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Reviewing Corporate Crises: A Strategic Management Perspective

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Abstract

How can be crises classified? What does the term "corporate crisis" mean? Corporate crises have always been a topic of tremendous interest for both the research in and practice of strategic management at an international level. Attention has been given to elaborating appropriate interpretative conceptualizations, together with implementing effective and efficient predicting and countervailing models. To date, scholars have seemingly reached consensus as to the meaning of crises. Conversely, identifying determinants and temporal dynamics still seems to be a lively question to address. This is why in this article we critically review the state of the art on the topic, from which we derive some important implications for the present and future research and practice in the strategic management field.

Keywords: crisis, decline, bankruptcy, strategic management, review

1. Introduction

How can be crises classified? What does the term "corporate crisis" mean? During the 20th century, the literature about corporate crises substantially witnesses the development of two analytical, and partially intertwined, approaches (Bibeault, 2017): the first is composed of those studies looking at the crisis of entire socio-economic systems, or industries; the second, instead, is composed of those management perspectives looking at the crisis of single firms (or other social organizations).

The first approach primarily comes to light as the consequence of all those (negative) events which, since the second half of the 20th century, become protagonists of the overall functioning of the most relevant international economies (Tedeschi Toschi, 1993; De Ruysscher, 2017). In this regard, for example, at the end of the 1980s, the European automobile industry witnesses the substantial shift from the "first motorization" demand, characterized by most customers buying an automobile for the first time, to the "substitution" demand, instead characterized by most of the customers (e.g. families) already having one automobile (Volpato, 2009; Maielli, 2017). What emerges in the latter is thus the need for the "second" or "third" car (city car, free time car, etc.). Incidentally, this demand shift had already occurred in the US between the 1950s and 1960s, evidencing the weakness of Ford's commercial strategies, if compared to those of General Motors (Adriaanse, 2017).

The second approach can, instead, be substantially divided into two macro-areas of analysis: mostly financial, the first is aimed at developing reasonable techniques to predict corporate insolvency (Altman, 1968; Dewaelheyns, De Prijcker, & Van Den Heuvel, 2017); the second is mostly represented by all those studies which, from a more specific strategic management perspective, are aimed at understanding the possible determinants of corporate crises (e.g. Mellahi & Wilkinson, 2004; Abatecola, 2007; Wiesenfeld, Wurthmann, & Hambrick, 2008), and relatedly implementing reasonable turnaround actions (e.g. Lohrke, Bedeian, & Palmer, 2004; Trahms, Achidi Ndofor, & Sirmon, 2013). The latter kind of literature, which represents the core of this contribution, develops particularly in the 1980s, fostered by the number of corporate collapses that occur at an international level (Barker & Schmitt, 2017).

As introduced above, the evolving literature about crises has, thus, seemingly produced a *jungle* (Koontz & Weihrich, 2017) of approaches, perspectives, and methodologies. This is why this article aims at providing readers with an updated, critical review of the "corporate crisis" phenomenon from the strategic management perspective. In particular, the article first provides its readers with the most significant definitions, conceptual models and classifications developed, over time, by scholars in this field. It then concentrates on the possible antecedents, with a specific focus on the role of the external environment, internal determinants, and risk culture.

Discussion and implications for the lively research and practice on the topic finally conclude the contribution.

2. Theoretical Background

The strategic management literature has witnessed various classifications of corporate crises flourishing over time. For example, a ground-breaking, well known scheme by Lewis and Stanworth (1984) associates the evolution of this concept with the evolution of the macro-economic landscape, from the pre-industrial mercantilistic to the post-industrial society. Relatedly, Milburn, Schuler and Watman (1983) seminally propose a crisis conceptualization which includes three major aspects following one another: *antecedents*, both in the external and internal environment; *moderators*, both of the antecedents and of the relationships resulting in strategic responses; *strategic responses*, both at an individual and organizational level.

In the same vein as above, Shrivastava, Mitroff, Miller and Miglani (1988) argue that crises have trans-national determinants, including social, political and cultural variables. Crises are thus composed of *loosely coupled* events, with each of them presenting the basis for the subsequent events through a chain reaction. Furthermore, these scholars maintain that crises are finally catalyzed by the occurrence of a specific *triggering event*, which is potentially identifiable over time and space. On this basis, Pauchant and Mitroff (1992) – and later Gundel (2005) – have provided the literature with one of the most widespread categorizations of crises, which have to be clustered along two dimensions: *origin* (internal/external) and *nature* (human-social/technical-economic). In substance, these crises can be conceived as sudden and negatively impactful destabilizations, which, caused by the mentioned “incident”, often put corporate survival in serious danger.

In principle, according to the strategic management perspective, corporate crises are often the consequence of a combined mix comprised of external conditions and internal forces, from which every single experience of crisis represents a *per se* analytical case. Nevertheless, the literature individuates some general models of crises according to the primary determinants seemingly originating them. In this regard, what seems worthy of mention is that, in the 20th century, corporate crises shift from being considered an extraordinary, pathological event, to being considered an almost permanent component of contemporary industrial systems.

The evolving interpretation of corporate crises as enduring parts of socio-economic systems may also be associated with the evolution of the interpretation given by political economists to the crises regarding an economic-productive system as a whole. On this side, for example, the contrasting positions of classical economists, such as Ricardo and Malthus, seem pivotal: while Ricardo conceives an economic crisis as a substantially situational event, Malthus regards it as an element constituted by a substantially ordinary nature. Malthus’ view, in particular, finds analogies with the subsequent position of Marx on the topic (Galbraith, 1987).

All this premised, as for the definitions regarding the *status* of crisis, it seems useful to start from the seminal position of Slatter (1984, p. 14), according to which a situation of crisis can be described in terms of urgency and fundamentality of interventions to be adopted; in other words, a firm is in a *status* of crisis when, if no corrective intervention is adopted, no positive future can be prospected. Slatter’s point seems to find an excellent partner in the seminal work by Billings, Milburn, & Schaalman (1980), according to which a crisis situation can suggest three responses: *inaction*, when it is believed that the situation is destined to be positively solved because of the occurrence of new events; *routine-based* decision making, when it is believed that the crisis can be countervailed through an organizational response; *innovation-based* decision making, when the crisis does not seem reversible through the portfolio of choices already tried by an organization.

Again, according to Billings *et al.* (1980), we can only rarely consider a corporate crisis as a consequence of a sudden and quick environmental change; conversely, we should normally consider a crisis as the final step of a slow deterioration over time of a company’s strategy and structure. What we can also derive from this thought is the “global” dimension of a corporate crisis, especially at the moment of its explosion and clear manifestation to the external environment. It is in this moment that the crisis unavoidably involves all the corporate stakeholders, calling for the urgent evaluation of its potential reversibility, through appropriate turnaround plans, or irreversibility, with the subsequent choice between voluntary liquidation and failure (Ndofor, Vanevenhoven, & Barker, 2013; Schmitt & Raisch, 2013; Adriaanse & van der Rest, 2017).

This introduced, an even more specific definition of corporate crisis is that provided by all those scholars who, stemming from the theories about shareholder value creation (Fruhan, 1979; Rappaport, 1986), have given relevant attention not only to those situations of evident corporate crisis, but also to those situations of corporate *decline* (e.g. Harrigan, 1980; Cameron, Sutton, & Whetten, 1988; Weitzel & Johnson, 1989), i.e. a stage of the firm’s life cycle in which the crisis is still somehow hidden within the firm. In particular, the concept of *decline* can be conceived as a continuously negative performance, over time, in terms of variation (i.e. loss) of the *corporate value* (e.g. Guatri, 1986; D’Aveni, 1989; Van Witteeloostuijn, 1998).

In its further development, also eventually worsened by a triggering event internal or external to the firm, decline shifts to the crisis *status* (Hambrick & D'Aveni, 1988; McKinley, 2017). A crisis can thus be conceived as a situation of serious instability, originated by significant economic losses, and, subsequently, by loss of trust and credit capacity, insolvency (in terms of cash flows), and, finally, *collapse* (in terms of stocks).

As highlighted above, collapses often follow serious financial tensions, although this causality relationship does not always take place: in fact, the insufficiency of the financial flows can be temporary. In any case, financial tensions raise the need for new market funds, or timely extensions of the funds already existing. *In primis*, the feasibility of this solution depends on the reliability of the corporate governance in communicating the potential existence of prospective favourable conditions for the firm (D'Aveni & MacMillan, 1990). If this reliability is missing, thus no additional funds are obtained, the financial tension, which is – *stricto sensu* – reversible, definitely translates into the *crisis* status. Crises bring the need for debt renegotiation and the opening of insolvency/bankruptcy procedures (Lee, Yamakawa, Peng, & Barney, 2011).

In sum, a crisis can be conceptualized as the last and most evident development of decline, because, in a crisis situation, the worsening of the economic and financial disequilibria is totally perceived by the external environment. The financial deficit of a corporation is thus exacerbated by the loss of market trust and this insolvency *status* is often ineluctable without relevant interventions of industrial and financial restructuring (Hambrick & D'Aveni, 1992).

3. Modelling Crisis Typologies

What has been emerging from the numerous classification proposals of crisis typologies published over time is that, in general, one key interpretative difficulty relies on the effective evaluation of external and internal determinants, and their associated weight (Abatecola, 2012). In this regard, for example, some scholars even attempt to specifically individuate *external* crises. In this typology, they assume that the impact of environmental factors, outside the firms' control, can be substantively considered as the primary crisis antecedent (Schmitt, Barker, Raisch, & Whetten, 2016).

As for the external crises, for example, Slatter (1984) individuates in the macroeconomic factors (e.g. industry- or country-system related) the main (and not rarely intertwined) determinants of crisis propensity for individual firms. In terms of the country-system macroeconomic factors, the following seem to be the most frequent: *a)* weakness of the financial markets, which do not push firms towards their listing and, in parallel, do not support their market capitalization; *b)* weakness of the banking systems, with their associated inefficiencies (e.g. high costs to obtain funds); *c)* possible fluctuations of the money exchange rate systems; *d)* lack of essential infrastructures, *in primis* in the transport and tele-communication industries; *e)* political tensions; and *f)* poor quality of the corporate governance systems, as the past and recent financial frauds show, which are not able to appropriately protect the (institutional or private) corporate investors (e.g. Zingales, 2012).

The potential relevance of external factors is mostly evidenced at the beginning of the 1980s, with particular attention to the changes in the political, social, or competitive environment. In this regard, those years witness the development of an analytical perspective focused on the prevention of corporate crises that originated from contingent and scarcely predictable events. These events can be external, such as natural disasters, or internal to corporations, such as explosions in the production plants or market launch of goods later discovered to be poisoned (e.g. Shrivastava, 1992; Reilly, 1993). As anticipated, this perspective stems from the concept of the "incident" as the unit of analysis. Incidents have to be substantially conceived as contingent events, conceptually opposed to corporate routines, experience and continuity. These events, which can be individuated over space and time, often have origins which are easily detectable.

Over the years, the perspective illustrated above has given birth to the so-called *Crisis Management*, aimed at the implementing of effective and efficient responses to the explained kind of crisis in its most acute phase (e.g. Fink, 1986; Mitroff & Pearson, 1993; Pearson & Clair, 1998). According to Ian Mitroff, in particular "[…]organizations do create themselves the crisis they face in the sense that the kind of early warning, prevention, damage limitation, recovery and learning mechanism they institute is one of the most important factors affecting what kind of crisis occurs" (1988, p. 19).

This explained, many classifications have, instead, devoted their primary attention to the *human factor* responsible for corporate governance and management, thus to *internal* crises (e.g. Fortune & Mitchell, 2012; Cucculelli & Bettinelli, 2016). In this regard, among those typological models following a causal approach, a widely acknowledged – and used – clustering is that which, according to Luigi Guatri (1995), distinguishes crises within four typologies, namely: *a)* inefficiency; *b)* overcapacity/rigidity; *c)* product obsolescence and marketing mistakes; and *d)* lack of planning/innovation. Some distinctive features of these are explained below.

a) Inefficiency. This typology relates to those situations in which particular business sectors are not able to produce performance in line with their competitive average. Those situations can be found especially in the production function, in which the analysis of productive inefficiency can be determined at both the production costs and efficiency indicators levels. As far as production costs are concerned, the industrial cost for every product is compared to that of the main competitors. This analysis is particularly significant if the sustained costs are also correlated to the degree of use of the productive capacity.

On this basis, we can derive a moderate inefficiency, which can decrease proportionately to the higher use of the productive capacity, or a more significant inefficiency, which makes the average product cost higher than that of the competitors, also in the case of higher output volumes. Instead, as far as efficiency indicators are concerned, the comparison is regarding the data concerning the performance of the most relevant production factors, supported by the necessary descriptive data, such as news about the validity and innovation of plants, technological know-how, or human resource capabilities.

This explained, we should not potentially associate inefficiency only with the production function, because the administration can also host very similar situations, originated, for example, by significant shortages in the information system. Furthermore, we should also acknowledge the potential inefficiencies in terms of short-, medium- and (especially) long-term strategic planning (Wiersema & Zhang, 2011). Finally, we cannot forget to mention the potential inefficiencies in the financial management, as far as negotiating credits, and/or financial budgeting, are concerned.

b) Overcapacity/rigidity. This typology can have different origins: *in primis*, overcapacity can occur at an industrial level, thus bringing a decrease in demand volume for every firm, and a subsequent reduction of revenues. This excess of industrial overcapacity can be generated by the obsessive search for scale economies, by massive import trends in a specific country, and, especially, by the decrease of the global demand associated with changes in customers' preferences. The excess can, more or less, influence the performance of single firms, according to how they react and adapt (e.g. Breslin, 2016; Cafferata, 2016; McCarthy, Collard, & Johnson, 2017; Paniccia & Leoni, 2017). For example, the strongest firms compensate for the reduction in global demand through an increase in their market shares; the weakest, instead, suffer a contemporaneous double reduction (i.e. in global demand and market shares).

Especially in the latter case, the firms' capabilities to promptly adapt costs to the revenues' variation become crucial: in this regard, the costs taken into account are mainly those associated with plants, structure, and/or human resources. Furthermore, as for the human resource costs, the reduction plans are often partial and not immediate (e.g. the planned reduction of the workplace); these plans are also very costly because of the production losses which the firm ineluctably suffers and the economic exchanges which it must return. However, containing these costs is primarily responsible for determining the weak firms' capability to countervail the decrease of the global demand and, thus, to avoid decline and crisis.

This explained, sometimes the overcapacity does not regard the industrial, but only the firm level. In this case, the crisis specifically depends on the demand reduction for the firm's goods/services originated by the firm's specific weaknesses. These weaknesses often cause the firm's collapse, because of the environmental reluctance to accept cuts to the workforce for reducing costs; incidentally, this happens exactly because the industry as a whole does not seem to be in troubled waters.

Finally, another kind of rigidity crisis can occur when increased corporate costs, for example during inflation periods, do not immediately generate increased selling prices. In particular, when the adaptation of selling prices is the object of public control, or, at least, needs bureaucratic procedures to slow it, weak firms may suffer until the situation is appropriately faced by public authorities.

c) Product obsolescence and marketing mistakes. This typology appears to be intertwined with the inefficiency typology explained above. In this case, the inefficiency is regarding the product mix offer, which translates into the loss of market share together with the reduction of the gross industrial margin below a specific threshold. Further, we should specify that margins can vary because of reasons belonging to the industry as a whole, such as cyclical fluctuations, product life cycles and, also, new import trends associated with heavily reduced prices (this mainly depends on particular political and governmental choices).

However, the variations of margins do not only have industrial antecedents, in that in single firms they can also be associated with a lack of innovation and with quality problems. In this regard, corporate risk definitely seems to be higher in mono-product firms (Steinmetz, 1969), because the reduction of margins can seemingly be only partially compensated; for this reason in particular, corporate politics often aim to diversify their business. Finally, it can sometimes happen that obsolescence does not strictly derive from products, but more from the commercial politics associated with their offering: for example, corporate image can reveal to be lacking because of promotional mistakes, these include the choice of market niches, customers' targets, or services offered.

In sum, data show that product mix and marketing choices, as obsolescence determinants, are often intertwined; in fact, on the one hand, the worsening of the product mix, which restricts margins, reduces the space for commercial investments; on the other hand, the pressure to recover market share increases the possibilities of mistakes.

d) Lack of planning/innovation. Sometimes firms are almost exclusively oriented towards short-term goals, overlooking the preparation of the necessary conditions to reach long-term performance (Kroll, Toombs, & Wright, 2000). The consequences can be the progressive worsening of the income capacity and, thus, of the capacity to survive the unavoidable phases of difficulty (e.g., in the sadly famous Enron case). Almost all the firms suffering decline or crisis show a lack of strategic planning, presenting irrational plans which are also associated with scarce stakeholders' engagement.

However, the causal relationship between lack of planning and crisis does not always occur; the contrary, sometimes, can happen, with the crisis itself as the main cause of the lack of corporate strategic planning. Also the lack of innovation, at the same time, can become lethal, either in the small firms, in which it can be associated with the entrepreneurial capacity itself, or in the large firms, in which the search for new product mixes is deployed to the Research & Development (R&D) function. In the latter regard, it also appears worthy of mention that, at least at the beginning, the search cost can encumber the corporate financial statement; however, it is necessary to avoid any aggressive manifestation of the crisis when the old products, representing the firm's core business, reach the end of their life cycle (McKinley, Latham, & Braun, 2014).

3.1 The Role of Risk

As far as the possible strategic/managerial mistakes are concerned, important attention should be finally given also to risk and to the so-called "growth traps" (e.g. Argenti, 1976; Smart and Vertinsky, 1977). In fact, some firms' disequilibria are associated with their growth, especially when it is determined by wrong goals and/or modes (Cafferata, 2016). In particular, growth is not rarely associated with high risks, which are, sometimes, *deliberate* and not just necessary for development (e.g. Kaplan & Mikes, 2012; Agarwal & Ansell, 2016). In this regard, for example, we can mention: *a)* growth processes which are not rationally planned, i.e. composed of significant errors related to their implementation; *b)* growth processes which are too fast in relation to the organizational structure, which thus require excessive leverage and bring significant financial disequilibrium (Hannan & Freeman, 1984); and *c)* growth processes determined by the personal interests of (top) managers and not related to the specific aims of corporations as a whole (e.g., in many of the past and recent corporate frauds).

Thus, from the point of view above, the growth process can be revealed to be an unexpected success; however, it can also translate into a significant corporate collapse. In this regard, for example, the wrong strategic planning can be determined by: *a)* forecasting mistakes about the demand for specific products in particular areas; *b)* missing evaluation of potential entry barriers; *c)* underevaluation of the necessary resources; *d)* limited know-how in areas far from the core business; and *e)* lack of alternatives in the case of failure of the expansion plan.

As for the growth speed, another problem that firms in turbulent and *hypercompetitive* environments often have to face is revealed to be that of their short-term performance (Atluri, Dietz, & Henke, 2017). In fact, in many cases, because of the necessary and significant investments in intangible assets (e.g. promotion or R&D expenditures), and the high equity costs, the initial income is extremely low, sometimes even non-existent. Conversely, if firms, especially the large multinationals, present high availability of equity for investments, the problem is revealed to be the opposite, although probably even riskier. In particular, attracted by higher visibility and earnings, some managers can orient the organizational structures towards a *forced* development far from the core business, because of the facility through which they can implement merger and acquisition processes. In this regard, for example, Michael Porter (1992) highlights that many American firms have wrongly used equity destined to produce limited financial results (e.g. the acquisitions not related to their core business). These choices, of course, can ultimately translate into a significant deviation of the overall corporate goals from the initial purposes of medium/long-term profitability and contemporaneous risk control.

4. Discussion and Implications

In a complex organization, critical situations are repeated over time, although they do not necessarily translate into a crisis evident to all the stakeholders. These repetitions happen because the management of organizations, on average, implies a series of small, almost physiological, disequilibria (e.g. Agarwal-Tronetti, Sarkar, &

Echambadi, 2002). Thus, the organizational structure continuously witnesses critical periods (e.g. the start-up, or growth, phases). However, especially thanks to appropriate managing, these periods are often successfully governed, thus avoiding situations of even stronger instability (Pettigrew, 1979).

On this premise, it seems arguable that corporate pathologies, which are physiologically present in the firm's life cycle, become totally evident to the external environment only when entering their most *acute* stage (Tangpong, Abebe & Li, 2015; Barbero, Di Pietro & Chiang, 2017). This is why, in this article, we have adopted a strategic management perspective to explain the most significant characteristics of corporate crises, thanks to the numerous studies developed over time at an international level.

We have illustrated a crisis from its most negative aspects for a corporation. In particular, we have conceived a crisis as the final phase of a process, continuous over time, of an accumulation of mistakes regarding strategic planning and/or execution. If not properly countervailed, these mistakes then lead to the loss of competitiveness for the corporation, this loss initially substantiating in performance decline, then in the disappearing of the economic and financial equilibrium. This process ultimately formalizes itself into the crisis *status*, with the possibility, sometimes, of also being amplified by the occurrence of what we have labelled a "triggering event", external or internal (e.g. Abatecola, 2012).

This summarized, we firmly believe that, especially given the lively importance of the topic, both the research on and practice of strategic management should continue to shed light on why crises occur and, hopefully, how they can be avoided; in fact, we continue to witness that corporate crises happen every day and represent a permanent component of the international economic eco-system. This is why, also as a consequence of what we have reviewed in this article, some research avenues currently appear to be of particular relevance and are opened below.

First, is there any particular relationship between the socio-demographic and personality traits of executives and corporate crises? In particular, are there any particular characteristics of the boards which increase the survival chances of restructuring corporations? Recent research on this aspect (e.g. Dowell, Shackell & Stuart, 2011; Erkens, Hung, & Matos, 2012; Abatecola, Farina & Gordini, 2014) has started to collect (and interpret) some evidence from the literature: for example, it seems that board heterogeneity positively counts, while, conversely the idea that board/CEO turnover always positively impacts is only a *myth* and should be deepened case by case. In this regard, we believe that, although encouraging, these results should be further investigated through cross-industry and cross-country comparisons (Konig, Graf-Vlachy, Bundy, & Little, 2018).

Second, what are the cultural (e.g. Agarwal & Kallapur, 2018) and/or psychological (e.g. Weick, 1988; Caputo, 2016; Cristofaro, 2018) aspects leading to mistakes in the strategic planning or execution (and, ultimately, to crises)? Specifically, are there particular heuristics and/or decision making traps which form and, then, permanently deviate from the cognitive schemata of the corporate top decision makers? For example, promising results on this side have already associated the resistance to change with some traps, such as the *status quo* and/or *confirming evidence*. However, more cross-disciplinary investigations seem to be needed in the fast-growing behavioural strategy research field (Powell, Lovallo, & Fox, 2011).

Third, how can we quantify the weight of crises' determinants? We know that, in their manifestations, decline and crisis are mostly determined by the simultaneous occurrence of internal and external factors, often overlapping over time; however, these factors give rise to consequences in which quantifying their weight in the final collapse is not an easy task. In this regard, we might argue, those crises determined by specific facts of particular relevance (e.g. disasters or market failures) seem easier to be analysed than those crises in which there exists a slow, although constant, deterioration of the firm's value, not ascribable to isolated episodes (Mellahi, Jackson, & Sparks, 2002).

Fourth, it also seems worthy of mention that the study of the determinants of a corporate crisis is even more difficult when, in the interim, a firm has put in place new entrepreneurial initiatives: in this situation, in fact, because of the lack of an appropriate time span for the evaluation, distinguishing the eventual inefficiency in the resource allocation from the eventual inefficacy in the strategy planning/implementation does not seem to be an easy task. This is also why, sometimes, top decision makers feature uncertainty in what corrective interventions they really need in the corporate restructuring processes. Relatedly, in those processes, individuating the factors of collapse is seemingly not sufficient, if this individuation is not followed by a quantitative evaluation of the negative weight that each of these factors has had in the destruction of the firm's value.

Fifth, what, relatedly, appears worthy of highlighting here is that, in the practice of business, appropriately distinguishing *decline* from *crisis* is often not an easy task. At least in their initial phases, real situations of crisis can appear as simple forms of reversible decline. What seems theoretically subjective is to set a threshold, in terms of income and equity losses, which establishes the formal beginning of the crisis situation. The distinction between the two levels of corporate pathology is, in fact, difficult, because we should individuate a "non returning point" (Guatri, 1995), i.e. an index which objectively indicates the level of economic loss beyond which a crisis (and not a decline) situation must be formally acknowledged. Furthermore, the loss should not be evaluated only *ex post*, but, eventually, also in terms of prospective economic predictions (Gordini, 2014; Ciampi, 2015).

Sixth, could we finally classify corporate crises not only in terms of their antecedents, but also, eventually, in terms of the reasons which, in any given supposed moment, do not allow firms to overcome crises themselves? In this regard, for example, in a seminal, thought-provoking theoretical elaboration, Pellegrino Capaldo (1977) distinguishes between *financial*, *economic*, and *economic-financial* crises. Financial crises can be considered as situations in which a firm does not have, and is not able to supply, the financial resources appropriate for the needs of its management, which, otherwise, would be in equilibrium from an economic point of view. Economic crises, instead, present similarities with the inefficiency, rigidity, or product obsolescence crises already reviewed in this article; these crises mostly derive from unfavourable circumstances associated with the demand of the goods/services representing the firm's core business, together with the cost of their production (Lim, Celly, Morse & Rowe, 2013). Lastly, economic-financial crises are represented by those particular situations in which, on the one hand, a firm has suffered a crisis, because, for example, it has made mistakes in the strategic planning, and this firm is currently not able to bear the financial consequences; however, on the other hand, if we abstract from these consequences, the firm's management results in economic equilibrium (Morrow, Sirmon, Hitt & Holcomb, 2007).

4.1. Conclusions

To date the strategic management perspective still evidences the absence of a unique statement precisely defining the concept of "corporate crisis"; a final, but probably exhaustive, idea of this can emerge if we simply consider the various terms, such as death, bankruptcy, exit, or failure, over time associated with this concept by the literature (Mellahi & Wilkinson, 2010). Nevertheless, in this literature, large consensus seems to be given to the interpretation of this concept, as we have also reviewed in this article.

In conclusion, with this also constituting a potential limitation to this article, in the future we could also question whether the past and recent financial frauds can be considered as *per se* kinds of crises. In other words, what happens when top decision makers deliberately orient firms towards self-interest rather than collective value? And do the crisis typologies, models and classifications explained in this article still hold? Since the Enron scandal at the beginning of this century (e.g. Abatecola, 2019), we have witnessed a new era of huge financial frauds, with huge quantities of money stolen from families and private investors (e.g. Power, 2013; Agarwal, 2018). Corporate governance reforms have occurred worldwide to countervail the phenomenon. Yet, financial frauds still happen globally. And surely we all believe in a better world to leave to our daughters and sons.

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