Organizational Management Communication Skills in Responding to the Global Business Crisis Case Study of the Estée Lauder Companies

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ABSTRACT

The Estée Lauder Companies has faced a global business crisis since 2023, prompting the company to undertake organizational restructuring and layoffs as part of its business transformation strategy. This research uses a qualitative approach with a case study method through document analysis of company reports, official publications, and various media sources. The Lasswell communication model serves as an analytical framework to assess the communication capabilities of organizational management in responding to the crisis. The results show that the company implemented structured communication through various official channels, emphasizing long-term transformation narratives, operational efficiency, digitalization, and innovation, thereby building investor confidence and supporting the recovery of organizational performance. However, corporate communication remains more oriented towards external stakeholders than internal communication to employees. Therefore, increasing transparency, two-way communication, and providing information regarding the impact of restructuring are aspects that need to be strengthened in organizational crisis management.

Keywords: Organizational Communication, Organizational Crisis Management, Business Restructuring, Lasswell's Communication Model.

PART 1. BACKGROUND

The global cosmetics industry is a continuously growing sector and makes a significant contribution to the global economy through product innovation, international market expansion, and job creation. As a globally operating industry, multinational cosmetics companies are highly dependent on stable consumer demand, international economic conditions, changing market behavior, and geopolitical dynamics which can affect the supply chain and sales performance.

In recent years, the beauty industry has faced various challenges due to the global economic slowdown, weakening consumer purchasing power in several countries, and geopolitical uncertainty in several regions of the world. These conditions have prompted many global cosmetics companies to implement operational efficiency and business restructuring as a strategy to improve their performance profitability and maintaining organizational sustainability (Indraini, 2024).

One company experiencing this situation is The Estée Lauder Companies. As an American multinational cosmetics company, Estée Lauder has a portfolio of more than 20 premium beauty brands marketed in more than 150 countries, including Estée Lauder, MAC Cosmetics, Clinique, Bobbi Brown, La Mer, Origins, Aveda, Jo Malone London, and Too Faced. For decades, the company has been recognized as a leader in the global beauty industry, with an extensive distribution network, continuous product innovation, and strong financial performance, which has enabled it to maintain its position as one of the largest cosmetics companies in the world (The Estée Lauder Companies, 2024).

However, since 2023, the company has faced a growth slowdown due to declining sales in Asian markets, particularly China, a weakening travel retail business, and global economic uncertainty. In response, the company announced a program restructuring Which covers Simplifying the organizational structure, accelerating business processes, and reducing the workforce as part of a profitability recovery strategy. CEO

Fabrizio Freda stated that the restructuring was carried out to strengthen long-term profitabilitywhile accelerating the company's growth in the following fiscal year (Indraini, 2024).

In 2026, The Estée Lauder Companies further expanded its restructuring program by announcing plans to lay off approximately 9,000 to 10,000 employees globally. Furthermore, the company increased its restructuring budget to approximately US$1.7 billion, which will be used throughout 2026 as part of its organizational transformation (Viva, 2026). Interestingly, this decision was made as the company began to show improvements in its financial performance.

Figure 1. Layoffs of Estée Lauder employees Source: Jensen (2025)

This phenomenon demonstrates that organizational restructuring can be a corporate strategy to increase efficiency, strengthen competitiveness, and prepare for long-term growth. Nevertheless, the decision to lay off thousands of employees has drawn attention from various stakeholders, including investors, the media, employees, and the public. Organizational success is not solely determined by sound business decisions taken, but also by the company's ability to manage organizational communications effectively so that it is able to maintaining stakeholder trust during the restructuring process (Coombs, 2015).

This study focuses on the analysis of The Estée Lauder Companies' organizational crisis management in facing its global business restructuring program through an organizational communication perspective. The analysis was conducted using Laswell's communication model. The research problem is how The Estée Lauder Companies managed the organizational crisis through its global business restructuring program, which resulted in the decision to lay off some employees. Furthermore, this study also examines the communication strategies employed by The Estée Lauder Companies. implemented by the company in conveying restructuring policies, making decisions, and managing relationships with stakeholders during the crisis management process.

The aim of this study is to analyze the organizational crisis management carried out by The Estée Lauder companies facing global business restructuring through organizational communication perspective using DeVito's communication model and identifying communication strategies, decision-making processes, and stakeholder management as part of the organization's efforts to respond to crises.

Results research is expected to be able to give contribution to developmentof organizational communication studies, particularly regarding the role of communication as a strategic element in supporting the effectiveness of crisis management in multinational companies facing business restructuring amidst global industrial dynamics.

PART 2. DISCUSSION

PREVIOUS RESEARCH

Previous research is needed to provide an overview of development of studies related to organizational crisis management and organizational communication.

The first study conducted by Ada Rautiainen (2024) entitled "How Do Luxury Brands Manage Crises Effectively and Rebuild Their Reputations?" aims to analyze the crisis management strategies implemented by various luxury brands in restoring their reputations after a crisis. The study used a qualitative approach with case studies and a literature review of various crises experienced by luxury and mainstream brands. The results showed that transparent, collaborative, and timely communication are important factors in successfully handling a crisis. This study also found that there is no significant difference between the crisis management strategies implemented by luxury and mainstream brands because each crisis has different characteristics that require a contextual approach. In addition, consumer loyalty, the level of trust in a brand, as well as the quality of the relationship between the company and its customers, are the main factors in the process of restoring a company's reputation after a crisis.

The second study was conducted by Naila Taqi, Bambang Dwi Prasetyo, and Maulina Pia Wulandari (2025) entitled "Political Communication Strategy in the 2024 East Java Gubernatorial Election: An Analysis Based on Harold Lasswell's Communication Model." This study used a qualitative descriptive approach through in-depth interviews, field observations, and document analysis to analyze political communication strategies based on Lasswell's communication model. The results showed that communication effectiveness was influenced by the credibility of the communicator, the relevance of the message, the choice of communication channels, the characteristics of the audience, and the resulting communication effects. In addition, this study emphasized that communication success depends not only on the content of the message, but also on the communicator's ability to build trust, maintain authenticity, and combine face-to-face communication with digital media so that the message can be received effectively by various audience groups.

The third study, conducted by Fauzan Azzamuddin Fatahillah and Nahdah Izah Laili, is titled "PT Gojek's Crisis Communication Strategy in Handling Employee Termination Issues (PHK) on Social Media." This study employed qualitative methods through literature review, online news analysis, and social media documentation to examine how PT Gojek managed crisis communications during the public outcry over layoffs. The results of the study indicate that the company's communication strategy has the company applies the principles of openness, engagement, timeliness, ethics, and sincerity in conveying information to the public. However, the study also found that the communication was still reactive and failed to fully demonstrate empathy or comprehensively explain the reasons behind the layoff policy.

These three studies form the basis for this research. Based on Rautiainen's research, this study adopts the concept that transparent communication plays a crucial role in maintaining a company's reputation during a crisis. Taqi et al.'s research provides a theoretical basis for using Laswell's communication model as a framework for systematically analyzing organizational communication processes. Meanwhile, Fatahillah and Laili's research illustrates how layoffs can develop into organizational crises if a company fails to manage communication effectively.

This study combines the organizational crisis management perspective with the Lasswell Communication Model to analyze the communication strategies implemented by The Estée Lauder Companies in managing global business restructuring.

MODEL COMMUNICATION LASWELL

Harold D. Lasswell (1948) viewed communication as a process of conveying messages that can be analyzed through five main elements: who says what, in which channel, to whom, and with what effect. This model explains that communication effectiveness can be understood by identifying who delivers the message, the content of the message, the media used, the target recipients, and the impact of the communication process. Through these five elements, Lasswell's model provides a systematic analytical framework for understanding the communication process in various contexts.

Lasswell's communication model is known as one of the classic communication models oriented towards the message delivery process. This model emphasizes that each element of communication has an interrelated function in determining the success of information delivery. The "who" element refers to the communicator or message source who has credibility, authority, and a specific purpose in conveying the information. The "says what" element refers to the content of the message being communicated, whether in the form of information, policies, instructions, or invitations, structured according to the communication objective.

Next, the "in which channel" element explains the media or channel used to convey the message, such as face-to-face communication, email, mass media, social media, or other digital platforms. Selecting the right communication channel is crucial because it influences the outcome speed delivery information, audience reach, as well as the effectiveness of the message received.

The element to whom refers to the communicator or audience who is the target of the communication. The characteristics of the message recipient such as background, level of knowledge, information needs, and so on.

Previous experiences can influence the process of interpreting the message being conveyed. Therefore, communicators need to adapt the content and delivery method to the characteristics of the audience so that communication goals can be optimally achieved.

The "with what effect" element focuses on the impact that occurs after the communication process has taken place. This impact can include changes in knowledge (cognitive effect), changes in attitude (affective effect), or changes in behavior (behavioral effect) on the recipient of the message. Communication success is measured not only by the message's delivery, but also by the extent to which the message generates a response or change that aligns with the communicator's goals (McQuail, 2010).

Lasswell's communication model is widely used in communication research because it provides a simple, systematic, and easily applied analytical framework for identifying each component of the communication process. By analyzing the elements of communicator, message, channel, recipient, and communication effect, researchers can evaluate how a message is designed, delivered, received, and produces a specific impact on the audience.

This model is considered relevant as a theoretical basis in research on organizational communication and communication crisis because it is able to help explain the process of delivering information in a structured manner while evaluating the effectiveness of communication carried out by the organization in achieving the expected goals.

STATE OF ART

Based on a review of previous research, it is known that studies on organizational crisis management and communication have been applied to various contexts, such as the luxury brand industry, political communication, and technology-based companies. However, most research still focuses on reputation recovery strategies, the effectiveness of political communication, or crisis communication through social media. Research specifically addressing organizational communication in global business restructuring processes that result in layoffs is still relatively limited, particularly in multinational cosmetics companies.

Furthermore, previous studies have differing analytical focuses. Rautiainen (2024) focused more on luxury brands' reputation recovery strategies after a crisis. Taqi et al.'s study used Lasswell's communication model in the context of political communication. Meanwhile, Fatahillah and Laili's study focused more on external corporate communication through social media in response to layoffs without delving deeply into Lasswell's communication model.

This research, “An Analysis of Organizational Crisis Management in Facing Global Business Restructuring: A Case Study of The Estée Lauder Companies,” offers novelty by examining The Estée Lauder Companies as a multinational cosmetics company that carried out global business restructuring in 2026. Different from previous research, this research not only analyzes communication after the crisis occurs, but also examines how the company uses communication as part of a crisis management strategy in conveying restructuring policies to various stakeholders, including employees, investors, the media, and the public.

Another novelty lies in the application of Lasswell's communication model in the context of organizational crisis management. This study analyzes corporate communication strategies based on Lasswell's five elements Through this approach, this research is expected to contribute to the development of organizational communication studies by showing how classical communication models are still relevant in explaining corporate communication strategies multinationals when facing global business restructuring and organizational crises.

PART 3. RESEARCH METHODOLOGY

This research uses a qualitative approach with a case study method to gain an in-depth understanding of crisis management.

The Estée Lauder Companies' organizational restructuring efforts, which resulted in layoffs, were undertaken. A qualitative approach was chosen because this study aims to understand organizational phenomena holistically through the interpretation of various information and documents related to the company's communication strategies and crisis management.

According to Creswell and Poth (2018), qualitative research is an approach used to explore and understand the meanings individuals or groups attach to a social phenomenon through the process of interpreting various data sources. The case study method was chosen because it allows researchers to conduct an in-depth analysis of a phenomenon occurring within a single organization in a real-world context.

Research data was collected from credible national and international media outlets, such as VIVA, Detik Finance, Glossy, and Reuters, as well as official publications from The Estée Lauder Companies, such as Annual Reports, Press Releases, and Investor Presentations. Furthermore, the research utilized scientific literature in the form of books, journal articles, and previous research findings on crisis management. organization, organizational communication, crisis communication, and corporate restructuring as a theoretical basis.

In this study, Lasswell's communication model is used as an analytical framework to identify how organizational communication strategies are implemented during the global business restructuring process.

Based on the five elements of communication proposed by Lasswell, namely who delivers the message, what is the content of the message delivered, through what channel, to whom the message is addressed, and what impact the communication has. Through this framework, the research analyzes the role of company management in conveying restructuring policies, communication strategies used to employees, investors, media, and other stakeholders, as well as the effectiveness of communication in supporting the organization's crisis management process.

PART 4. RESULTS

The Estée Lauder Companies is facing one of its biggest organizational challenges in recent years due to the global beauty industry slowdown that has occurred since 2023. This condition is influenced by declining demand in the travel retail business in the Asia Pacific region, weakening consumer purchasing power, and global economic and geopolitical uncertainty that have impacted the company's performance (Whitten & Lublin, 2026).

The restructuring is a continuation of the Profit Recovery and Growth Plan, first introduced in 2024 and then expanded through the Beauty Reimagined transformation strategy in 2025 under the leadership of President and Chief Executive Officer (CEO) Stéphane de La Faverie. In his official statement, the CEO emphasized the company's need to build a simpler, faster, and more efficient organization, adaptive to changes in consumer behavior in order to create sustainable growth so that restructuring is not only focused on reducing operational costs, but also includes simplifying organizational structures, digitizing business processes, optimizing supply chains, and investing in product innovation and developing digital-based sales channels (The Estée Lauder Companies, 2026).

This restructuring policy was then followed by an increased global workforce reduction target. The company explained that more than 70% of the additional reductions came from sales demonstration positions, which were deemed no longer aligned with the company's shift in distribution strategy toward e-commerce and social commerce.

In perspective communication, step restructuring the show that company implementing an organizational adaptation strategy, namely making structural changes in response to changes in the business environment that can no longer be addressed through short-term operational efficiency. Coombs (2015) explains that organizations facing a crisis need to take strategic actions that can minimize the impact of the crisis while maintaining the organization's legitimacy through open and consistent communication.

This is reflected in Estée Lauder Companies' strategy of regularly communicating restructuring developments through financial reports, press releases, and investor presentations. so that stakeholders obtain an explanation regarding the reasons, objectives and targets of the policy. taken (Coombs, 2015). The role of leadership is an important aspect in the process of managing organizational crises.

CEO Stéphane de La Faverie served as the primary communicator, directly explaining the company's transformation direction to investors, the media, and the public. In his third-quarter fiscal 2026 financial report, he stated that the restructuring was part of the Beauty Reimagined strategy, which aimed to build a more agile organization, improve operational discipline, and reallocate company resources to areas with higher growth potential. This statement demonstrated that the company's communications emphasized a long-term transformation narrative rather than simply reducing costs or laying off employees (The Estée Lauder Companies, 2026).

Figure 4.1 Beauty Reimagined Strategy Source: The Estée Lauder Companies (2026)

If analyzed using the Laswell communication model, the who element in the crisis communication process is represented by the President and CEO as the primary communicators who have the legitimacy to convey company policy. The CEO then applies the element of "says what," which is manifested by conveying the message that the restructuring is being carried out to improve operational efficiency, accelerate decision-making, strengthen company competitiveness, and creating sustainable growth. The company also emphasized that workforce reductions are part of its organizational transformation.

Estée Lauder Announces 10,000 Layoffs, Restores Profitability Amid Puig Discussions

Penjualan Seret, Estee Lauder Bakal PHK 3.000 Pegawai!

Anisa Indraini - detikFinance

Figure 4.2 News about layoffs in the media Source: Modaes, DetikFinance (2026)

Regarding the elements of "in which channel and to whom," The Estée Lauder Companies uses various communication channels tailored to the characteristics of its stakeholders. To investors and market analysts, the company uses financial reports and SEC filings. To the media and the general public, the company conveys information through official press releases on the company website, which are then quoted by various international and national media outlets such as Reuters, CNBC, and Glossy. Meanwhile, to the public and media, the company seeks to build the perception that the organizational transformation is being undertaken as a step adaptation to changes in the global beauty industry, not as an indication of the company's business failure (Mistry, AB & McLymore, A., 2026).

This communication strategy demonstrated relatively positive results on market perception, which is the effect of communication. In its performance report for the first nine months of fiscal year 2026, The Estée Lauder Companies recorded sales of US$11.422 billion, an increase of approximately 4.64%, reversing from an operating loss to an operating profit of US$819 million, and recording a net profit of US$298 million after previously experiencing a net loss in the same period of the previous fiscal year (Modaes, 2026).

Figure 4.3 “Our Operations” Beauty Reimagined Source: The Estée Lauder Companies (2026)

However, the research results also show that corporate communication is still more oriented towards the interests of investors and the public. compared to employee information needs. The information published by the company explains more about efficiency targets, growth projections, and financial benefits of restructuring, whereas An explanation regarding internal communication mechanisms, forms of assistance for employees affected by layoffs, and details of the compensation provided have not been published publicly.

In addition, the company also Openly communicating their business transformation strategy through the use of digital technology and artificial intelligence (AI). In the video "Our Operations," which they uploaded to their official website, explaining their Beauty Reimagined strategy, management stated that AI will be integrated into various business processes to increase productivity, accelerate decision-making, and improve efficiency.

This statement indicates that the restructuring is not only aimed at cost reduction, but also at transforming work models that increasingly rely on automation and digital technology.

Although the company did not explicitly state that the layoffs were due to the implementation of AI, communications regarding AI-based efficiency improvements can be understood as part of a transformation strategy running concurrently with its workforce restructuring program. Therefore, the perception arises that some of the organizational structure changes are also influenced by the company's need to align human resource competencies with technological developments.

This condition shows that The Estée's crisis communication strategy Lauder Companies has successfully built market optimism by emphasizing its transformational vision, technological innovation, and long-term efficiency. However, the company still has room to improve transparency regarding industrial relations, particularly regarding the impact of restructuring on employees and how digital transformation, including the use of AI, is impacting organizational structure changes.

PART 5. CONCLUSION AND SUGGESTIONS

The Estée Lauder Companies implemented organizational crisis management through a global business restructuring strategy combined with well-planned communications to its stakeholders. The company successfully conveyed the rationale, goals, and direction of its organizational transformation consistently through various official communication channels, thereby building investor confidence and generating optimism for the company's recovery. The narrative emphasized cost efficiency and long-term transformation through simplification of organizational structures, digitalization of business processes, and utilization of AI to increase company productivity and competitiveness.

However, the results of the analysis show that the company's crisis communication is still more oriented towards the interests of investors and the public than internal communication to the company. employees. Transparency regarding the layoff implementation mechanism, transition support for affected employees, and the impact of digital transformation on changes in job structures has not been comprehensively explained. However, organizational crisis management is not only determined by the company's success in restoring business performance, but also by its ability to build transparent, inclusive and balanced communication with all stakeholders, especially employees as the party most affected by the restructuring process.

The researcher's suggestion for companies is to strengthen internal communication strategies during the process. restructuring by providing more transparent, consistent, and employee-centered information. In addition to explaining the business objectives and long-term benefits of restructuring, companies also need to Openly communicate decision-making mechanisms, layoff criteria, compensation plans, career mentoring programs, and reskilling and upskilling opportunities for employees impacted by digital transformation and AI implementation. Companies can also expand two-way communication through discussion forums, Q&A sessions with management, and easily accessible feedback channels so employees can participate get the opportunity to convey their questions, aspirations and concerns directly.

The researchers acknowledge that this study still has limitations, particularly in the availability of data sourced from public company documents. These limitations mean the research is not yet complete can provide an in-depth description of the company's internal perspective and the experiences of employees affected by restructuring. Therefore, further research is recommended to examine organizational crisis management using a more diverse approach, such as in-depth interviews with employees, management, and other stakeholders, to provide a more comprehensive understanding of the effectiveness of communication strategies during the business restructuring process.

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