UNIVERSITI PUTRA MALAYSIA

CRISIS COMMUNICATION:
A CASE STUDY IN TENAGA NASIONAL BERHAD

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CRISIS COMMUNICATION:
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By

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**Thesis submitted in Fulfilment of the Requirements for the Degree
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In the Name of Allah, the Beneficient, the Merciful

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LIST OF ABBREVIATIONS

PRSA -   Public Relations Society Associations

TNB -   Tenaga Nasional Berhad

CEO -   Chief Executive Officer

J & J -   Johnson & Johnson

ONGC -   Oil Natural Gas Commission of India

MIC -   Methyl Isocynate

PID -   Public Information Department

MAS -   Malaysia Airlines System

IT -   Information Technology

SUKOM-   Sukan Komanwel

NST -   New Straits Times

BT -   Business Times

MHI -   Malaysia Hari Ini

MM -   Money Matters

OCP -   Occidental Chemical Plant

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment
of the requirements for the degree of Master of Science

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November 1999

Chairman: **Encik Abdul Mu'ati @ Zamri B. Ahmad**

Faculty: **Modern Languages and Communication**

Establishment of crisis communication by all organisations regardless of
their sizes is vital to avoid chaos during crisis. Many organisations had encountered
catastrophes but failed to identify the importance of crisis communication.

This study was conducted specifically to determine the importance of crisis
communication as a catalyst in dealing with the catastrophes in the service industries
and highlighted the distinctive management function of public relations in managing
crisis. Corporate Communication Department of TNB was chosen as a case in point
and a case study method was applied.

Determination of channel utilisation and manufactures of vivid messages as
strategies in crisis communication were proven in giving the opportunity to enhance
and maintain the image of organisations. Based on Information-Integration Theory
and Image Restore Discourse Theory, the role of channels and messages were
proven vital in establishing crisis communication. In fact, the Four Steps Process

which is a basic skill for public relations planning concerning the management function i.e. research, planning, communication and evaluation has revealed the significance of communications in management. This study also proposed a brief guideline of crisis communications to be considered by the service industries. The guideline provide step-by-step communication actions to be considered before implementing crisis communication such as preparation before indulging into crisis, determine crisis team members, determine crisis stages, identifying problem to crisis and salient public, construct techniques and strategies on communications and actions, designate two separate areas in conducting crisis, producing a waterproof "Crisis Communications Kit", contact list of crisis team members are made available, educate employees concerning crisis to avoid panic, develop follow-up stage after crisis, activate crisis communication in major and minor accidents and revise crisis communications yearly.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Master Sains

KRISIS KOMUNIKASI:
SATU KAJIAN DI TENAGA NASIONAL BERHAD

Oleh

SAIDATHUL NIZAH BTE MAT TAZIN

November 1999

Pengerusi: **Encik Abdul Mu'ati @ Zamri B. Ahmad**

Fakulti: **Bahasa Moden dan Komunikasi**

Pembentukan komunikasi krisis adalah penting bagi setiap organisasi bagi mengelakkan suasana huru-hara semasa krisis. Kebanyakan organisasi telahpun mengalami krisis tetapi gagal memahami kepentingan komunikasi krisis.

Kajian ini telah dijalankan di bahagian Komunikasi Korporat di TNB, Bangsar dengan menggunakan kajian kes. Kajian ini mengkaji tentang kepentingan manual krisis komunikasi sebagai satu pemangkin dalam menangani bencana di dalam industri perkhidmatan dan menyerlahkan perhubungan awam sebagai suatu fungsi pengurusan yang bertanggungjawab dalam mengurus krisis.

Penentuan ke atas saluran dan pembentukan mesej sebagai strategi di dalam pembentukan manual krisis komunikasi adalah terbukti penting dalam mengekalkan dan meningkatkan imej sesebuah organisasi. Berdasarkan teori-teori yang telah dibincangkan, kepentingan saluran dan mesej diperlukan dalam pembentukan manual krisis komunikasi. Malahan, proses empat peringkat yang sering digunakan

dalam perhubungan awam berhubung dengan fungsi pengurusan seperti aspek penyelidikan, perancangan, komunikasi dan penilaian telah menyerlahkan penggunaan aspek komunikasi dalam fungsi pengurusan. Kajian ini juga turut mencadangkan petunjuk ringkas yang boleh diaplikasikan oleh industri perkhidmatan dalam menangani krisis. Petunjuk ringkas ini merujuk kepada tindakan komunikasi berperingkat yang harus diberi perhatian sebelum perlaksanaan krisis komunikasi umpamanya, persediaan sebelum krisis, mengenalpasti ahli kumpulan krisis, peringkat krisis, permasalahan krisis dan publik sasaran, pembentukan teknik, strategi serta tindakan komunikasi, membentuk dua kawasan dalam menanagani krisis, menghasilkan pakej krisis komunikasi yang telus, menyediakan senarai nama ahli kumpulan, memaklumkan kepada kakitangan berkenaan krisis bagi mengelakkan panik, membentuk tindakan lanjut selepas krisis, mempraktikkan penggunaan krisis komuniasi dalam setiap bencana dan mengkaji krisis komunikasi setiap tahun.

CHAPTER I

INTRODUCTION

Public relations operates in a democratic society where everyone has a right to know and interpret their own version of truth. Public relations as a mediator between the organisation and publics will convey the truth, as it is a fundamental principle in public relations. Public relations establishes and maintains mutually beneficial relationships between publics and organisation by satisfying needs and wants.

The growth of public relations has, extended acceptance of this field is vast, not only limited to America and European countries but also the developing world. However, functions of public relations change with time. Earlier, public relations was used in raising funds, as press agentry to attract and divert public attention and for political campaigns. Fortunately, in this century, the role of public relations has become universal. It is no longer confined to the role of a technician but has achieved a distinctive management function. Public relations has earned prestige

and acquired new responsibilities. The recognition to this function had been emphasized by The Public Relations Society of America (PRSA) when it created its new strategic plan called Blueprint 2000. The purpose of the plan is "to unite the profession, improve the practice, and encourage understanding and acceptance of public relations among all constituencies worldwide" (*Public Relations Journal*, 1993:31). Besides, PRSA has developed its mission and generally its aim is to establish public relations as a management tool. The mission is:

> *"To make public relations an indispensable component of senior management by providing the resources that will prepare public relations professionals to address critical issues and communications needs, establish and promote the highest standards of professional competence and ethics, foster and encourage lifelong quality public relations education and build under standing and support for public relations among constituencies".*
>
> (*Public Relations Journal*, 1993:15)

The proper term for the desired outcomes of public relations practice is public relationships (Center & Jackson, 1995:2). Therefore, an organisation that claims to be practicing effective public relations is actually having positive public relationships. A basic definition on management given by Center and Jackson (1995:2) is "getting things done with people". Implicitly, this definition indicates the cooperation among internal publics of the organisation as well as externals in order to achieve goals and objectives. Therefore, management and public relations have inter related functions and intertwined actions where management decides, and public relations involved in decision making and in the act of executing the decision made.

The management role of public relations has been of concern to many scholars. Baskin, Aranoff and Lattimore (in *Public Relations Review,* 1997: 59) define public relations as:

> *"Public relations is a management function that helps achieve organizational objectives, define and facilitate organisational change. Public relations practitioners communicate with all relevant internal and external publics to develop positive relationships and to create consistency between organisational goals and societal expectations. Public relations practitioners develop, execute and evaluate organisational programs that promotes the exchange of influence and understanding among organisations, constituent parts and publics".*

This lengthy definition points out three main elements - management, publics and organisation.

During the First World Assembly of Public Relations Associations funded by the Foundation for Public Relations Associations, hundreds of public relations definitions were obtained based on interactions with over 80 leading practitioners. This gave rise to public relations definition, which determined the management function as follows:

> *"Public relations is a distinctive management function which helps establish and maintain mutual lines of communication, understanding, acceptance and cooperation between an organisation and its publics; involves the management of problems or issues; helps management keep informed on and responsive to public opinion; defines and emphasises the responsibility of management to keep abreast with and effectively utilise change, serving as an early warning system to help anticipate trends; and uses research and sound ethical communication techniques as its principal tools".*
> *(Public Relations Review, 1997:59)*

The definition above indirectly indicates the functions of public relations in issue management and crisis management. It does not only presents the management function but also communication in management.

These functions are identified through the essential elements proposed in the definition. The elements are management function, relationships between organisations and its publics, two-way communication, research, public interest and implementation of action.

A brief definition given by Cutlip, Center and Broom in *Effective Public Relations* (in *Public Relations Review*, 1997:58) has the similarity with others in determining the function of management in public relations and emphasising on two-way communication between an organisation and its publics. The definition is:

> *"Public relations is the management function that establishes and maintains mutually beneficial relationships between an organisation and publics on whom its success or failure depends".*

Elements pointed in the definition above agree with the role of public relations in management. However, the role of public relations is dependent on management's attitude. Management that regard public relations as an anchor in maintaining and establishing the image of an organisation would delegate power to practitioners in decision making.

Issue management is one of public relation's favourite fields. It is adopted as a powerful strategic planning tool, and with the proactive approach it is used to identify emerging issues and respond to them before issues become public knowledge. Another closely related practice is crisis management. Public relations plays an integral role during times of crisis. Crisis management is reactive as it deals with the issue(s) after it becomes public knowledge and affects the image or reputation of an organisation. Public relations does not create the image or reputation but it interprets the policies, statements and activities that allow an organisation to earn the trust from publics.

Image is the central concern of public relations. Organisations may take preventive and restorative approaches to image problems (*Public Relations Review*, 1997:177) because image is not built in a day, but it can be destroyed in one (*Public Relations Journal*, 1993:48).

Crisis happens anywhere and at any point in time. Many big and established organisations have experienced crisis but this does not mean crisis does not attack small businesses. Major classic examples of organisations attacked by crises are National Aeronautics & Space Administration (NASA)-The Hubble Space Telescope in 1990, Exxon Valdez- Oil Spill at Alaska Coast in 1989 and Union Carbide-The Gas Leak at Union Carbide Plant at Bhopal in 1984 and Johnson & Johnson-The Tylenol Crisis in 1982.

In the Malaysian environment, crisis occurs and it appears in major and minor accidents. Many examples are seen include the corporate and government sectors. The Malaysian government recently experienced an economic crisis where many employees were retrenched and the value of Ringgit Malaysia dropped; Malaysia Airlines System (MAS) experienced crisis in 1995 when Fokker 50 crashed in Tawau and Tenaga Nasional Berhad (TNB) had a tough time in the 1996 blackout. Minor crisis hit Lembaga Penggalakan Pelancongan Malaysia (LPPM) and the tourism industry on the whole when the cholera outbreak forced tourists to cancel their trip to Penang in 1995. As a result many hotels suffered from the cancellation of rooms.

Crises are occurring more frequently now than in the past. Tabris. M.D (1984:58) identified chief reasons for this phenomenon as follows:

The technology revolution ushering in the age of instant communications.

2. The resulting preeminence of the electronic media as the main source of news for most of the industrialised world.

3. Changes in the manner of news coverage largely related to the electronic media's insatiable demand for drama.

4. The rise of citizen activist groups and coalitions which have stimulated public investigation of institutions and government regulation of their activities and operations.

5. Greatly increased access to the media by these activist organisations.

This study examines crisis communication in an organisation that holds the largest electricity utility in Malaysia, Tenaga Nasional Berhad (TNB), service industry. TNB which was known as Central Electricity Board of the Federation of Malaya (LLP) on September 1, 1949 aimed to deliver electricity to as wide an area as possible. LLP has successfully achieved its aim when Malaya was 'lighten up' especially in the major towns and moved closer to the rural areas, thus, introduced Rural Electrification Programme which Inter become LLP's main agenda.

In the transition of LLP to National Electricity Board of the States of Malaya (LLN) had made progress by building the transmission liners and power generation plant and highlighted on the social well-being of the population. Interestingly, the improvements of aims and actions were comprehended during the management and supervision of Tan Sri Raja Zainal Raja Sulaiman who became the first Malay to lead LLP/LLN commencing July 1, 1964 to June 30, 1974 after F. P. Egerton, the first LLP general manager (Sept. 1, 1990 to May 30, 1953) and J. Sharples, second LLP general manager (May 30, 1953 to June 30, 1964).

September 1, 1990, privatisation of LLN had taken place where establishment of corporate image is performed by its new renamed organisation – TNB. TNB remains a major player in electricity generation with the company's core activities are in the transmission and distribution of electricity. TNB has the largest generation capacity of over 7500 mw that accounts for over 65f per cent of the total power generation of Peninsular Malaysia through its wholly owned subsidiary. To date, TNB assets is amounted to be RM34 billion and serving over 4.5 million customers throughout the peninsular.

Currently, TNB's roles has achieved greater functions. It has become more reliable in terms of supplying high quality electricity to high technology industry. And with the extremely increasing demand of quality power, TNB has prepared necessary skills to deliver high quality product and invest capital to upgrade the systems and on the domestic front, it offers reliable cheap and courteous services and products. These challenges matches the mission of TNB to be committed to producing and delivering quality power products and services profitably to satisfy customers, employees and other stakeholders. To date, TNB has involved in the manufacture of transformers and high voltage switch gear, supply of professional consultancy services, repair and maintenance services; freight and insurance coverage; research and development; higher education; property development and project management services; architectural, civil, electrical and engineering works and services.

TNB rationale logo symbolises the company's continuing goal to provide service to the national needs with renewed emphasis. The form of the red light bulb with a lightning symbolised energy and giving sense of vitality and of the future besides dramatising TNB's electrical energy function. The name TNB

concisely summarises the company's role. The lettering is italicised to represent the dynamic role of TNB and with its bold typeface, depicts the company's inherent strength, confidence and reliability.

Tan Sri Datuk Dr. Ahmad Tajuddin Ali, currently the Executive Chairman and President of TNB since September 1, 1996. TNB with the vision to be the power company of choice in Asia Pacific by the year 2010. He, who replaced Tan Sri Dato Dr. Hj. Ani Arope during the occurrence of the 1996 blackout had managed reestablished the image & reputation of TNB. The blackout which created chaos in TNB's management had somehow tarnished TNB's image and reputation. Reasons for catastrophy is yet to be known once this study is completed. This study analyses strategic utilisation of channels and the creative manufacture of vivid messages in determining effectiveness and legibility of crisis communication.

Statement of Problem

August 3, 1996 reminds Malaysian of the blackout . It affected the whole of Peninsular Malaysia for 17 hours due to lost of 5760 MW of power capacity at Paka, Terengganu. Unfortunately, this incident of blackout was not the first to happen; Malaysians had first experienced a similar blackout in September 1992.

The 1996 blackout came to be a very big surprise for Malaysian especially the government and media. TNB who was responsible for the blackout had every right to explain and provide information to the publics. However, the explanation and actions delivered by TNB had not helped reduce the uncertainty of the publics towards TNB's management. In fact, more accusations of poor management were raised. Being the most vital company involving in the power generation in

Malaysia, TNB failed to overcome crisis. As a matter of fact, during the occurrence of crisis, TNB did not perform effectively and efficiently to the matter concerning the blackout. Hence, TNB was slammed by the Prime Minister and the oppositions. Media had taken the opportunity to condemn TNB's management and the entire corporate image through publications.

The catastrophy encountered by TNB in 1996 was due to poor handling of communication actions. TNB, having experienced the 1992 blackout was ignorant to establish communication strategies in overcoming crisis in 1996. TNB failed to realise that crisis will no longer promise a disaster but a turning point to a better future if communication actions are taken proactively. TNB, however did not understand the importance of crisis communication. Why? TNB must always be prepared with the emergence of crisis. How? Does TNB refers to communication guidelines in handling crisis? If crisis communication has been implemented in TNB, how effective are the methods used? How far it is true that crisis communication helps for a better future?

General Objective of Study

The general objective of this study is to understand crisis communication as a catalyst in turning a disaster into an opportunity.

Specific Objectives of Study

The specific objectives of the study are:

1.   Determining the importance of communication during crisis via channels and messages in crisis communication.

2.   Verifying the capability of TNB in utilising channels and messages in crisis communication.

3.   Comparing guidelines for crisis communication manuals that are appropriate to the service industry.

4.   Determine the symbolic, mythical and factual aspects of crisis communication before and after a crisis.

Operational Definition

Crisis Communication

Basically, crisis communication refers to the communication actions executed as strategies with the purpose of preventing or overcoming catastrophes. Communications actions are manipulated as catalyst to solutions that need to be comprehended extensively by the public relations. In this study, crisis communication looks at two active general elements of communications, channels and message. Good utilisation of channels and vivid manufacturing of messages will significantly reveal the goodness of communication in overcoming crisis.

Case Study

This study will be conducted in a qualitative research technique via the case study methods. This study will be conducted in the corporate communication department, Tenaga Nasional, Bangsar. The case study method allows data collection from multiple sources of evidence such as documents, artifacts, interviews and observations or participation. The wide spectrum of evidence provides broad explanation on findings, which further develops satisfactory and convincing results for the study.

Significance of Study

This study allows the writer to reveal the importance of crisis communication and strategies to be developed by most organisations in managing the unforeseen. It also provides a guideline on crisis communication. Furthermore it states the significant roles of channels and messages in establishing effective crisis communication. The study highlights how a crisis could be effectively turned around to serve the interest of an organisation through a strategic communication package.

Limitation of Study

This study concentrates on channels and messages and focuses on crisis communication in Tenaga Nasional Berhad, Bangsar as one of the agency involving in the service industry. It analyses the importance of those aspects in gaining public trust towards the organisation. Most of the strategies used by organisations vary from one to another as every industry has its own facilities and procedures that need to be fulfilled. Therefore, this study will be best applied for those who are involved in the service industry.