time employee, this was not feasible for me as newspapers might partially only be available on microfiches. A search would have been complicated and time-consuming.

More importantly, German newspapers do not strongly focus on economic- and capital market-related topics after organizational crises (Kolb, 2005, see Introduction). This could be related to the lack of share culture in Germany and hence, a lack of interest in readership. Furthermore, the majority of investors in Germany comes from liberal market economies and therefore, English-speaking countries. This suggests that investors from these countries prefer newspapers from their home country written in their mother tongue with a higher cultural affinity for relevant topics.

Therefore, I decided to draw on UK newspapers for my study. When searching for a unique case, I considered the Deepwater Horizon oil spill as a feasible key case. It is a unique and relatively recent incident. BP is important to the UK economy and therefore, newspapers should be interested in it. No German company experienced a similar incident. As capital markets operate internationally I deem my choice to be feasible.

I examine the case of the Deepwater Horizon Oil Spill in 2010 and BP as organization in crisis. I choose the case due to its uniqueness as there were multifaceted repercussions including effects on IR and the capital market. The literature on crisis focuses on operative organizational action before, during and after a crisis but not on activities related to the capital market. With the help of the case study I aim to discover what features matter to IR and the financial community.

Process: Single Case Study

Yin (2009) introduces different forms of case study design regarding the process:

- Single case vs. multiple case
- Holistic case vs. embedded case

which are depicted in the figure below:

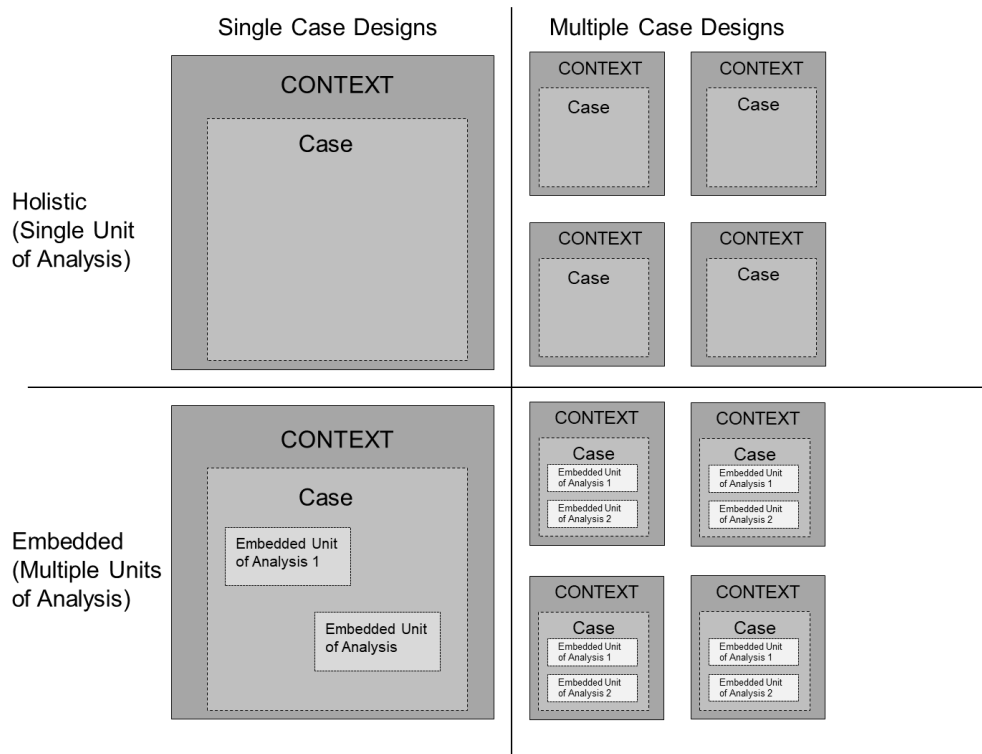


Figure 7: Options for Case Study Design
(Yin, 2009, p. 46)

Yin (2009) as well as Eisenhardt and Graebner (2007) advocate a single case study on a relatively unstudied phenomenon while the researchers favour multiple case studies in order to generalize findings. Eisenhardt (1989) emphasizes that replication is central to theory building in case study research. I could have drawn on further case studies to add validity to the findings from the instrumental case study. Chadist (2012) tests her findings from a case study on time-based supply chain risk management with the help of two further case studies based on BP accidents. Knyphausen-Aufseß et al. (2011) apply their findings from a case regarding the influence of financial analysts on company strategy to two further cases to “*broaden the picture*” (p. 1163). Yet, both

studies are exploratory and draw on multiple data sources before the researchers put their finding to test.

Approach: Starting Theory Building Through Case Study

Regarding the approach (Thomas, 2011)²⁰, the instrumental case study constitutes the first step of theory building within my study. Yet, the case study is also illustrative (Thomas, 2011, p. 118) or descriptive (Schwandt & Gates, 2017, p. 346). I aim to develop a first detailed understanding of topics in an organizational crisis which matters to my target groups. Schwandt and Gates (2017) regard a single descriptive case as appropriate to emphasize the in-depth portrayal of a phenomenon which has not been studied before. Klonoski (2013) argues that in a well-constructed case, a single case study can serve as a basis to derive generalizable rules to be tested in other studies. This paves the way to theory-building. Neuman (2014), posits that “*the intricate details of social processes and cause-effect relations*” (p. 42) are the inherent strengths of theory building within case study research. Eisenhardt and Graebner (2007) emphasize the real-world context as an important feature in comparison to isolated laboratory experiments. I consider all of these features given in the instrumental examination of the Deepwater Horizon oil spill. Besides gaining a pre-understanding I scrutinize my initial conceptual framework through the findings from the instrumental case study as a first step in theory building.

Thomas (2009, pp. 140 et seq.) strengthens my argument for this step within my study. He argues that combining design frames and methods are fine as long as the design frames stem from the same paradigm (ibid.). As case studies are associated with qualitative research (Lewis, 2003; Neuman, 2014) I deem my methodological choice appropriate.

In the following section, I describe the selection criteria for the sample period and the choice of newspapers and articles.

²⁰ See Thomas (2011, p. 110 et seq.) for further approaches (theory testing, interpretive and experimental).

Selection Criteria for Sample Period

Kolb (2005, p. 132) posits that the definition of a time frame is difficult to make plausible as no fixed end can be made out for data collection. Studies in crisis management or communication tend to focus on a sustained period, especially when media attention cumulates because of situational events (e.g. Hoffbauer, 2011; Shihab, 2009; Howell & Miller, 2006; Rother, 2003).

To determine a clearly arranged but adequate time frame I decided to start to collect data from 20 April 2010, the date the Deepwater Horizon platform exploded as no previous data on the event is available. I finished data collection on 20 January 2011, when the report of the Presidential Commission which examined the incident was published (see BP case study). By this, I am able to explore the recent post crisis phase and to assign the four phases defined by Roselieb (1999). In addition, when searching the related databases I found that media coverage dropped significantly already in October 2010 and was afterwards mostly embedded in other articles.

Selection Criteria for Media Sample

Referring to Holladay (2012) print media is a feasible data source because of the availability of articles and their variety. Kolb (2005, p. 130) as well as Rother (2003, p. 121) argue that there are three relevant areas of print media: super-regional broadsheets, tabloids or mid-market newspapers, and business or financial newspapers. The figure below depicts the formats on offer with regard to business topics treated in print media:

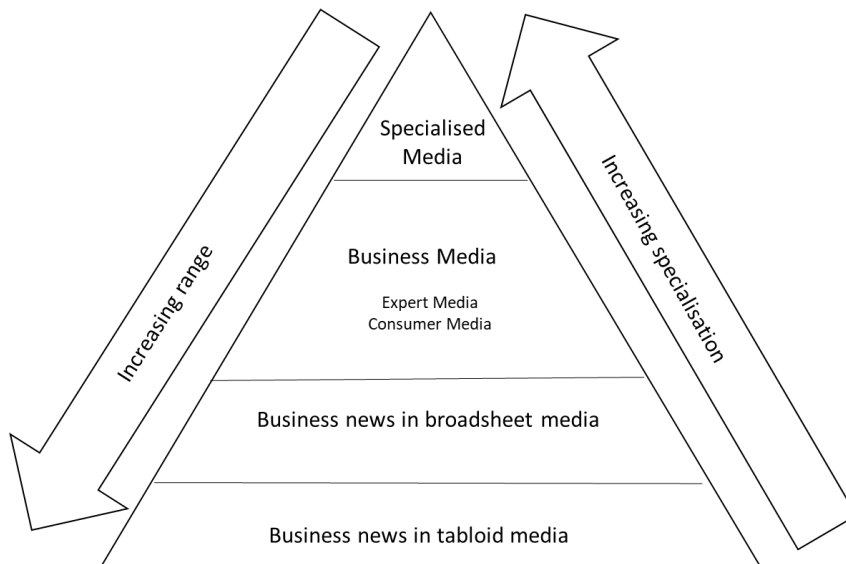


Figure 8: Formats on Offer in Business Coverage
(Mast, 2012, p. 103)

Hence, I apply purposive sampling in my study. In qualitative research, purposive sampling prevails as certain features need to be reflected within the sample population (Ritchie, Lewis & Elam 2003).

Regarding the UK print media market, I considered important that the sample should illustrate a cross-section of the UK newspaper industry, incorporating the political leaning as well as the tabloid-broadsheet divide. According to Bannon (2008, p. 97), no clear opinion leader exists in the UK akin to the role of the New York Times in the US. While broadsheet newspapers are considered to have an agenda setting role (Dando, 2014), tabloids also represent an influential source due to their high circulation (Bednarek, 2006).

I chose three UK national newspapers for my study. With circulation figures (as of May 2018) of 142,318 (Mayhew, 2018), The Guardian is the most left-leaning newspaper and represents the broadsheets. Cole and Harcup (2010, p. 34) describe The Guardian as a metropolitan liberal national newspaper having established an international reputation through its new character developed by its recent editors in London and due to its online product. The Daily Mail is regarded as the only paper of the middle market, having “*overturned the natural order of the newspaper market, where tabloids sell more than middle market papers, which in turn sell more than the serious or ‘quality’ papers*” (Cole & Harcup, 2010, p. 27). The Daily Mail has the third-highest circulation of all UK newspapers with 1,288,889 copies sold every day

(Mayhew, 2018). It is a right-wing newspaper (Wring & Deacon, 2010). I also incorporate the Sunday counterparts of two newspapers in my study. The Observer which belongs to The Guardian and the Mail on Sunday for the Daily Mail. The Financial Times represents a business or financial newspaper and can be located in the political middle (Wring & Deacon, 2010). Cole and Harcup (2010) distinguish “*the pink one*” from other “*serious titles*” (p. 32) as a rival of the Wall Street Journal with international audience (Shaw, 2016, p. 98). According to Tunstall (1996) “*financial news has tended to take over from political news and foreign news as the premier serious news field*” (p. 354) during the 1980s. Shaw (2016) argues that the Financial Times has superseded The Times as the most respected broadsheet newspaper. It has a circulation of 183,140 (Mayhew, 2018). Thereby, the choice of print media covers a diverse variety of alignments.

Selection Criteria for Newspaper Articles

In order to obtain a comprehensive collection, I made use of the Lexis Nexis and the ABI/Inform data base. Access was provided through the University of Gloucestershire. The former provided access to the Daily Mail, the Mail on Sunday, The Guardian and The Observer; the latter provided access to the Financial Times.

I conducted the search for articles by applying the key words ‘BP’ and ‘Deepwater Horizon’ to cover a broad variety of articles focusing on BP and the oil spill disaster. At this stage of the research, I did not want to narrow the search down using further key words in order not to miss any important information. Duplicates were removed. As gathering of online data involves verification (Luce, 2010), I chose to focus on database copies. In total, I downloaded 1,248 articles chronologically from 20 April 2010 until 20 January 2011. It was feasible to download the articles directly in Microsoft word or a compatible format, which supports the process of data management.

I used qualitative data analysis software QSR NVivo 11 which was also provided by the University of Gloucestershire to store the data.

After having gathered the articles, I uploaded them in NVivo. To pre-sort the data, I created a folder structure displaying each newspaper with subfolders for each year.

The subfolders for the year contained subfolders for the months where the articles were stored accordingly. With this step, I was able to evaluate the volume of coverage and to re-sort the articles whenever required. In order to retrieve and sort the data I assigned descriptive names to the articles. For example, I save an article appearing in The Guardian on the 5th May 2010 as 'The_Guardian_20100505'. In case further articles of the same newspaper were published on the same day, I named them 'The_Guardian_20100505-2' with consecutive numbering.

After importing the data into NVivo, I started to make decisions regarding the relevance of the articles for my study. I read through the articles for several times. Then, I applied a further keyword search in NVivo. I used financial terms relevant for IR. These were share* (to include shareholders, share price, shares), market*, value*, invest* (to include investors, investments), rating*, analyst*, capital* (to include market capitalization) as well as price, earning* and ratio* (to include price earnings ratio for example). This helped to reduce the sample to 254 articles. The sample comprises 116 articles from the Financial Times, 75 from The Guardian, 11 from The Observer and 50 from the Daily Mail including the Mail on Sunday.

With 46%, the share of the Financial Times as a specialist finance newspaper has the largest share. I deem this ratio suitable for a study of IR and the capital market as the Financial Times is the newspaper with the strongest focus on companies' financial matters. The Guardian and The Observer amount together to 34% while the Daily Mail and The Mail on Sunday have a share of 20%. The figure below depicts the spread of articles:

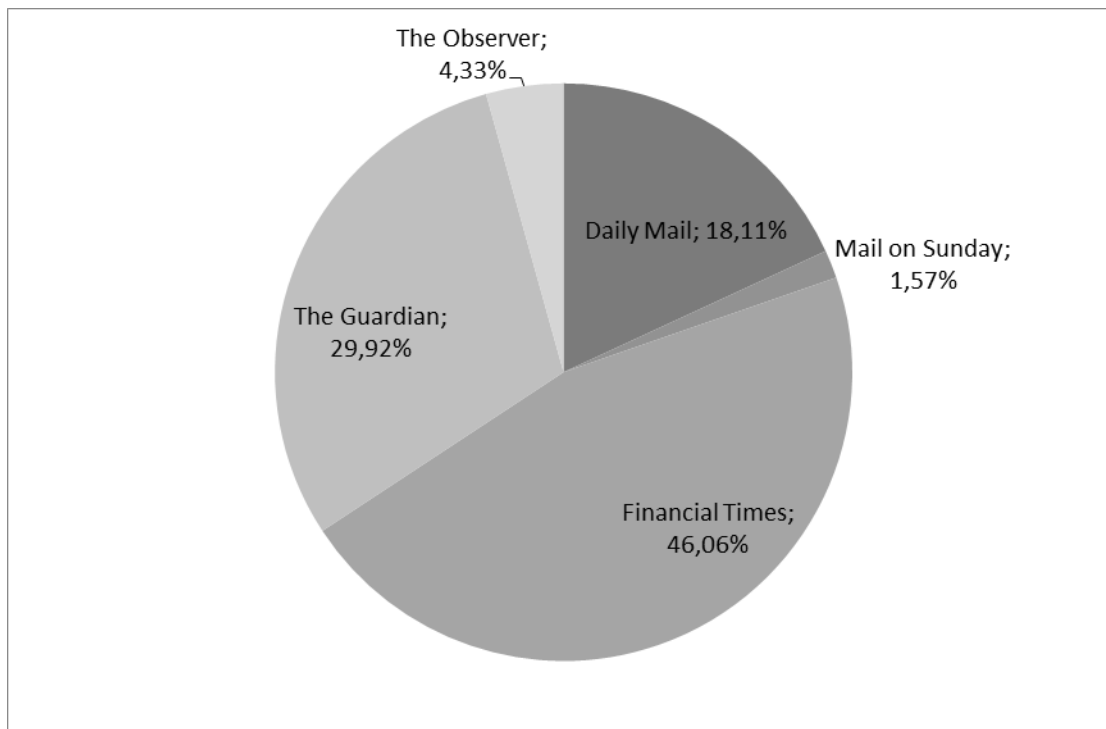


Figure 9: Base Number of Articles for BP Case Study
(developed for this research)

I include a full list of the newspaper articles used for my study in a list.

Analytical Strategy for Obtaining a Pre-Understanding: Content Analysis

Titscher, Meyer, Wodak and Vetter (2000) consider content analysis as "*the longest established method of text analysis among the set of empirical methods of social investigation*" (p. 55). The advancement and significance of content analysis is connected to the development of mass media (Macnamara, 2005; Mayring, 2002; Titscher al. 2000). Content analysis is originally assigned a quantitative method (Berelson, 1952). Quantitative analysis of media involves numerical counts and uses variables such as words and sentences which are then measured with the help of statistics (Babbie, 2012).

Kracauer (1952) first raised objections against quantification. Mayring (2000, p. 6) describes the method as simplifying and distorting while not taking latent contents and contexts into account. Shoemaker and Reese (1996) argue that qualitative content analysis enables the researcher to grasp the meaning of texts and to point to important key features. As Stokes (2012) suggests that content analysis is a common method for

media analysis, which concurs with Holladay's (2012) argument I deem my methodological choice appropriate.

Shoemaker and Reese (1996) concur that an integration of both quantitative and qualitative methods represents a golden middle way when applying content analysis. I focus on a qualitative data analysis approach in my study to gain a pre-understanding on the constituents of a crisis within the setting of IR and the capital market. However, I consider the number of articles as an important feature in my study. I use the number of articles to visualize the course of the coverage over the chosen time frame. This would not have been possible with a content-related focus only. Therefore, this numeric feature provides insight how a crisis develops over time. Yet, I deem the choice of topics within the coverage as the most important feature of the instrumental case study.

Hsieh and Shannon (2005) provide three approaches for qualitative content analysis:

- Conventional content analysis: the definition and derivation of codes during the data analysis, which can be termed inductive and relies on observation of the text.
- Directed content analysis: the definition and derivation of codes before and during data analysis, guided by theory which might be extended or refined by this procedure.
- Summative content analysis: the definition and derivation of codes before and during data analysis.

I adopt a conventional or inductive approach. Elo and Kyngäs (2008, p. 109) provide an overview of conventional and directed content analysis which they term deductive and inductive approach.

The figure below depicts these two approaches:

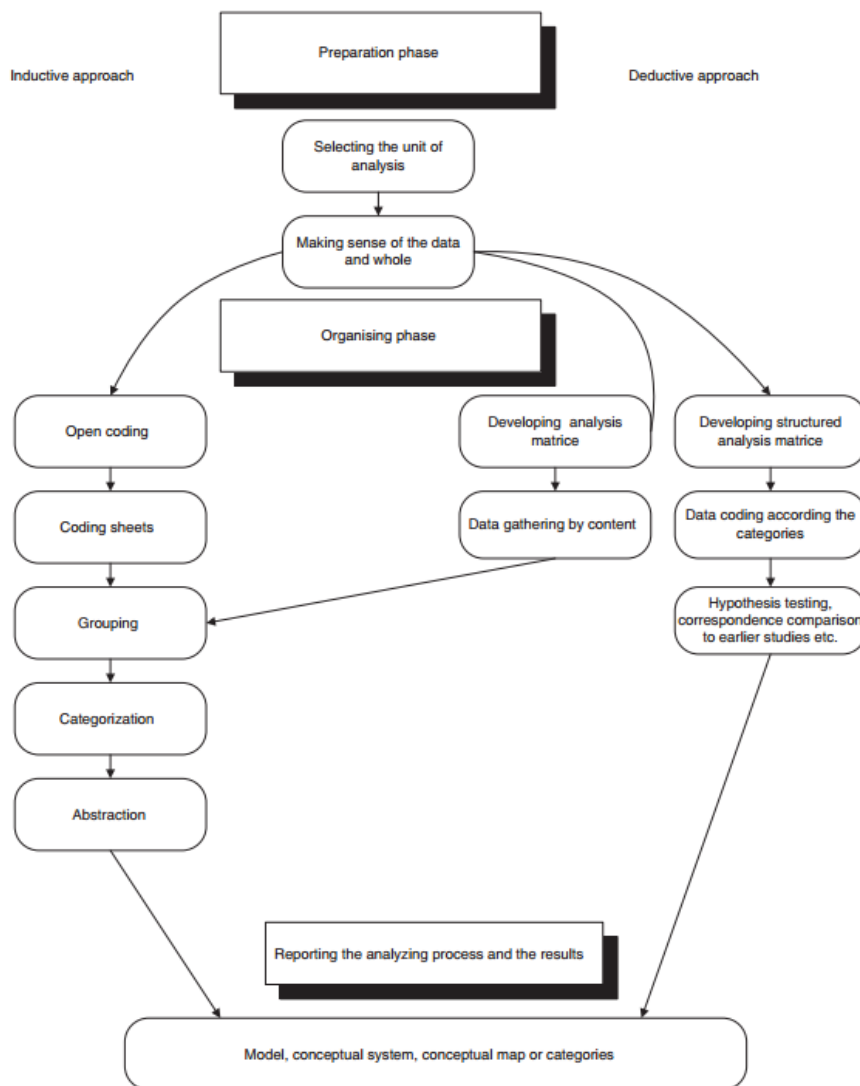


Figure 10: Forms of Content Analysis (Elo & Kyngäs, 2008, p. 110)

Elo and Kyngäs (2008) describe three stages of work when conducting qualitative content analysis, namely preparing, organizing and reporting. During preparation, the researcher gets immersed in the data. Organizing comprises the coding and sorting process and reporting lays out the findings.

After having read through the chosen articles, I decided on the unit of analysis (Bryman & Bell, 2007, p. 308). Due to the qualitative approach, I decided to code sentences or paragraphs in terms of topics occurring in the newspaper articles. I draw on an inductive or data driven approach (Boyatzis, 1998, p. 41) which suits the conventional content analysis approach as described above. I employ an “*elemental coding method*” (Saldaña, 2009, p. 51) or foundation approach to coding. Hereby, the

coding method addresses my research question as its analytic pathway leads me to construct categories (ibid.). Saldaña, (2009) suggests that “*descriptive coding*” (Saldaña, 2009, p. 79) provides valuable insights for studies starting with general questions like “*What is going on here?*” (ibid.). The aim of descriptive coding is to categorize inventory (ibid.). In case a larger degree of detail is needed the descriptive coding technique offers the possibility to assign further subcodes if necessary (Miles & Huberman, 1994). Hence, I found descriptive coding suitable for starting the process of gaining a pre-understanding and theory-building. I coded the complete data of the newspaper articles while excluding the title and the summarizing paragraph as this leads to repetition in the data set (Bryman & Bell, 2007).

Neuman (2014) argues that one of the strengths within case study research is to uncover the cause and effect relationship. Zhang and Wildemuth (2009) point out that inferences derived from the arrangement of the inductively coded data help to construct meaning from the data. Therefore, I paid special attention to intersections in the coverage. Hence, I arrange the sequence of the categories within the instrumental case study with regard to their cause and effect relationship:

- **Technical Endeavour and Environmental Impact:** Here, I describe the different attempts to stop the oil leaking from the sunken drilling rig. Alongside with these attempts I depict the environmental impact through the leaking oil. Although Technical Endeavour and Environmental Impact is the category with the least content, the category forms the starting point of each phase as it introduces the progress of the environmental disaster.
- **Political Impact:** Under this category, I specify the political implications grouped under the headings US Politics and UK Politics. These categories include political reactions, response, relations and personalities.
- **Organizational Impact:** Within this category I delineate the ramifications of the Deepwater Horizon oil spill on BP itself, its management and its reactions as well as its crisis responses. It includes BP’s history and future prospects. Here I further depict effects on competitors, companies associated in the oil spill and markets.

- Financial Impact: Under the category I group the financial impact of the accident. This comprises financial burdens arising for BP, the impact on the share price and the financial community.
- Social Impact: In this category I describe the social repercussion from the disaster on the US and the UK as well as public reactions.

In following Zhang and Wildemuth (2009) I reconstruct the happenings of the BP case in a narrative style. Miles and Hubermann (1994) call this technique “*event listing*” (pp. 110-114) in order “*to understand a complex chronology in its full richness*” (p. 111).

Reconstructing Features of a Crisis: Chronological Arrangement of Data

In a first step, I assign the four-phase crisis model as described by Roselieb (1999) to the framework coded as depicted above. The amount of coverage and topics varies over these phases. The selection of the stories relates to the circumstances from which they arise. This means that they follow the natural duration of the issue in the press.

To structure the newspaper content and to show inferences, I use the recurring categories sequentially following the assigned different phases as described above. By this, I could retrieve and review each category in every crisis phase.

It must be noted that every article can be mentioned several times in each category as it may contain relevant topics. Following the different phases assigned to the newspaper coverage, I depict the numeric development of the newspaper articles in a progressing bar chart. The outcome of the bar charts is a graph which depicts the course of the crisis in the assigned phases and the impacts that dominate the coverage. A full list of the data depicting the coding structure which I used to quantify the coverage (excerpt from NVivo, converted to Excel) is available in Appendix 2. The list further shows the distribution of coverage on subcategories which also varies over the course of the crisis.

With the help of the BP case study I aim to obtain the pre-understanding as laid out above. Therefore, I do not start the interpretive process of the data at this stage of the research but refer to the findings from the case study within the interview study when

feasible. Yet, as Bryman and Bell (2007, p. 321) point out it is hardly impossible to code data without interpretation on the part of the coder. Therefore, I deem the sequential arrangement of the categories as a starting point in the process of theory-building and to acquire the necessary pre-understanding.

Therefore, with the help of the case study I am able to enhance the conceptual framework of an organizational crisis with an IR and capital market stance previously developed from the literature review. This enhanced framework provides the foundation for the next step in my study, interviews with IR Managers and capital market participants in Germany. Hereby, I aim to gain deep insight in the interviewees' perception of organizational crisis and whether the features found in the case study apply in the German context.

4.3.2 Research Strategy and Methods for Interview Study

Research within the phenomenological tradition is based on information that illustrates the participants' experiences from their particular perspective. This fosters the use of qualitative methods. Charmaz (2002) advocates interviews to explore "*an aspect of life about which the interviewee has substantial experience, often combined with considerable insight*" (p. 676). The aim of interviews in the hermeneutic phenomenological paradigm is to reveal knowledge related to specific phenomena (Sorrell & Redmond, 1995). As my research takes place in a professional context, the interviews can be termed expert interviews. Mayer (2004) describes experts as valuable contributors in their role as specialists and as a representative of a professional group. Lindlof and Taylor (2011) deem experts as valuable informants as "*they inform the researcher about the scene – the scene's history, customs and rituals; the local 'lingo'; the identities and actions of the key players*" (, p. 177).

Lindlof and Taylor (2011, p. 173) list the major purposes for conducting interviews:

- "*Understanding the social actor's experience and perspective through stories, accounts, and explanations*" (Lindlof & Taylor, 2011, p. 173)
- "*Gathering information about things or processes that cannot be observed effectively by other means*" (ibid.)
- "*Inquiring about the past*" (ibid.)

- “*Verifying, validating, or commenting on information obtained from other sources*” (ibid.)
- “*Achieving efficiency in data collection*” (ibid.)

In accordance with hermeneutic phenomenology as a strategy of inquiry, I deem the use of semi-structured interviews as best choice. This concurs with Padilla-Díaz (2015) who argues that open or semi-structured interviews are the most appropriate way of data collection in phenomenological research.

Constructing the Interview Guideline

The interview guideline is based on the literature review but mostly guided by the findings from the BP case study. Without the pre-understanding obtained from the case study, I would not have been able to develop an appropriate interview guideline. The interview guideline comprises four main areas:

- personal background of interviewees and organizational setting,
- anticipation of crises from the perspective of IR and the capital market,
- management of crises from the perspective of IR and the capital market,
- influencing factors on crisis development.

Referring to van Manen (1990) I sought to construct the interview guideline to discover the meaning and significance of a phenomenon while remaining open to the question of meaning. Therefore, I formulated the questions in a broad manner to facilitate the interviewees with the opportunity to talk about their experiences and allow the process to evolve. The first set of questions regarding the personal background and the organizational setting is adopted from Köhler’s (2015) seminal study on IR in Germany. The organizational setting of the interviewees is important to my research as hermeneutic phenomenology relies on personal experience. I partially adapt the second and third set of questions on Köhler’s (2006, p. 402 et seq.) work on PR in a crisis. Hereby, I want to examine the role of IR in a crisis. The last set of questions on influencing factors consists of the impacts made out in the BP case study. I derive the question regarding the involvement of IR in strategy from Köhler’s (2015) study. I wanted to evaluate whether these impacts matter as well to a crisis in IR and the capital market in Germany with different preconditions. Yet, I was cautious not to

rely on a narrow definition and use of the impacts based on the findings from the instrumental case study. In addition, I did not refer to the causal chain I discovered in the instrumental case study.

Therefore, I referred to the impacts in a rather general manner. In addition, I provided key words in the interview guideline on which interviewees could draw. These key words comprised findings from the instrumental case study without relating to it. For example, I did not ask participants if the crisis they experienced was caused by environmental issues but what they consider to be influential regarding the business model of their employer.

I was confident to refer to the impacts as influential factors for several reasons. First, Köhler (2015) also identifies macro-, meso- and micro-economic influences on the vocational field of IR which resemble the impacts. Second, I found that the impacts partially consist of elements from the PESTLE (Yudha et al., 2018) and SWOT (Cornelissen, 2008) frameworks. Third, the studies on non-financial factors and intangibles also reflect the contents of the impacts. Finally, the instrumental case study enabled me to reconstruct a phase-related development of a crisis. Here, I could make out how the impacts cumulated and gradually declined. Therefore, I asked interviewees when facets of impacts occurred with regard to their experience. Thereby, I am able to determine whether a phase-based approach is applicable and to make out the constituents.

I tested the interview guideline in one pilot interview. I asked the respondent of the pilot interviews to judge the structure of the interview; the comprehensiveness of the questions; the level of detail of the questions and the length of the interview (Rübesam, 2015).

During the interview process, I did not strictly adhere to the sequence of questions to provide interviewees with the opportunity to bring in their own experience. The full interview guideline can be found in Appendix 5.

Interviewee Sampling

I consider a diverse purposive sample important for my study. Thomas and Pollio (2002) advise to adhere to the following criteria regarding participant selection for a phenomenological study:

1. The participant must have had the experience.
2. The participant must be willing and able to describe the experience.
3. The confidentiality of the participant must be protected.

According to Morse (2000), the quality of the research is profoundly determined through the selection of a sample. In order to achieve a sufficient degree of variability in the experiential accounts, the typical practice in phenomenological studies is eight to twelve participants (Graves, 2006, p. 98). Patton (2002, p. 244) states that no clear rules for sample size exist as outcome depends on the purpose of inquiry and the quality of the data. Sandelowski (1995) considers rules with regard to sample size inappropriate and points to the inquiry nature of qualitative research:

“A good principle to follow is: An adequate sample size in qualitative research is one that permits - by virtue of not being too large - the deep, case orientated analysis that is the hallmark of all qualitative inquiry, and that results in - by virtue of not being too small - a new and richly textured understanding of experience.” (Sandelowski, 1995, p. 180)

Interviewees need to have experienced a crisis in their working environment while the reasons for the crisis (internal or external) do not matter. This is supported by Rubin and Rubin (2005) who advise that researchers do not need to talk to a lot of people mandatorily but to seek contact to people with appropriate experience who are competent and show the ability to explain their knowledge. Therefore, I define crisis experience, senior professional experience in an established Prime Standard-listed company (DAX, MDAX and SDAX or formerly being employed in companies listed in these standards) as selection criteria for interviewees. Yet, these selection criteria introduce a bias to interviewee sampling. As the German major stock index and industrial landscape mainly consists of old economy sectors in Germany, my research does not comprise crisis experience in high-tech companies.

The study sample comprises twelve IR managers and ten capital market participants from the buy and sell side. Two capital market participants do not want to be quoted. I interview members from both groups in order to obtain an encompassing view on crisis with regard to the capital market and the related IR activities. Hereby, I refer to Köhler (2015) who also interviewed both vocational groups. Hence, I avoid the shortcomings raised by Hon and Grunig (1999) that relationships are often examined from the view of one party only.

In the following table, I provide an anonymized overview of the research participants as I must protect my interviewees identities due to their right to privacy. The table further shows their affiliated industries according to the supersector categorization of the German Prime Standard²¹.

Name	Specification	Sector	Stance
IR1	IR	Utilities	Inside view of crisis
IR2	IR	Pharma and Healthcare	Inside view of crisis
IR3	IR	Professional Association	Inside and outside view of crisis
IR4	IR	Financial Services	Inside view of crisis
IR5	IR	Industrials	Inside view of crisis
IR6	IR	Basic Materials	Inside view of crisis
IR7	IR	Basic Materials and Consumer Goods	Inside view of crisis
IR8	IR	Information Technology	Inside view of crisis
IR9	IR	Utilities and Consumer Goods	Inside view of crisis
IR10	IR	Basic Materials	Inside view of crisis
IR11	IR	Pharma and Healthcare	Inside view of crisis
IR12	IR	Industrials	Inside view of crisis
PM1	Buy Side	Industrials	Outside view of crisis
PM2	Buy Side	Consumer Goods	Outside view of crisis
ES	Buy Side	Diverse	Outside view of crisis
SS1	Sell Side	Consumer Goods	Outside view of crisis

²¹ The abbreviation of the titles refers to the participants' profession: PM (Portfolio Manager) and FM (Funds Manager) are associated with the buy side. SS (Sell Side) and ES (Equity Sales) belong to the sell side. AV is an abbreviation of the German term Aktionärsvertreter, which means Shareholder Representative.

Name	Specification	Sector	Stance
SS2	Sell Side	Industrials	Outside view of crisis
SS3	Sell Side	Basic Materials	Outside view of crisis
FM	Buy Side	Diverse	Outside view of crisis
AV	Shareholder Protection	Private Shareholder Association Representative	Inside and Outside view of crisis

Table 7: Profiles of Research Participants
(developed for this research)

Interviewees come from sectors which are subject to volatility. This is especially valid to the sector industrials. I refer to the related subsectors in the interpretation of the interviews. Interviewees possess a mid- to long-term experience in their field with often more than one employer. Some IR managers have previous experience from work in the capital market. IR managers rather have a longer working experience and are more mature in their profession than the members from the financial community. A longer work experience determines a rather factual stance. This also relates to the fact that not all crises to which interviewees refer have happened recently. Yet, IR managers have an inside perspective on their employer and the crisis as they are directly affected. This sometimes results into a more emotional stance, e.g. interviewees might get angry when they recall specific happening in the crisis context. All over, interviewees suggest to be engaged and enthusiast regarding their profession. Only five of the 22 interviewees are female, three IR managers and two capital market participants. Besides sector affiliation, this constitutes a further bias as my sample consist mostly of middle-aged men.

I did not pre-determine the sample size but increased the number of interviews during my study as most interviewees added more details and knowledge. I sought to carefully balance the sample so that the number of people working in IR and in capital market positions are even as far as possible.

Davis (2008) summarizes key points regarding access:

“If one cannot make contact and persuade participants to be interviewed or observed, the research is over before it has begun. As a result, the access question should be a key consideration when drawing up the research topic. (...) Gaining access to, for example, groups (...) might be problematic for all sorts of reasons (physical, social, temporal, ethical and legal). But interviewing any set of participants is never simple. In all cases one must think

very hard about the initial contact. Researchers must ask themselves why participants might agree to cooperate as well as think about what might deter them from agreeing to allow access. Fears have to be allayed, cooperation must be made easy for the participant, and good relations must be maintained. It should also be remembered that the interviewees are, in many cases, not just the providers of an account. They are likely to be gatekeepers and/or sources of further information or interview contacts.” (Davis, 2008, pp. 59-60)

I gained access to IR Managers and capital market participants through the professional network of my employer and private contacts. With the help of the head of my department as facilitator and private contacts, I could identify potential participants and make initial contact. I provided participants with a research information letter (see Appendix 3). Not all potential interviewees that were contacted responded to the invitation to participate in the study. Most of the IR managers were interested in the study because of their practical experiences, while the capital market-side was more difficult for me to access. Here, it was evident that I was not just a student researching a sensitive topic but a full-time IR Manager and undoubtedly a representative of my employer.

Due to the focus of my research I chose to approach people working in listed companies listed in the Prime Standard of the German Stock Exchange. My employer is a listed company within this standard and an actively engaged member of IR community. Using this professional network enabled me to contact participants who might under other circumstances not have been willing to participate. Finally, participants' crisis experience had been acquired in the past and some of the details they provide has come to public knowledge due to the development of the companies. Therefore, no conflict with current crises could arise. To further protect interviewees' identities I need to disguise some quotes regarding time or place. Yet, I did not change the basic statements. I must show sensitivity toward the potential consequences of depicting my interviewees' identities that *“bring the danger and poignancy or ethnographic representation ‘up close and personal’”* (Richardson & Adams St. Pierre, 2005, p. 966). Therefore, I consider it most important not to violate the trust my interviewees have in me regarding their identity.

Hereby, I rely on Spicker (2011) who argues that two classes of moral rights apply to research participants. First, general rights which are applicable to everyone. These are citizenship, general legal rights and the right not to be exploited amongst others

(Spicker, 2011, p. 122). Second, Spicker (2011) refers to particular rights in the context of research:

“Particular rights are dependent on the relationships between parties; examples are the right to have a promise kept, or to hold someone to a contract. Particular rights in research are generated by the relationship between the researcher and others involved in the research – usually, participants rather than subjects in general, because most particular rights in research are held by people who are actively engaged with the researcher. Researchers should behave towards research participants with integrity; that is, their actions should be consistent with the principles they affirm. If they promise confidentiality, they should maintain it.” (Spicker, 2011, p. 121)

By this, participants were able to provide information about what had happened, their feelings and the action which took place.

It must be understood that whilst conducting the interviews, I was a participant at the same time. I undertook the interviews with a history as I had been a practicing IR manager for more than five years and had experienced two severe company crises in this function. I felt that this history provided a base of mutual understanding during the interview process, especially with IR managers.

As the researcher is key in interpretive research (Bhattacharjee, 2012), attention must be paid to interview techniques. Interviewees must believe that their participation and their account is important. Cohen, Kahn and Steves (2000) argue that the appearance and presentation of the researcher in the course of the interview can impact the situation in either a negative or positive way which can affect the quality of the interaction. This may influence the collected data or what the interviewees decide to disclose to the researcher (ibid.). Holstein and Gubrium (1995) argue as follows:

“In part, it is a matter of controlling oneself as an interviewer so that one does not interfere with what the passive subject is only too willing to put forth. The interviewer must shake off self-consciousness, suppress personal opinion, and avoid stereotyping the respondent.” (Holstein & Gubrium, 1995, p. 11)

I was aware that the exchange between the interviewee and me could enrich the data flow and information sharing during the interview. Nonetheless, I was aware that I was an inside group member of the IR managers while being an outsider to capital market participants.

As the capital market and IR work in cycles, interviews took place during non-reporting times or roadshow periods. Interviews were conducted from December 2016 until September 2017. I was able to conduct most of the interviews face-to-face in the participants' business facilities. Only two interviews were conducted via Skype due to time and geographical constraints and one in a neutral business premise. I asked interviewees in advance to provide a confidential space so that the interviewees and me in the role as interviewer could speak freely and undisturbed. Interview duration lasted from 43 minutes until 3,5 hours. The length of the interviews depends on the experience, willingness and availability of each participant.

I informed participants in advance that the interviews would be recorded on a digital voice recorder. None of the interviewees objected. Prior to the interview, I asked participants to sign an informed consent letter which includes the agreement to participate. The letter further offered a drop-out option at any time and ensured the highest degree of possible confidentiality. I provide a translated version of this document in Appendix 4. I stored raw interview data on a computer and storage memory which was only accessible to me. I anonymized the names of interviewees and those of the mentioned companies or employers. Names of interviewees and their employers will not be published. Other companies' names mentioned by interviewees will also not be published if the topic is not already known to the public via news media. Audio-records and transcripts will be destroyed after the final approval of the thesis. Yet, I consider it necessary to refer to the sectors or subsectors in which the IR managers are located or to which capital market participants refer. By this, I am able to contextualize their experience. Yet, there are numerous listed companies in every subsector to which interviewees refer.

I deem semi-structured interviews an appropriate method for my research as it draws on individual experience. In addition, it is a feasible method for my research participants as they do not have much time. I did not consider participant observation as an appropriate method in a professional context as no IR Manager or company in a crisis would have been willing to let me observe his or her work. In addition, participant observation with capital market participants would not have been feasible either as I would have been an outsider not only to the profession but also to the business. Furthermore, I would have had to wait and identify a crisis before making contact. As a crisis is to some extent not foreseeable for an organizational outsider, this approach

is not feasible. Finally, focus group discussions would have been too difficult to arrange because of time constraints and different working locations of participants. In addition, the sensitivity of the research topic would not have been feasible for this method as I need to protect my participants' identity. Participants could fear to talk openly about their experiences in a focus group consisting of IR managers and capital market participants as these could be assessed as potential weaknesses of the companies or the interviewees. Finally, I am a full-time working employee and time constraints would have further hindered me to apply these methods.

Transcription Strategy

The data I use within the BP case study is originally written in English language as it consists of newspaper articles from UK national newspapers. Yet, I generate the primary data in my mother tongue, German. I made this choice in order to ensure a high level of authenticity (Dresing & Pehl, 2013). All correspondence with interviewees was undertaken in German, i.e. the informing letter, phone calls, emails and the interviews.

The rules of Dresing and Pehl (2013, pp. 21 et seq.) guide the transcription of the audiotaped interviews:

- Interviews were transcribed verbatim and were not summarized.
- Language and punctuation were slightly flattened to adapt to written German.
- Longer breaks (approximately breaks longer than 3 seconds) were marked with (...).
- Vocalizations such as 'mhm' or 'aha' were transcribed. Emotional non-verbal articulations like laughing or sighing were noted in brackets.
- Particularly emphasized phrases were written in bold letters.
- Each exchange between interviewer and interviewee was shown in a new paragraph.

Regarding ethical guidelines for ensuring anonymity, Dresing and Pehl (2013) suggest that the input of the interviewer is displayed as "I" and the input of the interviewee is displayed as "B". I did not adhere to this guideline as I considered it more appropriate

to indicate the input from the interviewees by reference to their role like ES (Equity Salesperson) or PM (Portfolio Manager) as depicted in the table above.

Language is considered vital in qualitative research (Bryman & Bell, 2007). Translations undertaken within the research process constitute a potential source of bias (Temple & Young, 2004). Hence, all interviews were conducted in German and also transcribed in German to “*maintain the original quality and nuances*” (Lee, 2015, p. 120), i.e. the richness and the accuracy.

Data Interpretation through Thematic Analysis

A central feature of hermeneutic phenomenology requires the researcher to engage with parts (the data) and the whole (evolving understanding of the phenomenon) (Ajjawi & Higgs, 2007, pp. 622 et seq.). Van Manen (1990, p. 79) advocates thematic analysis to unravel the “*experiential structures of experience*” (ibid.). There are numerous approaches for thematic analysis (e.g. Attride-Stirling, 2001; Boyatzis, 1998) while no clear description for the application of this method exists (Braun & Clarke, 2006). Patterson and Williams (2002) cautions against reducing the analytical task to identifying themes only: “*Seeing, understanding, and explaining the interrelationships among themes is one of the key features of hermeneutic analysis that offers the possibility of a holistic and insightful interpretation*” (p. 48).

Thematic analysis differs from content analysis as it focuses on providing a qualitative, detailed and nuanced account of the data (Braun & Clarke, 2006). In contrast, content analysis employs a descriptive approach to data coding and interpretation while it adds the possibility to quantify the data (Gbrich, 2007)²². I used both features of content analysis in the instrumental case study to obtain a pre-understanding and to start the process of building theory. Hereby, I wanted to describe the phenomenon of an organizational crisis in a conceptual form (Elo & Kyngäs, 2008). Braun and Clarke (2006) argue that thematic analysis applies only minimal description of the data set but aims to interpret various aspects of the research topic. My study is a twofold sequential exploratory approach to a subject where little or no prior knowledge exist (Neuman, 2014). Therefore, I consider the use of thematic analysis as appropriate to

²² For a detailed review of both methods see Vaismoradi, Turunen and Bondas (2013).

investigate the phenomenon of IR and the capital market in crisis in the second step of my study.

As in the BP case study, I chose a complete coding approach in order not to miss any details. The familiarization with the data took place as an ongoing process in the course of the research as I started reading and re-reading the transcribed interview data during the coding process. I consider the procedure of data analysis suggested by Braun and Clarke (2006) combined with the hermeneutic features outlined by Perkhofer et al. (2016, p. 90 et seq.) useful for my study. This allows me to follow a systematic approach while aiming at revealing the hidden meaning (Perkhofer et al., 2016) from the texts as an essential feature of hermeneutic phenomenology. The table below shows the different approaches:

Braun & Clarke (2006)	Perkhofer et al. (2016)	Lindseth & Norberg (2004)
1. Familiarize yourself with the data (read and re-read and note down initial ideas)	<ul style="list-style-type: none"> • Get an impression of the whole through reading of all texts • Take a document of choice and ask yourself: <ul style="list-style-type: none"> ○ What is it all about? ○ Note down your ideas at the margins of each text 	Naïve Reading
2. Generate initial codes (code data set in a systematic manner)	<ul style="list-style-type: none"> • After having read several texts compile a list of themes generated from the expressions used by participants (parts of the whole) 	Structural Analysis
3. Searching for themes (collate similar codes into potential themes while gathering all data for potential themes)	<ul style="list-style-type: none"> • Cluster similar themes 	
4. Review themes (examine whether themes work in relation to the coded extracts as well as the entire dataset while generating a thematic map of findings)	<ul style="list-style-type: none"> • Find descriptive wordings for your themes and transform them into thematic categories (meanings) • Go back to the data and abbreviate themes to codes while inserting codes at the margins • Group the themes which are interrelated with each other codes at the margins of the texts 	
5. Defining and naming themes (refine specifics of each theme considering linkages, generate propositions, look for complex associations)	<ul style="list-style-type: none"> • Connect themes or meaning to a proper storyline 	Comprehensive Understanding (Interpreted Whole)
6. Write the report ("thick description referring to Geertz (1973), i.e. providing a detailed description, <i>"sufficient to permit the reader to see below surface of appearances by offering an understanding of underlying patterns and context that give the information meaning."</i> (Leeds-Hurwitz, 2015))	<ul style="list-style-type: none"> • Develop a database of quotes containing narrative extracts which convey the essence of the themes • Develop a reformed conceptual understanding of the whole and the parts • Make use of graphs, illustrations and tables to support the discussion 	

Table 8: Steps of Analysis within Hermeneutic Phenomenology (adopted from Braun & Clarke, 2006, Lindseth & Norberg, 2004, Perkhofer et al., 2016, p. 90 et seq.; table partly adapted from Huo, 2016, p. 131).

Yet, as my approach consists of further features besides those outlined in the frameworks above, I lay out the procedure I conducted.

I started the familiarization process equipped with the pre-understanding from the BP instrumental case study and the varying accounts of the interviewees. Therefore, I had to reflect on the data coding process as an important feature of the hermeneutic circle.

The interviews provided rich and detailed insights but the transcribed data had different contents, lengths and structure than newspaper articles. This is related to the fact that interviewees do not rely on one case but on individual experiences within a different context. In addition, interviewees were not bound to word count as newspaper articles probably are.

Boyatzis (1998, p. 44) suggest three approaches to thematic analysis, namely theory-driven, prior research-driven and data-driven. A theory-driven approach would rely on codes generated from theory (ibid.). Yet, as revealed in the literature review, no theory for IR and the capital market in crisis exists in the domain of communications theory.

I employ prior research-driven coding (Boyatzis, 1998) which is guided by analytic interest (Braun & Clarke, 2006) to evaluate the crisis constituents provided by the interviewees. In order not to take a wrong pathway I conducted two pilot coding attempts. First, I considered to use Köhler's (2015) framework on macro-, meso- and microeconomic influential factors. Yet, I found this framework difficult to suit my study purpose as some of the influential factors would dilute, e.g. society, politics and technical innovations. While I tried a data-driven coding approach I found that the individual codes were diverse but showed strong resemblance with the subcodes used within the BP instrumental case study.

Therefore, I refer to the conceptual framework after I had conducted the instrumental case study. This decision refers to the process of theory-building by using the newly defined impact dimension. By this, I underline the continuity of my approach. Based on the interviewees' individual experiences of crises I decided to rely again on the concept of crisis phases. I draw again on Roselieb's (1999) four-phase approach to examine the constituents of the organizational crises. As the findings from the BP case study corresponded to the literature (see Constructing the Interview Guideline in this section) I was confident that this approach would be suitable to answer my second research question. Yet, organizing the data in the phase approach was not always unproblematic as interviewees sometimes did not refer to definite points in time regarding their experience.

The coding process I use is termed elaborative coding. Auerbach and Silverstein (2003,) describe it as a "*process of analyzing textual data in order to develop theory*

further” (p. 14). Saldaña, (2009) calls this method “*top-down coding*” (p. 168) as the process starts with the theoretical constructs obtained from a previous study. As already depicted, I consider the instrumental case study as starting point within theory-building. Therefore, the initial coding of the newspapers can be called bottom-up approach. I coded the newspaper articles without preconceived ideas in mind (Auerbach & Silverstein, 2003). Accordingly, elaborative coding focuses on refining the theoretical constructs developed in the previous study (ibid.). Saldaña, (2009) argues that the use of different participants or populations within the second study is applicable. Hereby, this coding method “*can support, strengthen, modify, or disconfirm the findings from previous research*” (Saldaña, 2009, p. 168).

Therefore, I employ the five impacts defined within the BP instrumental case study. While sifting through the data in the course of the coding process I reflected on interviewees’ quotes in order to relate them appropriately to the prior framework. Auerbach and Silverstein (2003) advise that during the process of elaborative coding, selected text sometimes fits into the prior theoretical construct. In case the relevant data does not fit a researcher should keep in mind that this might suggest new theoretical constructs (Auerbach & Silverstein, 2003). I consider this advice helpful as I was aware that findings from the interviewees would differ from those of the instrumental case study due to the different causes and courses of the crises they experienced.

I deem my choice of hermeneutic phenomenology as applicable as the reflective and interpretive process is an inherent feature. I find this particularly important so that I am enabled to devise an amended coding approach for the interview data. Yet, I knew that there would be some overlap in the data, which means that data coded to one impact could fit into another one. This required a transfer procedure to the German context which takes the current circumstances as well as the different economic context into account (see Background and Context). Hence, I slightly renamed the impacts in the course of the process (see Findings and Interpretation of Interviews). This renaming refers to the different conditions of interviewees’ experiences and the context:

- Technical and Environmental Impact: None of the experiential accounts showed the features of the BP crisis as no major environmental accident took

place in Germany recently. Therefore, I deem technical developments like the introduction of new communications tools to fit in this impact. Regarding environmental impact, I also refer to historical or actual developments interviewees refer to in this matter. All over, statements regarding this combined impact were scarce.

- **Political Impact:** This is an impact with a more direct connotation. I group all political actions related to happenings or examples given by interviewees in this category. This comprises statements related to political action in Germany as well as in other countries. Furthermore, it contains references to politicians.
- **Organizational Impact:** This constitutes a rather forward category. Here, I group statements referring to different areas of organizational life before, during or after a crisis. This impact also contains statements related to people and actions within organizations.
- **Financial Impact:** This impact refers to the financial repercussions of a crisis, its antecedents and consequences. This impact shows a high degree of similarity to the instrumental case study.
- **Societal Impact:** This impact shows overlap with Technical and Environmental Impact. Therefore, I had to pay attention to the interrelation of the themes (Patterson & Williams, 2002). Hence, I had to delineate statements. This is also a rather reflective process than a direct advice like in a coding manual for content analysis (Bryman & Bell, 2007, p. 312).

In addition, I kept the developments of the different impacts from the newspaper coverage in mind to see how phases built up and how much meaning interviewees would assign to the different impacts. Furthermore, I had to adhere to the hermeneutic notion of the part and the whole to understand the entire phenomenon of a crisis which matters to IR and the capital market. Yet, I felt that the coding process increased my understanding of my research concern (Auerbach & Silverstein, 2003). Furthermore, I found that interviewees' statements did not only reflect topics raised in the instrumental case study but that I was able to relate these to the literature. I found that history constitutes a vital feature in many ways within the coding and the following reconstruction of the statements. I had to reflect the context to which interviewees referred. Therefore, the sorting features of NVivo were not helpful like in the

instrumental case study. The reflective notion required me to repeatedly read through the whole interviews in relation to each other.

By this, I was able to develop a reformed conceptual understanding of the whole and the parts (Perkhofer et al., 2016, p. 99). The ongoing process of dialoguing with the interview texts, connecting and writing then constitutes the fusion of horizons in the findings.

Yet, my coding approach to answer my third research question differs. I employ inductive or data-driven coding regarding the tasks of IR in a crisis. Here, I could not refer back to the findings from the instrumental case study as information on IR-related work was scarce in the newspaper articles. In addition, I could not make out an existing theoretical framework. Hence, I relate interviewees' statements to the findings from PR research as well as findings from the literature on non-financial factors.

As stated above, hermeneutic phenomenology aims at revealing the hidden meaning, what is said and what is not said. In the interpretive process, I use many quotes to provide rich and thick descriptions (Geertz, 1973) to make the data meaningful and to illustrate the themes. The fact that the themes develop over the four pre-defined crisis phases adds complexity. Furthermore, I found that themes cannot be regarded isolated but that they intersect with each other. Hence, I present the themes at the end of the chapter with the help of a figure as suggested by Braun and Clarke (2006) and Perkhofer et al. (2016) which depicts my enhanced understanding gained from my interviewees' experiences. The figure guides the development of the themes. Hereby, I am able to derive the constituents of a crisis which is meaningful to IR and the capital market in Germany. In addition, I provide a table which depicts the five impacts from the BP case study and the interviews. This table or matrix provides an overview of the impacts over the four phases. The development of the single impact is depicted horizontally while the development over the phases can be made out vertically.

A further outcome of the data interpretation process is a further enhancement of the conceptual framework developed from the literature and amended in the BP case study.

The figure below outlines the steps within the hermeneutic circle in my study. The spiral movement shows how I conduct the different stages to approach the phenomenon of crises for IR and the capital market in Germany.

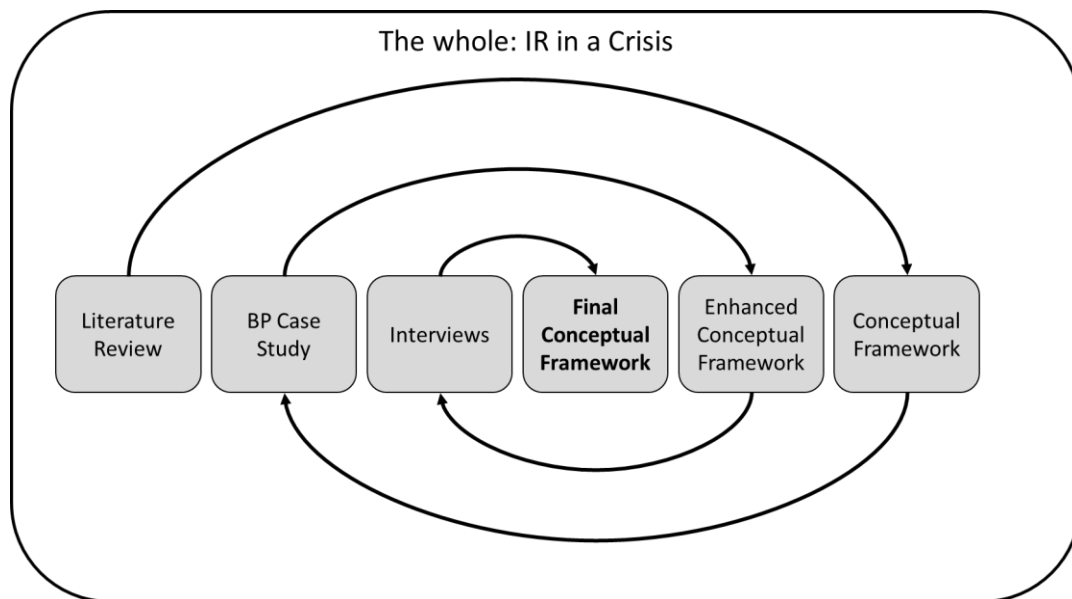


Figure 11: The Processing of the Hermeneutic Circle in my Study (developed for this research)

Establishing Trustworthiness

Quality assessment for quantitative research is usually achieved through internal and external validity, reliability and objectivity (Lincoln & Guba, 1985). Regarding qualitative research, Lincoln and Guba (1985) establish a corresponding set of criteria in order to evaluate the trustworthiness of qualitative research. These criteria consist of credibility, transferability, dependability and confirmability. In the following, I relate these criteria to my study.

Credibility

Credibility is mainly established by ensuring that a research project is carried out in good practice (Bryman & Bell, 2007, p. 411). Patton (2002, p. 555) suggests triangulation in order to enhance credibility. Triangulation adds value as each method reveals different aspects of empirical reality (Patton, 2002). Four types of triangulation exist (Patton, 2002):

- Methodological triangulation comprises the use of quantitative and qualitative methods of data collection (Collis & Hussey, 2003). Whereas I do not use quantitative methodology in my study, I include both descriptive and interpretive elements. The descriptive feature consists of content analysis with numeric features in the BP case study. I use thematic analysis in the interview interpretation which supports the hermeneutic phenomenological stance.
- Data or source triangulation (Patton, 2002, p. 556) entails the use of different data sources. I use of two different data sources: secondary data in the BP case study and primary data generated through personally conducted interviews in the interview study.
- Investigator triangulation occurs when different researchers collect data on the same phenomenon in an independent way and when findings are compared (Collis & Hussey, 2003). Time and source constraints did not allow me to use this form of triangulation.
- Theoretical triangulation applies when different theoretical perspectives are used to look at the same data (Patton, 2002, p. 562) or when theory is taken from one discipline and used in order to explain a phenomenon located in another discipline (Collis & Hussey, 2003). In my research project, I make use of crisis frameworks and research on IR and the capital market. I combine these theoretical approaches with established PR research (Grunig & Hunt, 1984; Ledingham & Bruning, 1998).

Transferability

Applicability refers to *“the degree to which the findings can be applied to other contexts and settings or with other groups; it is the ability to generalize from the findings to larger populations”* (Krefting, 1991, p. 216). With regard to qualitative research, the ability to generalize is not considered relevant (ibid.). Guba (1981) establishes a further perspective, namely transferability. This is the criterion against which the assessment of applicability of qualitative data is made. Lincoln and Guba (1985) note that regarding transferability, the person who wants to transfer the findings to another situation or population is in charge rather than the researcher of the original

study. I explained the bias on the choice of newspapers and research participants as well as the different economic systems in this section. Trochim (2006) argues that qualitative researchers can enhance transferability by thoroughly describing the research context and the assumptions which are central to the research. I provide these features in the chapter Background and Context for the external context of my study. I explain the internal context, the work of IR, in the literature review.

Dependability

Dependability refers to consistency of the data. That means that findings would be consistent in case the inquiry would be replicated with the same participants or in a similar context. Bryman and Bell (2007) refer to Lincoln and Guba (1985) in advocating an “*auditing approach*” (Bryman & Bell, 2007, p. 414). The audit approach demands that complete records are kept during all stages of the research process. These records include for example the process of selection regarding research participants, the interview transcripts or the choice of secondary data (Bryman & Bell, 2007). I outline these features in this chapter.

Confirmability

Koch (1994) states that confirmability “*requires one to show the way in which interpretations have been arrived at via the inquiry*” (p. 978). According to Lincoln and Guba (1985), this includes an audit trail on raw data, analysis and process notes as well as developmental information. Accordingly, I documented all steps of action as described in this chapter. I further prepared personal notes and saved work in progress at various instances.

Ethical Considerations

The research was conducted in line with the ethics guidelines of the University of Gloucestershire “*Research Ethics: A Handbook of Principles and Procedures*” (2008). Research ethics treat the relationship between the researcher and the subjects of the research project as well as other human beings that might be affected. Creswell

(2009, p. 93) argues that ethical issues can arise during the whole research process. Ethics may affect individuals, their rights and the quality of the data obtained in the research process. Therefore, ethical considerations constitute an integrative part of the research process (Miles & Huberman, 1994).

Regarding documentary evidence, I made use of publicly available documents in the instrumental case study. The secondary data consists of newspaper articles which I obtained from the Lexis Nexis Database and the ABI Inform database provided by the University of Gloucestershire. I thoroughly checked copyright restrictions and license agreements before data extraction. I described how I obtained the interview data and laid out the related confidentiality agreements. Interviewees were assured of anonymity and could withdraw from the project at any time. Therefore, a mutual informed consent letter was signed preliminary to the interviews. No conflict of interests occurred as the research was completely self-funded.

4.4 Concluding Remarks

In this chapter, I justify and explain the hermeneutic phenomenological approach applied in my empirical study. Furthermore, I describe how I ensure the quality of my research.

In addition to the research gaps identified in the literature review, I envisage my study to contribute to methodology. Applying two different data sets combined with two different methodological approaches to data interpretation offers the opportunity to gain a deep understanding of crises which matter to IR and the capital market in Germany. The twofold exploratory approach constitutes an innovative method to theory building.

I have laid out the methodology used to answer the research questions of my study. I present the findings from the instrumental case study and the interviews in following chapters.

5 PRE-UNDERSTANDING: INSTRUMENTAL CASE STUDY

In this chapter I present the findings from the newspaper coverage on the BP Deepwater Horizon oil spill crisis. The findings illustrate how the three distinct UK newspapers report a major crisis related to financial topics. I present the findings as a narrative in sequential form and report recurring categories in clusters including single significant events. I lay out the findings under four headings representing a four-phase crisis approach as identified Roselieb (1999). Within each phase I organize the report around the five categories identified during the inductive data coding and grouping process. These categories are Technical Endeavour and Environmental Impact, Political Impact, Organizational Impact, Financial Impact and Social Impact. In addition, I refer to activities related to IR and the capital market mentioned in the coverage. As stated before, I aim to obtain a pre-understanding from the BP case study. I briefly refer to the three dimensions laid out in the literature review at the end of each phase. Finally, I present a diagram that visualizes the development of the coverage within the impacts. The findings from the chapter and the diagram allow me to enhance the provisional conceptual framework derived from the literature review.

5.1 Potential Crisis Phase of the BP Case Study

In April 2010, the BP Deepwater Horizon Oil Spill is fresh to the media. This suggests that only few facts are known about the accident which occurred on 20th April.

Technical Endeavour and Environmental Impact

Coverage of Technical Endeavour and Environmental Impact starts with an article on 28 April 2010 from the Daily Mail, reporting on the submarine robots used to stem the oil leak in deep sea waters (Fleming, 2010). Moreover, the joint effort of skimmer ships (from 32 to about 70 vessels) and aircraft is reported as a joint operation with oil companies and government agencies (Crooks & Fifield, 2010). The Guardian reports on 30 April 2010 about different techniques, chemical dispersants, booms and burning to contain the spread of the oil as well as two alternative solutions to stop the oil leaking in the Gulf of Mexico (McGreal, Macalister & Gabatt, 2010). These consist of the capping of the well or the drilling of a relief well which are both unsuccessful (ibid.).

Environmental Impact at this stage focuses on the amount of oil spilling into the ocean. The estimates range from 1,000 barrels (bbl) on 27 to 30 April 2010 rising to 5,000 bbl per day (Fleming, 2010; Fleming, 2010a; “Accidents, by definition, are badly timed”, 2010; Crooks, 2010; McGreal, Macalister & Gabatt, 2010). The Guardian on 30 April 2010 is the only paper to raise the concerns of environmentalists regarding the impact on the wildlife in this context in comparison with other disasters (McGreal, Macalister & Gabatt, 2010).

Political Impact

During April 2010, the selected newspapers only address US politics as the disaster is a US national issue at this stage. The coverage on the US government reports the deployment of the US Coast Guard to oversee and support BP’s efforts to contain the oil spilling in the sea (Fleming, 2010a; Crooks, 2010; Crooks & Fifield, 2010; McGreal, Macalister & Gabatt, 2010). The Guardian reports on 28 April 2010 that the Mineral Management Services (MMS), a US Government agency, is expected to launch an investigation into the Deepwater Horizon accident (Webb, 2010). US President Obama appears for the first time and declares that BP is “*ultimately responsible for the spill*” (Crooks & Fifield, 2010, p. 1; McGreal, Macalister & Gabatt, 2010, p. 2).

The US administration classifies the oil spill as an event of national significance which makes it possible to free up a variety of resources and large amounts of money to contain environmental damage (Crooks & Fifield, 2010). Other platforms besides the Deepwater Horizon are investigated by SWAT teams of the Department of the Interior to avoid further accidents (ibid.). The Daily Mail cites a financial analyst on 30 April 2010 who highlights that BP could face litigation because of two previous accidents (Fleming, 2010a). These are an explosion in a refinery in Texas City in 2005 and a pipeline leak in Alaska at Prudhoe Bay in 2006 (Fleming, 2010).

Organizational Impact

To assess the impact of the oil spill, newspapers compare the accident with the Exxon Valdez tanker spill in 1989 (Crooks, 2010; Crooks & Fifield, 2010; McGreal, Macalister & Gabatt, 2010). Newspapers refer to BP's tarnished reputation regarding the two past accidents in the US as mentioned in Political Impact (Crooks, 2010; Macalister, 2010).

BP offers first crisis responses through its management and spokespersons stating that the costs of the spill are not clear yet while also referring to the Exxon Valdez disaster as a basis of comparison (McGreal, Macalister & Gabatt, 2010). Newspapers provide first estimates that the containment of the leak could take up to three months (Fleming, 2010; Fleming 2010a). Tony Hayward is first mentioned in his role as CEO responsible for overseeing the operation in the Gulf of Mexico (Fleming 2010a); "Accidents, by definition, are badly timed", 2010).

According to the coverage, assignment of responsibility for the cause of the accident is not clear as several companies operate the platform jointly. Newspapers raise first concerns on how the political measures might affect BP's future business in the US (Fleming, 2010a; Macalister, 2010). Transocean, the contractor of the rig which means that this firm is the owner and operator, is mentioned as third party within the accident (Fleming, 2010; "Accidents, by definition, are badly timed", 2010; Crooks & Fifield, 2010).

Financial Impact

The Financial Impact is not clear at this early stage. Costs are estimated to exceed GBP 100m for the clean-up alone while further costs e.g. for the US Coast Guard and fines are not yet clear, which newspapers describe as financial risk (Fleming, 2010; "Accidents, by definition, are badly timed", 2010; Crooks, 2010). Only one analyst estimates the potential costs at this point of time (Fleming, 2010a). Fund managers express concerns not only about the costs but also about possible legal action (McGreal, Macalister & Gabatt, 2010).

BP presents its first quarter results on 27 April 2010²³ and outperforms analysts' estimates but the accident overshadows the release (Crooks, 2010). BP CFO Byron Grote explains the figures and refers to the investigation and the estimated costs of the accident (Fleming, 2010).

From April 27 to April 30, the share price falls about 6.5 % (Webb, 2010; Fleming, 2010). That means that a tenth of BP's that-time market value is lost (McGreal, Macalister & Gabatt, 2010). Newspapers relate the falling share price to investors' reaction ("Accidents, by definition, are badly timed", 2010; Macalister, 2010). The Financial Times (Hill, 2010) mentions one Corporate Governance item on 29 April 2010. It reports on a shareholder vote which tightens the conditions on the annual bonuses of directors. This means that one third is paid in deferred shares and can be reclaimed from directors in the case of material deterioration about safety and environmental measures (Hill, 2010). Tony Hayward is mentioned who "*will be made to work for his £4m salary this year as the boss of Britain's biggest oil company stands up to its biggest crisis*" (Macalister, 2010, p. 3).

Social Impact

Newspapers focuses solely on the number of victims caused by the accident. Eleven men missing are presumed dead (Fleming, 2010; Crooks, 2010; "Accidents, by definition, are badly timed", 2010). On 29 April 2010, Louisiana declares state of emergency as the oil slick that approaches the coast threatens wildlife and fishing grounds (Crooks & Fifield, 2010; McGreal, Macalister & Gabatt, 2010).

Summary of the Potential Crisis Phase of the BP Case Study

The time span I assign to the potential crisis phase is relatively short, lasting only ten days from 20 April to 30 April 2010. BP provides first estimates that the time needed

²³ Presentation of first quarter results take place according to financial calendars in April, when the company's business year is the fiscal year.

to seal the oil well could take up to three months (Fleming, 2010; Fleming, 2010a; Crooks & McNulty, 2010). This suggests that the crisis could be extended.

It is not possible to assign a crisis type yet. First impressions point to an environmental crisis due to the pollution caused and related financial effects because of arising clean-up costs.

During the potential crisis phase of the BP case, coverage is scarce in all defined impacts. This indicates that there is not much knowledge about the event and the implications which may arise. Due to the accident, the oil rig explodes and sinks. Eleven workers are missing and presumed dead. First reaction from politics to mitigate the environmental effects is fast. This contains the deployment of the Coast Guard to oversee the collection of oil and inspections of other rigs to avoid other accidents. The Exxon Valdez oil spill serves as basis for estimates regarding impact on the environment.

Coverage on IR Activities

With regard to IR and the capital market, there is only little coverage. Ecological and financial repercussions are subject to estimates only. The presentation of the first quarter results is the only IR-related activity. Here, the BP CFO refers to the accident (Fleming, 2010). One Corporate Governance topic is raised, the tightening of management bonuses related to shortcomings in safety and environmental matters (Hill, 2010).

The following graph visualizes the course of the crisis with regard to the impacts. This figure develops over the course of the crisis.

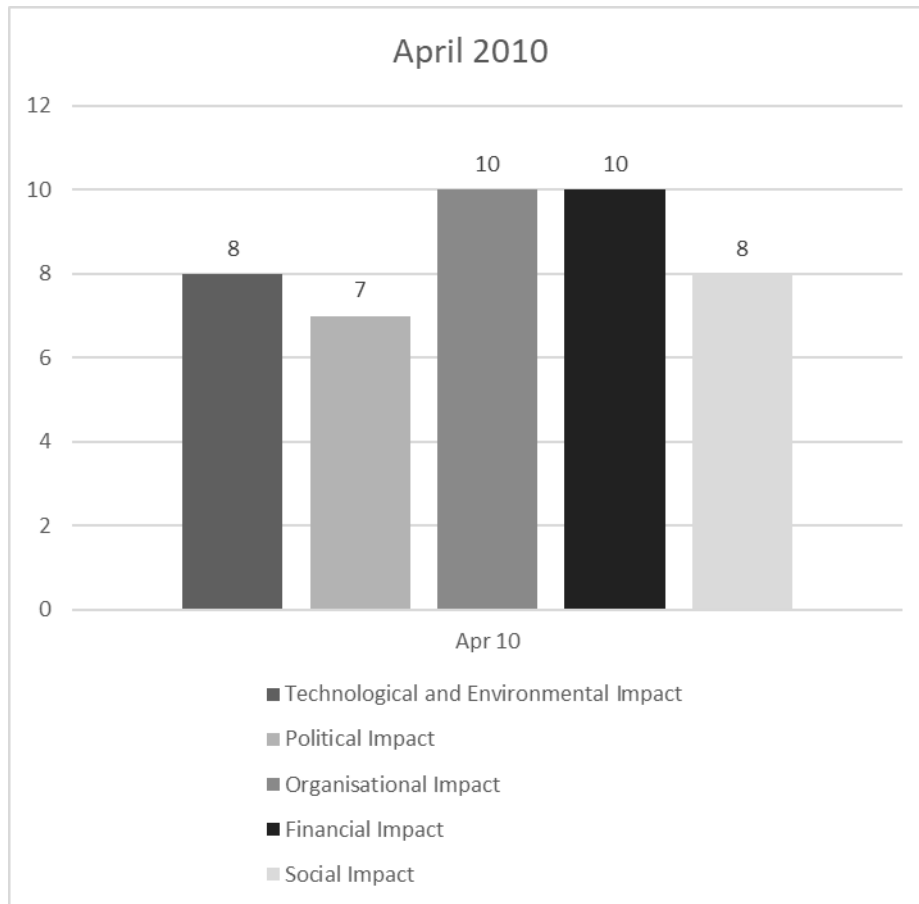


Figure 12: Developments of Impacts during the Potential Crisis Phase (developed for this research)

Figure 11 shows the development of the five main impacts which I derive from the inductive coding process. The figure depicts that I assign most data to Organizational Impact and Financial Impact. The dominance of these impacts can be related to the choice of articles which I chose with the help of financial key words.

5.2 Latent Crisis Phase of the BP Case Study

During the latent crisis phase, BP makes four different efforts to seal the oil well, all unsuccessful. The coverage increases and circles around these events.

Technical Endeavour and Environmental Impact

On 2 May 2010, BP announces the drilling of a relief well which aims at siphoning the oil that leaks from the broken pipeline (McKie, 2010; Crooks, Fifield & Morris, 2010; Webb, 2010a). BP states that this measure could take up to three months (McKie, 2010; Crooks, Fifield & Morris, 2010). BP further announces the construction of a containment dome which should cover the leak and channel the oil so that it may be collected from the surface (Crooks, Fifield & Morris, 2010; Fleming, 2010b). The operation is executed with the help of underwater robots but fails on 7 May 2010 (Steiner, 2010). Another attempt is called “*junk shot*” (Steiner, 2010; Crooks & Fifield, 2010b, p. 1). Here, debris is fired at the well to stem the flow which is accompanied by “*top kill*” (Steiner, 2010), a procedure where heavy drilling fluid known as “*mud*” (Crooks & Fifield, 2010b, p. 1) is poured into the well (ibid.). Both methods are unsuccessful (Crooks, 2010a).

Meanwhile estimates of the amount of oil spilling into the ocean vary between 210,000 gallons weekly (McGhie, 2010), 5,000 bbl daily (Crooks, Fifield & Morris, 2010) and 115,000 bbl per day (Webb & Pilkington, 2010) with reference to different sources. The Guardian (Clark, 2010) on 27 May 2010 and The Observer (McKie, 2010) on 2 May 2010 report that a large amount of slick heads toward the coasts of Louisiana and Mississippi. Dead sea-turtles are washed up on the shore of Mississippi (Goldenberg & Pilkington, 2010). The Observer cites scientists and environmentalists on 2 May 2010 regarding BP’s misjudgment of the technical complexity of deep-sea drilling (McKie, 2010). Two newspapers refer to the weather which they describe as hindering regarding the spread of the oil slick (Crooks & Fifield, 2010a; Crooks, Fifield & Morris, 2010; McKie, 2010).

Political Impact

The relation between the United States of America and BP is put to test at this early stage of the crisis. The Daily Mail points to the significant role of the US as the world's leading energy market on 5 May 2010 (Fleming, 2010b). BP runs the largest upstream²⁴ operations there (Hume, 2010). Prior to the accident, President Obama planned to expand offshore drilling in March 2010 (Goldenberg & Pilkington, 2010). After the accident he stops drilling in all deep-water oil rigs in the Gulf of Mexico and extends a moratorium on deep water wells (Hume, 2010). Regarding US oil politics, The Observer reports on 2 May 2010 that the accident hits the whole oil industry (Webb, 2010c). After long-time lobbying efforts, President Obama agreed to the opening of new offshore drilling areas in the US including Alaska (Webb, 2010c). This is now pending as no drilling licenses are issued until the investigation of the disaster through the US Government is completed (Webb, 2010c.). Thus, the pressure on President Obama rises as he has *"angered many Democrats and environmentalists in March when he announced a plan to expand offshore drilling, seen as a ploy to win support in the Senate and from oil firms, for climate and energy legislation"* (Goldenberg & Pilkington, 2010, p. 24). Alongside this development, The Guardian posits on 5 May 2010 that the US administration is under pressure: *"on alert, scrambling to demonstrate full engagement with the spill"* (Goldenberg & Pilkington, 2010, p. 24). The role of President Obama, who visits the Gulf of Mexico twice in May, evolves (Crooks, 2010b; Webb & Pilkington, 2010). Public opinion polls indicate that the US public is not satisfied with BP's handling of the spill and the response of the Obama administration (Clark, 2010). The later one is described to become more aggressive towards BP (*"Black tide that cost BP 620bn"*, 2010; Fifield & Kirchgaessner, 2010; Crooks & Fifield, 2010a). Meanwhile, President Obama increases manpower for the clean-up (Crooks & Fifield, 2010b) while calling the disaster *"heart-breaking"* (Clark, 2010, p. 4).

A further member of the Obama administration, Secretary of the Interior Ken Salazar, harshly criticizes BP officials who should *"work harder and faster and smarter to get the job done"* (Crooks & Fifield, 2010a, p. 1) and adds that *"those responsible will be*

²⁴ The raw materials and basic inputs segment in the value chain of an oil company (Inkpen & Moffet, 2011, p. 20). The downstream segment includes oil refining and marketing (ibid., p. 26).

held accountable” (Crooks & Fifield, 2010a, p. 1). The Guardian on 26 May 2010 further cites Mr. Salazar who states *“unless BP gets a grip on the crisis the federal government would push them out of the way”* (Webb & Pilkington, 2010, p. 21). White House spokesman Robert Gibbs refers to BP’s conduct: *“We will keep our boot on the throat of BP to ensure that they're doing all that is necessary, while we do all that is humanly possible to deal with this incident.”* (“Black tide that cost BP 620bn”, 2010).

A first series of congressional hearings takes place initially in closed door sessions (Goldenberg & Pilkington, 2010; Fleming, 2010c), later in front of committees (Finch, 2010)²⁵. The Environmental Protection Agency (EPA) provides first indications that BP will be fined for the disaster (Webb & Pilkington, 2010; Hume, 2010). First official hearings to investigate the cause of the accident take place in New Orleans (Clark, 2010). The Guardian on 27 May 2010 further reports on the role of the MMS as *“a problem with the closeness of ties between watchdogs and industry executives”* (Clark, 2010, p. 4). The Coast Guard is still in charge, described as the constant in overseeing and coordinating activities on the site (Webb & Pilkington, 2010; Brummer, 2010).

Coverage is paralleled with BP’s political relations with the US in its role as an important energy market. Before the oil spill took place, BP presented itself as a different energy company with its tag ‘Beyond Petroleum’ (Simms, 2010; Crooks & McNulty, 2010a), seeking contact with environmental groups and making lobbying efforts at Capitol Hill (Fifield & Kirchgaessner, 2010). Meanwhile, the relationship of BP with the Obama administration is becoming more critical the longer the environmental disaster continues (Webb & Pilkington, 2010). In the meantime, BP CEO Hayward tries to assure shareholders that the environmental impact would be very modest (Fifield & Kirchgaessner, 2010). A member of the former Clinton administration expresses criticism that BP only regards London as its headquarter and neglects its relationship with Washington D.C. (Fifield & Kirchgaessner, 2010). BP is said to have appointed an inexperienced head of government relations in the US capital

²⁵ Not included in coverage examined: The National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling was established by President Obama on 22 May 2010. The Commission was founded to investigate the facts and circumstances which determined the cause of the Deepwater Horizon oil disaster. Further, it was commissioned to develop options for guarding against future oil spills associated with offshore drilling. (Tobin, 2010).

which hinders successful lobbying in its favour but BP spokesman Andrew Gowers rejects this accusation (Fifield & Kirchaessner, 2010).

Organizational Impact

BP's organizational issues overlap with Political Impact. Swiss bank UBS highlights the importance of the Gulf of Mexico for BP and its prospects of doing business in the US: "*Clearly the Macondo spill raises questions about BP's future ability to win licenses in the US and beyond*" (Hume, 2010, p. 25). The Daily Mail goes further on 29 May 2010 and posits that the costs of regulatory safety are going to burden BP in case offshore drilling is resumed (Brummer, 2010). The Financial Times (Fifield & Kirchaessner, 2010) and The Observer (Webb, 2010c) focus on BP's negative safety record and refer to the former disasters in Texas in 2005 and in Alaska in 2006 (Webb, 2010c). The Observer on 2 May 2010 goes further and refers to the whole oil industry and the high-risk nature of oil production (Webb, 2010c). The newspaper argues that companies use newly developed technologies and often explore environmentally sensitive areas which "*can increase the risks [of accidents]*" (Webb, 2010c, p. 30).

The Guardian reports 27 May 2010 that during the official hearing in New Orleans, several employees who survived the accident report on a management decision taken prior to the explosion "*potentially hampering the rig's ability to withstand pressure from the ocean depth*" (Clark, 2010, p. 4).

The Exxon Valdez oil spill is now used as a basis to calculate compensatory damages as the amount of oil spilled into the Gulf of Mexico has already exceeded the tanker disaster (Lyall, 2010; Crooks & Fifield, 2010a; Macalister, 2010b). BP's former accidents in the US are used for comparison on costs for legal claims (Fleming, 2010c; Macalister, 2010a; Webb, 2010b).

Bob Dudley appears for the first time and informs about the potential duration of "*top kill*" (Crooks, 2010c, p. 6). The Daily Mail states: "*It will impact for years the way the company does business in the US.*" (Lyall, 2010). The Financial Times further posits on 4 May 2010: "*The spill threatens BP with a bill for the clean-up, compensation and damages that has been estimated at \$8bn and has done incalculable*

damage to the company's reputation in the US" (Crooks, Fifield & Morris, 2010, p. 13). Regarding crisis response, BP spokespersons emphasize that responsibility for the cause of the spill may not be assigned until investigations are completed (Macalister, 2010a). Spokespersons further state that no comparable accident happened before (McKie, 2010). Again, Transocean is named as owner of the Deepwater Horizon oil rig which is leased by BP (Macalister, 2010a). BP promises to meet legitimate claims (Crooks & Fifield, 2010a) and posts claim forms on its website to compensate small damages in a timely manner (Crooks, Fifield & Morris, 2010). BP cancels a press campaign focusing on the efficiency of its newest fuel (McGhie, 2010). BP's Chief Operating Officer, Doug Suttles, provides explanations of the efforts to stop the oil flow (Steiner, 2010; Crooks, 2010c).

The Guardian (Macalister, 2010a; Webb, 2010b) reports on the former CEO of BP Lord John Browne as responsible manager for the failures in safety management in the preceding accidents. His successor and that-time CEO Tony Hayward is reported to have improved BP's safety record until the Deepwater Horizon oil spill (Macalister, 2010a; Webb, 2010c).

Coverage in May 2010 regularly reflects BP CEO Hayward's comments. Mr. Hayward states that BP will pay the costs for the clean-up and meet legitimate claims of people who have lost their livelihoods (Duke, 2010; Crooks & Fifield, 2010a; Macalister, 2010a; Crooks, Fifield & Morris, 2010; Goldenberg & Pilkington, 2010; "Black tide that cost BP 620bn", 2010). Meanwhile, Tony Hayward stresses that the rig is leased from Swiss operator Transocean (Webb, 2010a; Macalister, 2010b) so that the Deepwater Horizon accident "*was not our accident*" (Crooks & Fifield, 2010a, p. 1; Bridge, 2010). CEO Hayward admits that the whole oil industry might need to change its procedures because of the accident (see Crooks, 2010e). The Guardian publishes an interview with the BP CEO on 14 May 2010 where Mr. Hayward puts the accident in context: "*The Gulf of Mexico is a very big ocean. The amount of volume of oil and dispersant we are putting into it is tiny in relation to the total water volume*" (Webb, 2010b, p. 1). The CEO admits that he does not know when the leak might be fixed but spreads optimism as he claims that deep water drilling will continue in the US despite environmental and political backlash against BP (Webb, 2010b). He refers to former disasters such as the Air France plane crash in the South Atlantic or the Apollo 13

Mission and insists that BP has made safety improvements since the departure of Lord Browne (Webb, 2010b). Tony Hayward rejects speculations about the cause of the accident before official investigations are completed (Webb, 2010b) He further admits that the accident has become an environmental catastrophe and that BP has become a target of public anger in the US (Crooks & Fifield, 2010b). Mr. Hayward fosters optimism that efforts to plug the well are going *"pretty well according to plan"* (Crooks & Fifield, 2010b, p. 1).

The Guardian (Finch, 2010) raises criticism on 14 May 2010 towards Chairman Carl-Henric Svanberg and argues that he has not built up stable connections with government agencies in Washington D.C. The Guardian (Finch, 2010) further raises the question why BP has spent large amounts of money on lobbying in the US whereas the chairman as the major company representative is not showing up at this critical time (Webb, 2010b.). Carl-Henric Svanberg defends Tony Hayward publicly (Crooks, 2010b; Webb & Pilkington, 2010) while emphasizing BP's efforts and the importance of the US market for the company (Crooks, 2010b).

Financial Impact

In May 2010, the costs incurred to BP are still subject to estimates from experts or analysts. The Daily Mail (Steiner, 2010) reports on clean-up costs²⁶. The Financial Times (Hume, 2010) points to the strength of BP's balance sheet and deems the company able to shoulder costs related to the accident. The Observer on 2 May 2010 refers to estimates of financial analysts that suggest *"6m US-Dollar a day on the clean-up but this is likely to rise to at least \$10m a day"* (McKie, 2010, p. 3). A financial analyst estimates costs of the technical resolution to amount to 300m USD (McKie, 2010).

Rating agencies are mentioned for the first time. On 6 May 2010, Moody's changes BP's outlook to negative and relates this to potential costs for the disaster (Macalister, 2010b).

²⁶ Estimates run from 610bn to 6640m GBP.

Across the market environment, other global oil companies get caught up in the maelstrom of the Deepwater Horizon disaster. The Financial Times explains on 29 May 2010: “*In dollar terms, BP's shares have fallen 27 %, knocking \$50bn off its market value. However, that fall needs to be adjusted to reflect the broader market turmoil. Taking into account the losses suffered by BP's peers in the past five weeks, about \$26bn of BP's lost value can be directly linked to Macondo*²⁷.” (Hume, 2010, p. 25). The Observer reports 2 May 2010 on general safety and environmental issues in the oil industry worldwide (Webb, 2010c).

The price of the BP share is mentioned frequently during May 2010 as it constantly falls. Coverage starts on 1 May 2010, where newspapers focus on the 12 % drop of the share price after the accident. Newspapers relate this decrease to the rising clean-up costs (“Black tide that cost BP 620bn”; 2010; Webb, 2010a) and rising uncertainty going along with heavy share sells in the USA (Hume, 2010). The Guardian on 7 May 2010 relates the falling share price to the change of outlook from Moody’s (Macalister, 2010b). The Guardian reports that some analysts deem the share sell-off overdone (Macalister, 2010b). The Daily Mail on 5 May 2010 further relates the filing of lawsuits by investors to the falling share price (Lyall, 2010). One day later, the share price rises as investors hope that “*top kill*” (Crooks, 2010c, p. 6) will be successful (ibid.).

Financial analysts are quoted throughout May 2010. Their calculations include time and clean-up costs²⁸ as well as resulting damages (McKie, 2010; Duke, 2010; McGhie, 2010). The Daily Mail (Fleming, 2010c) and The Guardian (Webb & Pilkington, 2010) quote assessments for financial impact of potential legal action against BP through civil litigation and federal and state penalties. The Mail on Sunday (McGhie, 2010) explains on 2 May 2010 that BP is using a captive, its own in-house insurance

²⁷ Macondo is the code name of the oilfield where the Deepwater Horizon Platform was placed. These codenames “simplify the protection of confidentiality during early stages of exploration, then provide easier-to-remember names” (Freudenburg & Gramlin, 2011, p. 9). The name is derived from the novel *One Hundred Years of Solitude* by Gabriel García Márquez representing a fictional town (ibid.).

²⁸ The rising estimates are reflective of the increasing scale of the clean-up operation which by the end of May comprised 1,200 boats and 22,000 people (Crooks, 2010a) compared to the end of April when 70 vessels, 6 aircraft, and 1,700 people are reported to be involved in the operation (Crooks & Fifield, 2010).

company, which is reported to be in charge of covering the largest part of the cost. The Financial Times (Crooks & Fifield, 2010a) reports on 1 May 2010 that BP does not carry external insurance so that the company has to bear all costs of the accident itself.

The Guardian reports on 5 May 2010 on several activist shareholder groups who plan to launch a campaign against BP (Webb, 2010a). They argue that fund managers should scrutinize more closely management decisions on activities in environmentally sensitive areas (Webb, 2010a).

Social Impact

The Daily Mail recognizes the economic importance of BP to the UK, as UK pension funds and saving plans are strongly invested in BP (Lyall, 2010). In addition, the Daily Mail states on 29 May 2010 that the Chancellor of the Exchequer would suffer from a potential loss in public finances due to lower income tax from BP because of its financial losses (Brummer, 2010). The Financial Times on 29 May 2010 raises doubts regarding the payment of the quarterly dividend (Hume, 2010).

Newspapers refer again to 11 missing workers as victims (McGhie, 2010; Crooks & Fifield, 2010a; Finch, 2010). The Daily Mail (Fleming, 2010c) reports on the threat of oil slick to humans and wildlife. Alabama, Louisiana and Florida have declared state of emergency (see also Crooks & Fifield, 2010a). Fishermen (Macalister, 2010a) and investors (Steiner, 2010) file lawsuits as well as one injured rig worker (Macalister, 2010a). BP posts claim-forms on its website to facilitate the process of filing (Crooks, Fifield & Morris, 2010).

Summary of the Latent Crisis Phase of the BP Case Study

The time span I assigned to the latent crisis phase consists of one month as impacts start to evolve for BP.

Yet, several crisis types could be assigned when looking at the Deepwater Horizon oil spill from different points of view. For BP and the capital market it is a financial crisis related to the costs for the environmental pollution. Politics puts further pressure on

BP. Newspapers see legal action as a further financial threat. This goes along with the fact that BP has no insurance to take over costs related to the accident.

BP tries four different techniques to seal the oil well in May 2010 while all attempts fail. The estimates on the amount of oil spilling into the Gulf of Mexico vary. The role of US politics gets stronger with politicians making angry remarks towards BP. First investigations by US authorities take place. Newspapers highlight the importance of the US to BP. Coverage further reflects comments from BP CEO Tony Hayward while Chairman Carl-Henric Svanberg is criticized for not possessing stable relationships with US regulators. Financial Impact is concerned with share price movements and cost estimates for BP. The major focus in Social Impact is the threat of oil slick on US littoral states and the number of victims.

Coverage on IR Activities

Newspapers cite financial analysts regarding the estimation of potential costs arising for BP. Moody's is the first rating agency to downgrade BP's credit rating. The Daily Mail on 29 May 2010 makes a reference to BP's financial stakeholders in the UK like pension funds losing money or the Chancellor of the Exchequer with regard to loss of income tax (Brummer, 2010).

Regarding IR activities, the Daily Mail refers to a spokeswoman who tells the paper that shareholders are informed regularly (Bridge, 2010). No further information on other activities or formats are given. The Financial Times refers to BP's attempts to soothe its shareholders which irritates US Politicians (Fifield & Kirchgaessner 2010). The Guardian reports on activist shareholder groups who try to sue BP because of management decisions on exploration in environmentally sensitive areas (Webb, 2010a).

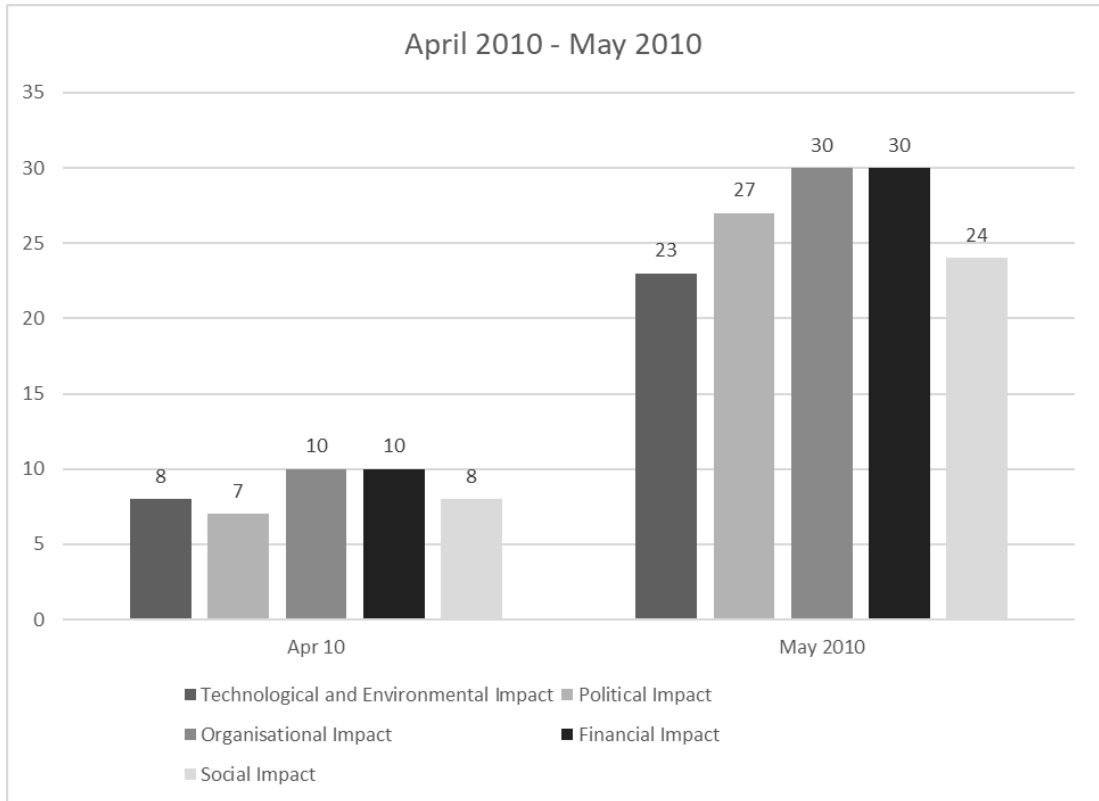


Figure 13: Developments of Impacts during the Potential and Latent Crisis Phase (developed for this research)

Figure 12 depicts that newspapers' coverage has risen with regard to all impacts during May 2010. Organizational Impact and Financial Impact again receive the highest amount of coverage. This suggests that these topics might matter to IR and the capital market.

5.3 Acute Crisis Phase of the BP Case Study

The acute crisis phase is the peak of the crisis arising from the Deepwater Horizon accident, which results in the largest amount of coverage compared to the previous phases.

Technical Endeavour and Environmental Impact

After the “*top kill*” (Brummer, 2010a) procedure fails BP announces an alternative containment strategy, “*a custom-built cap to be put on top to syphon the oil to tankers on the surface*” (Macalister & Pilkington, 2010, p. 18). The Daily Mail expresses hope on 5 June 2010 that BP can collect 90 % of the oil (Davies, 2010). The Guardian reports on 6 June 2010 that only around 10,000 bbl can be contained on a daily basis (Goldenberg & Webb, 2010). The Guardian reports on 16 June 2010 that more than three months will be needed for the completion of the clean-up (Goldenberg, 2010b). Capture of the oil is reported to rise to 15,000 bbl per day (Beattie, Crooks, Eaglesham & Harvey, 2010; Goldenberg & Webb, 2010).

An expert panel of scientists organized by the US government finds that the estimated amount of oil flowing into the sea could be much higher (Crooks, 2010c). The coverage highlights discrepancies about the amount of oil gushing into the Gulf of Mexico where BP is accused of lying (“Gulf oil spill: Questions for Hayward”, 2010; Wearden, 2010; Burgess, et al., 2010).

The Financial Times refers on 3 July 2010 to BP’s complex and costly efforts to seal the oil well but posits that the company could run out of options (Burgess et al., 2010). Kent Wells, Senior Vice-President of BP, presents the drilling of a relief well as latest strategy (Crooks, 2010j). The operation finally succeeds on 15 July 2010 as The Guardian reports that for the first time underwater cameras show no crude oil spilling into the ocean (Goldenberg, 2010b). The Guardian further states that 87 days have passed since the rig exploded (Goldenberg, 2010b).

Environmental impact continues as tar balls keep washing up on the beaches of Louisiana, Alabama, Mississippi and Florida and The Guardian argues on 15 July 2010 that this could continue for the following months (Goldenberg, 2010b). The Guardian

points to the environmental risk of offshore drilling (Miliband, 2010; Monbiot, 2010). The Guardian refers to the costs of the environmental damage on 14 June 2010 and argues the expenses for clean-up could have been invested in renewable energy (Miliband, 2010).

Political Impact

The amount of coverage within Political Impact rises strongly. The increase can be related to BP's inability to resolve the environmental crisis which enrages US politics. UK politics comes into place.

UK Politics

The coverage focuses on the reaction of the UK government and the rise of aversive sentiments towards UK businesses in the US. The Daily Mail (Brummer, 2010b) and the Financial Times (Eaglesham & Green, 2010) criticize recently elected Prime Minister David Cameron for not intervening with the US administration in order to protect BP. UK Energy Secretary Chris Huhne doubles environmental inspections of rig operations in the UK (Bates, 2010; Hoyos & Lemer, 2010). British politicians are cited to disagree with the verbal treatment of BP in the US (Groves, 2010; Eaglesham & Green, 2010; Eaglesham, 2010). Two important employer representatives express their concerns that the conduct of BP and the aggressive rhetoric of the US Government could damage transatlantic business relationships (Eaglesham, 2010a). The Guardian expresses fears on 12 July 2010 that protectionism could lead the US government to exclude UK firms from important contracts as a consequence of the US aversion towards BP's conduct (Wood, 2010).

The coverage on US politics refers to three main topics in the acute crisis phase: US Government, US President Barrack Obama and BP-US political relation.

US Government

On 2 June 2010, US attorney general Eric Holder confirms that the Department of Justice has launched criminal and civil investigation on 1 June 2010 but does not specify which of the involved companies will come under scrutiny (Crooks & Fifield, 2010c; Webb & Pilkington, 2010a).

Secretary of the Interior Ken Salazar states that BP should be required to pay the salaries of workers laid off due to the moratorium on drilling imposed by the US Government (“US must hit reset button with BP”, 2010; Crooks, 2010d) thereby “*raising the spectre of virtually open-ended liabilities*” (Fleming, 2010d). This remark intersects with investors’ fears regarding BP’s rising liabilities (Crooks, Luce & Morris, 2010). The Financial Times cites former Clinton Administration Labor Secretary Robert Reich on 17 June 2010 to describe this situation as “*contest between citizenship interests and shareholder interests*” (Gapper, 2010, p. 13).

The Daily Mail reports on 29 July 2010 that the US government has launched further investigations into the cause of the Deepwater Horizon Oil Spill (Davies, 2010g). Investigations comprise interviews with rig staff, the examination of the role of the MMS and the launching of an informal probe into possible short-selling activities²⁹ (Davies, 2010g). In addition, US senators claim that BP was involved in lobbying activities for the release from jail of the convicted Lockerbie bomber, Abdel Basset al-Megrahi, aimed at winning contracts in Libya (Burgess & Crooks, 2010; Crooks & Parker, 2010; Davies, 2010f; Macalister, 2010f).

Barack Obama

President Obama’s voice rings out loudly in June 2010 which newspapers attribute to the increasing public pressure on his administration because of the environmental catastrophe. This shows the intersection of society and politics. On 4 June 2010,

²⁹An investment or trading strategy which is based on the speculation that a share or other securities price declines (Börsenlexikon ARD, n.d.).

President Obama makes his third trip to the Gulf of Mexico and states that BP is responsible for the accident (Crooks & Lemer, 2010). The US President argues that BP holds wrong priorities, caring more about its shareholders and its image than about inhabitants of the Gulf area (Crooks & Lemer, 2010; Macalister, 2010c; Clark, 2010a). On 12 June, the Financial Times criticizes President Obama's aggressive tone as *"too much posturing by the US administration"* ("US must hit reset button with BP", 2010, p. 6), *"xenophobic harping"* (ibid.) and *"politicising a fraught situation"* (ibid.). The Daily Mail (Groves, 2010) and the Financial Times (Louth, 2010) relate President Obama's conduct to the pressure arising from upcoming midterm elections. On 15 June 2010, within his first address from the Oval Office regarding the Deepwater Horizon oil spill, the US President outlines that the US administration is committed to fight the oil spill and to support the people in the Gulf Coast area (Goldenberg & Webb, 2010). President Obama states that the US Government holds BP accountable for the disaster (Clark, 2010a). The Guardian argues on 15 June 2010 that US President Obama would not want the company to bust but to *"remain a cash cow - not for its shareholders, but to make good the damage which has been done - however much or however long it takes"* (Webb, 2010e, p. 19.).

BP-US Relations

Despite all tension, the Financial Times (Crooks & Fifield, 2010d) and the Daily Mail (Fleming, 2010e) argue that BP and the US are heavily interconnected as BP is the largest producer of oil and gas in the Gulf region and thus, an important employer in this area.

On 16 and 17 June 2010, congressional hearings take place which shows the importance of the accident to politics (Kirchgaessner, 2010). Chief executives of the world's major oil companies ExxonMobil, Chevron, Shell and Conoco Phillips testify and explain their plans for preventing and handling a disaster like the BP oil spill (Kirchgaessner, 2010; Gardner & Davies, 2010). Congressmen doubt that the Deepwater Horizon oil spill was a one-off disaster and that the plans of oil companies are sufficient as these plans show high resemblance and a lack of innovation (Kirchgaessner, 2010). Prior to these hearings Tony Hayward admits that BP has not

been able to stop the oil spill as the company does “*not have the tools you want in your tool-kit*” (Crooks, 2010e, p. 1).

Organizational Impact

The chosen newspapers mainly focus on corporate personalities in Organizational Impact. Yet, there is coverage on corporate activities with regard to the crisis. The Guardian reports on an internal restructuring on 5 June 2010 where BP announces to put the Gulf of Mexico operation in a separate organizational division to dilute “*the toxic side of the company*” (Macalister, 2010c, p. 24).

The Financial Times describes on 12 June 2010 BP’s advertising activities at the peak of the crisis as “*self-inflicted wound*” (Fifield, 2010a, p. 8) as full-colour pages state: “*We will get this done. We will make this right*” (ibid.). The Guardian cites a communication expert on 3 June 2010 who argues that BP should behave more human and sympathetic instead of using mechanical and technical language (Clark, 2010b). The Guardian depicts BP’s brand as being tarnished (Clark, 2010b; Simms, 2010). In an effort to improve its communication activities, BP hires Anne Womack-Kolton, the former press secretary of former US vice president Dick Cheney (Webb & Pilkington, 2010b; Clark, 2010b).

BP declines to comment on estimates of potential costs (Davies, 2010a) or ongoing lawsuits related to the Deepwater Horizon accident (Peel, 2010; Peel, 2010a). BP also rejects to comment on possible changes within the board and assets sales to support its finances (Wood, 2010).

Newspapers relate several reasons to the accident, namely BP’s safety record (Davies, 2010b; Cragg, 2010), the shared responsibility on the rig from different companies (Fifield, 2010) and a lack of responsibility in handling risky business (Clarke, 2010b). The Financial Times regards BP’s risk-prone corporate culture on 3 July 2010 as trigger for the Deepwater Horizon oil spill with reference to the preceding accidents in Texas and Alaska (Burgess, Crooks, Fifield, Luce & Mc Nulty, 2010). In this vein, the Financial Times (Milne, Oliver & Tucker, 2010) and The Guardian (Monbiot,

2010) describe offshore drilling as being risk-inherent itself and BP as organization that is willing to take this risk.

A new topic emerges in Organizational Impact, namely BP employees. The Financial Times describes staff in the UK headquarter as having felt relatively unaffected by the disaster, but the announcement of the dividend cut makes employees fear that jobs are cut (Hoyos, 2010). Town hall meetings are held in the UK (Macalister, Finch & Treanor, 2010; see also Hoyos, 2010a). The Financial Times describes staff as demoralized (Burgess, Crooks, Fifield, Luce & Mc Nulty, 2010; Crooks & McNulty, 2010a). Staff fears to lose employment and expresses anger regarding the managements' handling of the crisis which impacts their share investments as part of their salary (Crooks & McNulty, 2010a).

CEO Tony Hayward

The Guardian reports on 3 June 2010 on Mr. Hayward's insensitive remarks when he states "*I want my life back*" (Macalister & Pilkington, 2010, p. 18) set against the backdrop of victims and a high degree of pollution. Newspapers report on further public criticism when Mr. Hayward participates in a yachting event at the Isle of Wight at the peak of the crisis when the share price is historically low (Hoyos, 2010; Wearden, 2010a). In a congressional hearing, he is accused of stonewalling which congressmen describe as a "*mutually frustrating experience*" (Goldenberg, 2010a, p. 6). CEO Hayward enrages US politicians when he refuses to attend a US Senate foreign relations committee which asked him to explain BP's role in connection with the release of the Lockerbie Bomber where he argues that he is "*too busy*" (Macalister, 2010f, p. 24). The Financial Times describes the BP CEO on 24 July as the epitome of failed crisis communication (Burgess & Crooks, 2010).

Several newspapers describe Tony Hayward as having shaped BP in a different way than his predecessor, whereas investors are partly described to regard his move from alternative and back to conservative energy as critical (Sunderland, 2010; Macalister, 2010d; Burgess et al., 2010). Several newspapers report that Mr. Hayward is frequently in contact with national and international investors to keep them informed about BP's financial situation (Macalister, Finch & Treanor, 2010; Crooks, 2010d). The attitude

of the capital market towards Tony Hayward is differentiated. On the one hand, investors praise his strategy (Groves, 2010; Macalister, Finch & Treanor, 2010; Macalister, 2010e). On the other hand, investors criticize CEO Hayward for the company's inability to resolve the crisis (Hoyos & Plimmer, 2010; Kleinmann, 2010). Mr. Hayward visits Russia in order to seek other potential areas of exploitation (Hoyos & Saigol, 2010). Tony Hayward further flies to the Middle East to seek support from investors there in order to avoid a hostile takeover (Wood, 2010; Wray, 2010). While newspapers report doubts from investors' side that the CEO will stay in office during the acute crisis phase (Macalister, 2010e; Kleinman, 2010), BP announces Tony Hayward's departure at the end of July 2010 (Macalister, 2010g; Crooks, 2010h). The Guardian reports on 27 July 2010 that Mr. Hayward is expected to be offered a non-executive position at the Russian Joint Venture TNK BP with a pension package of 11m GBP (Macalister & Clark, 2010; see also "BP: A near death experience", 2010).

Chairman Carl-Hendric Svanberg

Newspapers again criticize BP's Chairman Carl-Henric Svanberg for his crisis management and related communications. He is accused of being "*invisible*" (Brummer, 2010a) or "*keeping himself out of the line*" (Macalister, 2010c, p. 24). Mr. Svanberg, a native Swedish citizen, is reported to speak to the UK government (Groves, 2010; Crooks & Parker, 2010). The Financial Times ("BP's Obama meeting", 2010) posits that Mr. Svanberg soothed the temper of the US administration towards BP with the agreement on the escrow fund (see Social Impact). At the same time, Mr. Svanberg is also no stranger to PR gaffes as he states that BP cares "*about the small people*" (Clark, 2010c, p. 18; Bates, 2010) when referring to the Gulf coast inhabitants (Clark, 2010c; Bates, 2010).

Shareholders criticize Chairman Svanberg for not having adequately supported CEO Tony Hayward during the crisis (Macalister, 2010g; Burgess & Crooks, 2010). Major shareholders demand that Mr. Svanberg resigns in order to take responsibility for the disaster which he rejects (Burgess, Crooks & Ward 2010; Macalister, 2010f).

Bob Dudley

Newspapers appraise Bob Dudley as a bearer of hope to BP due to his managerial ability (Davies, 2010; Macalister, 2010c) as well as his communicative capabilities (Hoyos & Plimmer, 2010; Burgess & Crooks, 2010). BP confirms that Mr. Dudley takes over as CEO on 27 July 2010 (Crooks, 2010i). Mr. Dudley announces his plans for changes within the company with a focus on safety improvements (Crooks, 2010i). The Guardian reports on 27 July 2010 that Mr. Dudley has an estranged relationship with Russian officials as he was forced out of the country when he was Managing Director of BP in Russia (Macalister & Clark, 2010). Mr. Dudley appoints Marc Bly, head of safety and operations at BP since April 2010 to lead BP's internal investigation of the accident (Crooks & McNulty, 2010a).

Financial Impact

Four topics dominate the coverage in the acute crisis phase. These are the decrease of the share price, comments of the financial community as well as BP's financial situation related to asset sales and gearing level. In addition, coverage reports rumours on hostile takeovers. Newspapers also mention other companies involved in the oil spill.

Newspaper relate negative effects on the BP share price to happenings like the launch of the criminal investigation through the US Department of Justice (Crooks & Fifield, 2010c) or the verbal reactions of US President Obama (Fleming, 2010f; Burgess, Lemer & Morris, 2010). Newspaper deem costs of the oil spill published by BP (Hoyos & Lemer, 2010) and the demands by US politics for a ring-fenced fund as further impacts on the BP share price (Crooks, Kirchgaessner & Luce, 2010). The Guardian further mentions speculations on the dividend as impact on the share price (Wearden, 2010). The Financial Times (Crooks, 2010d) reports BP's shares to be at the lowest level since 1997 due to fears about the unknown financial burden. The share price has fallen 39 %, 47bn GBP are lost in market capitalization (Fifield, 2010a).

BP makes its first statement on financial damage stating that "*the cost of the spill has reached \$2bn (£1.36bn)*" (Wearden, 2010, p. 24; also see Burgess, Hoyos & Sakoui,

2010). Here, BP only refers to clean-up costs (Burgess, Hoyos & Sakoui, 2010). Newspapers report that BP works on its strategy regarding the financial damage of the disaster. BP announces that it intends to sell assets and to cut back capital investments in its global operation in 2010 (Hoyos & Saigol, 2010). Due to the high loss of market capitalization, BP is said to have more value in assets than on the capital market (Davies, 2010d; see also Wood, 2010).

In June 2010, all newspapers reflect financial analysts' comments on estimates of overall costs for BP and in how far these could harm the company. Analysts further comment on the dividend (Crooks & Saigol, 2010) and BP's future prospects in the US (Hoyos & Plimmer, 2010). Investors are reported to be concerned about BP's negative outlook (Webb & Pilkington, 2010a) like its future position in the USA (Crooks & Fifield, 2010d) or the cutback of the dividend (Bates, 2010). Until the accident took place BP had been a stable investment within many pension funds and savings plans as the company guaranteed stable returns (Milne, Oliver & Tucker, 2010).

Newspapers link BP's independence to its financial situation as the company is reported to be threatened by a hostile takeover (Bates, 2010; Clark, 2010b). The Financial Times reports on 2 June 2010 that the pressure on BP's revenues fosters speculations about takeover bids (Crooks & Fifield, 2010d). These are considered highly complex due to concerns from competition authorities while potential liabilities may scare off potential buyers. The board as well as shareholders are deemed to resist selling the company at a cheap price (Crooks & Fifield, 2010d). The Daily Mail reports on 13 July 2010 that *"American oil major ExxonMobil has been given tacit approval by the Obama administration to make a multi-billion-pound bid for BP"* (Davies, 2010d). Chevron is touted as another bidder (Davies, 2010d). The Financial Times on 17 July 2010 cites Exxon as the most appropriate candidate to place a bid for BP (Crooks & Parker, 2010).

Credit rating agencies continue to downgrade BP's rating during June 2010 (Crooks, 2010f; Crooks & Sakoui, 2010; Crooks & Saigol, 2010; Davies, 2010c; Gardner & Davies, 2010; Wachmann, 2010) which also impacts the share price. BP hires a banking consortium to support its liability management (Crooks, Kirchaessner & Luce, 2010). BP's financial measures to mitigate effects of the crisis include a 10%-

reduction in capital expenditure, an asset sale worth 67bn GBP and a dividend-freeze until the end of 2010 (Davies 2010c). The Financial Times (Hoyos & Saigol, 2010) further mentions a 10bn USD bond offering. Throughout June and July 2010, chosen newspapers report that BP sells assets in different regions to diverse buyers (Burgess & Crooks, 2010; Clark, 2010c; Crooks, 2010j; Crooks & Saigol, 2010; Crooks & Saigol, 2010a; Crooks, Saigol & Sakoui 2010; Davies 2010c; Davies, 2010d; Davies, 2010e; Davies 2010f; Hoyos, 2010b; Kleinman, 2010; Laurance, 2010; Macalister, 2010h; Macalister, 2010i; Macalister, 2010j; Macalister, 2010k; Saigol, 2010; Wearden, 2010; Webb, 2010d; Wood, 2010; Wray, 2010; Wray, 2010a). BP aims to raise liquidity to meet its obligations arising from the Deepwater Horizon disaster. In addition to selling assets and reducing capital expenditure, BP is able to borrow money without breaching its target gearing range that is up to 20 to 30 % (Saigol, 2010).

Newspapers depict the role of the other companies involved in the Deepwater Horizon Oil Spill. The owner of the rig is Swiss company Transocean (Burgess, Crooks, Fifield, Luce & Mc Nulty, 2010). Anadarko holds 25 % of the drilling license and Mitsui holds 10 % of the drilling license (Hoyos & McNulty, 2010). US company Halliburton is the drilling contractor (Louth, 2010) and Cameron International has built the blowout preventer which exploded (Crooks, 2010e). The Financial Times comments that the different stakes of companies enhance complexity regarding the assignment of liability (Peel, 2010). The Financial Times reports on 3 June 2010 that BP is in charge for overall control (Crooks, 2010e) as majority holder of 65 % (Lyall, 2010) but responsibility is said to be shared (Crooks, 2010e).

Social Impact

The Financial Times reports on 17 June 2010 that after negotiations with the US Government, BP agrees to pay 20bn USD into an escrow fund on 16 June 2010 (Saigol, 2010). The fund is financed through sales of upstream assets as well as cut back in investments (Clark, 2010c) and through the suspension of the dividend for the ongoing year (Saigol, 2010). The fund is aimed at compensating damages and claims from Gulf Coast residents and for other environmental clean-up and restoration costs (Clark, 2010c). Claims are to be administrated by lawyer Kenneth Feinberg (Clark, 2010c), an independent third party as demanded by the US government (Beattie, Crooks, Eaglesham & Harvey, 2010). Lawyers argue that the structure of the fund is vital to mitigate extra financial risks for BP as applicants must waive their right to sue BP (Peel, 2010.). In addition, three fifths of BP's shareholders are located outside the US with the majority in the UK (Peel, 2010). By this, these shareholders could not use US litigation which might result in the launch of a novel legal action in the UK (Peel, 2010).

The Daily Mail on 18 June 2010 describes the decision to stop dividend payment as a “*crippling’ blow to investors*” (Bates, 2010) and points out that charities are also invested in BP (Bates, 2010). The Mail on Sunday (Dyson, 2010) further emphasizes the role of BP to the UK economy, namely as a taxpayer and large employer. In addition, BP's dividend constitutes a large share of dividend payments in UK investment funds (Brummer, 2010a; Macalister & Webb, 2010; Burgess, Lemer & Morris, 2010).

The Guardian reports on 1 June 2010 on “*an avalanche of class action lawsuits*” (Clark, 2010d, p. 15) to approach BP in Gulf Coast States Texas, Louisiana, Alabama, Mississippi and Florida, including claims for loss of earnings, enjoyment or property or grounded in bereaving from victims' families of the 11 workers killed. The Financial Times reports again on 2 July 2010 on lawsuits from fishermen and shareholders (Crooks & Peel, 2010). The Guardian reports on 8 June 2010 that two widows of workers killed in the explosion of the Deepwater Horizon platform testify to a visiting Congressional Committee in Louisiana (Goldenberg, 2010). The widows appeal for repeal of the Death on the High Seas Act from 1920 which limits compensation for victims (Goldenberg, 2010). At the same time both widows demand

the government to enforce existing safety regulations and compensation from the oil industry for the death of their husbands (Goldenberg, 2010). The Guardian reports on 16 July 2010 on widespread economic harm in the Gulf Coast areas as big water areas remain close to fishing and on a high amount of hotel cancellations which were made during the school holiday season (Goldenberg, 2010b).

Public Reactions

Public protest take place at BP's US gas stations and consumer groups pledge to boycott BP on social media platforms (Clark, 2010e). The boycott of the gas stations has no direct financial implications for BP as these are independently owned (Clark, 2010e). A poll from broadcaster CBS finds that 70% of American people disapprove of BP's handling of the oil spill (Clark, 2010b).

Summary of the Acute Crisis Phase of the BP Case Study

I assigned a duration of two months to the acute crisis phase where coverage rises and topics vary.

The Deepwater Horizon oil spill is still a multifaceted crisis and not a single type. For BP and the capital market, it is now a major financial crisis due to costs arising from environmental pollution, litigation and political measures.

BP finally manages to seal the well on 12 July 2010, three months after the initial accident. Over all crisis phases, a large and unspecified amount of oil has spilt into the Gulf of Mexico. US Politics launches several investigations while the statements of US President Obama reflect the pressure on the US government. Newspapers raise criticism towards the UK government for not intervening with US politics in the favour of BP. Newspapers report on awkward top management behaviour in the acute crisis phase. The general public and the financial market both criticize the top management. The Daily Mail on 2 June 2010 exemplifies this criticism while referring to an investor that *“the future of the management team will be dependent not just on the cost of the exercise, but whether there is still a culture of corner-cutting in the company.”* (Davies,

2010a). An important finding of this stage is that the Financial Times links the Deepwater Horizon oil spill and the former disasters to BP's corporate culture and its proneness to accidents (Burgess, Crooks, Fifield, Luce & Mc Nulty, 2010). Societal pressure rises in form of protests whereas BP is not impacted financially through the boycotts of its gas stations in the US (Clark, 2010e).

Coverage on IR Activities

Newspapers reports that BP addresses the financial community in the acute crisis phase where its share and finances are under pressure. The Financial Times reports on a tele conference call held by BP for shareholders and analysts to take place on 4 June 2010 (Crooks, 2010g). CEO Hayward and Chairman Svanberg are said to *“set out BP's response to the Deepwater Horizon rig disaster, and insist the oil major has the financial resources to pay for the clean-up and compensate those affected by the spill.”* (Crooks, 2010g, p. 1) The following day, the Financial Times reports that Chairman Svanberg has left open the possibility that BP might has to reduce or withhold its dividend (Crooks & Lemer, 2010). The same newspaper reports the chairman to have stated that despite the political pressure, BP is still independent in its decision-making (Crooks & Lemer, 2010). The Financial Times further posits on 5 June 2010 that CEO Hayward has reassured the financial community on BP's financial strength and its ability to meet obligations to its stakeholders (Crooks & Lemer, 2010). The Guardian argues that environmental groups and ethical investment funds have asked institutional investors for years to use the AGM to ask for environmental and social risks BP took (Monbiot, 2010). The Guardian comments on 22 June 2010 that despite these warnings, institutional investors did not do so: *“Every year they voted instead for BP to keep them in the dark. While relying on this company for a disproportionate share of their income (BP pays 12% of all UK firms' dividends), they refused to hold it to account”* (Monbiot, 2010, p. 29).

BP reports a quarterly loss of 17bn USD in its half-year financial report which the Financial Times terms *“the largest quarterly loss ever by a British company”* (Boland, 2010, p. 23).

Regarding the implementation of the ring-fenced fund, investors deem the set-up critically and BP's share price falls after the set-up of this fund is announced (Crooks, Kirchgaessner & Luce, 2010). On the other hand, the Financial Times posits that the fund helps to mitigate another financial risk arising for BP as claimants who apply for the fund are likely to waive their rights to future litigation (Peel, 2010). Newspapers report that Mr. Hayward and Mr. Svanberg meet investors on a regular basis (Crooks & Sakoui, 2010; Burgess, Hoyos & Sakoui, 2010).

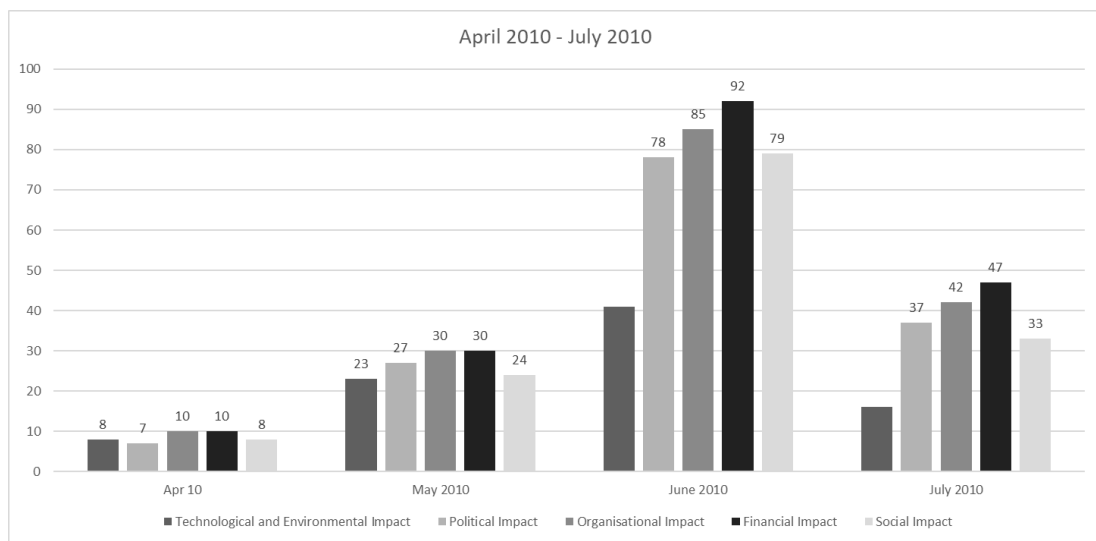


Figure 14: Development of Impacts during the Potential, Latent and Acute Crisis Phase (developed for this research)

Figure 13 shows that coverage strongly increases within all impacts in June, decreasing again in July. During the acute crisis phase, coverage rises in June and falls in July. The highest-ranking impact is Financial Impact, also because of its high variety of topics, followed by Organizational Impact in both months.

5.4 Post Crisis Phase of the BP Case Study

The coverage decreases with regard to all impacts after the oil well is finally sealed.

Technical Endeavour and Environmental Impact

On 3 August BP successfully performs “*static kill*” (Davies, 2010h; Davies, 2010i; Crooks et al., 2010, p. 7). Hereby, mud is pumped into the reservoir in order to seal the well (Crooks et al., 2010). The process has been delayed because of the enduring hurricane season (“BP close to plugging Gulf well”, 2010). The Observer reports on 31 October 2010 that 7% of the Gulf Coast fishing areas remain closed and states that the environmental consequences are not clear yet (Clark, 2010g).

From November 2010 to January 2011 newspapers refer to Environmental Impact in a rather generic way. The Financial Times from 29 November 2010 refers to systemic environmental risks related to financial investments and argues that the extraction of fossil fuels bears technical and climate change-related risks as well as geopolitical challenges which are all risks that investors “*underpriced or largely ignored*” (Cox, 2010, p. 9) in the past.

The Guardian later echoes these risks on 17 January 2011 in citing Labour leader Ed Miliband, who argues that governments and private companies should favour alternative energies in spite of fossil fuels (Moya, 2011).

Political Impact

The US Department of Justice jointly investigates with the Securities and Exchange Commission whether insider information regarding the disclosure on financial risks related to deep water drilling in the Gulf of Mexico occurred (Davies, 2010h; Davies, 2010i; Eaglesham et al., 2010). This probe “*comes alongside a slew of parallel investigations into the causes of the oil spill, the effectiveness of its response and allegations that it enjoyed a cosy relationship with US regulators*” (Davies, 2010i). The Financial Times posits on 3 August 2010 that claims of gross negligence and the risk of being barred from offshore drilling leases through the US Government constitute the biggest threats to BP’s future business (Crooks et al., 2010). The

Financial Times reports on 12 August 2010 on a further investigation from the Chemical Safety Board which focuses on events that lead to the explosion (Eaglesham et al., 2010). A joint investigation of the US Coast Guard together with the Bureau of Ocean Management, Regulation and Enforcement looks at the causes of the accident while congressional inquiries continue (Eaglesham et al., 2010). The Financial Times further argues on 12 August that these inquiries expose BP to political pressure which could result in legislation and impact BP's future business in the US (Eaglesham et al., 2010). The newspaper states *"For example, the House of Representatives recently passed a proposal that would bar BP from future oil permits based on its previous safety record"* (Eaglesham et al., 2010, p. 4). The Financial Times reports on 24 September 2010 that it is unclear at this point of time whether BP will be allowed to continue deep water drilling in case the moratorium on deep sea drilling is lifted in November 2010 (Pfeifer, 2010a).

The Financial Times reports on 9 September 2010 that BP has spent *"more than three times the amount it spent in the same period the previous year"* (Fifield, 2010b, p. 17) on advertising and must provide details on the expenditure related to the Deepwater Horizon oil spill to the House Energy Committee (Fifield, 2010b).

The Guardian reports on 13 October 2010 on political spill-over effects, namely that the European Commission considers to enhance controls on offshore oil and gas drilling (Traynor, 2010). In addition, The Guardian reports that the European Commission wants to expand liabilities for oil companies in the case of future incidents (Traynor, 2010). This would affect the UK oil industry as 50 % of offshore rigs in Europe are located in British waters (Traynor, 2010).

A first finding from the US Presidential Commission reveals that the cement slurry used for the well was unstable but that tests conducted before the accident had proved this already (Webb, 2010i). Therefore *"BP and Halliburton were aware of the flaws in the cement used to seal the doomed well"* (Goldenberg & Kollewe, 2010³⁰). The Presidential Commission further identifies a series of missed warning signs before the explosion on the Deepwater Horizon oil platform took place. These warning signs include for example *"going ahead despite a faulty cement seal at the bottom of the*

³⁰ Article not included in chosen articles.

well; overlooking a failed pressure test; replacing heavy drilling mud (compounds used to lubricate and cool wells during drilling) with seawater” (Goldenberg & Kollewe, 2010). The Observer reports on 31 October 2010 that the Presidential Commission found that staff from rig operator Transocean switched off “*fire alarms on the ill-fated rig because of false alarms in the night*” (Clark, 2010g, p. 46). However, Fred Bartlit, the Chairman of the Presidential Commission emphasizes that the commission did not find evidence that companies on the rig committed shortcuts on safety to save money (Goldenberg, 2010c).

The Presidential Commission outlines that it agrees with 90 % of the findings of BP’s own investigative report (Goldenberg, 2010c) which was led by Mark Bly, head of Safety and Operations at BP (Rushe & Davies, 2010; Peel & Pfeifer, 2010). On 2 September 2010, the Financial Times deems BP’s own investigation as risky as diverging results with the Presidential Commissions could impact BP’s legal position and relationship with the US administration (Peel & Pfeifer, 2010). BP’ own report offers eight conclusions and accuses cement provider Halliburton to have provided instable cement as well as rig-owner Transocean to have ignored warning signs (Rushe & Davies, 2010; Pratley, 2010). Halliburton claims that the report contains “*substantial omissions and inaccuracies*” (Rushe & Davies, 2010) while Transocean rejects the report as “*self-serving*” (Macalister, 2010m, p. 7).

Although the Presidential Commission concurs with BP’s findings it has no subpoena powers which means that any judgements and sentences depend on the outcomes of upcoming litigations (Goldenberg, 2010c). The Financial Times raises criticism on 23 November 2010 that since the Exxon Valdez oil spill in 1989 neither the oil industry nor the US government have made adequate investments in clean-up technologies as BP used the same procedures during the Deepwater Horizon disaster (Kirchgaessner, 2010a).

In December 2010, newspapers report that the US government has launched a civil lawsuit against BP (Duncan, 2010; Crooks, 2010l). Besides BP, Transocean and Lloyd’s of London are named in the lawsuit, but not Halliburton (Duncan, 2010). This means that only companies which partially owned the rig face legal repercussions. The Cleanwater Act from 1972 and the Oil Pollution Act from 1990 are the legal basis for litigation which is not likely to start before 2012 (Crooks, 2010l). The Guardian reports

on 17 December 2010 that the lawsuits from the US Government could add 20bn USD to the 40bn USD already set aside by BP (“Ready for a mauling”, 2010). The Financial Times posits on 17 December 2010 that: *“The US government's announcement of its civil case against BP over the Gulf of Mexico oil spill is a reminder that the final impact of the disaster will be decided in the courts”* (Crooks, 2010l, p. 20).

The Guardian reports on 6 January 2010 that the Presidential Commission releases its preliminary final report which states that systemic management failure at BP and Transocean as well as Halliburton caused the accident (Goldenberg, 2011). In addition, the Presidential Commission warns that such accidents can happen again because of industry complacency and agencies that miss do demand *“world-class safety standards”* (Goldenberg, 2011, p. 25).

Organizational Impact

The Guardian reports on 30 September 2010 that Andy Inglis, head of exploration and production, the division responsible for the Deepwater Horizon accident, leaves BP by mutual consent at the end of 2010 with a 6m GBP pension and a salary of 700,000 GBP (Webb, 2010h).

Mark Bly, who was already in charge for BP’s internal investigation in the Deepwater Horizon accident heads BP’s new safety division (Webb, 2010h). In addition, the company divides its exploration and production unit into three separate units consisting of exploration, development and production which will all be led by different managers (Davies, 2010j; Webb, 2010h; Pfeifer, 2010b). The Guardian reports that the former single unit acted too autonomously (Webb, 2010h). BP further reviews the employment of contractors which must possess a good safety record (Webb, 2010h.). In addition, the company reviews executive bonus schemes and links them to safety (Webb, 2010h). The Observer (Macalister, 2010n) and The Guardian (Macalister, 2010o) point to incoming CEO Robert Dudley’s American roots as first non-British CEO of BP and deem these as advantageous regarding the re-strengthening of business in the US.

In October 2010, coverage focuses on Bob Dudley and his efforts to lead BP into the future. The Guardian argues on 1 October 2010 that Mr. Dudley needs to “*to shake complacency out of the BP citadel*” (Macalister, 2010o, p. 31). The Financial Times writes on 7 October 2010 that Bob Dudley is aware that safety culture is the key for BP’s survival while in case he fails, BP might lose its status as an independent company (Crooks, McNulty & Pfeifer, 2010). The Observer on 31 October 2010 regards Mr. Dudley as a mood-changer who is determined to keep BP in the US market whereas ongoing investigations through US authorities continue with an ambiguous ending at that time (Clark, 2010g).

The Guardian reports on 3 November 2010 that Mr. Dudley’s restructuring efforts aim at making BP as leaner company with scaled-back production targets (Webb, 2010j). Bob Dudley admits that BP needs to rebuild trust in BP in the US (Crooks, 2010k). He describes an overhaul of the procedures which contributed to the accident as “*the first and most urgent steps in a programme I am putting in place to rebuild trust in BP*” (Crooks, 2010k, p. 17).

Financial Impact

The Guardian reports on 4 August 2010 on ongoing asset sales through BP and that the company has set aside 32bn USD for litigation while hoping not to be found grossly negligent under US law (Webb, 2010f). Meanwhile, investors with more than 2,500bn USD assets under management have written to 26 energy companies worldwide to urge them “*to disclose their spill prevention and response plans for offshore oil operations*” (McNulty & Thomson, 2010, p. 4). On 17 August 2010, the Financial Times reports that BP has raised 5bn USD in loans to increase its liquidity after the accident. (Pfeifer & Sakoui, 2010) This further liquidity is reported to be used for other corporate finance activities and not in connection with costs for the escrow fund (Pfeifer & Sakoui, 2010.). The article further states that banks syndicated loans backed by other foreign assets as they regard BP again as a more secure borrower after the oil well has been finally sealed (Pfeifer & Sakoui, 2010). An analyst deems banks’ support of BP as a positive signal (Pfeifer & Sakoui, 2010).

The Guardian reports on 4 August 2010 that BP has billed Anadarko and Mitsui in May and June 2010 for their share in clean-up costs (Webb, 2010f). Both companies refuse to pay these bills until investigations by the US Government and its agencies are concluded (Webb, 2010f).

The Guardian reports on 11 September 2010 that BP is removed from the FTSE4Good index after it was earlier removed from the Dow Jones Sustainability Index³¹ (Macalister & Webb, 2010a.). The newspaper further states that Greenpeace and other environmental activists have launched a campaign for these removals (Macalister & Webb, 2010a). The Guardian evaluates these removals as to potentially endanger the demand of BP shares as the number of sustainable-oriented investors is said to rise (Macalister & Webb, 2010a). Furthermore, BP delays the publication of its third quarter results due to accounting complexities related to the Deepwater Horizon oil spill while the share price falls 1 % (Macalister & Webb, 2010a). BP continues to raise money from asset sales (Pfeifer, 2010; Pfeifer, 2010a; Macalister, 2010l; Macalister, 2010n; Clark, 2010g).

Mr. Dudley informs the financial community about estimated liabilities from the oil spill and that BP is still at risk to maintain its operation license in the US (Webb, 2010g). Bob Dudley expresses confidence that probably less than 20bn USD will be paid out from the escrow fund (Webb, 2010g). The Guardian argues on 1 October 2010 that BP must create goodwill in the US after the Deepwater Horizon disaster and the preceding accidents (Macalister, 2010o). The newspaper further states that BP needs to rebuild trust with the City with a wider growth strategy and the restoration of the dividend (Macalister, 2010o). An analyst argues that BP needs to maintain US business despite its strong balance sheet (Crooks, McNulty & Pfeifer, 2010). Other analysts state that the time needed to seal the well could increase related cost to 3bn USD (Clark, 2010g).

BP shares rise after the publication of its own investigative report (Rushe & Davies, 2010; Pratley, 2010) and when preliminary findings from the Presidential Commission are published (Davies, 2010l). In November 2010, BP publishes its third quarter financial report stating that profits are down 60% year-on-year although earnings are

³¹ Two major sustainability indices.

higher than expected by analysts (Webb, 2010i). BP announces the further development of its oil sand project in Canada, which the Financial Times on 30 November 2010 describes as the first large commitment to growth since the Deepwater Horizon accident (Crooks, McNulty & Pfeifer, 2010a).

The Daily Mail reports on 15 December 2010 that Exxon or Shell could make another attempt for a hostile takeover of BP (Davies, 2010m). BP shares rise when exploration and production assets in Pakistan are sold (Davies, 2010m). Analysts name a higher target price for BP shares and one bank lists BP as its long-term top pick for 2011 in the oil sector (Davies, 2010m). The Financial Times states on 17 December 2010 that BP has set aside 39.9bn USD before tax for covering the costs of the disaster while costs related to the accident are not tax-deductible which further affects BP's finances (Crooks, 2010l). On 17 December 2010, the share price falls when the US government announces its civil case against BP ("Ready for a mauling", 2010; Crooks, 2010l).

In January 2011, investors express relief that the Presidential Commission does not find clear evidence of gross negligence which would incur higher civil penalties (Crooks & Pfeifer, 2011). BP initializes a share swap with Russian-based oil company Rosneft which makes the share price rise to its highest point since May 2010 (Belton, Crooks & Pfeifer, 2011). This financial transaction is worth 15bn USD and includes the development of three blocks in the Russian Arctic Ocean (Belton, Crooks & Pfeifer, 2011). The Guardian (Finch, Webb & Macalister, 2011) and the Financial Times (Belton, Crooks & Pfeifer, 2011) report on 15 January 2011 that this measure is aimed at safeguarding business for BP as its future in the US is still uncertain. The Guardian describes this change of stakes as controversial as both companies plan to drill for oil in environmental-sensitive areas (Finch, Webb & Macalister, 2011).

Social Impact

A judicial panel on multidistrict litigation decides that all lawsuits regarding claims will be heard in New Orleans (Peel, 2010b). The Financial Times refers on 12 August 2010 to the criminal investigation launched by the US Department of Justice in June 2010 and refers to a possible application of the statutes of the Clean Water Act which imposes considerable financial risk on BP (Peel, 2010b).

The Guardian reports on 21 September 2010 that an influential environmental charity calls off its boycott of BP gas stations in the US (Clark, 2010f). The Guardian (Macalister, 2010o) cites Bob Dudley who says that the board of BP will get together at the end of the year 2010 to decide about restoring the dividend while a financial analyst proposes that BP should offer a lower dividend (Davies, 2010k).

In November 2010, the dividend is still under scrutiny regarding the timing of the reinstatement as well as its level (Webb, 2010i). Newspapers report that the dividend is likely to be halved in comparison to the pre-disaster level (Davies, 2010m; Crooks, 2010l).

Summary of the Post Crisis Phase of the BP Case Study

The post crisis phase covers the longest time span with six months. It starts four months after the explosion of the Deepwater Horizon oil platform. At the beginning of the post crisis phase, BP finally seals the oil well.

Although the initial crisis is now resolved, the financial impact continues to constitute a crisis for BP and the capital market as well as possibly threatening regulation.

Newspapers do no longer address environmental or technical issues. Political decisions on BP's future operation in the US market are pending due to ongoing investigations of the accident by various US governmental agencies. Outcomes from the investigations are not clear in January 2011. New incoming CEO Bob Dudley initiates organizational changes and starts business in other markets like Russia or Canada. Newspapers do no longer report public discontent with regard to BP but focus on the reinstatement of dividend.

Coverage on IR Activities

The Guardian reports on 3 November 2010 that the financial damage for BP amounts to 40bn US Dollars including past and future compensation, fines and clean-up costs (Webb, 2010j). Yet, this sum does not include the loss of market value amounting to 60bn US-Dollars and planned asset sales amounting to 30bn US-Dollars (Macalister,

2010n). BP continues selling assets for which a bank syndicate backs its loans (Pfeifer & Sakoui, 2010). In addition, BP has been removed from major sustainability indices.

Regarding IR activities, Bob Dudley informs the financial community about his future growth strategy for BP but also about risks such as the potential loss of BP’s operating license in the US (Webb, 2010g). Mr. Dudley shows that he is fully aware of the importance of the US market to BP and that he needs to rebuild trust with the capital market (Webb, 2010j; Macalister, 2010o).

Another IR activity consists of the publication of the third quarter financial report (Webb, 2010i). The Guardian reports that the previously planned publication needed to be postponed due to accounting difficulties arising from the Deepwater Horizon disaster (Macalister & Webb, 2010a).

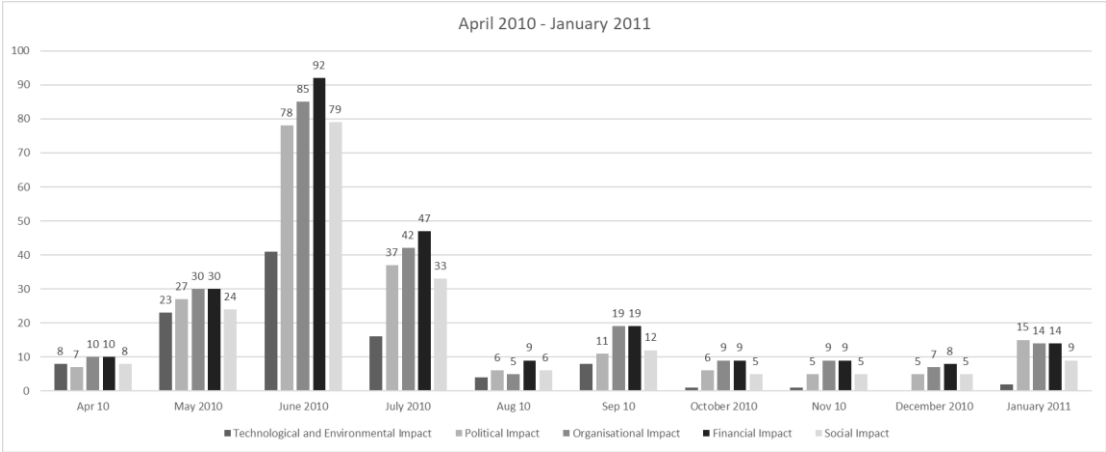


Figure 15: Development of Impacts during Potential, Latent, Acute and Post Crisis Phase (developed for this research)

Coverage falls sharply in August 2010 while rising again in September 2010. The decline of coverage continues in October, November and December 2010. In January 2011, coverage rises again which can be related to the report of the Presidential Commission. As depicted during the preceding phases, Financial Impact and Organizational Impact receive most coverage with the exception of January 2011, where the focus of the coverage is on the Presidential Commission. Technical Endeavour and Environmental Impact does almost completely vanish. Hence, the post

crisis phase shows a long-term wavy development for BP where Political, Organizational and Financial Impact prevail.

5.5 Concluding Remarks and Enhanced Conceptual Framework

I conduct the instrumental case study on BP and the Deepwater Horizon oil spill in order to enhance my pre-understanding of what constitutes a crisis for IR and the capital market as I deem the findings from the literature insufficient. With the support of the instrumental case study, I can present two major findings for my research.

First, I decided to change the structural dimension which consists of crisis types through the impact dimension. Hereby, I concur with the findings of Shrivastava (1987) who argues that crises have different meanings for different stakeholders. I further agree with Jaques (2007) who posits that the crisis type changes over the course of the developing crisis. In addition, Lim (2017) points to the fact that an organizational crisis does not consist of a single crisis type, but that many factors contribute to the crisis and thus, make it a multifaceted construct. These three findings became evident over the course of the media coverage.

Therefore, I amend my provisional conceptual framework at this stage of the research as follows:

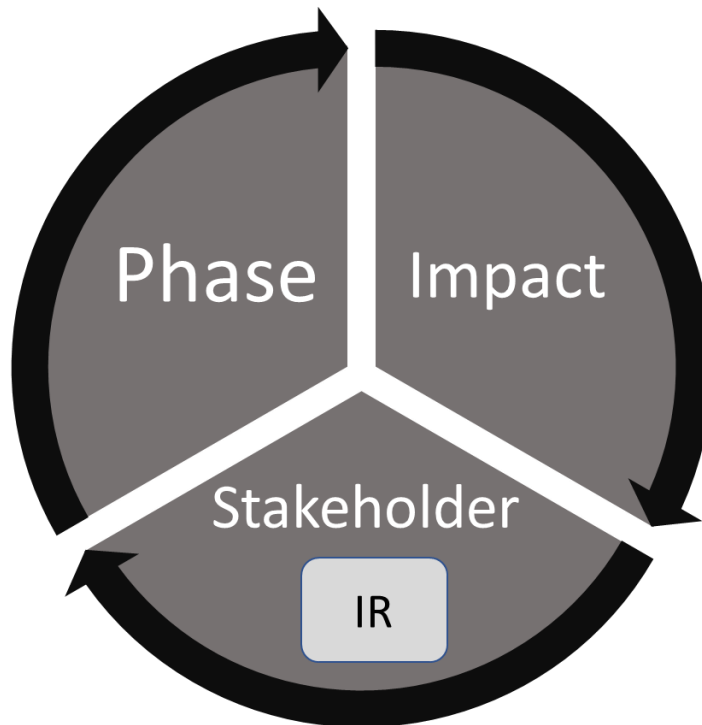


Figure 16: Amended Conceptual Framework
(developed for this research)

I introduce a new dimension which consists of the five impacts derived from the BP instrumental case study. I maintain the circular and intertwining shape of the conceptual framework as findings from the case study suggest that the dimensions interact. The impacts constitute the differing influences on an organization in crisis which cannot be depicted with a single crisis type. Through the use of content analysis, I am able to depict the changing weight of the impacts over the course of the crisis. Hence, it becomes visible that every impact develops differently regarding topics and weight in an ex-post review.

I find that the impacts resemble the categories defined in the PESTLE framework. Environmental Impact and Technical Endeavour, Political Impact and Social Impact comprise the legal frameworks which PESTLE refers to. Organizational Impact can partially be related to the SWOT framework, as it depicts many company facets within the crisis. Yet, both frameworks are not directly related to crisis research. In addition, I did not want to use these concepts as pre-defined coding frameworks as I felt that the articles predominantly covered financial topics. This is also indicated through the bar charts which visualize the course of the crisis. When referring back to both

frameworks, Organizational Impact and Financial Impact are company-internal impacts whereas the four other impacts arise from the company's external environment. Therefore, I derive my enhanced conceptual framework from a real crisis context. This suggests that the impact dimension can serve as a basis for the interpretation of interviews as a next step within the process of sequential theory-building.

Newspapers' focus on the different impacts varies. Organizational and Financial Impact receive the highest amount of coverage followed by Political Impact. The dominance of this impact or financial topics indicates to be related to the choice of articles which I base on financial keywords. Environmental Impact and Technical Endeavour as well as Social Impact receive lesser coverage. The weighting of Social Impact is stronger as I assigned the dividend to this impact whereas it is also a financial topic.

In addition, the findings from the case study confirm the categories made out by Shrivastava et al. (1988). The explosion of the platform constitutes the "*triggering event*" (Shrivastava et al., 1988, p. 288), which causes large damages to the environment (ibid.). The crisis caused "*large economic cost*" (ibid.), such as clean-up costs as well as social costs (Shrivastava et al., 1988), consisting of the lawsuit filings from Gulf Coast inhabitants. The cause of crisis (ibid.) became clear in the end through the report of the Presidential Commission and involved mismanagement and mistakes. The impacts show that multiple stakeholders were involved (Shrivastava et al., 1988), like the organization, politics and the capital market. This induces social costs. BP provides crisis responses (ibid.) during and in the aftermath of the crisis. Although the initial crisis is resolved, it is extended (Shrivastava et al., 1988) in the aftermath as BP feels many repercussions.

Furthermore, the findings from the instrumental case study could be related to findings from the literature review. Topics related to management (Fieseler et al., 2006; Hoffmann and Fieseler, 2012), communication (Fieseler et al., 2006) and strategy (Fieseler et al., 2006; Hoffmann and Fieseler, 2012; Marston, 2004; Laskin, 2016; Pellens et al., 2019) can be found in Organizational Impact. Other topics in this impact refer to industrial matters (Fieseler et al., 2006), Corporate Governance-related topics (Fieseler et al., 2006; Hoffmann & Fieseler, 2012; Marston, 2004;

Pellens et al., 2019), “*Corporate Culture*” (Fieseler et al., 2006, p. 38 et seq.), “*Stakeholder Relations*” (Hoffmann & Fieseler, 2012, p. 143-146) as well as “*CSR*” (Hoffmann & Fieseler, 2012, p. 147; Arvidsson, 2014) and brand-related topics (Fieseler et al., 2006; Hoffmann & Fieseler, 2012) can also be found to a lesser extent.

Political Impact refers to regulators and the related relationship (Fieseler et al., 2006; Hoffmann & Fieseler, 2012). Yet, newspaper coverage suggests that these non-financial factors or intangibles have contributed to the crisis. The reflection of the findings from the literature in the coverage suggest that they are feasible for further use although the authors do not refer to IR in a crisis.

Second, the coding structure of the five impacts mentioned above enable me to visualize the course of the crisis in the chosen time frame. The visualization provides an overview on the length and intensity of the Deepwater Horizon crisis for BP. Here, I need to make a first amendment to the graph which depicts the development of the whole chosen time frame. The Financial Times (Burgess et al. 2010) makes a direct link to BP’s accidents and its corporate risk culture. Therefore, I extend the potential crisis phase to the aftermath of the previous accidents in Texas City (2006) and Alaska (2006) although newspaper coverage posits that Tony Hayward improved BP’s safety culture when he took over as CEO. In addition, as laid out in the chapter Background and Context, the post crisis phases continued for BP over a longer time span than six months. Another feature of the visualization is that the course of the post crisis phase is not a flattening but a curvy development. With the help of the visualization, I am able to agree that crisis phases exist.

I incorporate the findings on the impacts in the interview guideline. I am aware that the interviews took place in Germany, a different country and economic system which depends on other industries. Furthermore, newspapers depict an outside perspective on a single organizational crisis only. Yet, I deem the findings valuable to explore whether they matter in the context of IR and the capital market in Germany with a focused research approach on these two groups.

Yet, the stakeholder dimension requires further examination. The chosen newspaper articles provided not much information on IR and the capital market during the

Deepwater Horizon crisis. Therefore, the stakeholder dimension remains in the shape form as in the initial conceptual framework. The chosen newspaper articles depict that the capital market is only one of numerous stakeholders. With the findings from the interviews, I aim to examine this particular group and the role of IR.

6 FINDINGS AND INTERPRETATION OF INTERVIEWS

In this chapter, I seek to obtain broad and deep insight into IR and the capital market in a crisis. Coming from a broad range of industries, the study participants bring in their own experiences and perspectives to my study. With this rich data from different backgrounds and sectors I am able to gain deep insights into the constituents of a crisis for IR and the financial community in contemporary Germany. I provide an overview of the profiles and sector backgrounds of the research participants in the chapter Methods and Methodology but refer to the specific sectors and experiences when citing participants to contextualize the findings. I refer to the BP case study whenever feasible to make out similarities and differences.

In order to maintain the focus of the research, the first section of this chapter refers to the five impacts Environmental Impact and Technical Endeavour, Political Impact, Organizational Impact, Financial Impact and Social Impact as defined in the BP case study. With the use of these impacts over the course of the crisis phases, I develop the themes to evaluate the underlying mechanism of a crisis for IR and the capital market at the end of this section. Within the second section of this chapter, I present interviewees' understanding of crises. I further explore IR work during crises and the financial community's needs.

I introduce each phase with a brief overview of the main topics which occur in the related phase of the BP instrumental case study. I slightly amend the name of the first impact, renaming it from Technical Endeavour and Environmental Impact to Technical and Environmental Impact. I relate this change in the naming convention to the fact that no such major environmental crisis with arising technical challenges happened in Germany at the time I conducted the interviews (see Background and Context and Methods and Methodology). In addition, I change the name of the impact Social Impact to Societal Impact due to the role of the German society as also laid out in the chapter Background and Context.

6.1 Constituents of the Potential Crisis Phase

During the potential crisis phase, there is no actual crisis taking place for organizations as stated in the literature.

Technical and Environmental Impact

The immediate coverage of the Deepwater Horizon oil spill refers to the explosion of the rig and the oil leaking from the well into the sea. In the further course of the coverage, former US Secretary of State James Baker³² blames BP's "*short-term focus, and its decentralised management system and entrepreneurial culture*" (Crooks, McNulty & Pfeifer, 2010) as a key factor leading to the Texas City refinery disaster (ibid.). BP's prior accident history and the newspaper coverage reveal that BP still suffered from an ongoing lack of safety culture over a mid-term period of time. Thus, the accident on the Deepwater Horizon oil rig can be regarded as the triggering event which puts the crisis and its aftermath into place (Shrivastava et al., 1988).

Interviewees mention two major developments in Germany that relate to Technical and Environmental Impact. Due to their differing background and therefore points of view, interviewees point out different nuances.

IR1 works for a utility or energy company which is directly affected by the Energiewende as laid out in the chapter Background and Context. As IR1 has experienced a long-term crisis development, the IR manager takes a factual stance:

"The resistance against nuclear power already started in the 1960s, when the anti-nuclear power movement started. This is the nucleus for Green politics, a whole party and the related politics." (IR1)

IR6 works in the chemical sector (Basic Materials). The company also operates in bucolic areas of former Eastern and Western Germany. IR6 is fully aware of the actual importance of the company's operations in these areas but also on the environmentally threatening character of the business:

"Yes, that's a dilemma for politics. Our business purpose [causes pollution]. (...) We produce in regions where there is nothing else, no industries or trade. In case our company would draw back from these regions, mostly in rural areas in former Eastern Germany, then there is nothing left there. There is a place where 30,000 people live and the industry is historically based in this region. Hence, politics supports our business as we provide employment there." (IR6)

³² Mr. Baker led the independent investigation into the Texas City refinery disaster in 2005, which revealed strong safety deficiencies in the operation (McNulty & Crooks, 2007).

IR6's statement can be related to location capital (Duhr & Haller, 2013) or market-related factors which Fieseler et al. (2006, pp. 31–33) define in their head category "*Industry Trends*". IR6's perception shows that areas in a country which could be considered as underdeveloped can possess inherent advantages for some sectors.

IR7 used to work in the consumer goods and industrial sector but refers to other sectors:

"There are some influential factors which should not be underestimated. There were these environmental movements, like Greenpeace. I am sure this had an impact on the discussion we have today, debates which the former generations would never have conducted. Hence, we can see that our society has developed, we do not need to appraise this here. And for some sectors, this is of vital importance. The marine industry must grapple with sulphur containing fuel. When you look at the river Elbe and see the shroud of sulphur then you know why this is important. And there are other examples, like textile production in such countries as Bangladesh. For ages, nobody was interested in the fact where the T-Shirt was manufactured. But I think this has massive impact now, not only in sustainability reports of companies but on your very own production conditions." (IR7)

SS1 covers the consumer sector and recalls the protest at Frankfurt airport against the Northwest runway established in 2011. Frankfurt Airport sought dialogue with its stakeholders prior to the set-up of this runway and protests only established in the aftermath (Barkewitz, 2016). Despite this dialogue, protests against the noise emissions take place on a weekly basis since the opening of the runway:

"Environmental movement, yes, that's a major topic in Frankfurt. And the resistance towards the airport expansion, I do not remember for how many years this has already been ongoing. Okay, the demonstrators are not the people who must go on duty travel regularly, but they are always there, every Monday protest in the terminal. And these are the people who oppose to any infrastructural measure." (SS1)

SS1's statement complies with Grunig's (2001) position on activist publics and their use of asymmetric methods in case of societal disapproval (Roselieb, 1999).

Interviewees acknowledge that environmental thinking within German society developed over a long-term period. Yet, the statements of IR6 and SS1 suggest different societal perceptions of companies' business purposes in urban and rural areas

in Germany. Regarding the choice of quotes, mostly IR managers understand that their employers can be a potential source of environmental conflicts. This suggests that IR managers could have already been confronted with this topic in their business environment. Remarkably, IR managers from other industrial companies or capital market participants do not mention environmental consciousness as an issue. For example, IR5 and IR12 work in the transportation and logistics sector (industrials) but do not refer to this development. Similarly, SS3 who covers the chemical industry makes no reference. This indicates that environmental topics did not affect interviewees by the time I undertook the interviews. One possible reason for this could be that the Fridays for Future movement (see Background and Context) had not established itself and there was no strong public focus on environmentalism then.

Therefore, it can be suggested that within IR or the capital market, environmental consciousness develops only in situations when companies are affected through political decisions or large and acute protest movements. While IR1 and IR6 already state that politics plays a role regarding environmentalism, IR7 and SS1 relate the development to society. None of the interviewees reports on strategy implementation because of environmentalism, whereas strategy is deemed one of the most important factors which matters to the financial community (Marston, 2004; Fieseler et al., 2006; Hoffmann & Fieseler; 2012; Laskin, 2016). BP had an environmental strategy under Tony Hayward's predecessor Lord Browne as depicted in the latent crisis phase of the BP case study (Webb, 2010b). Due to reported safety problems, Mr. Hayward refocused BP's strategy on the core business. Whether this environmental strategy would have supported BP during the Deepwater Horizon oil spill is not clear. Fieseler et al. (2006) and Hoffmann and Fieseler (2012) posit that companies should have a sound environmental sensibility but only when regulation comes into place, which interviewees do not mention. These findings indicate that the capital market and thus, IR as its link to the company have a rather short-term view (Janik, 2002). This perception goes in line with the findings of Marston (2004). Therefore, long-term developments might not necessarily be in focus of these two groups.

Interviewees refer to a more recent or mid-term development regarding the technological development. Interviewees point to the importance of digitization of communication and mention the rise of social media:

“In any case I believe that communication has accelerated through social media and has become much more difficult to control. In former times there was maybe a dozen journalists who needed to be captured and briefed. And today, you have one million people with a smartphone. (...) And they tell their opinion, tweet. And not only their opinion but photos and any other thing and that simply gains a crazy momentum.” (SS1)

“In case something is spread via social media or the internet, then you are the chased one and no longer the one who runs in the front. This has changed. And I believe that something changed within society because of social media (...). The comments you have to listen to are based on unknowing as anybody has read anything anywhere and somebody has spread it, this is what is not under your control.” (IR6)

Whereas SS1 and IR6 provide rather general statements related to the use of social media through society, IR2 and IR8 lay out their company-specific use of social media. IR2 works for a pharmaceutical company while IR8’s employer is located in the information technology sector:

“We started with Social Media and it is hard to tame. I have always been against its invention. But I was convinced, because you can’t avoid it, because then there will be a Facebook site [from a third party] which you can’t control. (...) And you have to check within 24 hours whether the posting must be notified because of a breach of a patient directive. When such breach is posted anywhere else in the world, then you can’t handle it properly.” (IR2)

“No, we do not engage in social media, that was a conscious decision. You do need someone to monitor this medium all day long and we do not have the manpower. We keep out of discussion panels like in Wall Street online or so, because people do really get mad there. We check these platforms from time to time and say ‘this is a community which fertilizes itself’ with conspiracy theories, we do not intervene.” (IR8)

All interviewees cited above point to major issues resulting from enhanced technology: acceleration of speed and deterioration of conduct. Again, mostly IR managers are concerned with this new development as companies are involved in the use of social media for their other stakeholders. This contrasts the capital market which is predominantly concerned with its investments. Yet, a difference can be made out for companies regarding their focus of business. Pharmaceutical companies can have direct relationships to their customers, their patients as stated by IR2. Here, other ways of contact might be required than in B2B sectors.

This finding concurs with the literature, namely that IR in Germany rarely uses social media (Köhler, 2014; Hoffmann, Tietz, Fetzer & Winter, 2018). The major reason for avoiding social media is grounded in the difficulties to match regulatory requirements such as data protection or a lack of resources (Hoffmann et al., 2018), which IR8 mirrors. In addition, social media do not enable IR and the capital market to communicate in a two-way symmetrical way (Grunig & Hunt, 1984) which is the preferred way of communication in this community (Hoffmann, Tietz & Hamann, 2018).

Interviewees argue that they do not use social media but other digital communication tools such as news tickers (for example Bloomberg³³ terminals) which provide real-time information from company and media sources:

“Nowadays all information is immediately available on news tickers.” (SS3)

“We have the news source available all day, as we all have Bloomberg terminals at our disposal. You get to know things fast.” (ES)

“News are spread fast via Bloomberg, be it company or general news. And the source is evident.” (IR10)

The findings from interviews reveal a similarity as well as a difference in the two evolving trends. Regarding the rise of the environmental movements, there seems to be no direct impact on the capital market or the work of IR. Referring to enhanced speed of digital communication such as social media or news tickers, there is a direct impact because communication and contents are available with a potential for immediate impact. Yet, both developments arise from the broader societal context. In addition, both developments differ regarding the time over which they evolve and in which they can be implemented. Presumably, the introduction of digital communication tools is far less time- and money-intense than implementing a new strategy.

³³ Bloomberg terminals compile information and provide instant availability. Yet, these terminals should be considered a source of information and not for communication. Bloomberg offers integrated services with regard to the information provided such as charting breaking new and related market data (Bloomberg, 2020).

Political Impact

In the BP case study, newspapers assign politics an aiding role at the beginning of the crisis. The US Government dispatches the Coast Guard to oversee the oil spill and to support BP. In addition, it sets further resources free to help when declaring the oil spill a matter of national significance. Newspapers report that BP is accused of having neglected its relationship with the US Government through a lack in lobbying³⁴ efforts. In the latent crisis phase, The Guardian raises concerns that Chairman Svanberg did not establish stable relationships with Washington D.C. Whether stronger lobbying efforts would have avoided the confrontation by the US Government is not given (Finch, 2010).

IR1 and IR6 already mention politics in Technical and Environmental Impact. Interviewees agree that lobbying should be a mandatory task for listed companies. Again, IR managers' statements prevail:

“You can attempt to influence the development via lobbying. (...) But this is more or less an ongoing process and will not work from one day to another.”
(IR5)

IR6 and IR7, who have an industrial background, refer again to environmental issues which suggests an intersection:

“When there is a crisis which is influenced from the outside, be it a political or an environmental crisis, I might reflect whether previous lobbying would have been helpful.” (IR6)

“There is some political impact which you just cannot avoid. Look at the ECB base rate. This is politically motivated, you can't do anything about it, not even as entrepreneur's organization. (...) Or EU legislation. Look at the CSR implementation guidelines law³⁵. This is an EU initiative which must then be

³⁴ Greven (2009, p. 7) argues that lobbying is an organizational function that analyzes the politics and society. It explores opportunities and risks in order to create optimal conditions for a company. It is used as a management tool to intervene in the company environment (ibid.). A pursuit of organizational concerns towards politics is an economic necessity, especially in times of tougher competition and economic downturns. Lobbying aims at preparing conditions for companies that they can work in a legal framework that is acceptable to them (ibid.).

³⁵ CSR-related reporting obligations for listed companies related to policies, results, risks and key performance indicators regarding environmental, labour and social matters. Further contents include the upholding of human rights and the prevention of corruption and bribery. The act was ratified by the German parliament (Bundestag) on 9 March 2017 in order to implement the corresponding EU Directive. (Deutscher Bundestag, 2017).

implemented in national law, (...) and then German politics can't do anything about it.” (IR7)

IR2 and SS3 talk about lobbying in foreign countries which constitute major markets for their employer or their coverage, namely the pharmaceutical and chemical sector:

“Regulatory changes are a crucial factor for us, and at that time, [the majority] of the revenue was earned in [an overseas country]. And for sure it is important that there are many people on site to talk to [elected political decision makers] and other politically important people.” (IR2)

“There is only one chemical company which is able to produce this component for solar panels. (...) They are relevant for the production in China and of course, there are company representatives on site. At the moment, the Chinese are not able to manufacture this component. And this is why it also matters for China and thus, the company is accepted as negotiating partner. (...) Political influence does not matter in Germany only.” (SS3)

IR2 and IR7 state that lobbying can involve entire industries. The BP case study and interviewees' quotes suggest that politics is a constituent of organizational life although it might not be directly perceivable. Interviewees make no specific statements on the lobbying efforts of their employers or object of coverage as IR is not concerned with this field and probably has no direct influence on it. As stated by IR2 and SS3, lobbying is necessary to keep companies in foreign markets no matter what political system prevails in the countries. This stance goes in line with the findings of Fieseler et al. (2006) who argue that market restrictions matter to the financial community which SS3 also depicts.

Lobbying is the way in which companies can try to exert influence on politics. The literature exemplifies this finding. Fieseler et al. (2006) point out that the capital market is interested in a good relationship of companies with the regulator and on information regarding successful lobbying efforts. Interviewees argue that lobbying matters for successful business and thus, for the capital market. Hoffmann and Fieseler (2012) group lobbying under the topic CSR and bridge the intersection between politics and environmental matters, with a focus on organizations' susceptibility to regulation, which IR6 illustrates. The researchers posit that the financial community regards lobbying and favourable relationships with the regulators as advantageous for organizations' economic prospect.

However, lobbying is not a company-related activity only. FM argues from the vocational perspective as fund manager:

“There are these lobby groups which come along under the cloak or guise of ethics, but they stand for their interest groups or their organization. (...) And even if they are labelled non-profit, in the end they are also businesses that want to broaden their market share. For example, some of our customers give us guidelines for the structure of their funds. For them, we cannot invest in certain companies. The most obvious example here are tobacco and alcohol manufactures.” (FM)

FM’s statement shows that other interest groups have their own goals which can be disadvantageous for companies which produce goods that these charities deem dangerous. This is seemingly the case for alcohol and tobacco. But nonetheless there is a market for these products as otherwise such companies would not exist, which is likewise valid for any company that operates a business despite societal disapproval. FM’s quote suggests that companies compete with interest groups in the field of politics regarding their interests. This, in turn, can endanger business models.

Organizational Impact

Newspapers refer to BP as company being in charge for responding to the Deepwater Horizon oil spill. Later, the Financial Times (Milne, Oliver & Tucker 2010) points to BP’s crisis proneness because of its business purpose. The newspaper argues that finding and extracting fossil fuel has become more difficult and therefore, expensive, and that political risk is involved as oil sources can be located in instable political regions.

Interviewees refer to market-related developments as threat to organizational development. IR1 describes multifaceted factors which evolved over a mid-term period and threaten the business model and finances of the German energy industry:

“We did not have a crisis in a narrower sense where suddenly something pops up and becomes visible relatively fast and that the company did go west. That was not the case. (...) It was a canon of different risks which fell together: first, no lifetime extension of nuclear power plants. Second (...), the commodity prices plummeted. Third, the expansion of renewables had just SUPERSEDED

conventional energies. Fourth, the electricity price in Germany strongly depends on the price of hard coal, which means when new plants are opened up worldwide, the price decreases and so does the price for electricity. That did not change fundamentally within two weeks. (...) It was a gradual development.” (IR1)

IR1’s recounting and the details from the Financial Times article suggest that a crisis which matters for IR and the capital market does not develop from a singular event only but is characterized by several factors which affect companies’ finances. No major incident like the Deepwater Horizon oil spill took place in Germany which triggered the events which IR1 describes. The series of events IR1 describes is related to company-external factors like political decisions and the general economic development.

IR9 also recalls risks that materialized and lead the employer into a crisis. IR9 refers to external factors which influenced the company located in the consumer sector:

“Due to worldwide decrease and problems with the cost structure we had a big restructuring. That took place worldwide. Relocation of manufacturing bases, consolidation of production bases, development of new markets, especially in China. Introduction of new products. That took some time of course.” (IR9)

The statements from IR1 and IR9 confirm the findings of Fieseler et al. (2006) that price trends play an important role for the capital market as they determine the financial situation of companies. Both statements point to the intersection between market development and prices. In addition, both quotes show a further intersection with market- or location-related factors (Fieseler et al., 2006; Duhr & Haller, 2013). IR9’s quote suggests that the customer structure (Grüber, 2014, p. 243) of the company changed due to the macroeconomic development. This further refers to the importance of the business model (Grüber, 2014, p. 233) in which “*creativity and differentiation*” (Fieseler et al., 2006, p. 20) and a “*forward-thinking mindset*” (Fieseler et al., 2006, p. 19) matter to keep the company in the market.

IR4 also refers to external influences and to the risk of missed implemented changes in the financial sector:

“At the beginning of the World Financial Crisis we were in a comparably good position. But the crisis started when the organization-specific topics came up. It was not the industry crisis which hit us but we missed to implement the

organizational adjustments the other institutions made early enough. And so the crisis came in a retarded manner, it was a creeping process. At the beginning one might think oh, bad luck. But then things accumulated and I think the public realized the depth of the crisis just when the new CEO came in.” (IR4)

SS2 and SS1 present a more distanced view as they look at their investments and not their employer. SS2 refers to a creeping crisis in the airline industry while SS1 recalls an unspecified example:

“It is difficult to say how things developed. At the beginning, communication was rather optimistic. But this changed later, maybe they did not think that it was this dramatically. And in the end, you see it in the figures. Then, communication became more realistic.” (SS2)

“I remember a colleague who visited an investor’s day of a company. The organization communicated a positive message, also regarding its medium-term goals. And one month later the quarterly figures were released, coming along with a heavy profit warning. How can this happen?” (SS1)

Crisis researchers argue that companies should implement signal detection procedures in the potential crisis phase to avoid the rise of problems (Coombs, 2007; Fearn-Banks, 2007). Signal detection requires systematic and constant environmental scanning of the organizational environment. The capital market also carries out similar procedures, which PM1 explains:

“I have a watch list in a tool where companies within my portfolio, in which we are invested, are deposited. Other companies as well. And by this, the system screens. There are 16,000 organizations listed, and then I can see the profile, especially focusing on environmental, social, and governance news. And for us, this is a fine early indicator for a looming crisis. In the case of some banks there were waves of litigations. And you could see in the system already that the governance column started up in a negative manner. And for us, this is an early indicator that a crisis can approach.” (PM1)

PM1’s description shows how digitization contributes to signal detection. Furthermore, PM1 points to CSR-related risks which can materialize into financial damage. PM1 is an investor which suggests that PM1 is rather interested in CSR-related topics than sell side analysts (Köhler, 2015). IR9 points to market-related developments on which companies are not able to exert influence. IR4’s statement and partially points raised by IR9 suggest that hindsight is always 20/20. Both IR managers

recall that they experienced how the crisis built up over years but provide no indication how the company perceived this development. In addition, both interviewees do not refer to their board and an amendment of the company strategy prior to the development. According to the German Corporate Governance Code, the board is responsible for the implementation of an adequate risk management system (Deutscher Corporate Governance Kodex, 2019). Here, differentiation is necessary. It depends on a company's business purpose and its structure in how far and at what pace it can react to arising risks. In case of IR1, energy provision is a costly business as production facilities and distribution lines are needed, which require long-term planning and investing. In addition, energy demand must be served and the business is influenced by political decisions and market development as stated before. Referring to IR4, it can be suggested that the employer did not want to realize that it needed to change as it did not feel affected by a changing market environment. IR4's wording provides hints that the institution was too arrogant and felt too secure to adapt to changing market conditions. IR4 does not provide information whether the capital market or the IR department realized that the company refused to implement necessary changes or did not realize the inherent risks. Yet, risk detection is not part of IR work. Besides professional tasks, IR12 provides a helpful definition of the stance of an IR manager:

“An Investor Relations Manager is EXCLUSIVELY obliged to the company. And the company is 100% loyal towards its stakeholders. Especially towards its shareholders, they are the owners. (...) When the company gets into an imbalance, then Investor Relations must deal with this situation. An Investor Relations Manager does not want to improve a situation or make it worse. (...) Regarding my work I must take a neutral and objective stance.” (IR12)

IR12 exemplifies the pivotal difference between companies and the capital market. Companies often concentrate on a specific and singular business purpose and have a certain structure, two conditions which make it difficult for them to react to arising risks (IR1). An investor is solely responsible for his investments and has the chance to mitigate the risk by buying or selling shares at any point of time whereas an IR manager is obliged to the company. Nonetheless, detecting and reacting to warning signals is a long-term task for companies' management, alike an appropriate change of strategy. In contrast, investors can react on a day-to-day basis. The literature contrasts the sentiment expressed by IR Managers. Fieseler et al. (2006) posit that a good company strategy is characterized by a forward-thinking mindset and creativity

and differentiation. Yet, interviewees do not refer to strategic changes in the potential crisis phase.

Financial Impact

In terms of BP, Financial Impact is concerned with costs resulting from the Deepwater Horizon accident. Costs are subject to estimates as the impact of the accident is not clear, especially with regard to pollution. The price of BP shares reflects estimated costs as it starts to fall.

Interviewees do not report on Financial Impact during the potential crisis phase. Referring to the findings from Organizational Impact in this phase it could be argued that Financial Impact is not yet feelable for companies.

IR6 explains one possible reason which can lead the chemical industry into a financially induced crisis without previous warnings.

“We are an oligopoly. We compete with very few [overseas companies] and very few [Eastern companies] and we are always sandwiched. And if some of these guys think that they enhance their production now and cut prices, then suddenly there is a crisis.” (IR6)

The behaviour of other companies in the basic materials sector which IR6 depicts could be related to these companies' pricing strategies (Fieseler et al., 2006). Yet, the situation IR6 describes is difficult as it puts the other companies operating in this basic materials sector internationally under immediate pressure. This could result in a chain reaction of price dumping putting an entire sector under unnecessary pressure.

Societal Impact

Newspapers refer to the number of victims in the BP case study.

PM2 argues that societal attitudes can precede a crisis. PM2 refers to the rising environmental consciousness in Germany and contrasts this trend to the loss of employment in the own home country in Eastern Europe:

“See, I come from another country, and when I think about my home country, there are plants which are still there and for sure not the latest state of the art or environmentally-friendly. But that does not mean that they should be switched off because otherwise there is no income for the state at all (...). In my eyes, this is more a German phenomenon or enhanced German and Benelux state phenomenon.” (PM2)

PM2’s quote mirrors a report of The Guardian on 8 June 2010, the latent crisis phase of the BP instrumental case study. The newspaper refers to BP as an important employer in Louisiana (Goldenberg, 2010). Two widows or rig workers testify before a visiting congressional committee (ibid.). Although they lost their husbands on the exploded oil rig, the widows argue in favour of offshore drilling to be continued in the region as it is an important source of income (ibid.).

PM2’s quote and the extract from The Guardian depict the view from different economic and societal systems. Somebody from Eastern Europe or the US (see Laskin, 2016) might not be able to understand that companies in coordinated market economies have responsibilities towards all stakeholders and not to one single stakeholder group such as the capital market or employees only. This ordoliberal³⁶ understanding is based on compromises within society:

“There is a changing societal picture. There will always be people who argue that companies are responsible, in any case for all the evil in the world. But it is the entrepreneurial freedom, this is what we need, this is the basis for our prosperity. And the truth is, as always, somewhere in the middle. There are always ups and downs. But you see that companies react to change.” (IR3)

IR3 acknowledges the described German societal particularity as a native German but does not refer to a specific company or business purpose. In addition, IR3 works for a vocational association and not the capital market. This suggests that IR3 has a broader view as representative of interests of a vocational field towards society and politics. IR3’s understanding complies with Roselieb’s (1999) findings regarding the rise in confrontations between an increasingly more critical public and companies.

³⁶ The German form of coordinated market economy, introduced in West-Germany after World War II (Pies, 2019).

Summary Potential Crisis Phase

Interviewees' statements and findings from the BP case study indicate that the potential crisis phase develops over a longer-time span. In an extended time frame, this could also be transferred to BP. Yet, whereas BP has acute need for action after the explosion of the oil rig, interviewees refer to external development at rather slow pace (IR1, IR4, IR9).

Interviewees describe a long- to mid-term ongoing societal development regarding environmental consciousness. Yet, interviewees do not directly define immediate impact on companies related to this development. By contrast, digital communication through real-time tools and partially social media constitute a mid-term development and are an integrated feature within organizations and the capital market. Interviewees describe the public to take a rather aggressive stance in both matters. Interviewees refer to lobbying as necessary tasks within the interaction with politics while not referring to any effects in this matter.

Interviewees further depict risks which can potentially endanger organizational goals while only PM1 as a capital market participant refers to early signal detection. IR1 and IR4, whose employers experienced strong crises, acknowledge these risks in an ex-post view but do not depict any countermeasures through their employers. The findings further indicate that during the potential crisis phase, business follows its regular course and that signals are too weak to be detected (Roselieb, 1999).

6.2 Constituents of the Latent Crisis Phase

The latent crisis phase is characterized by one or several triggering events that can lead companies into a crisis (Shrivastava et al., 1988), which interviewees exemplify in the following.

Technical and Environmental Impact

BP makes four unsuccessful attempts to seal the oil well. Environmental implications are hardly addressed in the chosen articles. The focus is rather on political, organizational and financial matters.

Comments from interviewees on environmental matters are scarce as well. SS3, PM2 and IR5 take a liberal market economy-stance which focuses on companies' shareholders. By this, they regard environmental matters rather prosaic:

“As soon as environmental impact becomes perceivable monetarily ... when environmental impact compromises a whole region or questions a business model, then it matters.” (SS3)

“Environmental reasons hinder companies to conduct their business. (...) For example when infrastructural measures can't be undertaken because of rare animal species.” (PM2)

“In the end companies must make profits. And environmental matters can endanger this goal.” (IR5)

PM2's and IR5's stances do not comply with the findings of Fieseler et al. (2006) who posit that the capital market expects companies “to show a sound level of environmental sensibility and responsible business practices to ensure its unhindered business development” (p. 42).

SS3 further explains:

“Figures and sentiments are vital for the financial community. These are the indicators which drive its members' work.” (SS3)

Interviewees' stances concur with the findings of Arvidsson (2014). She finds that the capital market does not only show a lack of interest in CSR-related matters, but rather objects to them as related activities are deemed costly and do not support profitability.

Interviewees refer to specific German topics like animal protection when it comes to infrastructural measures (PM2). They do not refer to a disaster like the Deepwater Horizon oil spill as no such incident has taken place in Germany. The finding is contrasted with the development described by Pellens et al. (2019), that the interest of the capital market regarding CSR-related topics increased. This difference could be related to the fact that I conducted the interviews prior to the publication of Pellens et al.'s (2019) study, and that the attitude of the capital market might have experienced some change. This goes in line with Fieseler et al. (2006, p. 42) who posit that the relevance of environmental issues increases depending on the amount of interest assigned by the general public.

Technical Impact contrasts Environmental Impact as interviewees rationally acknowledge the importance of timely technical adaptation in different sectors.

“What often is the case is that the adjustment to market trends did not happen early enough. We could watch this in the retail and consumer goods sector by the dozen. Whether it is book chains which went bankrupt or department stores. This is the trend towards online or other SHOP FORMATS which have not been realized.” (SS1)

SS1's statement can be related to Fieseler et al.'s (2006, p. 21) position that distribution channels constitute an important feature for companies. SS3 points to the manufacturing industry and hints to another problem:

“A market environment can change with a crisis. That is a very important topic as it can have massive impacts. Maybe there were ten competitors and now there are only five left. And such supply shocks can have impact for years (...) because the companies left must produce and maybe can't invest in new facilities. And with such old facilities, there is a risk of shortage. And then prices rise.” (SS3)

PM2 depicts an example from the technical sector:

“It is important that an organization does not miss its clients. In case certain technologies are scrutinized and demand increases significantly, then the operative business is threatened. The [company] undertook a strong shift within the business model. Because now, the company does no longer rely on bulk business with a high operative leverage. Now, it is a technology group. This change led into a crisis because the demand from the key industry has

fallen. But companies must change, sometimes also as a result of a crisis as they have to adapt to changing conditions.” (PM2)

Only interviewees from the capital market refer to necessary changes within a business model due to technological advancement. They point to other sectors than those in which IR managers in my study work. This suggests that changing features of a business model is possible. SS1 recalls on change of shop formats, which means that it is not the business which requires change but the way of distribution. This differentiates the consumer sector from the producing industry. SS3 further explains that fundamental investments are not likely to be made in times of crises, which makes it difficult for companies to survive the aftermath.

Yet, the BP case study confirms that recognition and preparation are vital for companies. Within the BP case study, CEO Tony Hayward later admits that BP was not technically equipped for the accident (Crooks, 2010e). Congressional hearings revealed that technological developments of the oil industry did not improve due to missing investments since the Exxon Valdez oil spill took place (Kirchgaessner, 2010a). This lack of preparation then led to major environmental and financial implications.

The literature exemplifies that capital market participants evaluate companies in the context of an overall industry trend alongside the technological positioning of organizations within the market context of their operations (Fieseler et al., 2006). They further point to the rate of technical innovation in conjunction with competitiveness as an important feature for the financial community (ibid.). Yet, the features of differentiation are difficult to assess. PM2 refers to a company which remained in its sector but refocused its production. But as stated by PM2, this shift led later into a crisis as the company is now depending on the automotive industry which strongly depends on the economic cycle.

Political Impact

In the instrumental case study, political impact is characterized by the rising tension between the US Government and BP. The Obama administration imposes a

moratorium on deep water drilling in the Gulf of Mexico which affects all oil companies operating in this area financially (McNulty, 2010).

As depicted in the chapter Background and Context, the German Federal Government also imposes a moratorium on all nuclear power plants in Germany after the Fukushima Daiichi nuclear disaster in Japan in 2011. This nuclear disaster can be regarded as a triggering event (Shrivastava et al., 1988) without direct effects. This political action is solely related to upcoming elections in an important federal state with a high degree of industrialization located in former Western Germany.

IR1 who works in the energy sector criticizes the moratorium as hasty and recalls the contrasting reaction from Japan:

“Briefly after Fukushima happened, I was in Japan with the CEO. A Japanese investor asked us why we reacted so hysterically. I mean as a country, not as a company. Why did the Federal Government react so hysterically? And the CEO and I looked at each other and said: we should confront the Federal Government with this question.” (IR1)

IR1 further explains that the closure and cutting of the lifetime extension of nuclear power plants in Germany is not justified as the prerequisites for such plants in Germany differ from those in Japan:

“We kept on telling politics that precautions were not taken correctly in Fukushima. The walls around the Fukushima plant were not high enough, and a tsunami builds up every three years in Japan. The Japanese company just did not implement precautionary measures. A nuclear power plant would not have been granted permission on a location like that in Germany.” (IR1)

Here, IR1 states an example of unsuccessful lobbying as pointed out by IR5 previously. Referring to the potential crisis phase, IR1’s statement shows that lobbying is an ongoing process and that political decisions intersect with organizational life or business purposes. IR10 formerly worked in the energy sector and explains how a political decision taken in one country can have implications for other countries:

“Prices for energy in Austria are coupled to the German price zone. When Germany decided to opt out from nuclear energy and demanded renewable energies such as wind energy, prices for electricity increased also in Austria.” (IR10)

The statements from IR1 and IR10 illustrate that the energy industry is strongly exposed to political risk.

Capital market participants point out that they perceive regulation to have strongly risen recently:

“In the end it’s the regulator. Look at the energy or the banking sector or pharmaceuticals as well. The regulator more and more intervenes in the processes and thus, influences the operative business model. This has newly evolved during the past ten years, this constitutes a new risk. The regulator plays an enormous role and precipitates companies in crises.” (AV)

“There are four groups of risk. Litigation risks, event risks, reputation risks and regulatory risks. (...) Reputation risk is concerned with supply chain. Regulatory risk is and that has strongly risen recently like in energy provision. (Reputation risk is associated) for example with human rights violation.” (PM1)

“In case events happen twice shortly after each other, then a crisis is likely to arise for an organization. For example accidents in industrial companies. Then politics comes up and says: ‘Guys, you should look at your safety precautions. They are not okay.’ And then, the company must invest and maybe their production is limited. And from then on this can develop into crisis for a company from the capital market’s point of view.” (SS3)

“Regulations always affects growth and profitability of companies. And when regulation gets stronger, it can have severe effects. As an investor, one could consider to partially choose stocks from companies which are unlikely to be hit by regulatory influence. For example companies which deliver consumer goods to other companies, like sachets of sugar.” (FM)

Interviewees’ assertions provide a key proposition for my research and German companies as regulation through politics can severely endanger companies’ business purpose and profits.

Whereas SS3’s example can be traced back to incidents in an industrial company, which can result from own- or third-party negligence, many other statements point to rising intervention from the state without visible negligence. This indicates to be meaningful as all capital market participants refer to different sectors and have different backgrounds. This relates to the intangible location capital (Duhr & Haller, 2013), which Fieseler et al. (2006) describe as market restrictions.

Furthermore, interviewees refer explicitly to Germany, which shows that the intervening role of the state in coordinated market economies can affect markets. As the capital market is driven by investors from liberal market economies with a focus on shareholder value, this finding on political intervention has the potential to make German companies unattractive as investment for this influential group and other investors.

Organizational Impact

Newspapers refer to organizational conduct prior to the Deepwater Horizon crisis and the conduct of BP's management.

Interviewees point to a lack of managerial foresight as amplifying factor for a crisis. IR4 again draws attention to the employer, a financial services company which misjudged its own situation in a reflective statement:

“We thought we did everything right, and the competitors must adjust. We were doing well. The situation became tense as the others adapted. And by [the end of the first decade of the 2000s], we looked more and more like a dinosaur who did not accept the new truth despite negative results. And who did not want to accept the new truth. Because we did not realize that the regulator did not accept some business models any longer. The general public did not accept these business models anymore.” (IR4)

IR4 further points to politics and society as influential organizational stakeholders. SS3 recalls a management statement from the chemical industry at the beginning of the World Financial Crisis:

“During the year 2008/2009, many companies slid into crises which they did not foresee. But by the time bosses of these big enterprises should reasonably know what would happen. And then came the CEO [of a major industrial company] and said just in September 2008: ‘This is a crisis of the financial industry; this has hardly any impact on the real economy; and you do not need to worry so much.’ At that time, I thought this guy, great experience, he foresees this somehow. And then he did not foresee what happened next – during the fourth quarter, three profit warnings came at once, And EVERYTHING stood still.” (SS3)

Likewise in the potential crisis phase interviewee's statements point to arrogance (IR4), now referring to the attitude of upper echelons management in misinterpreting situations that endanger their organizations. The literature on non-financial factors reveals that management and its decisions are highly important to the capital market (Fieseler et al., 2006; Hoffmann and Fieseler, 2012). In addition, management is responsible for the implementation of an appropriate strategy to mitigate negative effects on companies. This shows the intertwining of these two important intangibles.

Nonetheless, SS3 does not provide information that the sell side analyst or the financial community reflected the sentiment of wrong managerial perception back to IR. This might relate to the way capital market communication takes place, namely that the financial community asks questions and it is the companies' task to reply. Yet, analyst reports or investor decisions reflect these answers and base their recommendations on them (Fieseler, 2008). These sentiments should then be mirrored to the management by IR. Yet, IR4's and SS3's example points to strong managerial misperception of a crisis situation, which made the companies suffer stronger from the crisis-related financial losses and public discontent (IR4) in an ex-post view.

PM2, IR7 and FM raise further criticism regarding management credibility:

"I think a crisis occurs when the management is not able to keep its promises and then when it comes to communication, they are not able to communicate in a timely and sensible manner, so that wrong expectations are raised. This means that something is expected from a company which it is not able to deliver. (...) We met the management several times during the course of the year and they ensured repeatedly what great objectives they have and how they are going to meet them. (...) And then, when the results of the first quarter came where the improvements should have been visible, it became clear that they would not be able to reach the objectives. Neither annual objectives nor long-term objectives for the upcoming two or three years". (PM2)

"Afterwards you are always smarter (...) which is also helpful because when I learn that certain instruments or measures that I have taken have not worked properly in communication (...). Um, I know that from my own experience. At that time we went out with the medium-term planning and published the absolute values. We said we make so much sales and so much results and because it was so easy 100, 200, 300, 400, 500 million results over the next five years, everyone could remember that (...) In the first year we delivered 113 million and everyone was happy. Was great. In the second year we no longer

had five company divisions, but only four (...) and then we didn't deliver 200, but 193 which was extremely close (...). Actually, it was much better than last year because we only had four instead of five areas. Yes, anyway, we got a punch in the face for this ridiculous 3.5 percent deviation uhm, which was actually better pro forma. We communicated that too, but nobody wanted to hear it, because these absolute numbers had ingrained. This is what we have learned from it. Relative indicators have a far higher half-time value than absolute indicators.” (IR7)

“You can observe this quite well for example in the US, where there is a long history with statistics. In the US; most companies have meet or outperformed their earnings forecast. This is no wonder as 20 years ago, there were some frauds regarding profits and some companies were sued. (...) And um, you guide where you end up plus or minus. And for sure there are not as many deviations when there was some according guiding before.” (FM)

Interviewees quotes can be related to the literature. Fieseler and Hoffmann (2012) argue that the personal impression of the management matters to the capital market. Fieseler et al. (2006) point to managerial credibility and the ability of the management to understand the business and markets in which companies operate. PM2 and SS3 reveal that unreliable management behaviour not only damages the personality but materializes itself in the companies' financial situation. These two factors might lead investors to strip off an investment to avoid further losses. This suggests that companies damage themselves when lying, and a liar is not believed even when he speaks the truth. In contrast, IR7 reports on changing conditions which lead to misunderstandings while FM's quote shows that companies have adapted their guiding strategy.

SS2 refers to the airline industry and expects management to adjust in case the business is not well off, especially when a developmental path is visible:

“Disasters like an airplane crash are often singular events. An internally induced crisis can point to wrong structures or mismanagement which make it more difficult to absorb than external shocks. But a creeping crisis can be a structural crisis and then I would deem it advisable to reconsider the business model. As an analyst I would carefully watch whether the management implements countermeasures to further develop the company with an amended business model so that it does not get into a crisis or gets out of it.” (SS2)

IR9 points to problems when management has no experience in the companies' sector:

“Then the new CEO came in, from a totally different sector, not from utilities but from [basic materials]. Then he shifted the company so that a merger became difficult as the whole profile of the company was changed.” (IR9)

Both statements reflect the findings from Fieseler et al. (2006) and Hoffmann and Fieseler (2012), namely that the managements’ track record and the understanding of the business matter. But as depicted by IR9, changing a business model as proposed by SS2 is not always leading a company out of a crisis but can also be the reason for a crisis. Therefore, both statements further substantiate that management and its strategic decisions play a vital role for organizational and thus, financial success.

PM2 and FM take the financial community’s position and make decisive statements regarding a lack of organizational adaption:

“What is a frequent reason let me say it in English: complacency. That certain things went well for too long and one took a rest on these established approaches while maybe not realizing certain changes, certain external changes or negligence which sneaked into the organization.” (FM)

While FM shows a neutral attitude, PM2 expresses anger due to being deceived by a company’s communication:

“They like to procrastinate. At some point one bought the story and afterwards one said the company is not able to solve problems or the market has changed. They put the topic off voluntarily. This is not good for the company’s future development (...).” (PM2)

Both statements can be related to the BP case study. The Guardian refers to BP’s new CEO Bob Dudley and posits that one of his urgent tasks is to make BP less complacent and thus, crisis prone (McAlister, 2010q). This shows that Mr. Dudley has understood the need for implementing change.

Shrivastava et al. (1988) define wrong managerial action as a trigger for crisis. Crisis researchers assign mismanagement as an intentional attribute within their clusters (James & Wooten, 2005; Ullmer, Sellnow & Seeger, 2013; Coombs, 2007; Lerbinger, 1997). These findings also depict the strong dependency of a firm on its management.

Whereas PM2 and FM reflect the capital markets’ view, IR1 and IR5 raise another argument, namely that it is difficult for companies to change when their main business historically rests on a single pillar.

IR1 explains market-related developments in the energy industry and already points to financial impact:

“We had a crisis that had built up massively. It did not come out of a sudden but built up gradually. We saw it coming, falling energy prices (...) and debt problems. (...) We still had earnings but there was no way out of the crisis. We are not a car manufacturer who can say: oh, the new model did not go well, let us develop another one. No, the nuclear or coal power plant is there, the invest was made for forty years. We do not have product cycles which can change within a short time. (...) This means you do not see how you get out of the crisis.” (IR1)

IR5 refers to the transportation sector:

“You can’t change the business model of [a transportation company]. (...) But we changed the internal steering and separated the companies within the group to three pillars. We would not have been able to resolve the strong dissent between employer and employees otherwise. We wanted to show that every business unit is important to us.” (IR5)

IR1 and IR5 confirm a finding related to Technical Impact. Companies in some sectors, like consumer goods, can change their ways of distribution (see SS1 in Technical Impact in latent crisis phase) or like in the automotive industry as stated by IR1, which can develop new models which are more likely to meet the needs of (potential) customers. In addition, changing the utility industry indicates to be difficult. Energy companies must deliver a base load which is not achievable in Germany through renewable energy only (Sommerfeldt & Zschäpitz, 2019; Stratmann, 2019). This is often not realized by the general public (Stratmann, 2019) or probably by politics. Therefore, the issues raised by IR1 show a high degree of managerial foresight and awareness. This could indicate that the point of time of the inside an outside recognition of the organizational crisis differs (Krystek, 1980) Yet, IR5’s statement can only be deemed partially applicable as IR5 refers to businesses which rest on a single pillar. German industrial icon Siemens changed its portfolio and refocused its business model. Just 20 years ago, Siemens was a large conglomerate consisting of power plants, trains, telephone networks, semiconductors and washing machines (Deckstein, et al., 2019). The CEO sold unprofitable sectors of the company and bought new technology companies, focusing the firm on industry automatization and digital production methods (ibid.). This suggests that a change of the business model

is possible, but that a company has to strictly cut its roots to implement change and that a capable manager is willing to implement the required change. This shows again that the strategy and management are vital for companies (Fieseler et al. 2006; Marston, 2004). Yet, Siemens was a conglomerate which could exchange parts of its business as the company is not based on a single core business only. This indicates that the interplay between varying non-financial factors like the business model (Grüber, 2014), the market sentiment (Fieseler et al., 2006), the strategy (Marston, 2004; Fieseler et al., 2006; Laskin, 2016; Pellens et al., 2019) and the management (ibid.) matters. As change is related to the strategic decision of implementing new technologies or acquiring other firms (Pellens et al., 2019, p. 82), a good financial profile is required. As industry affiliation also matters to the capital market (ibid.), this indicates that such decisions must be carefully balanced. The example of Siemens suggests that diversification of the business model matters as changes are more feasible to implement.

IR5's statement complies with the findings of Fieseler et al. (2006) that companies need to have a good relationship with unions, as these are vital with regard to the company's workforce. IR5's statement further complies with the findings of Hoffman and Fieseler (2012) that employee relations matter.

Yet, in a coordinated market economy like Germany, major change within companies can only be made in a socially acceptable way (see Background and Context). This requires thorough planning and time. But implementing organizational change is not a task of IR. Its task amongst others is to mirror back the sentiment of the capital market into the company (Köhler, 2015).

Finally, there can be spill-over effects from one industry to another. IR6 and IR2 refer to the pharmaceutical sector with differing connotations.

“In case we go bankrupt, the pharmaceutical sector will have a problem as well. Because we are the only company which is able to produce certain [components] so that their instruments will work. This would have a vital effect on German and international companies.” (IR6)

“We are a very consolidated industry. And in case the machines of one competitor are bad, the others are affected as well as we all use the same

components. The customers will still be there but in any case this would be bad, for the patients and for the companies.” (IR2)

Both statements show that crises can have a spill over or domino effect on other industries and the economy as a whole.

Financial Impact

Newspapers further refer to the costs arising for BP with regard to the Deepwater Horizon crisis. These costs include ongoing clean-up and rising litigation costs.

Interviewees point to market-related matters that can impact companies' finances in the latent crisis phase. IR6 and SS3 explain the multiple impact of decreasing demand on the commodities sector:

“The triggering event was with us in [in the second decade of the 2000s], when the market for commodities broke down from the demand-side. The prices went down, and the share price fell within a few days by [mid two-digit] %. And even with our cheapest production facility we were not able to implement countermeasures. Then we were no longer able to expand. You lose money and it gets more difficult for you to get cash. (...) This can soon become a chain reaction. Then we published a release which stated: our customers can rely on us, but we don't know yet how to cope with this situation. We received lots of criticism for our conduct, but we did not fall into a shock-induced paralysis. We had to cope with the situation and of course, there were losses.” (IR6)

“A crisis will arise when the worldwide demand decreases. Regarding supply, these shocks can last for years. A classical case during the last three years is the mining industry. There was a breakaway of demand through weak growth in China and therefore commodity prices fell strongly. And the company had cash costs, let's say 100 per ton but if the price falls down to 70, then I have a problem. If I have a strong balance sheet and I am able to put pressure on costs then I survive these two to three years and when demand rises again as well as the prices, I come back like a phoenix from the ashes. But before, the companies just sell to maintain their customers” (SS3)

SS1 refers to macroeconomic effects in the consumer sector:

“An earnings crisis can happen in a worsening macroeconomic environment. And when the financial situation is already tight, this can soon develop in a financial crisis. I have experienced this several times in the consumer sector,

like in the fashion industry for example. This does not come up suddenly but is a creeping process.” (SS1)

The statements of IR6 and SS3 suggest that price declines in the chemical sector can arise relatively fast without prior signals and can have domino effects on other stakeholders. In case business went well before, SS3 posits that companies can cope with such effects.

PM2 refers to Germany’s most important sector, the automotive industry and describes another domino effect:

“And then, there is external crises, this is not company-specific. This often affects a whole industry or sector like in the World Financial Crisis. (...) When you look at the automotive industry (...) the original equipment manufacturers were strongly affected as the demand for cars strongly decreased which they did not realize in time. These companies came under pressure.” (PM2)

SS2, ES and IR2 refer to pricing within different industries with different causes:

“Pricing is something you focus on as an analyst. When the demand breaks down because of crises, this then impacts the price immediately. Especially in an industry with high fixed costs like the airline industry pricing is very important.” (SS2)

“Market-induced crises can arise through rising competitive pressure. For example when you look at solar panels. Chinese companies pushed into the market with far cheaper costs. That was a catastrophe for this market.” (ES)

“Regulatory changes develop over time, but when the implementation happens, the effect is there all of a sudden. For example in US medical care, when the government agencies initiated a price cut by 40% when they saw that pharmaceutical companies earned too much with their products. Then you must continue lobbying efforts because you rest on your core business.” (IR2)

Interviewees’ statements reflect the findings of Fieseler et al. (2006) regarding the importance of pricing.

The Financial Times on 11 June 2010 also reflects this situation in the BP case: *“BP has a strong balance sheet and is generating sufficient cash for the moment to service any costs”* (Crooks, Saigol & Sakoui, 2010, p. 6). Yet, companies’ income also relates to pricing and margins as pointed out by SS2, a factor which strongly varies depending on the business sector. PM2 even depicts spill-over effects for the automotive industry,

which shows that the scope of industrial crisis can be far-reaching and potentially affecting whole economies which happened during the World Financial Crisis (see also Background and Context).

Participants' statements suggest that in some industries (commodities), market-related developments proceed faster than in other sectors (fashion industry). Nonetheless, all of these developments can be related to the economic cycle and thus, cannot be directly influenced by companies. A breakdown in demand constitutes a dilemma for companies, as reflected by IR6. Lowering prices as well as maintaining the pricing structure both leads to financial losses.

PM1 and IR7 also refer to spill-over effects in the automotive industry like PM2 (in Organizational Impact in the latent crisis phase), but relate them to recent scandals:

“One of the car manufacturers has been sentenced because of the scandal regarding the truck cartel. It was not sentenced but must make penalty payments. And there are other manufacturers which are also involved in this scandal. As an investor, I am interested in the spill-over effects on the other truck manufacturers and the financial impact.” (PM1)

“There is an industrial spill-over effect because of the Diesel scandal. Volkswagen has committed fraud and now it is a regulatory topic. And now the other manufacturers suffer because private persons and especially corporate fleets will no longer buy Diesel cars. And also for the Diesel fuel producers this is now an impact, because Diesel is far more expensive to produce than gasoline, even kerosene is cheaper to produce. And for years, the German regulator and other European regulators have promoted Diesel and the production of the cars with lower tax rates. (...) And when the market reacts now, the related technology is dead.” (IR7)

PM1's and IR7's statements suggest that fraud matters to the capital market and has spill-over effects within the industry and affiliated sectors. IR7 raises a new topic, namely that spill-over effects can also affect politics. This depicts that the intersection between companies and politics has many facets.

Interviewees raise shareholder activism as another potential effect in the latent crisis phase:

“Shareholder Activism is not practiced in companies where everything runs well, where everything is fine, but this happens when the organization manoeuvres itself into trouble.” (SS3)

AV echoes that shareholder activism is on the rise in Germany:

“Shareholder Activism, this is a big issue during the last years, especially when it comes to Corporate Governance. This is still in its infancy in Germany, but this will spill over, and it will come right when a crisis is unfolding. They pick up the topic that lacks but they will not cause a crisis.” (AV)

SS1 depicts another facet of shareholder activism, namely that it happens in the public sphere:

“Shareholder Activism happens when there was bad communication, and then one or several activist shareholders or hedge funds stand together and put the companies under pressure publicly. This will happen more often and faster.” (SS1)

SS1’s statement can be related to Grunig’s (2001) finding that activists employ asymmetric methods when approaching companies. Yet, SS3 and SS1 relate shareholder activism to prior mistakes from by companies.

Despite its negative connotation, IR7 and SS2 point out that shareholder activism can be advantageous for companies:

“Shareholder Activism can lead into crisis. But we must make a distinction here. There are activist shareholders who have specific ideas and plans. Who not only complain but make suggestions for alternatives, such as ‘we would do it this or that way’. Then you have a basis for a discussion. And where appropriate, shareholders can decide at the annual general meeting which variety they prefer.” (IR7)

“Shareholder Activism is rather positive. In case there is a major shareholder who turns into an activist and pushes the management to restructure in a harder and faster way, this is positive.” (SS2)

Interviewees’ statements mirror the finding by Hoffmann, Simcic-Brønn and Fieseler (2016) who argue that shareholder activism is generally on the rise. Interviewees’ statements further reflect Uysal’s (2014) findings that activist shareholders can force companies to implement changes. However, none of the interviewees explicitly relates shareholder activism to environmentalism like in the BP case study. Here, the

Guardian reports on a conglomerate of activist shareholders who plan to launch a campaign against BP at the capital market (Webb, 2010a). These activist shareholders target management decisions of the oil industry to continue exploration in environmentally sensitive areas (ibid.).

From the capital market's point of view, shareholder activism constitutes an advantage for firms to change their business model. SS3 and SS2 as well as the article of The Guardian relate shareholder activism to management and strategy issues where activist shareholders express their discontent. None of the interviewees reports to have experienced an engagement of activist shareholders. However, it needs to be mentioned that activist shareholders' often target companies to generate higher profits going along with a change of the organizational structure (Bücker, 2019). This indicates that financial-related matters are resulting from other non-financial factors (Fieseler et al., 2006). Thus, the latent crisis phase seems to be a good starting point for activist shareholders, as companies can potentially implement changes for the better of their investment. This can have far-reaching effects on firms' business and structures (Uysal, 2014).

Societal Impact

In the BP case study, newspaper coverage mainly focuses on the lawsuits filed by Gulf Coast inhabitants within Social Impact.

During the potential crisis phase, PM2 and IR3 talk about the changing societal picture in Germany while providing different viewpoints. AV goes further in the latent crisis phase and refers to the intertwining of society and politics which can lead organizations into crises:

“I feel that the public has a different view on businesses in crises, this is not an isolated problem. This will automatically influence the whole public discussion, the pressure on politics rises, everything interlocks. The public perceives a problem, the media cover it, politics feels it must become active and this makes the situation worse for the companies, as for sure politics will not act against public opinion. If the companies had been given more time, there would be no crisis.” (AV)

Again, AV provides a key finding for my research as the shareholder protector depicts a chain reaction within a macroeconomic system which endangers companies' business and existence. AV already elaborated on growing political influence on business within Political Impact of this phase. AV is engaged in private investor protection, which suggests that AV's view goes beyond the one of other capital market participants as AV's clientele also consists of members of society and not a specific group. AV's perspective adds to Roselieb's (1999) findings that a disequilibrium between societal values and organizational conduct exists when bringing in politics as intersecting entity. AV stresses the role of the media (Dyllick, 1992). Furthermore, AV's statement depicts the development of an issue (Coombs 2017). AV's statements and the findings from the literature suggest that society and politics intertwine while media enhances the negative perception of companies.

SS3 points out that companies partially have options to avoid crises regarding societal pressure. SS3 refers to a major chemical company.

“There is a strong sentiment against genetic engineering in Germany. That was not a big business unit of the company here, so they just closed the branch down and re-opened it in the US.” (SS3)

The statement of SS3 concurs with the quote of PM2 in the potential crisis phase that things which can be perceived as issues in Germany do not constitute a problem in other countries. This could be grounded in historic reasons, e.g. the experiments on human beings during the Nazi regime regarding SS3's statement. Again, a capital market participant depicts a rather liberal market economy view than a coordinated market economy view, where society is regarded as an important stakeholder of a company. This suggests that society's perception on companies' business could be a rather German phenomenon. When taking a capital markets' stance, this societal attitude means loss of business and profits in Germany which does not necessarily weaken companies when they are able to continue business outside the country. Yet, this can also impose problems for society through the loss of workplaces. Referring to PM2's and SS3's statements, it seems that society's stance towards an issue is monodirectional and does not take arising implications into account. Another reason for the reactions of German society could be grounded in the lack of share culture. Due to the low investment rate of the German public (see Background and Context), society

might not be aware on organizational and financial implications which could arise from negative sentiments or protest movements.

IR3 and SS1 also comment on adverse effects which can arise for society when companies get into crisis. IR3 refers to the energy industry:

“Some companies have municipalities as investors. And in the end, it is on them to decide what is going to happen with the company, whether it will be split up or not.” (IR3)

SS1 refers to a company in the mining industry which used to be a family business before listing at the stock exchange:

“There is this family foundation which has always been putting pressure on the company to pay a dividend. That has done no good for the company.” (SS1)

IR3 and SS1 describe how society can directly impact companies' finances when being an anchor shareholder in companies. Both interviewees depict that the demands and policies of such shareholders overrule companies' financial needs for investments or the execution of a coherent company strategy to further develop the business. From the anchor shareholders' point of view, it is understandable that it needs dividends as source of income. However, as research in IR points to managerial foresight (Fieseler et al., 2006), this foresight would also be desirable from this type of investors as companies need money for investments to strengthen their business which would then, vice versa, benefit investors including the above-mentioned ones. The key finding here is that society, who criticizes companies for their business due to environmental repercussions or other business-related reasons is sometimes the beneficiary of these companies at the same time. Yet, due to their position interviewees do not provide evidence at this point whether this benefit is evident for society, and that weakening these companies financially can have repercussion on society such as not changing the business or loss of employment.

Shrivastava et al. (1988) posit that industrial crises incur large economic and social costs. Although the researchers refer to more disastrous events such as the Bhopal industrial crisis in 1984 or the Challenger disaster in 1986, their assumptions are also valid for my study. When companies are damaged, be it directly or indirectly through

a disaster or through socio-political development, financial repercussions are felt by companies and society.

Summary Latent Crisis Phase

The findings from the interviews show that the time assigned to the BP case study is not applicable for the topics raised by interviewees in the contemporary German context. There are several time spans which need to be considered. As already stated, Environmental Impact is a long-term development in Germany and interviewees do not assign meaning to it during the latent crisis phase. Technical changes can be deemed a mid-term development. Capital market participants argue that within some sectors, technical development facilitates business continuity, such as change of distribution channels in the consumer sector. This is contrasted by IR managers' statements from traditional industries who point out that the existing business model can hardly be changed. This suggests to be linked to the diversification of the businesses, the industry affiliation and the availability of financial resources.

During the latent crisis phase, interviewees point to a recent rise in political intervention which exerts influence on companies' business models through regulation. This resembles the findings from the BP case study in the further course of the coverage. Yet, whereas regulation within the BP case study takes place after a major accident, interviewees raise the argument that regulation has risen in Germany during recent years. This could indicate a disadvantage regarding the location capital (Duhr & Haller, 2013).

Interviewees argue that managerial misconception can lead companies into crises. Furthermore, interviewees refer to market-related developments as Financial Impact. This suggests that managerial foresight (Fieseler et al., 2006) matters at any stage of organizational life or in an evolving crisis. Interviewees' statements suggest that companies cannot influence the political and market-related developments although these arise from different reasons. This indicates that lobbying is a continuous process, which does not always work in favour of companies (IR5 in potential crisis phase).

Societal impact on companies has many shades. Indirect societal impact takes place when politics forces companies to change due to societal matters, such as ethically perceived issues like genetic engineering (SS3). In case politics or foundations are anchor shareholder of companies, society imposes a direct impact on companies. Interviewees describe this situation as dangerous for companies as these anchor shareholders urge for dividends and therefore can hinder necessary organizational change. The situation interviewees depict underlines the role of the society in which companies are located. In the end, all of these facets or impacts affect companies' finances. Nonetheless, the latent crisis phase seems to be the point of time where changes can still be implemented to avoid crises (González-Herrero & Pratt, 1996). This suggests that activist shareholders might choose this point of time to get engaged in companies.

6.3 Constituents of the Acute Crisis Phase

The acute crisis phase constitutes the peak of an organizational crisis according to the existing literature. Crisis researchers (Coombs, 2007; Fearn-Banks, 2007) posit that this phase is characterized by a high amount of organizational activity.

Technical and Environmental Impact

In the BP Deepwater Horizon disaster, BP manages to provisionally seal the oil well on 16 July 2010 (Goldenberg, 2010b). The newspaper coverage focuses on the high amount of oil which previously spilled into the ocean. Hence, no reliable estimates of the amount of oil is available. Prior to the sealing of the well, the chosen newspapers express fears that BP technically runs out of options to seal the oil well.

Whereas in previous phases IR managers and capital market participants lay out a rather general stance regarding environmental developments, IR managers with affiliation to the energy industry now refer to the Fukushima disaster:

“Investors called during normal day times and understood very quickly and said: ‘Sorry, this does not affect you directly but only indirectly’.” (IR1)

“We had to react to the requests from analysts and investors but that is understandable. They wanted to know how we would assess the potential impact.” (IR10)

IR1 and IR10 describe a common reaction from the capital market. As IR is the long-term contact partner for the capital market (Köhler, 2015), the financial community wants to have a first-hand account of how its investments estimates the ongoing developments in a timely manner. Yet, the statements suggest that companies and investors did not see the risks arising from the Fukushima disaster. Here, reference can be made to BP where investors also underestimated systemic and environmental risks before the disaster took place (Cox, 2010). Regarding the assessment of impacts through the financial community, PM1 exemplifies the process by referring to the airline industry:

“I look at it rationally because there are two elements which are interesting for me. When there is an airplane crash, there are two possible parties which

can be involved: first, the airline and second, the airplane manufacturer. Now it depends where the mistake is found. When there is a flaw in construction, it is clearly the manufacturer who is blamed. This affects the reputation of the airline, but from my point of view implications are larger for the manufacturer.” (PM1)

Despite this reflected working method described by PM1 the capital market and energy companies misjudged the political decision as “*only indirectly*” (IR1).

The misjudgment of the situation relates to an upcoming election in Germany (see Background and Context). Ironically, today there are still nuclear power plants in Japan while German nuclear plants are going to be phased-out soon. This political decision for populist reasons became a costly matter for German energy companies and their investors. Renewable energy devices must be built up and conventional energy causes additional costs as emission certificates must be acquired (Background and Context). In addition, utility companies are required to provide a base load for energy which is not reachable with renewable energy only in Germany (Stratmann, 2019). This indicates a misjudgment of the situation by politics and society. The key statement of AV in the latent crisis phase serves as explanation: society develops a critical stance over a long-term period, and politics feels that it must react when a triggering event happens. Here, a long-term historical development causes a short-term decision which then results in another long-term development, namely financial repercussions on German energy companies.

The BP case study further supports my argument in broader sense. Chancellor Merkel’s reaction is deemed to be in context with upcoming state elections. UK newspapers also connect US President Obama’s strong reactions in the acute crisis phase of the Deepwater Horizon oil spill to pressure arising from upcoming midterm elections (Louth, 2010). This shows again the interrelation between politics, society and environmental topics.

Regarding Technical Impact, interviewees explain how digitization affects the capital market in crisis situations through speed:

“It happens all automatically. When there is a crisis, the capital market reacts immediately and then within two days it’s all included in the share price. (...) That’s the problem with it today. What I deem a big crisis from which I KNOW and read was the oil price shock in the 1970s. With the Sunday driving ban.

But I wasn't there. It is therefore very difficult for me to judge. My feeling is that everything is played faster today. Even when it comes to the capital market. Maybe, I think everything used to take a little longer. And simply the communication. It took longer until the whole thing got through.” (SS3)

“Nowadays with all the fast technologies a company cannot avoid that news spreads very fast. (...) I had a case today where an independent study was published regarding a technological manufacturer. The contents of the study were perceived negatively by the capital market and the share lost 30% in the peak.” (FM)

“I actively experienced that in recent years news spreading happened much faster than before. And it happens on very many channels, all digital. And you are hardly able to defend yourself. (...) Here at Investor Relations, we must be very well informed, but it has become harder to keep up. (...) A company must be aware that news are spread around the globe within seconds.” (IR5)

Interviewees' statements show that to digitization as mentioned in the potential crisis phase enhances the focus and pressure on companies and the capital market, whereas statements of capital market participants prevail.

Yet, I can make out a contrasting development in Environmental and Technical Impact which emerged already in the previous phases. Interviewees accept the impact of digitization unconditionally as given but acknowledge long-term developments, such as the rising environmental consciousness in Germany selectively and only in an ex-post view. This suggests that the degree of the impact is important although both developments are grounded in society. Recent developments which matter for companies, such as the deployment and use of digital tools, are more in focus for IR and the capital market than long-term developments without immediate effects. In addition, it seems that the capital market rather takes a liberal market than a coordinated market stance. This is especially astonishing as shares from the energy industry, like BP shares, were considered an investment *“for widows and orphans, which should always provide a stable return”* (Milne, Oliver & Tucker 2010, p. 17).

Political Impact

The role of politics further evolves in the acute crisis phase of the BP case study. BP's conflict with the US administration tightens as environmental impact affects wildlife

and Gulf Coast inhabitants. President Obama is the most prominent figure. Tempers are soothed when a ring-fenced fund is set-up for compensation of Gulf Coast inhabitants and as soon as the oil well is sealed. Newspapers report appeals to UK politics to act as supporter for BP in the US.

Again, it is AV who makes a decisive statement regarding political impact. The investor protector's emphasis of words underlines the interviewee's irritation:

“Political influence. INCREDIBLY important. Politic intervenes far stronger and sometimes, this is what leads to a crisis, for example when they reversed the nuclear phase-out. Politics LEADS to crisis, and in recent years, it was not able to avert them. Au contraire, it had stayed out consciously and then AGAIN interfered. This strongly depends on which electoral district is affected. (...) When we feel that political prominence shows up, we realize that the problem becomes bigger.” (AV)

IR11 also expresses anger about the conduct of politicians:

“Politicians let themselves instrumentalize by the public opinion. As long as it serves their purpose for being re-elected, they show up. I remember politicians from Bündnis 90/Die Grünen coming to our annual general meeting together with protest groups. Okay, only a few people, but this makes me angry because their appearance is not about the company performance at which this meeting is aimed. (...) How can a politician let himself of herself INSTRUMENTALIZE?” (IR11)

AV's and IR11's concerns support my line of argument that a crisis which matters for IR and the capital market in Germany is not related to a one-off disaster, but to long-term societal developments which can trigger politics as depicted in the issues lifecycle (Coombs, 2017). Both statements above strengthen the chain reaction depicted by AV in Societal Impact in the latent crisis phase, that politics acts in favour of society and not for the benefit of firms. IR11's statement further shows that politics is triggered by its major stakeholders, the voter. Yet, this suggests to be a short-term view as politics is the beneficiary of companies, e.g. when municipalities or foundations are anchor shareholders as stated before. IR11 works for a pharmaceutical company whose production conditions can have effects on the environment. In the case IR11 describes, politics directly confronts the company, IR and the capital market at an event dedicated to investors.

IR1 depicts another experience regarding political influence:

“First, there was Fukushima and then there was political reaction. Chancellor Merkel said: ‘I now appraise nuclear energy in a different way’. And then the market realized (...) that part of the business is exposed to risk.” (IR1)

IR1 argues that the capital market and energy companies just realized this development when the crisis evolved from a smouldering development into an acute stage. As this finding relates to environmental topics, it supports Arvidsson’s (2014) argument that the capital market is not interested in this feature. I contribute to her findings as I am now able to argue that it matters as soon as it impacts the business of an investment which can be related to political influence.

I deem this argument also valid for BP and the Deepwater Horizon oil spill. Although the explosion of the oil rig was a disaster, the long-term political and financial repercussion resulting from environmental damage led BP into a long-term crisis which strongly impacted its finances and value for the capital market.

Politicians also use the media in their own favour in critical situations. IR2 refers to changes in the pharmaceutical sector which sometimes are not known by companies:

“In crisis situations which arise from the regulatory environment, politicians speak up in the media. Then we all get to know it at the same time. (...) And sometimes, this comes as a surprise which is not very comfortable.” (IR2)

Unfortunately, IR2 does not provide further details on the statement above, but already depicted that the pharmaceutical industry is politicized (see Financial Impact of latent crisis phase). This is also implied by IR11’s statement above.

SS3 refers to the peak of the World Financial Crisis:

“I remember, it must have been around October 2008, when the World Financial Crisis became critical. That was when Chancellor Merkel and the Federal Minister of Finance Steinbrück appeared and said that they would guarantee for everything. Although I realized before that everybody was getting nervous, at that time I knew that something big was arising.” (SS3)

Both statements suggest that political prominence shows up on the public stage when situations get critical for society or, as depicted by IR11, when politicians want to present themselves. The BP case study supports this finding as high-ranking US

politicians also make public statements to the media as information intermediary in the acute crisis phase. Yet, interviewees do not report aggressive behaviour from politicians in Germany. This could be related to the fact that no event such as the Deepwater Horizon oil spill with massive impact on environment and public took place. Yet, the development depicted concurs with the findings of Dyllick (1992) that media enhance the development of an issue to progress into a crisis.

But politics does not necessarily need to appear publicly to manoeuvre listed companies into a crisis without prior notification. IR8's crisis experience is also grounded in politics. The Federal Government prevented a planned merger of IR8's employer, a German company from the technological sector with an overseas company:

“The Federal Ministry of Economy sent the withdrawal of the clearance certificate out to us on a Friday late afternoon. And then they went off for the weekend. We were not able to reach anybody. We just had to become clear about our own situation: What does that mean for us? What does that mean for the transaction? (...) And then information came bit by bit, for example that some [overseas] intelligence service was involved. First, it was a rumour. And then, the rumour was proven that the Federal Government was urged by the [overseas] government to recall the clearance certificate.” (IR8)

IR8 recalls that no prior notice was given to the firm. The withdrawal of the clearance certificate indicates that German politics was instructed by foreign politics. This suggests that the products of IR8's employer are important to both, the overseas and the German Federal Government. Furthermore, the case IR8 describes depicts interrelations in international politics.

However, in comparison to IR1 who recalls the happenings at the start of the Energiewende in a very neutral manner, IR8 is worried when memorizing the political interference and the consequences. This differing reaction can be related to two facts. First, IR8's memories were still fresh when the interview was undertaken. Second, IR8 and the company were surprised as no long-term public debate took place. Yet, IR8 recalls warning signals:

“We realized that there was some interest taking place in the background. There were higher interest groups close to or within politics which opposed the transaction. These higher interest groups had sent out questionnaires to media

representatives. And these people travelled around and interviewed other companies what they thought about the transaction.” (IR8)

The memories of IR8 depict that lobbying activities to the disadvantage of the company took place, a topic that FM already raised in the potential crisis phase. Although IR8 describes a different way in which the crisis evolved, the intersection of society, media and politics at the expense of companies becomes visible again.

However, in a broader sense, IR8’s experience mirrors the experiences of IR1. Both companies did not commit fraud or misbehave, they conducted their business and served the demand. Both cases indicate that politics has a strong impact on companies and their business model and presumably does not consider the outcome of its short-term actions for the affected companies. These examples show the unexpected yet crucial impact of politics stemming from a sudden swing of opinion regarding nuclear power (IR1) or other interests as depicted by IR8. This becomes even more evident as German politics had shown a positive stance towards the transaction before the intervention of the overseas government took place by issuing the clearance certificate.

IR6 recalls another political intervention:

“Regional politics from two federal states was supportive, they rescued the company from a hostile takeover because they realized that employment would be endangered in structurally weak regions.” (IR6)

Although IR6 describes politics as supportive, the IR manager realizes that politics acts in favour of society to rescue employment in rural areas. Therefore, political intervention does only ostensibly take place in favour of the company.

IR9 recalls another case where local politics acted in its own favour:

“Politics always makes location policy. It was extremely important where the merged company would have its headquarter. And who would lead the company. And then politics [of a federal state] came in as an investor and then the headquarter was moved to [federal state capital] so that the new company was located there.” (IR9)

ES takes the capital market stance and refers to the case experienced by IR6:

“From a shareholder’s point of view, it was a big mistake that the takeover did not take place. Politics intervened that time in favour of employment in

Germany, that is another topic. This was politically wanted. But from a shareholder's point of view, a takeover would have been the best option as this would have been a market consolidation.” (ES)

From the capital market's or liberal economies' point of view as depicted by ES, politics acts in a distorting manner as it prioritizes other stakeholders than shareholders and interrupts the free flow of the market. Yet, IR6's position mirrors the political stance in Germany, that companies have responsibilities towards all their stakeholders and that politics could intervene in favour of society. Politics aims at rescuing employment in general and especially in weak economic areas. Therefore, it can be suggested that quite exceptionally and rather by accident, politics acted in favour of a company. In addition, a hostile takeover could have possibly endangered the position of IR6, a fact which the IR manager does not mention. This might be another reason that IR6 feels relieved that the transaction did not take place. All over, interviewees describe many shades of political influence on companies starting in the latent crisis phase.

Organizational Impact

Corporate personalities and their behavior dominate the coverage in the BP disaster, i.e. CEO Tony Hayward and Chairman Carl-Henric Svanberg. Newspaper report that BP's advertising activities related to the Deepwater Horizon oil spill are criticized by US politics and the public. BP's status as an independent company comes under threat as US oil companies seek the US Government's permission to bid for BP.

Köhler (2015) finds that the preferred contact partner for capital market participants besides the IR is the CEO. Interviewees argue that the demeanour of the highest company representative is vital before and during a crisis:

“When the reputation of the individual persons is built up in advance. (...) A strong CEO can build up resilience in advance. A strong personality who shows leadership qualities can have a pre-emptive effect in crises. This has already implications when a crisis has not happened. (...) When Mr. Rorstedt³⁷

³⁷ A successful CEO (Gassmann & Vetter, 2016).

left Henkel for Adidas, there was an immediate effect. Negative for Henkel, positive for Adidas.” (PM1)

PM1’s quote depicts that the track record of a manager matters to the capital market (Fieseler et al., 2006; Hoffmann & Fieseler, 2012). This indicates that previously built-up resilience remains in a crisis when the CEO makes no fundamental mistakes.

IR9 points out that one of the key tasks of a CEO is communication with the capital market. In case a CEO is not appreciated by the financial community in contrast to PM1’s statement above, this perception can intensify a crisis:

“Then all of a sudden it was announced that the CEO would leave. And the share price fell by 15% because nobody knew what direction the company would take now. He was highly appreciated by the financial community. And then the new CEO came in and the meetings with the capital market did not go well. He had no feeling for the capital market. And then the margins went down and then the crisis was there.” (IR9)

IR8’s quote further supports the notion that the communicative conduct of a CEO matters to the capital market in a crisis and that IR needs to mirror this sentiment:

“I told our CEO that he must be authentic in a crisis. He wanted to show a pushier tenure and I said no, the capital market does not like pressure. And then we were able to balance communications, to express how serious the situation is and at the same time to ensure investors that it is their choice how they deal with the cancelled transaction.” (IR8)

IR3 does not refer to a specific example but goes a step further:

“A credible appearance of the management helps to RESOLVE a crisis. If the board or the management is convincing as crisis manager, that helps to overcome the crisis. In case this is insecure or contradictory, this intensifies the crisis. The way the management deals with the crisis is decisive whether it continues or you can get rid of it.” (IR3)

IR3’s statement can be transferred to the literature, namely that the financial community judges the credibility of the management (Fieseler et al., 2006). This seems to especially apply in crisis times as credibility is related to communications (Bentele & Seidenglanz, 2008) and its consistency (Fieseler et al., 2006, p. 13). This goes in line with the statement of PM1 about the track record of a CEO.

IR4 and PM1 both refer to management conduct. IR4 refers to the financial sector before and after the World Financial Crisis while PM1 talks about the automotive industry:

“The impression the public gained regarding the management prior to the crisis was not related to the business. (...) For sure, things went not well, managements’ conduct was not good. There were some dazzling characters who just exaggerated communications. This is a minority of course, but they managed to discredit the whole industry. This has a spill-over effect and then the public as well as the capital market remember this in a crisis and the aftermath.” (IR4)

“They haven't put all cards on the table and they are now feeling the harshness of American legislation or the legal system. (...) But in itself, as I said, it depends on people, it depends on reputation and, um, then at least in individual cases how much this influences a crisis, I think.” (PM1)

IR4 and PM1 point out that management conduct is specifically important. IR4 points to the business purpose of the financial sector as private persons and firms entrust their money to these institutions. Although both interviewees depict this situation in a very factual manner, their statements reveal a twofold dimension of trust, namely trust in the business as well as in communications of the responsible management (Keller, 2006). This complies with the findings of Bentele and Seidenglanz (2008) that trust-building is a long-term and dynamic process.

Interviewee’s perspectives show that managerial qualities must be manifold, which means that management must not only be strategically minded and equipped with foresight (Fieseler et al., 2006), but that representational skills are vital as well. This suggests that a strong and credible personality with a good track record (ibid.; Hoffmann and Fieseler, 2012) can spread confidence that an organization will overcome a crisis. The findings from the BP case study partially comply with the findings from the interviews. Mr. Hayward received a mixed perception by the capital market (Burgess et al., 2010) while his demeanour was not appreciated by the general public. Interviewees’ statements suggest that the perception of the financial community and the general public on corporate personalities during crises is in line.

The Chairman’s role in the UK and the German Corporate Governance System differs (see Background and Context). PM1 describes the Chairman as “*last line of defense*”

for the capital market in a crisis. IR12 refers to German politics and explains the different roles assigned to the management and IR:

“(...) the chairman is the Federal President³⁸, the CEO the chancellor, the CFO the foreign secretary and the Investor Relations Manager the ambassador. (...) An ambassador is permanently on site, he is enabled to communicate in both directions, but he has no own topics.” (IR12)

IR12’s statement complies with the findings of Köhler (2015) that the capital market regards IR as an ambassador in a communication function.

IR7 mirrors IR12’s statement and refers to the German Corporate Governance system:

“The chairman must definitely stay in the background, be it in a normal situation or within a crisis. (...) In Germany, it is the board which must show up at the capital market or elsewhere. This is why we have a two-tier system. In a crisis situation, he should strengthen the board (...) or in case there were severe mistakes he should fire them. (...) But regarding communications, he must definitely remain in the background.” (IR7)

Hence, stepping forward as newspapers demanded in the Deepwater Horizon oil spill form Mr. Svanberg would not be regarded as appropriate in the German context due to cultural differences.

Interviewees do not only mention the track record of a CEO as important but also refer to the history of a company when evaluating companies. PM1 refers to the technological advancement already depicted in prior phases and recalls an example from the retail sector:

“In former times, companies were able to conceal mistakes or frauds. Today, because of fast-spreading news where we can do research on our own this is no longer possible. I covered retail organizations previously. There was this scandal regarding mincemeat. And the that-time CFO of one retailer came and denied everything, he said that this was a single case only. We did not believe them anymore because they already lied before.” (PM1)

³⁸ A mostly representative tenure.

PM1 further refers to transparency, another major goal of IR (Köhler, 2015; DVFA, 2006). PM1's statement depicts that missing transparency constitutes a serious breach in the relationship between a company and the financial community.

IR10 reflects PM1's statement that companies' conduct can disturb the relationship with the capital market:

"I just know that the capital market does not forget how the company coped with an issue. And this clearly has an impact on trust." (IR10)

SS2 confirms the sentiment expressed by IR 10 and PM1 and points to the vocational role:

"Of course, when the company has a bad track record, then you can assume that this will not change in future times. This is a structural problem, and this influences my perception." (SS2)

IR10 and SS2 refer to two interwoven intangibles, trust with reference to management conduct and history of the company. This shows that communicative relationships have antecedents and consequences (Broom et al., 2000).

AV provides a positive example as opposing view and refers to the company history within the pharmaceutical industry:

"You are much more relaxed when you know that a company is sued when it had already proven in the past that it is able to cope well with litigation. For example in the pharmaceutical industry. Then you think: Okay, they are going to make it this time as well." (AV)

IR2 works in the pharmaceutical industry and provides insights:

"Litigations from patients' families happen occasionally. It was medication X or treatment Y. Nevertheless, you must keep in mind that our patients are multi morbid. When they are treated with our products, they have pre-existing illnesses. And when something happens while they are treated, then the families relate their death to us. Even if the reason for the patient's death is grounded in another cause. Because medication of patients takes a lot of time, and even if they suffer from a heart attack, it is related to our medication. Regrettably, this happens on a constant base, daily business, when you operate in an area where people die on a regular basis in a time span between 4 to 6 years. This is a difficult area. Remember the social media issue." (IR2)

AV's and IR2's statements suggest that the pharmaceutical industry is no stranger to litigation due to its business purpose. IR2's statement indicates that litigation is concerned with individual cases rather than with class action lawsuits which arose for BP during the Deepwater Horizon crisis. This finding indicates that the impact of litigation needs to be assessed on a case-by-case basis. In addition, IR2 refers to social media which indicates the steady availability of this electronic communication medium. IR2 relates the use of social media again to society.

ES mirrors the case-based approach with regard to the airline industry:

“In case an airline experiences a crash twice, one shortly after the other, then it is difficult to separate the first crash from the second. But you do not know if the trigger from the first accident was the same trigger like for the second accident. But there is a risk that the consequences amplify.” (ES)

Interviewees' statements and the BP case show that the crisis history and proneness of a company matter to the capital market. In this vein, PM1 refers to BP's numerous accidents and argues that these have consequences:

“BP is excluded from some sustainability funds because of their high accident rate. This is an early indicator.” (PM1)

Excluding the shares of certain companies such as BP from funds is a risk-mitigating measure of the capital market. Yet, IR as department responsible for the link to the capital market within an organization has no influence on the track record of a CEO or a company. As depicted by IR8, IR is only able to advise the management regarding the current communicative conduct. Hence, communicative duties for IR can be inconvenient as the function is not able to exert influence on the company or the financial community but can only mirror the sentiments back.

Financial Impact

Newspapers focus on several topics within Financial Impact. These are pressure on the share price, BP's rising leverage level and the possibility of a hostile takeover from US oil companies.

During the acute crisis phase, interviewees' statements show a high degree of congruence with the newspaper coverage on financial topics.

Research participants deem the share price as an important indicator at any time. Yet, IR managers show a far more defensive attitude towards the development of the share price:

“The share price broke down in the crisis. That is the negative thing. (...) And of course, this has impact as investors are unhappy accordingly. And they want to know why this happens, what is happening in the background.” (IR8)

IR4 and IR5 provide rather general explanations regarding share price developments. Both assign the share price development to management decisions:

“You must have a differentiated look at the share price performance. You cannot assign general responsibility to Investor Relations or to crisis communications regarding the share price. However, Investor Relations should care that the share price reflects the fair value of the company. The share price should reflect the plan and the deviation. But it is the management and the operating units which are responsible for the performance. Then it is either bad communications or a problem in operations.” (IR4)

“If you look at it from outside the share price depicts the visibility of the company. But the risks which impact it are not within the responsibility of Investor Relations. We can offer a recommendation. (...) We do not make decisions, these are made by the management. And sometimes, the management does not decide in favour of the market but takes another strategic direction. There are decisions which will benefit customers or employees but which the capital market regards as nonsense.” (IR5)

Interviewees' statements comply with the existing literature. Whereas IR is a function dedicated to the capital market with consulting tasks towards the management (Köhler, 2015), the management and the company strategy are vital for the financial community (Marston, 2004; Fieseler et al., 2006; Laskin, 2016). This suggest that managerial decisions can lead to reactions at the capital market. In addition, IR5 depicts the view of a coordinated market economy, showing that the management seeks to balance different stakeholder groups' interests. This goes in line with Arvidsson's (2014) findings that the capital market does not favour expenses for other stakeholders which influence companies' finances. In addition, IR5 points to two important non-financial factors or intangibles, namely customers and employees. Hoffmann and Fieseler

(2012) depict customer service and satisfaction as significant driver of the perception of a firm at the capital market. This complies with Grüber's (2014) findings where financial analysts assign high importance to customer capital. Yet, these findings from the literature and IR5's statement suggest that these two non-financial factors become important as soon as the company perceives costs related to these two groups of organizational stakeholders.

SS1 and SS2 also acknowledge that share price reflects multifaceted impacts but put the development in their working context:

“No, um, the share price performance in the past shouldn't really matter. Because in principle I have to look at the figures and the forecast status today and derive an evaluation from it and then make my recommendation. And that has nothing to do with past performance. But if a stock performs well and the company delivers good figures and IS well managed this can be interrelated. (...) But in the end the whole thing is of course driven by the figures.” (SS1)

“The share price performance is the result. You look at the different key figures, such as balance sheet ratio or debt ratio. You have your toolbox and then you see how the company is doing. And this is the same in crisis situations.” (SS2)

The statements from IR managers and capital market participants differ as they depict the particular meaning for their vocational fields. As stated by IR12 in the latent crisis phase, the IR manager is obliged to the company and not to the management or the capital market. This indicates that capital market participants are also obliged to their employer, but their working focus is different. Sell side analysts have a multiplying function at the capital market. Therefore, this influential group does much research on the companies they cover (Fieseler, 2008) to make out potential sources of influence on the share price.

Newspapers further cover the financial situation and the leverage level of BP. This key metric comes under pressure when liabilities for BP rise because of clean-up and compensation costs. Interviewees acknowledge that companies' financial situation can tighten during an acute crisis.

IR9 depicts the general importance of financial matters:

“The crisis is relevant for the capital market when the financial and the earnings position or the profit of a company are affected.” (IR9)

SS1 refers to the consumer sector and describes effects that can worsen the financial situation. SS1 mentions another intangible, the relationship of companies with their suppliers which Grüber (2014) classifies as external capital:

“In case suppliers insist on advance payment in a crisis this can severely impact the working capital and push a company in crisis further in the downward spiral.” (SS1)

IR12 argues in a similar way:

“In the end, things accumulate. In case the organization is already in a financially weak position or it is assumed that it is. Then, there is a loss of trust, and maybe shareholders will leave the company or customers do not use the company anymore or suppliers do no longer use the company’s services. Then, no more advance payments are made. And then the crisis gets existentially threatening, (...) then there is a loss of control.” (IR12)

IR12 refers to trust in companies and further depicts the systemic character of a crisis as the IR manager connects further stakeholders’ reactions in crises which impact organizations. The IR manager’s statement can be related to IR5’s statement regarding the share price as it depicts how other stakeholders matter to the company and therefore affect the capital market.

IR6’s statements refer to all phases regarding Financial Impact. IR6 refers to the market-induced developments depicted in the latent crisis phase and reflects the company’s view:

“Of course the market-related price crisis had a massive impact on our financing capability. But we did not want to close down plants.” (IR6)

SS3 and IR7 refer to rising indebtedness and argue that effects on key financial metrics put further pressure on companies. SS3 refers to a company within the basic material sector which strongly depends on the business cycle:

“You have bank loans, that’s clear. Then you must check, are there covenants³⁹? What do these look like? What are they linked to? Is this

³⁹ Collective term for additional contractual clauses or ancillary agreements in credit and loan agreements with companies. Covenant agreements impose certain obligations on borrowers or debtors (Hölscher, n.d.).

something which reacts to short earnings decline? Or are there other covenants which are more stable, then this short-term problem does not exist. You have to watch out for this. I covered a German company in the [basic materials] sector. They had a redeemable bond, and that is like net indebtedness in relation to equity. 150% is the maximum. And like in a regular pattern, they break this hurdle. And once in a while the market can deem this critically. At the moment no bank will get something ready for them. (...) In case you buy this waiver, which of course costs some Euros, this is then carried on for one year. But this is something you have to keep an eye on. Clearly. Because in a REAL crisis situation this can be a problem. In the normal business cycle like today this is no problem. But in case a crisis arises this can be a coffin nail for the company.” (SS3)

“Yes, but I can remember one of the big crises. It was in winter when an article was launched in [a renowned newspaper], that the [company] had a liquidity problem. In fact, the company had no liquidity problem until that day, but then it had one. Because, um, if you have a 1.5 billion D-Mark credit line with one of the big German banks and the newspaper says you have a liquidity problem, then if you want to use the credit line, then you have a liquidity problem because the line will not be provided to you. Now you can speculate about who launched the article, um, I don't want to expand that now. That doesn't matter here, BUT that's the date where you can say it started. Of course, it started much earlier because the problems behind why you need a 1.5 billion D-Mark credit line did not arise over night but they naturally developed and developed in-house as an internal crisis.” (IR7)

IR7 and SS3's depiction of liquidity problems points to far-reaching problems. SS3's statement is particularly valid and requires further explanations on finance. Leverage imposes a far higher risk on companies than raising equity as leverage always requires paying interest rates. Equity does not necessarily involve a dividend payment for a listed company. SS3 puts a finger on the weak spot when referring to the leverage effect of debt. Covenants, as explained in the footnote, multiply the financial risk for firms because the debt ratio rises automatically when the share price decreases. Fieseler et al. (2006) argue that a good relationship with the financial industry is important for the capital market. The situation described by IR7 and SS3 points to the contrary, that over-indebtedness leads banks to no longer support companies. This mirrors the findings from the BP case study. Banks started to support BP again as borrower when the financial situation improved again after the peak of the crisis. Findings further indicate that non-financial factors like falling demand can impact companies' finances.

Therefore, SS3's argument indicates that a company should be cautious regarding its finance practices as a disproportional debt ratio can be decisively critical in a crisis and lead a company into insolvency.

SS2 depicts this scenario as a downward spiral:

“This is a creeping process and finally you will see it in the development of the figures. And when it becomes worse over the years, then there is no way out.”
(SS2)

In the instrumental case study, chosen newspapers refer to rating agencies as further influential player on the capital market who can worsen the financial situation of a company in crisis. BP experienced a downgrading of its credit ratings which makes financing difficult and expensive.

Interviewees confirm that ratings from the big agencies matter:

“In case a company is downgraded by rating agencies this has a negative influence on my estimates.” (SS2)

“[Rating Agencies matter] actually indirectly. On the debt side, I think enormously important. Partially it is important for us when covenants are torn. Yes. And thus, the company can potentially be forced into corporate action.”
(ES)

SS2's and ES's statement show that the publication of ratings is another feature of investor capital (Grüber, 2014; Duhr & Haller, 2013). Downgrading puts pressure on companies with need for capital as these lead to increasing costs as explained by SS3. IR2 further points to the long-term repercussions of this effect on companies' debts:

“In case you have a rating from a credit rating agency and your outlook is negative, and you have a high capital demand, the situation can become existentially threatening or very EXPENSIVE. Because even if you manage to overcome the crisis there are still the high finance costs. And the costs will remain over a long time.” (IR2)

IR5 argues that maintaining a credit rating is important and also relates this to the financial situation:

“The rating agencies looked at our debt ratios. What they considered positive was that we shifted the pension system from defined benefit to defined

contribution. And because the burdening from the pensions were not so strong anymore, we were able keep the credit rating.” (IR5)

Since the capital market is especially interested in the outlook of a company (Marston, 2004), IR2 and IR5 point to another financial facet. Negative ratings indicate to extend the crisis for companies due to further financial pressure (Shrivastava et al., 1988).

Interestingly none of the interviewees referred to other conservative ways of financing as stated above. This suggests that IR managers as well as capital market participants regard the capital structure of a company as a given fact. The reason for not mentioning this opportunity could be grounded in the vocational field of both groups. It indicates not to be their task to suggest changes to or amend the capital structure of a firm. The findings of Köhler (2015) indicate that IR managers partly regard themselves as finance or integrated function. Yet, interviewees show awareness regarding finance issue but do not posit that they contribute to financing.

Interviewees' statements indicate that financial deficiencies can seriously weaken companies. Newspapers report on BP' financial vulnerability in the Deepwater Horizon oil spill and link this to the risk of a possible hostile takeover within the acute crisis phase (Financial Impact).

While newspaper express fear that BP might lose its status as an independent company, capital market participants deem a hostile takeover positive:

“Takeover or takeover offers are positive. I would rather deem that positive for the share price.” (SS2)

“Basically, a takeover is always good for the market. In case of a hostile takeover, the share price will rise. And a hostile takeover always means market consolidation. In times of crisis, this will even take the edge off the crisis. Because a takeover means that the business has a future. There is somebody who has trust in it.” (SS3)

SS2 and SS3's statements depict the financial community's view which is rather the one of a liberal market economy. A hostile takeover creates synergies which the capital market deems advantageous. This is a good prospect for the capital market but possibly not for the affected company as depicted by IR 6 who experienced a defense against a hostile takeover:

“We were lucky because they wanted to take us over at the peak. One year earlier they would have well been able to do so because we would not have any power to stem against this.” (IR6)

Again, IR6 depicts the hostile takeover as major threat which suggests again that the position of the IR manager would be threatened by such a transaction (see Political Impact within this phase). Capital market participants’ statements are contrasted by the newspaper coverage in the BP case study where newspapers depict the fears of investors that BP might lose its status as an independent company. This could be related to the different circumstances in which a hostile takeover could take place and that newspaper rather tend to take a societal stance (Janik, 2002).

Societal Impact

Newspapers in the BP case study predominantly report on the set up of the escrow fund which serves to meet claims arising from the environmental damage. The chosen newspapers further raise the halting of the dividend, filed lawsuits from Gulf Coast inhabitants and public reactions to BP’s inability to seal the oil well as topics.

During the acute crisis phase, interviewees do not recall any topics which relate to societal matters but refer to the media’s role as representative of society as already depicted by AV in the latent crisis phase. This complies with the findings of Dyllick (1992) who argues that media attention reflects the public’s interests. IR8 mirrors this sentiment in Political Impact where the IR manager refers to questionnaires which interest groups sent to the media. This further depicts that the media can support to trigger a crisis.

PM2 assigns the media a disturbing role from the capital markets’ point of view:

“[I would consider media] rather destructive in a crisis. The media cause panic not only regarding companies which is absolutely unnecessary. And then, they partially cover topics which are not at all related to the company or the crisis. Sometimes you read stuff which is not depicted correctly. And this is why it is so important to reach somebody from Investor Relations department directly so that things can be clarified.” (PM2)

PM2 does not confirm the findings of Davis (2006) that institutional investors hardly use the media to gather information as the buy side representative admits that the media have the potential to influence the own perception so that PM2 turns to the company for more detailed information. This, in turn, confirms the findings of Davis (2006). This could further suggest that the media reputation assigned by Fieseler et al. (2006) might only play a minor role for the capital market.

AV argues in a different manner and goes even further when referring to the aftermath of a crisis. Yet, AV confirms the suggestion of Fieseler et al. (2006) that reputation matters when related to the media:

“In an organizational crisis, there are two big construction sites: first, the resolution of the crisis and second – what do the media make out of it. And even if a crisis can then be resolved media can have done so much damage on the general reputation that a company can hardly get back on its feet.” (AV)

IR10, SS3 and IR12 refer to the focus of media coverage:

“It depends on what company you are working for. If it is a well-known brand in the B2C sector, then the media will watch you. But not if your company is a minor [industrial company], that’s not interesting for them.” (IR10)

SS3 refers to the World Financial Crisis and refers to Fieseler et al.’s (2006) argument that companies are defined by their representation in the stakeholders’ minds:

“Enhancing factor. They enhance the whole. They intensify the rashes. Because basically, the crisis is often made in your head too. I could say now (...) that’s just one thing, it affects a few banks. (...) But because of the pictures I would say that suddenly there could be a bank run in some countries. In London there were a few banks that went bankrupt. And you see these people on the street. (...) The bankers who rush out of the building.” (SS3)

“Preferably they depict (...) individuals. At the end of the day I observe an alarming tendency that everything we do here is focused on a single person. Today the CEO is present in the German media and everything that happens in the company is focused on him, and this is how it is in the media. They pick single things; how did the board managers act in what situations.” (IR12)

IR12’s statement confirms the coverage of the Deepwater Horizon oil spill. Organizational Impact is dominated by coverage on CEO Hayward. Moreover, interviewees’ statements mirror my own experience, namely that publicly known

companies are rather in the focus of the media. BP is a well-known and important company in the UK which reflects IR10's statement. Interviewees' statements confirm Janik's (2002) findings that the focus of the media and the capital market's public differ. Yet, they argue that media coverage has an influence.

FM1 argues that the media have different working procedures than the capital market which could be seen as another explication for diverging interests:

“One must understand that the media work under enormous time pressure. Presumably, some journalists would like to get to the bottom of things. Then there is the editor in chief who is breathing down their neck and says: the editorial meeting takes place at 3.00 p.m. and things have to be ready by then. Not to mention the news agencies who want to get things published as fast as possible. For these agencies seconds matter, they want to get out the news five seconds earlier than the competitor.” (FM)

Although speed matters at the capital market, especially since the introduction of digital communication (see Technical Impact in latent crisis phase), FM's statement indicates that the capital market requires more depth of information than newspapers can offer.

Yet, interviewee's statements comply with the findings of Davis (2006), who argues that the financial community treats media information cautiously and relies on personal contacts with the board or IR or use their own tools as depicted in the potential crisis phase.

Newspapers refer to the brand of BP as feature of the public protests against BP. As brands visualize a company in the public, I locate the findings in Societal Impact. IR10 argues that well-known companies with a brand name are more interesting for the media, which IR12 relates to well-known CEOs.

The statements of FM and ES confirm this notion as they do not regard the brand as an important feature for their evaluations. FM provides an example:

“From an investor's point of view, I would rather say that profit and a clear strategy are more important for a company than a brand is. One could cite

Nokia⁴⁰ as a counterexample. I heard from private investors who were exited during the years 1999 or 2000 to have bought Nokia shares. They argued: I have a mobile phone from Nokia and so do my friends, so that company must be great and this is why I buy the share.” (FM)

ES does not show any brand affinity either with regard to the own working environment:

“This is an intangible and you can’t get profit out of that. But for sure it is psychologically important for some people. But rather regarding the products. And that does not mean that big brands can’t become insolvent.” (ES)

IR6 explains why the brand does not matter in the commodity sector:

“We do not have a brand. (...) Often, people even do not know what our products are.” (IR6)

Interviewees’ statements require further explanation. Most DAX companies are located in the production sector whereas not many companies of the consumer or B2C sector are listed, which might be the reason for this lack of importance. Yet, brands are related to customer capital (Grüber, 2014; Fieseler et al., 2006) or branding and pricing strategy (Fieseler et al., 2006). Yet, Fieseler et al. (2006) rank brand strength in their category customer relations lower than the branding and pricing strategy. Hoffmann and Fieseler (2012) relate branding to innovation and technology leadership besides brand strength and branding acumen and thus, to the successful communication of these achievements. The association to customers might suggest that brands matter indirectly as it depends on the customers’ will to buy related products. Another reason for the low evaluation of brands could be grounded in the negative connotations related to the new economy bubble. Here, companies used marketing activities to promote their shares within initial public offerings (Köhler, 2015, p. 274). Yet, these marketing activities mainly targeted private investors. After the breakdown of the so-called new market, many private shareholders refused to further invest in shares. Due to this experience, the share culture in Germany is still low (see Background and Context).

⁴⁰ A very successful manufacturer of mobile phones before being ousted by smartphones (Ankenbrand & Nienhaus, 2011).

This finding leads back to the crisis communication literature which is concerned with image restoration and safeguarding reputation during a crisis (Coombs, 2007). Although I do not deem the theoretical concepts feasible for my study, I ask research participants whether these intangibles matter to them. Interviewees' answers are unequivocal, namely that they consider these facets not to matter to IR or the financial community:

“As an analyst I look at the financials and how a company can digest a crisis. This is not related to reputation or image.” (SS2)

“Image depends EXTEMLY on the product, that it is reliable. This does not have anything to do with a brand. We do not have a brand.” (IR2)

Regarding image, only IR2 relates image to the company's products, which refers to their functionality but not to their brand.

“Reputation at the capital market is rather related to transparency, whether you publish in a truthful manner.” (IR10)

“Reputation at the capital market is related to the perception there. But this refers to the performance and availability.” (IR9)

Here, my findings partially match with the existing literature on non-financial factors. Fieseler et al. (2006) as well as Hoffmann and Fieseler (2012) relate reputation to media and public reputation and argue that this facet matters to the capital market for evaluative purposes. Fieseler et al. (2006) rank corporate reputation relatively low as well as Hoffmann and Fieseler (2012) who find that media coverage and public reputation receive the lowest importance. Here, the statement of IR12 suggests an interplay of the focus of media coverage and the management. PM1 relates reputation to the management and refers to resilience built-up in advance (see Organizational Impact in this phase). PM1 further relates delivery chain⁴¹ matters to reputation. This complies with Hoffmann and Fieseler (2012) who posit that regarding reputation, financial analysts take a company's relationship with customers and employees into account as well as the public sphere which is represented through the media. Yet,

⁴¹ Reputational risks within the delivery chain can arise from child labour, bribery or violations of compliance and CSR guidelines (Karlsson, 2014).

interviewees' statements on reputation and media conduct do not directly comply with these findings as they relate reputation mostly to the company's performance.

AV assesses reputation in a different way:

“(Reputation) very IMPORTANT. Attention: extremely vulnerable during the crisis. You have to be careful, if you have a high reputation which is equal to high trust, you have to deliver. So that it remains. Yes, history and reputation intertwine, reputation arises from history. It is actually the same, but reputation is then a deer, which is very shy and flits away quickly.” (AV)

Interviewees' statements suggest to be in line with the literature that reputation is a multifaceted concept with numerous definitions and that no unique definition exists. Regarding the factors mentioned by Bebbington et al. (2008), one could argue that these features are already perceived through the capital market as they comply with some non-financial factors combined with financial performance.

Yet, the minimum requirements for finance research (DVFA, 2018), a guideline for financial analysts, does mention reputation in the metrics. Investment company Union Investment (2018) provides a concept for reputation risk management for financial institutions. The investment company suggests the following reputation drivers to implement measurands: societal demands, financial performance, quality of internal processes and customer satisfaction (Union Investment, 2018, p. 27). Yet, the suggestions from Union Investment show that reputation measurement is conducted separately from other finance research. In addition, all drivers besides societal demands are based on key figures which underline the financial character. This might explain the focus of the majority of interviewees on financial matters. Furthermore, Storck and Liehr (2009) argue that the measurement of reputation depends on the stakeholder group. The authors posit that the measurement concepts related to each group are often conducted separately which constitutes a weakness (Storck & Liehr, 2009, p. 264). These findings further indicate the complexity of reputation and its multifaceted meanings depending on the context.

Summary Acute Crisis Phase

Interviewees' statements indicate that the acute crisis phase is a relatively short-term period (Lim, 2017). Interviewees' statements further posit that Environmental and Technical Impact come into force during the acute crisis phase. Referring to IR1's and IR10's account, indirect Environmental Impact can be the cause of a sectorial crisis. Both interviewees exemplify that the Fukushima disaster hit the German energy industry hard, which IR as well as the financial community did not perceive correctly at the point of time the disaster happened. This example as well as the story of IR8, where politics hindered an international merger depict that political intervention can happen at any time and drive companies into a severe crisis even when the triggering event is not located directly in the company or in its home country. Politics sometimes use the media for their support as in case of the Energiewende while non-public political action as in case of IR8 can have the same negative effect. Technical Impact is a direct impact as digital communication causes faster reactions at the capital market. Here, media enforce a negative development due to the focus on non-capital-market related topics. This confirms the finding of Köhler (2015, p. 359 et seq.) that the media as well as technical innovations (Köhler, 2015, p. 351) influence the development of IR through enhanced speed. Media further act as agenda setters (Köhler, 2015, p. 359) as they publish on companies' topics. Politician's use of media in crisis point to an intersection here. Yet, interviewees admit that the media have an influence on organizations as they deem the coverage not to be focused (PM2) or constructive (AV, SS3).

With regard to Organizational Impact, a CEO with a long-enduring sector experience and a positive track record could be a mitigating factor. Interviewees further posit that the track record of an organization has the same importance for the capital market, which PM1 exemplifies with BP's accidents.

In case a company's finances are already burdened, a crisis can further affect finances because of higher costs for leverage. These costs can arise from companies' finance methods and the downgrading of credit ratings. Impacts on finance can arise from the company's handling of these or from external factor like pressure on markets through external factors related to the macroeconomic environment, e.g. downturn of demand, changing consumer behavior or political action as described above.

All impacts taken together suggest that the situation tightens for companies. The features of Political, Organizational and Financial Impact resemble with the findings from the BP case study.

6.4 Constituents of the Post Crisis Phase

According to the existing crisis literature, the post crisis phase is characterized by evaluation, learning and other post crisis activities (Coombs, 2007). Further authors point to recovery in the aftermath of a crisis (James & Wooten, 2005; Mitroff, 1994).

Technical and Environmental Impact

Newspapers in the BP case study report that BP finally seals the oil well in August 2010. In the further course of the coverage, Technical Endeavour and Environmental Impact does no longer receive attention through the media. The Financial Times from 29 November 2010 refers to the environmental and financial risks of investments in fossil energy (Cox, 2010).

While environmental topics show a long-term developmental path related to society and politics in previous phases, interviewees also make no further specific reference to Environmental Impact. Only two statements are available which reflects the low level of interest regarding Environmental Impact:

“[Measures regarding pollution] have improved very much in recent years. This is complaining on a high level, especially in Germany. This is far more problematic in other countries. I remember about two years ago there was a rupture of a dam in Chile. The wastewater of a mining company flooded one or two villages. Of course, that is no good. (...) And you see that reflected in the share price. But I never experienced such things here.” (SS3)

SS3 refers to preventive measures already taken in Germany regarding accidents with environmental repercussion. SS3's statement reflects PM2's view in the potential crisis phase where the buy side representative refers to the own Eastern European roots and argues that Germans overreact regarding environmental protection. Although SS3 is German, the sell side analyst maintains a similar view. As both interviewees come from the capital market, this suggests again that this vocational group is only interested in repercussions when they concur but not in preventive measures, especially when they affect profits (Arvidsson, 2014). Hereby, they take a liberal market-stance.

IR7 also refers to accidents but goes further:

“I presume it is most difficult to assess the long-term impact on an organization. In case of an accident, I can work on avoiding such incidents in the future. (...) But maybe there are other changes going along with that. When you look at companies who use the environment or pollute it, then it gets difficult. When regulation is amended then for the benefit of the environment. And this can lead to a substantial crisis for such companies. I don’t know, commodity producers maybe. Because then, things which used to work for the last 50 years do not work anymore. And some sectors or players may just vanish. And then this is a substantial change for all, the company, its employees, the location.” (IR7)

IR7 provides a reflected and forward-looking view although the IR manager does not recall an actual example of affecting pollution. More importantly, IR7 points again to the influential power of politics on organizations in environmental matters.

IR7 refers to commodities, a sector where pollution unfortunately takes place on a constant basis as depicted by IR6 in previous phases. IR7 also points to the long-term development of Environmental Impact and that companies’ situations in pollution-causing sectors can change relatively fast. IR7 also refers to repercussions on society arising from such changes. Here, IR7 describes the follow up to the chain reaction AV depicted previously, namely that society urging for change may not be aware of the consequences. IR7 further depicts that history matters in many ways.

Political Impact

In the BP case study, newspapers focus on the US Government’s litigation against BP. Before, newspapers refer to the financial implications of regulation such as rising costs for the whole oil industry and that regional business could move away from certain areas because of regulation (McNulty, 2010).

In the preceding phases, interviewees reveal that politics constitutes a strong impact for IR and the capital market. Politics sometimes acts even without pressure regarding

environmental protection as SS2 and SS1 describe below. Both refer to the national air traffic tax which is exclusively applicable in Germany⁴²:

“The national air traffic tax which only exists in Germany is politically wanted for reasons of environmental protection.” (SS2)

“At the time the national air traffic tax was introduced in Germany there was a negative impact for the sector. But there are two sides of the medal. Of course, national carriers experience the strongest financial impact. On the other hand, capacity was reduced from foreign carriers so that national carriers came into a better position.” (SS1)

It needs to be mentioned that the national air traffic tax was implemented by the Federal Government without any specific triggering event besides the rising environmental consciousness in Germany. Yet, impact was to some extent mitigated through market-related circumstances as stated by SS1.

IR1 and IR10 both work in energy-intensive industries, energy and basic materials. Therefore, their employers are also affected by regulation, this time a European regulation (see Background and Context):

“The implementation of the CO2 regulation impacts companies. This is a rather creeping process. A rising price can break companies with a precarious financial situation.” (IR1)

“If free certificates for CO2 are stopped, some industries like the steel industry which is very energy-intensive, are likely to become unprofitable.” (IR10)

From an IR or capital markets' point of view, such taxes or certificates are competitive distortion which weakens German companies financially. Besides competition, companies with higher financial burden like taxes and duties are a less attractive investment as the income of these companies is further reduced.

ES argues that the US, a country with a liberal market economy, rather aims to protect its companies:

⁴² Since January 2011, passenger flights from Germany are imposed with the air traffic tax (Bundesministerium der Finanzen, 2011). The tax aims at creating incentives for more environmentally friendly behavior (ibid.).

“An example which was often referred to regarding political influence are US airlines. After major crises the airlines filed for creditor protection under chapter 11 of US insolvency law. And then they can pay their debts and there is no market consolidation.” (ES)

SS3 describes that regulation can have contrasting effects even within the same sector:

“Regulation needs not always be negative. In case something is subsidized by the government then this is a big help. If subsidizing for alternative energies continues this can be very bad for traditional energies. (...) Or when there are import duties for certain goods. In case a government wants to strengthen some industries, then they impose import duties for foreign goods. This can happen here or abroad. I have an example from the chemical industry (...). There is this company which is one of the few producers of the raw material for solar panels. In case China wants to weaken them, they impose import duties. But then, China and the company find an agreement and then things calm down again. This happens every other year. And this is important for my work, because from this point on, import duties are imposed, the business model of the chemical company is no longer existing.” (SS3)

SS3's statement shows again how much power politics has over companies, not only in a coordinated market economy like Germany. Here, regulation is used to the disadvantage of foreign companies for protectionist or political reasons. This is a contrasting position to German regulation which burdens its own industry as SS2 and SS1 describe for the air traffic tax. Fieseler et al. (2006) found that market restrictions matter to the financial community, which SS3 depicts. SS3's comment further emphasizes the importance of the intangible dependence on customers (Grüber, 2014) and location capital (Duhr & Haller, 2013). This further shows that the markets in which companies are active matter (Fieseler et al., 2006).

Regulation cannot only affect companies regarding environmental issues but also after other crises. FM and IR4 refer to enhanced regulation in the financial sector after the World Financial Crisis:

“There were some litigation risks with banks for a while. And these are related to requirements because there is always the question if I have to make provisions for these litigation risks. And as far as I know, the requirement of the auditors is that these provisions need to be made when these risks are likely to come into effect.” (FM)

“The approach regarding banks changed massively. The Basel legislation regarding capital endowment. The settlement mechanisms and the obligation to a living will which provides how a bank would be settled or refurbished. This is based on the experience with Lehman Brothers, the chaos which no one ever wants to go through again. Not politics, not the public. (...) But we must consider how we can remain attractive for our customers. (...) And then management decisions must be amended.” (IR4)

FM and IR4 explain that the larger capital endowments imposed through politics benefit bank customers and thus, in a larger sense, the general public which both regard as positive development. As the World Financial Crisis was caused by financial institutions themselves, politics – especially in coordinated market economies in Continental Europe - reacted to protect bank customers (see Background and Context). SS3 recalls the reaction of German politics in Political Impact in the acute crisis phase.

Historically, Germany has never been an important worldwide banking place, now with only two international institutions who were severely weakened by the World Financial Crisis. The German financial landscape is rather diversified, with strong savings and cooperative banks which act autonomously within umbrella organizations (Gilquin, 2014). Banks located in the liberal market economies are well off again as explained in Background and Context. German banks are no longer able to offer competitive products which is also related to the ongoing zero-interest rate as imposed by the ECB. This finding refers again to the importance of location capital (Duhr & Haller, 2013) and the attractiveness for customer (Grüber, 2014). Then, a further relation to employee turnover (Hoffmann & Fieseler, 2012; Grüber, 2014) can be drawn as the current situation of banks leads to costly layoffs (see Background and Context). Here, I can refer back to another statement made by SS3 in Societal Impact within the latent crisis phase where the sell side representative refers to the ban of genetic engineering in Germany. This kind of competitive distortion can potentially lead to the withdrawal of production and investment in Germany, which would then result in a loss of knowledge and employment. This indicates that political engagement resulting from societal pressure can result in contradictory effects. Yet, regarding banks, managerial behavior led not only to a negative perception of banks in society (as described by IR4 in the acute crisis phase) but also to the World Financial Crisis.

Organizational Impact

Newspapers report on three major topics in the BP case study: BP's launch of its own investigative report into the accident on the Deepwater Horizon oil platform, the arrival of the new CEO Bob Dudley and organizational restructuring.

FM and IR7 both refer to organizational change and learning as a positive feature in the aftermath of a crisis. While FM draws on a specific example, IR7 makes a more general statement:

“In some sectors, and I would like to refer to airline business here, there is a very positive error culture. Because when a disaster happens, there is an immediate and thorough examination why it happened and how it can be avoided that the same mistake is made again. Such error culture would be helpful in other branches so that events do not happen twice.” (FM)

“There are vital points for the successful resolution of a crisis. There must be a very open communication over hierarchies, that the manager in charge gets all information. (...) So that mistakes can be avoided. And management must be willing to listen and dedicate itself to the resolution of the crisis as well.” (IR7)

FM's reference to the airline industry depicts that error culture is vital in sectors which directly affect human life. This suggests that error culture is not inherent in other sectors. Both statements concur with the crisis management literature where organizational learning is a feature of some crisis lifecycle models in the post crisis phase (Coombs, 2007; Seeger Sellnow & Ulmer, 2003 James & Wooten, 2005). Fieseler et al. (2006) refer to internal communication as a cultural matter within organizations, as management should lay out its goals to the company's employees as depicted by IR7. Grüber's (2014) findings on communication within the firm suggest a low importance of this intangible to the capital market. Yet, interviewees' statements and parts of the literature suggest that learning and communicating are interwoven tasks after a crisis.

ES and IR4 argue that keeping management in place which misjudged situations is a mistake:

“In best case the management gets the grip on this fast. As a rule or in best case with countermeasures which are implemented by the management fast and

with emphasis. In worst case, problems are not realized or are ignored. Bad examples are when an acquisition went wrong, bad strategies or mistakes were adhered to and the persons who caused this are held in the company.” (ES)

ES depicts the importance of the interplay between management and strategy. The capital market participant’s statement can be further related to the instrumental case study, where Andy Inglis, who lead the division which was responsible for the Deepwater Horizon accident, left BP in mutual consent (Webb, 2010h) in the post crisis phase.

“I believe it was difficult for the supervisory board. The chairman came in at the same time as the CEO. And when you slip into the shoes of the chairman, there was a CEO who built up a business division successfully and knew it better than anybody else. And by this he is in an unparalleled position to manage the business division as well as align it. Because he really knows how the market works what is up on the market, what is not running well at the market. From my point of view, this is the reason why the supervisory board adhered so long to him. And you must be very, very sure until you bring somebody else into the company who is less affiliated with the business. But finally, shareholder pressure at the annual general meeting was too strong when the approval rate was that low.” (IR4)

While ES makes a general statement without direct link to any company, IR4 recalls the situation from a financial institution. Interviewees already raised managerial misconception as a reason for crises in the latent crisis phase. IR4 depicts that the CEO had a successful career before becoming member of the board as he had built up a formerly very successful business division. Yet, he was not successful as CEO. IR4 does not mention that the former CEO had a liberal markets’ background with regard to the profession. This suggest that a cultural conflict arose between a liberal-market oriented leadership and business division in a company located in a coordinated market economy. It could be the case that two extreme positions regarding business conduct exponentiate here. But this potential conflict has further led the financial institution into a crisis from which it has still not recovered.

Moreover, IR4 argues in favour of the chairman who seemingly wanted to preserve knowledge and continuity in leadership. Yet, the staffing of the board is a Corporate Governance topic (Deutscher Corporate Governance Kodex, 2019). The supervisory board should monitor and control the executive board in Germany, but as described by IR4, the chairman did not perform this controlling function adequately. Here, parallels

regarding the function with BP's chairman Carl-Henric Svanberg can be drawn. Newspapers cover criticism that Mr. Svanberg does not perform his duties which differ from a chairman's duties in Germany. Yet, both examples indicate that the correct accomplishment of duties is vital in this position. In the case described by IR4, it was finally the shareholders who urged the chairman to act.

SS1 refers to similar Corporate Governance topic, namely the lack of support for a CEO to implement changes:

“For a new CEO it is often difficult to revise the decisions from a previous era. And I remember trading companies who just did not manage to scrutinize themselves and who dared to make a clear cut regarding their business. This attitude of refusal or this non- recognition, these are the mistakes.” (SS1)

The CEO needs the power to manage a business to its benefit. Hence, the case that SS1 describes without a distinct example rather endangers the business. The statements from IR4 and SS1 suggest that IR as well as the capital market are aware that lacks in Corporate Governance matter. Again, interviewees' statements over all crisis phases and findings from the instrumental case study within Organizational Impact show the importance of good management for an organization and the capital market.

During the acute crisis phase in the BP case study, CEO Hayward leaves BP when the oil well is sealed. It is not known whether Mr. Hayward was urged to resign or left his position voluntarily. The successor in the position of the CEO, Bob Dudley, demonstrates immediately that he is in charge of implementing necessary change (Webb, 2010i). IR8 and IR2 also report on management issues in the aftermath of a crisis. Both take a very defensive stance in their statements:

“The CEO did not have to go but in the end he did go. He had dedicated himself very much to this transaction. This was not the official reason that he left but the connection is visible, especially regarding the point in time when he left.” (IR8)

IR2 similarly very carefully expresses a sentiment and depicts that the management and IR have to convince the capital market about the management in a crisis:

“I remember comments from investors who changed their attitude from negative back to neutral. This happened when trust in the work and the performance could be regained. But this depends on the crisis management

capabilities of the management and if they or Investor Relations can depict it. “
(IR2)

IR2 refers to one overarching goal of IR to build up and maintain trust in the company (Köhler, 2015), which equally applies to the management.

Within the BP case study, the Financial Times raises that BP employees fear loss of jobs and income during the acute crisis phase. Interviewees relate HR-related issue to the post crisis phase (Hoyos, 2010). IR8 depicts a similar picture like the Financial Times but describes that repercussions on the employees result from the domino effect of the crisis:

“We had to restructure internally in order to assert ourselves at the market as an independent company. (...) We have a large product portfolio and we are considering reducing it or to reduce investments. (...) And people do now fear that there will be harsh cuts. That’s not a good situation.” (IR8)

While IR2 mentions an important fact, FM goes even further:

“In case of a massive organizational crisis, you will lose the good employees first.” (IR2)

“It is not only that a company runs into danger to lose the good employees. A company can run into danger after a crisis to attract new talents.” (FM)

IR2 and FM refer to employees as a valuable intangible of the firm, employee experience and quality as well as career opportunities (Grüber, 2014).

IR11 and IR7 are set-up about the capital market’s attitude regarding layoffs whereas ES takes a different stance:

“It has always been irritating me that you get no benefit or brownie points in Germany when you create 20,000 jobs. (...) Everybody says super, they grow, everything is fine. But when you have to put on a cost-cutting programme and lay off 20,000 people, the share price moves up 5,5%.” (IR11)

“I remember that we had to close down a plant from a company we took over it was in the [consumer goods] industry abroad. It was totally outdated, the facilities looked like being set up before World War II. And then there was an outcry in the press as we had to lay off 5,000 people. But the share price just soared at the moment we announced it. Sure, then there is a direct increase in

profit and efficiency. But you must take a differentiated look at the capital market.” (IR7)

“When I talk to an investor in the UK, it is irrelevant to him whether 5,000 jobs are cut in North Rhine Westphalia⁴³.” (ES)

IR11 and IR7 show that they work in a coordinated market economy and argue that employees matter for them. Their perception does not mirror the literature where authors argue that employee relations and a low rate of turnover matter to the financial community (Fieseler et al., 2006; Hoffmann & Fieseler, 2012), which FM and IR2 also depict. Yet, ES’s stance confirms IR11’s and IR7’s sentiment. In addition, Grüber’s (2014) findings suggest that the capital market perceives employee experience as relatively unimportant. As capital markets are dominated by liberal market economies, it is likely that the attitudes criticized by IR11 and IR7 prevail. IR7 further concurs with Janik’s (2000) findings that the media public has another focus than the capital market.

Likewise in the BP case study, interviewees recall organizational restructuring after a crisis as necessary for organizational survival. None of the interviewees reports on fundamental changes of the core business. Yet, they depict differing positions.

IR8 refers to the failed merger and argues the company would not only have needed financial resources but also a certain size in order to grow:

“Yet, it is clear that we can’t increase our earnings situation with our cost structure in the administrative area. There are costs for research and development which we need to reduce. (...) But research and development are the lifeblood of a technology company. The problem is that the company is not big enough that we can continue on a high level because the transaction was stopped. (...) It is very difficult right now.” (IR8)

IR8 refers to R&D, which is considered a non-financial factor within strategy which Fieseler et al. (2006, p. 19 et seq.) attribute to a forward-thinking mind-set as well as the technological positioning. Therefore, as stated by IR8, the decrease of R&D activities imposes a risk for the company. The decrease of R&D activities could further

⁴³ A federal state in former Western Germany which used to be the industrial centre of Germany.

affect the employee structure of the company, referring to IR2's statement above. This could then result in the loss of qualified employees.

IR6 and SS3 argue that restructuring can be the reason for companies to move facilities from Germany:

“Our core business is still our core business, but we had to curb costs. We had to change the internal structures and we changed the way of investing. We are now building a plant [overseas] which is able to produce at half of the costs as in Germany.” (IR6)

“The lottery company briefly had a severe crisis when the German State withdrew the license because of the state's monopoly of lotto here in Germany. But the company learned quickly and changed the form and the location of its business to the UK. The customer base was large enough, they adapted and they are now more successful than before.” (SS3)

Although both interviewees refer to examples from different sectors, IR6 and SS3 depict keeping business in Germany is sometimes not possible for different reasons. Cost structure and regulation both burden companies' earnings position. This could further impact the location capital (Duhr & Haller, 2013) or the market potential (Fieseler et al., 2006). Thereby, these companies now create employment in other countries than in Germany which also means loss of employment and tax income.

IR1 and IR9 report on organizational changes where major strategic shifts take place. IR1 reports on the founding of a new company after the Energiewende:

“There are now two companies. (...) The conventional energy company has no stake within the renewables. There is the only one company in Germany to produce renewable energy only.” (IR1)

IR9 recalls another case, namely that one sector of a group was sacred for the good of another company after a crisis:

“One day the big conglomerate needed to decide what will be the focus of the business: utilities, industrials or the new area, telecommunications that time. The only cross-subsidization was from industrial to telecommunications. And because it was very innovative at the time the investors bought the story. (...) That was the end of the industrial sector in this company.” (IR9)

IR9's statement can be linked to the literature on non-financial factors, which depicts that innovation matters to the capital market (Fieseler et al., 2006, p. 32). IR9's statement further depicts that a diverse company portfolio might constitute an advantage for organizations.

PM2 and IR7 refer to the necessity of the automotive industry to change because of the Diesel scandal and the rising environmental consciousness which affects Germany's core industry:

"I presume that Silicon Valley will motivate the automotive industry. I can hardly believe that Google, Facebook or Apple will develop a car model as they do not have the expertise. (...) And probably the automotive industry is already developing new technologies. The difference is in communication and that they do not test on regular streets where people could die, but on separate compounds." (PM2)

"There are dinosaurs driving in the street and many people refuse to accept this fact. I deem it significant that new automotive technology will be developed in an atypical industry, such as IT. (...) But the crisis for the automotive industry has not started properly. And what is always needed is a pioneer who breaks up existing structures. I believe this will evolve in an area where there are massive environmental problems, like in China. Then they will show us how to build such new kind of electronic or other cars. But we must keep in mind that they can develop such things without pressure on costs and time from investors. And then, one day, when there is massive pollution, the regulator will come and say that only electronic cars are allowed in the streets. (...) And this will then massively impact the automotive industry." (IR7)

PM2 is a young interviewee who argues in an optimistic manner. Moreover, PM2 has an outside view on the automotive industry while IR7 is an experienced IR manager with an industrial background who depicts to have no illusions. Furthermore, IR7 is aware of the influence of investors, politics and other markets. Here, IR7 depicts the chain of developments as described before by AV, namely that environmental consciousness within society makes politics react. IR7 further refers to technological developments. In addition, IR7 makes another connection, namely the automotive industry now could be urged to implement change in a timely manner, whereas investors can hinder this development. IR3 and SS1 already refer to this development in the latent crisis phase when politics or society as anchor shareholder urge companies to pay dividends instead of providing the companies with financial strength to change

in time. As already stated by AV, when politics enters the field, it is likely to demand fast change from companies which can then threaten the existence of the organizations. This could then, as already described before, have a backlash not only on the companies but also on society.

Fieseler et al. (2006) rank industry trends under number four of eight major categories which matter to the capital market. Industry trends also comprises the rate of technological innovation relevant to companies' business models. Yet, sometimes society is not ready for innovations. A major German car manufacturer already developed an innovative electric car model in 2013 but the model did not sell well and just "died" (Jakobs, 2019). Therefore, as already depicted by PM2 in the latent crisis phase, changing the business model is sometimes contradicted by arising circumstances like the economic development.

Financial Impact

In case of the BP crisis, newspapers report on ongoing asset sales to finance the costs arising from the accident and further financial liabilities. In addition, they refer to BP's removal from an important sustainability index.

Interviewees name numerous causes which could lead a company into financial difficulties in the post crisis phase. PM1 provides a concise overview of a chain reaction or domino effect as previously described in Organizational and Political impact in the post crisis phase:

Financial risks do not arise by themselves, this is a whole potpourri. Customers turn away, employees leave the company. The regulator takes another look at the company and implements changes. And in the end, it's all a financial matter." (PM1)

SS2, IR6 and IR8 refer to different reasons for financial impact. SS2 distinguishes between two major problems in the airline industry which could both result in fatal airplane crashes. Yet, SS2's statement indicates that structural problems matter to the financial community:

“Referring back to airlines, it is trust that matters. The highest good is safety. And when a crash is a singular event because the pilot has psychological problems and not systemic because of bad maintenance, then there should only be a short dip.” (SS2)

Yet, SS2 shows that trust is also connected to the business purpose (Bentele & Seidenglanz, 2008). IR6 also refers to structural problems:

“When the salespeople hang around here and the customers do not call anymore, this is the worst for me. It will not take long time until finances are impacted.” (IR6)

IR8 refers to specialized technological products. IR8’s choice of words depicts that the IR managers still feels affected by the recent crisis:

“What I fear most is impact on business. When the customers decide not to buy your products anymore. This is decisive in the end. In case revenues are impacted then you must really ask if your business purpose still makes sense.” (IR8)

Interviewees argue that the crisis they experienced or which they observed in their investment impacts the financial situation of companies in the aftermath and that this is related to non-financial factors (Fieseler et al., 2006). Here, PM1, IR6 and IR8 especially refer to the importance of customers as these are directly related to financial matters (Fieseler et al., 2006; Hoffmann & Fieseler, 2012).

IR1 refers to the crisis triggered by the Energiewende and provides a thorough explanation why asset sales took place. In contrast to the findings in the instrumental case study, IR1 describes the development as slow process but points to the financial necessity:

“Yes, this was partly financially and partly strategically based as we said: are there synergies any longer, why should we keep this? We had to sell a part of the business which was financially driven. But this did not come suddenly, these were things which we saw coming: okay, our leverage is rising this far that we have no chance on the income side to change things despite cost savings which is something I can influence. The leverage had to be reduced and this has led us to sell some things. This is what you can see in Germany, all companies in our industry have split themselves up.” (IR1)

IR1 explains that the company as well as the whole sector needs more liquidity so that they can meet financial demands. Although IR1 points out that there was no urgency, the IR manager makes clear that the company wants to avoid running in over-indebtedness. A possible explanation might be that the firm does not want to be endangered by a situation as described by SS3 in Financial Impact within the acute crisis phase, where companies run at high risks of insolvency due to over-indebtedness and will get no more bank loans.

SS3 and SS1 do not refer to specific examples but draw a rather gloomy scenario when companies need to sell assets stating further details on the financial situation:

“The major problem regarding asset sales is the price. When the company must sell assets during the peak or in the direct aftermath they are often sold under value. If there is no other solution this is okay, but actually this is not good.” (SS3)

“Asset disposals or selling real estate is often aimed at creating more room for manoeuvre. But in some cases, this is a prolonged process of dying for a company, unfortunately.” (SS1)

FM adds another detail:

“After a crisis, it is often a very difficult situation for companies. When organizations have liquidity problems, they start to sell THOSE parts of the companies which are valuable. Or they sell them under value just because they are panicking in order to get cash. I remember this from my own sector, the finance sector. Here, many decisions were made in a hasty manner because of regulation in 2008, 2009. And in some cases, there was more damage than benefit from such restructuring activities.” (FM)

Interviewees classify asset sales negatively as such refinancing activities reduce companies' value and provide no guarantee for organizational survival.

IR6 argues that the company needs liquidity because of regulations related to environmental issues. IR6 depicts another chain reaction or domino effect like PM1 described before which also results into financial problems. Both interviewees name a combination of internal and external reasons for rising pressure on finance:

“We need to invest money to resolve the environmental problems. That's easy, but we had production outage time and therefore, we lost cash. (...) This is the problem, because there is capital expenditure for the new plant and we must

now refinance. And refinancing is more difficult because it is more expensive now. And this is an enormous financial risk.” (IR6)

IR6’s statement underlines the importance of environmental sensibility (Fieseler et al., 2006; Hoffmann & Fieseler, 2012) which becomes visible when it incurs costs. IR5 and ES explain another measure of refinancing, corporate action. Both depict different positions on this financial instrument:

“The analyst referred to corporate action as an apocalyptic horseman, arguing that the company implements equity measures as it will not maintain its rating otherwise. Equity measures do not matter for rating agencies but for shareholders’ equity they DO MATTER as the value is diluted. And the share price may plunge as this is not a GROWTH STORY but a problem as my balance sheet looks bad.” (IR5)

“Regarding the capital market view, this differs. Things like corporate action are made when the company is not well off and recently also to fix the balance sheet. When you look at the German energy providers some corporate actions were needed, DEFINITELY not for growth but to fix the balance sheet.” (ES)

IR7 is the only interviewee who illustrates that other possibilities regarding refinancing exist:

“There are some situations where you must sell the silverware⁴⁴ in order to survive. I remember when I was [in the consumer sector]. I asked the CEO to tell me about the vision of the company, the strategy. He held a five minutes lecture. And then I said: Oh sorry, a vision must be one sentence, like a marketing slogan because how shall the capital market understand this vision? That was not a nice situation but he got the message. And then departments came under scrutiny to get the company focused on [the core business]. For example, there was a subsidiary which did nothing else than to develop software and hardware for service stations. And the company just wanted to let the knowledge go and lay the people off. But the manager of the subsidiary initiated a management buyout which was then successful and could keep the people in their jobs. You just have to think over what you need and then there needs to be some creativity and venture capital. Hopefully.” (IR7)

The example of IR7 shows that companies can develop solutions on their own to enhance their financial situation. Yet, the IR manager’s statement also shows that financial matters cannot be regarded in an isolated manner but are always related to

⁴⁴ A German proverb expressing that something valuable and traditional must be sold to survive financially.

other non-financial factors as stated by Fieseler et al. (2006). IR7 refers to two intangibles. First employee turnover (Fieseler et al., 2006), which might not be as costly as layoffs. Second, the foundation of a spin-off indicates creativity and differentiation (Fieseler et al., 2006) of the management with regard to strategy.

As in the BP case study, interviewees also refer to the loss of an index listing after a crisis. Research participants hold differing views on index listing⁴⁵. SS2 and PM2 take a capital market stance as the loss of an index listing impacts their work:

“The loss of a listing is an important factor. There are some investment funds which invest based on index affiliation. And in case a company must leave the index because of loss of market capitalization, this has an impact on the share price as all of these funds must then sell the share.” (SS2)

“I am (...) restricted in my job. I cannot invest randomly because there are limits in the portfolio which are applied to specific indices.” (PM2)

IR6 and IR7 depict a contrasting view on index listings as IR managers as they do not experience any disadvantage or impact on their work through the loss of an index listing:

“No, index listing does not matter. It is even more comfortable in some way because the focus is always on the main index and then you are out of focus. But there are no more costs arising, a capital increase or a bond emission is not becoming more expensive through the delisting.” (IR6)

“It was more a psychological thing for the management not to be listed in the main index anymore. (...) But it was justified as the company needed to downsize.” (IR7)

As in previous phases, financial repercussions show many facets. Yet, as already worked-out, Financial Impact, which is crucial for both groups of interviewees, can be related to intersecting non-financial factors.

⁴⁵ The listing in an index depends on two key figures: the market capitalization and the share turnover (DAX – benchmark and barometer for the German economy, Deutsche Börse, 2019). In case the criteria for these metrics are not fulfilled by a share, the company title is downgraded to a lower index in the German Prime Standard.

Societal Impact

In the post crisis phase of the Deepwater Horizon oil spill, arising litigation from the US Government and insecurity regarding the dividend payment dominate the coverage within Social Impact.

Interviewees recall pending litigation with regard to the capital market. In contrast to BP, companies are not sued by the Federal Government but sue it themselves or investor protection societies act as proxy for the companies:

“It was us who sued the Federal Government in the name of the investors. (...) These litigations are still pending.” (IR1)

“The private shareholder organization sues the Federal Ministry of Economy independently on behalf of the shareholders.” (IR8)

IR1 and IR8 both refer to a matter of Corporate Governance. With regard to good Corporate Governance, companies' executives must protect their owners' investment. Otherwise, the company management is at risk to be culpable of neglecting its duties (Deutscher Corporate Governance Kodex, 2019). Therefore, the intervention by the German Federal Government is not acceptable neither for the energy nor for the technology company as their share price has been seriously harmed by political action. In the cases of IR1 and IR8, it is the companies' duty to stand in for the rights of their owners.

Although the German Federal Government might have been lawful in withdrawing the clearance certificate for a planned merger, investors have the right to demand compensation for their losses. As recalled by IR8, the share price fell significantly after the transaction had to be abandoned. Prior to transactions, takeover prices are agreed between the incoming and the outgoing investors (Gruenderszene Lexikon, n.d.). As investors decided in favour of the transaction, they were relying on the permission of the transaction and the agreed share price. Hence, investors did not take the selling of their shares into account and the loss materialized. It is not known whether this litigation has been successful.

Yet, IR or the capital market do not favour litigation as it bears the risks of long-enduring costs:

“There are crises which drag on for a very long time especially when there is litigation. Then the crisis is in a priced snooze.” (IR2)

Within the BP case study, the Daily Mail refers to potential losses of tax for the British state with regard to BP’s financial situation (Brummer, 2010). As already explained in the Societal Impact within the latent crisis phase, some municipalities are major shareholders of German energy companies. Within the creeping process of the Energiewende municipalities now feel the financial impact of the weak financial situation of German energy companies:

“When you look at the German energy providers, the municipalities were large shareholders relying on the dividend to plug their budget deficit.” (ES)

“When you look at the energy companies you see the opposing effects against sustainable business success and short-term shareholder interest. Of course, the municipalities always need money. But that had an enduring negative impact on the companies’ finances.” (SS1)

“Look at the municipalities, they are virtually on their last leg. Federal politics has worsened the situation for them with the reversal from the nuclear phase out.” (AV)

Yet, municipalities are not only victims of the situation but contributed to the development. Before and during the crisis within the German energy sector, municipalities in their role as anchor investor demanded high dividend payments from energy companies as stated in the previous phases. SS1 points to this problem. Therefore, municipalities were inclined to short-term political thinking as they needed money for their suffering households. This could be described as a lack of forward-thinking mindset, which the financial community demands from companies (Fieseler et al., 2006). This development shows that municipalities have a different way of thinking than other investors, who want a long-time secure and profitable investment (Görge, 2005) and could potentially be ready to refrain from dividend payment if it benefits the company in a long-term view.

Hence, society represented through municipalities weakened German energy companies with their enduring demand on dividends as anchor investors. This could have hindered energy companies to invest in other forms of energy generation. Yet, it is not known whether this was planned due to the duties of energy companies to provide base loads or other reasons. As energy companies were not able to offer

dividends at some stage after the Energiewende, the situation worsened for municipalities as depicted by AV.

IR6 and IR7 refer to the basic material sector and point to societal repercussions when companies get into financial difficulties:

“As long as we are not profitable, business tax for our hometown decreases significantly. And this strongly impacts their budget. (...) Or when you look at the small dumps in former Eastern Germany where we have production facilities, a community with 10,000 inhabitants in the middle of nowhere. In case we do not longer remit taxes about [high two-digit] Million Euros in rural areas, what do you believe will happen there? Then the lights go out.” (IR6)

“In case a big listed company goes bankrupt this can impact whole regions, this can destroy encompassing infrastructures. When the only employer closes down its production facility there and 800 people are laid off, what chance do these people have to find another place to work in such region. And when 800 people lose their jobs, then the families are affected, three to four people. And then this is no longer an organizational crisis only.” (IR7)

The stance of IR6 and IR7 shows again that in many cases, IR managers rather take a coordinated market economy’s stance than capital market participants who tend to take a liberal market economy’s stance (ES, SS1). Yet, financially weakened companies endanger all stakeholders and not their shareholders only. This finding concurs with the crisis literature. Shrivastava et al. (1988) find that industrial crises result in large economic and social costs which interviewees exemplify in their statements.

In the BP case study, the chosen newspapers refer to protest movements during the acute crisis phase, covering boycotts of gas stations in the US. Interviewees recall protests in the post crisis phase referring to their experience.

SS2 and IR4 depict contrasting views on the Occupy Movement (see Background and Context) which initiated protests against banks:

“I think when there is a resistance which is grounded in a society as a whole, movements such as the Occupy Movement are only one factor. I believe this resistance can impact finances and a whole industry.” (SS2)

“I would not assign Occupy itself a massive importance. I think the fundamental question is how banks are accepted in society. And I mean, you can now look at every survey, they are always at the end.” (IR4)

IR4 recalls unfavourable management conduct in the acute crisis phase which lead to societal aversion towards banks already prior to the World Financial Crisis. This is mirrored in the statements regarding protest movements, namely that IR4 sees larger implications. Yet, societal aversion has the potential to develop into a serious danger for politics, which is already exemplified by AV in the latent crisis phase and by Roselieb (1999). Although the Occupy Movement is no longer active, societal aversion towards banks still exist (see Background and Context). This relates to the organizational history which indicates to be closely linked to the management, its conduct and its decisions and suggests to be a mid- to long-term development.

The recent developments, such as the Fridays for Future Movement, could impose sustainable dangers especially on industries like the automotive industry as politics feels urged to react to such demands. At this point I need to refer back to the potential crisis phase. IR1 exemplifies the development from the anti-nuclear power protest movement into an established party in the potential crisis phase. This development took place over a long-time span, starting in the 1960s whereas the Energiewende was initiated in 2011 by another party. Due to enhanced speed in communication because of digitization (see Environmental and Technical Impact within the potential, latent and acute crisis phase), there is the potential that such movements can now act at enhanced speed as well. Yet, there seems to be an unhealthy interaction between politics and companies which I want to depict with the example of banks and energy companies. Before the World Financial Crisis took place, regulation on financial institutions was rather lax which led banks to act in a gambling manner for profit reasons (see Background and Context). In the aftermath of the World Financial Crisis, politics put thumbscrews on banks especially in Europe as the taxpayer had to pay for the banks risky gamble:

“For me as an analyst, it matters whether the company must pay the damage or the taxpayer. In my role, I am fine when the taxpayer takes over. But on society this has a vice versa effect.” (SS2)

Regulation weakened financial institutions harshly in Europe (see Background and Context). But these thumbscrews, which are aimed at protecting society, have large societal effects, going along with the zero-interest-rate policy of the ECB, another repercussion from the World Financial Crisis. Banks do no longer earn enough money and hence, have to lay off people (see Background and Context). Thus, they are no

longer able to offer attractive employment which then hits back on society and politics who cares for employment. Yet, the systemically relevant role of financial institutions or banks for societies could not be restored yet, at least not in Germany as IR4 depicts:

“Society does not trust us. To many people it is not clear what role we play for the economy or what a positive role we could play conditionally. The attitude towards banks has turned massively. We are regarded as evil. I even do not know whether as necessary evil, but as evil. But the need for the economy is not seen. Banks are the oil in the engine room” (IR4)

IR4’s statement is vital as bank financing for companies prevails in Germany (see Background and Context). IR4 relates trust to the business model of financial institutions. The history which IR4 depicts over all phases underlines that trust is built over time and can be destroyed by disruption (Bentele & Seidenglanz, 2008). Thereby, IR4 further confirms that relationships in many ways have antecedents which influence the status quo and the future of the relationship (Broom et al., 2000).

SS1 echoes the notion of PM2 in the potential crisis phase, who argues with the own roots in Eastern Europe that the buy side representative does not understand the German or Western European attitude towards companies:

“There is a trend that people protest when they see their own consternation. If a new electrical power line is built, then the argument is ‘not in my backyard’. But there is always someone who is concerned. And in the end, they all want a secure power supply. This is egoistic activism.” (SS1)

SS1 already refers to protest movements in the potential crisis phase. Therefore, IR4’s and SS1’s statements depict that societal aversions towards companies for different reasons can constitute a potential danger for organizations at any stage of a crisis.

Summary Post Crisis Phase

Interviewees’ statements suggest that the post crisis phase could be a mid- to long-term time span as repercussions can have enduring effects.

Interviewees’ few accounts on Environmental Impact indicate that this impact is only actively perceived in an acute development and when it affects companies’ finance.

This could again be related to its long-term and indirect character as stated in previous phases. Technical Impact vanishes like in the BP case study. This could indicate that further technical amendments do not take place or that the enhancement is perceived on a regular level.

Political activity continues in the post crisis phase. Regulation is a feature which seemingly comes into place for many industries considered in my study. Regulation is not limited to environmental matters only but for example also strongly affects financial institutions after the World Financial Crisis. Regulation does not lead to competitive distortion in Germany only but is as worldwide matter which impacts companies' finances.

Regarding Organizational Impact, interviewees argue that organizational change through capable and empowered management is vital for a companies' survival after a crisis. This corresponds with the findings of the BP case study. Yet, change or survival is costly and does not always benefit companies. Interviewees mention asset sales, which are rather perceived as an emergency measure. Yet, changing the core business is perceived as not feasible especially in traditional industries or in companies which rely on a single business pillar. Within Societal Impact, interviewees' statements indicate that financial repercussions on companies can be felt by society during the post crisis phase. These effects can have a broad range, from missing dividends and tax income for municipalities like in the instrumental case study to laying off employees.

Within this chapter, I lay out interviewees' perception on the impacts made out in the BP case study. The findings from the interviews show that research participants perceive these impacts as important whereas their emphasis on the different impacts varies.

In order to provide an overview of the phases and impacts made out with the help of the different data sets, I provide a matrix which depicts the different contents of each phase:

	Potential Crisis Phase		Latent Crisis Phase		Acute Crisis Phase		Post Crisis Phase	
	BP	Interviews	BP	Interviews	BP	Interviews	BP	Interviews
Environmental/ Technical Impact	<ul style="list-style-type: none"> Platform explodes Pollution later in coverage: Neglected safety culture complacency within companies ignored warning signs No development of techniques to contain accidents BP originally had an environmental strategy which was abandoned in refocusing on core business 	<ul style="list-style-type: none"> Environmental Impact Environmental conscious thinking as long-term development and results in formation of green party (Bündnis 90/Die Grünen) (IR1) Pollution is inherent to commodities, but firm is important employer in rural areas so that politics is supportive (IR6) Environmental consciousness has changed attitudes in Germany (IR7) Protest movements continue (SS1) Technical Impact Social media impact change communicative conduct (SS1, IR6) Use of Social Media in IR depends on Business (IR2, IR8) Newstickers are digital source of information (SS2, ES, IR10) 	<ul style="list-style-type: none"> First time estimates of sealing well Four failed attempts to seal well BP is technically not sufficiently equipped 	<ul style="list-style-type: none"> Environmental Impact Environmental impact only matters when it is financially perceived (SS3) Environmentalism can hinder companies to do business (PM2, IR5) Technical Impact When adjustments to technically-related market trends are not implemented early enough, companies get into trouble (SS1) Supply shocks can lead to diminishment of competitors and pressure on costs which hinders investment in technically new facilities (SS3) Change in time is necessary although no guarantee for success (PM2) 	<ul style="list-style-type: none"> Inability to seal well until fifth attempt Environmental consequences become more visible 	<ul style="list-style-type: none"> Environmental Impact Investors want to know how Fukushima event impacts German energy industry (IR1, IR10) Capital markets regard indirect impacts rationally and seek to evaluate them in context (PM1) Technical Impact Share price reacts due to automatism in crisis (SS3) News spread fast and share price reacts (FM) Today the capital market reacts faster (ER) Faster News spreading on more channels (IR5) 	<ul style="list-style-type: none"> Technical solution No further reference to pollution or technical topics 	<ul style="list-style-type: none"> Environmental Impact Environmental measures improved in Germany, no accidents, high-level complaining from society (SS3) -> PM2 in potential crisis phase Long-term repercussion of environmental impacts are hard to assess for companies (IR7) Technical Impact no further reference

	Potential Crisis Phase		Latent Crisis Phase		Acute Crisis Phase		Post Crisis Phase	
	BP	Interviews	BP	Interviews	BP	Interviews	BP	Interviews
Political Impact	<ul style="list-style-type: none"> Lacking lobbying activities (Latent Crisis Phase) Politics orders Coast Guard to help 	<ul style="list-style-type: none"> Lobbying is a long-term process (IR5) Lobbying is important regarding environmental and political issues (IR6) Lobbying does not work against politically-motivated regulation (IR7) Lobbying is also important in foreign markets (IR2, SS3) Lobby groups, although termed non-profit, follow their own goal (FM1) 	<ul style="list-style-type: none"> First political consequences: US Government announces moratorium on deepwater drilling US Government increases supporting measures for environment First inquiry activities (congressional hearings) Neglected relationships with US 	<ul style="list-style-type: none"> Fukushima disaster happens and Federal Government imposes moratorium on nuclear energy due to political reason (upcoming elections) Political decisions can have spill-over effects to other countries (IR10) Intervention through regulator accumulates (AV) Regulatory risk rises (PM1) Regulation happens when firms make mistakes twice, such as industrial accidents (SS3) Investment is at risk rises because of regulation (FM) 	<ul style="list-style-type: none"> Highest-level political conflict (US President and Secretaries) BP depends on business in US but has many stakeholders in US like shareholders or employees which depend on them 	<ul style="list-style-type: none"> Politics intervenes stronger than before and can lead companies into crises (AV) Politicians let themselves instrumentalize by the public opinion (IR11) Political prominence makes use of traditional media at the peak of a crisis which can be surprising for companies (IR1, IR2, SS3) Politics can also influence companies without public notice (withdrawal of clearance certificate for merger); then company must announce political influence (IR8) Prior activities in the background could be warning signals but happen without information to the company (IR8) Politics makes location policy for their voters, which can benefit a company (IR6) or divide it (IR9) Political influence hinders market consolidation which is bad from the capital markets' point of view (ES) 	<ul style="list-style-type: none"> Government starts several investigations; political future of BP in the US unclear 	<ul style="list-style-type: none"> National air traffic tax in Germany burdens companies only there (SS2, SS1) European CO2 certificates burden energy industry and other industries with high energy need (IR1, IR10) US protect bankrupt airlines under chapter 11 (ES) Regulation must not be negative, e.g. subsidization is also regulation which then negatively impacts firms in the same sector with another business model. (SS3) Enhanced regulation and requirements for banks after World Financial Crisis (FM, IR4)

	Potential Crisis Phase		Latent Crisis Phase		Acute Crisis Phase		Post Crisis Phase	
	BP	Interviews	BP	Interviews	BP	Interviews	BP	Interviews
Organizational Impact	<ul style="list-style-type: none"> Oil extraction is a risky business 	<ul style="list-style-type: none"> Risks accumulate gradually and put financials under pressure (IR1) Restructuring due to worldwide decrease takes time (IR9) Missing to implement organizational changes in time after industry crisis results in creeping crisis (IR4) Creeping crisis manifests continuously in figures despite positive communication (SS2) Profit warnings after positive guidance hits companies hard (SS1) Early warning detection through enhanced tools (digitization) provide overview on how to conduct more secure investment (PM1) 	<ul style="list-style-type: none"> Prior accidents of BP and Exxon Valdez oil spill serve as basis for comparison for cost estimations Responsibility is difficult to assign Focus on Mr. Hayward and Mr. Svanberg starts to increase 	<ul style="list-style-type: none"> Rejection of truth due to lack in managerial foresight (IR4; SS3) Management must tell truth and not whitewash figures (PM2, ER) Creeping crisis can be indicator for structural problems so that management must implement measures (SS2) CEO must know business (IR9) Complacency and procrastination can lead companies into trouble (FM, PM2) Crisis builds up slowly and business model in energy industry is hard to change (IR1) Guidance is important (IR7, FM) Business model of airline is hard to change, only structure can be amended (IR5) Crises can spill over to other industries (IR6, IR2) 	<ul style="list-style-type: none"> BP is accused of lying regarding oil flow First consequence of crisis in restructuring and new CEO CEO and Chairman criticized for behavior Status of independent company threatened through possible hostile takeover Spillover effects to other oil companies Employees worried about company 	<ul style="list-style-type: none"> CEO can build up resilience towards crisis in advance (PM1) When a renowned CEO leaves a company, this is a disadvantage for the firm and can lead into crisis (IR9) CEO must be authentic in crisis and should not build up pressure (IR8) Credible management appearance can resolve crisis (IR3) Bad management behavior prior to crisis can have spill-over effects on sector (IR4) <ul style="list-style-type: none"> Management influences further course of crisis (PM1) Chairman is last line of defense (PM1), should not show up (IR7, IR12) Company history matters, when it comes to bad conduct, the capital market will remember (PM1, IR10, SS2) When companies do well in litigation, perception is rather positive when further litigation arises (pharmaceuticals) (AV) Litigation can happen occasionally without company's fault in pharmaceuticals (IR2) When incidents like accidents happen twice shortly after each other there could be a risk (ES) <ul style="list-style-type: none"> Number of accidents can have impact, like exclusion from sustainability funds (PM1) 	<ul style="list-style-type: none"> New CEO; old management leaves with big compensation Decisive restructuring for renewal to mitigate risks Focus on new business areas shows shift in strategy CEO wants to shake out complacency out of BP citadel Must show advertising expenses to US Government 	<ul style="list-style-type: none"> Positive error culture like in airline industry would be helpful for companies to see their weaknesses (FM) Open communication from management is vital to overcome crisis (IR7) Management mistake after a crisis is adhering to people who are responsible for crisis (ES, IR4) When CEO gets no support to revise decisions from predecessors' problems companies get into further trouble (SS1) CEO left company after failed merger due to strong commitment although he was not forced to go (IR8) Capable crisis management can restore trust from investors (IR2) After a crisis, qualified employees leave company (IR2, FM) and is no longer attractive for talents (FM) Capital market cheers when downsizing takes place (IR11, IR7) Cost cutting after crisis affects R&D which is important in the technological sector (IR8) Core business could not be changed but (partially) relocated for cheaper production (IR6) and regulation (SS3) Core business cannot be changed but restructured with cost reduction (IR5) New company with new business, separation of conventional and renewable energy production (IR1) Automotive industry will change and be inspired by high tech firms (PM2) Crisis for automotive industry has not started yet; must keep up with development because it will be overruled by other countries and regulation otherwise (IR7)

	Potential Crisis Phase		Latent Crisis Phase		Acute Crisis Phase		Post Crisis Phase	
	BP	Interviews	BP	Interviews	BP	Interviews	BP	Interviews
Financial Impact	<ul style="list-style-type: none"> • First clean-up cost estimates • Share price starts to fall 	<ul style="list-style-type: none"> • Financial Impact is not feelable when no surprising development takes place (IR6) 	<ul style="list-style-type: none"> • High loss in market value • Clean-up and related costs unclear • Duration of financial burden unclear • Industry spillover 	<ul style="list-style-type: none"> • Price Breakdown in market leads to problems and is reflected in share price loss (IR6) • Worldwide decrease in demand burdens companies financially (SS3) • Macroeconomic development can result in earnings crisis (SS1) • Large crises such as World Financial Crisis can have spill-over effects from major industries to suppliers (PM2) • Pricing is important, when breakdown in demand happens situation tightens for industries with high fix-costs (SS 2) • Competitive pressure through cheaper products can cause market-induced crisis (ES) • Pricing can be a political matter (IR2) • Spill-over effects can happen in case of scandals (PM1, IR7) • Shareholder Activism is on the rise (AV, SS1) • Shareholder Activism must not be bad (IR7, SS2) 	<ul style="list-style-type: none"> • Financial threat because of capital market reaction (downgrading, loss of market value, suspension of dividend), investment unattractive • High level of gearing problem • Risk through hostile takeover • Asset sale possible impairment 	<ul style="list-style-type: none"> • Share price reacts in crisis (IR8, IR4, IR5; ER, SS2): Different perception depending on viewpoint (IR: defensive; capital market: more research) • Crisis happens for the capital market when key figures are impacted (IR9) • When trust form suppliers (SS1) as well as customers and shareholders is lost, financial impact worsens (IR12) • Market price developments impact financing capabilities (IR6) • Covenants and leverage worsen in crisis (SS3) • Negative newspaper coverage can worsen leverage with banks (IR7) • Creeping process manifests in figures (SS2) • Downgrading of credit rating agencies matter to capital market (SS2, ER) • Downgrading from credit rating agencies make financial situation worse as financial burden remains for a long time (IR2) • Rating form credit rating agencies can only be maintained when burdening is not so strong (IR5) • Hostile takeovers are good for share price and market consolidation (SS2, SS3) • Hostile takeovers are dangerous (IR6) 	<ul style="list-style-type: none"> • Long-term financial consequences through strengthening of balance sheet (asset sales) and key metrics (free cash flow) • Delisting from sustainability indices • Share swap with Rosneft important change in portfolio, requires information provided. • Outlook unsecure due to faced litigation 	<ul style="list-style-type: none"> • Financial risks do not arise from a single reason, they are the result of a potpourri of impacts (PM1) • Trust matters in airlines and is built on a long-term basis; a short dip through a crash caused by an accident does not affect finances (SS2) • When sales people do not meet their customers anymore (IR6) • Worst case scenario is when customers no longer buy products (IR8) • Financial impact does not arise all of a sudden but is a gradual development which affects whole industry (IR1) • Assets are sold under value in crisis (SS3) • Asset sale is prolonged dead (SS1) • Assets are sold hasty and under value (FM) • Refinancing is difficult and more expensive when cash is lost because of production outage (IR6) • Refinancing through corporate action dilute share value (IR5) and is a problem for the balance sheet (IR5, ES) • Difficult for company to be an investment (IR4) • Other, creative ways out of financial trouble are possible, such as management buy-out (IR7) • Loss of index listing matter as funds must be restructured (SS2, PM2) • Index listing matters for index and as an issue in the press (IR4) • Loss of index listing has no impact on companies finance activities (IR6) but has a psychological element (IR7)

	Potential Crisis Phase		Latent Crisis Phase		Acute Crisis Phase		Post Crisis Phase	
	BP	Interviews	BP	Interviews	BP	Interviews	BP	Interviews
Societal Impact	<ul style="list-style-type: none"> Original focus of coverage is on number victims 	<ul style="list-style-type: none"> Comes from another country and does not see necessity of closing down plants which work, cultural thing in saturated Western European economies (PM2) Changing societal picture impacts companies but truth lies in the middle (IR3) 	<ul style="list-style-type: none"> Livelihoods of humans and animals threatened in littoral states Lawsuits filed by inhabitants 	<ul style="list-style-type: none"> Chain reaction is visible: public perceives problem, media report on it, politic reacts (AV) Political action through societal desire can make companies leave (SS3) Municipalities or charities as investors act different than other investors and can damage companies (IR3, SS1) 	<ul style="list-style-type: none"> Important regional employer and taxpayer under threat Dividend payment suspended for meeting societal needs Boycott of gas stations Brand is tarnished 	<ul style="list-style-type: none"> Media worsen crisis as they spread confusing news (PM2) Media coverage can impact companies after a crisis (AV) Well-known big companies are more interesting for media (IR10) Media is enhancing factor in crisis (SS3) Media focus on corporate personalities (IR12) Media work under time pressure (FM) Brand and reputation do not matter directly at the capital market, it is finance which is important (FM, ES, IR6, SS2, ER, IR2, IR10, IR9) 	<ul style="list-style-type: none"> Litigation gets stronger while public aversion is no longer reported 	<ul style="list-style-type: none"> Federal Government (IR1) or Federal Ministry of Economy (IR8) are sued in the name of investors for Corporate Governance reasons Litigation can be a long-enduring burden (IR2) Municipalities need for dividends have burdened energy companies and hindered their sustainable business success (SS1) Municipalities are financially weak and nuclear phase-out burdens their finances even more, implemented through federal politics (AV) Loss of tax incomes burdens municipalities (IR6) and affects society through missing municipal income and possible lay-offs (IR6, IR7) Societal movements can impact the industry they target (SS2) Societal movements do not impact banks but societal disapproval does (IR4) When the tax payer pays the damage, it does not matter for the analyst as the investment is not affected (SS2) Society does not longer trust banks due to misconduct (IR4) Societal trend towards protesting against companies without own concessions (SS1)

Table 9: Matrix of two Different Crises
(developed for this research)

6.5 Final Framework

The findings from the interviews enable me to further enhance the initial conceptual framework developed from the literature. With the help of the BP study, I already amended the initial conceptual framework. Within this first step of the theory-building process I changed the structural dimension to the impact dimension. The instrumental case study laid the foundation for my decision to build on its findings as they also relate to the literature on non-financial factors.

I scrutinize the impact dimension with the help of the interviews. Here, IR managers and capital market participants added their specific view on the impacts in Germany. The process of reconstructing crises required reflection due to the diverging experiences and the different context. Yet, I find that the impact dimension is applicable to IR and the capital market in Germany which constitutes another context and country. This is particularly interesting as no crisis with the dimension of the Deepwater Horizon disaster took place in Germany. The figure below presents the amended conceptual framework:

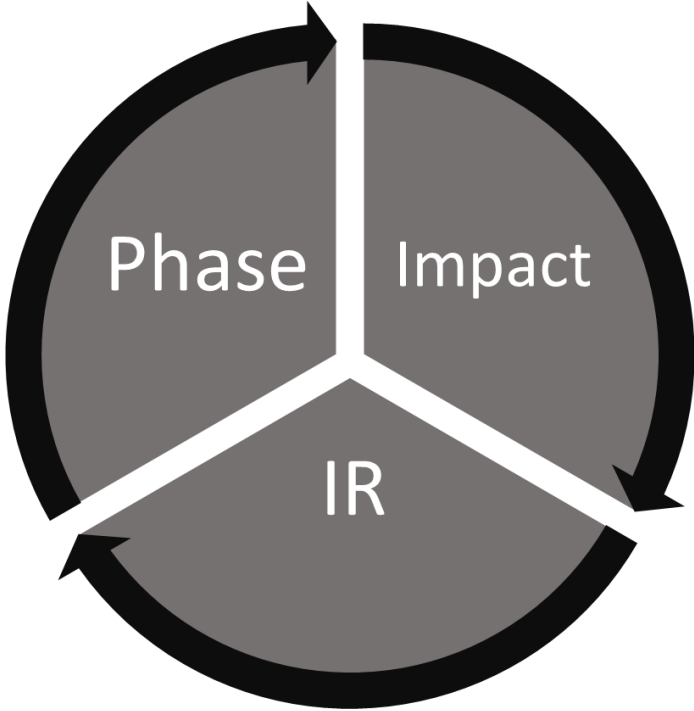


Figure 17: Final Conceptual Framework (developed for this research)

The final conceptual framework is based on phases, impacts and the specific view of IR and the most important group of a dedicated stakeholder group, the institutional public. Therefore, the stakeholder dimension now consists exclusively of IR and thereby takes the capital market into account. Yet, the impact dimension acknowledges the influences of other stakeholder groups in which organizations are embedded. The endless circular shape of the conceptual framework takes the systemic character combined with a continuous development into account.

In the following, I present the themes which developed over the phases.

6.6 Themes and a New Conceptualization of Crises

The interviews enable me to put the five impacts I made out with the help of newspaper coverage in the BP case study in the context of contemporary Germany. Impacts show features of the PESTLE (Yudha et al., 2018) and the SWOT (Cornelissen, 2008) frameworks as well as the features of industrial crises made out by Shrivastava et al. (1988). They further refer to the findings from the literature on non-financial factors. The impacts show interdependencies and cannot be regarded separately as laid out by interviewees over the different crisis phases. This understanding corresponds with hermeneutic phenomenology, that the part and the whole are interwoven and constitute each other. This view emphasizes the systemic character of organizational crises which regards these as context-embedded entities (Mast, 2018). It further confirms Jaques (2007) findings that topics overlap within the different crisis phases. This understanding leads to the development of a different conceptualization of crises. Hence, I adhere to not using the concept of a single crisis type as my findings suggest that crises are multifaceted and cannot be reduced to a single cause and effect.

The following figure depicts the interdependencies of themes based on these findings. This figure differs from the conceptual framework developed over the different phases of the research and depicts what Braun and Clarke (2006) describe as thematic map:

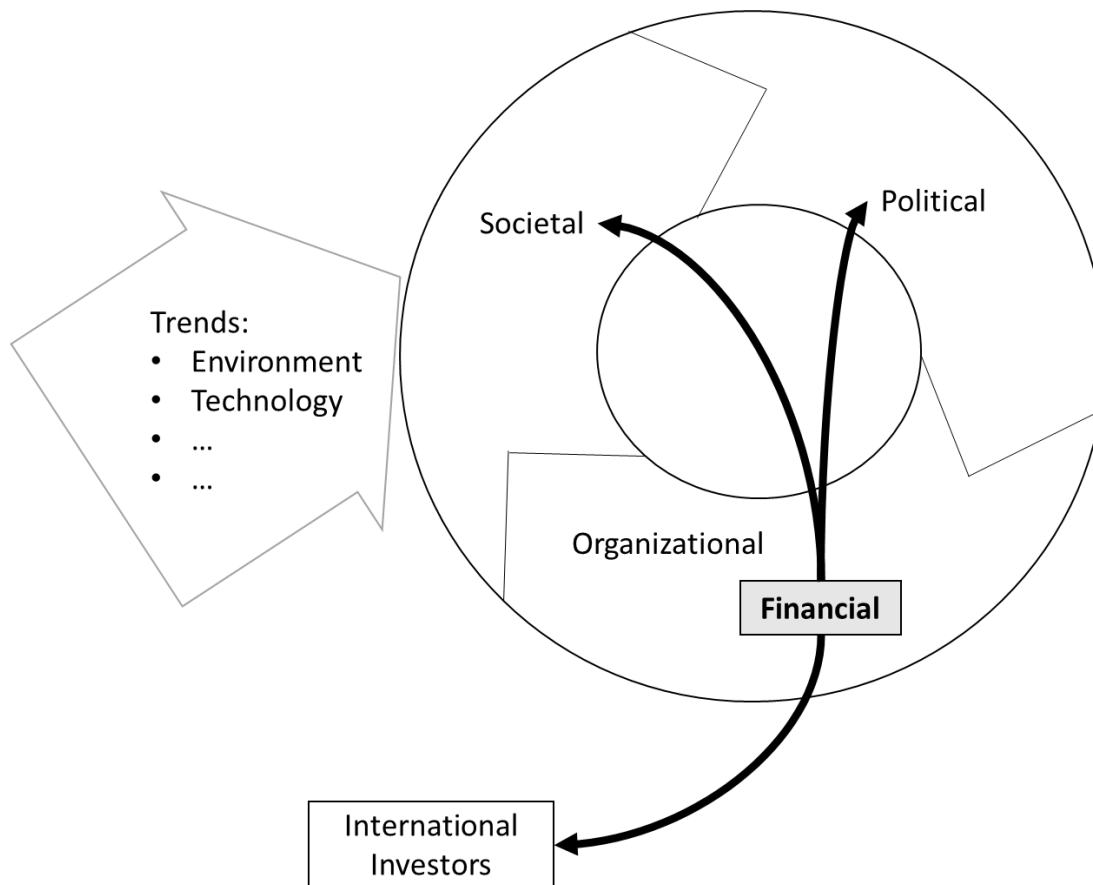


Figure 18: New Conceptualization of Crisis: Circle of Interdependencies (developed for this research)

I call this new conceptualization of crisis Circle of Interdependencies. I start with explaining its construction and shape. This is then followed by the presentation of the themes which constitute the parts of the circle.

During the course of the interview analysis, I was able to derive the understanding that the starting point of crises lies in evolving societal trends. These trends are initially grounded in societal disapproval of business purposes due to rising value discrepancies (Roselieb, 1999). The media support this development. Media take up these trends and thus, enhance this negative perception as laid out by AV, which confirms the findings of Dyllick (1992). Interviewees perception of social media indicate that these also constitute an enhancing factor. In the next development stage, politics takes up this trend, which IR1 and IR8 experienced in their professional life. Furthermore, AV and IR7 also describe this chain reaction. Politics reacts to society's demands whereas this reaction then impacts organizations and their finances. This is also constituted in the curve-shaped issues lifecycle depicted by Coombs (2017).

Although my research object is an organizational function, namely IR and the capital market as its audience, I start the development of the themes with these trends in order to achieve a stringent line of argument. I locate the trends outside the Circle of Interdependencies to depict their triggering character (Shrivastava et al., 1988).

6.6.1 Environmental Impact – The Long-Term Trend: Companies' Potential Shortcomings and Society's Consciousness

It seems unlikely that Environmental Impact within contemporary German society arises without a cause. It suggests to be a long-term development related to industrial production. The longest-enduring trend within environmental movements is the anti-nuclear power movement which later established itself as the green party in Germany (IR1 in Technical and Environmental Impact in potential crisis phase). Environmental charities supported the development of the raising awareness (IR7 in potential crisis phase). Some IR managers (IR6 and IR7 in Technical and Environmental Impact in potential crisis phase) acknowledge this mind-change with regard to their employers which are located in polluting industries. Capital market participants set out that companies can be affected through this trend (SS3 and PM2 in latent crisis phase) but state due to their role that they deem this development as hindering for their investments. Yet, both groups do not argue to be strongly affected by this development. This suggests that environmental impact is a distant development as interviewees do not regard society as a direct stakeholder of their vocational field. This lack of awareness and early recognition can also be related to the fact that neither IR nor the financial community is responsible for detection of trends or early signals (González-Herrero & Pratt, 1996) within a company. Environmental Impact is felt by companies and the capital market as soon as politics intervenes in favour of society. According to Shrivastava et al. (1988) industrial crises are preceded by a triggering event and large environmental damage. Yet, both of these features did not take place in Germany by the time I conducted the interviews. This intervention results in financial repercussions for organizations which is then felt by the company itself first, then the capital market but later also by society.

IR7 (in post crisis phase) argues that investments in environmental-friendly technologies are averted through investors' demands for dividends. This is somewhat

problematic as the German industry, which is the pillar of German affluence (IR3 in Societal Impact in potential crisis phase), is grounded in energy-intensive and polluting sectors such as the automotive or energy industry. Therefore, companies could run at risk that a long-term outside development can suddenly turn into an acute crisis which the trend Environmental Impact exemplifies.

6.6.2 Technical Impact – Keep Pace with Developments

Interviewees point to different technological developments over a mid-term time span in contrast to Environmental Impact. Digitization plays a role for companies and the capital market as it enhances speed in communication. This results in faster reactions from the financial community to news which can impact the share price. Interviewees acknowledge this technological development as it directly impacts their working environment. This acknowledgement could be further related to a relatively fast development requiring adaption of working methods, such as the use of news tickers. This complies with the findings of Köhler (2015) who found that the development of IR in Germany was influenced by technical innovation.

But Technical Impact has further facets. Missed technological adjustments like the introduction of new shop formats can threaten companies' existence. SS1 within the latent crisis phase (Environmental and Technical Impact) deems this a missed opportunity as a change of distribution does not require the amendment of a whole business model. Yet, this is sector related. The business model of a company is also an intangible related to strategy (Grüber, 2014). Fieseler et al. (2006) group the rate of technical innovation in their major category industry trends. Hence, the literature confirms the importance of technological adaption.

Yet, regarding major German industries, such as energy, chemical or automotive, Technical Impact can threaten the business model. The business model of these companies mostly rests on a single pillar only which can hardly be changed due to high investment in technical facilities or other reasons. Furthermore, the scrutiny of technologies within these sectors is often related to environmental reasons. Here, fundamental changes incur high costs which is not appreciated by the capital market as costs affect the investment. In addition, society and politics must be ready for

technological innovation and its adaption. This indicates to be cost-related. IR7 points to the importance of technological development regarding automotive technologies and relates it to Environmental Impact (Organizational Impact in post crisis phase). The IR manager's statement suggests that the development and adaption of technological changes takes place when a sense of urgency is felt. This hints to the point raised by AV (Political Impact in acute crisis phase) that implementation through politics also takes place when this sense of urgency is felt by society. Hence, companies need to watch trends and implement related R&D activities early. Here, reference can be made to the instrumental case study as the oil industry did not invent new technology due to missing sense of urgency as no severe accident like the Deepwater Horizon disaster took place since the Exxon Valdez oil spill. This exemplifies an organismic stance of companies, that some changes are only undertaken under pressure. Yet, there is a risk of misinterpreting a trend which then, in turn, is costly. Therefore, a careful evaluation is needed.

Both, Environmental and Technical Impact vanish as topic over the course of the crisis with regard to statements from the interviewees. This indicates that both impacts only receive attention when they become acute. This development suggests a lack of foresight although signal detection indicates to be important for the capital market with regard to influence on investments as PM1 exemplifies in the potential crisis phase. This is detrimental for the company as well as for the investment as both groups of interviewees are interested in the long-term success of the organization.

6.6.3 Political Impact – The Systemic and Enduring Power Factor

Political Impact suggests to be the link between companies, societies and the influencing evolving trends.

Interviewees' statements reveal that politics is a continuous and inherent feature of organizational life. IR as well as the capital market are both normally not in direct contact with politics despite the example mentioned by IR11 (in Political Impact in acute crisis phase) who refers to politicians' visits at the AGM. IR1 and IR8 also mention to have been in contact with politics because of the political intervention which caused the crisis for their employers. Besides these statements, none of the IR

managers reports that political relations are part of their regular work. Yet, in contrast to the trends depicted above, both groups show awareness towards political influence which is already exemplified in the literature (Fieseler et al., 2006). This awareness can be related to the fact that Political Impact is directly felt by companies and the capital market. Köhler (2015) also finds that the development of the vocational field was also strongly influenced by politics. Interviewees argue that politics exerts influence on companies in several ways through regulation. Regulation does not necessarily evolve from a crisis but can arise at any time or any phase of a crisis lifecycle. Here, the German air traffic tax or emission certificates can serve as an example (SS1 and SS2 in Political Impact in post crisis phase). This indicates that regulation constitutes politics' reaction to societal trends as both regulative measures are related to environmental consciousness. Coming back to crises, the *Energiewende* (IR1) as well as the hindered merger of a technological company (IR8) serve as example. The German energy industry is affected by societal desire for non-nuclear energy, which is again an environmental issue. The hindered merger of the technological company could be related to societal aversion towards loss of knowledge to other countries. Yet, this was not subject of discussion during the interview. IR8 recalls lobbying activities during the preparation of the merger which finally resulted in the withdrawal of the clearance certificate for the transaction through the German Federal Ministry of Economics. Both examples depict the strength of Societal Impact executed through political power. The hindered merger which IR6 depicts was also initiated by politics in favour of its major stakeholder, the voter. Here, a merger would have possibly resulted in a loss of employment in rural Eastern German areas which are already economically underdeveloped. Another example is the German financial industry that is strongly burdened by regulation implemented after the World Financial Crisis (IR4). All of these examples show that politics and thus, regulation matters at any time. Interviewees' statements indicate that IR and the financial community are skeptical towards political intervention. The only exception is IR6's example from the company's view, as politics here supported the independence of a company. The financial community's view contrasts this sentiment as the hindered merger avoided further industry consolidation which would have benefitted the capital market. SS3 points to another positive example of Political Impact regarding subsidization for products.

The findings from the interviews indicate that politics is related to the intangible location capital (Duhr & Haller, 2013) or market restrictions regarding industry trends (Fieseler et al., 2006). This relates to geographical barriers and indicates that relationships with regulators (Fieseler et al., 2006) matter in any country. Yet, political intervention can be regarded as a cause of crisis which was preceded by societal desire (Coombs, 2017). Here, interviewees refer to the use of media through politicians especially in the acute crisis phase whereas media are likely to enhance the crisis through diversified coverage. Over the course of my study, AV and IR7 are the interviewees who already depict the domino effect from society on organizations via politics. AV works for a major shareholder protection society whereas IR7 is an experienced IR manager. Their foresight suggest that their professions require that they take an encompassing view on developments.

6.6.4 Organizational Impact – It is upon the Organization and its Management

The previously developed themes related to Environmental, Technical and Political Impact are grounded outside the organization whereas Organizational Impact is located within the organization. Interviewees' statements reveal three major features as constituents of Organizational Impact. These are the business purpose of the company, its management and its willingness and capability to adapt change. Topics within Organizational Impact show similarities with the topics raised by the chosen newspapers in the instrumental case study.

It seems that a company's business purpose or business model (Grüber, 2014) and its strategy (Fieseler et al., 2006) determines societal perception towards a firm. Major traditional industries such as the energy or the automotive industry as well as basic material producers are important providers of employment and tax contributors (IR1, IR6, IR7). Many SMEs depend on these firms, especially the automotive industry (PM2) which depicts a domino effect on society and related markets. Yet, due to the rising environmental consciousness, society nowadays regards these important industries as polluters (IR7 in Environmental Impact in potential and post crisis phase). Yet, sectors such as the energy industry have societal obligations such as providing base loads, which constitutes an important feature in adhering to an existing business model. However, societal aversion is not solely related to trends like environmental

matters. Another example for reservations are banks where societal aversion could be related to management conduct prior to the World Financial Crisis (IR4). Despite this sentiment, there is demand for the products of these companies and in most cases, these firms rest on a single business pillar. IR1 and IR5 exemplify this for the energy and transportation industry. Implementing major changes of the business purpose requires time and money (AV), especially when a company's business purpose is determined by technologies as it is the case for the business sectors mentioned above. Yet, management often does not implement changes without pressure which IR4 depicts within Organizational Impact over the different phases. Pressure arises when politics comes into place acting in favour of society as depicted in Political Impact in the theme development. In addition, pressure from certain stakeholder groups such as municipalities as anchor shareholder might urge management to refrain from necessary investments. This shows that management conduct can be the initial trigger for a crisis (Shrivastava et al., 1988). The resulting societal aversion is then picked up by politics which then has the potential to make the crisis unfold. Again, reference can be made to issues development (Coombs, 2017).

Interviewees argue that the capital market requires a high degree of managerial foresight (SS3, IR4) and commitment (PM2) to avoid that companies slid into crises. This means that the management needs to appropriately amend the company's strategy (Fieseler et al., 2006). This shows the important interplay of the non-financial factors managerial quality (Fieseler et al., 2006) and strategy (Fieseler et al., 2006; Hoffmann & Fieseler, 2012). Yet, the financial community values a consistent and predictable strategy combined with cost efficiency (Fieseler et al., 2006) in the short- to mid-term strategy (Marston, 2004). This suggests that changes need to be implemented with a carefully balanced approach which fits into the existing strategy at a reasonable cost ratio which considers many organizational stakeholders.

Yet, when looking at the Circle of Interdependencies it seems that management lacks foresight with regard to long-term trends such as environmental development, which the example of the German energy industry exemplifies. This managerial feature as well as a successful track record within the industry or the company are the basis for credibility which matters for the capital market (Fieseler et al., 2006; Hoffmann & Fieseler, 2012). The track record or history of the company matters equally. Therefore,

a company's ability and willingness to change strongly depends on its management and the empowerment of the latter one to do so. Yet, as Fieseler et al. (2006, p. 41) argue, no managerial quality will help in case public institutions withdraws their support in an organization.

6.6.5 Financial Impact – the Impact felt by Numerous Stakeholders

The aforementioned theme development shows that non-financial factors or intangibles constitute the reason for crises. Financial Impact can be regarded as the result of the aforementioned impacts, which PM1 (Financial Impact in post crisis phase) describes as "*a whole potpourri*". Although I regard Financial Impact as a distinct and separate feature of a crisis for IR and the financial community, I place it within Organizational Impact as it starts to unfold there. Financial Impact develops over the different crisis phases and manifests itself in different forms of repercussions especially in the post crisis phase. As IR is the function in organizations which is responsible for communication with the financial community, Financial Impact matters to both groups. Financial Impact relates to the business purpose and its inherent risks. Interviewees mention demand and pricing with regard to financial impact. At first sight, I thought that this feature would not matter for my study but reflecting on demand and pricing showed me that these features relate to the economic cycle and thus, society. This means that these financial impacts are also related to trends as depicted in the visualization above. Another example here is the downturn and a breakdown in demand, which interviewees exemplify by pointing to the World Financial Crisis (PM2, SS3). This constitutes a further trend grounded in society which impacts companies' finances. Referring back again to my chain of arguments, regulation imposed through politics also burdens companies' finances as a further effect. In case of a weak financial profile, a severe crisis combined with the aforementioned factors as well as the downgrading of credit ratings can lead companies to the brink of insolvency (SS3, IR2).

As a result, companies primarily suffer from Financial Impact. But Financial Impact has spill-over effects, which is depicted by the arrows in the Circle of Interdependencies. The investors as owners of the company suffer directly from financial impact through falling share prices and loss of dividends. Society can suffer

directly and indirectly from financial impact. Direct impact could for example result in dismissal of employees (IR11, IR7). This could, in turn, affect companies later as it is deemed likely that qualified employees leave the company first which suggests that impacts intertwine. Yet, views on loss of employees diverge between IR managers and capital market participants. Indirect impact constitutes itself in loss of tax income or dividends when municipalities are investors (AV, IR3). Hence, crises with impacts on companies' finances affect stakeholders inside and outside organizations. This indicates that Financial Impact constitutes one of the strongest repercussions. Furthermore, Financial Impact relates to Shrivastava et al.'s (1988) definition of economic and social costs.

6.6.6 Societal Impact – the Invisible Impact, but is Society aware of the Consequences?

The rising value discrepancies between society and companies described by Roselieb (1999) have far-reaching implications on companies which I have laid out in the preceding impacts. The Circle of Interdependencies shows that society is the starting and ending point in an enduring circular development. AV and IR7 also depict this development and argue that companies can hardly implement changes due to time and money constraints. According to AV and IR7 and the findings of my study, companies experience society's demand for change through politics and related regulation. The circular development depicts this domino effect.

I refer back to IR3's statement in the potential crisis phase (in Societal Impact) that the general public somewhat misperceives the role of companies in society. Companies provide employment and taxes and therefore, largely contribute to societal welfare. Here, the statements of IR6 and IR7, who defend companies' role in society can be contrasted with SS1's perception who refers to protests movements and what the sell side analyst terms "*egoistic activism*". IR6 and IR7 refer to rural areas while SS1 points to protest movements in urban regions. Although these diverging perceptions arise from different interviewee groups, it suggests that there is also a discrepancy in the German population. Bucolic areas, especially in former Eastern Germany, suffer from structural problems (IR6). In Western urban areas, which are often the headquarters of major companies, protest movements such as the citizens' movement

against Frankfurt Airport (SS1) evolve. Yet, this aversion is not related to environmental reasons only. IR4 refers to the aversion towards banks within the German society although they are systemically relevant to finance the economy. Here, societal aversion arose from management conduct and lack of adaption to changes required after the World Financial Crisis. As laid out in the chapter Background and Context, banks are not well off in Germany today and must lay off large numbers of employees, which affects urban regions.

SS3 refers to reluctance of German society towards genetic engineering within Societal Impact of the latent crisis phase. SS3 does not provide any reason for this attitude. Yet, this could be the blame taken by following generations for the crimes against humanity through the Nazi regime. This suggests that history matters in organizational crises in manifold ways. My findings laid out above suggest that the history of the company and its management matter. Yet, findings further indicate that the historical development of a society also suggests to matter.

This adds to the intangible location capital (Duhr & Haller, 2013) and the non-financial factor market restriction (Fieseler et al., 2006.) I suggest to consider this further intangible or non-financial factor as Acceptance of Society. Yet, it needs to be mentioned that country or political risk is already an inherent feature in the investment or portfolio literature. Bouchet, Clark and Gros Lambert (2003, p. 19) already refer to protest movements in country risk. King and Soule (2007) examine how protests of secondary stakeholders outside an organization may influence company processes. They find that *“protests are more influential when they target issues dealing with critical stakeholder groups, such as labor or consumers, and when generating greater media coverage”* (King & Soule, 2007, p. 413). This statement further depicts the interplay of society and media and relates to my findings. Gao (2009) refers to political risk and defines it *“as environmental change or behaviours of the host government or other social actors”* (p. 101). Lydenberg and Sinclair (2009) refer to environmental responsibility, sustainability and Corporate Governance (ESG) valuation methods in investing. Perry (2018) posits that investments in countries can be at risk in case of change of the political climate despite a stable economy. Industrial action and protests can be a feature in country risk evaluation (IHS Markit, 2020). Yet, this suggests that there is a need for further research with regard to intangibles or non-financial factors.

Interviewees' statements set in context indicate that Acceptance of Society is also related to the sector in which a company operates. Industries located in old-economy sectors like basic materials, automotive or energy have impact on the environment. The financial sector indicates to be related to a lack of social responsibility as well as ethics of responsibility (Bentele & Seidenglanz, 2008). Both attributes indicate a loss of trust in the business purpose and therefore, a disapproval by society (Roselieb, 1999). This finding and the related developments support the circular character of interdependencies and that numerous industries can be affected by this domino effect.

Within this chapter, I have analyzed the findings from the interviews regarding the five impacts over the four previously defined phases. The major outcome is a different conceptualization of crisis which matters to IR and the capital market in Germany. I depict this conceptualization in the Circle of Interdependencies.

This section concludes with interviewees perceptions of crisis phases and crisis types. I asked my research participants in order to make out in how far they perceive these approaches and in how far my findings would comply with their answers.

6.7 Interviewees' Perception of Crises

Interviewees' responses show that they share the perception that a crisis does not arise from a singular event only but develops over time for several reasons. Yet, although interviewees name different causes for crises they argue that impact on finance is an outcome. This shows again that Financial Impact is the major topic for IR and the capital market.

PM2 and IR5 refer to management incapability as reason while IR5 provides more information on the time for the crisis to evolve:

"A crisis builds up when the management is not able to transform its promises into practice. When wrong expectations are raised and the company can't deliver." (PM2)

"A crisis for Investor Relations does not result from a shock. This builds up over time when a company is in the red for years. And this happens far more often than external shocks. Such development must be assigned to bad company management because it is their responsibility that a company is well off." (IR5)

ES also regards management competence as decisive for a company not to get into a crisis:

"I would say there are two main reasons for crises which matter. In my experience, management is the key. Good or bad management can have an enormous influence. And then there is the market-related crisis. For example competitive pressure which arises when firms from China enter the market which are able to produce at far lower prices and companies can no longer sell their products." (ES)

ES further refers to market-induced developments. Both, management and market-related developments evolve as reasons for crisis which matter to IR and the financial community within the latent crisis phase.

IR2 also argues that impact on finance matters to IR and the capital market. IR2 refers to a politically related cause:

"A change in legislation. When we are no longer paid for our products. This is like taking away the flight license from an airline." (IR2)

SS1 and IR12 link several reasons why an organization can get into a crisis:

“For me, there are two definitions of a crisis. First, the earnings crisis. In the consumer sector, organizations react very sensitive with regard to profitability when the macroeconomic environment changes. And when the balance sheet has not been well in advance, this can quickly become a financial crisis. The second thing is the trust crisis. This matters for transportation, for airlines. The WORST thing which can happen to an airline is that the customers lose trust. Because when you enter an aircraft, your life is in the hand of the airline. And this will then again end in a financial crisis.” (SS1)

“A crisis is pleomorphic. It can be a financial crisis that threatens the existence of a company. This can happen because the financial situation has been bad over years. Or there is just an assumption. On the one hand, I have facts, on the other there is only interpretation. And this is a credibility crisis. And a major feature of the credibility crisis is unethical management conduct. When the management commits fraud. (...) But I don't think a catastrophe or a disaster is a crisis. For example the explosion at the chemical plant on the river Rhine some years ago. These were one-off events, really bad luck as people died. But these were not enduring crises as things could be clarified quickly and there was no fraud.” (IR12)

While SS1 and IR12 both mention finance as reason and effect, they point to two interconnected overarching intangibles, namely trust and credibility. Both interviewees regard the loss of these overarching intangibles as enhancing factors within a domino effect in a crisis.

IR4 refers to the World Financial Crisis and also refers to trust as a deciding non-financial factor within the business model of a bank which then affects finances:

“There is a difference which matters when looking at industrial companies or banks. Regarding banks, it is a matter of trust. Consider Lehman Brothers ten years ago. In the end, it was a liquidity and trust crisis. The financial losses were a result from a loss of trust as a liquidation of positions took place. That was a chain reaction. A loss of trust led to an existential crisis and in the end, the bank was insolvent. Hence, for banks, a loss of trust is decisive. And in critical situations, this can happen immediately when someone organizes a bank run. No bank can survive that.” (IR4)

SS1, IR12 and IR4 point out three features which matter to IR and the capital market. First, customer relations (Fieseler et al., 2006; Hoffmann & Fieseler, 2012) matter as it can directly impact a company's financial situation. Second, they deem trust and credibility as vital with regard to the business model. I refer to these intangibles in the following subsection of this chapter. Fieseler et al. (2006) refer to credibility as an

important management feature under the category they define as reliability, which points to the topic raised by PM2, that management should deliver its promises. Third, IR12 argues that a one-off event like a catastrophe or a disaster does not matter to IR or the capital market in case they remain a singular event and the matter is resolved quickly. This perception mirrors the findings from the BP case study. The oil leak, which resulted from the explosion of the rig could not be sealed in timely manner due to BP's missing technological devices. Hence, the crisis evolved for BP and the capital market besides the effects on other stakeholders.

SS1's experience mirrors this perception:

"When I look at the companies I cover, disasters never threatened the company's existence. Of course, it is important how the organization communicates and that it provides accurate and good information. Because it is important to avoid misunderstandings. But I think financial crises are more threatening for organizations." (SS1)

Interviewees name another reason which mitigates a disaster from evolving into a crisis, namely insurance.

"There was this explosion at the port at the chemical company. Three dead people, mostly firefighters. This is tragic from a humane point of view. And the media depicted it as a real bad event for the company. This did not play a role at the capital market. Is the capital market heartless? I would rather say it is very efficient. The questions that are asked are the following: Is there any impact on the company? Is there any loss of production? Is there any insurance? And from the moment on it was clear that the insurance would pay the disaster did no matter anymore. Victims do not play a role then" (SS3)

"The airline was insured regarding airplane crashes. The higher the number of victims, the more tragic it is. It would have been less tragic if not all passengers had died. But there is no financial impact because the company was insured." (SS2)

"The question which was asked most by the capital market was whether the company is insured. And what further legal repercussions could arise from the crash regarding the victims. But as the situation became very much evident in a few days, that the crash was not the company's fault, it was clear that there was no financial impact." (IR5)

"That sounds awkward but an airplane crash which is not technically-related is a definable crisis with a definable damage. Because as soon as the company

is ensured, the story is over for the capital market.” (IR2)

Again, findings can be linked to the BP case study. The Financial Times (Crooks & Fifield, 2010a) and the Mail on Sunday (McGhie, 2010) both report in the potential crisis phase of the instrumental case study that BP does not possess an external insurance so that the company has to carry all costs arising from the explosion of the rig by itself.

SS3, SS2 and IR2 explicitly point out that they feel sorry on a personal level when a disaster involves victims but acknowledge at the same time as well as IR5 that for the capital market Financial Impact matters. This suggests that the focus of these two interrelated groups is on this particular effect. Referring to my personal experience, this finding depicts the significant difference between a crisis which matters to the media and a crisis which matters to the capital market. The accident which involved a high number of victims received an enduring coverage in any media format in Germany. The capital market very soon acknowledged that the reason was not grounded in the company. Going along with insurance, the financial community expressed its sympathy but thereafter showed no longer interest in the event. One could now argue that the newspaper articles I chose for the BP case study do not refer very much to the victims as well. As I chose articles by keywords which relate explicitly to the capital market, I presume that the chosen newspapers covered victim-related topics within other published articles.

Finally, PM1 shares another point of view on crises, that they can also be an opportunity for the financial community:

“We look at things from the capital market’s lens. For us, a crisis happens when the company value is affected negatively. This does not mean that something has happened. The company value can also be affected by rumours. But when the company is not in our portfolio and there is a crisis where the share price suffers and we recognize that the reaction is exaggerated then we are happy about the crisis. For us, in an opportunistic view, this is also an entry opportunity.” (PM1)

PM1’s statement concurs with the sentiment expressed by SS3 that the capital market is characterized by high degree of efficiency.

Interviewees’ quotes show that crises are a multifaceted phenomenon which is not

related to a single event only. Yet, the statements from my research participants only partially relate to their further statements. Therefore, sorting and reflecting their statements enabled me to reconstruct a crisis development in contemporary Germany which matters to IR and the capital market. This reflects the notion of hermeneutic phenomenology, that the parts constitute the whole through interpretation. This is depicted in the Circle of Interdependencies. I do not mean to judge my interviewees' statements as incomplete or wrong. Yet, this finding shows that contextualization is a vital feature to reconstruct a contemporary phenomenon.

When talking about the course of a crisis which matters to IR and the capital market, interviewees show that they have a resembling perception on crisis phases. IR5 and SS1 both refer to the media coverage but show that their impression on this feature is different:

“There are up and down phases. And this is how I experienced it. It would be the ideal case when there would be a solution and then you are done. When you measure it with media coverage, then it goes up steeply and then decreases. But I experienced that there are some bumps to come”. (IR5)

“When organizations go bankrupt slowly, there is no linear development because you realize the situation gets bleaker. When there is an acute crisis, the intensity of the media coverage is a good indicator. (...) When it continues in the aftermath because of litigation, then it is ongoing. You can also trace this within the financial reports of companies. Litigation is a topic there for years.” (SS1)

IR5 and SS1 both refer to publications to describe measurement of crisis intensity. Yet, they point out that the post crisis phase is extended and includes repercussions. SS1 is one of the participants who refers to geometrical terms to describe the course of a crisis. IR1 and SS2 also refer to linearity but show that their experience provides them with a differing perception. IR1 refers to the Energiewende and SS2 to the transportation sector:

“A crisis is neither linear nor normal distributed. (...) This is not like a disaster. It takes long when they build up and the aftermath is an open-end.” (IR1)

“When companies face bankruptcy, the development of a crisis is linear in one direction, namely downwards.” (SS2)

SS3 and IR6 make use of another comparison from geometry:

“I think the course of a crisis is not a classical Gaussian bell because of machine trading (...) there are self-enhancing effects. Share prices often process crises within two days. Then there are the two days at the peak and then it goes down. But this happens slowly on a higher level, it is not a sudden falling of the curve.” (SS3)

“This is not a Gaussian bell this comes in waves. (...). A crisis is not over after three days. What I have learned is that there are acute thrusts or phases and that they are longer than you expected. There is a peak which is then followed by further repercussions. And this is long-lasting. But there are recovery phases in the aftermath. And that’s the point of time when the company must get active and creative. We talked about the pricing issue and the environmental topics. Such things do always happen, they never stop.” (IR6)

IR6 and before IR5 show that they share a similarity in their perception of a crisis, namely that the course is not smooth or flat but that they remember a wavy development. IR6 confirms the findings of Jaques (2007), namely that topics overlap in crisis phases which is also mirrored in the findings from the interviews as well as in the BP case study.

The statements of IR5 and IR6 suggest that they rather perceive the impacts from a crisis as depicted in the visualization derived from the newspaper coverage in the BP case study. Yet, as IR6 concludes, some topics evolve repeatedly for companies or with new nuances within a crisis. This suggests a revolving development which I also consider in the depiction of the Circle of Interdependencies.

IR8, IR2, IR4 and AV also refer to different impacts especially after what they perceived as peak. IR8 expresses fears regarding the company’s future due to the repercussions the organization might face after the German Federal Ministry of Economy withdrew the clearance certificate for the planned merger:

“The transaction was cancelled, that is true. By this, the crisis is deemed to be over. But we must now cope with cancelling. This does not have to do with the initial crisis, this is another sort of crisis. (...) Because now, there is impact on our course of business. Maybe now fewer customers will decide in favour of our products because we are weakened. And this is frightening. Because this affects revenues and then, the purpose of the business is doubted.” (IR8)

IR8’s quote resembles to the coverage on the Deepwater Horizon oil spill where newspapers also expressed fears regarding BP’s future in the post crisis phase. IR8

further refers to the importance of customer relations (Fieseler et al., 2006; Hoffmann & Fieseler, 2012). IR2 depicts a similar development and also refers to a topic depicted in the BP case, namely enduring litigation in the post crisis phase which can impact organizations for a long time:

“When Investor Relations is clear about the impact quickly, then it is not good but manageable. The more insecurity is there, the more difficult the topic gets. When there is a smouldering crisis it will affect your finances and burden the share price because there is no clarity. In pharmaceuticals, an example would be product liability claims. This is not an everyday priority, but it will remain on a constant level. And I would consider this type of crisis worst because you can’t really start over when the claim is not resolved.” (IR2)

IR4 talks about internal measures for changes in the financial institution after the World Financial Crisis:

“There was a gradual development to more radical measures after the peak. This was not a linear development, but the direction was clear. In the first phase after the crisis, cuts became deeper, and the new management had the freedom to act. There were no more sacred cows and the management was ready to question things that had been built up with high costs. Then came the second phase which was characterized by high insecurity how we will continue. (...) And this is what makes a creeping crisis difficult as we experience it now. Because from a certain point of time, it is literally hard to cope with. It is like a disease, when my leg hurts and I think that it will go away. And then you wonder because the leg starts to swell. And it will take some time until it is amputated when there is no other corrective action.” (IR4)

IR4 also refers to non-linearity like IR1. IR4 argues like IR5 and IR6 that developments in the post crisis phase are rather moving on in intervals for different reasons. Here, IR4 depicts a worst-case-scenario for an organization by describing the course of a crisis like the course an infection. By this, IR4 points to the original meaning of the word crisis.

Finally, AV who works for an investor protection agency, also refers back to the management’s action as decisive element for investors after a crisis like IR4, but rather takes a factual stance as an outside observer:

“Nobody expects a crisis to appear today and be over tomorrow. But I would expect that a crisis is recognized and that the management tackles it. Measures

should be accompanied by appropriate communication. And then investors can assess whether they deem the management capable to resolve the crisis.” (AV)

AV’s concluding statement points to Organizational Impact and that in the end, a company’s survival or success depends on its management, the related strategy and the accompanying communication.

6.8 Concluding Remarks

In this chapter, I derive a new conceptualization of a crisis which matters to IR and the capital market in the German context. The development of the themes led me to reshape the course of the crisis to the Circle of Interdependencies, moving away from the curve-shaped development made out in the BP case study. I relate this development to the fact that the curve-shaped model relies on other sources grounded in another economic context with a dedicated starting and ending point.

When I asked interviewees what features they deem meaningful within a crisis which matters to their vocational field, they point to important features of the themes. For example they mention management mistakes which are a feature of Organizational Impact or financial repercussions which matter most to IR and the capital market. Yet, referring to a hermeneutic phenomenological understanding, the link between the part and the whole is missing in their statements. Interviewees argue that they experience the course of the crisis rather as depicted in the BP case study, namely as a long-term development with “*bumps*” (IR5) in the post crisis phase. Yet, interviewees argue that they do not perceive a crisis as linear or normally distributed (IR1, IR6), which lead me to change my conceptualization of a crisis away from the curve-shaped model. Interviewees’ statement further indicate that they take an organization-centric view and consider only closer stakeholders and factors which directly matter to their working environment. This tendency was already indicated over the development of the four crisis phases. Here, interviewees made rare statements regarding Technical and Environmental Impact. With the knowledge gained over the course of the research, I am now able to classify these statements as Technical and Environmental Impact as well as market-related developments can be regarded as societal trends with potential impact but not as an inherent feature of organizational life. Furthermore, interviewees regard Societal Impact as a distant impact whereas they acknowledge that society can

have a strong influence on companies related to the trends made out. Interviewees see that companies matter to society when it comes to loss of employment (IR6, IR7) or dividend payments for municipalities (AV) or foundations (SS1). IR4's example of the German society's stance towards banks depicts a further example. Yet, they also acknowledge that society can harm companies directly with regard to finances in their role as anchor shareholder (IR3, SS1).

Finally, it can be concluded that financial repercussions matter to all, the organization, the capital market, society and thus, politics. Hereby, the arrows in the Circle of Interdependencies reflect the bumps mentioned by IR5.

Interviewees acknowledge that crisis phases exist also with regard to the time spans and their related lengths I was able to define. These time spans must be considered separately within the Circle of Interdependencies.

6.9 Understanding and Tasks of Investor Relations in Crises

In the final section of this chapter, I explore what tasks IR should fulfil in an organizational crisis to meet the needs of the capital market. In the following, I present an overview of the self-conception of IR managers and the external perception of capital market participants on the function and work of IR.

6.9.1 Enduring and Sustainable Communication

IR6, IR1, SS2 and PM1 lay out general definitions of IR. Their statements comply with each other to a large degree regarding goals and tasks of this corporate function dedicated to the capital market.

IR6 points to an important feature of the combined term of IR:

“I see myself as an information interface. And I emphasize the word relation. I want to know with whom I have to deal outside, who calls me and writes as the share price has fallen by 40%. I want to talk regularly with him because I want to know how he ticks, what does he need right now?” (IR6)

IR6 reflects the findings of Hoffmann and Tietz (2018) that IR managers mainly regard themselves as relationship managers for the capital market besides fulfilling statutory duties. Hereby, IR6 also refers to the interdependencies within communication relationships made out by Broom et al. (2000).

IR1 refers to another important constituent of this vocational field, namely the ongoing and regular contact with the capital market as defined by DVFA (2006):

“An enduring sustainable communication (...) that is my definition of IR, I communicate externally but I also experienced that I communicate strongly towards internally. This is why I have a bilateral point of view. I am paid by the company to place messages, on the other side I see myself as the mouthpiece of the investor IN the company.” (IR1)

IR1 emphasizes another important feature of IR as already described by Köhler (2015), namely that IR should not only be the window of the company to the capital market but should also mirror the sentiment from the financial community back into the

organization. IR1 further refers to the long-term and stable character of the relationship between IR and the capital market (Köhler, 2015) by pointing to sustainability.

SS2 and PM1 also regard IR as the contact into the company but are more specific on their information needs:

“For me normally it is very important regarding the work of Investor Relations that the capital market is provided with a realistic picture, not a biased one. It is not about that Investor Relations makes the company especially looking positive. But either negative as well as positive topics should come up in the discussion. In any case it is not a marketing function. It is the capital markets’ contact partner to the company.” (SS2)

“Maximum transparency from an investor’s point of view. And information provision going beyond the one of the board or other communication partners within the company. Then there is the question in how far Investor Relations should gain momentum. Investor Relations is my preferred service provider to get information. That is, for me, the primary function of Investor Relations. Investor Relations should pass on the information to the investors, but should not develop an independent existence, because then, it might just be possible that the view of the investors or the view of single investors are emphasized too strongly. I am rather on a passive track and say, Investor Relations is an information transmitter. (...) nothing more. And nothing less. Because this is a relatively complex task.“ (PM1).

The statements depict that interviewees share the view that IR as a communication functions in a company which should mirror the capital market’s view into the company. SS2 specifically supports Köhler’s (2015) finding that IR in Germany is not likely to be related to marketing in Prime Standard-listed companies as this is associated with the bursting of the new economy bubble.

When it comes to a crisis, interviewees draw a similar picture. IR2 and ES emphasize the importance of ongoing communication:

“These do not vary very much. It is always the goal to communicate as transparent as possible, to provide a real view on the company, within the framework of what you are allowed to publish, the goal is relatively identic. We want to create a fair and transparent treatment of the company, also in a crisis. I think this does not vary in the crisis.“ (IR2)

“Good communication is essential. And it should not differ very much in a crisis. When Investor Relations does a good job, then this should continue.”
(ES)

IR2 further depicts the statutory character of IR. FM1 and IR12 both provide a unanimous understanding on communication in a crisis:

“There are two things which I consider particularly important in a crisis. First, helping investors to evaluate the meaning of a crisis. Is this just a singular event which might lead to a shock but will not impact an organization in the mid-term development? Or will there be repercussion in the mid- and long-term development. The second thing is to shed light on the facts. Because in a crisis there are many things around, especially in the media. And some things are wrong. Hence, Investor Relations is important to sort the wheat from the chaff.” (FM)

“It is all about contextualization. It would be wrong to reduce the capital market to financial topics only. (...) Open dialogue, anything that is relevant. Investor Relations should provide an encompassing communication so that the audience is able to classify the things that happen.” (IR12)

FM’s and IR12’s statements partially comply with the findings of the literature (Fieseler et al., 2006; Hoffmann & Fieseler, 2012; Marston, 2004; Pellens et al., 2019), that the financial community relies on other factors than figures only to be able to evaluate a company appropriately not only in normal but also in crisis times. Their statements also reflect the notion of hermeneutic phenomenology that the parts constitute the whole which is the essential feature of my research. FM admits that the media play a role in a crisis. This confirms the statement of PM2 (Organizational Impact in acute crisis phase) that the media can have a disturbing effect. Both statements can again be related to the findings of Köhler (2015, p. 299) that IR managers must possess a broad knowledge and an enhanced understanding of the systemic environment in which a company is located to serve its audience. Interviewees’ statements further underline that the IR function is shaped by the media (Köhler, 2015) This relates back to IR5’s statement in the acute crisis phase (Technical Impact) that IR must keep up with the speed of media coverage and that IR managers must react appropriately.

SS3 and IR7 provide more details on their needs required from IR during and after a crisis and refer to transparency and strategy:

“This does not make any difference for me, whether this is the normal course of business. The job is to create transparency. So that the capital market understands how the company works. That’s it for me. And to point out how an organization reacts in a crisis when things are likely to change. And Investor Relations should depict how the management handles the new situation. How is the strategy amended? So that the company survives this time and the aftermath.” (SS3)

“That’s the daily goal of Investor Relations. To provide a reliable, transparent, forward-looking picture of the company’s situation. And again and again, regardless of what was going on in the quarter, in the month. In the crisis situation, actually nothing changes this goal. BUT I get a couple of difficult hurdles because suddenly something happens that nobody expected and what can hinder me to reach my goal. That means, just like before, I have to communicate more transparently, EVEN more openly and even more intensely on the effects my previous objectives. If I take measures that can completely eliminate these deviations or the hurdles. Or can I at least mitigate the effect. So to say, yes, depending on the severity we need to adjust our goals and strive for a different value or a value which we consider realistic.” (IR7)

SS3 points to the work of Hoffmann and Tietz (2018), that IR activities should be in line with the company’s strategy. Hereby, SS3 connects the intangibles which researchers deem most important in the context of IR and the capital market, namely management and strategy (Marston, 2004; Fieseler et al., 2006). Interviewees’ statements further suggest that crisis communication frameworks such as SCCT (Coombs, 2007) are not applicable for IR as they emphasize the situational character of a crisis, whereas continuity is a main characteristic of IR. In addition, IR must provide a true and fair view on the company and not benefit it as some crisis communication strategies suggest (e.g. Coombs, 2007).

6.9.2 Speed and Personal Communication matters during Crises

Yet, speed matters in critical situations, which Fieseler et al. (2006) also deem important in this vein. These critical situations can arise any time during a crisis during “bumps” (IR5) or “waves” (IR6) (see before in this section):

“I would deem speed relevant in a crisis situation with regard to how fast investors are addressed. (...) And within this short time, the critical points need to be addressed. What are the challenges and dangers for the company

resulting from the crisis? What will change, and what will especially change for the company? What does the crisis mean for operations and results?” (PM2)

“In an acute crisis, it would be best if Investor Relation communicates in an even more proactive manner than in normal time.” (SS1)

SS1’s statement can be related to the findings of Hoffmann and Fieseler (2012) where the financial community expects a proactive agenda setting by IR combined with timely information (Fieseler et al., 2006). Although communication should take place in a continuous manner, fast reaction can be related to the need of crisis response (Shrivastava et al., 1988).

Regarding speed, IR is well aware that communication duties are statutory and that all capital market participants must be equally informed in time. Fieseler et al. (2006, p. 28) refer to this important duty as *“impartiality of guidance”*:

“We have defined our key accounts for Investor Relations. (...) Not only in a crisis but in general. We publish the release and then we call the most important multipliers actively by phone. Because you know who knows each other. I must make sure that these people are informed properly when they are having lunch together.” (IR6)

Be available in crisis situations, responsive, talk actively to investors and analysts, not only crank out a press release. Make follow-up calls with the top 10 or top 20 addresses and ask: Are there any more questions? Can we offer you additional information? What are your special information needs? (IR7)

Both IR managers show that they are aware of their statutory duties in combination with relationship management (Hoffmann & Tietz, 2018). ES recalls a case experienced. Here, ES finds that communications has met own needs in a critical situation:

“In any case they released a message relatively fast. We adhere to our guidance. A quick summary. We are working on a statement. And then, I believe, no 24 hours later they released a detailed statement addressing all issues. And I believe the next day they arranged a conference call to respond to questions and so on. Actually, although it did not help the share price on a short term or in general, I found it was definitely the step in the right direction.” (ES)

All interviewees stress the same features, that providing equal information is important

but that personal communication needs to follow to provide further information details and to foster the relationship with the capital market. This supports the finding of Grunig and Hunt (1984) that two-way symmetrical communication is the preferred method of communication in IR in normal as well as crisis times. Interviewees' statements further refer to commitment, openness and involvement (Ledingham & Bruning, 1998) as they deem offering additional information as important. Investment is a matter of course in this relationship as all matters circle around this topic.

IR1 further argues that personal communication matters to the capital market in critical situations although IR is sometimes hardly able to provide new information or further insights. IR1 refers to the surprising announcement of the Energiewende through politics:

"I have had already two, three situations and we said we do not hide ourselves, we go to the market and continue with our programme. We did not cease our roadshow, we did not even make a pause for effect, but we went to our normal roadshows. The board always asked 'what shall we say' and we said 'it does not matter, what we say, we can only be descriptive'. But we must be there. We quoted from German newspapers, the normal things. Even that was helpful as many people outside were so far away and had no IDEA about what was happening and did not understand either why the federal government reacted the way it did as we reacted." (IR1)

IR1 also refers to the contextualization of events like FM and IR12 above and points to the difficulties in crisis situations while being fully aware of the duties of an IR manager.

IR4 also refers to contextualization and raises the issue of speed accordingly:

"There are moments when you just must go out fast, even though the information is binary. We published a release in the morning about our liquidity reserves and have put it in relation to the financial statements which were published on the same day. Just to make sure that any development is stopped before it starts. To give a strong signal to the market and make TOTALLY clear that there is no cause for concern. That was helpful because the market just required further explanation and there was not too much insecurity." (IR4)

6.9.3 Maintain Previously Built Trust in the Management

Fieseler et al. (2006) argue that a favourable reputation installs trust as overarching matter for the capital market without further specification. Interviewees definition of reputation suggests to differ from this finding (see Societal Impact in acute crisis phase). Yet, they focus on trust as one of the overarching goals of IR (Köhler, 2015).

SS3 refers to insecurity and points out that it can worsen a situation. SS3 further explains the basis of IR and related communications, namely trust as mitigating measure:

“There needs to be a continuous contact basis. In crisis situations, investors tend to imagine the worst-case scenarios. And when there has been no previous trust, this behaviour will increase. The management is especially important here. When the financial community does not trust the management any longer – forget it. There is lot of psychology in the share price.” (SS3)

SS3 refers to numerous aspects of trust. First, that trust is built on a long-term basis (Bentele & Seidenglanz, 2008). This complies with the notion of Broom et al. (2000) that trust is related to the past and the future of a relationship. SS3 relates trust to the non-financial factor or intangible management which the literature ranks as the most important asset in this matter (Marston, 2004; Fieseler et al., 2006; Grüber, 2014).

The Guardian also states in the post crisis phase of the instrumental case study that BP must now rebuild trust with the financial community and relates this to a growth strategy (Macalister, 2010o). This shows again that the management is responsible for the strategy.

FM and IR3 also argue that trust is the basis of the work for IR and that continuity matters. This further relates to Broom et al.’s (2000) as well as Bentele’s and Seidenglanz (2008) findings that relationships matter. Again, they point out that trust in the management is decisive:

“Trust is built up over time. There are companies who do never show up. Then, all of a sudden, they are there. You can already anticipate that something must have happened. (...) Investor Relations is a continuous job, they should show up regularly. Communication in a crisis is anticipated differently when you know your contact partners. This is of course also valid for the management. They should show up regularly and their statements should be concise.” (FM)

“Trust is everything, especially in the management. I mean investors give the company their money. Therefore, it is INDISPENSABLE that they trust the people not only in good times but also in bad times. And this sort of trust must be built in advance.” (IR3)

IR3 further points to investment, a feature raised by Ledingham and Bruning (1998). Yet, as stated by IR3, this is the decisive feature within the relationship of IR and the capital market. SS2, FM and IR3 refer to interpersonal trust, namely in the management and IR managers. This underlines the relational approach of IR and communications as stated by PR researchers (Ledingham & Bruning, 1998).

AV and IR7 refer to the function of IR and the importance of continuity in the trust relationship which can have a mitigating effect. Both interviewees relate these characteristics of trust to a previously built-up relationship between IR and the financial community but not to the outcomes of a crisis in financial or other matters. They further refer to openness and commitment as suggested by Ledingham and Bruning (1998) as well as Bentele and Seidenglanz (2008):

“When both parties have built up a trustworthy relationship over time, then making contact during a crisis is far less difficult. Because there is a trust basis, and it is easier to talk about things which are not nice.” (AV)

“Trust is decisive and quite often forgotten. In good times, I build up a buffer of trust for bad times. As you can say when there is good weather, everybody knows how to sail. And when there is storm it shows who is stormproof and who knows his trade. To that extent, it is often forgotten in companies when things go well that they need to care and not at the point of time when they are distressed.” (IR7)

IR4 and IR12 mirror this sentiment and further add credibility:

“Regarding the long-term perspective, I believe it has shown during the last years that consistency in communication is extremely important. One is not allowed to sugarcoat, one should bring the things onto the table and it is absolutely essential to have credibility at the market. And we earned very, very much credibility for communicating openly even in difficult moments during the crisis, to have nothing sugarcoated. (...). These things must come true. Transparency from my point of view is completely essential. And that was a substantial focus which also brought us very, very much credibility. That did not help the share price first, but that was not intended compulsory. (...) That means the skills you need internally is stamina. That you possess the backing

to communicate openly. And credibility, internally and externally. Internally with emphasis on how important it is to communicate this way and externally the standing to convey negative messages accordingly.” (IR4)

“The trust base. We remain your friend with regard to contact, you can rely on us that you will find everything that is available with us. One-on-one communication comes first, that means it is the permanent dialogue, and often development is subtle as it is about topics which you do not publish in an email to a large distribution list. However, contents should not be relevant for the share price. (...). People must be well informed and talk in a positive manner about the company’s communication. Therefore, I need ENDLESS credibility and trust.” (IR12)

IR4 and IR12 interconnect trust and credibility which suggest that these two features determine each other. IR4’s and IR12’s statements indicate that both features are related to continuing two-way symmetrical communication. IR4 relates credibility to a communicative situation as stated in the literature (Bentele & Seidenglanz, 2008). IR4 further refers to the internal dimension, namely that IR needs support from the company to provide credible communications with its dedicated public. Therefore, IR4 depicts that IR is the representative of the shareholders in the company (Köhler, 2015).

Interviewees’ statements further point to the management. Trust in the management is built up through its conduct and behaviour and mostly through its strategy which must prove itself unceasingly as stated by FM and PM2 above. This indicates that trust in the management is decisive, builds up over time and must be maintained during a crisis. Regarding trust in IR, IR6 makes a pivotal statement when emphasizing the word relationship (see above Enduring and Sustainable Communication).

As stated by SS3, AV, IR3 and IR7 and laid out in the literature, long-term and ongoing, two-way-symmetrical communication (Grunig and Hunt, 1984) are the vital constituents of the work of IR. This goes in line with the findings of Köhler (2015) in combination with trust and Broom et al.’s (2000) features of relationships.

IR12 depicts in the acute crisis phase (Organizational Impact) that IR is the ambassador who communicates constantly in both directions. This does not comply with Köhler’s (2015, p. 389) findings. She suggests that IR managers do not wish to be regarded as ambassadors as this is negatively connotated with the new economy bubble (see Background and Context). Yet, IR12’s stance suggests to be valuable. An

ambassador has a representative role and the capital market regards the CEO as most important contact partner (Pellens et al., 2019). In case a company or the management makes mistakes within a crisis, it is the task of IR to communicate and answer questions which underlines the ambassadorial role.

The literature on IR refer to trust, credibility and transparency. Fieseler et al. (2006) argue that management credibility through communication creates transparency. The principles laid out by DVFA (2006) posit that IR should provide a credible view on the firm by communicating in a transparent manner. This goes in line with findings of Fieseler et al. (2006) that the availability and competence of the IR staff going along with transparency of disclosure and logic and coherence of strategic argumentation are important factors to the capital market.

Referring back to interviewees' statements on image and reputation within Societal Impact of the post crisis phase, the findings suggest again that SCCT (Coombs, 2007) is not appropriate for IR as it aims at restoring the image or reputation of a company during and after a crisis. Interviewees' statements indicate that trust and credibility are the basis for the IR work with strong interconnection to the management. They further stress the long-term character of trust based on continuity within the relationship (Köhler, 2015; Broom et al., 2000).

The trust relationship between companies and the capital market can be depicted as follows:

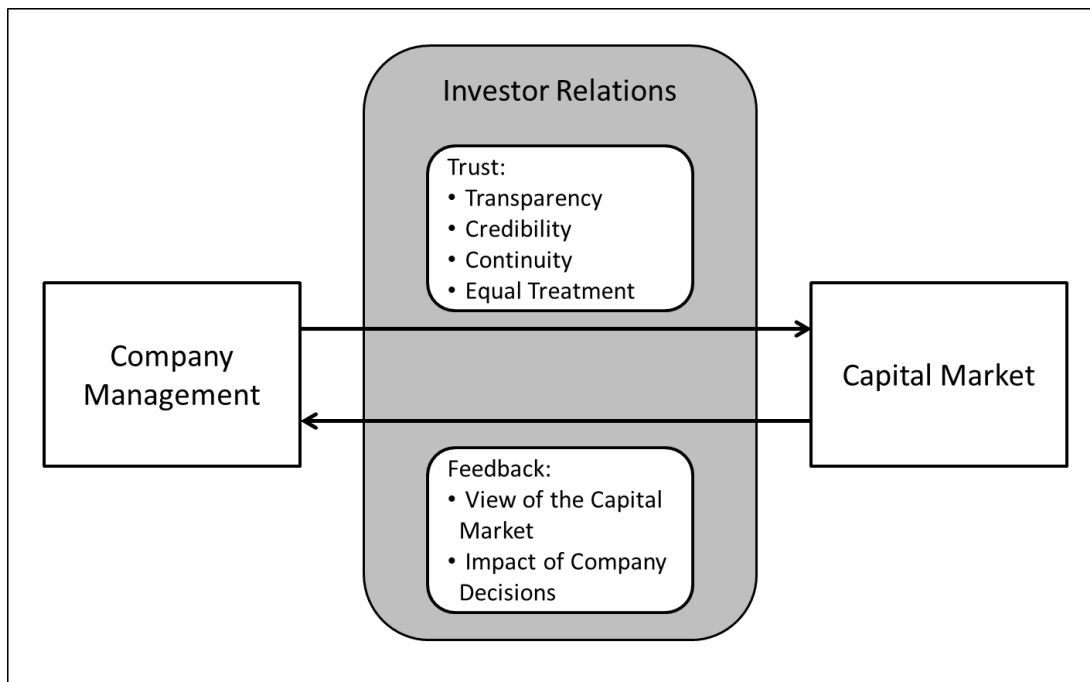


Figure 19: Trust Relationship between Companies and the Capital Market (developed for this research)

Regarding the role of the management, the capital market deems the CEO as vital figure:

“A CEO must show up in a crisis. Sending the CFO is okay, but the capital market perceives this negatively when the CEO hides in a crisis. That was when the industrial accident took place. Okay, no big impact fortunately (...) but he should have shown up and demonstrate that he can deal with it.” (SS3)

“It’s okay when Investor Relations invites for a call. But it would be good if the CEO speaks up there. Because for investors, it is important to know the management’s assessment of the situation.” (PM2)

IR2 also knows that the management is an important contact partner for the financial community but raises concerns regarding crisis situations:

„I believe management must find a balance. I experienced a severe crisis with my former employer. And then you must consider whom you will send to the front because this can kill a person virtually. And in case the company wants to keep the CEO a decision must be made. Do you send someone else to be sacrificed?” (IR2)

IR2’s comment depicts that difficult situations can arise for a company’s management in a crisis. Here, reference to the BP case study can be made. Tony Hayward received

partially positive feedback from the capital market during the Deepwater Horizon crisis while his communicative conduct was not appreciated by the general public. It is not known whether this sentiment lead to spill-over effects to the capital market. IR2's statement further indicates that IR is involved in the decision which member of the board should talk to the capital market in a crisis situation. But as depicted by SS3 and PM2, the CEO is the person which the capital market wants to be in charge for the crisis and related decisions. Their statements mirror the findings from the BP case study. Newspapers report that Mr. Hayward and Mr. Svanberg⁴⁶ were in regular contact with the financial community during the acute crisis phase.

Interviewees' statements indicate that all responsibility is focused and channeled on the CEO. This can be related to the CEO's responsibility for the company's strategy which is decisive for the company. The statements of the interviewees suggest that they focus on the assessment of the CEO. Yet, this shows that IR has the role of an information transmitter or mediator (Bentele & Seidenglanz, 2008).

6.9.4 Other Departments as Obstacles in Relationship and Limitations of the Role

Yet, the long-term relationship of IR and the financial community can experience difficulties in acute crisis situations. AV and PM1 explain how the flow of communication can be restricted:

“Regrettably there is the following aspect, when it comes to a crisis and we talk to IR or to the board. In case something happens legal takes its place at the table. And that obstructs communication extremely.” (AV)

“In acute crisis situations, Investor Relations submerges, must submerge. It is not because Investor Relations is doing this by itself. It is because of the corporate guidelines. Because then, it is stated that this is a legal topic. The lawyers say please keep the lid on, no communication that might trigger litigation. And we fight for every granularity regarding information. Therefore, we have all of these analytical systems that we get external information from somewhere.” (PM1)

⁴⁶ For the role of the chairman, see Background and Context and Organizational Impact in acute crisis phase within this section.

IR managers provide explanations on this sentiment while acknowledging the restrictions. IR6 and IR2 refer again to the legal department:

“When the situation gets critical, I must clarify things first. Then I need the company strategy, the communications department and the legal department. I must reassure myself what can be communicated or not.” (IR6)

“My main contact partners in a crisis are first internal staff. Because I need to be clear about the situation before I can communicate with the capital market. And that means that I must talk to the board as well regarding the contents and tonality. Because what you definitely do not want is to backpedal after your first response because this is NOT good. Then it is better to start the process half an hour later but not earlier with false information.” (IR2)

IR8 refers to the management on all levels:

“You absolutely need direct access to decision makers. And you must coordinate soon and closely. Because if you don’t communicate properly, rumours start to spread, especially in the press.” (IR8)

IR12 and IR2 argue that working with corporate communications department is important and SS1 mirrors this sentiment from an external point of view:

“We must work closely together with the head of corporate communications. Because consistent communication matters as we talk to the capital market and he talks to the press.” (IR12)

“Sometimes things get complicated because we do not have an own press department. It is the press department of our affiliated company who works for us. This can lead to interest conflicts because they want to communicate other things than we do. Coordination takes time and is conflictual here.” (IR2)

“The company must ensure that internal stakeholders are all on the same information level. If this is possible. So that a one-voice policy is ensured. Because when there are several voices from a company with differing or distorted information, then the crisis can be worsened.” (SS1)

The viewpoints depicted by AV and PM1 are understandable while statements from IR managers indicate that internal coordination is important in a crisis so that the company provides a uniform picture to its stakeholders in a crisis.

Besides its main task to communicate with the capital market, IR must mirror the sentiment back in the company to sensitize the main interfaces to the needs of the

capital market. Yet, interviewees' statements suggest that the board of the company is the only reference point of IR:

"I always feel that Investor Relations is a unidirectional mouthpiece to the capital market only. I feel that the transfer of communication to the inside of the company does not really take place besides the board." (IR9)

"It is difficult to transport the messages from the capital market to the inside of a company. The board is of course relevant, and then the top management in a larger sense. Because they should be the multipliers and carry the capital market's view into the company. But you do not know if this happens properly. It is a misbelieve to consider that some things should not be communicated. There are topics which are no fun but they must be contextualized." (IR12)

IR7 and IR5 refer to employees and the missing contact of IR with this important company stakeholder group:

"I consider it extremely important to communicate an encompassing view on the crisis to all internal audiences. Not only executives but also employees. And this includes the capital market's perspective. Because they are multipliers, they go home and talk with their friends and family about the crisis. And this is why the employees should have the best information level available." (IR7)

"There are many representatives for the organization, not only the communications department or Investor Relations. And all persons which act publicly, like salespersons, should be well informed about the crisis, and this includes the information from the capital market. Because they must communicate professionally. Here, I see a lack because how will they respond to provocative questions?" (IR5)

The viewpoint of IR3 differs from those depicted by IR7 and IR5:

"Investor Relations must show a strategic understanding of the company. And the role is twofold. That means that Investor Relations must represent the company to its external environment and must provide feedback back to the relevant internal environment, such as the board and its affiliated functions. And all related to its specific target group, the capital market. Regarding other organizational groups such as employees I would consider that there are other people which are more suitable to communicate with them." (IR3)

Fieseler et al. (2006) and Hoffmann and Fieseler (2012) posit that employee relations and internal communications are important to the capital market. This sentiment has already been emphasized within the post crisis phase in the examination of the impacts.

Yet, going along with the lack of share culture in Germany as laid out in the chapter Background and Contexts, interviewees' experience show that IR does not contribute to close this gap as the function suggest not to communicate to employees. This does not go in line with the findings of Hoffmann and Tietz (2018, p. 6). Interviewees relate the lack of share culture in Germany to missing knowledge regarding investments:

“[The new economy bubble] consisted of many crises of numerous companies which were not ready for the capital market. THE CONSEQUENCES do remain until today. Because that time, the delicate little seedling share culture had just started to develop. And then so many people burnt themselves because they started to buy shares with a lack of knowledge and unrealistic expectations. And the investment location Germany is still suffering from this time. This shows the long-term character of crisis repercussions.” (SS1)

“We will never get this out of the German soul during my lifetime. (...) Creating a share culture in Germany is a monumental task. The investor behaviour that time contributed to this. It enabled the bubble to develop and strengthened it. And then it supported the decline, the results we still feel today that there are fewer private shareholders in Germany than in the year 2000.” (IR3)

Interviewees' statements indicate a systemic concern. The low degree of share programmes in German companies (Plawner & Deters, 2018) suggest that this sentiment could have also spilt over into companies.

SS3 further depicts that IR could make important contributions to enhance the understanding of the capital market within organizations:

“Yes, if you are listed on the stock exchange, that is an important PILLAR of the company to raise money. Especially when you are in a crisis and need money (...) Or if you want to expand and partially need money from the capital market. So that people in the company understand that this is an important pillar of the company. Um, not only the management (...) But really conduct events internally, so that, I would say now in quotation marks, ‘that normal employees understand this [importance]’.” (SS3)

Despite this reflected statement, interviewees are aware that their role within the company is rather a consulting function. This suggests also to apply to crisis situations. Interviewees depict that dedicated crisis management functions exist in companies, but that IR indicates to be limited to an advising function:

“During all cases we always had a little task force. This consisted of the board,

the concerned directors of the affected business units, very high level and some corporate functions. And IR also had a seat at the table but I had no decision-making authority. But we were involved in the development of solutions which were then decided by the board.” (IR6)

“In case of a crisis, the first thing is to review the available information. Because there is nothing worse than the development of rumours. Rumours without rhyme or reason but no one knows whether they are true or not. The most important thing is to clarify the position and to create facts. This must be done in a cool-headed way, and even if it sounds weird, I think this must not be done fast but in a structured manner. I think the company was successful here. There was a pre-defined process and the designated people carried it out. And there must be the one responsible person who guides the process with a cool head so that it WORKS. The right persons in the right place who drive the process. But IR was not involved in strategic management decisions, that is not the role.” (IR5)

“Regarding strategic management decisions we clearly mirrored back the expectations of the market back into the company. What are the goals that must be reached? When does the company start to disappoint the market? And to influence the decision on how to conduct restructuring. (...) To what degree, intensity or speed? And what is communicable or not? Here the feedback role is extremely important because you realize that there are many people within the company who do a real good job and have no idea how some things are perceived by the [capital] market. This is the advantage of Investor Relations as they know the abilities of the persons.” (IR4)

The capital market is an important stakeholder group for a company in a twofold manner as it consists of owners (investors) as well as of multipliers (sell side analysts and other intermediaries). Yet, as indicated by interviewees above, IR has a consulting role towards the board but is not directly involved in setting the strategy.

IR7 provides a reflected statement on the own work which suggest that IR could contribute to the company’s positioning or strategy not only in a crisis:

“It is often the case that you can reflect a lot of input into the company through the dialogue with your investor or analyst. Because communication is not a one-way street. It is not about the mission, like a prophet always just hacking out, but LISTENING is crucial. TAKE UP how others see what they perceive and mirror it back into the company. Um and to say so take care we thought about this and that. Our target group doesn't like that at all (...). Yes. To reflect that in and to say it, so they perceive it very differently. They have completely different interests. They ask completely different questions than we ...uh... have

thought about. And to reflect on that and to say okay, I take a step back from my position and reflect: Is that actually the right thing we are doing or is it actually what all of us expect?” (IR7)

IR7's statement further depicts that the capital market does not reflect back statements into companies. This comment further underlines the importance of IR to mirror the sentiment of the capital market back to the company. IR7's statement depicts that within the relationship of IR and the capital market, every party fulfils a dedicated role regarding information exchange (Broom et al., 2000).

Interviewees' statements suggest that companies do not use the full potential of IR. Taking a systemic stance, this could be related to the historic development of the share culture and the function as depicted by Köhler (2015). Köhler (2015) further posits that it depends on the self-conception of an organization whether IR sets the capital market orientation of a company. Hoffmann and Tietz (2018) find that IR managers are involved in strategic company decisions. Yet, interviewees' statements above suggest a different stance. This could be related to deviating samples or the crisis situation.

According to Knyphausen-Aufseß et al. (2011), the financial strategy indicates to be related to an organization's financial profile. The authors find that a company rather tends to follow the capital markets' recommendation when its financial profile is weak. As stated in Background and Context as well as interviewees' perception in the acute crisis phase further suggest that rather conservative methods in financing prevail. This could be historically grounded or sector related as interviewees refer to traditional sectors. Yet, interviewees mention different measures and problems with regard to raising liquidity after a crisis in the post crisis phase.

6.10 Concluding Remarks

The findings from both groups of interviewees, IR managers and capital market participants show a high level of conformity regarding the self-conception and external conception on the work of IR in normal and in crisis times. This conformity shows that both groups have an encompassing view on the tasks which IR must fulfil. This comprises the needs of the financial community which IR must serve accordingly. This

finding is reassuring that the vocational field of IR is in line with expectations in the course of normal business and during a crisis. This confirms Köhler's (2015) findings that IR is the assigned a dedicated function of an organization for the capital market. Yet, interviewees do not regard themselves as finance function but as a communications function which is not in line with Köhler's (2015) findings. This could be related to the different field of research or another sample. Yet, interviewees' statements also show that IR is not responsible for any other crisis-related function than communication. This confirms that IR is not in charge of signal detection or to resolve a crisis. In addition, IR activities are aligned to a company's strategy but suggest not to contribute to strategy development.

7 CONCLUSION

My study contributes to advancing the understanding of the effects of crisis on organizations and consequently what constitutes a crisis from the point of view of IR and the capital market. The insights from my study will enable organizations to understand what distinguishes a crisis which matters to both professions in Germany.

This chapter contains three sections. It starts with a reflection on the research questions. This is followed by my study's contribution to theory, practice and methodology. Finally, I outline the limitations to the study and suggestions for future research.

7.1 Research Questions

In this section, I refer back to the research questions by evaluating and reflecting them with respect to my findings.

How do UK national newspapers address an organizational crisis with regard to capital market issues?

Following a review of the literature on organizational crises and IR, I found that no link between these two domains of study exists, although organizational crises are perceived to have significant financial impact. This constitutes a gap in existing research. To contextualize this gap I started the research process with an instrumental case study prior to conducting interviews. I aim this step to start the process of theory-building in a twofold exploratory approach. The instrumental case study aims at providing me with a pre-understanding as required in studies grounded within the hermeneutic phenomenological paradigm. I chose BP and the Deepwater Horizon oil spill as an underlying topic of the case study due to its wide-ranging repercussions and as the initial crisis was to some extent resolved when I began working on my study.

The BP case study is based on newspaper articles from three UK national newspapers that were considered to be representative of the press coverage. With the help of these newspaper articles, I was able to achieve a pre-understanding on an organizational

crisis with a focus on capital market-related topics. This developed from the contents in the reported coverage and whether these would lead to enhance existing knowledge about organizational crises.

I approached the BP case study by assuming that three dimensions of organizational crises made out in the literature exist. These consist of the process dimension (crisis phases), the structural dimension (crisis types) and the stakeholder dimension.

The BP instrumental case study demonstrates that crises can be separated into a number of phases in an ex-post view. Existing research on crisis phases is rather generic and does not assign length to the different crisis phases. Whilst this is understandable, as each crisis can vary regarding the incubation and the outbreak, the theory is in search of more specific evidence. This will lead to an uncovering whether a pattern emerges regarding the length of each crisis phase with regard to IR and the capital market.

The case study provides insights not only about the length of each crisis phase but also regarding the intensity of the phases. I relate this intensity to the amount and contents of the coverage. I decided to use of a four-phase approach building on Roselieb's (1999) research after reviewing the existing literature on organizational crisis. This consists of the potential crisis phase, the latent crisis phase, the acute crisis phase and the post crisis phase.

Regarding the news coverage, I initially assigned ten days to the first phase, the potential crisis phase. In the course of the examination of the data from newspaper articles, I found out that the potential crisis phase starts earlier. I relate this extension of the potential crisis phase to the newspaper coverage of BP's history of accidents in the US. Although the Deepwater Horizon accident started on a specific date the newspapers related this accident-proneness to a lack of safety culture within the BP organization. This was a search for portends of the accident, and whether it was possible to anticipate it. Therefore, in an ex-post review, I extend the potential crisis phase to a longer time frame, taking BP's previous accidents into account. It is significant that the perceived antecedents of the crisis were incorporated into the potential crisis phase.

The latent and acute crisis phase encompass relatively short periods, one and two months during which the coverage rises, peaks and then decreases. The post crisis phase encompasses six months in my study but continues afterward due to open litigation and continuing repercussions.

Regarding the structural dimension, I found that Shrivastava's (1987) critique of crisis types is justified. This does not mean that crisis types do not exist, but I did not feel able to assign a single crisis type to the Deepwater Horizon oil spill as the repercussion on BP varied over the four phases.

Being initially an environmental crisis because of significant environmental pollution, the crisis quickly evolved into a political crisis during the latent crisis phase. This is related to BP's incapability to seal the oil well due to missing sufficiently developed technical equipment and the resulting pollution which forces US politics to intervene. This intervention and the environmental repercussions result in a financial crisis for BP, which was further enforced by litigation costs. All of these costs burdened BP's leverage, which worsens the financial situation for BP. These significant costs have an impact on the financial community. Already in the latent crisis phase, an organizational crisis constitutes itself for BP because of a lack of situational sensitivity of BP's executives.

Due to this development, I refrained from the further use the conception of crisis types as this conception indicates not to depict the full extent and repercussions of a crisis for an organization. I base my decision on the findings from the inductive content analysis through which I was able to derive five major categories which dominate the coverage. I term these categories impacts, consisting of Technical Endeavour and Environmental Impact, Political Impact, Organizational Impact, Financial Impact and Social Impact. The category Technical Endeavour and Environmental Impact is a merged category as environmental pollution and technical endeavour to stop the pollution are interrelated in the Deepwater Horizon accident.

Political Impact comprises all political activities which newspapers relate to the accident and its repercussions. Focus here is on US President Barack Obama and the actions of the US Government to mitigate the crisis for the US. Coverage on BP's executives and their actions dominate Organizational Impact. The category Financial Impact is concerned with financial repercussions on BP. The category Social Impact

focuses on effects from the crisis on US and UK society. The sequence of the impacts depicts their main intersections as well as a causal chain.

Regarding the stakeholder dimension, I focus on the capital market as I did in the literature review. Newspapers frequently cite financial analysts' comments on the costs and the effects on BP's finance. Newspapers link coverage on investors to their worries regarding the falling share price and thus, a loss in their investment. Newspaper only report on a few IR activities in the chosen time frame, such as conference calls from BP with the capital market, providing information on how BP will deal with financial repercussions burdening its balance sheet and activist shareholders.

After having completed the instrumental case study, I am able to add two contributions to existing crisis research. Due to excluding the concept of crisis types, I am able to achieve a broader understanding on the repercussions on organizations in crises, which becomes explicit through the five impacts as explained above. Hence, I decided to amend the initial conceptual framework derived from the literature review. Therefore, I based the further course of my study on the process dimension, the stakeholder dimension with focus on IR and the capital market and the impact dimension which replaces the structural dimension. Hence, I consider the definition of the impact dimension as the first step in theory-building.

I achieve a second contribution from the newspaper coverage through visualizing the impact dimension. I was able to create a bar chart based on the five impacts which depicts the weighting of the different impacts over time. The amount of data assigned to each impact shows a relatively stable development over time in relation to each other. Financial Impact and Organizational Impact dominate over the course of the crisis which I relate to my previously defined choice of articles with focus on IR and the capital market. Political Impact ranks third followed by Social Impact. Technical Endeavour and Environmental Impact receives the smallest amount of coverage over all phases.

The visualization supports the further course of my twofold exploratory research approach in two ways. First, it depicts the strongest and weakest impacts. This relation of impacts indicates which topics are likely to matter to IR and the capital market in a crisis. Second, the curve-shape of the graph depicts a meaningful development

regarding the length of each crisis phase. While coverage is relatively low in the potential crisis phase, it starts to increase in latent crisis phase. This is the point of time when the crisis starts to unfold for BP, reaching its peak in the first half of the acute crisis phase. The coverage drops considerably afterwards and remains on a lower level than during the post crisis phase. The development in the post crisis phase shows two salient features. First, the aftermath of a crisis is a long-term development. Second, it shows a wavy development. This suggests that repercussions arise recurrently in the aftermath of a crisis. The third finding, the extension of the potential crisis phase as described above is not visible through the curve-shaped visualization. Yet, I add this assumption to the curve-shaped model when examining the interview findings. The research has so far developed new insights into the course of organizational crises from the study of the Deepwater Horizon instrumental case.

What are Investor Relations Managers' and capital market participants' perception of the course of an organizational crisis in Germany?

The BP case study and the findings from the literature review enable me to conduct interviews with IR managers and capital market participants. Yet, I was aware that the findings of the interviews would differ in three ways from the instrumental case study. First, as laid out in the chapter Background and Context, the UK and Germany are located in different economic systems. These systems determine the context in which organizations are located. Second, interviewees recall their individual experiences and perceptions whereas the newspaper coverage focuses on a particular crisis in one organization. Third, interviewees would take the perspective of IR and the capital market due to their professional background.

The findings from interviewees' accounts and perception supported this assumption and enabled me to develop a new conception of an organizational crisis which matters in the context of IR and the financial community in Germany. Nonetheless, I would not have been able to derive these findings without prior knowledge gained from the instrumental case study. This underlines my choice of a twofold exploratory research approach.

Within the course of the interviews, I found that interviewees agreed with the five impacts I made out in the BP case study. Yet, due to the differences I laid out above and the fact that no major incident like the Deepwater Horizon oil spill had happened in Germany by the time I undertook the interviews, the findings differ. Furthermore, interviewees come from different sectors in Germany and draw on individual experiences. This is contrasted by the newspapers which constitute an outside view on a crisis within a single case only. These are important facets.

The major finding of my study is that crises which matter to IR and the capital market in Germany are grounded in society but affect it at the same time. Hereby, my study partially became a portrait of contemporary German society and its younger history. This finding was not evident at first sight as interviewees named different reasons and outcomes for crises which they considered important. Therefore, locating my study in the hermeneutic phenomenological paradigm enabled me to uncover this hidden meaning. This led me to redefine the meanings of the impacts and to reconsider my conceptualization of a crisis. I term this reconceptualization Circle of Interdependencies. This conceptualization constitutes the major contribution of my study regarding crisis research. The Circle of Interdependencies consists of the four impacts Societal Impact, Political Impact, Organizational Impact in this sequence and Financial Impact as an embedded feature within Organizational Impact. Yet, Technical and Environmental Impacts still exist but both features are now located outside the circle and constitute trends which influence society. Hereby, the impacts resemble the features of an issue that develops over time (Coombs, 2017).

These trends develop over different time spans. I found that Environmental Impact constitutes over a long-term time span as it relates to the development of environmental consciousness in Germany. This development started in former Western Germany in the 1960s and established itself over the years. Technical Impact is a mid-term development and refers to technical progress in everyday and business life, which becomes manifest in digital communication or other areas of digitization, such as online shop formats versus traditional shop formats to name an example. I found that both impacts matter to IR and the capital market, but the acknowledgement of both impacts differs. IR and the financial community adapt to the use of new technical features and deem them relevant for their work (e.g. real-time communication tools like Bloomberg Terminals). Regarding Environmental Impact

the perception of both groups differs from Technical Impact. IR managers acknowledge the societal movement related to environmental consciousness, whereas statements from capital market participants are rare with regard to environmental topics. Nonetheless, observing societal trends or detecting early signals are no features of both groups' vocational fields. Interviewees' statements reveal that Environmental Impact only matters when it emerges as an acute issue in their vocational field, which means as soon as it impacts companies' finances. Yet, the triggering event for an environmental issue to develop into a crisis is not necessarily directly related to a disaster like the Deepwater Horizon accident.

In my study I draw on the Fukushima nuclear disaster in Japan as a trigger for a recent development in Germany regarding Environmental Impact. This trigger made politics intervene into the business of German energy providers by imposing a moratorium on German nuclear power plants whereas a large number of these were shut down immediately after the moratorium. German energy companies and the capital market misinterpreted the event in Japan and were surprised by political repercussion. This finding can be related to the instrumental case study of BP and the Deepwater Horizon oil spill where investors ignored risks related to the oil industry in a long-term development. This suggests that long-term developments that do not directly relate to the vocational fields do not constitute the focus of attention for both groups. Another example for Societal Impact becoming manifest through trends on companies is the prevention of a merger of a German technological company with a foreign company. In advance to the withdrawal of the clearance certificate issued by the Federal German Ministry of Economics, lobbying from societal interest groups against the merger took place.

The development laid out above shows that German politics picks up trends which matter to society and therefore, acts as its advocate and executive. Hereby, politics does not act in an altruistic manner but targets its main stakeholder group, the voters. Nonetheless, trends do not evolve from environmental or technical topics only. Interviewees mention market developments as a major Financial Impact. In a broader sense, market-developments such as the decrease of demand are also related to society as they arise from the economic development. Here, political intervention happens to the benefit of companies as politics aims to rescue employment. Political intervention does not stop when a crisis is over. Politics often introduces regulation after major

crises, which then affects whole sectors and strongly burdens the finances of the related companies. Regarding the trend Environmental Impact, politics introduces regulation without prior crises, e.g. the national air traffic tax in Germany.

Hence, political intervention has strong effects on Organizational Impact. Taking an IR or capital market stance, Organizational Impact is determined by the companies' business purpose, its management as well as its strategy and capability to adapt to change after a crisis. Interviewees argue that organizations strongly depend on the decisions and degree of foresight of their management. This complies with the literature (Fieseler et al., 2006). Executive management needs to recognize trends early so that it can enable organizations to avoid interventions as described above. Yet, as the German economy strongly relies on traditional and polluting industries such as automotive, energy or chemicals, the business purpose can hardly be changed or requires sufficient time and pecuniary resources. Here, Environmental Impact and Technical Impact are interwoven as society's demand could require the development of new technologies. Here, findings suggest that a diversified business model could be supportive for companies especially during crises so that organizations do not depend on a single pillar only. Yet, this is a strategic decision which suggests to incur further costs.

These requirements for new technologies or changed business focus are also contrasted with shareholders' demand for dividends, especially when societal groups like municipalities or foundations are anchor shareholders of companies. This demand affects companies' finances in a twofold manner. First, companies are not enabled to implement necessary changes prior to political intervention. Second, in the post crisis phase, companies are often burdened by regulation introduced by politics and must mitigate other effects from the crisis, such as litigation. These financial repercussions can delay the development of new technologies. Therefore, I depict Financial Impact as an inherent feature of Organizational Impact which spreads to society and politics but also affects investors. This shows one facet of the circular and interdependent development of the crisis as depicted in the Circle of Interdependencies.

The other facet of the Circle of Interdependencies are the repercussions on society that arise from this sort of organizational crisis. In cases companies must close down facilities, lay off employees or pay reduced taxes only due to loss of income, this

affects society. Here, interviewees showed awareness of these repercussions which reflects the principles of a coordinated market economy as laid out in the chapter Background and Context. Yet, by reflecting on the findings of my study and drawing on the literature on non-financial factors and intangibles I am able to add a further intangible which I call Acceptance of Society. As my study is grounded in organizational research, this further intangible relates to the role of companies in society. This role suggests to be shaped by history. First, the history of society can impose a threat to companies' business purpose. Companies from traditional sectors which society previously regarded as guarantor for work and prosperity can develop into polluters or organizations with low acceptance and esteem related to the ethics of the business purpose. Second, the history of a company, its development and ability to change and adapt indicates to matter in this regard. Third, the history of the company suggests to be related to the management and its decisions on how to lead companies into the future. Yet, the findings of my study set against the backdrop of systems theory show that organizations rather adapt an organismic stance. This means that organizations rather tend to implement change when the pressure on their current business model increases so much that the balance within the system in which they operate can only be maintained through appropriate adaption. Yet, it needs to be considered that sectors like the utility industry have obligations towards society, such as the provision of base loads. Therefore, change is not always feasible to implement due to surrounding conditions.

Reflecting on the findings from the interviews, I chose to change my conceptualization of organizational crisis which matter to IR and the capital market. The Circle of Interdependencies corresponds with the hermeneutic phenomenological paradigm as it depicts how the parts constitute the whole. It further reflects the systemic character of a crisis and that society constitutes the starting and ending point within the circle. Hereby, it depicts the influential power of society.

Yet, the visualization which I was able to derive from the BP case study still matters. Interviewees recall that they experienced crisis as a wavy development in the aftermath of the peaking acute crisis event. These repercussions do mostly relate to Financial Impact which also affects BP in the post crisis phase. Hence, as stated in the literature review, a crisis constitutes a turning point which can also happen after what is considered the triggering event. Interviewees further confirmed that crisis phases exist

and develop over differing time spans. Their perception also mirrors the patterns from the BP case study, namely that the potential and the post crisis phase develop over a long-term period while the acute crisis phase consists of a short period. The time span of the latent crisis phase cannot be clearly assigned as the time span between Societal and Political Impact varies in my study findings. These time-related repercussions are difficult to depict appropriately in a circle. Although interviewees' statements and coverage on the Deepwater Horizon oil spill show a large degree of resemblance, the trigger for the crisis is different. The explosion of the oil platform was attributed to BP's lack in safety culture. The crisis conceptualization interviewees helped me to develop shows that a crisis can be grounded in societal aversion towards distinct business purposes or other evolving trends from society.

Yet, due to being a coordinated market economy and its history, Germany has a traditionally weak share culture. This raises the question whether the development I describe above could also be relevant in other countries or other economic systems with a strong share culture, where such development would affect peoples' investment. Yet, my findings support those of Schwarzmüller et al. (2017) that companies should care for all of their stakeholders for their own benefit and business continuity.

What are the tasks Investor Relations should fulfil in an organizational crisis?

Whereas my second research question refers to the external environment and conditions of organizations, my third research question refers to the vocational field of IR and in how far the developments above affect its work.

Findings from interviewees' statements indicate that the goals and tasks of IR remain the same during normal course of business and in times of crises, namely to provide the capital market with a fair and transparent view of the company. Interviewees' perception on the work of IR is consistent from both groups. The difference between the normal course of business and times of crises manifests itself through enhanced speed and higher frequency of communication as the capital market requires information regarding the status quo and the outlook after the crisis. Fast, active and personal communication from IR's side is key during times of crisis as it shows that

the company cares for its owners. The enhanced speed can be related to the implementation of advanced technical communication tools.

Besides IR, executive management is expected to be available to the capital market in acute crisis situations and afterwards on a regular basis. As the financial community wishes to be in continuous contact with the CEO in non-crisis times (Köhler, 2015; Pellens et al., 2019), continuity matters within this relationship. The evaluation of the role of the CEO suggests that other intangibles or non-financial matters are related to the management, especially with regard to strategy. This finding complies with the literature (Fieseler et al., 2006; Marston, 2004). Hence, this finding further underlines the importance of the management for IR and the capital market.

Trust refers to the management, the company and IR in connection with the capital market. Trust is built over a rather long-term time span with the capital market through regular contact of IR but mostly through a coherent strategy and guidance of the management. This confirms the findings of Köhler (2015) that trust is one of the overarching goals of IR. Findings further suggest that the relational approach of PR research (Ledingham & Bruning, 1998) is applicable. Here, trust can again be regarded as an important matter whereas the other constituents like openness and investment indicate to be related. Trust suggests to build over time (Broom et al., 2000) and indicates to be vulnerable when discrepancies such as crises occur (Bentele & Seidenglanz, 2008). Whereas different forms of trust with regard to organizations exist (Bentele & Seidenglanz, 2008), my findings suggest that interpersonal trust in the capability and related decisions of the management indicate to prevail.

The financial community appreciates ongoing contact through and availability of IR and the management even when not much information is available during the acute stage of the crisis. It is an important task of IR to mirror the sentiment of the capital market back into the company, so that these sentiments can be considered for future guidance. This suggests to relate to transparency, another major goal of IR (Köhler, 2015; DVFA, 2008).

None of the interviewees argued that IR contributes to the resolution of a crisis. The financial community as well as IR managers themselves assign IR the role of an ambassador for the company. They describe IR as a communication function and

intermediary of trust as depicted above. None of the interviewees depict IR as a finance function (see Köhler, 2015) within companies.

Interviewees' statements suggest that IR is not involved in operative crisis management or strategy-related activities. Yet, interviewees' statements indicate that they have a consulting role to the board within a crisis. Therefore, open and transparent communication going along with a reliable and long-term relationship with the capital market based on trust suggests to be the overall goal of IR, be it normal or in crisis times besides the fulfilling of statutory duties.

Interviewees acknowledge that when communicating inside the organization, management is their main point of contact. When it comes to a crisis, IR seeks contact with the legal and the corporate communications department to synchronize communicative activities. Yet, IR managers acknowledge that they are not in contact with other internal groups, such as employees. Here, IR managers express their regret that capital market-related information is not passed on to employees. This might indicate a further reason for the lack of share culture in Germany.

In addition, it needs to be mentioned that my sample comprises experienced participants only. Participants show a high level of routine regarding the normal course of business as well as crises. Yet, their statements are reassuring regarding the degree of professionalism within the vocational field in Germany.

7.2 Contributions

In this section, I evaluate my study's contributions to theory, practice and methodology.

Contribution to Theory

The theoretical contribution of my study consists of three parts, which I discuss in the following.

I approached organizational crises and crisis communications from a different perspective than established crisis research by grounding my study in the field of IR

and the capital market. Crisis management research is grounded in the field of organizational research, whereas crisis communication is related to the field of PR. By taking this specific stance, I add to the stakeholder dimension of crisis research.

Due to the use of two data sources and the qualitative nature of the research as well as the five impacts I made out, I add knowledge to existing crisis research. I add a new conceptualization of crisis, the Circle of Interdependencies. This new conceptualization shows that the five impacts that emerged in the instrumental case study and which I examined with the help of the interviews are interwoven and necessitate each other. I add to the concept of non-financial factors and intangibles by identifying a new intangible related to the location capital (Duhr & Haller, 2013) of a company.

The Circle of Interdependencies shows that I employ a systemic perspective on crises and shows that single crisis type can hardly be assigned to this multifaceted phenomenon. I add to the concept of crisis phases by assigning different time spans to each phase based on the newspaper and the interview data. I further add to the stakeholder dimension by exploring organizational crisis which matter to an important organizational stakeholder group, namely the financial community and IR as related organizational function.

I am further able to confirm that existing communications research grounded in the systems perspective of PR research is applicable to IR. I found that the two-way symmetrical model of communication developed by Grunig and Hunt (1984) is the preferred method of communication in my field of study. In addition, my findings suggest that the relational approach within PR research (Ledingham & Bruning, 1998) with an outstanding role of trust is applicable to IR and the financial community. Findings further confirm that interdependencies, exchange of information as well as antecedents and consequences (Broom et al., 2000) matter within the relationship of IR and the capital market. These facets indicate to be further valid with regard to the relationship of the company's management and the capital market. Yet, my findings are limited to IR and the capital market with a focus on Germany.

Contribution to Practice

My study has implications for companies wishing to implement crisis detection measures related to IR and the capital market. My interviewees argue that IR is not involved in the strategic development of a company which contrasts findings from the literature review. In addition, findings suggest that IR is not involved in crisis management activities. Yet, an important feature of the IR function is to mirror the sentiment of the capital market into the company which could provide indications for strategy or signal detection. Therefore, reducing the function of IR to a communication role or to a consultant to the board in crisis situations suggests to be wasted potential for organizations. IR managers depict to possess a broad and substantial knowledge of their employer, the sector in which the company is located as well as macroeconomic interdependencies. In addition, they depict managerial foresight due to their crisis experience. Furthermore, IR takes over an assigned role in a dedicated relationship (Broom et al., 2000) and therefore, possesses knowledge from a different point of view than other organization-internal groups. This knowledge indicates not to be easily accessible and requires a fine understanding of the dialogue partner and context-sensitive knowledge. All of these attributes suggest to be valuable knowledge features which have the potential to contribute to company development. Yet, the coordinated market economy-stance and previous research (Köhler, 2015; Knyphausen-Aufseß et al., 2011) indicate that the orientation towards the capital market is related to the financial situation of a company. Interviewees express regrets that they rarely discuss capital market-related topics with other important departments within the company. IR managers' statements here indicate that they take a holistic and long-term view on the company which further supports their important role and the alignment to the long-term strategy of their employer (Hoffmann & Tietz, 2018). Nonetheless, the short-term view and the focus on finance of the capital market could also impose danger on organizations especially with reference to the long-term trends identified in my study. Here, IR could serve as a bridging function between organizations and the capital market.

Furthermore, IR could contribute to provide an understanding of the interplay of the capital market with companies. Hereby, IR managers could further help to contextualize the meaning of the capital market for companies and thereby, society. The lack of share culture has been an established phenomenon in Germany for about

20 years. Interviewees' statements suggest that this is related to a lack of knowledge. Yet, the role of IR indicates to be limited to the company they work for. Due to the new economy bubble which contributed to the lack of share culture in Germany, IR should not take over a marketing role. Yet, IR could contribute to support the establishment of employee share programmes as information intermediary. These programmes would assign employees another role and relation with their employer, namely as owners. This enhancement of the role could contribute to a raising interest in the welfare of the own employer from employees' side. Yet, this indicates to be difficult as interviewees' statements suggest that IR is only involved on a consulting level regarding strategy.

Findings suggest that company financing even in listed companies is still closely associated with traditional bank financing. Interviewees' do not report on their relationship with the finance or creditor relations departments in the course of the interviews. Yet, although IR managers and capital market participants depict that they regard IR as a communications function, Köhler's (2015) findings suggest that IR is a finance function with communicative features. Interviewees do not point to other regular exchange with the creditor relations department whereas no specific questions addressed this in the interview guideline. Yet, as Duhr and Haller (2013) regard rating as investor capital and interviewees are aware of the influence from rating agencies there suggests to be a link between these two departments.

IR managers depict to work together with the communications department in crises. They further argue that they need to filter relevant information from different sources. Regarding exchange with the corporate communications department, the research of Hoffmann and Tietz (2018) suggests that there is a link between the two functions. Exchange could contribute to both roles as media do not only have the potential to enhance a crisis but also to point to emerging trends. As Köhler (2015) finds that the media contributes to the development of the IR function, a further interplay of the two communication functions suggests being valuable.

In addition, IR managers do not provide information in how far their function is related to the political relations department or the related entity which is responsible for lobbying activities. IR1 and IR8 statements indicate that the IR managers were in contact with politics at the peak of the crisis. IR managers' statements further depict

that they possess knowledge of the political topics relevant for their employer and related activities. A further information exchange with this department might lead to advanced knowledge of upcoming trends and related legislation and the resulting effects. In addition, companies might need to rely on state support during or after crises. The example of Philipp Holzmann (see Methods and Methodology) has shown that state ownership has not always been advantageous for companies. Capital market participants' statements suggest that governmental influence is not appreciated by the financial community. Hereby, IR could again serve as bridging function with other organizational units to evaluate whether financing through the capital market is possible. Therefore, the interplay of the organizational roles described above indicates to be valuable regarding signal detection especially with regard to activists from society, politics and the capital market as well to identify emerging trends. Yet, this interplay suggest to depend on the size of the company and the affiliation of the departments to the related board resort.

Regarding intangibles or non-financial factors, IR managers as well as capital market participants depict their awareness that these are likely to have financial effects. This supports the findings from the literature review. Yet, both groups acknowledge that the capital market focuses on financial consequences. Here, IR managers suggest to take a different stance than the capital market. This differing position indicates to be related to their role inside the company while the capital market takes an outside view on the organization. This view is depicted with regard to the degree of responsibility towards other organizational stakeholders such as employees in a coordinated market economy. While IR managers are likely to regard layoffs as danger to the company, the perception from the financial community indicates to rather regard this stakeholder group as cost factor. In addition, almost only IR managers point to difficulties when it comes to changing the business purpose of the company. This indicates to be problematic in firms with a high volume of investments such as the energy industry or other producing companies with a dedicated business model. Hereby, the perspective of IR managers indicates that location capital or Acceptance of Society as intangible matter. IR managers' statements indicate awareness towards the society in which companies are located. As laid out before the development of companies indicates to be closely related to the three history-related intangibles business purpose, management and society. Here, the contrasting statements of IR12, who describes to

be exclusively obliged to the company in the IR role and PM1, who argues to look at companies' through the capital markets' lens depict the pivotal difference between inside and outside view. Capital market participants regard the organizations as a (potential) investment and therefore, are not directly involved in the development of companies, crises and further consequences. In addition, the financial community rather adopts a short- to mid-term view on organizations with a focus on financial matters. Finally, as the capital market is dominated by institutional investors from liberal market economies, the interviewees from the financial community rather adopt this stance than the one of a coordinated market economy. These differences underline the ambassadorial role of IR for the organization with a focus on true and fair view.

Yet, when it comes to trust and credibility as one overarching goal and intangible of IR, interviewees' perception from both groups suggest being consonant. IR is aware that trust depends on the decisions and the conduct of the management or the CEO. This indicates to be a demand from the capital market. IR managers' perception suggests that they are conscious of their consulting role to the board and that they can only advise on the capital markets' sentiment towards the organization. Regarding IR as communications intermediary, continuous contact and information provision suggest to be the basis for trust in the statutory function. Credibility as a subfactor of trust is achieved through communicative measures as stated by Bentele and Seidenglanz (2008).

The management of reputation as well as the threats to this intangible suggest to be a white spot regarding IR and the capital market. Interviewees assign reputation different meanings and relate the outcome to financial matters.

I closed the interview analysis with a matrix which depicts the findings from the BP case and interviewees' statements. Hereby, the matrix displays two developments of crises. Hence, the matrix could be useful to depict how other crises in the same or other sectors develop as reference value for evaluation purposes. The matrix depicts the five different impacts, whereas Environmental and Technical Impact should be renamed to trends. The matrix can be use in a vertical and horizontal way. With the help of the vertical use, intersections between trends and impacts can be depicted. The horizontal view shows the development of the trends and impacts over time. Thereby, the matrix could be further evaluated with regard to company strategy. IR could be one provider

of input combined with information from other company-internal and external sources as laid out above. Hence, the matrix can provide an enhanced view on organizations' proneness to potential crises. Findings suggest that a focus on societal developments indicates to be worth exploring. Here, the encompassing view of IR managers, their experience and their exchange with the capital market could make valuable contributions. The differing stance of the capital market suggests to provide helpful input for further evaluation with the stance of other stakeholder groups.

Contribution to Methodology

In addition to adding to theory and practical knowledge, my study contributes to methodology. Research on IR- or capital market -related topics within the field of finance mostly applies quantitative methodology, aiming at revealing effects rather than underlying mechanisms. I ground my research within the communicative stream of research, which often applies qualitative methods. With the use of two different data sources and the application of two different qualitative methods, qualitative content analysis and thematic analysis, I am able to target and understand the mechanism of crises in an ex post evaluation.

The twofold sequential exploratory approach comprised the use of two different coding approaches for the different data sources. Thereby, I am able to contribute to building theory. The set-up of the research design and the combination of data sources indicates to provide a useful pathway for further application and exploration. In addition, I deem my choice of hermeneutic phenomenology as underlying paradigm appropriate as it aims at gaining understanding. Hereby, my research could be used to complement quantitative research targeting effects such as share price analysis to enhance a nuanced understanding of these underlying mechanisms.

7.3 Limitations

There are aspects which constitute limitations to the study.

As inherent to qualitative research, both data samples I used are limited regarding their size and variety. Regarding the choice of newspapers, I wanted to cover a broad variety

of UK national newspapers with regard to their political leaning. A further feature is the distinction regarding the format, such as broadsheet, mid-market and tabloid. After an initial scanning of UK national newspapers, I decided to exclude tabloids, as the articles were very short and did not yield into much insight. Other UK national broadsheets might have provided insight into other topics. However, it evolved during the coding process that topics covered showed a high degree of resemblance across the different newspapers.

In addition, I was aware that the UK is a liberal market economy while Germany is a coordinated market economy (see Background and Context). This indicates that UK newspapers have a stronger interest in covering capital market-related topics as suggested by Kolb (2005). Being aware of the difference, such as a different Corporate Governance system (shareholder versus stakeholder approach), I was able to make out distinctive features such as the role of the Chairman.

Another limitation within the BP case study is that I preselected articles through the use of key word search in order to narrow a larger sample in a focused way. Therefore, my sample is limited regarding the choice of predefined topics. In addition, the size of my sample is not representative. Yet, representation is not a feature of qualitative research. As I only made use of the number of articles to visualize the course of the crisis in the BP case study, I deem the number of articles to be appropriate, keeping in mind that a larger sample size and another choice of articles could depict a different course of coverage.

Furthermore, using financial analysts' reports instead of newspaper articles would have been an alternative regarding documentary evidence. The use of analyst reports would have focused the research exclusively on the capital market. However, unlike newspaper articles, analyst reports are not publicly available documents and therefore, I was not able to use them.

In addition, a single case study limits the focus of the research. Yet, there was no further current case available which encompassed the features of the Deepwater Horizon accident and its aftermath. The Union Carbide case in Bhopal has already been extensively researched (e.g. Shrivastava, 1987), took place in a developing country and is more than 35 years ago by the time I conducted my study. Another

possible case would have been the Volkswagen Diesel scandal, which emerged over the course of my study. Yet, repercussions were still not clear at the point of time I finished my study. Thus, I deemed these two cases inappropriate for my research purpose.

Furthermore, I could have conducted my research within another paradigm. Analysis of newspaper articles often makes use of critical discourse analysis to reveal power relations. Yet, I was interested in understanding underlying crisis mechanisms for the capital market and IR. I felt that a critical paradigm would not suit my research purpose. In addition, my study is grounded in organizational research which advocates organizations. Findings suggest that interviewees rather regard their organization as a disadvantaged party in the public's and medias' perception. This could have imposed conflicts. Therefore, a critical approach suggests to be more applicable from a societal stance.

Regarding interviewee sampling I strongly depended on the goodwill of my interview partners. The IR community is relatively limited in Germany (Köhler, 2015). For some areas of IR, work groups exist where participants actively engage due to similar interests. Furthermore, listed companies are engaged in an umbrella organization of listed companies, the DIRK (Deutscher Investor Relations Verband), which constitutes another exchange platform for this vocational field. Given this, participants could know each other and talk about the research project, which would constitute a breach of confidentiality. Finally, participants needed to have feasible experience of a crisis, which is not given in all listed companies or with regard to the seniority of the interview partner within a company. Therefore, the former head of the IR department at my employer made initial contact with feasible research participants. By this, I was able to cover a broad range of industries.

These contact partners could then decide whether to participate or not. Gaining access to capital market participants was even more difficult. Making contact through my employer would have limited the scope of research participants due to their sector affiliation of research. Thus, I made contact via friends who themselves asked other people they would know. Finally, I managed to find ten interviewees working across different sectors which were willing to participate. Yet, a sample of 22 interviewees is

suitable for qualitative research within hermeneutic phenomenology, but again, it is not representative.

Another limitation of the research is the combination of data sources from different European countries. I initially attempted to use German media. However, I found first that coverage of the BP case in German newspapers received not as much attention. This might be grounded in the fact that for German newspapers, the Deepwater Horizon oil spill was mainly a case of severe environmental pollution. Kolb's (2005) research on crisis coverage in UK, French and German newspapers confirm this sentiment. The reason I chose UK newspapers is their focus on economic topics during and after crises (Kolb, 2005). This suited my research purpose.

Conducting the research in one country only would have been a more coherent approach. Approaching IR Managers and capital market participants from the UK would have added to this coherence. However, I found it difficult to approach these potential interviewees as I am a German and a member of the German IR community. Potential interviewees might have even been more restrained than peers in Germany. Due to my different nationality, I could have potentially been regarded as an intrusive person willing to reveal weaknesses of other companies. Furthermore, time constraints restricted me. Therefore, my new conceptualization of a crisis which matters to IR and the capital market is culturally grounded in Germany.

Any research methods carry inherent risks. Yet, I felt confident that the chosen twofold sequential exploratory approach was appropriate to explore the sensitive and multi-faceted nature of the research topic.

7.4 Further Research

Although I answer the research questions of my study, there are still many questions which go beyond the scope of my research.

A quantitative validation of my research findings in Germany would add further validity to my research by means of transferability. In an ex-post review, my study shows strong cultural affiliations to Germany as a coordinated market economy and specific cultural circumstances such as a strong aversion towards nuclear energy.

Grounding the research in a liberal market economy could reveal other findings as these countries have a strong share culture, a feature which does not exist in Germany. Research on other sectors might also reveal different insights. A study in another cultural or economic context could reveal other findings and show whether my study fulfils the criteria for replicability. In addition, the Circle of Interdependencies could be examined from a societal point of view whereas I took an organizational stance in my study. Here, a further examination of the introduced intangible Acceptance of Society suggests to constitute a basis for further exploration. The comparing and contrasting of the perceptions of societal issues like the Energiewende could provide valuable insights for companies and society as well as politics. Yet, a prior evaluation of risk research indicates to be necessary as concepts for risk evaluation already exist for the capital market. Therefore, approaching IR and the capital market and the further intertwining with society and evolving trends suggests to provide additional insights into cause and effects.

Furthermore, research on the concept of trust in IR and capital markets could reveal insights on building and maintaining trust during the normal course of business and in crisis times. Here, the different levels of trust like interpersonal and organizational trust indicate to matter. Hence, further research on the role of the CEO, organizational history and developments as well as the positioning of IR with regard to building and maintaining trust indicates to provide valuable insights.

A further exploration of the concept of reputation with regard to IR and the capital market indicates to be insightful. This complies with the recommendations of Hoffmann and Fieseler (2012) Here, a thorough evaluation of the stream of research suggests to be important as reputation is a multifaceted construct. Interviewees' perceptions indicate to be sector-related and focus on the financial damage. Yet, as the findings as well as the Circle of Interdependencies depict, Financial Impact is rather an outcome than an underlying mechanism. A sector-related approach to reputation and reputational damage indicates to provide other important facets. Yet, an encompassing approach which considers the company and its history indicates to reveal further insights. Regarding companies, it would be interesting to see which organizational units are assigned with the management of reputation and reputational risk, which suggests to differ according to Union Investment (2013). This could then be contrasted with the capital markets evaluation of reputation and reputational

damage especially with regard to crises. Similar procedures could be applied to examine the relevance of brands for IR and the capital market.

In addition, the research could be carried out with another, narrower focus, such as political risks in the capital market or focusing on organizational lifecycles and crises. The role of anchor shareholders suggests to be another field worth to explore.

A further evaluation of the role with regard to organizational crises in other countries and economic systems would depict further insights. Here, the historical development of organizations regarding their business purpose in context with societal perception and share culture indicates to matter.

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Complete List of Newspapers Articles used in BP Case Study

Date	Newspaper	Title of Article
28 April 2010	Daily Mail	BP's oil leak is costing millions of dollars a day
30 April 2010	Daily Mail (2)	BP in deep water over rig explosion
27 April 2010	Financial Times	Oil spill likely to cast shadow on BP gains
28 April 2010	Financial Times (2)	Lex Column
28 April 2010	Financial Times (3)	Spill overshadows BP results
29 April 2010	Financial Times (1)	BP's pay safety catch
30 April 2010	Financial Times	US frees up more resources to fight BP spill as oil nears coast
28 April 2010	The Guardian	BP faces US inquiry over whistleblower's claims that it failed to keep key safety documents: Contractor alleges records were not up to date Government agency to launch Atlantis rig inquiry
30 April 2010	The Guardian	US rig disaster: Military sent in as 100 mile slick threatens US coast: Government takes control of effort to end disaster £13bn wiped off BP's value as shares tumble
30 April 2010	The Guardian (2)	US rig disaster: Analysis
01 May 2010	Daily Mail (2)	Oil Spill wipes 613bn from energy giant
02 May 2010	Mail on Sunday	Oil Spill could land BP with 63 billion bill
05 May 2010	Daily Mail	Black tide that cost BP 620bn
05 May 2010	Daily Mail (2)	BP paying the 619bn price for US oil disaster
06 May 2010	Daily Mail (2)	BP faces ratings downgrade as well keeps on spewing oil
09 May 2010	Mail on Sunday	BP robot team to tackle oil disaster
11 May 2010	Daily Mail	BP oil spill costs could reach 61bn
15 May 2010	Daily Mail	Why slick investors should resist a BP punt
29 May 2010	Daily Mail	Hayward's Mexican standoff
01 May 2010	Financial Times (1)	BP promises to meet 'legitimate' claims on Mexican Gulf oil spill
04 May 2010	Financial Times (3)	BP falls 7% on oil spill fallout
05 May 2010	Financial Times (1)	Analysts reassure but stock keeps on falling
06 May 2010	Financial Times (3)	Moody's outlook on BP changes to negative over oil spill concern
26 May 2010	Financial Times	BP head hits back at critics of oil spill response
26 May 2010	Financial Times (1)	Washington a lonely place for oil group
28 May 2010	Financial Times (5)	BP sees leak estimates jump
29 May 2010	Financial Times	BP moves to plug oil well leak with junk
29 May 2010	Financial Times (1)	Shares in BP slide as 'top kill' fails to stem oil tide
29 May 2010	Financial Times (11)	Gulf of Mexico spill casts long shadow over BP's future
01 May 2010	The Guardian	BP oil spill likely to cost more than Exxon Valdez: BP spill may cost more than Exxon Valdez
05 May 2010	The Guardian	Deepwater Horizon disaster: Fury over spill sparks call for levy of \$10bn and ban on more drilling: Arnold Schwarzenegger backs protest over 200,000 gallons a day leak in gulf by ending support for California oil expansion
05 May 2010	The Guardian (2)	Deepwater Horizon disaster: Pressure group: Shareholders challenge BP safety
07 May 2010	The Guardian	BP facing £15bn loss over Deepwater oil spill, warn analysts: Shares will 'lag behind rivals for lasting future' Tougher regulation could wipe £6bn off value
14 May 2010	The Guardian (1)	Viewpoint:: Svanberg: BP's invisible man
14 May 2010	The Guardian (2)	Gulf oil spill? It's just a drop in the ocean, says BP chief
26 May 2010	The Guardian	Oil disaster: BP faces extra \$60bn in legal costs as US loses patience with Gulf clean-up: Government fines could send firm's bill soaring Obama feels the heat for failing to contain crisis
27 May 2010	The Guardian	Deepwater disaster: BP enters uncharted waters with new fix while sniping grows: Rig staff accuse company of taking fatal shortcuts Risky 'top kill' mission to halt gush of oil under way

Date	Newspaper	Title of Article
02 May 2010	The Observer (4)	Eleven dead and a slick 130 miles long in the disaster that BP predicted could never happen
02 May 2010	The Observer (5)	Problems with big oil that won't go away: The Deepwater Horizon spill, which is threatening swaths of the Gulf of Mexico's coast, again raises questions about how rigorously safety and environmental regulations are enforced
02 May 2010	The Observer (6)	Obama flies in to meet BP chief over Deepwater oil crisis
01 June 2010	Daily Mail	BP's oil spill isn't just an ecological disaster, it's a catastrophe for Britain... and you
02 June 2010	Daily Mail	Fighting to tame the sea monster
03 June 2010	Daily Mail (2)	BP is to turn on the charm over oil leak
05 June 2010	Daily Mail (3)	Troubleshooter Dudley to handle fallout from BP spill
06 June 2010	Mail on Sunday	BP Gulf oil spill is a disaster for all of us
09 June 2010	Daily Mail	BP shares slide after Obama rant
10 June 2010	Daily Mail (2)	We are key to US oil needs, says BP
11 June 2010	Daily Mail (2)	This great British Company faces death
11 June 2010	Daily Mail (4)	BP offers dividend olive branch to US
12 June 2010	Daily Mail	Cameron still won't speak up for BP
15 June 2010	Daily Mail (2)	BP is isolated as rivals hit out over leak
17 June 2010	Daily Mail	Blow for BP with junk credit rating threat
18 June 2010	Daily Mail	Sliced and diced on Capitol Hill
19 June 2010	Daily Mail (2)	Downgrade puts damper on BP gains
26 June 2010	Daily Mail	BP shares plunge on clean-up fears
29 June 2010	Daily Mail	Hayward is not quitting insists BP
02 June 2010	Financial Times	US orders legal probes into BP oil spill
02 June 2010	Financial Times (2)	Pressure mounts on BP amid fresh plug bid
02 June 2010	Financial Times (n)	TPG's investment star hopes to shine in a new orbit
03 June 2010	Financial Times	BP 'not prepared' for spill
04 June 2010	Financial Times	BP moves to calm investors over negative impact of US oil spill
05 June 2010	Financial Times (2)	Obama hits out at BP over dividend
08 June 2010	Financial Times	BP ramps up oil recovery effort as White House defends its response
09 June 2010	Financial Times	Obama in scathing attack on BP chief
10 June 2010	Financial Times	UK alarm over attack on BP
11 June 2010	Financial Times	Lawyers file class action lawsuits
11 June 2010	Financial Times (4)	Cameron urged to defend BP against attack
11 June 2010	Financial Times (5)	In seven weeks, stock goes from blue-chip to hot tip
11 June 2010	Financial Times (6)	Options that face company if matters worsen
11 June 2010	Financial Times (7)	Costs absorbed
11 June 2010	Financial Times (8)	Funds wait on dividend news
11 June 2010	Financial Times (9)	Investors fear no limit to damages
12 June 2010	Financial Times	BP seeks truce on oil spill
12 June 2010	Financial Times (4)	US must hit reset button with BP: Endlessly kicking the company in public profits no one
12 June 2010	Financial Times (7)	Frills and spills
12 June 2010	Financial Times (8)	Strongest BP rebound since oil spill fuels broader rally
14 June 2010	Financial Times	Obama wants BP fund set up for spill claims
14 June 2010	Financial Times (4)	Svanberg under scrutiny at BP

Date	Newspaper	Title of Article
15 June 2010	Financial Times	BP faces demand for \$20bn pay-out
15 June 2010	Financial Times (3)	BP shares plunge as spill costs mount
15 June 2010	Financial Times (5)	MPs hit back at anti-British rhetoric in US
15 June 2010	Financial Times (7)	Production faces two-year setback
16 June 2010	Financial Times (2)	Fitch sharply lowers BP's rating
16 June 2010	Financial Times (4)	Blame game fails to win over Congress
17 June 2010	Financial Times	BP to suspend dividends for rest of the year
17 June 2010	Financial Times (13)	Oil has become the new tobacco
17 June 2010	Financial Times (2)	BP backs \$20bn spill fund
17 June 2010	Financial Times (4)	BP faces long wait before knowing total bill
17 June 2010	Financial Times (5)	Advisers ready to map out release of cash
17 June 2010	Financial Times (7)	Svanberg says deal will annoy investors
17 June 2010	Financial Times (9)	Vigilant traders push on with business as usual
18 June 2010	Financial Times (2)	Congress mauls BP chief
18 June 2010	Financial Times (5)	Hard task to put 'Humpty-Dumpty' back together
18 June 2010	Financial Times (6)	Victims' fund buys BP some breathing space
18 June 2010	Financial Times (8)	BP's Obama meeting
21 June 2010	Financial Times	Hayward plans mission to calm Russian fears over BP's finances
21 June 2010	Financial Times (3)	Hayward seeks to reassure partners about damages fund
22 June 2010	Financial Times	Hayward pulls out of conference
22 June 2010	Financial Times (2)	Company faces years of legal attacks, but time is its friend
22 June 2010	Financial Times (3)	Anxiety deepens as reality sets in at BP
23 June 2010	Financial Times (2)	North Sea director reassures workers
23 June 2010	Financial Times (n)	BP fallout threatens smaller operators
25 June 2010	Financial Times (2)	Oil majors rethink links with BP
26 June 2010	Financial Times (3)	In deep with oil but holding firm
26 June 2010	Financial Times (4)	BP looks to allay fears on financial situation
26 June 2010	Financial Times (5)	Deep waters of uncertainty swamp case for oil investment
30 June 2010	Financial Times (4)	New York fund rethinks BP lawsuit
01 June 2010	The Guardian (1)	Deepwater disaster: Class action lawsuits: BP hit by avalanche of compensation claims
02 June 2010	The Guardian	Fears for BP's future as US launches criminal inquiry
02 June 2010	The Guardian (2)	Gulf of Mexico oil disaster: Gulf of Mexico oil disaster: 'It has got the real smell of death. This could break BP': Oil giant's shares drop 13% with £12bn wiped off value Calls for Obama to crack down on British company
03 June 2010	The Guardian (2)	Deepwater disaster: Delay in sealing leak fuels speculation of BP takeover: Pressure on Hayward over handling of disaster Oil giant was ill-prepared for blow-out, chief admits
03 June 2010	The Guardian (3)	Deepwater disaster: Public image: Company's name is mud and the future is murky
04 June 2010	The Guardian (2)	BP chief digs deep to reassure City over \$10bn dividend
04 June 2010	The Guardian (3)	Leading Article: Big problems: Gulf oil spill
05 June 2010	The Guardian (2)	International: BP delegates 'toxic' Gulf spill operation to dilute anti-British feeling in America: American to take charge of separate business: New containment cap placed on top of leak
07 June 2010	The Guardian (2)	BP and corporate responsibility
08 June 2010	The Guardian (2)	Comment: The oil firms' books gush with profits while the world counts the real costs: The energy industry has long dumped its damage and, like the banks, made scant provision against disaster. Time to pay up
08 June 2010	The Guardian (5)	The human cost: Deepwater widow asks: how do I tell my children their father is dead?

Date	Newspaper	Title of Article
10 June 2010	The Guardian (2)	Deepwater Horizon disaster: Shares slump as US presses BP to pay laid off oil workers: Freeze on drilling has put thousands out of work Giant tanker sent to boost collection capacity
10 June 2010	The Guardian (3)	Deepwater Horizon disaster: Tony Hayward: How an affable geologist became America's most hated
14 June 2010	The Guardian	Comment: A Deepwater dividend: The BP crisis lays bare political short-termism. We should be striving to build a post-oil economy
15 June 2010	The Guardian	G2: The rise and fall of BP: In its 100-year history, BP has been dogged by appalling accidents and an absence of diplomacy. Can it ever reinvent itself? Andrew Simms reports
15 June 2010	The Guardian (4)	Gulf oil spill: Analysis: Fears for firm's survival as predicted cost of spill soars
16 June 2010	The Guardian	Gulf of Mexico oil spill: Obama's credibility at stake as White House tries to take control: President makes first Oval Office speech to nation 'We will make BP pay for the damage they caused'
17 June 2010	The Guardian (3)	Gulf oil spill: BP chief's gaffe adds fuel to the fire ahead of congressional hearing: Swedish chairman calls affected residents 'small people': Firm plans asset sale to pay for \$20bn compensation fund
17 June 2010	The Guardian (4)	Gulf oil spill: Questions for Hayward
18 June 2010	The Guardian (4)	Deepwater Horizon disaster: 'I don't recall': stonewalling BP chief leaves Congress inflamed: Hayward refuses to be drawn over key decisions 'Corporate complacency' condemned by committee
22 June 2010	The Guardian (2)	Safety controls: BP alerted of oil leak 'weeks before blast', rig worker says
22 June 2010	The Guardian (3)	Comment:: Don't cry for investors burned by BP. They were warned loud and clear: As ethical shareholders steered clear, other fund managers endorsed the oil firm's ecologically disastrous risk-taking
23 June 2010	The Guardian (2)	Psst, anyone seen Tony? BP chief disappears: BP silent on whereabouts of chief executive after absence from industry bash
23 June 2010	The Guardian (3)	Tony's travels
26 June 2010	The Guardian (2)	Financial: BP's Hayward launches City charm offensive: Chief tells investors he will not be stepping down: Fears hurricane season will hamper efforts in Gulf
06 June 2010	The Observer	... and everyone can do their bit to hold business to account
06 June 2010	The Observer (3)	America tells Obama to take control - and seize BP
13 June 2010	The Observer (2)	National: Obama moves to end growing rift with Britain over BP's part in Gulf oil disaster: A telephone call to Cameron eases tension amid fears that stock markets will dump oil giant's shares tomorrow
20 June 2010	The Observer	BP may pull out of North Sea in dramatic attempt to reduce its costs
04 July 2010	The Observer	The best investment strategy would be for pension funds to throw their weight around
01 July 2010	Daily Mail	BP eyes sale of its Argentinian stake
03 July 2010	Daily Mail	BP's 66bn sale to fight takeover
07 July 2010	Daily Mail	Shareholder shrug off BP fears
08 July 2010	Daily Mail	BP to fight for demand over disclosures
13 July 2010	Daily Mail (2)	BP stock surges as Exxon eyes up bid
23 July 2010	Daily Mail	BP shrinks in the face of a US onslaught
29 July 2010	Daily Mail	Spill probe clouds Dudley coronation
02 July 2010	Financial Times	Eagles and vultures
02 July 2010	Financial Times (2)	BP casts a wide net for asset buyers
03 July 2010	Financial Times	Anatomy of a disaster: With the Gulf of Mexico oil spill, the men who run BP have presided over one of the worst catastrophes in business history. But the roots of the calamity lie within the company itself.
06 July 2010	Financial Times	BP rules out share issue
06 July 2010	Financial Times (3)	BP is running out of options
12 July 2010	Financial Times (2)	BP nears date with destiny over its future
13 July 2010	Financial Times	Spill costs to cut BP tax bill by \$10bn
13 July 2010	Financial Times (2)	BP investors look to bypass claims ruling
16 July 2010	Financial Times (3)	Group speeds up disposal of \$20bn assets
16 July 2010	Financial Times (5)	A giant wounded
17 July 2010	Financial Times	Shares bounce back from brink
17 July 2010	Financial Times (3)	Cameron to take on BP critics
17 July 2010	Financial Times (n)	Heads on the block as BP tries to restore confidence

Date	Newspaper	Title of Article
24 July 2010	Financial Times (3)	Gloom at the top
29 July 2010	Financial Times	BP to seal Hayward's fate
26 July 2010	Financial Times (2)	Hayward loses out in battle to remain at BP
27 July 2010	Financial Times	Hayward lined up for role at TNK-BP
27 July 2010	Financial Times (3)	Hayward can contribute to rebuilding his reputation
28 July 2010	Financial Times (3)	The era of global oil giants is over
28 July 2010	Financial Times (2)	Promise of change echoes BP's past
31 July 2010	Financial Times (2)	BP prepares to seal stricken well with 'static kill'
31 July 2010	Financial Times (3)	A bold hand required for BP to regain its former glory
01 July 2010	The Guardian	BP's future: Public reaction: Backlash hits franchisees with abuse and gunshots at US petrol stations
02 July 2010	The Guardian	Financial: BP in talks with China over \$9bn asset sale
05 July 2010	The Guardian	Energy: Kuwaitis in talks on increasing BP stake to 10%: Share sale to Middle East fund could raise £6bn Bigger KIO investment would deter rival bids
06 July 2010	The Guardian	BP demands \$400m from its partners in stricken Gulf well as total costs top \$3bn
08 July 2010	The Guardian	Abandoned oil wells make Gulf of Mexico an environmental minefield, study claims: Concern about safety of 27,000 disused wells BP boss seeks white-knight investor in Abu Dhabi
09 July 2010	The Guardian	BP hopes Hayward can survive after big investors shrug off share plunge: Boss is safe 'unless negligence is proved' Clean-up chief raises hopes over relief well
12 July 2010	The Guardian (2)	Takeover: Obama 'won't stand in way' of a bid by Exxon
13 July 2010	The Guardian	Economy: Viewpoint: Don't take the ratings agencies too seriously, Mr Osborne
16 July 2010	The Guardian (2)	BP stops oil well leaking for first time since April: BP stops Gulf oil well leak for first time since April
17 July 2010	The Guardian (6)	International: Deepwater Horizon: Rebuilding the brand: Relief as container cap works but troubled waters lie ahead
22 July 2010	The Guardian	BP chief fights back as investors plan to sue
24 July 2010	The Guardian (3)	International: Blame game: Focus shifts away from BP
26 July 2010	The Guardian	Gone, but keeping his pension - Hayward axed over BP disaster: Move seen as only way to rebuild firm's image in US Boss was branded 'most hated man in America'
27 July 2010	The Guardian	BP appeases US by sending Hayward to Siberia: Gaffe-prone chief to get non-exec post at TNK-BP Oil group hopes to draw a line under PR disaster
28 July 2010	The Guardian (2)	BP crisis: Results: Gulf spill costs plunge BP \$17bn into red
28 July 2010	The Guardian (3)	BP crisis: Hayward's parting shot: 'I'm too busy to attend Senate': Oil company risks further damage to US relations with snub to committee and claim it is model of social responsibility
28 July 2010	The Guardian (4)	Leading Article: BP: A near-death experience
25 July 2010	The Observer	BP acquits itself of sole blame for gulf spill after internal inquiry: Oil giant rejects gross negligence allegations as speculation grows over Hayward's future
03 Aug 2010	Daily Mail (2)	US probes insider dealing in BP stock
04 Aug 2010	Daily Mail	BP share probe targets 'insiders'
03 Aug 2010	Financial Times (2)	Sealing BP's future
05 Aug 2010	Financial Times (n)	Investors urge spill action plans
11 Aug 2010	Financial Times	BP oil spill lawsuits to be heard in New Orleans
12 Aug 2010	Financial Times	BP investigations: a rough guide
17 Aug 2010	Financial Times	BP raises \$5bn in loans against oil revenue to boost its liquidity
27 Aug 2010	Financial Times	Svanberg suffers pound(s)2m paper loss on his BP shares after Gulf leak
04 Aug 2010	The Guardian	BP bills partner Anadarko for \$1bn of clean-up cost
09 Sept 2010	Daily Mail	BP tries to deflect blame from disaster
14 Sept 2010	Daily Mail	BP may pare down 613bn Gulf spill bill
17 Sept 2010	Daily Mail	BP close to plugging Gulf well
21 Sept 2010	Daily Mail	BP rallies after finally capping Gulf well
30 Sept 2010	Daily Mail	BP plays safe as Inglis pays price for spill

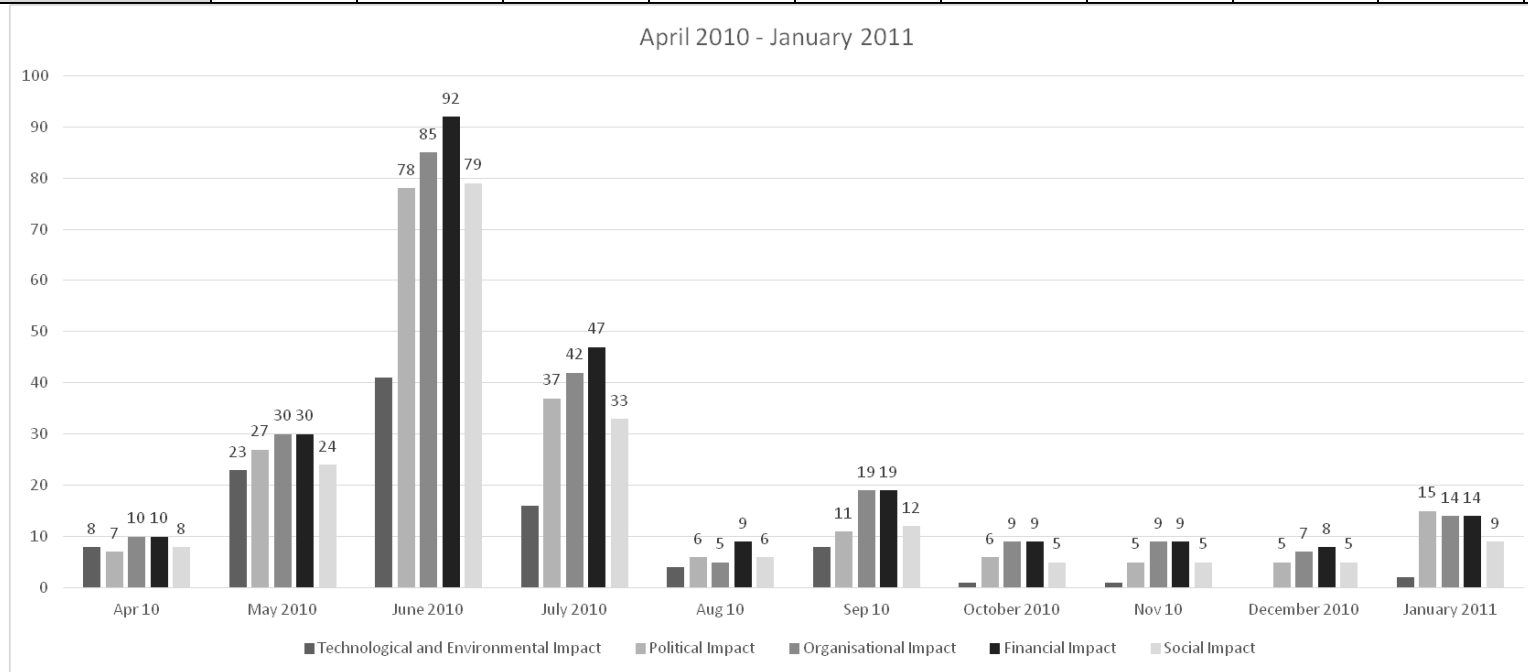
Date	Newspaper	Title of Article
02 Sept 2010	Financial Times	Ad spend triples in three months after spill
02 Sept 2010	Financial Times (2)	Malaysian petrochemical deals take group asset sales close to \$10bn
02 Sept 2010	Financial Times (3)	BP report to focus on safety and reliability
07 Sept 2010	Financial Times	Making BP beautiful
13 Sept 2010	Financial Times (2)	BP needs to emulate ExxonMobil's model
24 Sept 2010	Financial Times (2)	BP chief faces tough call on US
29 Sept 2010	Financial Times	BP raises \$2bn in first sale since blast
04 Sept 2010	The Guardian	Financial: Bid talk swirls around BP as it nears final cap on leaking well
09 Sept 2010	The Guardian (1)	Gulf oil disaster: Comment: Big Oil: an industry at war with itself
09 Sept 2010	The Guardian (n)	Viewpoint BP's report doesn't really spill the beans
11 Sept 2010	The Guardian	BP thrown off ethical index as Gulf spill delays results for Q3
14 Sept 2010	The Guardian	BP says oil compensation should cost less than \$20bn: Incoming boss Bob Dudley seeks to reassure investors Firm stands by its \$32.2bn total liability estimate
21 Sept 2010	The Guardian	Investors cheered as fears over BP's future dissipate: Shares rise 8p after firm finally plugs Gulf oil leak Company says 5m-barrel spill has cost it \$9.5bn
30 Sept 2010	The Guardian	Gulf boss quits in BP safety shake-up: New chief executive takes steps to 'rebuild trust' Head of production leaves with £700,000 pay-off
26 Sept 2010	The Observer	Energy: First task for the in-tray: get the Americans to stop hating BP: After the gulf oil spill, new boss Bob Dudley faces a huge challenge to restore the brand. Terry Macalister looks at his five priorities
01 Oct 2010	Daily Mail (3)	Slick BP prepares to pay a divi again
30 Oct 2010	Daily Mail	BP faces up to further 61.9bn hit on Gulf spill
07 Oct 2010	Financial Times	A sea change needed
19 Oct 2010	Financial Times	BP links fourth-quarter bonuses to safety and risk performance
30 Oct 2010	Financial Times	BP and Halliburton face bigger claims after US investigation
01 Oct 2010	The Guardian	The Friday profile: The quiet American who must salvage BP's global fortunes: Bob Dudley takes over as chief executive today, but is already thinking about restoring the firm's dividend
13 Oct 2010	The Guardian (n)	Brussels to push for strict new rules on offshore oil: UK industry would bear brunt of legal changes EC faces being accused of exploiting BP disaster
29 Oct 2010	The Guardian	BP was warned about cement at Gulf of Mexico well: Mixture found unstable weeks before explosion Findings contradict assurances by contractor
31 Oct 2010	The Observer	BUSINESS: Analysis: BP's behaviour was shameful. But it wasn't the only one to blame for the gulf disaster
10 Nov 2010	Daily Mail	BP accused of complacency over oil spill
25 Nov 2010	Daily Mail	BP boosted
10 Nov 2010	Financial Times	'Bad calls' preceded Gulf blast
11 Nov 2010	Financial Times	BP safety concerns put pressure on outsourcing to contractors
23 Nov 2010	Financial Times (2)	Oil spill clean-up investment criticised
29 Nov 2010	Financial Times	It is risky to rely on oil profits for our pensions
30 Nov 2010	Financial Times	BP commits to develop Canadian oil sands
03 Nov 2010	The Guardian	BP boss draws a line under 'traumatic' time: Dividend payouts to stay at permanently low levels Bill for Deepwater spill clean-up tops \$40bn
09 Nov 2010	The Guardian (3)	Investigator clears BP of cutting costs before Deepwater Horizon oil spill disaster in Gulf: Companies 'overlooked drilling warning signs' Failed pressure test was interpreted as success
15 Dec 2010	Daily Mail	Slick BP could attract a bid from shell after asset sales
16 Dec 2010	Daily Mail (2)	BP sued
17 Dec 2010	Daily Mail	BP's lawsuit may flush out suitors
17 Dec 2010	Financial Times	Cost of Deepwater Horizon rests with US courts
24 Dec 2010	Financial Times	BP Agonistes
17 Dec 2010	The Guardian	Leading article: BP: Ready for a mauling
23 Dec 2010	The Guardian	Oil: Former Sun King expected to return to power with BP asset grab: Browne's private equity firm considers buying a chunk of his old company
30 Dec 2010	The Guardian	2010 in review: From optimism to ignominy: BP's annus horribilis

Date	Newspaper	Title of Article
07 Jan 2010	Daily Mail	BP to escape crippling fine over oil spill
12 Jan 2010	Daily Mail (2)	BP relief as US lashes oil watchdogs
06 Jan 2010	Financial Times	US pins blame for BP spill
07 Jan 2010	Financial Times (2)	BP investors shrug off critics
07 Jan 2010	Financial Times (4)	An oil spill born of complacency: Gulf disaster report paints picture of sloppy management
08 Jan 2010	Financial Times	BP likely to face criminal charges over spill, experts say
15 Jan 2010	Financial Times	BP and Rosneft in \$7.8bn 'alliance'
15 Jan 2010	Financial Times (2)	Pioneering tie-up for BP and Russia
06 Jan 2010	The Guardian	BP cost-cutting blamed for 'avoidable' oil spill: Disaster was avoidable, finds White House report Complacency 'could lead to another catastrophe'
06 Jan 2010	The Guardian (3)	British oil disaster could cost taxpayer billions: MPs fear voluntary fund cannot cover clean-up bill Doubts over effectiveness of spill plans in North Sea
07 Jan 2010	The Guardian (n)	Viewpoint US inquiry shares out blame - so BP shares costs
15 Jan 2010	The Guardian	Russian oil giant buys 5% of BP in Arctic drilling deal: Shares rise as minister backs \$18bn exchange US congressman attacks 'Bolshoi Petroleum'
17 Jan 2010	The Guardian	BP's Rosneft deal hits trouble in Russia and UK: Share swap threatens rift with existing partners US politicians concerned over national security
18 Jan 2010	The Guardian (2)	Energy: Eastern promise: Dangers of dancing with the Russian bear
18 Jan 2010	The Guardian (n)	Viewpoint Smiths can afford to wait for the best offers

APPENDIX

Appendix 1: Number Base for Development of Crisis Phases in Instrumental Case Study

	April 2010	May 2010	June 2010	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
Technological and Environmental Impact	8	23	41	16	4	8	1	1	0	2
Political Impact	7	27	78	37	6	11	6	5	5	15
Organizational Impact	10	30	85	42	5	19	9	9	7	14
Financial Impact	10	30	92	47	9	19	9	9	8	14
Social Impact	8	24	79	33	6	12	5	5	5	9



Appendix 2: Coding Sheet for Impacts in Case Study

As depicted above, the head categories form the bar charts. Regarding the subcategories, it should be noted that one article could be assigned to varying categories at the same time. With the help of NVivo, coding can be aggregated and depict the correct number of articles used during the months. For this reason, figures in the head category and in the subcategories cannot be added.

Technological and Environmental Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
1. Head Category: Technological and Environmental Impact (aggregated)	8	23	41	16	4	8	1	1	0	2
1.2.: Attempts to seal well	7	16	20	14	3	5	0	0	0	0
1.2.1: Vessels	5	2	3	2	0	0	0	0	0	0
1.2.2: Clean-up	3	7	10	3	0	1	1	0	0	0
1.2.3: Collection of oil	0	2	10	2	0	0	0	0	0	0
1.2.4: Fire to burn oil slick	1	0	0	1	0	0	0	0	0	0
1.2.5: Manpower	1	2	1	2	0	1	1	0	0	0
1.2.6: Use of chemicals	3	3	0	1	0	0	0	0	0	0
1.3: Impact on environment	8	21	26	6	3	5	1	1	0	2
1.3.1: Environmental risk	0	1	7	3	0	0	0	1	0	1
1.3.2: Environmentalists	1	5	6	1	0	1	0	0	0	2
1.3.3: Experts	0	3	2	3	1	0	0	0	0	0
1.3.4: Oil Slick	8	19	13	2	2	1	0	0	0	0
1.3.5: Oil amount spilling into Gulf of Mexico	8	17	13	2	2	1	0	0	0	0
1.3.6: Scientists	0	4	3	2	0	2	1	0	0	0
1.3.7: Wildlife	1	1	1	0	0	0	1	0	0	0

Political Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
2. Head Category: Political Impact (aggregated)	7	27	78	37	6	11	6	5	5	15

Political Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
2.1.: Other Politics (aggregated)	0	1	5	9	1	0	2	1	1	5
2.1.1: BP-Russia	0	0	5	8	1	0	1	0	0	5
2.1.2: Other governments	0	1	0	1	0	0	1	1	1	0
2.2.: UK Politics (aggregated)	1	6	33	13	0	1	3	1	0	4
2.2.1: BP-UK Economic relations	1	3	18	5	0	0	2	1	0	2
2.2.2: BP-UK Political relations	0	3	14	7	0	1	1	0	0	3
2.2.3: UK government crisis response	0	0	11	2	0	0	1	0	0	0
2.3. Second Category: US Politics	7	26	75	33	6	11	5	5	5	13
2.3.1: BP-US Economic relations	2	5	16	16	0	3	1	0	1	2
2.3.2: BP-US Political relations (aggregated)	2	12	39	17	3	2	3	1	1	5
2.3.2.1: Lobbying	0	2	3	1	0	0	0	0	0	1
2.3.2.2: Lybia - Lockerbie assassination	0	0	0	4	0	0	0	0	0	0
2.3.2.4: Nationalism	0	1	13	2	0	0	0	0	0	0
2.3.2.5: US Oil Politics	2	9	19	5	2	1	3	0	1	3
2.3.2.6: US Congress	1	8	22	6	2	2	0	0	0	0
2.3.2.6.1: Congressional hearing	0	6	11	1	1	0	0	0	0	0
2.3.3: US Government	7	21	62	25	4	10	4	4	5	12
2.3.3.1: Barack Obama	3	16	53	20	2	7	4	4	4	12
2.3.3.1.1: Presidential Commission	0	0	1	2	1	3	3	4	0	9
2.3.3.2: US administration	6	15	28	10	4	5	1	2	4	2
2.3.3.2.1: Department of Interior	2	5	9	3	0	0	0	0	0	1
2.3.3.2.1.1: Federal Mineral Management Service	1	2	1	2	0	0	0	0	0	1
2.3.3.2.2: Department of Justice	1	1	10	4	4	1	0	1	4	2

Political Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
2.3.3.2.3: EPA (Environmental Protection Agency)	0	2	0	0	0	0	1	1	0	0
2.3.3.3: US Homeland Security	5	8	8	5	0	3	0	0	0	0
2.3.3.4: US Coast Guard	5	7	8	5	0	3	0	0	0	0
2.3.3.5: White House	2	6	14	2	0	2	0	0	0	0

Organizational Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
3. Head Category: Organizational Impact (aggregated)	10	30	85	42	5	19	9	9	7	14
3.1: Effects on BP (aggregated)	10	30	85	42	5	19	9	9	7	14
3.2: External effects (aggregated)	5	21	24	17	0	7	6	2	1	4
3.2.1: Cause of accident	1	1	5	3	0	1	3	2	0	3
3.2.2: Reputation	4	13	9	6	0	4	2	0	1	0
3.2.3: Time	4	11	10	8	0	2	1	1	0	2
3.2.4 Weather	1	3	5	3	0	2	0	0	0	0
3.3: Internal effects (aggregated)	10	30	83	40	5	18	9	9	7	13
3.3.1: BP history	8	17	20	9	1	0	1	0	3	0
3.3.1.1: Disaster	8	17	19	8	1	0	1	0	3	0
3.3.1.1.1: Exxon Valdez	5	14	9	2	0	0	0	0	1	0
3.3.1.1.2: Former Disasters	1	1	6	0	0	0	0	0	1	0
3.3.1.1.3: Other Oil Spills	0	1	1	0	0	0	0	0	0	0
3.3.1.1.4: Texas City and Alaska Disaster	5	8	8	6	1	0	1	0	1	0
3.4.1: BP Management (aggregated)	8	26	69	37	5	18	8	7	6	9
3.4.1.1: BP staff	0	1	7	4	0	1	2	0	0	1

Organizational Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
3.4.1.2: Future Business	2	5	15	20	1	6	3	6	1	0
3.4.1.3: Leadership	0	0	3	9	0	1	1	0	1	1
3.4.1.4: Personalities (aggregated)	8	25	65	36	5	16	8	6	5	8
3.4.1.4.1: Andrew Gowers	0	1	0	0	0	0	0	0	0	0
3.4.1.4.2: Andy Inglis	0	0	0	3	0	3	1	0	0	0
3.4.1.4.4: Bob Dudley	0	2	6	17	2	9	7	3	4	5
3.4.1.4.5: Byron Grote	1	0	4	2	0	0	1	1	0	0
3.4.1.4.6: Carl-Henric Svanberg	0	3	25	18	1	2	0	0	0	0
3.4.1.4.7: Doug Suttles	0	3	1	2	0	0	0	0	0	0
3.4.1.4.8: Lord Browne	1	4	8	8	0	2	1	0	2	0
3.4.1.4.9: Mark Bly (internal investigation)	0	0	0	3	1	9	1	2	0	1
3.4.1.4.10: Tony Hayward	7	23	60	32	5	12	6	3	4	3
3.4.2: Restructuring	0	0	2	3	0	4	3	3	1	1
3.4.3: Severance package	0	0	0	5	0	2	0	0	0	0
3.4.4: Brand	0	1	6	6	0	2	0	0	2	0
3.5.1: Governance (aggregated)	5	22	53	24	1	12	6	6	2	8
3.5.1.1: Attribution of blame and causality	4	19	35	20	0	8	2	2	2	5
3.5.1.2: Assignment of guilt	2	10	13	6	0	1	2	1	1	5
3.5.1.3: Crisis Response from BP	4	16	30	17	0	7	0	1	1	1
3.5.1.3.1: Mistakes	1	1	7	4	0	0	0	0	0	0
3.5.1.3.2: PR gaffes	0	1	13	8	0	1	0	0	1	0
3.5.1.4: Risk due to offshore drilling	0	3	9	2	1	3	1	3	0	3
3.5.1.5: Safety	1	9	18	6	0	6	3	3	1	7

Financial Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
4. Head Category: Financial Impact (aggregated)	10	30	92	47	9	19	9	9	8	14
4.1. Financial impact on market value of BP (aggregated)	10	30	90	44	9	18	8	8	8	12
4.2. Impact on Market Value (aggregated)	10	30	90	44	9	18	8	8	8	12
4.3.: External Impact (aggregated)	10	30	89	38	8	16	7	8	8	12
4.3.1: Credit market	0	4	25	11	2	2	0	1	1	0
4.3.1.1: Credit default swaps	0	0	7	3	0	0	0	0	0	0
4.3.1.2: Liability Management	0	0	2	3	1	1	0	0	0	0
4.3.1.3: Rating Agencies	0	4	18	4	1	1	0	0	1	0
4.3.2: Financial Experts	7	17	62	31	3	9	6	6	5	5
4.3.2.1: Analysts	3	13	37	16	2	8	6	4	5	4
4.3.2.2: Investors	5	7	41	21	1	5	3	2	1	2
4.3.2.2.1: Investment funds	1	2	11	5	0	2	0	0	0	0
4.3.2.2.2: Middle East	0	0	1	8	0	0	0	0	0	0
4.3.2.3: Traders	1	0	2	0	0	0	0	0	0	0
4.3.3: Financial risk	1	3	22	6	1	3	2	3	2	5
4.3.4: FTSE	0	1	12	1	0	2	1	0	2	0
4.3.5: Market reactions	0	0	13	8	0	1	0	0	1	1
4.3.5.1: Market rumour	0	0	9	5	0	0	0	0	1	0
4.3.6: Market value	2	12	13	8	1	1	0	0	2	0
4.3.6.1: Market Capitalization	0	3	6	2	1	0	0	0	0	0
4.3.7: Shares	10	28	71	29	5	14	4	3	8	10
4.3.7.1: ADR	0	0	2	0	0	0	0	0	0	0
4.3.7.2: Buy back	0	0	1	0	0	0	0	0	0	0

Financial Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
4.3.7.3: Insider Trading	0	0	0	1	3	0	0	0	0	0
4.4.: Internal Impact (aggregated)	7	14	48	40	3	13	6	3	7	6
4.4.1: Assets	0	0	15	27	2	5	2	2	4	0
4.4.2: Balance Sheet	4	4	16	16	1	5	3	1	0	0
4.4.2.1: Financial reporting	4	1	2	11	0	4	3	1	0	0
4.4.2: BP comments on Finance	0	3	12	11	1	4	1	1	0	1
4.4.3: Cost (aggregated)	5	12	30	11	1	5	3	2	3	1
4.4.3.1: Clean-up Bill	0	6	13	4	0	2	1	0	2	0
4.4.4: Insurance	1	2	5	0	0	0	0	0	0	0
4.4.5.: TNK-BP	0	0	6	13	0	1	1	0	1	6
4.4.5.1: Rosneft	0	0	2	0	0	0	0	0	0	5
4.5.: Financial impact on partners, competitors and economics (aggregated)	5	16	44	24	4	11	6	6	8	7
4.5.1: Companies and markets	5	16	40	22	4	11	6	6	7	7
4.5.1.2: Companies associated in Spill (aggregated)	4	9	13	10	2	8	4	3	5	6
4.5.1.2.1: Anadarko	0	0	5	6	2	2	0	2	1	1
4.5.1.2.2: Cameron International	0	0	1	0	0	0	0	0	0	0
4.5.1.3.2: Halliburton	0	1	4	1	0	7	4	2	2	5
4.5.1.2.4: Mitsui	0	0	1	5	2	2	0	2	1	0
4.5.1.2.5: Transocean	4	8	7	5	0	7	1	2	2	6
4.5.1.3: Effects on other global oil companies general (aggregated)	2	9	33	16	2	5	3	3	4	1
4.5.1.3.1: Conoco Phillips	0	0	1	1	0	0	0	0	0	0
4.5.1.3.2: Exxon Mobile	0	0	3	5	0	2	1	0	1	0
4.5.1.3.3: Hostile takeover	0	0	9	12	1	2	0	0	3	1

Financial Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
4.5.1.3.4: Shell	0	3	6	3	0	0	0	0	1	0
4.5.2: Effects on other industries	0	1	4	1	0	0	0	0	0	0
4.5.3: World Financial crisis	0	0	4	3	0	0	0	0	1	0
4.5.4: Oil price	0	1	3	0	0	0	1	0	2	0

Social Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
5. Head Category: Social Impact (aggregated)	8	24	79	33	6	12	5	5	5	9
5.1.: Public Reactions (aggregated)	3	4	27	15	0	1	2	0	1	2
5.2: Protests (aggregated)	1	1	20	8	0	1	1	0	1	1
5.2.1: Protests in the UK	0	0	1	1	0	0	0	0	0	0
5.2.2: Protests in the USA	1	1	19	7	0	1	1	0	1	1
5.3: UK media	0	0	3	3	0	0	1	0	0	0
5.4: US media	2	3	8	9	0	0	1	0	0	1
5.5: Social Impact UK	2	8	62	16	1	4	2	3	3	2
5.5.1: Dividend	1	3	47	7	0	4	2	3	2	0
5.5.2: Pensioners	0	4	16	2	1	0	0	1	0	0
5.5.3: Savers	0	1	2	0	0	0	0	0	0	0
5.5.4: Shareholders	1	4	26	12	0	1	2	0	1	2
5.6 Social Impact US	6	21	53	18	5	10	5	2	3	6
5.6.1: Compensation Fund, Kenneth Feinberg	0	0	26	12	1	5	1	0	2	1
5.6.2: Human Tragedy	4	11	16	4	1	5	3	1	0	1
5.6.3: Trial (aggregated)	0	11	21	7	4	5	2	1	3	4
5.6.3.1: Chapter 11	0	0	6	0	1	0	0	0	0	0

Social Impact	April 2010	May 2010	June 2010	July 2010	August 2010	Sept 2010	October 2010	Nov 2010	Dec 2010	January 2011
5.6.3.2: Civil lawsuit	0	0	0	1	0	0	0	0	2	2
5.6.3.3: Clean Water Act	0	1	4	2	1	4	1	1	3	1
5.6.3.4: Compensation lawsuits	0	7	6	3	2	1	1	0	1	1
5.6.3.5: Former trials	0	1	3	1	0	0	0	0	0	0
5.6.3.6: Investors' filing	0	1	4	3	2	0	0	0	0	0
5.6.3.7: Lawyers	0	2	7	3	0	1	1	0	1	0
5.6.4: US Federal states	5	14	8	3	0	1	0	0	1	0

Appendix 3: Interview Information Document

(German and English Translation)

Sehr geehrte Damen und Herren,

derzeit promoviere ich berufsbegleitend zu meiner Tätigkeit als IR Manager Finanzpublikationen bei der Firma [Name aus Vertraulichkeitsgründen entfernt] zu dem Thema „Investor Relations in Krisensituationen.

Ziel des Forschungsvorhabens ist es, maßgebliche Faktoren einer erfolgreichen Krisenarbeit bei Investor Relations zu identifizieren, zu beschreiben und zu analysieren. Der Fokus der Dissertation soll dabei auf der Umsetzung beziehungsweise Anwendung in der Praxis liegen.

Aus diesem Grund werde ich mich dieser Thematik mithilfe von Experteninterviews von beiden Seiten der Investor Relations nähern, das heißt mit Investor Relations Managern und Kapitalmarktteilnehmern im weiteren Sinne (unter anderem Sell Side und Buy Side Analysten, Equity Sales, Rating Agenturen, Privataktionärsvereinigungen). Daher wäre ich Ihnen für ein Interview dankbar, in dem Sie mir in Ihrer Rolle von Ihren Erfahrungen in Krisensituationen in Ihrem beruflichen Umfeld berichten könnten.

Kernthemen für das persönliche Gespräch werden der Einfluss einer Krisensituation auf die Investor Relations Arbeit sowie die unterschiedlichen Stakeholdergruppen und deren Einfluss sein. Dabei variieren die Schwerpunkte des Interviews je nach Aufgabenfeld. Der Zeitrahmen für das Gespräch wird voraussichtlich circa 60 Minuten betragen. Gerne lasse ich Ihnen den Fragebogen im Vorfeld zukommen.

Die Interviews werden für die spätere Auswertung aufgezeichnet; sie werden weder veröffentlicht noch Dritten zugänglich gemacht. Die Interviewdaten werden selbstverständlich anonymisiert und alle Informationen, die einen Rückschluss auf Personen oder Organisationen zulassen würden, werden gelöscht. Die transkribierte Version des Interviews stelle ich Ihnen gerne zur Freigabe zur Verfügung.

Für Ihre Teilnahme danke ich Ihnen im Voraus. Bei Rückfragen stehe ich gerne zu Ihrer Verfügung

Mit freundlichen Grüßen

Anne Katrin Brodowski

Dear Sirs,

I am currently working on my PhD on a part-time basis beside my role as an IR Manager in the field of Financial Publications at company [name removed for confidentiality reasons]. The research topic is "Investor Relations in Crisis Situations".

The aim of the research project is to identify, describe and analyze relevant factors of successful crisis work in Investor Relations. Thereby, the dissertation focuses on the implementation or application in practice.

Therefore, I approach the research topic taking both sides into account, i.e. Investor Relations managers and capital market participants in a broader sense (Sell Side and Buy Side Analysts, Equity Sales, Rating Agencies, Private Shareholder Associations amongst others). Hence, I would appreciate if you would be available for an interview to talk about your experiences during crises in your role within your professional environment.

The influence of a crisis situation on Investor Relations work as well as the various stakeholder groups will be the focus within the personal interview. Thereby, the focus of the interview topics varies depending on the vocational field. The time frame for the interview is expected to be about 60 minutes. Kindly let me know if you wish to receive the interview guideline in advance.

The interviews will be recorded digitally for the following analysis; interview data will neither be published nor made available for third parties. As a matter of course, the interview data will be anonymized and all information that would allow inference to persons or organizations will be deleted. You will be provided with the transcript for approval if you wish.

I would like to thank you in advance for your participation. In case of any questions please do not hesitate to contact me.

Kind regards

Anne Katrin Brodowski

Appendix 4: Informed Consent

(German and English Translation)

Anne Katrin Brodowski

Adresse aus Vertraulichkeitsgründen entfernt

Investor Relations in Krisensituationen Informationen zur Datensammlung und EINVERSTÄNDNISERKLÄRUNG
--

Im Rahmen meiner Doktorarbeit werden Interviews mit Investor Relations Managern und Kapitalmarktteilnehmern durchgeführt. Die Ergebnisse der Studie dienen ausschließlich der Demonstration meiner Befähigung zur wissenschaftlichen Arbeit im Rahmen des Doktoratsprogramms und haben keinen unmittelbaren Einfluss auf die Studienteilnehmer oder jegliche Unternehmen.

Auf Grundlage der Ethikrichtlinien der betreuenden Hochschule (University of Gloucestershire) werden nachfolgend alle potenziellen Studienteilnehmer über die Sammlung und den Umfang der zu erhebenden Daten informiert. Im Falle der Teilnahme an der Studie dient das vorliegende Formular außerdem als individuelle Einverständniserklärung für die Sammlung und Auswertung von Daten.

Im nachfolgenden werden die Rahmenbedingungen der Datenerhebung erläutert:

1. Die Teilnahme an der Studie erfolgt freiwillig.
2. Es wird nicht veröffentlicht, welche Personen an der Studie teilnehmen.
3. Die Erhebung und Auswertung der Daten erfolgt ausschließlich zum Zweck der Beantwortung der definierten Forschungsfragen.
4. Alle erhobenen Daten werden für die spätere Auswertung aufgezeichnet und nach der Transkription anonymisiert (Interviews).
5. Die erhobenen Daten werden auf Speichermedien gespeichert, die Dritten nicht zugänglich sind.
6. Die erhobenen Daten werden weder veröffentlicht noch Dritten zugänglich gemacht.
7. Einzelne interessante Zitate werden in der Studie anonymisiert verwendet. Sollten durch die Kombination bestimmter Daten Rückschlüsse auf einzelne Studienteilnehmer möglich sein, so werden diese Informationen in keiner Weise berücksichtigt, verwendet oder weitergegeben.
8. Die Transskripte werden den jeweiligen Teilnehmern zur Durchsicht auf Wunsch zur Verfügung gestellt.
9. Die erhobenen Daten werden nur so lange aufbewahrt bis die Studienergebnisse in Form einer Doktorarbeit an die University of Gloucestershire (UK) eingereicht wurden und die Arbeit als bestanden gewertet wurde. Die Daten werden sicher aufbewahrt und stehen nur der Forscherin zur Verfügung
10. Die Teilnahme an der Studie kann durch den Teilnehmer jederzeit und ohne Angabe von Gründen unterbrochen, abgebrochen oder zurückgezogen werden. In diesem Fall fließen die entsprechenden Daten nicht in die Auswertung mit ein sondern werden vernichtet.
11. Das Forschungsprojekt ist unabhängig und wird nicht durch Dritte gefördert oder unterstützt.

Einladung zur Teilnahme

Herzlichen Dank, dass Sie sich zur Teilnahme als Interviewpartner bereit erklärt haben. Bitte antworten Sie frei und ohne Antwortvorgaben und formulieren Sie Inhalte, die Ihnen für das Thema bedeutsam sind. Der Leitfaden dient der Orientierung, er stellt keinen starren Fragenkatalog dar. Im Gesprächsverlauf können gelegentlich Ad-hoc-Fragen formuliert werden, wenn sich Aspekte ergeben, die im Leitfaden nicht verzeichnet, aber dennoch für die Thematik von Bedeutung sein können.

Für Ihre Teilnahme bin ich dankbar.

Datenerhebung durch Interview	<input type="checkbox"/>
-------------------------------	--------------------------

Bestätigung der Information über die Studie

<i>Hiermit bestätige ich, durch die nachfolgenden Maßnahmen Informationen über die durchzuführende Studie erhalten habe</i>	
Anschreiben (per eMail)	<input type="checkbox"/>
Persönliches Gespräch	<input type="checkbox"/>

Ich willige ein, an der Studie teilzunehmen.

Ich habe verstanden, dass meine Teilnahme an der Studie freiwillig ist und dass ich die Teilnahme jederzeit und ohne Angabe von Gründen unterbrechen, abbrechen oder zurückziehen kann.

Ich willige ein, dass die im Rahmen der Studie erhobenen Daten aufgezeichnet, in anonymisierter Form gespeichert und ausschließlich zur Auswertung im Rahmen der Doktorarbeit von Anne Katrin Brodowski verwendet werden.

Ich stimme zu, dass Zitate aus den Interviews in der Studie aufgeführt werden, ohne dass Rückschlüsse auf den Studienteilnehmer und seinen Arbeitgeber gezogen werden können.

Ich verpflichte mich, bis zur Veröffentlichung Stillschweigen über meine Teilnahme und die Inhalte der Studie zu wahren.

Name des Teilnehmers

Datum

Unterschrift

Anne Katrin Brodowski

Address removed for confidentiality reasons

Exploring Investor Relations in crisis situations Participant information on data collection and INFORMED CONSENT
--

As part of my doctoral studies, interviews with Investor Relations managers and capital market participants are conducted. The results of the study are solely aimed at demonstrating my aptitude for academic work within the doctoral program and have no direct impact on the study participants or any companies.

Based on the research ethics guidelines of the supervising university (University of Gloucestershire), this form serves to inform all potential study participants about the activities and extent of data collection and data processing. In case of study participation, this form also serves as an informed consent declaration for the collection and analysis of data.

The conditions under which data are to be collected are as follows:

1. Study participation is on a voluntary basis.
2. Study participation will be anonymous for all participants.
3. The collection and analysis of the data is exclusively at answering the defined research questions.
4. All data collected will be recorded for later evaluation and anonymized after transcription (interviews).
5. The data collected will be stored on storage media that are not accessible to third parties.
6. The data collected will neither be published nor made accessible to third parties.
7. Quotes that matter will be used anonymously in the study. If the combination of certain data makes it possible to draw conclusions about individual study participants, this information will in no way be taken into account, used or passed on.
8. The transcripts will be made available to the respective participants for review upon request.
9. All data collected will be kept only until the point the study results are submitted as a doctoral thesis to the University of Gloucestershire (UK) and the thesis is marked as "passed". Data is stored safely and access is only given to the researcher.
10. Study participation can be interrupted or canceled at any time without statement of reasons. In this case, the collected data will not be used but deleted.
11. The research project is completely self-funded and not funded or supported by third parties.

Invitation to study participation

Thank you for participating in my study as an interview partner. Please answer freely and without restricted answer requirements and articulate contents which you consider important for the research topic. The interview guidelines serves for orientation and is not a rigid set of questions. In the course of the interview ad hoc topics may be formulated in case aspects are revealed which are not part of the interview guideline but could be meaningful for the research topic.

I appreciate your participation.

Confirmation of having been informed concerning the study.

I hereby confirm that I was informed about study through the following measures:

Cover letter (via eMail)

Personal conversation

I agree to participate in the study.

I am aware that my participation in this study is voluntary and that participation can be interrupted and / or canceled at any time without statement of reasons, and that withdrawing from the study will not result in any negative consequences for me.

I agree that the data collected during the study will be recorded, stored in anonymous form and used exclusively for the purposes of the dissertation of Anne Katrin Brodowski.

I agree that quotes from interviews will be cited in the study without allowing to identify neither the study participant nor his or her employer.

I agree to maintain silence about my participation and the contents of the study.

Participant name

Date

Signature

Appendix 5: Interview Guideline

(German and English Translation)

Interviewleitfaden “Investor Relations in Krisensituationen”

Name:

Alter:

Selbstbeschreibung und Hintergrund (Fragedesign Köhler, 2015)				
Wie lange sind Sie schon in Ihrem Bereich tätig?				
Was war Ihre vorherige Position?				
Welche Ausbildung haben Sie absolviert?				
Welche Voraussetzungen sollte man mitbringen?				
Wo ist Ihre Abteilung im Unternehmen angesiedelt?				
Einfluss der Krise auf die Arbeit (Fragedesign Köhler, 2006: 402 ff.)				
<ol style="list-style-type: none"> 1. Ob eine Unternehmenskrise vorliegt oder nicht, liegt oftmals auch im Ermessen des Betrachters. Wann würden Sie sagen, liegt Ihrer Einschätzung nach im Allgemeinen eine Unternehmenskrise vor? (Beispiele) 2. Wenn Sie an Ihr bzw. generell Unternehmen denken: Welche Gründe könnten dafür verantwortlich sein, dass Ihr bzw. ein Unternehmen generell in eine Krisensituation gerät? 3. Ich habe einige Einschätzungen über Krisen vorbereitet. Ich möchte Sie bitten, auf der Skala, die Ihnen nun vorliegt, anzukreuzen, inwieweit Sie diesen Aussagen zustimmen oder nicht. Bitte begründen Sie Ihre Entscheidung. 				
	Stimme voll zu	Stimme eher zu	Stimme eher nicht zu	Stimme überhaupt nicht zu
Jede Krise ist vermeidbar				
Jede Krise ist beeinflussbar				
Jede Krise kann durch Kommunikation beeinflusst werden				
Auf Krisensituationen				

kann man sich vorbereiten				
---------------------------	--	--	--	--

4. Welche Auswirkungen auf Ihr bzw. ein Unternehmen befürchten Sie am meisten im Falle einer Unternehmenskrise?
5. Investor Relations kann unterschiedliche Ziele verfolgen. Können Sie mir die im Normalfall wichtigsten Ziele der Investor Relations Arbeit nennen? Welche Ziele verfolgen Sie in einer Krise bei Ihrer Arbeit?
6. Trägt Investor Relations zur Legitimität des Unternehmens bei? Generell und in Krisenzeiten?

Antizipation / Identifikation (Fragedesign Köhler, 2006: 406 ff.)

7. Es existieren unterschiedliche Möglichkeiten für Unternehmen, sich auf potenzielle Krisensituationen vorzubereiten. Wie bereiten Sie sich IR-seitig auf mögliche Krisen vor? Langfristig zu schaffende Voraussetzungen? Mittelfristig zu schaffende Voraussetzungen? Wer müsste dazu einbezogen werden?
8. Wie haben Sie von der Krisensituation Ihres Unternehmens erfahren? (Intern? Aus den Medien? Anderweitig?)
9. Welche Skills und „Durchgriffe“ werden für die erfolgreiche Krisenarbeit benötigt? Was sollte zuerst gemacht bzw. erreicht werden? War Investor Relations während der Krise an strategischen Managemententscheidung beteiligt?
10. Eine Krise verläuft in unterschiedlichen Phasen, nicht immer linear. Entspricht das Ihrer Erfahrung? Wie haben Sie die unterschiedlichen Krisenphasen erlebt (ggf. anhand von vorgenanntem Beispiel)?
11. Wie läuft die Krise schlimmstenfalls ab? Wie läuft die Krise bestenfalls ab?
12. Was hat Ihre Arbeit in der Krise zu welchem Zeitpunkt am meisten beeinflusst?
13. Was ist schlimmer – intern oder extern induzierte Krisen?
14. Was unterscheidet heutige Krisen von früheren Krisen? Gab es wesentliche Veränderungen?
15. Gab es Zeitpunkte oder Phasen die sie als Ihre Arbeit besonders kritisch empfunden haben?
16. Welche Rolle spielten die Medien während der Krise?
17. Wie evaluieren Sie Ihre Arbeit bzw. die Maßnahmen (Aktienkursperformance? Kennzahlen? Perception Study)? Gilt dies auch in Krisensituationen?
18. Wann war die Investor Relations Arbeit erfolgreich in der Krise?

Stakeholder Management

19. Wer sind Ihre Hauptansprechpartner? Welche Ansprechpartner oder Stakeholdergruppen sind am wichtigsten in einer Krisensituation? Soll oder darf priorisiert werden?
20. Wie haben Sie während der Krise mit Ihren Ansprechpartnern kommuniziert (Medium und Inhalt)? Wie haben Sie sich darauf vorbereitet? Wie unterschied sich die Kommunikation von der im Normalfall, gab es formelle Differenzen?

21. Gab es Konfliktsituationen, beispielsweise mit der Kommunikationsabteilung? Oder mit Aussagen in den Medien?
22. Wie hat sich die Kommunikation im Verlauf der Krise bzw. danach verändert? Wie würde sie im Idealfall funktionieren?
23. Wie waren die Informationsanforderungen der unterschiedlichen Stakeholdergruppen, wie unterschieden sie sich? (Sell Side, Buy Side, Portfoliomanager, Privatinvestoren, Privatinvestorenvereinigung, intern, Medien, von wem noch)? Womit haben / konnten Sie sie versorgen?
24. Haben sich diese Gruppen gegenseitig beeinflusst? Wie war der Einfluss der Medien?
25. Wie wurden die von Ihnen bereitgestellten Informationen genutzt? Wurden diese noch anderweitig genutzt?
26. Wie haben Sie die Krise in Ihren Pflichtpublikationen (Geschäfts- und Zwischenberichte) und auf der Hauptversammlung behandelt?
27. Welche aufkommenden Risiken haben Sie kommuniziert? Bzw. welche sollten kommuniziert werden? Was sollte nicht kommuniziert werden?

Einflussfaktoren

Im folgenden Abschnitt befinden sich Fragen hinsichtlich interner und externer Einflüsse, die sich im Normalfall und in einer Krisensituation zeigen und auswirken können. Hier ist es wichtig, inwieweit diese sich auf die Firma bzw. Ihre Tätigkeit ausgewirkt haben. Ein besonderes Augenmerk liegt dabei auf dem Zeitpunkt, wann diese in Erscheinung traten und sich intensivierten.

Kapitalmarktbedingte Einflussfaktoren

28. Welche Einflussfaktoren am Kapitalmarkt haben während und nach der Krise eine Rolle gespielt?
 - Aktienkursentwicklung
 - Kennzahlentwicklung
 - Ratingagenturen
 - Index Listing
 - Finanzielle Risiken (welche)
 - Drohszenarien, wie feindliche Übernahmen
 - Shareholder Activism in jeglicher Form
 - Anlegerverhalten in Deutschland bzw. im Ausland
 - Andere

Organisationsbezogene Einflüsse

29. Welche organisationalen Einflüsse haben die Krise beeinflusst?
 - Krisenursache, Verschulden Lösung
 - Opfer
 - Kosten
 - Rolle und Auftritt des Managements (CEO, CFO, weitere)
 - Corporate Governance
 - Unternehmensgeschichte (auch im Hinblick auf Krisenbewältigung)
 - Reputation, Image, Marke

- Beteiligung anderer Firmen
- Auswirkungen auf den Markt bzw. Wettbewerber
- Andere

30. Welche Auswirkungen oder Einflüsse auf das Geschäftsmodell gab es?

- Fortführung des Geschäftsmodells
- Restrukturierungen; Verkauf von Beteiligungen
- Umwelteinflüsse
- Customer Relations
- Produkte, möglicher Preisverfall
- Mitarbeiter
- Andere

Politische Einflüsse

31. Welche Rolle hat Politik während bzw. nach der Krise gespielt?

- Nationale und internationale Politik bzw. Politprominenz
- Änderungen in der Gesetzgebung (national und international)
- Erschwerter Marktzugang
- Einflussnahme von betroffenen bzw. Drittstaaten
- Internationale Ressentiments
- Andere

Gesellschaftliche Einflüsse?

32. Welche gesamtgesellschaftlichen Entwicklungen haben die Krise beeinflusst bzw. möglicherweise forciert oder abgemildert?

- Occupy-Bewegung, Umweltbewegung, Bürgerbewegungen, Ethik-Diskurs
- Sozialpolitische Auswirkungen (Dividendenentfall, Fallende Aktienkurse)
- Klagen (Opfer- bzw. Investorenklagen, Klagen von Staaten)
- Social Media

War es Ihnen möglich, anhand der Fragen ein umfassendes Bild von IR Arbeit in einer Krisensituation zu zeichnen? Würden Sie gerne noch Bereiche ansprechen, die bis jetzt nicht zur Sprache kamen?

Interview Guideline “Investor Relations in Crisis Situations”

Name:

Age:

Self-description and background (Questions adapted from Köhler, 2015)

How long have you been working in your current position?

What was your previous position?

What is your degree or vocational training?

What prerequisites are required for your work?

Where is your department located within your organization??

Influences of crises on work (Questions adapted from Köhler, 2006: 402 et seq.)

1. The case whether an organizational crisis occurs or not is often at the discretion of the beholder. When would you say in your judgement a crisis occurs in general? (Examples)
2. When thinking of your organization: what might be the reasons that your organization gets into a crisis?
3. I have prepared some assessments about crises. I would like to ask you to look at the scale below and check whether you concur with these statements. Please substantiate your decision.

	I fully agree	I rather agree	I rather do not agree	I do not agree at all
Any crisis is avoidable				
Any crisis can be influenced				
Any crisis can be influenced through communication				
Crisis situations can be prepared				

4. What ramifications on your company do you fear most in case of a crisis?
5. Investor Relations can pursue different goals. Could you provide me with the most important goals of your Investor Relations work in general / normal situations?
6. Does Investor Relations contribute to the legitimacy of an organization? In general and in crisis times?

Anticipation / Identification (Questions adapted from Köhler, 2006: 406 et seq.)

7. Organizations have different options on offer to prepare for potential crisis situations. How do you prepare for a crisis in Investor Relations? What are the long-term prerequisites which need to be achieved? And mid-term prerequisites? Who needs to be involved?
8. How did you learn about the crisis (internally? From the media? Other?)?
9. What skills or action taking are required for successful crisis work? What should be done first? Was Investor Relations involved in strategic management decisions during the crisis?
10. A crisis is said to have different phases and does not proceed in a linear manner. Is this what you experienced? How did you experience the different crisis phases? (You may refer to the example stated above)
11. How can the course of a crisis be worst? And what is the best way?
12. What influenced your work during the crisis most at what point of time?
13. What would you consider worse – internally or externally induced crisis?
14. How do today' crises differ from former crises? Were there major changes?
15. Where there any points of time or phases during the crisis where you considered your work especially critical?
16. What role did the media play during the crisis?
17. How do you evaluate your work? (share price performance? Perception study?) Do you do this in crisis situations as well?
18. When was Investor Relations work successfully performed during the crisis?

Stakeholder Management

19. Who are your main contacts, i.e. target groups? Which contact or target groups are the most important in a crisis situation? Is it feasible to prioritise?
20. How did you communicate the crisis to your contacts (medium and content)? How did you prepare? How did communication differ from the way you communicate normally with your contacts, were there any formal differences?
21. Were there any conflicts, e.g. with the communications department or what the media wrote?
22. How did the communication change during or after the course of the crisis? How would it work in an ideal case?
23. What were the information requirements of your stakeholder and how did they differ (Sell Side, Buy Side, Portfolio Manager, private shareholders, shareholder representatives associations, internal, media, who else?)?
24. Did the groups influence each other? What was the influence of the media?

25. How was the information you provided used? Was it used in any other way by the recipients or other groups?
26. How did you treat the crisis in mandatory publications like the annual report? How was it treated on the AGM?
27. What risk were communicated? What risk should or should not be communicated?

Influencing factors

This part of the interview guideline is about internal and external effects which can arise during normal course of business and during crises. It is important how these factors affected your company (the company you cover) or your work. What is additionally important is the point of time when these factors aroused and intensified.

Capital market-related influences

28. What influences played a role on the capital market during and after the crises
 - Share price
 - Key performance indicators
 - Rating agencies
 - Index Listing
 - Financial Risks (which)
 - Threatening scenarios like hostile takeovers
 - Shareholder Activism in any form
 - Investment Conduct Germany?
 - Others

Organizational influences

29. What organisational impacts influenced the crisis?
 - Reason for crisis, guilt, solution
 - Victims
 - Costs
 - Management Conduct (CEO, CFO, others)
 - Corporate Governance
 - History of the company, also with regard to crisis solution
 - Reputation, Image, Brand
 - Other companies involved
 - Repercussions on the market and competitors
 - Others

30. What repercussion or influences on the business model took place?
 - Business continuity
 - Restructurings, selling commercial stakes?
 - Environmental impacts

- Customer relations
- Products, loss of prices
- Employees
- Others

Political influences

31. What role did politics play during the crisis?

- National and international politics as well as political elites
- Were there any changes in legislation (national or international)
- Difficulties in market access
- Exertion of influence from other states
- International resentments
- Others

Societal influences

32. What societal developments influenced the crisis, i.e. forced or softened it?

- Occupy movement, environmental movement, citizen movement, ethical discourse?
- Social political impacts, like dividend halting or falling share prices?
- Litigations (from victims, investors or states?)
- What role did Social Media play?

Could you draw a comprehensive picture on the work of Investor Relations in a crisis? What fields or domains would you like to further discuss which were not raised yet?