

Introduction

Relevance of the topic and objectives of the research

In recent history companies have faced a range of crises, with some notable examples being the collapse of Lehman Brothers, the Deepwater Horizon oil spill in the Gulf of Mexico in April 2010 and Exxon's 2008 financial meltdown, Enron's accounting scandal and the financial crisis of General Motors. These and many other examples demonstrate that, on the one hand, crises can strike all types of organisations and, on the other hand, the causes of crises are diverse, ranging from human mistakes, lapses in judgment, failure to react in time, mechanical faults or simply circumstances entirely out of the organisation's control.

Another important trend is the growing impact of media coverage on these crises, arousing greater public concern among stakeholders than ever before. Today, the internet and other communication tools have tremendously favoured rapid diffusion of information. The influence of modern media thus often contributes to the severity of crises that organisations face. Can companies get prepared for a crisis? How should companies handle the situation when a crisis strikes?

Indeed, when dealing with a crisis, companies have to find answers to a wide range of questions. How to react in the face of a full-scale catastrophe? How to bring destabilising events under control? How to avoid or at least minimise damage to company image? The answers to these and many other questions contribute to the creation of company strategy, which finally determines the success or failure of the crisis response.

The case of Johnson & Johnson¹ is often referred to as an example of proper and successful dealing with crisis. Several people died and 2,500 victims were reported after taking Tylenol tablets filled with cyanide. In the face of a situation that seemed hopeless for the company, Johnson & Johnson reacted immediately. It launched an investigation and announced the recall of Tylenol tablets from all points of sale. Its efforts were directed at proving the company's concern for public health. Johnson & Johnson reintroduced the product with a safety packaging², thus becoming the first company in the pharmaceuticals industry to do so (Anthonissen 2008: 13). In this way, Johnson & Johnson used crisis as an opportunity for learning and improvement.

Exxon chose a different strategy - to turn away and to "stick its head in the sand" - after the Exxon Valdez disaster in Alaska on March 24th, 1989³. Lawrence Rawl, the company's CEO, waited six days before mak-

¹ On 29 and 30 September 1982, several people died in Chicago, Illinois, after taking Tylenol tablets that had been filled with cyanide. At that time, Johnson & Johnson controlled more than one-third of the pain and fever medicine market with this successful product (which garnered 15 percent of the company's profit). When the US media started to dig deeper, the figure of 2,500 victims was reported. The company immediately began investigating 8 million Tylenol tablets and recalled Tylenol from all points of sale. All those who prescribed drugs were also informed. After the affair was over, Johnson & Johnson reintroduced the product. A mere five months after the incident, the company had succeeded in regaining 70 per cent of its previous market share.

² The new tamper resistant packaging consisted of a glued box, a plastic sear over the neck of the bottle, and a foil seal over the mouth of the bottle and was used for the first time in the industry.

³ On 24 March 1989, the Exxon Valdez oil tanker ran aground, spilling 250,000 barrels, an amount equal to more than 10 million gallons, of oil into Alaska's Prince William Sound. Efforts to contain the spill were slow and Exxon's response was even slower. The company refused to take responsibility and blamed state and federal officials for the delay in containing the spill. Moreover, the company seemed unwilling to disseminate information and conducted all its communications from the small town of Valdez, Alaska. Ten days after the spill, Exxon spent \$1.8 million to take out full-page ads in 166 papers. In the ad, the company apologised for the spill but still refused to accept responsibility. The cleanup effort cost the company \$2.5 billion alone, and Exxon was forced to pay out \$1.1 billion in various settlements. A 1994 federal jury also fined Exxon an additional \$5 billion for its "recklessness" (see <http://iml.jou.ufl.edu/projects/spring01/Hogue/exxon.html>). The spill is widely

ing a statement to the media and did not visit the scene of the accident until nearly three weeks after the spill. These actions left the public with the impression that the Exxon Corporation did not take the accident seriously. As a result, the company's image was tarnished and many of Exxon's products boycotted.

Juxtaposing the cases of Johnson & Johnson and Exxon shows that the companies embark on particular strategies in response to crisis that can be more or less successful. It also clearly proves that it is not only the crisis itself but rather the communication of a company on crisis causes and measures of response and mitigation that crucially affects the outcome. More specifically, the comparison of organisational responses to crisis situations illustrates that some firms manage crises more effectively than others, in some cases even revealing for themselves a 'window of opportunity' for better positioning after crisis.

So why are some companies' crisis communication strategies successful and others not? This is one of the key issues to be addressed in this dissertation. It is not the purpose of this study to propose a set of universal crisis response rules for companies to overcome crisis, but rather provide a deeper understanding of crisis and broaden the existing knowledge of crisis communication strategies. This is done by focusing on a range of variables, assumptions and relationships playing a decisive role in selecting and implementing such strategies.

More specifically, the purpose of this study is to explore crisis response strategies used by Toyota Motor Corporation, the company that experienced and successfully overcame crisis. This study will analyse the construction and features of the company's messages in response to crisis, considering corporate identity as the factor that is most likely to influence the choice of crisis response strategies and herewith the outcome of the crisis.

The present study represents a meaningful step towards building a theory-based connection between corporate identity and crisis response strategies. The concept of corporate identity has been discussed in the

considered one of the worst environmental disasters of the time, at least before the BP oil spill in the Gulf of Mexico in 2010.

context of crisis communication research, even referred to as a “reservoir of credibility” with which companies may successfully overcome public criticism (Bostdorff & Vibbert 1994, Jones & Little 2000). Despite this, no study to date has specifically applied corporate identity as a variable in analysis of crisis response strategies.

This dissertation will benefit from previous research on ways of communicating corporate identity through corporate websites (Shumeyko 2008⁴). This study indicated the constructive nature of corporate identity and the role of corporate discourse in establishing it. As explained in the following sections, its basic findings, although referring to a company in a routine situation, apply equally to a company in a crisis situation. The present research will reveal whether corporate identity, communicated directly and indirectly, can help a company handle a crisis more effectively.

Drawing upon a literature review and the findings of the study mentioned above, the following hypotheses are suggested to be tested in the course of this research:

Hypothesis 1: Corporate identity is directly linked to crisis communication. It is the core of crisis response strategies and defines the features and content of company messages;

Hypothesis 2: Crisis response strategies are formulated and pursued on the basis of the company’s values and norms; its corporate identity;

Hypothesis 3: Crisis response strategies may vary but should be consistent across categories of stakeholders and can shape the ways in which both the crisis itself as well as the company’s legitimacy are perceived and interpreted by stakeholders.

⁴ Unpublished master’s thesis of Olga Bloch, née Shumeyko.

Research plan and design

Before testing these hypotheses against the case study in the empirical part of this paper, the theoretical foundations of the topic must be established. The study is therefore structured as follows.

As crisis is the central notion for the research and will represent the conceptual framework for the analysis of company's communication strategies in the empirical part, its meaning needs to be clarified. In *Chapter 1* of the study, some of the strands of thought relating to the definition of crisis will be discussed and placed in the context of this research. First, relying upon the basic idea of organisational crisis accepted and implemented in modern sciences, the notion of corporate crisis will be approached from the point of view of a company and its main characteristics and attributes distinguished. Second, special attention will be given to developmental approaches that examine stage-related features of crises and represent one of the most common tools for crisis analysis. Third, the factors will be discussed that may distinguish crises of today from those that occurred only a few decades ago. In this context, factors contributing to the duration, character and manifestations of modern crises will be considered, as well as the ways companies respond to them through their corporate communication.

Chapter 2 will be devoted to the search for an appropriate theory to contribute to a more comprehensive paradigm of crisis communication. First, a brief overview of the past research on crisis will be given and some of the theories of organisational crisis such as chaos theory, sense-making theory and approaches to crisis proneness will be discussed in terms of their feasibility as a theoretical framework, with their strengths and weaknesses identified. It will be argued that each of these theories makes unique contributions to understanding crisis, but none is comprehensive enough if taken independently. Since each theory is a 'living' concept, it needs to be updated in accordance with new insights and findings gained from both theoretical research and contemporary practical realities. Second, the theoretical paradigm for this study will be developed by highlighting and upgrading the most relevant aspects of each of

the theories reviewed. Drawing upon insights gained from the theoretical knowledge available, a model will be developed to address such key variables as corporate identity, crisis response strategies and stakeholder perceptions from a multidimensional perspective. Deeper analysis of the relationships between these variables can provide a better understanding of successful crisis management theory, which will, in turn, be of help for practitioners.

Chapter 3 will explore corporate identity as a core element of companies' crisis response strategies, partly relying upon findings of the previous study (Shumeyko 2008). That study explored the concept of corporate identity with regard to companies' routine activities. Still, the core inference on the constructive role of corporate identity in influencing the corporate discourse and, vice versa, role of corporate discourse in establishing corporate identity remains valid in the context of crisis. As argued elsewhere in this study, companies pursue different strategies in order to create their desired self-image, and the potential of corporate language to generate positive behavioural responses among key stakeholders is immense. This potential should be used all the more in the context of crisis, when companies must react to the crisis as an exceptional event. As argued in Chapter 3, corporate identity plays a decisive role in influencing a company's strategic actions during crisis management. At the same time, corporate identity is not causally linked to strategies pursued. The latter, in their turn, influence the formulation of revised company's 'self'.

The specifics of communication with different stakeholders in a crisis context will be crucial to Chapter 3. Is an integrated approach to crisis communication possible, or should stakeholder communication occur separately? How best can companies reach synergistic effects while simultaneously benefitting from well-structured, tailor-made strategies? The close relationship between stakeholder perceptions, crisis response strategies and corporate identity, also drawing upon findings of the stakeholder theory applied to a crisis context, will be discussed in detail here. Another issue in this Chapter will be the review of the perceptual side of crisis response messages. The reflection of crisis response messages in the press and especially on the web should be studied carefully as evidence

of a company's strategic effectiveness. Are the messages perceived by the media the way in which the company intended? What, if any, interpretations were offered? What are the effects of crisis communication and how should they be measured? These and other aspects from the point of view of crisis outcomes need to be explored in more detail.

Based on the findings of the theoretical part, *Chapter 4* will focus upon a single case. Toyota Motor Corporation was selected for the analysis of its communication in crisis caused by a series of recalls of its vehicles in 2010. Chapter 4 will examine news, press releases, CEO speeches and reports, as well as reporting on the crisis event available from Toyota corporate websites, internet news platforms, media outlets and forums. This data will be used to test the hypotheses as stated in the objectives of the paper above. To avoid interpretations of strategies from the perspective of the company itself, no interviews were conducted during the research.

The analysis is intended to show what role the rhetorical strategies of the company play in the context of crisis and how they fit into the overall communication strategy. The main purpose of the corporate discourse analysis is to find out if the company pursued an integrated and consistent communication strategy, to what extent it relied on the strands of its corporate identity and, most importantly, how the use of corporate language resources contributed to the ability to cope with a critical situation and positively shape stakeholder perceptions.

Besides direct communication with key stakeholders, crisis communication also encompasses media relations. In the context of crisis, it is especially interesting to explore how the media interprets information made available by the company and what effect the company's messages achieve. The messages produced by the media can become an indicator for the success or failure of crisis communication.

The findings of this research are of note for managers and corporate communication officers seeking to improve their company's or organisation's crisis response strategies. The implications for future research will be outlined in the concluding *Chapter 5* of the study.

<http://www.springer.com/978-3-658-06221-7>

Corporate Identity and Crisis Response Strategies
Challenges and Opportunities of Communication in
Times of Crisis

Bloch, O.

2014, XX, 301 p. 7 illus., Softcover

ISBN: 978-3-658-06221-7