Olga Bloch

Corporate Identity and Crisis Response Strategies

Challenges and Opportunities of Communication in Times of Crisis

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Challenges and Opportunities of Communication in Times of Crisis

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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 & Johnson[1] 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 packaging[2], 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, 1989[3]. Lawrence Rawl, the company's CEO, waited six days before mak-

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[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

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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 2008[4]). 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.

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[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, sensemaking 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.

1 The Notion of Crisis: Conceptual Framework

1.1 Company Crisis and its Typical Features

The familiar notion of crisis encompasses both personal and global crises and all possible shades between these two extremes. Although "crisis has become [one of] the most overworked words in the language" (Krystek 1987: 3), there is no clear understanding of its conceptual substance, which allows for a number of interpretations in different fields of thought. Before discussing the concept of crisis in the economic sense and under the perspective of the present research, the general framework for the concept has to be established.

Currently, the literature in this field provides no generally accepted definition of crisis, and attempts to systematically categorise types and forms of crisis have been sparse. Looking back to the origin, it is noted that the word stemmed from Greek 'κρισις' meaning the turning point in the development or a moment of decision. In ancient tragedies, crises were occasions which marked a change, for the better or the worse, in the protagonist's affairs. Such occasions represented "historical turning points where human choice could make fundamental difference to the future" (Shrivastava 1993: 25). In Latin, the word 'crisis' was used mainly as a medical term meaning the 'climax' or 'turning point of an illness'. With its introduction lying in different languages, today's meaning of 'crisis' got its ambivalent character and reflected either more Greek or Latin shades of its meaning.

For instance, it came into use in German in the 16th century. In the 18th century, impacted by the French 'crise', people started using it in a broader context to mean a "decisive, difficult situation, dilemma, decision, turning point" (Apitz 1987: 15). In medical literature it still denoted

the fatally dangerous health condition of an organism which could not recover without external intervention and for which the self-healing process was insufficient to recuperate. Interestingly, the Chinese word for crisis, 'wei chi', translated literally means 'dangerous opportunity' (Figure 1). According to this interpretation, the positive effect or outcome is as important as the risks associated with crisis.

Figure 1: 'Crisis' in Chinese characters

Today's understanding of the term 'crisis' within the context of a company or an organisation is impacted by its etymology. Summing up different interpretations of the meaning of the term, it can be concluded that its substance is ambivalent, implying two extreme interpretations: 'threat', 'danger', 'illness', on the one hand, and 'opportunity', 'turning point', on the other hand. This ambivalence illuminates a host of core assumptions about the meaning of crisis in the economic sense[5].

So what is an organisational crisis? Although there is no universal agreement on its definition, some typical characteristics can be distinguished. Fink defines crisis as "a situation that may, if left unattended, escalate in intensity, fall under close media or government scrutiny, interfere with normal business operations, jeopardise the company's or officer's public image or damage the company's bottom line" (Fink 1987: 34-36). From this definition it can be assumed that crises can range wide-

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[5] Arie de Geus, for example, author of the *The Living Company* (2002), illustratively compares crisis with illness. De Geus even uses the metaphor of pain and stresses the "overarching reason" of the management which, the same way as doctors, has to take the "illness" under control in order to combat it.

ly in intensity and severity. The ambivalence and unpredictability of the negative impact of the crisis are its main characteristics. At the same time, Fink describes crisis as a "turning point, not necessarily laden with irreparable negativity but rather characterised by a certain degree of risk and uncertainty" (Fink 1986: 15). Following this explanation, it is concluded that despite the risk and instability of the situation, crises can bring positive change to company routine.

Lambeck also sees crisis not in a purely negative light, describing crisis as "a dynamic process, characterised by the high speed phases of the complex occurrence whose result depends on a number of parameters" (Lambeck 1994: 116). This definition makes clear that crises unfold through a number of stages, which supports the characterisation of crisis as a dynamic process. Moreover, there must be certain factors which play a decisive role for the duration of the crisis and for the impact it may have on the company and its stakeholders.

Krystek (1987) also understands crisis as a dynamic process. He defines it as an unwanted and unplanned process of a limited duration with an ambivalent outcome, terminated by the non-achievement of its dominant goals. Simultaneously, it may lead to a company's collapse. Seeger, Sellow and Ulmer define crisis similarly, adding, however, the aspect of threat: "Crises are specific, unexpected, and non-routine events or series of events that create high levels of uncertainty and threaten or are perceived to threaten an organisation's high priority goals" (Seeger et al. 2001: 156). For organisations, a crisis often questions fundamental assumptions and beliefs, threatening such high-priority goals as image, legitimacy, profitability and even survival (Seeger et al. 1998). Besides the elements of threat and unpredictability, crisis seems to be a unique event in the history of each company which implies that there is no such notion as 'standard' crisis and, accordingly, no 'standard' crisis response communication strategy.

The "construct ambiguity issue" (Reilly 1993: 116) of the notion of crisis has been also complicated by the fact that many terms have been used interchangeably with 'crisis'. For example, the following are only a few terms which serve as synonyms for crisis in the literature: disaster

(Gephart 1984, Turner 1976), catastrophe (Mitroff & Kilmann 1984), turning point (Milburn et al. 1983) and others.

Krystek points out that the term 'crisis' should be strictly separated from catastrophe and conflict, which may be elements of the crisis. Thus, conflicts are rather latent or manifest themselves in oppositions of interests, needs and values between individuals or groups of individuals within a company.

According to Apitz (1987), the notion of *conflict* comes from Latin 'conflictus' and appears in the German language in the 18th century. It means 'crash', 'fight', or 'antagonism', also of statements and interests. Some researchers, including Apitz, believe the conflict to be an early stage of the crisis. Krystek also notes that the two notions do meet, in a way, and express similar ideas. He quotes Kaiser (1971: 348), who distinguishes between conflict-based and conflict-free crises. Conflict-based crises can be defined as implications of dysfunctional conflicts. Although the balance of interests cannot be excluded, they can be tangential to purposes relevant to the survival of the company. However, the majority of conflicts in the sense of the crisis as defined above do not lead to crises.

Disturbances can be described as dysfunctionalities in the regular running of the company, mostly of the material nature (automatic mechanisms, machines). They can arise as a result of endogenous or exogenous reasons and should be understood as a divergence from the normal state of the company. To draw a borderline between crisis and disturbance, it must be noted that disturbances or conflicts do not automatically mean the threat or impossibility of achieving the company's survival-relevant goals. However, disturbances as well as crises can generate significant time and decision pressure. In its early stage, crisis can be defined as a disturbance that implies the risk of running the company into problems if it is not perceived as serious.

An *accident* is either an unexpected and undesirable event resulting in harm and damage or an unforeseen event with no apparent and deliberate cause. Like crisis, accident implies a generally negative outcome that may have been avoided or prevented. However, it is not accompanied by dynamic processes and does not lead to complex structural changes on

the level of an organisation as a whole. As Pauchant and Mitroff note, an accident is a systemic disruption, but one that does not affect basic assumptions and meanings. A crisis, however, is a "disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, and its existential core" (Pauchant & Mitroff 1992: 12).

Drawing a distinction between *crisis* and *catastrophe* (Greek, 'katastrophē') is much easier. Whereas one of the most important features of crisis is the ambivalence of its outcome, catastrophe means a clear turn to the negative. It is often associated with calamity and fatality and is used as a synonym of disaster, collapse or cataclysm. In an economic sense, catastrophes are seen as events whose destructive effect cannot be averted. They end with the elimination of the company and the impossibility of recovering the old structure and goals. From this perspective, catastrophes can be the most apparent characteristic of a company crisis. In a narrow sense, however, catastrophes are understood as destructive natural or technology-caused events having enough power to cause a crisis. Although all catastrophes, in regular usage, are perceived as negative, they still have a regulative and positive function. Despite the negative consequences, they create a new point of departure, a new consciousness in the population. Conflicts and crises thus can be seen as the regulative dimension of the existing systems[6].

To sum up, the connection between the notions of conflict, accident, incident, disturbance, catastrophe and crisis is comparable but not identical. It is possible that each occurrence arises independently or in parallel or becomes an interim phase of the other event.

Returning to the definition of company crisis as a process, an important question arises as to how to identify where the 'normal' dynamics of the company stop and the 'crisis' dynamics of the company begin. The answer to this question is crucial in terms of crisis identification and prevention. This issue will be discussed in subsequent sections of the

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[6] In case of the nuclear disaster in Chernobyl (Ukraine) in 1986, a new point of departure was created. In people's minds a crucial change in the consciousness in respect to the relationship between benefits and risks of the nuclear energy took place.

study in the context of crisis stages. For the time being, however, it is enough to refer to the statement that estimations as to when the crisis begins strongly depend on the company context.

Another important factor contributing to 'crisis' dynamics are the perceptions of key stakeholders - a group of people or/and organisations directly and indirectly affected by the activities of a company and also participating in and having an impact on such activities. These are shareholders of the company, its customers, employees, suppliers and also activist groups and state organisations. Since these have different interests related to the company and the level of their participation and impact may vary a lot, to the same extent may their perceptions differ.

A crisis usually begins with a dramatic and unexpected trigger event signalling its onset and ends with some resolution and return to near normalcy (Seeger et al. 2003: 4). As the example of Philip Morris shows, crisis is often associated with the trigger event. The company experienced a variety of anti-smoking initiatives all around the world which were not crises per se. However, just before Memorial Day weekend, 1995, Philip Morris discovered a problem with an ingredient that was used in the filter for the cigarettes produced in the United States. The company launched a recall that brought back approximately 8 billion cigarettes from around the United States within one week. It is this understanding of crisis as an unexpected and surprising event, the crisis in its 'purest' sense, so to say, that is to be used for the purposes of this study.

Crises often result in negative publicity for the company. Their impact can pollute the positive aspects of an organisation's image. Kathleen Fearn-Banks defines crisis as "a major occurrence with a potentially negative outcome affecting an organisation as well as its publics, services, or good name" (Fearn-Banks 2007: 6). It interrupts normal business transactions and can, at its worst, threaten the existence of an organisation. For Otto Lerbinger, one of the most acknowledged American scientists in the field of crisis communication, crisis is "an event that brings, or has the potential for bringing, an organisation into disrepute and imperils its future profitability, growth, and possibly, its very survival" (Lerbinger 1997: 4).

One of the most recent examples of direct damage to the company's image caused by the crisis is of British Petroleum (BP), one of the world's largest energy companies. A catastrophic explosion caused an oil spill from a BP offshore drilling rig in the Gulf of Mexico on April 20th 2010. This oil spill has already obtained the dubious distinction of being the worst oil spill in US history, surpassing the damage done by the Exxon Valdez tanker that spilled 11 million gallons of oil into the ecologically sensitive Prince William Sound in 1989. Naturally, the company still has to work hard to restore its image. Two years later, as the Financial Times notes, the "beginning of the end may be in sight" for the company and its chief executive Bob Dudley, whose task would be "to steer the group through the remaining uncertainty"[7].

Pearson & Mitroff (1993) define an organisational crisis as an incident or event that poses a threat to the organisation's reputation and viability. A crisis poses survival of the organisation at a serious risk. The researchers distinguish five characteristics of the crises: they are highly visible, require immediate attention, contain an element of surprise, have a need for action and are outside the organisation's complete control. Adams & Roebuck (1997) further elaborate on this scheme and describe similar characteristics. The first is surprise, which can be related to the timing as well as to the character of the occurring event. Next is a trigger, meaning an unexpected event or accident that changes the public's opinion of the company. Third is the threat, which could affect human lives, property, environment, etc. Additionally, the lack of managerial control, either for a brief or extended period of time, is another characteristic of the situation (Stephens et al. 2005: 392). Thus, different interpretations of crisis focus attention on more or less similar attributes, which confirms the inherent ambiguity of the issue.

Mostly seen as a negative event, crises are rarely associated with positive patterns. Indeed, when the management agonises that the crisis has come, after recovering from the first shock, emergency programmes directed at different company stakeholders are launched, resources are

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[7] Financial Times, 05.03.2012, "BP gains breathing space over Gulf costs" (printed edition).

concentrated and a whole package of measures are carried out to avoid the collapse of the company. In this situation it becomes difficult for company managers and communication experts to react calmly and see the crisis from an optimistic perspective. On the other hand, many of the top managers, looking back at the stressful situation experienced, argue that exactly the radical nature of the crisis situation itself enabled the solution of a number of queuing problems which build up the basis for the successful running of the company today. Without the dramatic context of the crisis these changes would not be enforceable. Thus, in the sense of a 'turning point', crises may have regulative and a positive function, unveiling the opportunities perceived as such only in retrospect. In this context Seeger et al. refer to the "silver lining effect" which is not usually immediately evident and may be far outweighed by the negative consequences of the crisis (Seeger et al. 2003: 6).

Another positive defining characteristic of crisis lies in its symbolism (Eberwein 1978, Pauchant & Mitroff 1992, Turner 1976). Smith & Elliott argue that crisis often provides the opportunity "to consider the unthinkable, revealing the inadequacies of previous assumptions and practices" (Smith & Elliott 2007: 526). Indeed, to many other authors the defining characteristic of crisis, as distinct from an accident, is the symbolic impact of an incident and the resulting challenge to prevailing norms (Billings et al. 1980, Eberwein 1978, Pauchant & Mitroff 1992, Turner 1976, 1978). Events that are described as crises differ from accidents in the degree to which they challenge core assumptions (Smith & Elliott 2007: 520). For example, the hurricanes that battered the United States coastline in September 2005, being clearly natural disasters, triggered economic crises in terms of their impact on oil prices, as well as political crises manifested in the criticism of the United States government's response, and, finally, led to social crises reflected in the displacement of millions of people.

These and other similar approaches prove that the notion of crisis is not as 'clear' as is often assumed. Considering only its negative side simplifies the issue and restricts the scope of opportunities to cope with it. Naturally, it is impossible to consider all aspects of the issue, since the crises can be so various and different in their nature and character. How-

ever, for the purposes of this research, their crucial characteristics can be summarised as follows.

First, a crisis usually occurs unexpectedly, although in some of the cases the early warning signals of the upcoming crisis are evident, but not perceived as such. Second, crisis can and mostly does damage a company and individual careers, or even represents danger for company customers or produce interminable legal suits and government investigations that disrupt company running and operations for years. The ambivalence of the crisis outcome makes both extremes thinkable, from company elimination to corporate recovery, and is one of the most salient characteristics of organisational crisis. Third, crisis develops its own dynamics and can become uncontrollable or harden and lead to aftermath whose effects can be drastic over years. This results into time and decision-making pressure, the extent of which depends on the initial situation, context of the company, the scope of damage and also the experience of the company in past crises, if applicable. Fourth, the initial stages of crisis are characterised by the lack of information and uncertainty regarding resolving a situation, which often implies the deficit of orientation at all levels (very often overburdened managers lose sight of where the company goes). Finally, since crises are frequently and nowadays unavoidably portrayed in the media, the reputation and the image of the company can be the primary victims.

To sum up, crisis is not a simple event in the history of a company as it is often represented, but rather a complex and highly dynamic social phenomenon. As Perrow defines, "organisational crisis is almost always the consequence of some unanticipated, complex, and long-term interactions between social, psychological, and cultural factors, on the one hand, and technical, structural, and cultural elements on the other" (Perrow 1984: 10).

In the context of the ambiguity associated with the concept of crisis and the number of different approaches to its definition, a heuristic of the main characteristics of a crisis is an attempt to propose a clear definition of crisis, at least for the purposes of this study. As Figure 2 illustrates, the definition is structured so as to differentiate crisis from its possible ana-

logues and highlight its main attributes such as unexpected character of occurrence, elements of threat and risk, and scope of damage to company's priority goals, image, and reputation. For the purposes of this study, all features described above must be identified as relevant in order to characterise the event in the company history as crisis. If one of the elements is missing, the event cannot be defined as crisis in the sense proposed for this study.
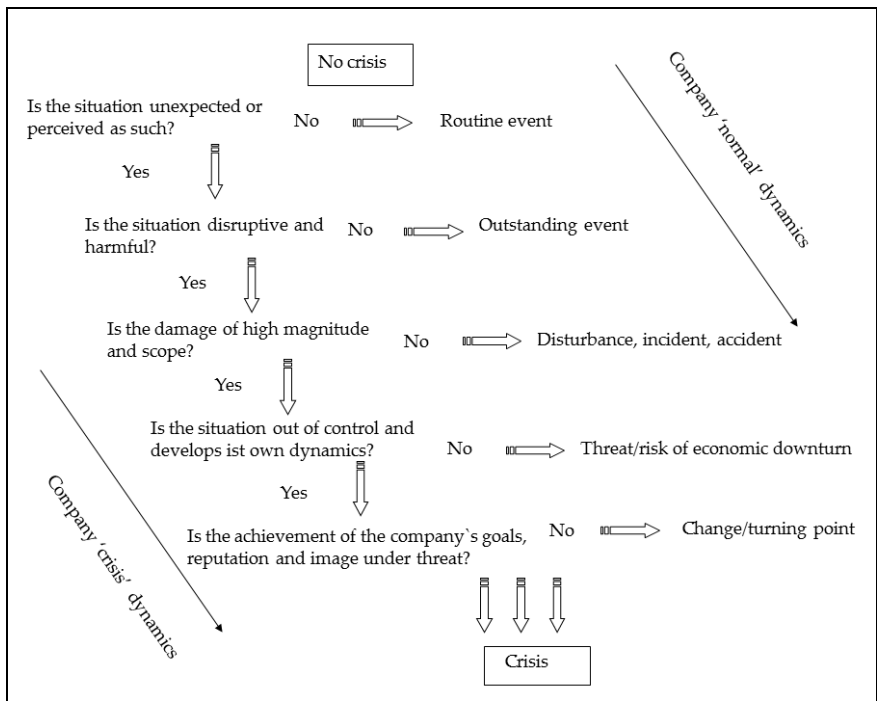
Figure 2: Defining crisis: a heuristic (adapted from Reilly 1993).

Such occurrences as disturbances, accidents or risky situations are considered here as 'normal', since they belong to the course of the company lifecycle and generally do not represent a threat to the company's high priority goals and survival. This assumption may contrast the view of crisis as "business as usual" (Seeger et al. 1998) represented by various

scholars and practitioners. Murphy, for instance, argued that crises act as "bifurcation points that permanently redefine an organisation in a new and unexpected light" (Murphy 1996: 106). Here, crisis is seen as part of the natural organisational process, purging system elements that are outdated and inappropriate and creating new and unexpected opportunities for development, growth, evolution and renewal. This perspective is certainly valuable in terms of crisis outcomes but can be ignored for the purely definitional purposes of this section. According to the definition established here, events are not crises unless their intensity comes with some degree of surprise. Crises are outstanding events for the company and its stakeholders and it is up to the company to use them as a source of renewal and evolution.

Last but not least, a key assumption for the definition of an event as a crisis acknowledges that, in subjective terms, crisis is only if the actors in question perceive the situation as crisis (the so-called Thomas theorem[8], Boin et al. 2004: 380). This subjective perspective makes it impossible to define clearly the beginning and end of a crisis because different actors perceive the situation in terms of crisis at different points of time (Boin et al. 2004: 380). Coombs notes that "crisis is perceptual", arguing that the perceptions of stakeholders[9] help to define an event as crisis. These perceptions also relate to the expectations that stakeholders hold about how organisations should act, and these are building blocks for the company reputation. When expectations are broken, stakeholders perceive an organisation less positively: the reputation is damaged (Coombs 2007: 3). The case analysed in the empirical part of this paper will be considered in terms of the definition of crisis as described above.

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[8] The Thomas theorem is the theory of sociology formulated by in 1928 by W. I. Thomas and D. S. Thomas (1863–1947). It states that any interpretation of the situation causes the action. Since any interpretation is subjective, the action is thus influenced by the subjective perceptions. See more on the theorem in "The Thomas Theorem and the Matthew Effect", by Robert K. Merton. *Social Forces*, December 1995, 74 (2): 379-424.

[9] Freeman (1984: 46) defined stakeholder as "any group or individual who can affect or is affected by the achievement of the organisation's objectives". See more on stakeholder theory in section 3.3.

1.2 Types of Company Crises

With an operational definition of company crisis, addressing types of crises is the next step in understanding the concept as a whole and approaching the relation of crisis type to crisis communication in particular. Crisis communication scholars developed a number of classification systems based on different approaches, which again contributed to the inconsistency in terms of concepts and definitions used. This section will discuss the most prominent classifications and draw some conclusions relevant for the study.

Risk and magnitude, visibility and liability vary enormously from crisis to crisis, from industry to industry and each high-pressure crisis is unique. However, some common elements can be outlined. On the theoretical level, scholars developed classification systems of crises types to help practitioners in their planning of crisis communication and crisis management, to reduce the uncertainty when the crisis strikes and identify the response strategy to be employed accordingly. On the practical level, research concerning types of crisis elaborated a list of potential crises that organisations should consider while brainstorming and preparing their crisis management programmes and plans.

One of the simplest distinctions is between two overall types, namely, crises that arise externally and those that arise internally. Pinsdorf (1987: 38) calls the latter type of crisis "self-inflicted wounds": these are tenders, plant closings, executives departing abruptly or staying too long, etc. Other crises, such as plane crashes, oil spills, chemical leaks, and product defects, burst violently onto the scene. However, this classification based on the distinction of sources into internal and external is rather artificial, since quantitative research proves that crisis is mostly the result of a combination of both external and internal factors that affect the company. Thus, Shrivastava argues: "There is no such thing as a pure natural disaster. Damages from natural events are a function of economic, social and political choices. Economic, social and political failures are also at the root of 'chronic technological disasters' involving toxic wastes, air pollution, industrial decay, etc." (Shrivastava 1993: 30).

Meyers & Holusha (1986) suggest a classification into nine common types of crises that organisations may face and which all organisations should at least be minimally prepared for. These are crises of public perception, sudden market shifts, product failures, management successions, cash crises, industrial relations crises, hostile takeovers, international events, and regulation or deregulation. This typology represents the general forms of crisis and serves to encourage organisations to brainstorm crisis they may experience and response contingency plans they may need to develop (Seeger et al. 2003: 47).

Lerbinger (1997) divided crises into three broad categories and seven specific categories. His classification is based on the causes of crises: physical environment, human or social environment and management failure. The seven specific categories are confrontation, deception, malevolence, misconduct, natural disaster, skewed values, and technology failure. The first broad category, physical environment, includes such crises as natural disasters and technology failures. Operations on the Caribbean Islands and Hawaii, for instance, are often interrupted by hurricanes - the destructive effects of Hurricane Luis and Hurricane Marylin on St. Thomas, St. John and St. Croix in September 1995 attest to this (Stafford et al. 2002: 28). Another example of natural disaster is the collision of the Norwegian oil tanker Tricolour with a container ship near the coast of France in December 2002. As a result of this catastrophe, approximately 178,000 litres of heavy oil dumped into the ocean. The concept of "technology failure" relates to accidents caused by the application of science and technology (Stafford et al. 2002: 28). Examples of such crises include the Bhopal disaster caused by Union Carbide Corporation in 1984[10], nuclear reactor accident in Chernobyl in 1986[11] and the Deepwater Horizon oil spill in the Gulf of Mexico in April, 20, 2010.

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[10] In the early hours of December 3, 1984, methyl isocyanate (MIC) gas leaked from the Union Carbide India Limited (UCIL) plant in Bhopal, India. According to the state government of Madhya Pradesh, approximately 3,800 people died and several thousand other individuals experienced permanent or partial disabilities.

[11] The disaster occurred on 26 April 1986 at the Chernobyl Nuclear Power Plant in Ukraine. It is considered to be the worst nuclear power plant disaster in history and one of the two level 7 events on the International Nuclear Event Scale along with the Fukushima Daiichi

Confrontation and malevolence are crises of human and social environment, second category in Lerbinger's typology. Confrontations are generated by the stakeholders: labour-union strikes and boycotts of products and services commonly trigger business crisis. For instance, regular protests by activists of Greenpeace or the Berne Declaration at the yearly World Economic Forum in Davos are directed against economic globalisation and its negative environmental and social consequences[12].

Crises of malevolence are criminal acts or extreme tactics used by individuals or groups against a business organisation or an entire industry (Stafford et al. 2002: 28). Malevolent acts include product tampering, extortion, corporate espionage, and terrorism. Examples of the latter are numerous: more than 3,000 died in the attacks by Al-Qa'ida on the World Trade Centre in New York and on the Pentagon in Washington, DC on September 11th, 2001; the two sequential lone wolf terrorist attacks against the government, the civilian population and a Workers' Youth League (AUF)-run summer camp in Norway killed 77 people and injured more than 300 people on 22 July 2011. Although terrorist attacks often seek to paralyse the government and to spread panic and chaos, the effect of them can be paramount for involved companies and industries[13].

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disaster in March 2011. It resulted in a severe release of radioactivity following a massive power explosion that destroyed the reactor. Most deaths from the accident were caused by radiation poisoning. The official data reports 56 direct deaths, while 600,000 (est.) suffered radiation exposure, which may result in as many as 4,000 cancer deaths over the lifetime of those exposed, in addition to the approximately 100,000 fatal cancers to be expected due to all other causes in this population. Source: Nuclear Energy Institute, July 2011, http://www.nei.org/resourcesandstats/Documentlibrary/Safety-and-Security/factsheet/chernobylconsequences, accessed on 12.01.2013.

[12] At the forefront of the World Economic Forum in late January, the names of the most evil corporate offences, either related to inhumane working conditions, reckless environmental sins, deliberate disinformation, or the disregard for human rights by corporations, are placed on the short list of the so-called Public Eye Awards. The in-house jury of experts selects six winners whose cases are published in press releases and on Public Eye Awards' website for online voting (http://publiceye.ch/en/vote/). The organisations which nominated the winners present their cases at that media conference in Davos.

[13] In case of 9/11 attacks, the U.S. airlines and hotel industry appeared in crises situation and had to regain control of their operations.

The third category of Lerbinger's typology includes management failures. These are crises arising as a result of skewed values, deception, misconduct and leadership mistakes. The Exxon Valdez oil spill in 1989 is an example of the neglect of environmental values in favour of economic priorities. The announcement of the energy and petrochemical group Shell in 1994 to sink the oil storage buoy Brent Spar despite public protests triggered a company boycott and led to a difficult company crisis. An example of a leadership mistake is that of the former VW manager Ignazio López accused of industrial espionage. Such crises can destroy owners' and shareholders' trust in the company and even trigger industry crises, as best illustrated by the collapse of Lehman Brothers in September 2008.

Coombs et al. (1995) distinguish eight crisis types. These include the following: natural disasters, malevolence, technical breakdowns, human breakdowns (industrial accidents, product recalls caused by human error), megadamage (oil spills), challenges (boycotts, lawsuits), organisational misdeeds (management decisions that place stakeholders at risk), workplace violence and rumours.

Seeger et al. (2003: 48) describe the typology by Mitroff & Anagnos (2001) as the one that examined the role of types of crises specifically in relation to planning. They argued that many organisations are myopic in their perception of potential crises and should assess the risks more broadly. Thus, if organisations are to prepare for crisis more effectively, they have to prepare a risk analysis for at least one crisis in each of the following seven categories: economic (labour strikes, illegal accounting practices, market crashes), informational (tampering with records, discovery of false information), physical (plant disruptions, breakdowns of equipment), human resource (workplace violence, loss or succession of key executives), reputational (gossip, slander, rumours), and psychopathic (product tampering, hostage taking, terrorism, kidnapping). The final type of crisis, according to Mitroff & Anagnos (2001), is natural disasters, including earthquakes, fires, floods, and hurricanes.

Seymour & Moore (2000) take another approach to crisis categorisation by focusing on time patterns. They distinguish between two types of

crises: sudden and 'creeping', or latent, crises. According to the authors, crises occur in two different time paradigms: "First, by actually catching a company unprepared, second, by exploiting surprise and weaknesses in the company's culture to dig itself in" (2000: 10). Therefore, crises generally assume one of the following guises:

- *the Cobra* - the sudden crisis. Disaster hits, taking a company completely by surprise and plunging it straight into crisis.
- *the Python* - the slow-burning crisis or crisis creep. A crisis can steal up and gradually crush you, issue by issue.

In the case of Python crises, the problem grows over time, under the surface and often unnoticed by the management. Presumably, this type of crisis should be easier to manage, since due to early warning signals and preventive measures the outburst of the crises can be avoided or at least postponed.

Following this logic, sudden crises should be extremely difficult to manage because of their destructive potential and time and decision-making pressure. The impact of the crisis on the public is extremely intense within a short period of time, whereas in the case of the latent crisis the intensity increases steadily and slowly until to a certain point, the climax of the crisis, and then decreases (as a rule also more slowly than in the case of a sudden crisis). As far as company image is concerned, its negative turn becomes obvious at once in the case of a sudden crisis. During latent crises, however, companies have some leeway to cushion the possible damage. According to Seymour & Moore (2000), the so-called moose test of the new Mercedes-Benz A class[14] can be classified as a Cobra crisis and the sinking of the Brent Spar oil platform can be described as a Python crisis.

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[14] In October 1997, Mercedes-Benz (a subsidiary of Daimler AG) in Sweden conducted test drives with its new Mercedes Benz A class, a small and practical automobile. The so-called moose test, where a car is tested to see how it copes with a sudden evasive manoeuvre, went completely wrong. The car proved not to be able to hold the road and could overturn. Mercedes was forced to delay the launch of the new vehicle and to re-engineer its set up.

These are only few attempts to systematise the different types of crises from different angles. The list of crisis types could go on: terrorism, sabotage, product defects, computer breakdowns, hostile takeovers, occupational health diseases, sexual harassment (Mitroff et al. 1988), etc. Table 1 provides an overview of the classifications described here in chronological order. It illustrates that, first, crises range in magnitude from small internal issues with few potential effects to those whose magnitude can affect the environment, millions of lives and an organisation's survival and, second, the number of possible risky situations increases as the context of their occurrence becomes more complex over time.

Meyers & Holusha (1986)	Public perception, Sudden market shifts, Product failure, Top management succession, Cash crises, Industrial relations crises, Hostile takeover, Adverse international events, Regulation/Deregulation
Coombs et al. (1995)	Natural disasters, Malevolence, Technical breakdowns, Human breakdowns, Challenges, Organisational misdeeds, Workplace violence, Rumours
Lerbinger (1997)	Natural disasters, Technology failures, Confrontation, Deception, Malevolence, Misconduct, Skewed values
Mitroff & Anagnos (2001)	Economic, Informational, Physical loss of key plants and other facilities, Human resource, Reputation, Psychopathic acts, Natural disasters
Coombs (2007)	Natural disasters, Workplace violence, Rumours, Malevolence, Challenges, Technical-error accidents, Technical-error product harm, Human-error product harm, Human-error accidents, Organisational misdeeds

Table 1: Overview of classification systems for company crisis

This research will take the classification of Coombs (2007: 65) for its basis, as it includes several typologies synthesised into one master list: natural disasters (when an organisation is damaged as a result of "acts of God"), workplace violence, rumours (when false or misleading information is circulated about a company or its products), malevolence (when outside

actor employs extreme tactics to attack the organisation), challenges (when organisation is confronted by discontented stakeholders), technical-error accidents (when technology that is utilised fails and causes an industrial accident), technical-error product harm (when technology that is utilised fails and results in a defective or harmful product), human-error product harm (when human error results in a defect or harmful product), human-error accidents (when human error causes accidents), and organisational misdeeds (when management purposefully takes actions which place stakeholders at risk or violates the law).

The value of understanding crisis types lies primarily in the reduction of uncertainty associated with crisis, helping managers to respond more effectively. Although all crises are unique, the common traits manifested across type, as discussed above, can offer helpful patterns and indicate how crisis events can be resolved. Examining crises by type also suggests that some specific risks are primarily functions of an organisation's environmental contingencies and contexts and may allow for development of tailor-made precautionary norms and contingency plans that can be prepared with specific threats and stakeholders in mind. Several authors (e.g., Coombs & Holladay 1996, Coombs & Holladay 2002, Hearit 1999, Pearson & Mitroff 1993) have argued that the context for a crisis is of vital importance in determining appropriate organisational responses. Coombs & Holladay (2002: 169) note: "Identifying the crisis type enables an initial assessment of the amount of crisis responsibility that publics will attribute to a crisis situation". Accordingly, it is critical to recognise that different types not only exist but also merit different types of crisis response strategies.

1.3 The Specifics of Modern Crises

It is not only the number, but also the scope of possible crisis situations that has increased significantly in the last twenty years. Accordingly, new types of crises appeared, triggered by the trends of the time. Moreover, the weight of crisis types is dynamic: while in the 1980s and 1990s envi-

ronmental crises were in the focus of public attention, management and reputation crises are in the foreground today. What are the factors enhancing the probability and scope of crises? Why are more accidents taking place today than twenty or thirty years ago?

The fact that production cycles and processes get more and more complex and sophisticate certainly increases the risk of a crisis situation arising. As Perrow noted, "human-made catastrophes appear to have increased with industrialisation as we build devices that could crash, burn or explode" (Perrow 1984: 11). Anthonissen provides a good example of the modern technology-caused crisis. The pharmaceutical company B-Braun produces medicines automatically packaged in sterile containers without human intervention. A computer error led to four doses of potassium chloride being placed in ampoules that were intended for glucose. On 13 and 15 January 1999, the ampoules were given to two newborn babies at the Gasthuisberg University Hospital in Louvaine, who died within hours (Anthonissen 2008: 9).

Companies' environments have also changed fundamentally. Corporate managers in the 1970s and 1980s were only responsible to their shareholders and employees, although trade unions' influence was fairly palpable. Today, however, companies are being constantly scrutinised by a number of other parties: environmental associations, animal rights organisations, action groups of all kinds, bloggers, but also bankers, financial analysts, securities watchdogs, governments and parliaments with investigative commissions, to name a few. Moreover, the legislative environment of companies is becoming more complex: in addition to the municipal and the provincial, there are regional and federation jurisdictions, plus national and supranational bodies above them. These new trends inevitably impact the crisis-sensitivity of a company. Thus, the risk of not meeting the requirements of the numerous legislatures as well as not being able to fulfill responsibilities in respect to this or that stakeholder is naturally much higher than it was twenty or thirty years ago. For exam-

ple, the creation of Euronext[15] as the first transnational stock exchange (grouping the markets of Brussels, Amsterdam, Paris and Lisbon that took place between 2000 and 2002) placed increasing demands for transparency on publicly traded companies. In the context of the global promotion of good corporate governance, the level of transparency in many companies leaves up a lot to be desired.

Global competition and the internationalisation of markets is another factor that may cause crises. Today, organisations face enormous pressure from worldwide competition. Restructurings, mergers and acquisitions, and hostile takeovers present new challenges for modern companies. These events always contain the seeds of a potential crisis and shareholders and company staff must prioritise over other considerations. Thus, if a factory closure, a merger, a split-up or relocation are not professionally prepared or executed, a crisis can arise. The closure of Renault Vilvoorde and the termination of all activities of Marks & Spencer on the European mainland are prime examples Anthonissen quotes (2008: 8).

Many crises nowadays are the result of stakeholder activism or consumer-generated media. More and more consumers, employees, shareholders and activists are using the Internet to voice their concerns through discussion forums, webpages and weblogs. These Internet communications are known as consumer-generated media (CGM). In most of the cases the CGM is not harmful. However, the greater the pressure on an organisation to change a certain behaviour, the higher the risk of potential crisis. The 2013 Public Eye Awards, for instance, sought to pressure Shell to stop its oil exploration in Arctic with the slogan "Santa Claus from the North Pole is a Fairy Tale. Shell in the Arctic is a Nightmare"[16]. Stakeholder activism via the Internet has now gone global (Coombs 2007: 9).

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[15] In 2007, Euronext merged with News York Stock Exchange. NYSE Euronext now operates multiple securities exchanges (Amsterdam, Brussels, Lisbon and Paris), including the New York Stock Exchange, Euronext and NYSE Arca.

[16] The Public Eye Awards, http://www.publiceye.ch/en/vote/shell/, accessed on 15.03.2013.

It is important to recognise that new types of crises that have now emerged are not simply byproducts of generalised macroeconomic developments and exogenous changes in the global environment. Certainly, some of the factors responsible for the occurrence of new types of crises are justified by the internal changes within the companies' structures and management and/or the character of interorganisational relationships.

As high-technology systems become more complex, their coordination and control becomes more difficult. As Perrow notes, "As systems grow in size and in the number of diverse functions they serve, and are built to function in even more hostile environments, increasing their ties to other systems, they experience more and more incomprehensible or unexpected interactions. They become more vulnerable to unavoidable system accidents" (1984: 72). According to Perrow, interactivity per se is not problematic, since all systems are characterised by high levels of interactivity. However, systems become vulnerable when interaction is no longer linear or predictable, limiting the ability of managers to predict and control the system (Perrow 1984: 72).

One of the most prominent examples in history is Enron. According to Seeger & Ulmer (2003), the company's highly decentralised and empowering management style was one of the key reasons that led the company to collapse. Under Jeffery Skilling, Enron's president, the number of levels of supervision was reduced from 13 to 4. These actions were explained on the grounds of creating innovation by moving more quickly. This highly decentralised structure allowed subordinates and traders to execute stock deals with little oversight or control and few reviews of decisions. Similar to Skilling, Kenneth Lay, another top executive of Enron, was also described by his subordinates as not wanting to know either details or the problems associated with deals (Behr & Witt 2002). Thus, both leaders failed in their "responsibility to be informed" (Seeger & Ulmer 2003: 72). As a result, management simply lost track of the company operations, which finally ended in a collapse in 2001.

A further internally-induced risk factor is a failure to observe or to attend to some emerging risk. Especially in light of the global financial crisis that hit the world in 2008, critics argue increasingly that managers

often underestimate the danger of potential crises, either deliberately or unconsciously. This organisational and cultural phenomenon has long been well-known. Turner maintained that "disaster occurs because of some inaccuracy or inadequacy in the accepted norms and beliefs" (1976: 381). These beliefs and norms about hazards and risks allow members to manage most problems. Today, when presumably precautionary norms and systems are more sophisticated, such "failures in foresight" should not be typical. However, one of the main reasons contributing to the banking crisis of 2008 was the overreliance on mechanical risk management models. The seemingly sophisticated regulatory and risk management rules resulted in a false feeling of security and led to neglect of the first symptoms of upcoming problems.

Managers are also often unable or unwilling to learn from the crises of others because of the general assumption that catastrophic events are unique and constrained in both time and space. This "it couldn't happen here" syndrome prevents managers from picking up cues from events that happen elsewhere (Smith & Elliott 2007: 532). This barrier can also result from insufficient monitoring on the part of organisations, which restricts the management's capability to cope with a potential crisis. If the crisis is viewed as an isolated event, then it is unlikely that any measures put in place will be effective. Therefore, if managers are to develop a more crisis-prepared organisation, the areas of their company's vulnerability to crises like those experienced by others need to be examined in detail. This is what Smith & Elliott call "learning from occurring" (Smith & Elliott 2007: 534).

The important finding of this section is that changes both in the corporate environment and within the company itself are responsible for the difference between today's crises and those of 20 or 30 years ago and the profusion of many new types of crisis that has occurred. An important conclusion in terms of response strategies, which will be discussed later in more detail, is that the type of crisis, with modern traits, can also affect the communication options available to an organisation (Fitzpatrick & Rubin 1995). Here, the level of responsibility the organisation is perceived to have created different alternatives for communication during

different stages of crisis development. These will be discussed in detail in the following section.

1.4 Crisis Stages

As argued above, one feature of crisis is its dynamic development over time. Crisis can be best viewed as a process unfolding through particular stages. This means that communicative needs and strategies are likely to change over the course of a crisis. Accordingly, the next step for this study would be to identify and examine the stage-related features of crisis. These have been thoroughly discussed within the developmental approaches and models outlined by a number of researchers (Fink 1986, Shirvastava et al. 1988, Coombs 1999, Seeger et al. 1998).

Developmental approaches are particularly useful, since they describe crises from a dynamic point of view, as series of interrelated and evolving events. Assumptions embedded within these approaches can provide some insights into the nature of crisis and help companies invoke strategies according to the specific needs of each stage. The main assumptions of the developmental approaches are as follows.

First, crises are seen as "complex interactive structures in which outcomes are systemic and involve multiple actors" (Seeger et al. 2003: 86). This contradicts the tendency to attribute both system successes and failures directly to formal leadership structures (Seeger 1986). Most descriptions of systems, for example, view crises as outcomes of single decisions and a consequence of a single cause. Developmental views, however, consider both events and decisions that occurred before the crisis and adjustments, and adaptations that occurred after (Seeger et al. 2003: 86). This allows companies to develop crisis management programmes and models and adapt them in accordance with the specifics of each crisis stage.

A second assumption of developmental approaches is that crises are both time-ordered and time-sensitive (Seeger et al. 2003: 86). These two characteristics are evident in any close examination of crisis. Crises occur

at a particular point in the ongoing operations of a system, in the routine of the company's day-to-day life. Systems theory argues that crisis is a 'normal' event in the company life cycle, necessary for reaching a further level in a company's development. This view, however, is contradictory to what participants in crisis often experience: a moment in time that is distinct from 'normal', a 'point of departure' which fundamentally changes old assumptions and ways of functioning. For example, Enron's 2001-2002 corporate financial scandal shocked the USA, not only because of its scale and senior managers' denials of any knowledge of deception but also because the case drew public attention to fundamental issues such as the obligations of senior management and standards for responsible leadership. Crises disrupt continuity with the past and call old assumptions into question. The time-ordered dimension of crisis is also reflected in the way it is recalled. The event is marked in the memory of those involved, it is remembered and recounted. Often, the crisis is commemorated on the anniversary of the event (Seeger et al. 2003: 86).

As mentioned in section 1.1, crisis develops its own dynamics and can get out of control. In this situation, associated with high uncertainty and risk, decisions have to be made very quickly to reduce the threat of crisis, often without knowing the outcome of the crisis or its causes. During the Fukushima Daiichi disaster in March 2011, for example, decisions had to be made on how to treat victims without having precise information regarding amount and impact on health of radioactive substances released by the plant. Time compression also refers to the intense media scrutiny that follows crisis. Information about a crisis reaches the public very quickly through the media, since a negative story is deemed more newsworthy than a positive one (Fearn-Banks 2007: 22).

Finally, developmental approaches assume the evolution of system behaviour, which is at any point a consequence of previous conditions (Seeger e al. 2003: 87). Thus, event A at moment 1 is followed by and influences event B at moment 2, and so on. This makes it possible to see, in retrospect, the influences on the crisis event and predict its outcome with relative certainty. The developmental approaches therefore can help identify, through cause-effect linkages, the forces and events, actors and

influences leading to crisis. As Seeger, Sellnow & Ulmer conclude, such efforts are beneficial for organisational learning and generally for understanding the crisis as a phenomenon (Seeger et al. 2003: 87).

Several approaches to crisis life cycles and their respective stages can be described briefly for the purposes of this research. Seymour & Moore described four stages: "Stage one: the storm arises, stage two: the storm breaks, stage three: the storm rages, stage four: the storm passes" (Seymour & Moore 2000: 30). Other authors, such as Lerbinger, represent the holistic view according to which an incubation phase precedes the actual crisis. Lerbinger distinguished three stages: a "pre-crisis phase, crisis event and post-crisis recovery" (Lerbinger 1997:19).

Anja Bergauer (2001), who conducted empirical research on German companies' crisis management, also emphasises the incubation phase. She writes of a company crisis cycle consisting of the following phases:

Possible company crisis: The crisis is possible, but still not actualised. The crisis symptoms are not perceived. The identification of the potential crisis is difficult if the symptoms are missing and the early warning system is not functional.

Latent company crisis: The possibility of the crisis occurrence is high. It is possible to avoid it only through the implementation of early recognition methodology and preventive measures.

Acute (controllable) crisis: The crisis and its destructive effects come into force. The company's ability to cope with the crisis is sufficient for a successful remedy.

Acute (uncontrollable) crisis: The crisis could not be contained because the company was unable to cope with it. The end of this phase is the company's elimination.

Although the main advantage of Bergauer's classification is the exceptional attention to the factors of early warning and crisis identification, it is not concerned with damage containment as a crucial phase in the crisis management cycle in general. It rather considers the success or the failure of crisis communication as actual facts or results, but not as the cumbersome process that it is. In this context, Bergauer describes a company's potential, not considering what this potential concretely means in terms

of crisis management. Moreover, this classification into phases does not consider crisis recovery or restoration as equally important periods for organisational learning. Thus, this classification does not go beyond the 'observer' view, relying rather on factual information.

According to Pearson & Mitroff (1993), nearly all crises unfold through similar stages. The first stage of the crisis consists of early warning signals of impending disaster, which can be faced or ignored. Preparation and prevention, the next phase, includes such stages as developing crisis teams, training and exercises. The third phase is damage containment, which intends to limit the effect of the crisis. At this stage it is important to avoid contaminating other parts of the organisation or environment not directly affected. The next phase is recovery, followed by learning.

Hale et al. distinguish three phases: crisis prevention, crisis response, and recovery from the crisis (2005: 113). In this classification the response stage is entered when avoidance efforts fail and a crisis becomes inevitable. Organisations then mobilise their resources and efforts to minimise damage to the environment, facilities and stakeholders. Crisis communication at this stage is focused upon conveying the ongoing crisis events to stakeholders and deciding which information to share. Over time, the risk of additional damage subsides and organisations enter the final stage of the crisis: recovery. This stage is associated with internal learning from the event.

While subtle differences are apparent, the similarities between the approaches are clear. For the purposes of this study the three-stage model consisting of *pre-crisis*, *crisis* and *post-crisis* will be used. This approach, as Seeger et al. argue (2003: 97), appears to have emerged from several research efforts (Guth 1995, Ray 1999, Seeger & Bolz 1996, Ulmer 2001) but explored in detail by Coombs (1999). It is quite usable for empirical analysis of crises regardless of their type and specific manifestations.

Coombs divided the crisis management process into three macro stages: pre-crisis, crisis and post-crisis (macro level), each containing a number of more specific substages (micro level). Thus, the pre-crisis stage encompasses all aspects of crisis preparation and crisis prevention. The

crisis stage includes the measures taken to cope with the trigger event and the active crisis response, and the post-crisis stage reflects the period after the crisis is considered resolved, including the following learning and resolution phases (Coombs 2007: 17).

The *pre-crisis stage* is characterised as a state of normalcy, in which company sensemaking[17] structures, including procedures and policies, are considered adequate to avoid risk. These are also conditions in which the company's views and perceptions are interacting with an environment full of observable and unobservable threats. At that point in time, the company is acting based on its own assumptions about the probability of crisis and the perceived level of threat. Thus, it has a full understanding of its exposure to risk and believes that the level of risk is acceptable. This is crucial in terms of corporate identity in crisis context, since the assumptions of the company about its environment are an essential part of the company's 'self'.

Companies also develop belief systems about risks and threats on the basis of industry standards, often formalised in elaborate governmental regulations and guidelines. For example, the detailed procedures for food handling are outlined by the Food and Drug Administration (FDA) and the United States Department of Agriculture (USDA) in the United States, or the Foods Standards Agency in the UK. The European Agency for Safety and Health at Work outlines procedures for maintaining health and safety in manufacturing enterprises in Europe. Naturally, organisations also develop specific understandings of risks, norms and tactics of crisis prevention and crisis preparation from their own experiences. Companies that have already experienced crises in their past are often prompted to update their crisis plans and reconsider crisis response scenarios, and may therefore be better prepared for potential crisis. Most companies have safety procedures, security, and trainings that are tangible manifestations of pre-crisis beliefs and assumptions. However, as the

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[17] The term "sensemaking" was first introduced into organisational crisis studies by Karl Weick, who argued that action including communication defines, frames and influences subsequent action. See section 2.2.2. for more on Karl Weick's theory of sensemaking and its relevance for the present research.

environment changes and new risks emerge over time, it becomes especially difficult for a company to maintain an adequate system of precautionary norms and risk mitigation structures, especially if faced with budget constraints.

Another major element of the pre-crisis stage is incubation, which can be defined as "largely unforeseen, disproportional, and nonlinear interaction of various environmental and system elements" leading to crisis (Seeger et al. 2003: 107). Companies may incubate risks in many ways. First, as resources become scarce, some companies tend to use systems beyond their capacity or longevity for which they were designed or without proper maintenance of those systems, which potentially leads to a higher risk of crisis. A second reason for risk incubation may be the failure of the company to comply with existing regulations or the failure to recognise their importance. Third, as identified by Perrow (1984), complex and nonlinear interactiveness and "tight coupling"[18] of systems may serve as incubation factors. As discussed in section 1.3, extensive and multifunctional systems in complex environments are likely to experience more complex, nonlinear and unpredictable interactions.

In addition, crisis signals or cues of coming danger may be so subtle that they cannot be detected (Seeger et al. 2003: 110). It may also be the case that the problems within the company may be poorly defined and therefore cannot be attended to easily. In other cases, the crisis signals may be evident and problems understood and defined, but not communicated properly so as to draw the attention of decision makers. Enron's collapse is an example of such incubation. The company's problems with accounting practices were evident long before the dramatic event, but were largely unrecognised or simply ignored by company executives. Warnings went unheeded, leading to "the meltdown of the seventh-largest American corporation into the largest free-fall bankruptcy in history" (Boje & Rosile 2003: 86).

In terms of crisis communication, the pre-crisis stage is characterised by proactive measures and strategies that companies may pursue to pre-

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[18] As Perrow explains, the term "tight coupling" means tightly connected and dependent (Perrow 1984: 6).

vent a crisis from erupting. Naturally, as Coombs argues, prevention is the ideal form of crisis management. Therefore, during this phase, planning, prevention, and issue management occur for those companies engaging in crisis communication prior to the emergence of a crisis. Companies may scan and monitor warning signals, developing, in Coombs's terms, a "crisis sensing mechanism" (Coombs 2007: 21). This includes processes such as scanning, which is an active search, collection and evaluation of information for its crisis potential. Additionally, issues management can contribute to crisis scanning (Coombs 2007: 23). This involves scanning an organisation's environment to identify troublesome trends or internal concerns and a proactive attempt to have these issues resolved before an organisation is actually obliged to deal with it.

The *crisis stage*, described more fully in the following section, begins with the trigger event and a larger recognition that a crisis has occurred. A trigger event is a dramatic occurrence such as a consumer harmed by a product failure, a lawsuit, an explosion, or a media report that signals the eruption of the threat into crisis (Billings et al. 1980). At this point in time the majority of harm occurs. Damage may vary in intensity and scope depending on the type of crisis and the speed with which the cause of crisis is identified and necessary warnings and measures issued. In many instances, such as Challenger disaster or the collapse of the World Trade Centre towers, the interval of actual damage was a matter of several minutes. In the Hudson Foods case[19], damage continued until the source of outbreak was identified and the tainted meat recalled. Mitigation, containment, and damage limitation, in the form of product recalls, warnings, or emergency plans are put into force to reduce harm as soon as possible.

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[19] In August 1997, Hudson Foods held the largest beef recall in the US history as it recalled 25 million pounds of hamburger meat after sixteen people fell ill in Colorado. It was suspected that the beef in question may have contained a strain of E.Coli 0157:H7. For the most people, an E.Coli 0157:H7 infection results in the same sympthoms as severe case of the stomach flu. For the very old and the very young, however, the bacteria is potentially deadly. As a result, Hudson's largest beef customer, Burger King, announced that it will take its business elsewhere and may consider taking recourse against Hudson for lost sales and damage to its reputation after the chain was without patties for a whole day.

The onset of crisis immediately creates a number of extreme conditions. First, there is the perception of the event as a surprise, which is linked with the fact that assumptions regarding potential crisis are no longer valid. Second, the cause and consequences of the situation are difficult to predict and there is initial uncertainty about the response or "decisional vigilance" (Seeger et al. 2003: 100). In almost all cases, crucial company goals such as profitability, stability, reputation and sometimes even survival are at risk. Organisations are also under time and decision-making pressure, forced to respond to the crisis and to offer explanations about causes, responsibilities and consequences at the very moment when their ability to do so is challenged (Seeger et al. 2003: 100).

The *post-crisis stage* is a time of retrospective to learn what, why and how things went wrong, who is to blame, and what should be done to prevent a recurrence. Post-crisis investigation and analysis is an important stage in the evaluation of efforts made and strategies employed. Often these investigations are undertaken by outside agencies, regulatory bodies and in some cases by the courts. This is also a time of recovery, in which the company must continue to communicate with stakeholders, monitor issues related to the crisis, and return to a pre-crisis state as soon as possible. The communication strategies employed in this phase are based on the assumption that their primary goal is "restoring or protecting one's reputation" (Benoit 1995: 71). Apologetic and image restoration strategies are directed to position the company more favourably regarding such issues as responsibility and blame and to emphasise a positive message about the organisations and the crisis resolution. The post-crisis stage may linger for years, in contrast with the crisis itself, which is mostly short-term. Thus, victims may see the post-crisis period as a "protracted impediment of justice" (Seeger et al. 2003: 141), whereas organisations may experience it as a long litigation and criticism period.

Finally, as Pauchant & Mitroff (1992: 158) argued, an actual crisis is a "tremendous opportunity for learning" and its role is well recognised in crisis management. Organisational learning is accomplished through a number of ways. First, the crisis management performance is evaluated during all crisis phases. Second, the crisis impact is assessed. The compa-

ny compares the real damage with the anticipated risk, analyses the sources of crisis warnings and assesses the specific information, technical expertise and knowledge that represented the company's basic system of beliefs and threats about the environment and potential crisis occurrence before the crisis itself. Accordingly, a set of post-crisis changes and adjustments may be implemented at organisational level, including new understandings of risks reflected in procedures, policies and norms. Crisis plans may be amended and new sources of warning identified. In this way, post-crisis is an important period for organisational learning.

The dynamic of three-stage crisis development can be illustrated graphically by means of two variables: risk and company's mitigation capacity, reflecting the danger the company faces and the company's ability to resist to this threat (Figure 3).
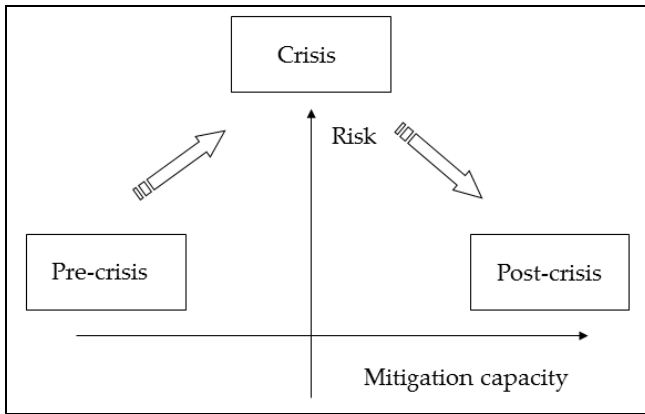
Figure 3: Three-stage crisis development model

In the pre-crisis stage, the mitigation capacity is decreasing as the risk of potential crisis grows. At the point of the trigger event, marking the beginning of the crisis, the level of risk reaches its highest point whereas the mitigation capacity equals zero. The post-crisis stage is characterised by movement in the opposite direction: the level of risk falls and the company's mitigation capacity recovers. This is only a simplified representation of crisis development for the purposes of this research, serving to

demonstrate the cyclical character of crisis. In reality, however, the flow of one phase into another is not always straightforward, as many internal and external factors influence it. Such critical situational factors as organisation and crisis type, the organisation's crisis history, and other factors to be discussed in detail below determine the character of crisis phasing as well as its impact.

1.5 Crisis Stage and its Features

Applying the above heuristic for the study, this dissertation will focus on examining the crisis stage at the macro level in Coombs' terms and the crisis response phase at which company messages are produced at the micro level. This section provides the overview of initial conditions and features of the crisis phase and outlines specific factors to be considered in communication during this phase.

As already mentioned in the general description of crisis stages above, crisis is assumed to begin through a trigger event and continue until an organisation returns to its pre-crisis condition, to some sense of normalcy, as perceived by the stakeholders[20] (Coombs 2007: 103). Normalcy means here a return to the company's regular business activity, which may mean the reopening of a plant, the introduction of a modified product, or the resolution of a long-standing conflict or lawsuit.

The crisis phase is considered to be the shortest of the three stages, but at the same time is the period of the greatest intensity, emotional arousal, uncertainty, and pressure. These conditions, already described in the context of the main crisis features above, are novel not only for the company but also for its stakeholders. Naturally, communication is the critical facet of this phase. Specifically, company communicators must consider both the urgency of the moment and the responsibility for the long-term consequences their responses may foster. But before an organisation communicates to stakeholders, it must realise that a crisis exists, meaning

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[20] The perceptions of the stakeholders are a crucial element in crisis communication and will be discussed in detail in section 3.3.

that the event needs to be 'labelled' and accepted as crisis. This recognition is often accompanied by fear, stress, shock and general disorientation within the company as well as among its stakeholders, which may be a confusing factor for recognition. Crises are also symbolic as well as objective. In some cases people can disagree on whether or not a situation is a crisis. The noticeable cues of crisis may not be present or may be visible only to a small number of organisational members. In other cases, company leadership may wish to deny that the organisation is in crisis. In any case, following Coombs' argument that "stakeholder perception matters", situation becomes a crisis when key stakeholders come to general agreement that a crisis has occurred (Coombs 2007: 105).

Indeed, crisis as a disruptive event may be perceived with a different level of seriousness by the company and its stakeholders. Perceived probability of loss as well as perceived value of possible loss, according to Coombs (2007: 106), are key issues that frame warning signs.

Intel is a good example of the failure to frame warning signs because the perceptions of the customers were ignored, as is described by Mitroff et al. (1996: 46). A mathematics professor discovered a problem with Pentium chips and contacted the company. Intel did not react to the customer's concern at that time. However, the professor found out through Internet research that there were other Intel customers experiencing the same problem. Intel also ignored Internet postings about the chip's flaw. Ultimately, after generating great customer dissatisfaction, Intel replaced the defective chips for all users. By ignoring the problem when it first surfaced, Intel fostered the crisis situation. This cost Intel considerable damage to its reputation and also some $475 million, a great deal more than it would have, had the company replaced the chips when the concerns first arose (Mitroff et al. 1996: 46). In this case, Intel underestimated the importance of the possible loss and let the trigger event evolve into a full scale crisis.

Time pressure, an important variable in the perceived seriousness of an event, refers to the time available for responding to the negative outcomes of the crisis and stakeholder pressure to take action. Two cases exemplified by Fearn-Banks (2007) will clarify the issue of immediacy.

In 1990 the Snapps fast-food chain confronted a rumour which said one of its managers in Fort Pierce, Florida, had AIDS and contaminated meat with blood. The location of the newly opened chain was important: Nearby Jensen beach, Florida, was where Kimberley Bergalis contracted the AIDS virus from her dentist. The proximity of the two cases exacerbated the concern of the people of Fort Pierce, a middle-class city of 40,000 residents, more than other potentially affected communities. The rumour spread quickly geographically and the business dropped by fifty percent. However, the situation was not disastrous until a crudely handwritten flyer circulated at the city's high schools ("Don't eat Snapps, the manager has AIDS and he cut his finger and let the blood drip in the hamburger meat. Don't die early"). The Snapps corporate office in Columbus, Ohio, sent regional vice president Donald G. Gilbert to remedy the crisis. Gilbert immediately formed a damage-control task force. Gilbert was under pressure to decide what action to take, but he still had time to consider the options (Fearn-Banks 2007: 86)[21] .

In contrast, Schwan's crisis began immediately when consumers purchased ice-cream infected by salmonella in 1994. As the Centre for Disease Control (CDC) explains, people infected with salmonella experience fever, diarrhoea and cramps 12 to 72 hours after consuming a contaminated food. In Schwan's case the outbreak was enormous: at least 224,000 people in 35 states became ill (Fearn-Banks 2007: 94). Schwan's had to quickly warn customers and recall the suspected ice-cream.

Another dimension of the crisis phase is represented by intense emotions that accompany crisis. Denial is a common psychological response to crisis. Denial has to be taken into account as an important initial reaction, because it increases the probability that crisis response actions will be postponed. On the one hand, people either avoid taking the warning signals seriously or underestimate the threat. On the other hand, the company managers often either do not accept the fact that a crisis occurred or judge the encountered problems as minor.

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[21] After identifying the source of rumour, all the restaurant's managers were tested for AIDs. Finally, Snapps addressed the rumour by going on the offensive and holding a news conference, which was not a common way of fighting such rumours.

Kenneth Lay, CEO of Enron, initially sought to deny the presence of problems and instead encouraged employees to buy more stock. In other cases, the potential impact of the crisis may be so overwhelming that the sense of helplessness may contribute to paralysis. This may be the case with natural disasters or industry accidents. In these cases, the initial framing of the event, such as notifying others about the crisis, or moving victims away from the source of damage, may reduce the initial sense of helplessness and facilitate a return to a state of normalcy.

Inevitably, the initial conditions of the crisis entail ambiguity and lack of information. The more ambiguity associated with crisis, the greater the uncertainty. This uncertainty and lack of information refer to several aspects of the crisis. One aspect of uncertainty and demand for information relates to damage caused by the crisis. In the case of BP oil spill in the Gulf of Mexico already mentioned above, it took months to find out how many gallons of oil were flowing into the sea from the gushing oil well.

In some cases the scope of damage remains unknown for many years after the event. For instance, following the Chernobyl nuclear disaster in 1986, there was great uncertainty regarding who was affected by radiation poisoning and to what extent. However, the uncertainty in terms of impact continued, not only immediately after the explosion but also years after the meltdown, when the number of birth defects and cancer cases increased significantly. The damage, ultimately due to the long-term effects of exposure to radiation, was complex and open to debate. Likewise, researchers are still debating whether Exxon has fully cleaned up its 1989 oil spill or whether the oil is still having a negative impact on the Prince William Sound's ecosystem. Thus, even 20 years after a crisis, uncertainty is still an important variable. It is obvious that due to the similarity in types, the impact of such recent crises as Fukushima nuclear disaster and the oil spill in the Gulf of Mexico will remain uncertain for the years to come.

Lack of information is a key condition of any crisis situation and the first one that should be resolved, since it is central to crisis management. A crisis response team must quickly acquire information and process it

into knowledge to be able to operate effectively. To describe the infor-
mation-processing and knowledge-creating aspects of crisis response,
Coombs uses the term "situation awareness as the point at which the
crisis team feels it has enough information and knowledge to make a
decision" (Coombs 2007: 113). For the crisis team, situation awareness
means the absolute perception and understanding of the crisis situation
and the ability to project future states and determine actions. Naturally,
teams creating situation awareness may encounter a number of prob-
lems.

Coombs (2007: 114-115) outlines several information-processing prob-
lems characteristic for crisis situation. One problem may involve serial
reproduction by different people or sources. The more people the infor-
mation is passed among, the higher the probability of the message being
distorted. Another common problem in processing information is mes-
sage overload. In response to the lack of any information, the information
flow after the first hours or days from the event may be overwhelming
and block the process instead of releasing tension. In the case that mes-
sage overload exceeds the ability to process information properly, the
human mind switches to selective perception, meaning that certain as-
pects of information are accentuated and others are disregarded, leading
to a high risk of misguided decision-making. Another possible risk that
may occur is that rather than treating the crisis as a novel event, crisis
teams may tend to view the crisis as a version of some previous crisis and
use the wrong template for combating it. At the same time, as argued in
the next section, organisations may have an advantage of experiencing
and overcoming crisis successfully, which may contribute to more effec-
tive crisis management (Coombs & Holladay 2004).

These crucial conditions characteristic to the crisis response stage need
to be considered while designing initial actions and statements to the
media. How an organisation reacts to crisis can influence both subse-
quent interpretations from the side of the stakeholders and the media
and the ensuing actions of the company itself. Why that is so and how it
relates to the company's identity will be discussed in Chapter 4 on the
example of crisis at Toyota. However, some general comments to this

point in the context of the crisis response stage can be made before moving to the theoretical considerations in the following chapter.

First, initial reactions and interpretations made in the very first moments of a crisis may become public commitments that can be difficult to revoke, deny or amend. These responses include justifications for how the crisis started; spokespersons offer interpretations of harm and responsibility and make statements that, once communicated widely, become irrevocable.

Second, the substantial challenge of the crisis response stage is to respond in ways both specific and flexible, in order to accommodate the ambiguity and the unpredictability of the dynamic development of the crisis.

To sum up what has been discussed above, a number of critical conditions and processes are characteristic of the crisis response stage. These influence the crisis perception from the point of view of a company in a considerable way and determine the first responses. But what are the other factors besides crisis type, dynamic development over time and perception that can determine the crisis character and reinforce specific crisis response strategies? These will be addressed in section 1.6 below.

1.6 Outreach and Impact of the Crisis

The previous sections have been devoted to the analysis of the key features of organisational crisis in general, its type-specific characteristics and manifestations, as well as crisis stage-specific attributes and conditions. The crisis response stage was identified as the stage to be discussed in detail in terms of testing the hypotheses set for the current research. The specific features were also outlined of the crises of today as opposed to those that occurred decades ago. The final section of Chapter 1 will consider factors contributing to the duration, progression and impact of the crisis and their role in combating it. The focus is on those directly related to crisis communication. This discussion will be crucial for study-

ing crisis communication messages and their effectiveness in the course of this research.

Some of the factors were already mentioned earlier in this paper and can be defined as objective factors of either direct or indirect influence. These include, for example, type of crisis and type of organisation, which together can be described as "critical situational factors" (Diers 2009: 17). Different approaches to the crisis typology as well as the importance of understanding the specific features of particular types have been discussed earlier in this paper. In context of the influence of the type of the crisis on the specifics of progression of the crisis, some aspects must still be emphasised.

Certainly, the crisis identified as a natural disaster or an act of terrorism will create greater damage to a company's image, environment and infrastructure and take longer to recover from than the one labelled as a failed merger or workplace violence. However, the terms of evaluating the impact must be clearly defined, as such aspects as damage to company image or the level of responsibility to be assigned to the decision-makers, for instance, are intangible and less measurable as compared to physical damage or income loss, which can be easily quantified.

From the point of view of crisis management, assigning a crisis to a particular type is an important step in assessing the threat, since crisis type is the frame used to guide interpretations of the situation. The contention is that crises of the same type display similar features and can be managed similarly. By understanding the specifics of a particular crisis type, a crisis manager may predict such crisis outcomes as the degree of the threat to reputation and the level of responsibility that can be assigned to the company and generate crisis responses for each specific type accordingly.

Organisation Type

A number of authors suggest that so-called 'niches' or 'sectors' are likely to influence an organisation's reaction to crisis (Arpan 2000, Glynn 2000,

Massey 2001). Glynn (2000) argues that different types of industries have different identities that affect organisational needs emerging in times of crisis. Diers (2009: 17) supports this argument and includes type of organisation as a variable for studying crisis communication messages in her strategic model.

Before introducing organisational type into the model, Diers summarises the findings of the previous research on the issue, which will also be briefly outlined here. First, industries can be the means of grouping organisations because organisations engaged in the same industries are similar in terms of types of work performed, routine procedures, and organisational structures as well as functions and overall needs. Second, some industries are considered inherently crisis prone and therefore there will be differences in strategies employed by them when compared to those experiencing crisis in less prone industries. Diers refers to research by Heath & Millar (2004) proving the following industries to be the most crisis prone:

1. finance and insurance;
2. professional, technical and scientific services;
3. information;
4. transportation and warehousing;
5. manufacturing;
6. mining (oil and gas).

To clarify the specific ways in which the organisational type may influence the strategies invoked by organisations during crisis, Diers conducted her own analysis, coming to results that only partly support these findings.

As to the effects of the industry, the results of Diers' analysis directly support the findings of the previous research: industry can be considered a strong predictor of differences in crisis communication. Due to the commonalities in organisational routine, functions and identities among organisations belonging to the same 'niche' or 'sector', the organisations' reactions to crisis are similar (Diers 2009: 55). However, the hypothesis

predicting the influence of industry on the use of strategies that frame the crisis was supported only partially, which suggests limits on the degree to which industry influences an individual organisation's responses. In terms of distinguishing industries into crisis prone and non-crisis prone, the findings did not confirm the expectations. Whether an industry belonged to a crisis prone or non-crisis prone industry had little influence on crisis response strategies.

One specific finding in Diers' research should be stressed, as it can be directly applied to this research. Diers found that non-crisis prone organisations are much more focused on the present, rather than looking ahead, because they are much more likely to employ their present practices and discuss their routines and procedures in an attempt to find a proper response strategy. In contrast, crisis prone companies emphasised a future-oriented approach, looking beyond the crisis, probably avoiding the discussions of the causes of the failure and the disadvantages of the present practices (Diers 2009: 54).

All in all, it can be summarised that previous research has proved the general influence of the organisational type and industry on organisational reactions. However, the responses of the organisations in crisis prone industries are not necessarily much different from those in non-crisis prone industries.

Organisational History of Crisis and Preparedness

Another valuable factor in determining outcomes associated with crisis is an organisation's crisis history. Clearly, past crises are an important part of the interpretative framework of a current crisis (Coombs 2004). Very often news media use past crises as frames for current crisis. The framing of the oil spill at the Gulf of Mexico in comparison with Alaska's Exxon Valdez oil spill is the best example. Residents of the Gulf of Mexico were turning to veterans of Alaska's Exxon Valdez oil spill for clues about what they were facing, and experts on the Exxon oil spill were keeping a close eye on evolving implications for the environment and community

associated with the Gulf tragedy. The two crises are compared in terms of their geographical outreach, long-term effects, companies' behaviour and media resonance. As the Anchorage Daily News reports, "In some cases, seeing the Gulf spill has rekindled the smouldering anger that many Alaskans still carry from the Exxon Valdez. "We didn't learn much in 21 years," said John Devens, the mayor of Valdez when the Exxon Valdez came aground on Bligh Reef March 24, 1989…BP seems to be making exactly the same mistakes Exxon made"[22].

Indeed, each new accident, especially in the same industry, produces references to the previous. Therefore, the effect of a history of crises should be anticipated and considered by crisis managers while selecting the appropriate response strategies.

A number of studies considered whether perceptions of the current crisis are directly linked to previous crisis. It can be argued that the influence of the past crisis is positive. The company may have experienced a similar crisis before and therefore may know how to handle critical situations with crisis plans, procedures and general mental preparation of top management. A number of research papers have been devoted to the aspects of post-crisis analysis, new understanding of risks and "a change in the organisation's enacted response repertoire" (Sitkin et al. 1999: 7) and "organisational memory" (Huber 1996), mostly elaborated within the framework of organisational learning theory. Cohen & Sproull (1996) argued that when histories are viewed as critical events, they are dissected, elaborated, and repeated to extract information. Crises, particularly when their impact is severe and when mistakes or "faulty learning" appear to be the cause, often become critical opportunities for learning (Sitkin et al. 1999). However, as has already been argued earlier, using the same behavioural 'template' in handling the current crisis may restrict opportunities for more effective crisis management and the ability of the company to exercise the required level of vigilance for change and

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[22] McClatchy Newspapers, June 2010, "Exxon Valdez Expert: gulf oil spill response off to a bad start", by Richard Mauer, 19.09.2010,
http://www.mcclatchydc.com/2010/06/11/95758/exxon-valdez-experts-gulf-oil.html,
accessed on 05.01.2013.

improvement. Thus, the company's own view may not reflect the absolute reality of the crisis impact and effects.

But the influence of crisis history on the company's behaviour and ability to combat the current crisis is only one side of the coin. Far more important are the perceptions of the stakeholders, which may also be intensified by whether an organisation has had similar crises in the past (crisis history), by the organisation's record of good or bad behaviour towards stakeholders and by the severity of the crisis damage. Relevant research has been inconclusive about the effects of the crisis history on attributions of crisis responsibility and the reputational threat (Coombs & Holladay 2002)[23].

Coombs (2004) cites the results of three studies that examined the effects of the history of product recalls on a current product recall. Two studies found no effect for crisis history on perceptions of organisations (Mowen 1980, Mowen et al. 1981), whereas one study did prove a negative correlation between the history of product recall and perceptions of the organisation. Coombs & Holladay's (2001) study of human-error accidents demonstrated that the history of crisis was the driving force creating stronger attributes of crisis responsibility and threat to reputation. "A history of past crises definitely hurt an organisation...Information about crisis history seems to matter most when it is unfavourable" (Coombs 2004: 272).

Coombs' latest study on the impact of the past crises (2004) conducted for selected crisis types[24] proved that crisis history increased perceptions of crisis responsibility and intensified negative evaluation of organisa-

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[23] Situational Crisis Communication Theory (SSCT) in particular suggests that information about the past crises can shape perceptions of the current crisis and the threat to reputation and therefore should be the driving force for optimal communication responses.

[24] On the basis of his own crisis type classification, Coombs selected workplace violence, product tampering, technical error recall and technical error accident. Rumour was not selected because this type of crisis creates its own dynamic with the need to deny the crisis. Natural disaster was not selected because a previous study found that the severity intensifier failed to have an effect on this crisis type (Coombs 2004: 266). Challenge was not selected because, like rumour, it creates unique dynamic "with the possible need to counter the charges" (Coombs 2004: 275).

tional reputation. The results revealed a weak link between crisis history and perceptions of crisis responsibility and a strong link between crisis history and organisational reputation. (Coombs 2004: 284). Taken together, it should be noted that although the results of empirical research are not unambiguous, such factors as crisis history may have an impact on the progression of a crisis by altering the perceptions of the stakeholders. This should be considered while designing appropriate crisis response strategies and evaluating the reputational threat posed by the crisis.

A company's preparation for crisis is closely connected to its crisis history. Although according to the definition, a crisis is a unique and unexpected event, some companies do attempt to prepare for the worst, while others do not put any systematic effort into crisis planning. According to a study by Fink (1986) as cited by Gonzales-Herrero & Pratt (1996: 82), nearly 90 percent of Fortune 500 executives acknowledged the likelihood of crisis. However, only about half of these executives had crisis management plans in place, and 97 percent of them felt that they would be able to manage the crisis without any preparation. A 1993 study examining issues of workplace violence found that only 28 percent of the responding organisations reported having formal crisis management programmes (Seeger et al. 2003: 165). Barton (2001) reported that 13 percent of the companies that developed crisis plans did so only after experiencing a crisis. Yet, another survey of Fortune 500 industrial companies revealed that 78 percent of these organisations had a crisis management plan in place (Penrose, 2000: 162). It can be assumed that in the modern context of a higher probability of crisis occurrence on a number of reasons, many companies were encouraged to consider planning for crisis or updating plans after experiencing crisis themselves.

Generally, observers of crisis and crisis managers advocate for crisis planning, which is represented by a set of professional activities and trainings, established processes and procedures and resources. But does the planning work in reality, considering that by definition crisis is always uncertain and surprising? Opinions among researchers, practitioners and crisis managers differ. Spillan & Crandall (2001: 27) refer to several studies confirming the urgent need for crisis management plans. The

assessment of Offer (1998) indicates that 50 percent of all businesses hit by a crisis will not survive if they do not have an adequate recovery plan in place. Pedone (1997) proves that 90 percent of businesses without a recovery plan will fail within two years of a disaster. Moreover, Fink (1986) states that those organisations that did not have a plan reported that the crisis lasted more than twice as long as those organisations that had a crisis plan in place. Fowler et al. (2007: 90) stress that much of the traditional crisis management literature considers implementing an enterprise-wide crisis plan as well as practicing proactive crisis management crucial and can lessen the damage of a crisis. Coombs (2007: 95), however, stresses that having crisis management plan is not enough, and this needs to be adapted to crisis specific features. It should serve as a guideline but not a panacea for acting in crisis, since there will always be factors that are not addressed in a plan.

On the other side is stakeholders' perception of preparation by company decision makers and employees. Little empirical knowledge is available on this aspect of preparedness. However, the few studies known do support the positive impact of crisis preparedness on perceptions of crisis. Those organisations that regularly reconsider risk-related assumptions, beliefs and attendant structures and plans are more prepared to address the dynamic of risk and therefore manage the fluid conditions of crisis more effectively. Smits & Ally (2003: 1) also argue that "when behavioural readiness is absent, crisis management effectiveness becomes a matter of chance". Pearson & Clair (1998) report that those organisational managers with crisis management teams show a greater concern for, and attention to, potential crises than organisations without crisis management teams. However, it is not the plans and procedures themselves that are important but rather the process of thinking, reconsidering and projecting situations. During such preparations the managers and company communication personnel get mentally prepared and aware of the fact that the potential plan may force them to look for flexible solutions beyond the horizon of the existing plan. As Pinsdorf convincingly argues, "Developing a philosophic base and a personal psychological gyroscope determines success infinitely more often than those

externally suggested checklists of opinion leaders, food service, and other basic how-to-dos, best delegated to staff" (Pinsdorf 1987: 38).

Crisis plans have further functions than just to contribute to objective and subjective preparedness of the company. First, through planning companies fulfill their responsibility to keep their customers and employees safe. Second, crisis planning facilitates compliance with regulatory requirements. Third, crisis planning may enhance an organisation's recovery by reducing the time interval of the crisis phase where the most damage occurs and herewith the level of damage. Finally, again at the perception level, if a company plans for a crisis, it automatically displays to its stakeholders that it is concerned about them and aware of the risk and potential threats.

Besides general "critical situational factors" (Diers 2009: 17), in many cases additional 'internal' factors may make the initial situation even more complicated and affect the duration of the crises. One of the examples is the 2003 case in a Pennsylvania restaurant, Chi-Chi's[25]. Prior to any sign of the Hepatitis A crisis, Chi-Chi's was in the midst of an unrelated crisis. One month after Chi-Chi's received the shipment with Hepatitis A-infected onions, the restaurant's parent company Prandium filed for bankruptcy. Because of it, Chi-Chi's could not offer financial compensation to the victims without seeking permission from external stakeholders to whom Prandium owed large sums of money. Thus, sometimes the causes for extending the crisis or additional complications are not only external but maybe induced by the companies themselves. This may also be the case in communicating the crisis to the media.

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[25] Chi-Chi's restaurants used green onions shipped to the United States from Mexican farms. In September 2003 Chi-Chi's received a shipment of green onions infected with Hepatitis A. The long incubation period and the difficulty in tracing the source of the outbreak led to expansive impact. As a result, 10,000 people were screened for Hepatitis A in the Beaver Country area, of those 660 were positively identified as having been infected, and 130 people were hospitalised.

Media coverage versus stakeholder perceptions

Media views are important throughout the pre-crisis, crisis and post-crisis stages. The media allows publics from all over the globe rapid access to information about organisations in crisis. Crisis victims are often portrayed in the media as powerless and harmed, exploited by economic structures or as casualties of corporate greed and irresponsibility (Shrivastava 1987). The company, however, is assigned a certain level of blame, depending on the damage that has occurred and the level of control the company has had over the situation. Thus, the degree of responsibility attributed to a company by the media may affect the perceptions of the audience and either support the company or generate broader complications for it. As Andsager & Smiley (1998: 184) argue, news media is important because it can shape public opinion about organisations, in particular when those involve the combination of corporate profit, government interest and public risk. Negative publicity, in particular, has the potential to damage corporate image. This is due to the tendency of negative information to be weighted more than positive information in the evaluation of and forming beliefs about characteristics and attributes on which specific information is provided (Mizerski 1982: 303).

Generally, the 'where', 'when' and 'who' involved in a given event determine the intensity and intelligence of media coverage. A plane crash in remote mountain area, in which no Europeans are killed, warrants a short paragraph in the newspaper and will not likely be mentioned on television, unless some spectacular pictures are provided. However, the crash of a Tupolev Tu-154 in April 2010 near Smolensk, which killed Poland's President Lech Kaczynski, his wife and numerous members of the Polish parliament and the government, led to extreme media attention. Who is involved in a crisis matters greatly in terms of media coverage.

Location also determines the scope of media coverage. The Bhopal disaster was reported widely due to relatively easy access and no language barrier, for example. However, the Chernobyl nuclear explosion, considered to be one of the worst nuclear plant disasters in history, did not get as much coverage as might have been expected due to the scope

of damage. There was no access to the site of the catastrophe, and no concrete information was publicly communicated by the Soviet government, which resulted in speculation on the part of the news media.

'When' matters as well in exposure to media attention. Pinsdorf gives the example of the Union Carbide catastrophe, which occurred in August, "normally a slow news month". Reporters used this opportunity to discuss every aspect of the crisis in detail (Pinsdorf 1987: 39). However, nowadays, audiences can be reached effectively via the Internet without any restrictions in space and time. Another possible effect of timing in reporting on crisis that may influence the crisis exposure in the press or on the Internet refers to other events took place over the same period of time that may be equally important. In this case, such parallel events may overshadow the crisis in question.

Managers are often frustrated by the way the media covers a crisis compared to what they perceive to be the reality of the situation. Meyers & Holusha, however, noted that "reality is what your customers, suppliers, bankers, regulators and other constituencies believe" (Meyers & Holusha 1986: 83). Indeed, the impact of crisis is also comprehensive in the sense that a crisis affects all aspects of the organisation and may extend to the industry, the community and the diverse set of stakeholders. Crises may even create new stakeholders, such as individuals or communities harmed by the crisis (Coombs 2007).

Today, angry stakeholders are becoming increasingly vocal when organising protests or using the Internet to express their concerns. Such criticism can exacerbate the crisis the company faces when it finds an audience, which, due to Internet accessibility, is quite easy. Stakeholder activism is becoming global, gaining the potential to increase its power over companies and whole industries in order to change their behaviour. For example, Nestlé Corp. is facing severe pressure from a stakeholder activist group, Baby Milk Action. This is a non-profit organisation working within a global network called IBFAN (the International Baby Food Action Network), a network of over 200 citizen groups in more than 100 countries. The group has launched a number of boycotts in more than 20 countries worldwide, accusing Nestlé of malpractice and misleading

marketing strategies. It accuses the company of aggressively promoting its baby food formula and undermining breastfeeding, which is especially dangerous for children's health in developing countries. Nestlé, however, claims that it is in full compliance with the International Code of Marketing of Breast-milk Substitutes. Other campaigns have exposed Nestlé's exploitation of farmers, its plans in use of nanotechnology[26], its extraction of water practices and impact on the environment. Information about the group's activities is published on several web pages, including www.babymilkaction.org and www.nestlecritics.org. Moreover, group members can exchange information and attract other interested people via blogs, "Twitter" and "Facebook". Thus, Nestlé is continuously exposed to negative publicity, which considerably hampers the company's activities and threatens its public image.

The factors mentioned above are the most important ones for the purposes of this research. Naturally, as the nature of crisis is highly unpredictable and uncertain, there may be other factors in place that may influence the progression, the direct impact and the duration of the crisis in its different stages. These factors include the performance skills of the crisis team, the role of the spokesperson of the company, favourable or unfavourable social conditions and political situations, topics of social importance that may be involved in the context of crisis and simply natural external factors in cases of natural disasters and the like.

Moreover, such factors as crisis history, company preparedness and media coverage are subjective and linked to personal perception. These factors are closely connected with stakeholder sense and perception mechanisms as well as the company's understanding of its environment, identity and reflection in the public image. At the same time, it can be argued that exactly due to the inherent subjective nature of these factors,

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[26] Nestlé among other large companies, such as Uniliver and Kraft Foods is exploring the potential of implementing nanotechnology techniques in food processing and packaging. For instance, the company is already trying to imply improved emulsifiers that will make food texture more uniform in case of ice cream. Nanotechnology can make molecules of ice more uniform in size and improve its consistency. The point of criticism is connected with the fact that these technologies are still new and not tested. At the same time, the requirements to the use of such technologies in food processing still have to be developed.

they can be positively affected by communication strategies directed at shaping the stakeholder's frames of reference. The next part of this research seeks to find the theoretical basis for testing the hypotheses set at the beginning of research.

2 Building up a Theoretical Paradigm

2.1 General Remarks on the Theory

Chapter 2 of this dissertation introduces the theoretical paradigm for the analysis of crisis response strategies in the empirical part. If this study is to provide a meaningful contribution to the theory of crisis communication, it has to meet several criteria proposed by Feldman (2004: 565-567): a) ask research questions that are non-trivial, that is those with an a priori reason to study them; b) may be either theory-driven or phenomenon-driven depending on the knowledge development needs of the literature; c) go beyond the synthesis of previous research to provide new insights, critiques, or directions for theory testing and; d) postulate distinctions that make a difference.

As to the first criteria to be met, it can be argued that asking research questions about the relationship between corporate identity[27], company stakeholders and company communication strategies in crisis has a priori value for the study of crisis communication and crisis management. While reviewing different sources on crisis communication theory and practice, it was found that a number of them indirectly highlighted the role of corporate identity or related concepts of corporate culture and reputation in crisis communication. For example, Pauchant & Mitroff's survey on 'crisis prone' versus 'crisis avoiding' organisations revealed that the concept of 'self' or 'organisational identity' appeared to be of

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[27] The concept of corporate identity and its distinction from the concepts of corporate image, culture and reputation will be explained in Chapter 3. In the present section the terms 'corporate identity' and 'culture' are used interchangeably encompassing company's behaviour towards its stakeholders, as well as the set of corporate values and beliefs about itself and its environment the company adheres to.

paramount importance in influencing the strategic actions in crisis management (Pauchant & Mitroff 1988: 53). They found out that strategic actions mirror the company's own culture as opposed to being adapted to the reality presented by crises. Stephens et al., while considering the variables influencing the strategy choice argued, "Culture affects how the organisation communicates to various stakeholders by influencing what are considered appropriate responses" (2005: 395).

Heath (1997) likewise concluded that culture frames the communication strategy each organisation chooses during a crisis and affects how the organisation communicates to various stakeholders. Coombs & Holladay (2004) argued that crises themselves can come to symbolise the organisation and reflect on the values of an organisation and that crisis responses may be able to shape the ways in which the symbols are both constructed and interpreted by critical stakeholders. Further, Smits & Ally (2003: 15) concluded that "culture is a complex and subtle variable, but nonetheless an important one to consider in any organisational response to crisis". It directs the behaviour during times of crisis. Although these studies do not specifically integrate the concept of corporate identity in the framework of crisis communication, their findings prove the existence of a link between corporate identity and crisis response strategies. Moreover, they suggest a need for a deeper research on this specific issue representing an untapped potential and herewith an a priori reason for the study of communication in crisis.

Second, this study emphasises the phenomenon of crisis communication and endeavours to develop a comprehensive theoretical model that will explore the variables that affect choice of strategy. The rationale for such a model is the lack of an approach that integrates different perspectives. Addressing the fragmented nature of crisis management research, Coombs argues: "A crisis manager would have to review the business communication, consumer research, rhetoric, organisational communication, and public relations literatures to collect and integrate all the ideas needed to develop about what to say during a crisis" (Coombs 2007: xi).

Indeed, the current writings about crisis communication are fragmented; different researchers write from different perspectives[28] using communication models based on different variables deemed important by the researchers themselves (Diers 2009, Bradform & Garrett 1995, Petty & Cacioppo 1986a, 1986b). At the same time, insights from various fields of theory may provide valuable contributions. For example, in outlining certain aspects of crisis perception, the stakeholder theory developed by Freeman (1984) and his followers is referred to. While discussing the aspects of formulation of crisis response strategies, different perspectives on strategic management, from Chandler (1962) to Mintzberg et al. (2005), are elaborated on in the course of this dissertation. However, these different approaches need to be assembled into one consistent theoretical framework. This study will attempt to provide a framework that integrates and organises a wide array of perspectives.

Third, this study will go beyond the synthesis of contemporary knowledge on the subject. Having defined the conceptual framework for crisis in Chapter 1, several theoretical approaches in terms of their feasibility for being a theoretical basis for the present study will be considered. Drawing upon their strengths and weaknesses and updating their concepts, a theoretical framework will be provided to allow modelling of crisis situations and testing various hypotheses thus outlining new insights and directions for future research.

Finally, an explanation of the relationship between corporate identity and crisis response strategies will be useful independent from the theoretical and empirical findings. First, an improved understanding of corporate identity as a factor affecting crisis communication strategies is intellectually vital to our understanding of crisis communication. Second, theoretical connections between corporate identity and crisis response strategies provide valuable insights for practitioners to be able to a) more effectively assess the potential utility and impact of crisis response messages, b) build up a better relationship with various stakeholders accord-

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[28] Shrivastava (1993: 33) referred to the fragmentation of the crisis management research as the "Tower of Babel Effect".

ing to their individual needs, and c) be better able to engage in crisis planning and preparation.

2.2 Overview of the Past Research

Research on crisis communication has been thus far interdisciplinary and diverse. Many scholars have conducted conceptual and empirical studies on the basis of large-scale organisational crises. In most cases these were studied individually, through in-depth case studies (Lagadec 1987, Mitroff, Pauchant & Shrivastava 1988, Perrow 1984, Roberts 1976, Weick 1988). For example, Shrivastava's (1987) analysis of the gas leak at Union Carbide's Bhopal, or Vaughan's (1996) examination of the Challenger explosion have become classics in organisational studies. Such case studies are important for theory building as they provide crucial insights into the functioning of organisations in critical conditions. However, due to cross-disciplinary nature of organisational crises, these studies lack adequate integration with one another.

Attempts to understand the factors contributing to crisis and explain behaviour of an organisation in a critical situation mostly adapt systems-based theoretical frameworks of organisations, as these involve multiple disciplines (Pauchant & Mitroff 1992, Bowonder & Lindstone 1987) providing the best opportunities for integrating psychological, social-political and technological-structural perspectives. The general systems theory grounded by Luhmann (1995, 2004) represents a very high level of abstraction. Therefore only some of its concepts implemented within the theoretical approaches discussed here will be referred to in this paper.

The following discussion is not meant to provide a catalogue of them but rather selectively use those concepts that are explicitly relevant for crisis communication. In agreement with Luhmann, it is argued here that every theory is contingent and none of the theories can completely describe the phenomena in question. There is always another theory that would provide additional findings (Brunszel 2010: 30-31). By fusing and expanding on contributions from several theoretical perspectives, at-

tempts are made to establish a framework that offers opportunities for modelling, testing the hypotheses and integrating lessons relevant for crisis communication. The objective here is therefore to reformulate, to reconstruct everything that numerous perspectives have striven to grasp assuming nothing as self-evident. This will result in framework which is complex and comprehensive at the same time.

For the purposes of this study two groups of system-based approaches have been distinguished. The first group of system-based approaches will embrace studies devoted to theorising proneness of crisis (Perrow 1984, Turner 1976) and the chaos theory (Hayles 1990, Mathews et al. 1999). The chaos theory was included in the first group because it has in common some basic assumptions. However, chaos theory's relationship to environment distinguishes it from theories of crisis proneness. If the first group perspective views the system as rather passive, being governed by an inner dynamic that will lead to a crisis sooner or later, the second group of studies, represented by the sensemaking theory (Weick 1988, Maitlis & Sonenshein 2010), assumes the system's active role in investigating as well as constructing its own environment after crisis.

2.2.1 Theorisation of crisis proneness and chaos theory

First, a group of system-based approaches is considered (Perrow 1984, Pauchant & Mitroff 1992, Turner 1976, Wilensky 1976) that view crisis as a potential result of *inherent* organisational vulnerabilities at different levels and focus upon conditions that contribute to the occurrence of crisis. These studies mainly explore whether pre-existing organisational conditions can predict the occurrence of crises. Moreover, these approaches describe relationships between different elements within a system, arguing that the cause of any crisis is to be found in the complexity of these relationships and in the system itself. The dynamic relationships between an organisation and its larger social context, however, remain rather neglected.

Charles Perrow (1984) was one of the first researchers to argue that the potential for disaster lies in the inherent complexity of high risk industrial systems. In his work *Normal Accidents. Living with High-Risk Technologies* (1984), he addresses nuclear power plants, chemical plants, space missions and genetic engineering as high-risk and complex interactive systems. The characteristics of such systems suggest that, no matter how effective conventional safety devices are, a so-called "normal accident" in Perrow's terms will inevitably occur sooner or later (Perrow 1984: 3). These special characteristics - interactive complexity and tight coupling - reach beyond toxic, explosive or genetic dangers and have to do with the system as such.

Complex interactions are those taking place between multiple units and subsystems at the same time, often in an unanticipated production sequence, and either not visible, nor immediately comprehensible[29] (Perrow 1984: 78). The term "tight coupling", already referred to in section 1.4 (p. 48), comes from mechanics[30] and means that there is no buffer or slack between two items and one directly affects the other. Tightly coupled systems - those most prone to system accidents - have more time-dependent processes, whereas delays and stops in the processes are not possible. The sequences of processes in tight coupled systems are more invariant (A must follow B), and their overall design allows only for one way of production. For example, a nuclear plant as a tightly coupled system cannot produce electricity by shifting to coal or oil as fuel, whereas oil plants can shift to coal and vice versa. Finally, tightly coupled systems have limited resources; wasted supplies and human power can bring the system to a halt. This certainly contributes to the lower ability of tightly coupled systems to recover after crisis. Perrow believes that systems should be first examined in terms of types of interactions (complex or

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[29] An example of unanticipated interactions is described by Perrow. In a chemical plant gas is expected to flow from tank A to tank B, because the pressure is kept higher in tank A than in tank B. This interaction is linear. However, there is a danger also recognised by the engineers that it may become nonlinear. A feedback loop could occur if pressure declined in tank A because of a failure, and modified gas in tank B flowed back into A. This could be dangerous and lead to an accident.

[30] Since the 1970s the term has been widely used in social and organisational studies.

linear) and type of coupling (loose and tight). They can then be classified with the knowledge of which of them are the most prone to system accidents.

The environment, according to Perrow, is only one of the levels in which failures of design, equipment, procedures, operators, suppliers and materials may occur. Human error and weak abilities to comprehend system failures, and to learn from them, seem to be other key arguments in favour of the inevitability of system accidents. "We have produced designs so complicated that we cannot anticipate all the possible interactions of the inevitable failures" (Perrow 1984: 11). The object of Perrow's analysis, whether nuclear plant, petrochemical plant, aircraft or the Apollo rocket, is a system divided into four levels. In case of a nuclear plant, the first level - a valve - is the smallest part of the system that is likely to be identified in analysing accidents. A collection of these parts making up a unit, a stream generator, for example, represents the second level. A collection of units, such as a steam generator, water return system, motors, pumps and piping, make up a subsystem - the third level. The subsystems come together in the fourth level to represent the system (Perrow 1984: 66). Although the system interacts with the environment from time to time, it operates rather distinctly and separately from its environment.

Perrow analysed numerous accidents and near accidents in nuclear plants (including the Three Mile Island nuclear accident in Pennsylvania, on March 28, 1979). He discovered that, although each accident was unique, they involved two to five categories of typical system failures like valves failing to reseat, flooding of stream lines, condenser malfunctions, and violation of operating procedures. These categories, stemming from design, construction and operating problems, do not in themselves cause the system-wide accidents, but rather create conditions for them activated by the tight coupling and complex interactions.

Like Perrow, Pauchant & Mitroff (1992) see crises as caused by the vulnerabilities at different levels of the organisation itself. According to Roux-Dufort, however, they "extend Perrow's original framework by exploring other facets of the organisation that could predict crisis: organisational strategy, structure, the organisational culture and assumptions,

and the psychology of managers and leaders" (2009: 4). The difference between these authors and Perrow lies in the fact that Perrow assigns the probability of crises directly to the system features, whereas Pauchant & Mitroff (1992) define conditions that contribute to occurrence of crises but do not necessarily represent the primary causes of crisis. They also suggest that crises are the product of inner organisational demons embodied in what Pauchant & Mitroff (1992) describe as the "layers of the onion model" (Roux-Dufort 2009: 4).

Turner (1976) also attempted to reconstruct the picture before the onset of a crisis and formulated some important ideas as to what factors may have contributed to crises analysed in his survey. Turner argued that there is a set of organisational problems which, if unattended, may lead to a disaster. The main difficulty in avoiding this outcome is to know which of the problems should be addressed and which are prudent to ignore. Whereas Perrow concentrated his attention on characteristics of high-risk technologies that inevitably lead to disaster, Turner disregarded events that were clearly unavoidable and unpredictable. He believed that cases of unavoidable and unpredictable crises were rare in practice, and in most cases some forewarning or avoiding action was possible. Therefore, his concern was to find an explanation for potentially foreseeable and avoidable large-scale disasters and identify the initial organisational conditions leading to them. Only in this way such events could become more understandable and avoidable.

Turner concentrated his attention on the sequence of events associated with failure in foresight, incorporating a pre-accident period as an organisational phenomenon. He pays attention particularly to the incubation period during which a chain of discrepant events develops unnoticed. During this phase, a failure in foresight, defined as "the collapse of precautions that had hitherto been regarded culturally as adequate", takes place (Turner 1976: 380)[31]. Turner highlights the role of "certain devices" organisations utilise in all their actions. These are rules of thumb, rituals, habitual patterns and concrete organisational goals and plans. According

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[31] Turner's view of organisations as "cultural mechanisms" is crucial in terms of discussion on corporate identity in Chapter 3 of this paper.

to Turner, every organisational action is made possible by collective adoption of assumptions about the environment (Turner 1976: 378). A failure in foresight leading to a disaster therefore provokes a re-evaluation of shared assumptions and precautions considered adequate.

To find out what the main causes of crises are Turner examined three disasters: the Aberfan disaster in Wales (1966-1967), the accident at Hixon Level Crossing (1968) and the Summerland fire (1974). He found that several major causal features were similar: rigidities in perception of the possibility of disaster among decision-makers, unresolved ambiguities about warning signs, difficulties handling information and noncompliance with existing regulations. Certainly, the catalogue of conditions defined cannot be considered complete. However, the overall findings prove first and foremost that disasters "are not created overnight" (Turner 1976: 395), as the pre-crisis conditions had been incubating over a number of years. Second, disasters were caused not by a single factor but by a mix of disaster-triggering events accumulated over time.

Although the results of Turner's survey did not lead to the formulation of a unified theory explaining crisis, which he believed might emerge (Turner 1976: 379), it provided valuable insights for understanding initial pre-crisis conditions. Researchers of the next generation borrowed and expanded some of his findings (Roux-Dufort, Coombs, etc.). For example, Roux-Dufort similarly defines crisis as "the result of long period of incubation that bluntly occurs through the influence of a pre-cipitating event" (Roux-Dufort 2009: 5). He argues that crises result from two parallel cumulative processes: accumulation of organisational imperfections and accumulation of managerial ignorance. Organisations actually produce these imperfections themselves in the course of their regular operations. Recurring weaknesses, errors and negligence gradually become permanent elements within organisations, creating a 'fragile ground' where crises may spread given certain conditions and circumstances, although crisis is not inevitable (Roux-Dufort 2009: 5). "Managerial ignorance", according to Roux-Dufort, is "a form of knowledge based on erroneous assumptions shared by managers" (Roux-Dufort 2009: 6).

Put simply, the cumulative effects of organisational imperfections as described above cannot be fully perceived by the managers either due to psychological defence mechanisms (Pauchant & Mitroff 1992) or adherence to their own presuppositions about the world, its dangers and the organisation's ability to withstand them (Pearson & Clair 1998). As a result, managerial ignorance favours the emergence of crisis grounds.

The attempts to theorise crisis proneness described above have led us to conclusions that are helpful for crisis awareness and preparedness. First of all, imperfections within organisations often cannot be perceived either because of blind spots, inability, unwillingness or ignorance of managers, communicators or simple employees. Information handling difficulties can also contribute to a crisis. Second, imperfections may accumulate over time and lead to critical situations. Third and closely tied to corporate identity, failures in foresight are often associated with the break of shared precautions and assumptions about the environment and the organisation's capacity to withstand a crisis.

However, the approaches referred to above cannot be considered comprehensive enough for a number of reasons. First, they do not approach crisis as an extraordinary event but rather see it as a result of the accumulation of imperfections which are inherent to the system as such. Second, they focus on initial conditions preceding a crisis and hardly explain the behaviour of the company in response to it. They see an organisation as too complex and absolutely passive, generating its own crisis inevitably and being not able to withstand it and take any action. Finally, they ignore environmental forces and influences that should be taken into account.

Within the perspective viewing crisis stemming from the complexities of the organisation as a system, chaos theory should be handled separately. While most of the assumptions of chaos theory do reflect the main concepts of the general systems theory, in contrast to the perspectives outlined above, it also considers the environment to be a strong force directly impacting the system's existence. Like Perrow, supporters of the chaos theory (Kellert 2009, Stewart 1989) assume that every system has the potential to breakdown. This potential is not activated by instabilities

from inside the system (these are rather the consequence and not the source of a crisis) but by the character of its relationship to the environment. The point in time and space at which the breakdown occurs depends on the level of exchange with the environment and its initial conditions.

Chaos theory considers the organisation not only as a system existing in a dynamic relationship to its environment, but also as being able to reorganise or regenerate itself after crisis (Hayles 1990, Mathews et al. 1999, Comfort et al. 2001). This ability derives from the internal forces and processes of a system. To explore the self-organising ability of a system, which is especially important in the context of crisis, we need to take a deeper view at chaos theory; one of the most used approaches for understanding complex system behaviour, and to integrate some of its concepts and assertions into this study's theoretical framework.

Chaos theory cultivates a holistic and organic view of organisations. It was developed from applied mathematics and widely used in physics, economics, biology and philosophy. According to Mathews et al., chaos theory relates to complexity sciences[32] which call into question traditional linear, static and mechanical approaches to science. Issues and implications arising from these fields are relevant to the study of how organisations change and develop over time (Mathews et al. 1999: 442). Mathews et al. also argue that chaos theory is an approach to the study of broader phenomena of complex, dynamic, nonlinear systems[33]. For the purposes of clarity, one should clear distinguish between the notions of "complex systems" and "complex behaviour"[34]. Thus, as described above, Perrow

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[32] These are nonlinear dynamic systems theory, nonequilibrium thermodynamics, dissipative structures, the theory of self-organisation, catastrophe theory and the theory of self-organised criticality (Mathews et al. 1999).

[33] According to Kellert (2009), these are systems in which the relevant variables are not related one to another according to strict proportionality. Linear systems cannot be chaotic, which not necessarily implies that every nonlinear system exhibits chaos.

[34] Mathews et al. (1999) and Seeger et al. (2003) following his argumentation, do use the notion of "complex system" as applied by chaos theory. "Complex" systems consist of subsystems following simple rules but due to their interaction displaying complicated behaviour (complicated system - complicated behaviour) or a system displaying

considered "complex systems" to be those comprising several subsystems interacting between each other at the same time and in an anticipated production sequence. Kellert, on the opposite, warns of conflating chaos theory with "complexity theory, which studies the intricate behaviour that can result from large numbers of subsystems interacting according to simple rules" (Kellert 2009: 8). In the following, the notion of 'complex' is considered as regards system behaviour and not as a feature of a system as such.

What kind of system and system behaviour chaos theory explains is best illustrated by metaphors provided by Kellert (2009). Kellert distinguishes three types of physical systems. The first type - clockwise systems - are simple systems obeying strict laws and therefore displaying simple behaviour which is easily predictable (traditional, linear systems in Newtonian physics). The second type of systems can be compared with pressure cookers. Such systems consist of a number of individual particles that may behave in a strict and logical way on their own. However, due to the complexity of interactions (collisions) between these particles, the system's behaviour becomes highly unpredictable (nonlinear, dynamic systems, Perrow's "complex" systems).

Chaotic systems are neither 'clocks' nor 'pressure cookers'. Kellert vividly illustrates chaotic systems through the example of a taffy-pulling machine. It is a simple vehicle with strictly defined operations, which makes the consideration of interacting subsystems redundant. But if one puts a food colouring in the taffy, the machine will spread the colour through the taffy in an unpredictable way. Thus, it can be concluded that "a chaotic system obeys simple rules like a clock but displays complicated and unpredictable behaviour like a pressure cooker" (Kellert 2009: 5).

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complicated behaviour due to minor variance from outside and sensitive dependence on initial conditions (simple system - complicated behaviour). To put it simply, not all systems comprising several subsystems are necessarily chaotic. The focus of chaos theory is not on explaining the complexity of the system, either stemming from internal structure, interaction within the system or the presence of deterministic rules, but rather the complex behaviour resulting from system operations.

Chaos theory addresses exactly this kind of behaviour and its implications, and has been fruitfully applied in the social sciences.

Chaos theory has been introduced into the organisational sciences as a nonlinear methodological tool for analysis of complex system behaviours and examining the potential for nonlinearities in organisational settings (Mathews et al. 1999: 441). In contrast to the sensemaking theory, chaos theory assumes objective structures and processes instead of a socially constructed reality. Since the systems are seen as too complex and dynamic for any kind of predictions, the principles the theory offers are rather general and flexible to reflect these essential properties. A brief description of the main concepts and their application for understanding crises seems to be warranted at this point.

Generally, chaos theory describes organisations as open systems sensitive to influences and minor variability that affect system behaviour in unforeseeable ways (Seeger et al. 2003: 29). An essential aspect of chaotic systems is that no predictions regarding system performance and behaviour can be made. Kellert explains, "The unpredictability of chaotic systems should not be thought of as a temporary inconvenience; instead, the unpredictability represents an in-principle limitation on the ability to make exact predictions about the specific details of the system's behaviour" (Kellert 2009: 6). This is mostly the consequence of the fact that the initial conditions of system parameters cannot be defined, as the system state is never repeated. It can be argued that change is the only 'constant' in a system. Stewart (1989) explains the difficulty of accounting for variance in chaotic systems using the popular example of the "butterfly effect":

> The flapping of a single butterfly's wing today produces a tiny change in the state of the atmosphere. Over a period of time, what the atmosphere actually does it diverges from what it would have done. So, in a month's time, a tornado that would have devastated the Indonesian coast doesn't happen. Or maybe one that wasn't going to happen does (Stewart 1989: 141).

However, the "butterfly effect" should not be confused with any sort of sensitivity to small influences, as Kellert argues. The fact that one trivial

event caused a disastrous effect or a system breakdown does not mean that every event will result in such consequences (Kellert 2009: 9).

In the history of company crises one can find many examples of a small error, a 'butterfly', being amplified into a full scale crisis. Perrow tells a story of a system collapse caused by a trivial event in a Virginia Electric and Power Company (VEPCO) plant. A worker in the North Anna Number 1 plant was cleaning the floor when his shirt caught the 3-inch handle of a circuit breaker protruding from a wall. Without noticing it, he pulled it free and activated the breaker, which shut off the current to the control rod mechanism. As a result, the reactor also shut off automatically, which led to a four-day shutdown and cost consumers thousands of dollars (Perrow 1984: 44).

A new, catastrophic release of radioactive materials at Fukushima Daiichi nuclear plant[35] in March 2013 could be avoided. The partial blackout halted cooling systems for as long as about 30 hours at four pools where used fuel rods were stored. The cause of extended blackout, as the *New York Times*[36] reported, was the charred body of a rat. The blackout, although caused by a minor incident, reminded of the vulnerability of the plant and possible catastrophic consequences of system getting out of control.

Along with dependence on initial conditions and unpredictability of system behaviour as essential features of a system, chaos theory explains the *mechanisms* of system change and development over time. Organisational crisis is seen as both a crucial point of system bifurcation and a mechanism of rapid change and reorganisation.

Bifurcation is a form of system breakdown, a point at which the established equilibrium disintegrates and a return to the previous order is increasingly difficult (Seeger et al. 2003: 31). Their theory suggests that all

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[35] The Fukushima Daiichi nuclear disaster was the worst nuclear disaster since Chernobyl. The huge earthquake and tsunami on March 11, 2011 knocked out cooling systems for three reactors and led to a full meltdown of reactors 1, 2 and 3 in the following days.

[36] The New York Times, "Rat Body Linked to Blackout at Atomic Site", published 20.03.2013, by Martin Fackler, http://www.nytimes.com/2013/03/21/world/asia/rat-at-fukushima-plant.html?_r=0, accessed on 22.03.2013.

the systems have the potential for bifurcation. In this sense, the theory suggests that system breaks will inevitably happen. However, chaos theory does not categorically assume the inherent tendency to crisis but rather indicates the high probability of a system break. The more systems exchange with their environments, the higher the level of instability and periodic bifurcation (Seeger et al. 2003: 31).

At the same time, bifurcation is a point at which previous assumptions, methods, and relationships can no longer function, meaning that it is the best time for a system reorganisation. So what is the source of system reorganisation in the face of a crisis? Chaos theory suggests that all complex systems go through a natural process of self-organisation, generating new forms of order out of chaos. The concept of self-organisation was originally developed by biologist Kauffman (1991) as a reaction to Darwinian evolutionary processes. Belonging to the group of complexity sciences, as suggested by Mathews et al. (1999), the self-organising approach can be seen as a complement to or mirror image of chaos theory. Self-organisation is viewed as "...the capacity of open and living systems, such as we live in and we ourselves are, to generate their own new forms from inner guidelines rather than the imposition of forms from outside" (Mathews et al. 1999: 447).

The Jack-in-the-Box case[37] provides an example of how a company can generate new forms of order, new structures and procedures as significant forces of renewal after a crisis. After E. coli bacteria in undercooked beef at the hamburger chain's shops sickened 400 people and killed three children in Washington State, Idaho and Nevada, the company's very existence was threatened. Within days of the outbreak, the company called in a microbiologist who introduced the Hazard Analysis Critical Control Points (HACCP) programme to ensure the safety of food at every

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[37] Jack in the Box is the fifth largest fast-food chain in the United States. In 1993, the company's existence was threatened by a crisis, when an E. coli outbreak in Washington State, Idaho and Nevada was at least partly attributed to hamburgers purchased at Jack in the Box. In total, 400 people were infected with bacteria. The company was accused of irresponsibility, deception and poor communication. The case was analysed by Ulmer & Sellnow (2000) in terms of communication to company's stakeholders.

point at which bacterial contamination could occur. The company-wide analysis was performed starting with the company's suppliers: daily tests were conducted on cooking systems and even every cooked patty was inspected by the specially certified expert before removing it from the cooking grill[38]. The company culture also changed radically, starting from the responsibilities the company expected of its employees and ending with a symbolic gesture in an advertisement showing "Jack" blowing up the headquarters of the company. The internal changes, combined with the completely new food cooking system in place, paid off for the company that remains one of the largest US hamburger chains, with more than 2,250 restaurants in 21 states[39].

What are the mechanisms of system self-organisation? Chaos theory suggests two levels of system order: fractals, that refer to system continuity, and strange attractors, basic ordering patterns that help reconstitute a system following bifurcation. The term 'fractal' comes from Latin 'fractus' which means to be 'broken' or 'fractured' and was first used in mathematics (Seeger et al. 2003: 33). A fractal is a geometric pattern, "exhibiting self-similarity in those small details of its structure viewed at any scale repeat elements of the overall pattern"[40]. Kellert explains the fractal structure using the example of romanesco broccoli. "It looks like a bumpy green cone, and each of its big bumps is itself shaped like a bumpy green cone. And each of the smaller bumps on the big bumps is shaped like a bumpy green cone. Fractals are like that, only the self-similarity repeats at smaller and smaller scales, all the way down to the infinitesimal" (Kellert 2009: 7). Due to self-similarity, fractals are important for the self-organisation of a system, since each level of the system is based on the order of the previous level, thus ensuring system continuity.

Strange attractors represent the second level of system order. In abstract terms, independent of the mathematical models where they origi-

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[38] Business Digest, "How Jack Turned Crisis into Opportunity", November/December 1999, http://www.jonentine.com/ethical_corporation/jack_crisis.htm, accessed on 27.02.2011.

[39] www.jackinthebox.com

[40] The Free Dictionary, http://www.thefreedictionary.com/fractal, accessed on 28.02.2011.

nated, strange attractors represent the long-term behaviour of a system. It is a shape or a state of affairs the system will always return to as it evolves. In terms of organisation, strange attractors can be represented by fundamental values, assumptions and principles the system inevitably returns to, even after bifurcation (Seeger at al. 2003: 34). Seeger et al. use the case of Chrysler Corporation as an example of how strange attractors work. The company's bankruptcy in 1982 attracted a number of supporters - banks, unions, civil rights organisations, suppliers and dealers - to advocate federal loan guarantees for Chrysler (Seeger et al. 2003: 34). Thus, at a bifurcation point, where old relationships, values and principles are no longer valid, strange attractors inevitably pull the system towards order. This order is not imposed from outside the system but rather is supported by a kind of constant, regulating force underlying all chaotic systems. This point is crucial for understanding the mechanism of self-organisation.

So if chaos theory provides an explanation to the ways of how organisations can recover, does it suit to be a theoretical framework for this dissertation? A few conclusions regarding its applicability can be outlined at this point. Chaos theory, like the general systems theory developed by Luhmann, can be best applied on meta-theoretical level as a framework for crisis. Its main principles regarding the behaviour of dynamic systems are too general and broad-based in scope. Since the theory itself views systems as too complex and unpredictable, its efforts to offer some minimal predictions are rather formal and not very fruitful. From the point of view of the theory, general trends of the system development and any specific patterns of its behaviour can only become evident in the long term. Moreover, the system itself is seen as absolutely dependent on its environment and rather passive in terms of responding to it and interpreting it. This aspect makes the theory rather ill-suited for describing system behaviour in times of crisis for this study's purposes, as it is the key assumption of this study that systems do respond to crisis.

On the other hand, chaos theory assumes the self-organising ability of systems and even outlines the mechanisms of system recovery after crisis through the concept of self-organisation. These mechanisms are coordi-

nated by an internal regulating force in the form of fundamental values and principles, bringing the system to a higher level of order out of chaos. It is also important to note that chaos theory emphasised the long-term effects of such mechanisms. This implies that organisations should focus beyond short-term goals on accumulating long-term patterns like social values and principles of solving problems and conflicts (reflected in codes of conduct and principles of corporate governance, for example) which will ensure the company's renewal after crisis.

Chaos theory has several specific implications in terms of communication in crisis. First, as Seeger et al. suggest, "small variances in communication processes, message form or content, timing, or other factors may produce wide fluctuations and bifurcation" (Seeger et al. 2003: 35). Numerous examples illustrate that minor mistakes in communication may accentuate harm or lead to bifurcation. Second, different company stakeholders can work as strange attractors, thus contributing to the renewal of the company. Crisis stakeholders express their attitude to the company in crisis either cooperating with the company and looking for ways of coping with the crisis or by offering their own interpretations of blame and responsibility which can harm the company's image. All in all, chaos theory assumes the fundamental role of communication in coordinating processes within systems.

2.2.2   Sensemaking theory

Conceptually and empirically it is the most serious assertion for this research that organisations respond to their environments by interpreting and acting on issues (Daft & Weick 1984, Dutton & Duncan 1987, Miliken 1990). This interaction between the company in crisis and its environment is in the focus of attention of the sensemaking theory representing the second group of studies.

During the last three decades sensemaking theory has developed into an organisational theory applied for the analysis of crisis. Karl Weick explained its main assumptions and applications in his seminal article

Enacted Sensemaking in Crisis Situations published in 1988. At that time, Weick's paper was part of a growing field that recognised that "what are often thought of as predominantly technological failures have a strong human element to them" (Maitlis & Sonenshein 2010: 551). Specifically, his work drew attention to the highly consequential role of cognitions and actions during crisis. Following Weick (1988) and other key writings of that time (Gephart 1984, Perrow 1984, Shrivastava 1987), a considerable body of work has grown to address sensemaking in the context of crisis.

Sensemaking generally defined is, first and foremost, the process of social construction that "occurs when discrepant cues interrupt individual's ongoing activity, and involves the retrospective development of plausible meanings that rationalise what people are doing" (Maitlis & Sonenshein 2010: 551). It is the creation of meaning that is based on bracketing of cues from the environment, and the interpretation of those cues based on salient frames. Sensemaking is thus about connecting cues and frames to create the account of what is going on.

Applied to the study of organisations, sensemaking is an inherently retrospective process, as members of an organisation look back on events and construct their meaning (Seeger et al. 2003: 22). Indeed, a crisis can be a particularly powerful occasion for sensemaking because of the degree of disruption it incurs and the unpredictability of its occurrence, as well as dynamics interrupting the routine operations of the company. The basic theoretical conditions and characteristics of enacted sensemaking are common to the crisis context. Actions devoted to sensemaking play a central role in the genesis of crises and therefore should be analysed and understood in detail.

The basic assumption of sensemaking is that people think by acting, meaning that the explorer cannot know what he is facing until he faces it (Weick 1988: 305). The concrete actions are guided by preconceptions and the act of exploring itself has an impact on what is being explored. The vivid illustration of sensemaking during crisis was provided by Weick (1988), who drew on Shrivastava's (1987) analysis of a Union Carbide gas leak occurred in Bhopal in 1984. He makes a central point that the re-

searcher and the operator of a console in a chemical plant control room at the Union Carbide are experiencing the same process of enacting the environment, they both understand the problem they face only after they have faced it. The main problem for organisations, as Weick argues, is resolving and reducing environmental uncertainty, which is naturally at its highest point during crisis. The necessity of determining what to think about the event is especially strong at these points.

Generally, the concept of enactment is based on the idea that people generate the environment through their actions and through their attempts to make sense of these actions. Enactment thus sits in sharp contrast to the more commonly held view in which organisations are distinct and separate from their environments (as this was the case for approaches theorising crisis proneness of companies). As Weick explains, enactment is a social process that occurs in two steps. First, portions of information from the environment are bracketed and singled out for closer attention on the basis of preconceptions. Second, "people take actions within the context of these bracketed elements and under the guidance of preconceptions", as these elements are often shaped in the direction of preconceptions (Weick 1988: 307). As applied to crisis situations, the perspective of enactment was originally used in an attempt to understand how individual actions can cause an industrial crisis (Shrivastava 1987). However, some important suggestions of this perspective are relevant for the present research and should be commented on.

According to Weick (1979), the main process accompanying crisis is represented by attempts of the collective members of an organisation to make sense of or construct their informational environment. This process Weick calls organising - an ongoing and socially constructed process consisting of specific phases like enactment, selection and retention. During the first phase, enactment is instrumentalised by choosing to notice some specific information. Because organisations and their decision makers cannot attend to all issues, they tend to focus their attention on issues that they consider crucial and being able to do something about. Therefore, organisations often choose to ignore weak signals of an upcoming crisis until the crisis erupts (Seeger et al. 2003: 22). This condition is typi-

cal for the pre-crisis stage, as it was discussed in section 1.4. Organisations either fail to identify the cues as indicators of potential problems or lack attention resources to do so (Ocasio 1997). This denial may also become a manifestation of "collective blindness": the issue is too complex, threatening and simply out of control (Seeger et al. 2003: 22).

A number of factors, including capacity to perceive, previous experience of the top management, and issues of access, can play a role for enactment. For example, access to organisational decision makers is often controlled by the so-called gatekeepers who determine what kind of information should be made available. Weick explains the failure to pay attention to information that could have prevented crisis, as in the Novo Nordisk case below, through selective enactment.

Selection is the second phase of organising, which includes a choice of interpretation for informational input. At this stage, organisations test various explanations in order to find the most effective ones which will then be retained for their repertoire of responses. At the third phase, retention, the chosen interpretations are used for subsequent sensemaking. These enactments are "summarised internally by people in the form of a plausible map by which observed actions produce observed consequences" (Weick 1988: 397). In this way, internal cognitive structures, so-called "cause maps", are developed (Seeger et al. 2003: 24). As a result, retained responses often become policies and procedures, even routines, which organisations will also use when similar events occur later. The formation of "cause maps" lies in the nature of human being and can in practice produce both positive and negative effects. As applied to crisis management, it is, on the one hand, not a mistake to make sense of what is happening by reconstructing past experiences. As we have seen in section 1.6, several studies proved that the experience of past crises and the 'templates' related to them, did help companies to manage the current crises. On the other hand, the overreliance on previous experience and blind following the tested archetypes prevents companies from searching for other opportunities which could be more effective. In the worst case, the 'templates' may restrict the mitigation capacity of the company significantly or even aggravate the crisis situation.

To sum up, the process of reducing equivocality through shared interpretations and responses represents an ongoing process of enactment, resulting in organising. Due to selective character of enactment, however, the organisational ability to detect subtle changes in both existing and emerging issues is substantially reduced, perhaps contributing to the number of crises.

Enactment emphasises that people's actions are instrumental to crisis perception. It suggests that "individual actions involved in sensemaking can cause a crisis but also manage it to lower levels of danger" (Weick 1988: 308). This point about the power to influence crisis is very important. However, as Weick argues, our actions are always a little further along than our understanding of those actions, which means that persons can influence, intensify or lessen, without knowing it, the course and the outcome of the crisis. However, to understand how people react, act and response in crisis situations, one should thoroughly study not only the enacted environment and factors that affect the perception of crisis, as Weick does, but also the preconceptions that shape action. As it will be argued in Chapter 3, preconceptions of the enacted environment, the event (which might be similar to a prior event) as well as of the organisation itself and of the capability, both on the individual and the organisational level, to combat the crisis, are the building blocks of the company's self - its corporate identity.

Further, Weick analyses three types of "shared meanings" that affect perception and, in so doing, can affect crisis management. These are commitment, capacity and expectations (Weick 1988). These need to be briefly introduced, as they parallel some of the ideas outlined in previous sections.

Commitments in Weick's terms are those irreversible assertions about technology, company capacity, security, etc. which become the basis for actions (Weick 1988). Especially as those actions become irrevocable, public and volitional, persons build up explanations that justify those actions. As Weick argues, "explanations that are developed retrospectively are often stronger than beliefs developed under other, less involving, conditions" (Weick 1988: 310). In crisis, those assertions and their associ-

ated justifications can play simultaneously positive and negative roles: positive because they have the potential to reduce ambiguity and generate meaning, and negative because they can create dangerous blind spots. Those assertions will be "shielded from the scrutiny" more than other assertions, as in context of irrevocability more is at stake (Weick 1988: 311). Weick provides an example of such a blind spot in his analysis of the Bhopal disaster. "Commitment to secrecy", to avoid alarming people and to maintain a competitive advantage, meant that decision makers were blind to a possible solution: actually raising the alarm (Weick 1988: 310)[41].

As Maitlis & Sonenshein argue, recent studies of crises suggest that "public commitments in form of optimistic evaluations of a situation are especially likely to generate sensemaking blind spots" (Maitlis & Sonenshein 2010: 555). Research in psychology (Taylor 1989, Taylor & Brown 1988) also proves that 'positive illusions' of control over the situation can be lethal in some organisational contexts. In this respect Landau & Chisholm (1995) argue that pessimism in crisis management settings should be "institutionalised" to protect organisation from self-deception (Maitlis & Sonenshein 2010: 555). The researchers believe that organisations whose members are "preoccupied with failure" are more vigilant in their actions and can adjust their view to respond to changes during crisis.

Although positive assessments are often thought to motivate team members and company employees, they can also prevent individuals from adapting their understanding of a situation as it unfolds. On the other hand, Seeger & Ulmer (2002) demonstrated how commitment became a vital source of constructing new meanings and facilitating action to combat a crisis. Aaron Feuerstein, the CEO of Malden Mills, committed to organisational renewal, announced that he would rebuild the plant after the fire and continue to pay workers. His commitment minimised the intensity of the crisis and facilitated planning for rebuilding. In sum,

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[41] To minimise alarm, the warning signal at Bhopal was not turned on until gas started to leak into the atmosphere. Moreover, the siren was turned off after 5 minutes and was not restarted until gas had been leaking for 90 minutes.

"positive, public evaluations of a situation can create frames for sense-making that lead to disaster, but they can also enable post-crisis sense-making that enables recovery and replenishment" (Maitlis & Sonenshein 2010: 556).

Capacity refers to a phenomenon in crisis perception in which "people see those events they feel they have the capacity to do something about" (Weick 1988: 311). This relationship between self-perception and the capacity is vital in crisis situations. From the perspective of an individual, the more a person can do about a situation, the more the person can perceive of its complexity. As Weick argues, "accuracy in perception comes from an expanded response capacity" (1988: 311). Accordingly, if a person is aware of his own capacities and how his actions may influence the crisis, this awareness will allow him to see more of the developing crisis and therefore intervene creatively where necessary.

For an organisation in crisis, individual perceptions of capacity should be developed to contribute to a collective and shared interpretation of the capacity of an organisation to recognise and resolve crises. Moreover, as Seeger et al. argue, "in highly stratified hierarchies, the capacity to both perceive a crisis and act on it similarly compartmentalised" (2003: 26). In the case of the Challenger crisis, compartmentalisation at the pre-crisis stage affected the decision to launch, which led to disaster. As the decision was made from a management perspective as opposed to an engineering perspective, information about possible safety problems was ignored or unavailable. Capacity can also affect crisis through staffing decisions. The quality as well as the number of actors involved in crisis management activities may become crucial variables.

Finally, Weick introduces the concept of expectations, "assumptions that top management make about components within the firm", which influence the enactment as a kind of "self-fulfilling prophecy" (Weick 1988: 313). Explaining the Bhopal disaster, Weick argues that top managers expected the plant not to be profitable and therefore allocated few resources to maintain it. This led employees to perceive their own work as unimportant, contributing to indifference, inattention to detail and less compliance with safety standards. As a result, top management percep-

tions set in motion enactments that confirmed their perceptions. In case of Enron, crisis was mostly caused by the fact that top management engaged in very creative and illegal bookkeeping methods, being 'aggressive' in their deeds and overly optimistic in their expectations. Examples of Bhopal and Enron show that managers and employees of a company can develop a shared set of expectations about performance that lead to the enactment of this performance. However, as in commitment and capacity, expectations can be both enabling and constraining. The most important aspect of this duality is that expectations are resistant to change and can diversify among people and locations so that coordinating actions becomes difficult. Yet creating collective shared meanings is vital to enacting and encountering crisis.

The failure to create a shared understanding of the situation and to coordinate the interpretation of information can in itself cause the crisis. Rerup (2009) in his research[42] vividly demonstrates that if the cues of emerging problems are identified but not properly coordinated and communicated across the "chain of command", this can lead to an unexpected crisis, as it happened at Novo Nordisk, a world leader in diabetes care[43]. As the basis of his framework Rerup takes theories of learning and attention (March & Simon 1958, Weick & Sutcliffe 2006) which emphasise

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[42] Specifically, Rerup (2009) developed the concept of attention triangulation to explain how organisations can identify potential threat from weak cues from their environment and prevent a crisis from reoccurring.

[43] Novo Nordisk is a subsidiary of the holding company Novo A/S, which was created in 1989 from the merger of two leading Danish pharmaceutical companies that specialised in diabetes care: Novo Industri A/S and Nordisk Gentofte A/S. Between 1998 and 2000, Novo Nordisk was split into two separate entities, Novo Nordisk and Novozymes, with the former concentrating on healthcare and the latter on manufacturing enzymes. Both company headquarters are located in Copenhagen, Denmark. As of August 2007, Novo Nordisk employed 23,600 people; its net revenue in 2006 was $6.5 billion. In 1993 the Food and Drug Administration (FDA) audit revealed quality problems of its insulin products. However, the company could not provide the documents describing its manufacturing processes and therefore was accused of not complying with the rules of good manufacturing practices. The company discarded six month production of insulin for the United States. In order to ensure the supply of insulin to its customers, it had to ask its competitor, Eli Lilly, to take over most of its customer base for United States.

that attention is a limited resource and its allocation serves to focus attention on specific issues and avoid distraction regarding less important and peripheral issues (Rerup 2009: 877). Attention allocation also makes it possible to simplify and accelerate the decision-making process. However, Rerup argues that a downside of such allocation is that an organisation may ignore the changes in the environment that may signal coming problems. Organisations typically ignore cues of precisely those threats to which the organisation would have no response (repertoire of responses). This, in turn, may reduce an organisation's ability to avert potential threats.

Rerup identified several factors in 1989 merger between Novo and Nordisk, two leading Danish pharmaceutical companies specialised in diabetes care, which contributed to crisis. Prior to the crisis, both companies experienced immense success that was accompanied by the overconfidence of their employees and managers. That culture did not motivate managers to follow up on issues of concern expressed by employees. Additionally, there were no mechanisms for transmitting and exchanging information about potential threats across the "chain of command" (Rerup 2009: 880). As the merger occurred, collective attention did not focus on these threats, as the organisation focused mostly on internal issues, leaving external issues aside. Managers, for instance, considered the lack of a marketing arm to be the main problem of the newly established company and focused all their attention on that. Due to the hierarchical and bureaucratic post-merger organisational structure of Novo Nordisk, information from ordinary employees could not reach the senior management without going through the chain of command. The resulting lack of sufficient attention to validation issues by managers and employees located at various hierarchical levels contributed greatly to the crisis (Rerup 2009: 882).

Weick further argues that the process of enactment signifies actions that have the potential to destroy or limit later stages in an unfolding crisis, as interventions in systems always have effects. Based on the assumption that "human errors are fundamentally 'caused' by human variability, which cannot be designed away" (Weick 1988: 308), the key issue

is how to keep errors from enlarging. His purpose was to understand triggering events and the ways in which small sensemaking actions grow into large disasters, to develop a better understanding of how crisis can be isolated and contained. Weick suggests that shared meanings are vital to sensemaking but also potentially destructive. However, he does not consider the conditions under which shared meanings are helpful rather than dangerous in crisis. These could help provide better understanding of crisis response actions, their construction and their effects over the entire course of crisis from pre-crisis stage to retrospective learning.

As followers of Weick's approach, Maitlis and Sonenshein suggest expanding the framework of analysis and adding the concepts of updating and doubting, which enable an adaptive rather than destructive role for shared meanings (Maitlis & Sonenshein 2010: 565). The researchers refer to studies of organisational change which, they argue, show that crisis and change are similar conditions and that "because of their degree of the disruption they incur, offer particularly powerful occasions for sensemaking" (Maitlis & Sonenshein 2010: 552). Due to the fact that change occurs much more often than crisis, insights from research on change can naturally be extended to research on crisis sensemaking.

First, Maitlis & Sonenshein (2010: 565) propose to add two actions associated with wisdom - updating and doubting - which can help overcome the seemingly contradictory effects sensemaking can have in averting crisis. Both updating and doubting are based on the assumption that situations as well as the environments in which they occur are in a constant process of change and reconstruction. Updating allows individuals to revise their interpretations of a situation on the basis of new information. Indeed, as has been argued above, the context of crisis is highly dynamic. From the sensemaking perspective, the ongoing processes of enactment and re-enactment occur interchangeably. Individuals in crisis update their sensemaking, paying attention to their commitments, expectations and capacities, during the unfolding stages of the crisis.

Closely related to updating is another component of adaptive sensemaking - doubt. Doubt encourages individuals to seek possibilities, try them out, and modify them. Doubt recognises that sensemaking is never

finished because things are always changing (Maitlis & Sonenshein 2010: 565). Weick, in his reflections on enacted sensemaking at Bhopal (2010), also takes account of newer work on doubt. Enacting doubt during a crisis may sound counter-productive, but "if choice activates self-justification and confirmation bias, if people are prone to focus on the safest interpretation and best case scenario, and if comprehension of an idea leads to initial acceptance rather than rejection of that idea, then the enactment of doubt is crucial in order to expose wishful interpretations" (Weick 2010: 547). An example of this line of argument is Eric-Hans Kramer's (2007) provocative discussion entitled *Organising Doubt*. His main conclusion is that if the environment is dynamically complex, which is especially acute in times of crisis, an organisation needs to organise their ability to doubt (Kramer 2007: 17).

Second, Maitlis and Sonenshein provided an important extension of the theory introducing identity as an elaboration of Weick's concept of capacity - a shared meaning crucial for sensemaking by defining shared identity as providing "a vital anchor around which collectives construct meaning and understand their experiences" (Maitlis & Sonenshein 2010: 563). As mentioned above, Weick discusses the importance of capacity, especially people's belief in their own capacity to combat crisis. These beliefs can be part of an individual or collective identity. Maddux & Gosselin (2003) also argue that if these beliefs are positive, they can increase vigilance, reduce defensiveness and facilitate sensemaking.

Considering the theoretical suggestions of Weick and extension on his ideas, what are the implications of enactment perspective applied to crisis situations and can they be considered suitable as a general theoretical framework for the current research?

The sensemaking approach explains the nature of crisis as well as the processes taking place during its initial stages and in retrospect quite well. As crisis represents a radical change in status quo, a company cannot fully comprehend and deal with the situation until some action is taken. After selecting the appropriate strategy from the repertoire of responses, organisations take action guided by preconceptions. Subsequently, an organisation can evaluate its own capacity to reduce uncer-

tainty and tenses associated with a crisis and decide whether the initial action will be expanded into a full scale strategy or another option needs to be considered. As ambiguity in crisis situations increases, enactment is more significant, but as situations unfold, more action is taken and events are increasingly structured and under direct control. Enactment also reduces stress and ambiguity in another way. As people take some action, they normally transform complex tasks into simpler one. This simplification of tasks is important beneficial effect of action, according to Weick (1988: 316).

Another finding of the theory which is important to consider within the theoretical framework for this research is that such components of sensemaking as commitment, capacity and expectations can be both enabling and constraining. This allows for further exploration of how these components can be controlled or at least directed to have a positive impact. Moreover, the approach links preconceptions, the environment and the organisation itself with the enacted performance of an organisation in crisis. These preconceptions are part of the concept of corporate identity that will be elaborated on in Chapter 3. This finding is crucial to testing the hypotheses for the current study.

One of the main conclusions of Weick and his followers is that every organisation, either in the condition of change or in crisis, needs to account for a dynamic context. Companies that do not take emerging contingencies into account can get into serious trouble. New sets of sensemaking interpretations must be continuously updated, constructed and communicated in order to develop a shared understanding of events, which is the key to combating a crisis successfully.

Finally, sensemaking, focusing on a socially constructed reality, highlights the actions of individuals and decisions as determining the conditions they seek to prevent (Seeger et al. 2003: 28). In this point, that theory is close to constructivist approach founded on assertion that we construct our own environment by reflecting on our previous experiences. This implies that organisations, while engaging in process of sensemaking, actively shape their environment.

However, as with every theory, sensemaking approach has its draw-backs or at least critical aspects. One objection to the use of organisational sensemaking in the context of crisis relates to the settings in timespace. Indeed, enactment is the process that is taking place 'here and now', as the person prior interpretation of an event selects the information he is capable to grasp. Looking at the company behaviour through the lens of limited settings, relatively few factors can be taken into account. As Hernes argues, when one "focuses on limited settings in times pace, he can concentrate his analysis on relatively few factors that he can observe have a bearing on organisation in that limited time space" (Hernes 2008: 124). From this point of view, organisational sensemaking during crises cannot be absolutely representative.

To overcome possible barriers in applying sensemaking frameworks to the analysis of crises, Weick (2010: 543) proposes to integrate the concept of "contemporaneous causation" introduced by Kurt Lewin (1936). Dorwin Cartwright explains the Lewin's concept as follows:

> An individual's behaviour is oriented to both the future and the past as they exist for him at any given time...The principle of contemporaneity asserts that both the 'expectation' and the 'memory' exist at the moment they exert their influence on behaviour and that the exertion of such an influence demonstrates neither causation from the future nor from the past (Cartwright 1959: 19-20).

When applied to organisation, if a crisis is investigated from the standpoint of contemporaneous causation, factors from the past as well as from the future are equally considered in the analysis of its behaviour.

Another critical aspect related to the concepts of preconceptions and shared collective meanings, which, although introduced, are not sufficiently detailed, especially as to how they may positively affect the course and outcome of the crisis. Weick argued that an initial response sets the tone and determines the trajectory of the crisis (Weick 1988: 309). This seems undeniable but the mechanisms of building organisational strategies for responding to crisis are elusive in Weick's theory. This is clear from Weick's process of organising, as explained above. This framework, although it assumes the dynamic character of informational

environment, portrays an organisation as stable in the sense of consensu-al interpretations and a constant repertoire of responses. An extension of the framework that accounts not only for changing contexts but also for constant updating and doubting of collective shared commitments, iden-tities and expectations, those meanings that are just as contingent and fragile as the environments in which they are constructed, is therefore necessary.

2.3 Conclusions on Theoretical Framework

It is clear from the analysis of two different groups of studies that none of the approaches taken separately are comprehensive enough to represent the theoretical framework for modelling the company's behaviour and concrete strategies in crisis. However, the most applicable for the current research theories reviewed in previous section, chaos theory and sense-making theory, do offer novel insights into dynamics of crises which was confirmed on a number of examples of crisis situations above. Therefore, to establish a comprehensive framework for testing hypotheses of this paper, it is warranted to combine the most applicable and valuable find-ings, as weaknesses of the one theory can be complemented with the strong sides of the other[44]. As can be best seen in the comparison of chaos theory and sensemaking theory in Table 2 below, some of the key con-cepts overlap, whereas others differ.

One of the main differing issues is related to the cause of crisis or sys-tem bifurcation. Whereas chaos theory focuses upon inherent potential to crisis occurrence hidden in every system, sensemaking theory recognises both internal and external causes. In reality, as discussed in the opening section elaborating on crisis features and sources, crises can be imposed from outside an organisation as well as internally created.

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[44] The approaches to theorisation of crisis proneness (Turner 1975, Perrow 1984) are not addressed here specifically. As explained above (p. 78-79), chaos theory reflects their main concepts but considers environment as the strong factor impacting the system's existence. The latter is of great importance in the context of this paper.

As to the point in time in space, sensemaking perspective reflects the reality, as interpreting environmental changes and acting in response to them 'here and now' is exactly the modus in which an organisation operates in crisis situations. Under this perspective, an organisation acts as a person whose actions define conditions they seek to prevent. Only by taking action, an organisation can define whether the strategy chosen was correct and helpful or not. In this sense, the sensemaking theory is linked to the idea that company's response strategies can have different outcomes and that it is in the company's power to determine its strategy.

	Chaos theory	Sensemaking theory
Definition of crisis	A point of system break at which previous assumptions, expectations, preconceptions are no longer valid	
Cause of crisis	Inherent complex system behaviour	Imposed either from inside or outside the system
Point in time and space	Unclear, unpredictable	Clear, 'here and now'
Relationship to environment	Passive, dependent on initial conditions	Active, responding by interpreting and acting
System reorganisation	Self-organisation to a level of new order	Enacted sensemaking, socially constructed reality
Driving force	Fundamental values and principles, inner guidelines, collective shared meanings	

Table 2: Chaos theory versus sensemaking theory

The relationship to environment is connected to the issues mentioned above. Here lies the crucial difference between two approaches. If chaos theory assumes the high level of a system's dependence on environment and the impact of environment on system's behaviour, thus assuming the passive role of the system itself, sensemaking theory attributes an active role to the system in constructing its own environment. This is also in line with the central assertion of this research: organisations respond to their environments by interpreting and acting on issues.

The sensemaking theory argues that organisation needs to account for dynamic environment, updating, constructing and communicating shared interpretations and meanings accordingly. When applied to crisis communication, this seems to be an undeniable fact, as companies in crisis should be especially fast in responding to the slightest changes in context, reacting to them by creating a shared understanding within the company and communicating consistent messages to relevant stakeholders. The chaos theory has a rather different emphasis, assuming a self-organising ability of systems in the long-term perspective. The forces for the new order after bifurcation arise "from inner guidelines and principles rather than being imposed by external forces" (Coombs 2003: 2). This implies that organisation does not need to invent or redefine its structures but use the previous order as continuing reference points or elements out of which the new order rises. At the same time, this confirms the rather passive role of the system that has enough clearly defined structural units, fractals, to be able to recover to a new order. In practice, as the empirical part of this dissertation attempts to prove, a company should be able to account for both an update on environment as well as on its own structures and guidelines.

For both approaches, the assumptions about the environment, the company's values and principles –conceptualised as the "shared meanings" (Weick 1988) in terms of sensemaking theory and the internal regulating force in terms of chaos theory - perform crucial role for response to and recovery after crisis. These assumptions, values and principles lose their validity and relevance at the point of crisis. At the same time, these are exactly the patterns which contribute to system recovery, as they build up the core of the organisational actions resulting in strategies. In principle, these are the preconceptions of the notion of corporate identity.

Once again, the juxtaposition of both approaches shows that the theories are complementary. Both of them offer unique insights into understanding crisis and organisational behaviour in the context of crisis. Chaos theory approaches the crisis phenomenon from the macro perspective, viewing crisis as a natural stage of system evolution which eventually leads to a higher level of organisation. Sensemaking theory, on the other

hand, considers organisations actively acting on a micro level towards environmental conditions they seek to prevent. The separate actions resulting in strategies are guided by the internal written (code of conduct) and unwritten guidelines (practices based on values and norms recognised by the employees). Through communication, through their daily behaviour and through symbolism, organisations make sense of their experiences and constitute and reconstitute their environment and themselves, thus revealing their own selves.

At this point, it can be argued that the theoretical framework for this dissertation has been established, as we have a clear view now as to what concepts are applicable to the study. The relevant elements of different theories have been identified and drawn together to provide the framework for the empirical analysis in Chapter 4 of this paper. The premise of this research entails elements of chaos theory – the 'regulated' part, represented by the idea of fractals and strange fractals (the patterns contributing to the continuity and renewal of the system after crisis); and the 'unregulated' concepts lying in the core of the sensemaking theory – constant adaptation to changes and updating of the shared meanings, commitments, expectations and capacities, in the course of the unfolding stages of the crisis and after it.

Finally, the following attention to theoretical grounds is justified, first of all, by an attempt to constitute a holistic paradigm for studying crises, and then by the need to revise and extend the early formulation of concepts and relationships relevant for crisis communication and management. Some considerations clearly outline the preconceptions for the closer reference such as "shared meaning" and "self-organisation", which must be substantiated. Some have confirmed the empirical findings, thus establishing the construct for studying crises.

Theoretical approaches to the relationship between organisation as a system and its environment and the organisational ability to reconstruct and recover reveal valuable insights which may be 'instrumental' in effecting communication outcomes if reflected in corporate strategies in

appropriate ways. By elaborating on 'appropriate'[45] ways, it is presumed that companies and organisations in crisis have options and, thus, make choices about what to communicate, when to communicate and to whom, delivering what kind of messages – determining content, structure, style, and rhetorical strategies. Though these choices neither guarantee the targeted outcome, nor predict[46] whether the desired outcome can be reached, they do influence the direction of the outcome. To put it simply, the process of crisis communication may be represented as follows: "choice influences message, resulting in an outcome" (Shelby 1998: 388)[47].

Moving down from the macro level of a theoretical paradigm outlined above to the micro level of modelling crisis response, the holistic approach to crisis will be completed, which will allow the research to proceed with testing the hypotheses for this research.

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[45] Following Shelby's argument, it is assumed that "appropriate choices are those preferences most likely to be effective in a given situation" (Shelby 1998: 388).

[46] As emphasised by the chaos theory, the effect of particular crisis activities and the outcome of the situation as a whole cannot be predicted due to the complex system behaviour.

[47] Shelby's approach to linking communication quality to persuasive messages (choice - message - outcome) seems to be appropriate at this point, as it is hypothesised in this paper that companies have options while selecting this or that strategy and that the message content determines the outcome, or at least leverages the process of crisis response.

3 Corporate Identity and Stakeholder Perceptions in Crisis

3.1 Corporate Identity and its Role in Crisis

The previous chapter established a general theoretical framework for the phenomenon of crisis and already outlined implications for communication in crisis. Chapter 3 will focus more closely on corporate identity as a component of crisis communication.

Corporate identity is the central concept of this research, being explored as the key factor which is most likely to influence the formulation of crisis response strategies. An investigation of the concept of corporate identity is conducted in detail to describe its relationship to crisis response strategies, assessing the potential of identity to provide firms with a kind of hold in crisis through identity-reflected behaviour and communication.

Before proceeding with the introduction of the concept, it is stated that it is obviously a challenging task. It is very difficult to speak of measurement of any impact in terms of corporate identity – which is an intangible and elusive concept. Albert (1998) believed that one of the defining features of the identity concept is that it eludes any attempts of measurement. Although the concept is difficult to measure, it still exists as a phenomenon in its own way (Albert 1998: 3). Albert argues that identity is one of the concepts that can only have working definitions, which serve to orient and provide direction of inquiry. This, however, does not so much speak to the disadvantage of the concept but rather to its favour, since "the absence of agreement about definition and measurement is what makes the topic so fertile" (Albert 1998: 3).

Corporate identity can be approached from various disciplinary perspectives: organisational studies, marketing, and visual design as well as interdisciplinary perspective. The latter, as it is argued in section 3.1.1, allows a holistic approach without neglecting any aspect of corporate identity, an elusive and multifaceted concept. Understanding the concept as incorporating several identities, reflecting its various aspects, from organisational structure, history, capacities and prospects to vision of the organisation and its written and unwritten rules, beliefs, leads to several conclusions on its role in crisis context.

Throughout the course of Chapter 3, an answer to the question of why corporate identity matters in crisis and what role it plays in strategy making process, strategy choice and its outcome is explored. Approaching the concept of corporate identity in relation to image and culture serves to unravel the link between corporate identity and strategy. As argued below, corporate identity encapsulates how the company views itself through its positioning and how it wants others to perceive it through communication of projected/desired image. The constant interplay between identity and image in the framework of culture implies a direct link to the revision of interpretative schemes and strategic change. The gaps emerging in this context become triggers for action.

By juxtaposing several understandings of the notion of strategy - from the point of view of generally accepted European or, originally, Greek tradition and alternative Chinese philosophy – aspects will be identified which can be applied or at least taken into consideration with regard to crisis response. The upcoming chapter explores how the concept of identity has become relevant and compelling for strategy researchers and what makes the crisis response strategies so specific. However, this paper will argue that a limited amount of research has been done so far into the corporate identity as a key variable of these strategies.

In line with the innovative claim of this research, identity is integrated into the exploration of crisis response strategies, analysing them 'in the new light'. An overview of the strategies that researchers of crisis communication have identified is provided and elaborated on why and to what extent the crisis response targeting different stakeholder groups

may differ, as well as what implications it may have for the broader practice of company communications.

3.1.1 Perspectives on corporate identity: constraints in accessing the concept

There were several references to what are, in this paper, called the 'preconceptions' of corporate identity made in preliminary discussions on conceptual and theoretical frameworks. Thus, internal regulating force, which is an integral part of the mechanism of self-organisation, is referred to within the chaos theory (p. 87). Although this mechanism does not represent a comprehensive model of crisis management, as argued above, it is crucial for understanding the role of intangible value-factors within an organisation, in particular in the crisis context. Similarly, the sensemaking theory highlights the importance of commitment for identification with the company and expectations of the company's performance, which are the basis for actions, and shared interpretations of capacity to resolve crisis - those types of shared meanings which play such a crucial role in crisis management. All the more important is the revisited sensemaking theory from the perspective of Maitlis & Sonenshein (2010), who introduced identity as an elaboration of Weick's concept of capacity. They argued for importance of shared identity as a "vital anchor around which collectives construct meaning and understand their experiences" in crisis (Maitlis & Sonenshein 2010: 563).

The terms 'social identity', 'individual identity', 'group identity', and 'national identity' are well defined in social sciences. Social scientists and psychologists, such as Cooley (1902), James (1918), Mead (1934), and Erickson (1959) have laid the foundations for further research on identity in the context of organisations. The basic idea about identity widely employed by many organisational researchers (Albert & Whetten 1985, Gioia 1998, Dutton et al. 1994, Ashforth & Mael 1996) is that identity is a "relational construct formed in interaction with others" (Hatch & Schultz 2002: 992). Thus, Mead proposed that identity (the self) "...arises in the process of social experience and activity, that is, develops in the given

individual as a result of his relations to that process as a whole and to other individuals within that process" (Hatch & Schultz 2002: 992).

Czarniawska (1997), Weick (1995) as well as other researchers attempted to apply the strands of individual-level theory to organisational phenomenon, borrowing the concept of the socially constructed identity for organisations[48]. Thus, identity can be approached at different levels of analysis - individual, group, organisation, industry, etc., because, as Albert points out (1998: 10), the question of identity is rooted in the idea of level. Identity at all levels of analysis can be understood as a social construct. While studying identity in terms of construct, the next step is to question how it can be measured and what is the relationship to the other constructs. When the answers to these questions are vague or ambiguous, the concept is not considered scientifically solid (Albert 1998: 2).

It has been stated in existing literature that the concept of corporate identity is rather imprecise, multifaceted and needs clarification (Simoes et al. 2005: 154)[49]. Although the concept itself dates back to the early 1960s, there is still a lack of consensus as to the precise meaning of corporate identity and its relationship to related areas, namely, culture, image and reputation (Balmer 2001). In order to avoid the attempts to measure, Albert proposes considering identity a question and starting to approach the concept with the discussion on why identity is relevant in a particular context. This is exactly the approach followed in this section, as already mentioned above.

It was not until 1985 that the concept of identity was first articulated on the organisational level by Stu Albert and Dave Whetten. The Albert and Whetten description of organisational identity included three core

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[48] Jenkings (1996: 19) argued that where identity is concerned "...the individually unique and the collectively shared can be understood as similar (if not exactly the same) in important respects...and the processes by which they are produced, reproduced and changed are analogous", cited by Hatch & Shultz (2002: 993).

[49] The researchers give examples of early works on identity that revert to image or personality, which contributed to the ambiguity associated with the concept from its very origin. These are Clevenger, Lazier and Clark's (1965) discussion on corporate image and its measurement, Bolger's (1959) and Spector's (1961) references to companies' images by citing personality traits, as well as some others (Simoes et al. 2005: 154).

components. The ideational component defined organisational identity as a complex of members' beliefs regarding the question "Who we are as an organisation?" The definitional component characterised organisational identity as a set of features "which members believe to be central, enduring and distinctive [so-called CED features] about their organisation". The phenomenological component "posited that identity-related discourse was most likely to be observed in conjunction with profound organisational experiences" (Whetten 2006: 220).

The Albert & Whetten approach has been widely elaborated, although sometimes criticised. For instance, the definitional dimensions of identity held by Albert and Whetten - that identity is endurable and distinctive in any strict sense - was seen as rather problematic by Gioia & Thomas (1996)[50]. Another problematic dimension of this definition lies in the distinction between what organisational members really think of their organisation's identity and what they communicate about it to external stakeholders. This is exactly the focal point to address in terms of what we in fact mean by 'identity'. Whetten (2006), building upon a 25-year-old formulation in his article *Albert and Whetten Revisited*, explains what was the researchers' understanding of the concept:

> The concept of identity is specified as the central and enduring attributes of an organisation that distinguish it from others, I refer to these as organisational identity claims, or referents, signifying an organisation's self-determined (and 'self'-defining) unique social space and reflected in its unique pattern of binding commitments. In practice, CED attributes function as organisational identity referents from members when they are acting or speaking on behalf of their organisation (Whetten 2006: 220).

Thus, it can be concluded that Whetten 'revisited' the definition of identity from "which members believe to be central, enduring and distinctive" to what is practically communicated in the form of "identity claims" and "binding commitments" by members on behalf of organisation. The former does not necessarily coincide with the latter; this critical point will be further examined later in the text.

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[50] This is analysed in more detail in the course of this section below.

So what is the difference between organisational and corporate identity, which sounds tautological at first sight? And what concept is to be implemented for this study?

On one hand, both concepts are used interchangeably in the literature. However, as Rughase argues, "many practitioners as well as academics would refer the concept of organisational identity primarily to corporate identity" (Rughase 2006: 20). Created in the 1960s, the concept of corporate identity has been significantly expanded and widely applied by theorists as well as by practitioners. Still, according to Rindova & Schultz (1998: 47), both concepts describe an organisational identity but denote different things. This can be attributed to the origin of both concepts.

The concept of 'organisational identity' was developed by social scientists to refer to the system of beliefs and values underlying the behaviour of an organisation (Dutton et al. 1994). The organisational behaviour view has an overtly internal focus with the primary stakeholder group being employees (Albert & Whetten 1985). The concept of 'corporate identity', on the other hand, was first used by identity and image consultants and was essentially defined as the image the organisation tries to project to its stakeholders and the way it presents itself to these target groups. Initially, the term was restricted to logos and other elements of visual design, which came to be seen as part of a process of corporate image formation and projection, leading to customer perceptions and corporate associations (Birkigt & Stadler 1986, Olins 1978, van Riel & Balmer 1997).

Later, corporate identity broadly referred to the ways in which an organisation reveals its core idea and its philosophy to external audiences through behaviour, symbolism and communication (Leuthesser & Kohli 1997: 59). Although it can be argued that either definition negates the other, it would appear that a consensus is gradually emerging that both traditions are complementary and, therefore mutually enriching (Balmer 2007: 4). It should be noted that both concepts draw a good deal on social identity theory (Tajfel & Turner 1979, Cornilissen et al. 2007, He & Balmer 2007). Rindova and Schultz suggest a broader definition of identity combining both perspectives in one. It has an advantage of enabling us "to

understand better the underlying tensions in organisations between the internal and the external, between identification and differentiation, between the deeply seated and the expressed" (Rindova & Schultz 1998: 47).

Despite the overall focus of this study on external manifestations of identity, the notion of identity will not be restricted to them in terms of the corporate identity as defined above, but will also integrate, although to a much lesser extent, its internal aspects, organisational identity, to emphasise shared meanings, emotion and human aspects. In this way, this dissertation will address the research in both veins, using the term 'corporate identity' in the following.

Speaking of the breakdown into internal and external aspects of organisation in terms of discussion of the difference between corporate and organisational identity, the question arises as to whether this distinction is that strict nowadays. In the past, the boundary between 'internal' and 'external' allowed top management to sort out the information and guide it into respective communication channels: executives, marketing, PR and sales departments were responsible for external relations, whereas human resource management, production and accounting departments addressed internal aspects of an organisation. The increasing level of interactions between 'insiders' and 'outsiders' has since blurred the boundaries between internal and external issues (Whetten & Godfrey 1998: 53).

Indeed, due to a higher level of exposure of organisations to the general public and the media, stakeholders of a company have a much closer relationship and access to internal information through networking, service- or customer-driven approaches of the companies themselves. For instance, suppliers get access to organisational processes of the company through value chain approach, e-business or just-in-time inventory systems. Customers may discuss the advantages and disadvantages of company's products and services and even propose their own ideas through online customer clubs and networks. In this way, the company makes the concerns of external stakeholder groups a part of their normal (internal) organisational life. Companies let external stakeholders 'learn' about the

company only to a certain extent, which can also be justified by some concrete strategic objectives (for example, response to transparency requirements as related to investors and community, to enhance some delivery channels in case of suppliers, to bind the customers to the company through attractive offers, etc.).

Coming back to the issue of transparency and blurred boundaries between 'external' and 'internal', perceived control over the company's internal issues is nowadays hardly possible due to accessibility and availability of the information. The companies rather learn to use these circumstances for the benefit of the company.

Hatch & Schultz, elaborating on the consequences of greater exposure to audiences argue that external stakeholders tend to "think of themselves and behave as members of the organisation" (Hatch & Schultz 2002: 990) more and more. Authors refer to investors who establish so-called ethical investment funds, providing capital to those companies expressing values they consider consistent with their own[51]. The purpose of such funds is not straightforward, since targeting ethical objectives does not exclude their financial performance. According to Mark Hoskin from Holden & Partners, in this sense ethical funds perform as well as conventional mainstream funds[52]. Still, despite the illusion of 'doing good', investors remain investors with their primary objective of making profit.

In sum, the blurred boundaries between internal and external aspects of organisational life have advantages and disadvantages from the point of view of the company. The company can gain trust of the external stakeholders due to transparent policies and communication practices.

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[51] Ethical investment funds typically aim to exclude investments in companies that pose a threat, for example, to environment, health or human rights. Such funds also support good practices, focusing on companies that make positive contributions to community, environment, corporate government and other branches of society. Most funds take into account both positive and negative criteria in screening the companies the fund will invest in.

[52] Some of the most popular funds are Aegon Ethical Equity fund, the Jupiter Ecology fund, and the Aegon Ethical Corporate Bond,
http://www.guardian.co.uk/money/2008/feb/11/investmentfunds.moneyinvestments, accessed on 16.08.2011.

However, communication itself becomes a complicated task requiring a lot of coordination on the company's part.

Approaching the notion of corporate identity from the point of its internal versus external orientation is only one side of the coin. The bulk of research literature has been devoted to studying corporate identity from different disciplinary perspectives (Simoes et al. 2005: 155). In the following analysis the approaches known in the literature are briefly described: organisational studies perspective, marketing and visual design perspective, as well as interdisciplinary perspective. The latter is assumed valid for this research.

Interdisciplinary perspective

An interdisciplinary perspective to corporate identity has been proposed by representatives of marketing approach (Balmer 2001, Hatch & Schultz 1997, van Riel & Balmer 1997). The broader multidisciplinary perspective allows a holistic approach without neglecting any aspect of corporate identity, arguing that different fields of thought are complementary rather than mutually exclusive.

Based on this perspective, the emerging and recently dominating approach to the concept is characterised by multiple versions of identity mix and multiple identity categorisations. German authors Birkigt K., Stadler M. & Funk H. (2000), for example, suggested an 'identity-mix' model based on the following premises. First, *'die Unternehmenspersönlichkeit'* (corporate personality) constitutes the dynamic core and the starting point (*'Ist-Zustand'*) of any corporate identity. Second, the company is aware of its own personality, its goals, its position and its social role, and it is able to develop them into a corporate identity. The elements, and at the same time the instruments, of corporate identity are corporate design (*'das Erscheinungsbild'*), corporate communication (*'die Kommunikation'*) and corporate behaviour (*'das Verhalten'*).

Another version of multiple categorisations of identity is provided by Balmer (2001: 276). This version accommodates multidisciplinary sources

as well as internal and external perspectives on the concept within a single pragmatic framework. "Dr. Balmer's AC²ID Test™"[53] is an acronym that encapsulates a mosaic of five identity types - namely, actual identity, communicated identity, conceived identity, ideal identity, and desired identity. The classification proposed by Balmer serves as a point of departure for some key considerations on the concept of identity as such.

The *actual* identity of a corporation is shaped by a number of elements, including corporate ownership, style of leadership and management, organisational structure, business activities and markets covered, range and quality of products and services offered, and overall business performance. Also encompassed is the set of values held by management and employees.

The *communicated* identity is most clearly revealed through 'controllable' corporate communication. This typically encompasses advertising, sponsorship, and public relations. In addition, it derives from 'non-controllable' communication, e.g., word-of-mouth, media commentary, etc.

The *conceived* identity refers to perceptual concepts of corporate image, corporate reputation, and corporate branding. It is a reputation profile held of the company by relevant stakeholder groups and networks. The *ideal* identity is the optimum positioning for the organisation in a given time frame. This is normally based on current knowledge from the strategic planners and others about the organisation's capabilities and prospects in the context of the general business and competitive environment.

The *desired* identity is the vision of a company as articulated by its corporate founder and/or the chief executive and management board. Whereas the ideal identity emerges after a period of research and analysis, the desired identity has less to do with the rational assessment of the organisation's actual identity in a particular time frame. Rughase (2006), whose work on relationship between strategy and identity is referred to

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[53] "Dr. Balmer's AC²ID Test™" was grounded on the basis of research undertaken in the U.S. and the U.K., much of which was conducted within the corporate identity industry; it also incorporates recent trends in identity scholarship.

below, defined desired identity as a vision of the organisation as it should be that is rooted in beliefs, values, goals and aspirations expressed by organisational members. This identity often becomes salient when the actual identity is threatened and has the potential to reveal the constructive nature of the self, especially in the context of strategy making (Rughase 2006: 41)

Ideally, the five identity types should be in close alignment. If they are not in alignment, some form of identity change will be required (Balmer 2001: 276). Nevertheless, the corporate leadership should recognise that multiple identities can coexist comfortably within one company even if they are slightly different. The AC²ID Test is grounded on the premise that companies indeed have multiple identities and represents one lens through which multiple identities may be revealed.

It is not the objective of this paper to assess the role of corporate identity in crisis from the broad identity-mix perspective. Rather, the objective of this paper is to demonstrate to what extent companies actually incorporate the various strands of corporate identity into their crisis response strategies in order to shape stakeholder perceptions in possibly positive ways. Relying on Balmer's classification, the focus of this paper is on the *communicated identity* in terms of 'controllable' corporate communication in the context of companies' representations on their websites and will assess the conceived corporate identity in terms of reflection of crisis response strategies in the media.

The interdisciplinary perspective has justified itself in practice. Thus, a number of empirical studies have implemented the multifaceted view in approaching the concept of identity. The research of Simoes et al. (2005), a qualitative study in the hotel industry, concentrated on controllable aspects of corporate identity that could be managed internally. The findings of the research emphasised the strategic and tactical benefits of corporate identity management along several dimensions, such as mission and values dissemination, consistent image and visual identity implementation, and highlighting the need for cohesively handled measures to be pursued by an organisation (Simoes et al. 2005: 163). The researchers proposed that by developing diagnostic and audit tools that focus on

particular dimensions (visual consistency of corporate symbols, internal communications) better management practices can be achieved. Concentrating on the internal, controllable aspects of identity, however, researchers did not consider the external stakeholders who, in fact, construe corporate identity.

Another example is the recent research of Cheng et al. (2008), which analysed the gap between desired and perceived identities of two fashion retail companies, H&M and Zara. The results of both case studies showed that the companies primarily pay attention to the desired-actual identity gap rather than to desired-perceived identity gap. The companies should take into account customers' perceptions in communicating corporate identity while developing communication strategies.

Generally, it can be concluded that the interdisciplinary approach indeed unifies several perspectives, thus enriching the concept of corporate identity. The simultaneous existence of several identities raises the question of the integration of a concept's numerous dimensions into consistent framework, which has been considered crucial by a number of researchers (Burghausen & Fan 2002, Kennedy 1977, Cheng et al. 2008). Also a number of normative models based on the view that there should be alignment between various identity types were developed (Balmer & Soenen 1999, Balmer & Greyser 2002, Hatch & Schultz 2001, 2003). The issue of integration becomes even more complicated if one considers that companies normally transmit, content-wise, different messages to various stakeholders. This issue will be addressed in section 3.3 below.

Organisational studies perspective

As already mentioned above, the organisational studies perspective pertaining to internal aspects of identity can be considered the oldest and most traditional one, as it is partly grounded in social identity theory (Dutton et al. 1994, Elsbach & Kramer 1996, Gioia & Thomas 1996). It views employees' identification with the organisation as a form of social identification (Simoes et al. 2005: 155). Here the main features of individ-

ual identity as a framework for understanding oneself formed through social interaction are applied as a basis for defining organisational identity.

It should be mentioned that within this perspective, one must distinguish between researchers who explore *'identification with'* the organisation and those who are interested in the 'identity of' an organisation. In the first case, the researchers, such as Dutton et al. (1994), Elsbach & Kramer (1996), and Diamond (1993) highlight the close link between personal and organisational identity. They argue that individuals tend to identify themselves with their company if their personal attitudes and values are in compliance with those of the company, as expressed in the company's or organisation's mission and strategy statements. With time, company members consider themselves a 'living' part of an organisation, internalising their company's attributes and behaviour to the extent that they themselves start to act "as the organisation" (Rughase 2006: 19) and even for organisation's sake.

The examples of this in fact 'win-win' relationship between company and its employees are rare but present in practice. For instance, the employees of LÖWE, the German producer of high-quality TVs, renounced their full salary in April 2004 and 10% of it until 2006 in order to help their company survive in crisis. At that time, LÖWE had underestimated the demand for LCD-TV sets and as a result suffered a serious crisis. The company could withstand the crisis due to organisational restructuring and radical change of its product line to flat screen technology. These measures were supported by the equity participation of Sharp and the employees' 'loyalty act' described above. LÖWE has managed a turnaround and achieved new market positioning with great success. The company did not only returned the deferred payment to its employees but also paid in total around EUR 3 million as premiums in 2007[54].

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[54] Focus Money Online, Nr. 10, 2007 "Nicht mehr nur das Billigste", http://www.focus.de/finanzen/boerse/aktien/konsumaktien-nicht-mehr-nur-das-billigste_aid_258860.html. accessed on 1.10.2011.

However, the 'identification with' the company has hardly paid off for the employees of Opel, German subsidiary of GM[55]. According to *Handelsblatt*, the employees of Opel were forced to renounce of wage increases planned for 2012 due to projected losses and shrinking sales for the same year.

The 'identification with' occurs also on the level of organisation as a whole. A firm can identify with an industry. Gioia speaks of a kind of socialisation at the macro level that influences the development of organisational identity in an inter-organisational context (Gioia 1998: 21). Thus, a firm's reference group - a peer group - is a part of its identity. Nowadays, companies compare their performance with the performance of other companies engaged in the same industry[56]. The process of identification can therefore take place at different levels.

In the second case (the 'identity of' approach) researchers are focused on how company members perceive those features of the company that are, in Albert & Whetten's terms (1985), central, enduring and distinctive. In this understanding, organisational identity is defined as a "self-reflective question" (1985: 264) "Who are we as an organisation?". This view implies a strong cognitive pattern in the substance of the concept itself (Rughase 2006: 18). Again here, the research strongly relies upon the insights from the individual identity research, arguing that, like individuals, organisations build up their identity through a constant process of comparison and distinction with regards to others in a socially interactive context. The only key difference is that in the case of organisations as complex entities, it is considered normal to have multiple identities appropriate to various stakeholders. In the case of personality, we can only speak of an 'appropriate' number of identities with regards to different levels or domains such as gender, race, social status, etc. Otherwise, we have to do with a very special case. As Gioia ironically notes: "...organisations can plausibly present a complicated multifaceted identi-

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[55] Handelsblatt, http://www.handelsblatt.com/unternehmen/industrie/neue-sparziele-gm-fordert-von-opel-mitarbeitern-lohnverzicht/6019764.html, accessed on 04.02.2012.

[56] For instance, companies and the broader public compare Unilever vis-à-vis Procter and Gamble, or Sony vis-à-vis Samsung, etc.

ty, each component of which is relevant to specific domains or constituents without appearing hopelessly fragmented or ludicrously schizophrenic as an individual might". Organisations, however, may "display different identities to different audiences" (Gioia 1998: 21).

The conceptualisation of corporate identity as a collective identity emerged from separate individual identities of organisational members is also present in research literature. Elaborating on how corporate identity functions, Rughase notes: "It operates as a shared organisational schema that influences attention and decision making" (Rughase 2006: 18). From this point of view, the research on organisational behaviour illuminates parallels with the study of managerial and organisational cognitions. Douglas, for instance, although being rather repugnant to the idea of collective mind, argued that "institutional thinking... is... in the minds of individuals as they try to decide" (Douglas 1986: 4). She believes that shared perception and knowledge are built up through social interaction, in which people exchange ideas and shape them into some common form (Douglas 1986: 91).

The key assumption of organisational cognition research is that at the level of a group, some collective "knowledge structure" is likely to emerge, consisting of individual knowledge structures of the group participants (Walsh 1995: 291). This concept of emergent collective structure is widely discussed in the literature and hypothesised either as a collective cognitive map (Axelrod 1976), team mental model (Klimoski & Mohammed 1994), or a negotiated belief structure (Walsh & Fahey 1986). The similar concepts of "plausible maps" (Weick 1988: 397) and "cause maps" (Seeger et al. 2003: 23) also imply the internal cognitive structures in the context of mechanism of organising in sensemaking theory discussed in Chapter 2. Similar to the sensemaking perspective, managerial cognition studies conclude that, in fact, the collective knowledge structure would act just like an individual's knowledge structure, providing a cognitive foundation for action.

It is important to mention that aggregation of individual knowledge structures is recognised as the only way to form a collective "knowledge

structure"[57]. However, it is by far a rather complex process and may imply the uneven representation of those structures (Walsh 1995: 292) at a system or group level. This is explained by the simple fact that information can be interpreted differently by different internal groups. Naturally, powerful members of a company, such as top management, will have more influence on formation of a collective knowledge structure, or a so-called mental map, which then "orders an information environment in a way that allows subsequent decision-making and action" (Walsh 1995: 281).

Indeed, empirical research has proven that claims of corporate identity seem to be considerably influenced by the perceptions and belief structures of the top management (Ashforth & Mael 1996, Sutton & Callahan 1987, Walsh & Fahey 1986, Scott & Lane 2000). Walsh & Fahey (1986) argued that "the co-mingling of power and belief among the team members yielded negotiated belief structures, which in turn affected strategy making and its implementation in predictable ways" (Walsh 1995: 292). Stubbart also draws attention to managerial cognitions that play a key role in each activity that comprises the strategic decision processes like goal formulation, environmental analysis, strategy formulation, evaluation, and implementation (Stubbart 1989)[58]. Empirically, Dutton & Dukerich's research (1991) illustrated how the organisational identity that managers assumed for the Port Authority of New York and New Jersey impacted their interpretations of the issue of coping with homeless

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[57] Bennett & Cropper 1987, Roberts 1976 approached this issue and attempted to find out empirically how the collective cognitive maps are built and what factors play the role in this process.

[58] It should be noted that many researchers from the field of strategic management and organisation theory applied insights from the psychological work on knowledge structures theoretically and empirically (Child 1972, Stubbart 1989). This stream of research asserted that positioning of an organisation within its environment is often in the power of top management and decision-makers, who can both navigate the negotiations with environmental actors and actively participate in formation of the organisational identity. Empirically, the study of Dutton & Dukerich (1991), which will be referred to later, illustrated how organisational identity that managers held for the Port Authority of New York and New Jersey affected their interpretations of, and reactions to, the issue of how to cope with the homeless people that populated their facilities.

people that populated their facilities and the measures taken according-ly[59].

Organisational studies literature thus stresses the role of senior management in the construction of organisational identity. This seems to be obvious, since it is the top management that formulates the mission of the company, stipulates its objectives and, most relevant for us, communicates the core values of the company to its stakeholders. As Sutton & Callahan (1987) argue, senior managers are often associated with company image. They are formally the representatives of the company and its employees, and play a crucial role in presenting corporate identity to stakeholders. From this perspective, identity can be viewed as "the common set of beliefs that senior managers and stakeholders hold about what is central, enduring and distinctive in an organisation" (Simoes et al. 2005: 156).

In terms of communication in crisis, this aspect is of utmost importance and needs to be explored. Additionally, cross-level research examining the impact of the top management perceptions of identity on choice of strategies and their outcomes needs to be done. Since it is not the purpose of this research to illuminate the implications of leadership and power relations in crisis communication, the issue will be addressed only from the practical point of view and as far as it is related to crisis communication strategies while analysing and interpreting the statements of the CEO and other top management representatives in the empirical part of this research.

Marketing perspective

As for the marketing perspective on corporate identity, it should be noted that this has traditionally dominated, focusing on the external environment, controlled communications, visual identification, and image research. This perspective has roots in branding and integrated communi-

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[59] This case will be analysed in more detail below.

cations literature (Simoes et al. 2005: 156). The branding research has mainly targeted product-level, rather than corporate-level, concerns. It is only in recent years that marketing scholars have begun to focus on corporate concerns to a greater degree than was previously the norm. It is even more surprising, since, as Balmer (2001) notes, the first references to corporate marketing are known at least well over forty years ago.

In fact, the actual rethinking of marketing and the shift towards a corporate-level perspective began taking place only in the 1990s. The process was conducted by outside pressure on organisations and corporations to focus attention on the symbolic dimensions of their activities. What has become apparent is that customers of an organisation are not simply end users of products - they include other constituencies and even, in the estimation of Balmer, include those stakeholder groups of the future who are not yet born.

In today's age of modern networking opportunities and social media on the Internet, the situation has changed dramatically. Companies do not only communicate their brands through corporate communications in the form of advertising on related pages of corporate websites, press releases and product brochures, but also actively address particular stakeholder group on social networks like "Facebook" or "Twitter". Starbucks, for example, has created a page on "Facebook" (www.facebook.com/starbucks), which has over 18 million subscribers[60]. The company uses the page to present its key mission: "Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles as we grow" and its core principle, which is "putting people before products". To support this claim in the page's short overview, the products - "the highest quality coffees" - are introduced only in connection with the employees - "the fulfilled partners". Additionally, customers have the opportunity to upload photos related to the company, showing locations of the coffee shops and the customers together with the Starbucks products they like the most. In this way, customers express their associations with the cor-

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[60] As of January 2012.

porate brand and actively participate in strengthening it[61]. For the company, this exchange of information and experiences is invaluable in terms of maintaining 'control' over the perceptions of the brand among stakeholders through a direct link with its customers. Thus, Starbucks promotes an interactive approach in its corporate communications, providing company stakeholders with the opportunity to contribute to Starbucks' corporate brand, an umbrella brand in its brand hierarchy[62], thus solidifying its corporate identity (Keller 2008: 446-450).

However, what is the link between brand and identity? A number of researchers argue that the concept of brand (identity) and corporate identity intertwine a lot, applying both at the corporate level. Aaker (1996: 68) referred to brand identity as to a "unique set of brand associations that the brand strategist aspires to create or maintain". The values and beliefs underlying the brand represent the core of the brand, with such domains as symbols, logos and design providing the substance for the brand identity (Simoes et al. 2005: 156). Similarly, Ind (1997) argues that corporate brand implies more than just visual representation - it is rather the values that define the brand. Van Riel & Balmer (1997) believe that corporate branding is an integral part of company positioning and consequently of corporate identity, whereas Schmitt & Pan (1994) considered both terms - corporate and brand identity – synonymous (Simoes et al. 2005: 156).

Marketing practitioners have recognised the role of product and corporate branding as valuable for the company by promoting trust and customer perception as the embodiment of the experience. Some go even further, claiming that the value of a brand can be measured in terms of brand equity as a percentage of market capitalisation, and can be assigned a dollar value as a result of percentage calculations. Interestingly, marketing specialists at CoreBrand, a consulting firm that measures

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[61] Starbucks has also created a forum for interaction and feedback. "MyStarbucksIdea" is an official company website that is offering the stakeholders and opportunity to express their ideas on what sorts of new products could be developed under the Starbucks brand, or how existing ones might be improved in terms of taste, packaging, etc.

[62] Starbucks brand has been licensed along with other retail products, including bottled Starbucks Frappuccino beverages, Starbucks Iced Coffee, Tazo tea, and Ethos water, among many others.

brand equity, found that while 80 percent of stock performance of the companies such as Starbucks, Wendy's and McDonalds is assigned to purely financial factors as cash flow projections, company size and strength, and earnings and dividends, the other 20 percent remains "un-explained" (Cebrzynski 2006: 8). As the chief executive of CoreBrand notes, "at least a portion of that is due to the corporate brand". In con-crete figures, Starbucks' brand equity as a percentage of overall market capitalisation was 19.34 out of possible 20 percent, and McDonalds' was 18.17 (figures taken from a 2006, 2nd quarter survey)[63]. These figures show that brand-strength directly contributes to company's performance in stocks and overall market capitalisation.

In 2009 CoreBrand published the CoreBrand 800 that tracks top brands. P&G ranked 50 in the Q4 2009 rankings and CocaCola ranked first. According to its 2009 annual report, CocaCola's combined goodwill and intangible asset value was $6.6 billion, as presented on company's consolidated balance sheets[64].

The opportunity to measure the brand value is, on the one hand, a key indicator of the company's advertising and communication attempts. On the other hand, it illuminates corporate branding as a business process which is carefully and strategically planned and implemented on all lev-els of the company, including employees. Yet product branding remains an integral part of entire brand strategy, which should not be underesti-mated. As viewed from the internal perspective, the brand identity is also partly construed based on perceptions of a company's employees. The brand messages are communicated to the employees, who internalise the brand, thus maintaining it and giving it essence.

These considerations provide further insights into the concept of cor-porate identity derived from marketing perspective. Internal and external

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[63] The survey done by the firm utilised two types of image data for measurement of brand equity: familiarity, "which is a weighted percentage of respondents that know more than just a company name", and favourability, "which rates overall reputation, perception of management and investment potential" (Cebrzynski 2006: 14).

[64] Brand Smart 2010, http://brandsmart2010.blogspot.de/2010/06/brand-goodwill-and-balance-sheet-more.html, accessed on 24.03.2013.

communications on brands are both equally important and need to be integrated into the management and development of impressions that customers and other stakeholders hold of the company (Balmer 2008). It can be argued - and this view is supported in this paper - that the brand as a constituent of corporate identity endows the concept of identity with distinctiveness and uniqueness. The brand, referring either to product or services or to the company as a whole, reinforces the creation and confirmation of associations communicated to the stakeholders and belongs to the 'controllable' patterns of shaping perceptions. The process of formulation of brand values and beliefs itself is in fact a process of construction of corporate identity.

Visual and graphic design perspective

The visual and graphic design perspective illuminates the visual domain of corporate identity expressed in corporate symbols such as artifacts, rituals, mannerisms and language, as well as names, logos and colour schemes.

The role of symbolism in creating meanings and communicating corporate strategy is well covered in research on organisational symbolism (Pratt & Rafaeli 1997, Trice & Beyer 1993, Feldman et al. 1983). These researchers view organisational symbols as "cultural forms" (Trice & Beyer 1993: 86); attributes which reflect organisational characteristics that refer to the question 'who am I?' or those features that are considered to be central, enduring and distinctive to an organisation (Pratt & Rafaeli 1997: 864).

Corporate symbolism is crucial for internal and especially external communication of corporate identity. Symbols are the vehicles for transmitting meaning and thus of revealing corporate identity, performing several important functions associated with that task. First of all, stakeholders build up their views of the company based on visual impressions and associations. Symbols and other such visual expressions make the company's products or services recognisable and distinctive, directly

influencing buying decisions. Second, with time, symbols become reminders of a company's identity, contributing to maintaining and strengthening stakeholders' perceptions. Finally, if the company reconsiders its strategy or some other identity-related aspects, corporate symbols can become the indicators of changing processes and the best means of their materialisation and expression.

A company logo that remains consistent over the years is an integral part of company's identity and helps to make the audience familiar with that company. The logo for the Nestlé company, for instance, implies several meanings. First, it refers to the history of the company, in particular, its origin. The company was first launched by its founder, Henry Nestlé, in 1868. He adopted his own coat of arms as its trademark; in his German dialect, Nestlé means "little nest". Second, the first logo – a portrayal of a nest with a mother-bird feeding three fledglings - also served to express the company's main focus: infant nutrition (Figure 4). In its earliest history, the objective of the company was to provide a healthy and economical alternative source of infant nutrition for children of mothers who were not able to breastfeed. The breadth of the company's activities has expanded drastically since then. Accordingly, the logo has been adapted several times, including the 1988 reduction in the number of fledglings, from three to two, symbolising the more modern two-child family. Additionally, the removal of the worm served to indicate the broader range of the company products (now not only infant nutrition). Since 1988, the logo has not experienced any symbolic changes but was a bit adjusted in terms of graphic design.

Nestlé logo in 1868   Nestlé logo in 1988   Nestlé logo nowadays

Figure 4: Evolution of Nestlé logo

Along with the above-mentioned identity artifacts, corporate discourse has received relatively little attention in research literature. Very few studies examine the way companies portray themselves on their websites to construct a particular image (Turra 2002, Pollach 2003, 2005). Apart from these studies, the language of corporate self-presentation seems to be relatively uncharted territory. Also from the point of view of an organisational studies perspective, any attempts to explore corporate discourse as it relates to identity and to elaborate on its role have been scarce. "Identity statements" and "identity claims" have been explored mostly through other various identity manifestations, like logos and names in the context of general discussion on expression modes of corporate identity (Hatch & Schultz 2002: 1002). Thus Hatch & Schultz argue that any explicit claims about the organisation carry symbolic value and are embedded in organisational culture. The latter is understood as an overarching concept – "a symbolic context within which interpretations of organisational identity are formed" (Hatch & Schultz 1997: 360) and will be addressed below.

Identity claims can be used as symbolic material to express organisational identity (Hatch & Schultz 2002: 1001). Dutton & Dukerich (1991) also use case study research to show how the Port Authority used identity claims to alter the images they thought others held of them. Czarniawska (1997) went even further, arguing that identity is created by self-narrative, meaning that organisational identity, just like individual identity, is partly constructed by remembering and making sense of a company's experiences and history.

The examples of Nestlé and others show that visual aspects of the company are integral parts of its overall corporate identity. Given the fundamental assumption of the sensemaking theory - that it is meaning that people accept and construe that define their identity through interaction with environment - the data that should be assessed in conceptualising identity include symbols and anything that holds meaning for organisational members and its stakeholders, be it language, artifacts, or mannerism. At this point, it is important to point out that the aspect of symbolic value of corporate discourse, though recognised by the researchers,

needs to be explored on an empirical level more in detail. Such an attempt will be presented in the empirical part of this research.

In conclusion, it can be noted that some researchers like to have the terms sharply defined and clearly pinned down, while others set blurry boundaries, preferring no absolute definition. Therefore, related to corporate identity, some unique patterns need to be identified and characterised, primarily for those that do not overlap with others. At the same time, the absolute definition restricts the concept's strength and deepness, blocking access to concept inquiry. Some doors may remain closed, some questions or conceptual imperfections unresolved, as this will provide more room for empirical investigations and observations. Additionally, as it is shown in the following section, the related concepts like image and culture are also useful because the concept of identity can be accessed and further refined in relation to them.

3.1.2 Corporate identity and its relation to image and culture

The relation between the external and internal aspects of corporate identity have been discussed in some detail above and can be applied to making a distinction between the three closely related terms: *identity*, *image* and *culture*. Rindova & Schultz (1998) have previously been referred to; they believe that corporate identity manifests itself, either through a set of beliefs and values embedded in culture, or these same beliefs and values seek their expression in projected images. It can be argued, then, that it is through its relation to both concepts of 'image' and 'culture' that the core meaning of corporate identity comes to the fore. It is worth looking into some detail of this relationship.

Although the term 'corporate culture' is often used interchangeably with the term 'corporate identity', the former inevitably assumes an overarching concept[65]. With the insights gained from the sensemaking

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[65] The view taken by Pratt & Rafaeli (1997) and others that organisational (corporate) identity is narrower than culture and specifically refers to the self-defining values is adopted here (Pratt & Rafaeli 1997: 864).

theory in mind, the culture of an organisation can be defined as a system of meanings that individuals use to make sense of their own actions and those of others. Hatch & Schultz (2002) define culture as "tacit organisational understandings which are assumptions, beliefs and values, that contextualise efforts to make meaning, including self-definition" (2002: 996). It is important to highlight 'tacit' as the defining dimension of culture. Deep levels of meaning encompassed within the notion of 'culture' are largely unconscious and subjective, serving as a contextual framework. They transform into more conscious and, accordingly, more measurable patterns through interpretations which evolve through sensemaking. In this process of the contextualisation of rules that govern people's understanding, and consequently their actions in relation to the larger social context, corporate identity represents the necessary linkage.

Also the concept of "shared meanings" introduced by Wieck (1988) overlaps with the concept of corporate culture as defined above. According to sensemaking theory, as argued in Chapter 2, shared meanings, play a crucial role for response to and recovery after crisis. The failure to create a shared meaning at different levels, as we have seen on the example of Novo Nordisk, can induce a crisis situation.

In terms of flexibility, it is obvious that culture is quite a stable construct resistant to change. As some researchers argue, it is either impossible to 'manage' a change in culture or it occurs relatively slowly, because cultural values are deeply ingrained and unconscious and therefore impervious to manipulation (Fiol et al. 1998: 58). In contrast, corporate identity, as a more reflexive concept, is amenable to change due to its self-focused perspective. During sensemaking - a process of constructing the reality from the cues outside the system - organisations reflect on influences from environment and respond to them with reinterpretations[66]. The creation of new "cause maps" (Seeger et al. 2003: 24), which are then instrumentalised in typical responses to situations in the future, must be articulated via projected images and mutually accepted by organisational

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[66] We discussed the typical steps of an organising process in crisis from the point of view of the sensemaking theory in Chapter 2. The processes of reducing equivocality through shared interpretations and responses represents an ongoing process of enactment.

members before they can be retained and embedded within an organisation; that is, before organisational change can occur.

While approaching the term 'culture', we repeatedly referred to the concept of 'image'. Hatch & Schultz make use of the analogy from the individual-level identity theory, arguing that "just as individuals form their identities in relation to both internal and external definitions of self, organisations form theirs in relation to culture and image" (Hatch & Schultz 2002: 997).

According to Elsbach, images are relatively "temporary perceptions of an organisation held by internal or external stakeholders" (2003: 300). They regard an organisation's fit with particular "distinctiveness categories", for example, legitimacy, trustworthiness and correctness. This definition suggests several attributes which distinguish images from organisational identities (Elsbach 2003: 301). First of all, it assumes the short-term existence and accordingly the relative instability (in a positive sense) of images, which also means that organisations may have several images at one time. Though it has been argued above that multiple identities are possible, we still assume the formulation of identities over some period of time.

Secondly, images are perceived by both internal and external audiences. The notion of image traditionally refers to the external perception of the self - although "construed external image" (Elsbach 2003: 301), in fact, "what we think others perceive us" was also identified by researchers (Elsbach 2003, Dutton et al. 1994, Gioia & Thomas 1996) as having particular impact on identity formation. This kind of image, however, will be excluded from our observation in this research, since only external perceptions of an organisation playing a central role during strategy-making will be in its focus.

Finally, Elsbach's definition suggests that stakeholders' perceptions measure a company's behaviour against particular indicators, or, in Elsbach's terms, "distinctiveness categories" that are perceived as especially important for them, such as legitimacy or trustworthiness. Legitimacy is the perception of the company as acting proper or appropriate within some socially constructed system of norms and values (Suchman 1995:

574). Trustworthiness has to do with the perception that a company displays competence, integrity and benevolence in its beliefs and behaviour (Elsbach 2003: 303). These are only a few examples of distinctiveness categories which may represent a reference framework for the stakeholders to form their opinions on the company. These opinions reflected in the (external) images can influence performance and even survival of the company. The effects of stakeholders' perception on the company's performance were proven by a number of strategy researchers (Weigelt & Camerer 1988[67], Ashforth & Gibbs 1990, Lind & Tyler 1988, Elsbach & Sutton 1992, Chen & Meindl 1991). Findings of the empirical studies and insights from the stakeholder theory related to the possible impact on stakeholder perceptions in crisis will be specifically addressed in section 3.3.

So what is the relation of both terms – 'image' and 'culture' - to identity? Whereas culture represents the relatively stable system of meanings, image - the externally interpreted counterpart of identity - functions like a mirror. The role of identity is in between, so to say, that of a mechanism transforming the underlying meanings into images that are then projected to different stakeholder groups.

The organisational identity dynamics model developed by Hatch & Schultz (2002) illustrates this mechanism quite well (Figure 5) It describes the processes interchangeably taking place: *mirroring* (the process by which the identity is mirrored in the images of others); *reflecting* (the process by which identity is embedded in organisational culture); *expressing* (process by which culture is manifested in identity claims) and *impressing* (the process by which identity claims, or projected images, are employed to impress others) (Hatch & Schultz 2002: 991).

Following Hatch & Schultz (2002), it is argued here that identity should be approached in its relation to image and culture, since exactly via this dynamic relation the features of identity are revealed in their full scope. In particular, this understanding of identity is important for the

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[67] Weigelt & Camerer (1988) showed that corporate legitimacy allows firms to gain support from industry experts and analysts, or justify new prices to the customers without excessive costs for advertising and promotion.

purposes of this research, as it depicts two core processes focused on here: impressing and mirroring. Although it is not the intention to diminish the importance of expressing and reflecting for functioning of the above mentioned mechanism, they will remain rather beyond our observation as less relevant for crisis response strategy formation.

Identity expresses
cultural understandings

Identity mirrors the
images of others

Culture   Identity   Image

Reflecting embeds
identity in culture

Expressed identity leaves
impressions on others
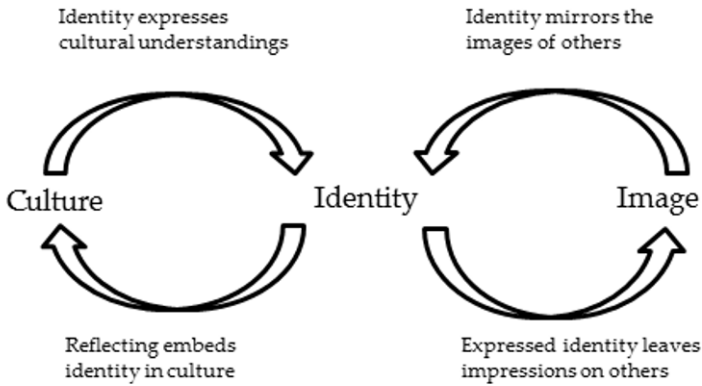
Figure 5: The organisational identity dynamics model (from Hatch & Schultz 2002: 991)

Coming back to the definition of identity from the point of view of organisational studies (Albert & Whetten 1985), the question which arises in the context of relationship between culture, image and identity is: to what extent one can speak of identity as an enduring construct? If a defining feature such as centrality seems to be less problematic (especially in terms of strategy or 'dominant logic' of the top management, as will be described below), the issue of actual durability in any strict sense is in most of the cases assailed by the researchers.

In their study, Gioia & Thomas (1996) showed that some aspects of corporate identity can change, if necessary. The researchers examined perceptions of the top management teams in the context of change in higher education institutions through quantitative and qualitative analysis. Their findings proved that if a change is to take place, some features

of identity must also change (Gioia & Thomas 1996: 399). This implies that identity, traditionally presumed as somewhat immutable, should include the dimensions of fluidity and malleability. Moreover, the researchers have described the mechanism of change via the desired image. Top managers interviewed argued that "altering image was the path to altering the identity, that the projection of a compelling future image would destabilise identity and 'pull' it into alignment with the desired image" (Gioia & Thomas 1996: 394). Consequently, the changing identity would further induce adjustments in the direction of the desired image, which would strengthen the revised identity even further.

Particularly in dealing with uncertainty associated with crisis, companies may stick to their core, which is identity in a wider sense, and make decisions in accordance with this at least perceived focal point of interpretations. Thus, an organisation's identity may be 'endurable' in the sense that it serves as a kind of anchor for a company that lost orientation due to conditions typical for crisis. This idea of "buffering" (Rindova in Whetten & Godfrey 1998: 38) the organisational core is of the utmost importance for this study. Informants of Gioia & Thomas (1996) view identity as somewhat fluid, already in a state of flux, as the organisation manages its strategic change. On the other hand, it is against the background of the organisation's past and present identity that the images of desirable identity are formed. In the context of change, therefore, the organisational members need to determine what aspects of current identity need to be changed and which must be retained in order to reflect a desired future image (Gioia & Thomas 1996: 395).

As a conclusion, with a view on strategic orientation of companies in crisis, it can be said that it is the choice of each individual company to decide on and set the limits to change. In Gioia & Thomas' terms (1996: 395), this process of "navigating between the maintenance of continuity and the management of disruption" is reflected in a company's strategy. Here we come up to the point at which the link between corporate identity and strategy becomes more evident.

However, another application of Hatch & Schultz's model, which captures this link even more explicitly, has to do with the fact that the pro-

cesses taking place between dimensions of identity, image and culture are circular and mutually independent (Hatch & Schultz 2002: 1004). They are not necessarily consistent; rather, they rarely are. As Albert & Whetten argue, disassociation between the internal and external definitions of the organisation may have severe implications for the organisation's ability to survive.

> The greater the discrepancy between the ways an organisation views itself and the way outsiders view it..., the more the 'health' of the organisation will be impaired (Albert & Whetten 1985: 269).

Indeed, in reality companies often face gaps caused by such discrepancies. One of the most obvious gaps is between the identity of the organisation and its image. As one of the informants in Gioia & Thomas' (1996) study mentioned: "The question of whether our image reflects our identity is inaccurate. They chase each other: sometimes your image is ahead of your identity and sometimes your identity is ahead of your image" (Whetten & Godfrey 1998: 60). In an attempt to stabilise the existing identity and image, to reach the consistency between what they believe they are and their projected images, companies take actions accordingly reflected in strategies. Thus, the discrepancy between the current identity and the image, or, to be more correct, the natural interplay between both, triggers the action.

Hatch & Schultz draw attention to the results of dysfunctions of identity dynamics which are often observable in companies' behaviour (Hatch & Schultz 2002: 1006-1012). The so-called organisational narcissism is one of the possible dysfunctions that refers to the fact that companies predominantly rely on the internally-oriented processes of reflecting and expressing, ignoring the processes of mirroring and impressing (see Figure 6 below). To put it simply, companies reflect on who they are based on their own self-expressions, ignoring stakeholder perceptions and not considering them in their projections of identity. In this case, the balance between the influences of culture and image on corporate identity is broken in the sense that the culture 'outweighs' the image (Figure 6).
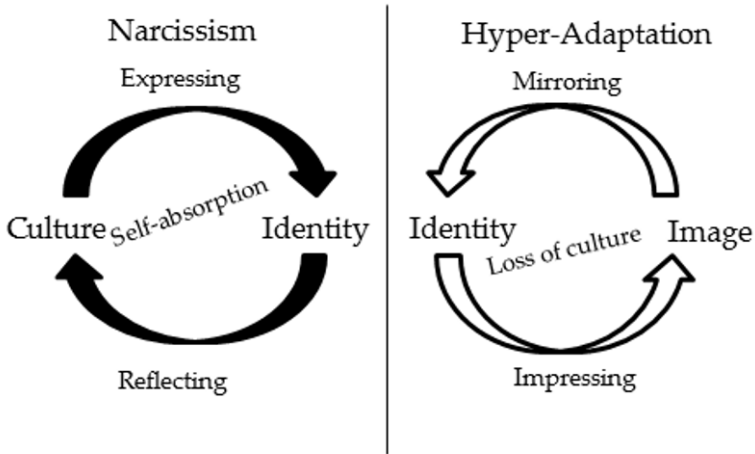
*Figure 6: Sub-dynamics of the organisational identity dynamics model
(from Hatch & Schultz 2002: 1006)*

One of the prominent examples of narcissism is the case of Enron. In this case a dysfunctional behaviour was obvious not only in the aftermath of the corporate financial scandal of 2001-2001 but also in terms of company's development over years in general. As many of the critics of Enron argue, the company's executives created a culture of secrecy and "no bad news", which was reflected in the fact that no problems or concerns, either originated internally or externally, were addressed. In fact, Seeger & Ulmer (2003) refer in their study to Weick (1988) who described these conditions "as a kind of unwitting collusion or stunned enactment, whereby followers can neither recognise nor attend to certain kinds of information" (Seeger & Ulmer 2003: 74).

The hyper-adaptation occurs in the opposite, externally-focused case, when the companies pay too much attention to the processes of mirroring and impressing. The situation to the right half of the model can be described as restriction of organisational identity. In practical terms, this means that being too engaged in the exchange of images with the stakeholders, managers ignore reflecting on their identity in relation to their assumptions and values (culture). In the worst case of such dysfunction,

the link to the culture gets lost while the culture is replaced by the image in the mind of the managers. Hatch & Schultz (2002: 1013) refer to example of the Coca Cola Company that has experienced this kind of dysfunction, as they had tried to introduce the new product, the New Coke, ignoring the perceptions of the customers who in this case associated the old Coca Cola with their lives and habits. In this case, the eagerness to follow the trends and to please the consumers guided the Coca Cola Company in its decision. After all the negative experience with the new product, the company learned to value its cultural heritage.

The conclusion that can be made from those examples is that a 'healthy' organisational identity, or in terms of Balmer's classification, an ideal identity, can only evolve if the balance between culture and image is settled. This means that the organisation integrates perceptions of stakeholders of the identity and its own self-definition through culture more or less equally. The question is whether this condition is the one the company should strive towards in a strict sense.

Following Hatch & Schultz, it is also argued here that organisations should target the development of balanced identity, since it is "simultaneously shaped by cultural understandings formed within the organisation and external images provided by stakeholders" (Hatch & Schultz 2002: 1015). However, this balance is not feasible in absolute terms. Looking at the processes described in the model in terms of time, there is always a time lag involved in a company's attempts to establish the strived balance between external and internal definitions of the organisation. This time lag may be natural in the sense that companies, similar to individuals, take time to reflect on changes in environment and transform those changes into images to be projected to stakeholders. This again proves Gioia's argument on the impossibility of identity's durability in any strict terms. As we have seen from examples of both dysfunctions above, it is in the hands of a company to decide on the extent to which external stakeholders are involved in the process of identity formation. In extreme cases, this may lead either to "self-absorption" or to a "loss of culture" (Hatch & Schultz 2002: 2002: 1006).

The analysis thus far reveals the link between corporate identity and strategy, which is especially important in crisis context. The empirical research that partly took place in the 1990s resulted in some very sound concepts echoing with the sensemaking theory, as we have seen above in the study by Gioia & Thomas (1996). The research of Dutton & Dukerich (1991), briefly mentioned above, was one of the few of that time directly assessing the role of identity construct in guiding and activating individuals' interpretations resulting in concrete strategies.

Although the study did not refer to crisis context directly, but rather to the so-called "issues", its findings are relevant for the present research. The study conceptualised the process through which an adaptation to and change in the environment of the organisations takes place. According to Dutton & Dukerich, "issues are events, developments, and trends that an organisation's members collectively recognise as having some consequence to the organisation" (1991: 518). They can arise from changes inside the organisation, such as threat of a strike or an introduction of the new product, or changes imposed from outside the organisation, such as inflation or a regulatory act. Issues are unique and associated with emotions, and may be problematic, since they are not traditional. From this point of view, issues can be conceptualised as conditions close to crisis but not necessarily leading to extreme consequences associated with crisis outcomes.

Another reason for referring to this study is its main assertion that organisations respond to their environment by interpreting and acting on issues. The process of interpreting and its foundations have been analysed in detail in the theoretical part of this paper. The process of acting is the next one to explore.

Dutton & Dukerich (1991) took the case of the Port Authority in New York and New Jersey, a regional transportation agency, and analysed how it responded to the issue of homelessness in terms of the issue's relevance and visibility to both organisation members and its stakeholders[68].

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[68] Data sources included open-ended interviews with employees, reports, memos and speeches, articles from regional newspapers, and notes from training sessions in the period from 1982 until 1989.

In brief, the study revealed the crucial role of an organisation's identity and image in interpreting and acting on issues. The researchers found that both organisational image and organisational identity contributed interchangeably to the way interpretations were created and actions released over time (Dutton & Dukerich 1991: 543). Similar to Gioia & Thomas, they argued that whereas identity filtered and moulded an organisation's interpretation of and action on an issue, the discrepancies between this identity and organisation's image became a trigger for action. They also proved that identity acted as a constraining and enabling factor for issue interpretations and actions[69]. It shaped the perceptions of its members in at least three ways.

First, the organisation's identity served as a reference point that members used to assess the importance of the issue. The perceptions at this stage defined the urgency and importance of measures to address the issue, and activated particular solutions to the problem over time.

Second, the identity also activated and identified the emotional expression associated with the issue: negative when company's actions were perceived as inappropriate, compromising the identity and positive when these were seen as consistent to the identity.

Finally, identity guided actions as a result of issue interpretation and emotional expression, two levels described above. It activated, first of all, the typical responses to and procedures for dealing with the issue - the so-called "cause maps" (Weick 1988) or "cognitive maps" (Child & Smith 1987). The identity also revealed new, acceptable and legitimate solutions (again based on the current identity perceptions of organisational members) that differed from familiar routines (Dutton & Dukerich 1991: 547). Therefore, identity contributed on three levels: level of interpretation (enactment), emotion and action.

The limitations of findings, however, point first of all to the fact that the researchers took a perspective of the employees of the Port Authority,

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[69] It was argued in the same way above, while elaborating on Weick's concept of shared meanings. Weick suggested that issue interpretations vital to sensemaking but also potentially destructive; however, he did not describe the mechanism of how those may be imployed to generate positive impact.

defining corporate identity equal to "how organisations saw it" (Dutton & Dukerich 1991: 542). This seems to be a critical issue to draw attention to, since employees' perceptions of the corporate identity do not necessarily reflect the actual corporate identity. Their perceptions can be influenced by a number of factors. It should be noted that researchers used the interviews with employees of Port Authority, reports, memos and releases on behalf of Port Authority, media coverage on the issue as well as other informants such as members of the Homeless Project Team, who were also full time employees of Port Authority. Thus, there existed a conflict of interest with respect to what members of the organisation perceived as their organisation's identity and what it really was. Here again the discussion above on multifaceted nature of identity and existence of several identities at the same time seems to be unavoidable. Although these findings cannot be considered in absolute terms, it is interesting to see if the findings correlate with those of the current research on crisis.

A further limitation of the case study refers to the time component. The changes of interpretations and attitudes towards homelessness took place over years (the analysis covered the periods from 1982 to 1988), which may be normal for the management of issues in the history of the company but which is rather a rare case for a crisis. The latter occurs rather abruptly and develops quickly, representing a clear threat to company's operations and image. Thus, the study's findings do not consider the impact which typical crisis conditions, such as time and decision pressure, may cause upon the interpretations and actions of the company.

3.1.3 Conclusions on applicability of identity concept

Based on the considerations above, some aspects of corporate identity approached from different perspectives and its relation to image and culture need to be pinpointed as they are considered particularly important for this study.

The first aspect refers to the general framework of theorising on the concept of identity. This paper's approach to identity is based on core

assumptions from both organisational theory and identity theory. The company is a social collective where the perceptions and interpretations are shared by all company members by assumption (Douglas 1986, Walsh 1995). The transformation from individually perceived organisational identity into a collectively shared one is simplified here and much more difficult in practice.

This paper also often refers to important functional and structural parallels in the behaviour of an individual and of a company as a whole (Czarniawska 1997, Hatch & Schultz 2002). This "cross-level theorising" (Whetten 2006: 221) has proven helpful in approaching the concept. This paper clearly does not equate processes at the individual level with those taking place at the organisational level. Following Whetten, however, it is argued that "systematic use of structural and functional analogues and its accompanying proposition that organisational constructs borrowed from the individual level of analysis need not have the same structures, only the same functions" (i.e., comparable effects or consequences) (Whetten 2006: 221). In this example, Whetten refers to memory, which can be observed in both individuals and organisations, and which performs analogous functions but takes different forms at the organisational and individual level. Mintzberg notes: "In the case of individuals, memory is a web of associations between different items of information. In the case of organisations, the associations are also embodied in forms, rules, procedures, conventions, and technologies." (Mintzberg et al. 2005: 157). The same idea of existence of multiple identities and identity formation as a result of comparison and distinction with regard to others holds true; however, it takes different forms on either the individual or the organisational levels.

The second aspect analysed here is that insiders' perspective to identity as an enduring, central and distinctive concept does not necessarily stand the hold to the reality. The insiders' perceptions (those individual members who identify with their organisation) of organisational identity may not coincide with the organisation's identity, since they may combine several roles, being an employee and an external stakeholder, for example.

Furthermore, the gaps between what is communicated as central, enduring and distinctive about the organisation may also not reflect the actual identity per se[70]. Thus, from this perspective companies may be defined by more than one identity, especially if one takes into account the timebase. Finally, in terms of its durability, it is concluded that identity is a flexible concept and implies controllable patterns allowing for a change depending on the extent to which the company perceives its identity to be endurable. But not only beliefs on what is enduring but also about what is central to an organisation may set the limits to change.

The notions of centrality, distinctiveness and permanence have their limits and can vary significantly across the companies. In order to avoid the ambiguity associated with the definition of identity, Whetten & Godfrey proposed to adopt the working definition that identity is the "theory that members of an organisation have about who they are" (Whetten & Godfrey 1998: 87). The above mentioned factors, however, simplifying their complex impact, will be considered in the following analysis focusing on *communicated identity*.

The third aspect refers to identity's relation to the concepts of image and culture, which build up the basis for sensemaking either in regular or in crisis context. The constant interplay of identity and image in the framework of culture implies a direct link to the revision of interpretation schemes and strategic change, which, again, may be more controllable as traditionally assumed. As identity dynamics model by Hatch & Schulz demonstrates, the gaps which emerge in the context of this interplay become the triggers for action, as the companies in their view of the desired image transform their self-concept into action. Thus, identity exerts its influence on both levels, as the context for building the strategy and the trigger for action at the same time.

The processes in the dynamics model, however, are reciprocal. As a result of actions towards desired image, corporate identity will undergo changes to reach the alignment with the newly defined image. The latter

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[70] As argued by Balmer in his framework of five identity types (Balmer 2001), see p. 116.

needs to be articulated by individuals before melting into a mutually shared ideal or so-called 'lived' identity.

Finally, we have proved the importance of time-based discrepancies, which provide a strong motivation for alterations of current identity. In crisis context, when the corporate identity is externally stressed, it is especially important to know what becomes the source and the driver of organisational processes and strategies.

Last but not least, through detailed analysis of corporate identity from various disciplinary and theoretical perspectives, it can be concluded that, although it was embraced by most of the researchers - including Albert, as referred to in the beginning of this section (p. 107) - as a concept highly reluctant to measurement, corporate identity can be conceptualised as an existing, objective element of companies and organisations, especially in relation to change processes associated among other issues with crisis. Studies of identity and its role in concrete situations should therefore focus on the objective characteristics of organisations.

As demonstrated above in several empirical studies, the examples of such characteristics (which can be measured and assessed at least in some dimensions in more tangible terms as assumed) may include (Whetten & Godfrey 1998: 37): a) organisational demography as an antecedent of members' beliefs, b) patterns of past decisions and actions (corporate behaviour) from which identity can be inferred, c) crisis history (experience in crisis or close to crisis situations), d) identity claims or statements of members (especially of top managers) assumed to reflect underlying existing identity and corporate discourse in general, e) brand and other aspects of visual identity, including a variety of artifacts, and f) operating principles, structures and systems, also reflected in written procedures and rules of conduct[71].

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[71] Mintzberg et al., elaborating from strategic management perspective, describe the suggestions of Lorsch (1986) to capture company's beliefs in several ways. Some of them are quite interesting and could be tested if they work for particular company (as each company has a unique identity and what works for one company does not necessarily work for the other): naming a "top manager without portfolio" whose role is to raise questions, challenge beliefs and suggest new ideas; using outside directors to raise important questions about the appropriateness of these beliefs in changing times, holding and encouraging systematic

As Rindova suggests, "the appropriate methods of investigation are those that can measure or represent objectively dimensions of this existing identity, such as psychometric instruments and cognitive mapping techniques" (Whetten & Godfrey 1998: 37). Thus, while reflecting on the visual aspect, for instance, the appropriate data would be forms of symbols and interpretive schemes that members use to make sense of those symbols. In line with the objectives of this research, language and discourse will be focused on within crisis response messages as a data for studying the identity and its impact in crisis.

3.2   Crisis Response Strategies 'in the new light'

3.2.1   What is a strategy and how it is linked to identity?

Strategy, similar to crisis, has become a "catch-all term" (Rughase 2009: 26) incorporating a number of insights from dispersed fields of thought: psychology on human cognition and leadership, anthropology on cultural society and economics on industrial organisation, political science on public policy making, military history on strategies of conflict and many others. It is widely used by managers and is mostly defined as "the way in which an organisation will achieve deliberately chosen competitive advantages" (Rughase 2006: 26).

Mintzberg et al. (2005), however, consider this broad definition insufficient and limited. To explore the notion of 'strategy', the authors conducted a comprehensive review of various schools of thought on strategy formation known in the history of strategic management and summarised their findings in a book entitled *Strategy Safari*, which is referred to in the course of this section.

Mintzberg et al. offer five subdefinitions, the so-called "five Ps for strategy" (Mintzberg et al. 2005: 9, based on Mintzberg 1987). According to Mintzberg, strategy, first of all, is a *Plan* – a direction of action to be

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rotation of managers among functions and businesses; undertaking "cultural audits" to develop consensus about shared beliefs in organisation (Mintzberg et al. 2005: 270).

pursued by the company. Intended actions and their definitions, however, often differ from real actions and their outcomes. Second, strategy is a *Pattern*, that is, consistency in behaviour over time (Mintzberg et al. 2005: 9). Third, strategy is a *Position*, which means location of its products or services in particular markets. "Strategy is the creation of a unique and valuable position, involving a different set of activities" (Porter 1996: 68). At the same time, Mintzberg et al. define strategy as a *Perspective*, an organisation's fundamental way of doing things, its vision of how things need to be done. Finally, strategy can be understood as a *Ploy*, "a maneuver intended to outwit an opponent or competitor" (Mintzberg et al. 2005: 14).

Additionally to the five defining Ps, Mintzberg et al. argue that each strategy has a number of objectives which may represent either advantage or disadvantage for a company depending on the context. While providing direction, strategy may at the same time act as a set of "blinders to hide potential dangers" (Mintzberg et al. 2005: 15). Promoting coordination and focussed effort, strategy may not consider the peripheral view, thus hiding other possibilities. Strategy defines the organisation, it represents an interpretative framework and helps organisational members and external stakeholders understand their organisation. Sometimes, however, too strict definitions tend to become stereotypes. Finally, strategy, as associated with stability and consistency, orders and simplifies reality. However, this simplification is only a representation of reality which may in fact be much more complicated and it might be difficult to represent it without distortions. In brief, Mintzberg et al. conclude that "strategies are to organisations what blinders are to horses: they keep them going in a straight line but hardly encourage peripheral vision" (Mintzberg et al. 2005: 18).

Mintzberg's understanding of strategy and its objectives, although quite controversial, has revealed a number of similarities with what has been articulated so far, in terms of this research's assumption that companies select and pursue strategies in accordance with their corporate identity while responding to crisis. In the following, an explicit examination is conducted of why the concept of organisational identity has a

close interdependency with strategy and what is different in crisis situations as compared to routine. At least four aspects of the relationships between corporate identity and strategy relevant for the crisis context can be pointed out at this stage.

First, identity is arguably the essence of an organisation and a major mechanism through which firms and other organisations define themselves and transform their beliefs and values into projected images (Stimpert et al. 1998: 87). Thus, it serves as an interpretative framework and a trigger for action and strategy formation. In crisis, when the need to make sense of the environment is the first and foremost, identity plays a double role: it guides the interpretation and triggers the action, as the companies are forced to act under the threat of loss of legitimacy, trustworthiness and even of their very existence.

Second, identity helps to focus attention on the most important strategic issues while dealing with crisis situations, and thus reduces uncertainty, one of the strongest negative conditions associated with crisis (Stimpert et al. 1998: 88). Studies of Dutton & Dukerich (1991), Weick (1979) showed that identity as a basis for sensemaking influences which specific information is and is not attended and processed. As Snodgrass (1984) argues, identity[72] "acts as a perceptual filter or lens which in turn establishes people's decision premises" (Mintzberg et al. 2005: 269).

Thus, it can be assumed that identity plays a crucial role in the formation of ad hoc strategies, especially at the onset of a crisis, when the information flow is unstructured. At this point, identity spreads its influence upon whichever signals and informational patterns from outside and inside the company are attended and processed. However, in the course of crisis development, identity patterns may be important for information processing regarding what actions are intended by the companies and whether their implications are consistent or inconsistent with the company's identity.

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[72] In its original formulation, as quoted by Mintzberg et al. (2005), Snodgrass used the term 'culture'. We have clearly defined the relation of culture to identity above and use the term 'identity' as more appropriate for the purposes of this research and this particular reference.

Still, one should consider the other side of the coin. Identity may also have a restraining effect in a sense that other aspects - possibly more important from the point of view of the key stakeholders than from the company's perspective - may remain neglected and therefore not addressed in terms of appropriate response. Moreover, the companies may attend the signals it is capable to respond to, leaving those to which no responses are available on the periphery. In corporate identity, deeply held beliefs and assumptions basically materialise in a set of typical responses, thus possibly restricting the development of experimental strategic decisions, which may appear to be more efficient than those consistent with the current identity in its absolute terms.

Identity is also one of the major factors influencing resource allocation and roles distribution in crisis situations (Stimpert et al. 1998). From case to case and depending on the level of integration of identity strands in daily operational processes and standard operating procedures, corporate identity exerts its tangible and intangible impact on the formation of crisis response strategy. Through corporate identity, a company also defines itself in relation to crisis, either explicitly or implicitly. Depending on assumptions about a company's resistance to crisis and ability to withstand it, which may also be reflected in written crisis response and mitigation policies and in establishment of crisis teams, the strategy in crisis may be tightly coupled with actual identity.

Finally, identity, being to a large extent an emotional concept, can be motivational. As many of the authors conclude (Dutton & Dukerich 1991, Reger et al. 1994), motivation is a strong factor in strategy formation. It is especially so in the case of discrepancy between understandings of an organisation's desired identity and its current identity, its perceived gap or "identity gap" (Reger et al 1994: 574). Such discrepancies can motivate company communication managers to work on improvement or change towards alignment with its desired identity. It is obvious that crisis evokes rather negative emotions and thus represents an even stronger motive for company members to reduce the cognitive distance between a current (damaged) identity and a desired one. In this context, Rughase

mentions the "feared self" as the impetus to move "away" and begin strategic change processes (Rughase 2006: 49).

Thus, as outlined above, identity and strategy have various linkages. It can be argued that both of the concepts are interdependent and perform complementary functions in many aspects of organisational life. Thus, identity is supportive to strategy: it contributes to the uniqueness and distinctiveness of company strategies, guides and enhances strategy formation process. In line with Mintzberg's definition of strategy as a position, various strategies, either realised or unrealised, deliberate or emergent, become the asset of the company, a part of itself, since, as Weick argued, one has to act in order to make sense of who you are. Especially in crisis, when previously unquestioned identity is exposed and challenged, any discomfort or confusion in terms of identity leads to development of the new strategic vision culminating in new strategic decisions. On the other hand, any changes in strategy (especially radical) are based on a fundamental change in identity (Bjorkman 1989). The relationship is thus reciprocal: identity creates strategy, and strategy creates and shapes identity.

3.2.2   Approaches to strategy formation: traditional view

The interdependency of concepts of identity and strategy has attracted the attention of mainstream research on strategy. For instance, a view of competitive advantage especially popular in the 1980s and 1990s has its roots in notions of organisational identity and culture.

The conceptualisation of competitive advantage was originally associated only with industry structure, as described in Michael Porter's classic book *Competitive Strategy: techniques for analyzing industries and competitors* (1980). Porter argued that a firm's performance is directly linked to structural characteristics of the industry in which the firm operates, whereas the chances of the competitors to perform well are fairly equal. A number of researchers, however, soon turned their attention to firms' internal capabilities and resources. Peters & Waterman (1982), in their early book

Search of Excellence, argued that successful companies were 'dominated' by key values which provided them with a competitive advantage. Wernerfelt (1984), and later Barney (1991), developed a so-called resource-based theory which focused on a wide range of internal organisational processes and socially complex resources.

In brief, resource-based theory suggests that firms maintain a bundle of tangible and intangible resources. However, only some of them are strategic, in a sense that they become the source of sustained competitive advantage. These are a company's capabilities and resources which are unique and difficult to imitate. Barney (1986) explored organisational culture as a source of sustained competitive advantage, arguing that culture enhances the production of unique outcomes and, being an ambiguous concept by nature, is difficult to comprehend let alone replicate by the competitor (Mintzberg et al. 2005: 279).

The works on resource-based theory mentioned above fall into the so-called *cultural school* of strategy formation, according to Mintzberg et al. (2005). In his book, Mintzberg et al. describe all ten possible approaches to forming and managing strategy.

Although it is often faulted for conceptual vagueness, the cultural school has generated some interesting insights. In its interpretation of Mintzberg et al., the cultural school reflects the central assumption of research that proclaims that corporate identity is linked to crisis response strategies. The cultural school certainly lacks the clearness of tools and mechanisms of impact on strategy formation; however, it affirms the general idea of such an impact. An important contribution of the approach, according to Mintzberg et al., is that it brought in the important collectivist dimension of social process and showed that strategy formation is an issue relating to the management of collective cognition. This strategic perspective seems to be especially applicable to critical periods in lives of organisations (Mintzberg et al. 2005: 283). The context of crisis is certainly one of periods forcing the collective reframing of established culture, or in terms of this research[73], identity. Generally, it

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[73] The ambiguity of the uses of terms has been discussed above. In the context of the close definition of both terms, it is assumed that both terms are equally valid in this context.

can be concluded that identity functions as the interpretation device or the 'buffer', and the generator of strategy at the same time.

The approaches of the other schools can be briefly outlined, so that their similarities can be analysed. The Table 3 below captures the key statements of the different schools (based on Mintzberg et al. 2005: 356-357).

It should be noted that since we approach the notion of strategy with the context of crisis in mind, it is essential to discuss what traditional approaches reveal about the effectiveness of the strategies, if anything at all. The notion of strategy in itself implies the idea of effectiveness, as every strategy is targeted to achieving particular objectives. Different approaches, however, put different key variables to the fore. Additionally, for the purposes of this overview and this research in general, strategies are not examined on a macro level (like corporate or business) as a category that already exists within an organisation. Rather, in this context, strategies are formulated and implemented in response to issues imposed from inside or outside by some kind of change or a need for a change imposed by crisis.

The first three schools are rather prescriptive by nature, explaining how strategies should be formulated. The *design school* (Andrews 1987, Selznick 1957, Chandler 1962) is one of the most influential and has put forward several key assumptions about strategic management which are still broadly applied today. The school proposes a model of strategy making that is based on the idea of a fit between external and internal situations (Mintzberg et al. 2005: 24). The external assessment mainly includes the technological, economic, social, and political aspects of a company's environment, followed by identification of the main threats and opportunities as well as key success factors.

School	Strategy	Central actors	Key words
DESIGN	Conception	Chief executive as 'architect'	Congruence/fit, competitive advantage, SWOT, formulation/implementation
PLANNING	Formal process	Planners	Programming, budgeting, scheduling, scenarios
POSITIONING	Analytical process	Analysts	Generic strategy, competitive advantage, experience curve
ENTREPRENEURAL	Visionary process	Leader	Vision, insight
COGNITIVE	Mental process	Mind	Map, frame, concept, schema, perception
LEARNING	Emergent process	Learners	Emergent strategy, sensemaking, venturing, core competence
POWER	Negotiation	Anyone with power (micro), a whole organisation (macro)	Bargaining, conflict, coalition, stakeholders
CULTURAL	Collective process	Collectivity	Values, beliefs, culture, ideology
ENVIRONMENTAL	Reactive process	Environment	Adaptation, evolution, selection, complexity
CONFIGURATIONAL	Transformation	Any from above, in context	Configuration, life cycle, transformation, turnaround

Table 3: Ten schools of thought on strategy formation (based on Mintzberg et al. 2005)

Meanwhile, internal appraisal focuses on the strengths and weaknesses of the organisation as perceived by the company itself. The combination of both is known as SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis in management and consulting. Interestingly, Selznick focused special attention on the analysis of the internal aspects of SWOT, arguing that "commitments to ways of acting and responding are built into the organisation", intrinsic to its very character (Selznick 1957: 67). Additionally, Selznick, in contrast to other researchers of this school, distinguished two more factors crucial for strategy making: the ethics of the society the organisation operates within, and managerial values.

In general, according to the design school, once the strategies are identified, the best strategy is chosen based on evaluation criteria such as consistency, consonance, advantage and feasibility. The process of strategy implementation - strictly separated from formulation in the model of the design school - can then take place. Effective strategies, from the

point of view of the design school, "derive from a tightly controlled process of human thinking", which precedes any action (Mintzberg et al. 2005: 29). Thus, the main drawback of this approach lies in oversimplification of the strategy formation process.

The assumption that the strategy is formulated as a perspective for action leaves no room for emergent strategies, which are especially important if the company is to cope with uncertainty. Moreover, the assumption that the environment can be fully comprehensible and assessed in terms of threats and opportunities often fails in reality. This means that a lot of intended strategies may become useless in the context of complex and unstable environments. Some critique can be raised regarding the assessment of the internal capabilities of an organisation. It is not clear from the point of view of the design school how an organisation's competence is defined and to what extent it can be identified without being tested in practice. As Mintzberg et al. argue, every strategy implies a portion of risk, especially in the context of uncertainty, since no company can be sure if the established competence will remain an advantage when the strategy is implemented (Mintzberg et al. 2005: 34). Thus, aspects such as learning by testing and experience are not attained by the design school.

The *planning school* originated at the same time as the design school and experienced its peak of development in 1970s (Ansoff 1965, Lorange 1979, Schendel & Hofer 1979, Steiner 1969). It accepted most of the premises of the design school but was considered more formal in comparison. The basic idea of the school is to elaborate on the SWOT model, dividing it into a number of subsequent and carefully programmed steps. The objectives of each step have to be set, preferably in qualitative terms, and the timing for operationalisation of each step must be defined before implementation. This follows the assumption that every strategy consists of several substrategies, and accordingly that each plan consists of several specific subordinate plans. The effectiveness of the strategy thus depends on how well the subordinate strategies are implemented and to what extent the objectives of separate plans are reached. In order to establish a plan, an organisation must be able to predict the course of the

development. Otherwise, as Mintzberg et al. argue, the very idea of a plan makes no sense (Mintzberg et al. 2005: 67).

However, forecasting is hardly possible based only on discontinuances in the environment and not some repetitive events. Regardless of whether forecasts can somehow be conducted, the environment will not remain stable over the process of unfolding a plan. In this context, no scheduled strategies are of any use, and constant adjustments will be needed. This is, however, not considered by the planning school. Mintzberg et al. show that in reality the predetermination fails because the forecasting of discontinuities such as technological breakthroughs or price increases is practically impossible (Mintzberg et al. 2005: 68). As quoted by Mintzberg et al. Makridakis (1990: 115) noted, very little can be done other than to be generally prepared to react quickly when a discontinuity occurs (Mintzberg et al. 2005: 68). Another crucial drawback of the planning approach is that it discourages creativity, synthesis and cognitive processes. Viewing strategy formation as a planned process, the planning school fails to explain how strategies are actually created.

Within the view of the *positioning school* (Porter 1980, Summers 1981, James 1985), as with the other two prescriptive schools, strategy formation was seen as an orderly and static process that produced deliberate strategies for given contexts (any given industry, as in Porter's (1980) well-known work *Competitive Strategy*). The positioning school argues that only a few key strategies, so-called generic strategies, can be effective for certain given conditions or frameworks (such categories as market share and maturity in the industry were assumed by Porter and other representatives of the positioning school as objectives of any company's activity, per se).

This idea motivated the researchers of the positioning school to develop a set of tools dedicated to match the right strategy to the given conditions (Mintzberg et al. 2005: 83). Such analytic tools as BCG's[74] growth-share matrix, experience curve or Porter's model of "Competitive Analysis" served to provide the companies with so-called imperatives - generic

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[74] BCG stands for Boston Consulting Group.

strategies to be followed according to a set of external conditions. The positioning school seems to focus on "boxing strategies into particular categories" instead of studying their differences and explaining how these are actually formed (Mintzberg et al. 2005: 117). Connected to that is also the point that by assuming the 'choice' out of a particular set of generic strategies, the positioning school excludes the opportunity to invent or induce unique strategic perspectives.

The *entrepreneurial school* views the strategy formation process as rooted in the vision of a single leader. A vision is "a mental representation of strategy, created or at least expressed in the head of the leader" (Mintzberg et al. 2005: 124). The proponents of this school thus saw personalised leadership as a key to success of the strategy and of the organisation as a whole. Therefore, they sought to analyse the entrepreneurial personality from the psychological and cognitive point of view (Collins & Moore 1970, Palich & Bagby 1995).

Generally, the role of the leader and the vision proved to be important on a number of real cases even today. For example, for the wider public, the success of Apple Company is associated with Steve Jobs' charisma. However, researchers have struggled to confirm an absolute link between a personality of a leader and an ultimate success of the company. For instance, Jim Collins and Jerry Porras in their book about visionary companies[75] *Built to Last* (1994) argue that solid and dedicated leadership is not necessarily required to shape a visionary company. Chief executives, such as George W. Merck, William Procter, James Gamble, Bill Hewlett, often referred to by the media and the general public as great leaders who were dedicated to their companies, strongly influenced their employees towards the achievement of goals and played crucial roles in critical periods for their companies. At the same time, as authors argue, Eugene F. McDonald (Zenith), Charles Pfizer (Pfizer) and, to take an up-to-date example, Bill Gates (Microsoft Corporation) also displayed these

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[75] Collins & Porras define visionary companies as institutions that are widely admired by their peers and have a long track record of making significant impact on the world around them. These are companies that "prosper over long periods of time, through multiple product life cycles and multiple generations of active leaders" (Collins & Porras 1994: 2).

traits being not necessarily well-known as 'great leaders'. Researchers found no evidence to support the hypothesis that leadership was a distinguishing variable of these visionary companies (Collins & Porras 1994: 32). Many more studies are needed on the positive and possibly negative effect of leadership and vision, including where they seem to play a crucial role (in crisis situation, for a start-up period, for small companies, etc).

The *cognitive school* attempted to explain the strategy formation process by cognitive processes which take place in the mind of a strategist. As Mintzberg et al. argue, the school is more characterised by its potential, rather than by its contribution, since it raised a number of questions which cognitive psychology has yet to address (Mintzberg et al. 2005: 172). It was also the school that recognised the role of the environment which is often too complex to grasp. Some researchers of this school see cognition as information processing, arguing that individuals and organisations operate along the same principles of information processing.

Corner et al. (1994: 296) define the following stages of strategic decision-making: it begins with attention (which information is attended and which is not), continues with encoding (providing meaning for information), then with storage and retrieval, followed by choice (stage where decision emerges) and outcome (assessment of the choice and integration of this understanding into the ongoing information processing). Strategy thus emerges as perspective in the form of concepts, cognitive maps or schemas that define how strategists deal with complex inputs from environment (Huff 1990). Another part of the cognitive school viewed strategy as interpretation, based on cognition as construction of environment (Mintzberg et al. 2005: 165). The proponents of this school, including Weick, whose sensemaking theory was discussed in detail in Chapter 2, argued that the "information flowing through those filters, supposedly to be decoded by those cognitive maps, in fact interacts with cognition and is shaped by it" (Mintzberg et al. 2005: 165). In this way, the mind imposes its own interpretation on the environment, and in doing so constructs this exact environment. The cognitive school thus has its roots in sensemaking theory.

The *learning school* is one of the descriptive schools in Mintzberg's classification, and attempts to understand the process of strategy formation as it unfolds. The key question the proponents of this school ask is: how do strategies actually form within organisations? The school utilises different approaches, but most of them assume that strategies emerge as people come to learn about situations and an organisation's capability to deal with them. This process of learning takes place over time and implies that the processes of strategy formulation and implementation are in some way indistinguishable. This is not the case in the schools described above.

What becomes the source of learning and how exactly the learning takes place is an issue dealt with in a number of approaches. In this paper, the premise of one of these approaches - the retrospective sensemaking developed by Karl Weick – has been justified and acknowledged as the theoretical framework of this research and will therefore not be elaborated upon at this stage. Weick's theory shares the insights of the learning and cognitive schools: while the learning wing explains sensemaking from the behavioural perspective, the cognitive wing instead describes the processes occurring behind that behaviour. In Weick's view, acting is the source of learning, as "all understanding originates in reflection and looking backward" (Weick 1979: 194). Therefore, sensemaking theory provides clues for the strategic management research.

Mintzberg et al. juxtapose extreme so-called 'grassroots' approaches with the prescriptive approaches of strategy formation such as positioning, design and planning schools. In what he calls a 'grassroots' model of strategy formation, strategies are associated with weeds that grow in a garden without proper cultivation. Much as plants proliferate, emergent strategies do not need to be managed; they are simply spread by collective action. However, the management of emergent strategies in this sense rather implies the establishment of conditions, the 'climate', where a number of strategies can grow in order to see which of them develop into valuable ones. In contrast, the 'hothouse' model acknowledges no emergent strategies. It clearly distinguishes the processes of strategy formation and implementation. The strategies are first defined and formu-

lated before they are formally implemented. The process resembles a tomato planting, in which the plants are first cultivated and cared for during growth before they are carefully selected and brought to the market (Mintzberg et al. 2005: 196-197). As Mintzberg et al. argue, these are clearly both extremes and the reality of strategy formation falls rather somewhere in between. The authors conclude, "All real strategic behaviour has to combine deliberate control with emergent learning" (Mintzberg et al. 2005: 195).

Mintzberg et al. further refer to learning as knowledge creation, an interesting approach which became popular through the book *The Knowledge-Creating Company* by Nonaka & Takeuchi (1995). According to the authors, "The essence of strategy lies in developing the organisational capability to acquire, create, accumulate, and exploit knowledge" (1995: 74). The organisation's role is thus to transfer the knowledge gained at the individual level to the group level through interaction, discussions and sharing knowledge within the company.

Further, the company's experience and accumulated knowledge, reflected after all in its corporate identity, define to what extent the strategy is formed on the basis of learning from past experiences. This occurs in the form of either accumulated knowledge, as argued by Nonaka and Takeuchi, or in terms of Weick's retention of responses which brought positive outcome after the action was taken. It is assumed that the extreme over-reliance on emergent strategies is risky and the need for overall strategic vision remains relevant, especially in crisis situations. As Mintzberg et al. mentioned, "horses wear blinders for good reason" (Mintzberg et al. 2005: 228). In practice, this would imply that also during crisis there might be opportunities for both learning directly through acting and learning through previous experience.

It is also obvious that strategy formation is partly a process of negotiation, as the *power school* argues. The school introduced the notions of collective strategy, coalition, power and politics in current discussion, making a point that strategy formation is shaped by power and politics on both micro and macro level, respectively inside the organisation and as the behaviour of an organisation in respect to its stakeholders. On the

micro level, as the proponents of this school propose (Bolman & Deal 1997, Bower & Doz 1979), the strategy formation represents the process of negotiation and bargaining among the coalitions of various individuals and interest groups within the organisation. The power school suggests that the strategies that emerge from such a process are not necessarily optimal and most probably reflect the existing power structure within the organisation. On the macro level, companies have to deal with outside stakeholders – suppliers, customers, competitors, etc. From this perspective strategy is the process of managing the demands of external stakeholders for the welfare of the company through manoeuvring, collective strategies and, no less important, insights from stakeholder analysis (Mintzberg et al. 2005: 251). The latter is an important aspect in crisis, as argued in section 3.3.

Another force influencing the strategy formation is the environment. In the other schools discussed above, environment was either absent or incidental, although partly cognitive and the learning school, emphasised the complexity of the environment – the dimension to react to and learn from. The *environmental school* explicitly addresses strategy formation by positioning environment as a central force while subordinating organisation to the external environment.

The extreme interpretation of the views of this school is represented by the population ecology approach (Hannan & Freeman 1977). Population ecologists question the ability of an organisation to learn and adapt, arguing that most of the changes in the structure and the character of an organisation are rather superficial (Mintzberg et al. 2005: 291). According to their view, organisations with all their features specific to them from the very establishment seek to fit their environment and to make the best use of its resources. Using the basic selection metaphor, population ecologists elaborate on organisational features in terms of "liabilities" which on the whole decide on organisation's chances of survival (Mintzberg et al. 2005: 293).

A more moderate approach is delineated by institutional theory within the environmental school (Meyer & Rowan 1977), arguing that organisations experience pressure to conform to the set of norms and practices

dominating in the same industry or sector, an environment as a whole, or pressure from being an organisation as such. Thus, they acquire similar structures and practices that are common in this or that environment and gain their legitimacy by doing so. Institutional theory introduces the term "institutional isomorphism"[76] to describe the attempts of organisations to conform to generally accepted behaviour (Mintzberg et al. 2005: 295).

In fact, the environment does put constraints on a company's choice of strategy; it does not exclude the existence of this choice as such. The environmental school thus represents a rather limited view, suggesting some kind of absolute imperative of environment, while at the same time prescribing organisations a rather passive role. However, organisations do change and adapt, overcoming constraints. This phenomenon is actually all about the strategy as such, since it presumes the selection of specific positions. It can be argued that the more moderate view of this school contributes positively to understanding strategy formation.

The environmental school promotes the idea that can be applicable, drawing the attention of the strategist to the range of choices available in the external context. It is also applicable to determining how to address the constraints imposed by this context. Especially in the period of crisis the opportunities of strategic choice seem to be most limited, as external and internal stakeholders put pressure on the organisation to bring a situation to normality and regain legitimacy. At this point, as argued in this paper, in formulating strategy, organisations turn to their internal resources to find an appropriate response, all the while considering the demands and power relations of the external context.

The *configurational school* sees the process of strategy formation as a leap from one state of being to the other, whereas the given states are relatively stable. Using the terminology of this school, configuration and transformation take place interchangeably, although both processes are in fact very different (Mintzberg et al. 2005: 302). A stable configuration is the initial state of being, when the structure and behaviour of an organisation reflects a certain context at a certain period of time. However, at

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[76] The term was first introduced by Meyer & Rowan (1977) who argued that through isomorphism organisation becomes legitimate.

some point, this initial state is interrupted by transformation – "a quantum leap" to a new state (Mintzberg et al. 2005: 305). As the proponents of this school argue (Chandler 1962, Khandwalla 1970), the true challenge for the company is to try to retain stability while at the same time responding to the needs of transformation without ruining the organisational core. All in all, the school integrates the messages of the other schools as well, arguing that in the course of the company life cycle, there is a period of time and certain conditions for each of the forces in strategy formation: designing and formal planning, analysing and focusing on individual cognition, responding to the environment, etc. In this way, under conditions of appropriate timing and context, different methods of strategy making can be complementary.

The overview of different schools of thought has shown various perspectives of the strategy formation process. It also raised a set of issues to consider. Coming back to effectiveness as a key indicator of a strategy as mentioned above, one of the issues that comes to the fore is to what extent an effective strategy should be deliberate. As previously explained, the three prescriptive schools, as well as the entrepreneurial school, outlined above, propagated 'schedule' strategies, whereas learning and environmental schools favoured emergent strategies. In fact, in real life, there are obviously no purely emergent or purely deliberate strategies. So the question remains as to how much control is appropriate, in what context and in what situations. There is obviously no consensus with regards to extent of appropriate control from the viewpoint of traditional schools of thought in strategy formation.

With regards to effectiveness, it is also not clear to what extent the uniqueness of the strategy plays a role. The positioning school assumes only generic strategies, arguing that they exist in the organisation a priori. The entrepreneurial and the cultural schools, in line with the hypotheses postulated in this research, promote the idea that every strategy is unique particular to the vision of one person or the culture of an organisation. As every crisis is unique, as assumed and argued above[77], there

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[77] See Chapter 1, p. 23.

can obviously be no standard crisis response strategy. This issue will be empirically addressed in Chapter 4 of this dissertation.

Finally, the issue of the extent to which there exists a choice of strategy remains unresolved. The real-life behaviour of the company does not reflect the views of the planning and positioning schools, assuming the free choice of strategies to be "plucked off the tree of environmental opportunity" (Mintzberg et al. 2005: 362). Another extreme view of the environmental school - that the external circumstances do not leave the room for any choice - also does not hold true. The balance, as Mintzberg et al. recommend, might be somewhere in between, as the organisations - depending on the level of their maturity, resources, cognitive limitations of the people in lead, external circumstances, demands of the stakeholders and other factors that might play the role - can at certain times dominate the situation. In other cases, however, organisations can step back, acquiescing until the next appropriate moment to retake the dominant role.

These and other considerations on the different schools of thought allow the following conclusion to be made. There is no sense to deny this or that aspect of strategy formation advocated by one school or another; any strategy formation process realistically assumes trade-offs between certain important variables. One aspect that works for one company will not necessarily work for another. Similarly, one method of strategy formation does not necessarily turn out to be appropriate in a different context. It certainly makes sense to diversify strategies, depending on the situation the company is in. The very unique situation is naturally the one of a crisis. Hypothesis 1 of this research implies that corporate identity lies in the core of the crisis response strategies. This means that crisis is one of the situations in which such an aspect as identity is much more crucial than in any other contexts.

3.2.3   Alternative views to strategy formation: Chinese approach

The previous section provided an overview on strategy and strategy-making from the point of view of what is called traditional, Western philosophy. Such a view assumes strategy to be a concept rooted in stability, interpreted by different schools of thought either as a planned, analytical, mental, conceptual, emergent or visionary process. One of the conclusions of the previous section was that strategy formation is a highly complex process, involving sophisticated and at times subconscious processes of human cognition and social thinking.

   This section presents alternative views on strategy and the related concept of effectiveness elaborated by Chinese philosophy. The purpose of such review is to examine whether these views reveal more on the issues of deliberateness, uniqueness and choice of strategy as indicated above as unresolved in terms of traditional thinking. It can be generally discussed if some of the concepts can be applied to modern understanding of strategy in crisis context. The insightful book *Über die Wirksamkeit* by Francois Jullien (1999) provided some useful conclusions on strategy formulation from the point of view of Chinese philosophy as opposed to Western philosophy.

   The key concept of Jullien's considerations is the one of a *potential* which is inherent to every situation (the *shi*). Applied to organisation or a company, one could speak of a certain factor that assures and reinforces particular organisational development. It is crucial to reveal this potential, to develop a special kind of intelligence, to be able to make use of it in any given situation. Jullien speaks of "effectiveness" as a term to describe a concept originated in China which he made the subject of his studies. In contrast to European tradition, represented by a number of philosophers from Aristotle to Machiavelli and Clausewitz, Chinese philosophers understand effectiveness not as an abstract model projected to the real world, and not in terms of means and purposes or the relationship between theory and practice. They believe that it is enough to rely upon a special kind of intelligence that counts exclusively on the development of the situation as such.

One of the questions Jullien raises is related to the traditional approach of modelling the reality. Since the times of Aristotle, as Jullien argues, mankind has been following the same approach: develop an ideal model (*eidos*) that is set as a goal or purpose (*telos*), then acting to apply the ideal model in reality. This approach, inherited from Greek philosophy, functions at all levels and in all areas of human life, from warfare to economic growth (Jullien 1999: 15).

Nevertheless, Greek philosophy also recognised the existence of some cunning intelligence, so-called *metis*, which is understood as a means to win over other powers through exploitation of circumstances and more or less fraudulent practices (Jullien 1999: 21). The *metis* is a combination of flair, ingenuity and a sixth sense for good opportunities. It is very volatile and supple and therefore impalpable and difficult to comprehend. Legendary heroes such as Odysseus had the *metis* and used it against their enemies. The metis itself, however, was not analysed or explained by the Greek philosophers, perhaps, as Jullien argues, due to the difficulty to comprehend the constant impalpability that is so characteristic to *metis*.

Another example of failure to theorise on this kind of intelligence is associated with Clausewitz (1980) and his studies on war *Vom Kriege* in the beginning of the 19th century. Clausewitz considered war in terms of a model, as a kind of 'absolute' war as opposed to 'real' war, reverting to the traditional division between theory and practice. He follows the traditional scheme and cannot imagine a war without a war plan formulated beforehand. Therefore, war is conceptualised as a series of acts appropriate to reaching the established goal. However, Clausewitz concludes that such a living concept as war cannot be theorised in a model or a fixed plan, as there exist myriad circumstances that, speaking Clausewitz's language, may take the war 'machine' away from its intended goal (Jullien 1999: 29).

The example of war is interesting in this context because some of the features of war and conditions associated with it are partly similar to those of an organisational crisis. It can be said that war and crises are dramatic events, associated with losses and damage. Conditions of uncer-

tainty and unpredictability relating to future development are typical for both situations. Due to their dynamic characters, crisis and war may to some extent be considered similar. It is no wonder that, in crisis management literature, we come across terms also typical to war: 'strategy', 'fight', 'damage', 'withstand', 'measures', 'tactics', etc. This fact allows for some parallels to be drawn. For example, the expression "crisis as opportunity" is often propagated in popular literature on crisis management.

The widely held belief that the Chinese pictogram for the word 'crisis' is made up of characters meaning 'danger' and 'opportunity' was mentioned in Chapter 1. It was also argued that through the crisis situation, a hidden potential of the company is released. After overcoming a crisis, companies often collect new strength and become better positioned than they were before. These previous conclusions now echo with the concept of potential of the situation so strong in Chinese studies. This potential, however, can only unfold in an extreme situation, similar to that of a war. In this situation, the Chinese strategist does not account for what can be a disadvantage for his enemy in terms of topography or state of the troops. Rather, he puts his efforts to bring his troops into mentally and physically dangerous situations when nothing else remains to be done but fight to become a winner. Jullien also quotes Machiavelli (1833), who mentions in his *Kriegskunst* that the most powerful and effective way to make the troops combative is to force them to fight as if victory was the only hope for them to survive.

According to Machiavelli, this rule was used by Caesar in a fight with the Germanic people: as Caesar noticed that the eagerness to win reinforced them, he showed them the way out and made the effort to chase them instead of combating them at his own risk at the battlefield (Jullien 1999: 37). In this way, it can be assumed that in crisis as in war the special rule may work: at the peak of the situations, when there is no way out but to fight, the best circumstances for revealing the potential of the situation are created. Therefore, the main task of the strategist is to make those circumstances work for him. In terms of strategy, the Chinese believe that it is not fixed a priori, but takes its shape due to the potential of the situation. The differences between the Chinese and the Western way of think-

ing on strategy (on the example of war strategy) can be summarised as follows:

	Western approach	Chinese approach
1	View the situation in terms of predefined fixed sizes and routines	Think of potential of the situation in changeable terms that cannot be defined in advance
2	Only material factors are taken into account, mental factors are neglected	Take into account moral and material factors in combination
3	Single-edged view of the situation without considering reciprocal impact	View of the situation in reciprocal dimension, interaction and polarity of influences

Table 4: Three dimensions of strategy: Chinese versus Western thinking
(based on Jullien 1999: 40)

As Table 4 shows, the Western and the Chinese approaches to strategy differ in three respects. The Western thinking focuses on the material factors that are perceived to be success factors crucial for resolving critical situations, whereas Chinese thinking combines mental factors with material, with the latter reinforced and strengthened by the former. The combination of mental and material factors makes the release of the potential of the situation possible. Further, strategy in the Western view is represented by a set of predefined steps calculated beforehand.

In the Chinese view, the route of the situation development is impossible to foresee. The strategy is thus based on the constant adjustment to the situation as it unfolds. In terms of interaction, the Chinese view embraces the reciprocal nature of every process. The interaction of both sides (e.g., "what is advantageous for me is disadvantageous for my opponent") constitutes the potential of the situation. The question of control in both of the approaches is probably the only intersection, however, with different functions. In Western philosophy's extreme 'hothouse' model of the prescriptive schools of thought, the control over the development of the situation targets the fulfillment of the predefined steps. Meanwhile, in the Chinese view, control is rather understood as the close

observation of the constantly changing circumstances with a purpose to make advantage of them.

In the diplomatic context, the rule of exploitation of circumstances is applicable. According to the Chinese approach, a diplomat should start with the rigorous evaluation of the situation, to assess relative strength at political level as well as 'calculate' the dispositions of internal partners from the psychological point of view (Jullien 1999: 42). With this information at his disposal, the diplomat does not need to develop a plan to proceed with the strategy. All he needs, according to Chinese philosophers, is to adapt his behaviour to the circumstances without enforcing something artificially. Thus, step by step, the diplomat remains flexible and follows the situation as it unfolds, trying to exploit the circumstances to his advantage.

Reflecting on the examples of war and diplomacy brings us back to the idea of potential of the situation (the *shi*). The impact one can exert over a situation is based on neither personal efforts nor a fortune, but rather on the way of exploiting the values of the ongoing process. Support can be gained from reinforcing factors that need to be recognised in order to be utilised. In order to use the potential of the situation, however, the situation itself needs to be analysed and evaluated in every detail. In the course of such an evaluation, the potential of the situation is gathered and can be then wisely applied. This exploitation of circumstances is represented in Chinese studies with the metaphor of round stones rolling down a hill. There is no other way for the situation to develop as to use its potential (Jullien 1999: 45).

If the concept of the potential of the situation is reflected upon in the context of crisis, it could be concluded that some aspects of the Chinese approach can be or are partly applied in practice of organisational and particular crisis management. In general, it is difficult to imagine anything other than the traditional approach to forming a strategy in crisis, as this kind of thinking rather contradicts the typical Western approach. However, some of the concepts, although in a different form, can also be found in practice in the Western world. For example, in current management practices, careful analysis of the crisis situation and all the rele-

vant circumstances is done by the companies. However, it might be more concentrated on objective indicators of losses and damage, calculation of available material and human resources, than on the assessment of what immaterial consequences the situation may generate and what intangible factors may be applied to turn the situation in support of the company. Moreover, the approach of each company in this respect is purely individual. The focus of attention on particular issues and the strengths and weaknesses of the situation may range from strictly formal to subjective, for example in the case of Japanese companies in Nonaka & Takeuchi's (1995) book.

The difference between Chinese and Western strategists at this stage is in the following. The Chinese strategist does not make assumptions, arguments or forecasts based on the analysis of the situation conducted. His main task is to detect the tendencies that start to evolve. Before those tendencies get established, he is already able to anticipate how the situation is going to develop (Jullien 1999: 100). Applied to the context of organisations, this highlights the importance of studying stakeholder perceptions in order to determine possible tendencies in their attitudes and positions over the course of the crisis (either on the side of the company or against the company).

The relationship between means and ends based on the idea of potential of the situation, a leitmotiv of Chinese thinking, appears to be less applicable in the crisis context - at least at first sight. In Western scientific tradition it is always an ideal model that is established first. The best means to reach this goal are then selected out of several options. The effectiveness of the means used is thus a question of how realistic the model is, meaning how deep the gap between the means and ends is.

In Chinese tradition, the effectiveness of the means used is not the subject of the means-ends relationship. The effectiveness is not based on the application of the model in practice, but rather on exploitation of the potential available in a concrete situation. In fact, the Chinese strategist assumes no concrete 'end' that was defined beforehand and makes accordingly no choice of 'means', but rather, he attempts to make sure the situation develops in such a way that the effectiveness emerges by itself.

The practical implementation of this kind of self-fulfilling prophesy or self-emerging effectiveness is rather difficult to imagine in crisis context. Again, even writing those lines, the researcher assumes the gap between the formulation and implementation of the strategy, between theory and practice, the relation which seems to be bypassed by Chinese thinking through the idea of potential of the situation.

The concept of time in Chinese tradition might be applicable in the context of organisational crisis. The Chinese argue that the period of time during which the potential is accumulated is no waste as well as the pauses between the battles is not a loss, even if it appears to be inactive and useless. It has a value, as in the course of time the development takes place and the impact matures and unfolds. One of Watzlawick's (1967) axioms in his theory on communication "One cannot not communicate" seems to imply a similar idea.

Additionally, the relevant concept of favourable opportunity existing in Greek tradition as *kairos* has its strategic importance in Chinese philosophy. However, the conceptualisation of the term is somewhat different. The concept of favourable opportunity is wide-spread and used in many scientific areas, from technology and medicine to psychology. Certainly, in terms of strategy, the concept implies the description of the attempt to take advantage of the situation by grasping at an opportunity. However, the Chinese see the opportunity not as a chance, a favourable mix of circumstances, but rather as the most appropriate moment to interfere into the course of the ongoing process. This is the point of time at which the maximum of potential has been accumulated (Jullien 1999: 95). It is portrayed by a metaphor of a bird that quickly approaches its prey and breaks its bones in one blow. In terms of crisis response, it is not always appropriate to wait until the potential is accumulated, however, it might be useful to be aware of the fact that such opportunities may be used in favour of an organisation. One might need to wait in the unfavourable phase in the development in order for the favourable moment to come, so that the action is reinforced by the moment favourable for the strategist.

Generally, action in Chinese philosophy is conceptualised as interference in the course of development. If action as such is recognised, then it

is only at a point by point basis. The Chinese rather prefer the concept of transformation implying certain continuity instead of action. Transformation is a lengthy process and the impact becomes visible and unfolds only through this continuity (Jullien 1999: 82).

Speaking of the value of the insights from Chinese philosophy for the studies on crisis management, further conclusions can be made. Naturally, the concepts from Chinese philosophy cannot be applied literally in crisis communication and crisis management in general. However, they can be of use to a certain extent and in a certain context. It is obviously the highest imaginable skill to develop and be able to apply the cunning intelligence propagated by the Chinese. It is the way of thinking and philosophy of life which is difficult for Europeans to internalise and adopt. However, it might make sense at least to take this alternative view, especially in crisis situation, when the flexibility and adaptation are capitalised. Such concepts as the potential of the situation and the effectiveness are more difficult to materialise and think of in objective terms, but the general awareness of them might ease the decision-making process in crisis.

The general approach to exploring the circumstances and the attitudes of the opponents can be applied in terms of stakeholder analysis and environmental analysis. The Chinese philosophy advocates familiarity of the opponent well before developing any kind of strategy or attitude. In terms of organisations, this refers to having well established relationships with stakeholders and a secure organisational reputation. A discussion later in this paper will touch upon the role of stakeholder perceptions in formation of crisis response strategies. The value of good knowledge of the circumstances and information gathering, including those on perceptions of stakeholders, can be to a great extent transformed to the practice of crisis response.

Another concept that is important in terms of strategy is that Chinese thinking does not distinguish between formulation and implementation of the strategy. Strategy is a continuous process which unfolds as the potential of the situation develops without any plan formulated beforehand. This partly echoes the conclusions in the framework of the sense-

making theory and learning school previously discussed. Effective strategy-making connects acting to thinking, which in turn connects implementation to formulation (Mintzberg et al. 2005: 73). We think in order to act, but we also act in order to think (Weick 1988: 306). We try things, and the ones that work gradually converge into patterns that become strategies.

Still, in practice we do need some deliberate strategies; otherwise the organisation would end up in chaos. The strictly deliberate 'planning' in strategy formation is also of value in a form of general direction or framework. How can the strategy making process be planned if there are no formal procedures or precepts of the planners to forecast discontinuities and generate intended behaviour? Particularly in crisis, which is an extremely dynamic and unpredictable context, the development of novel strategies and substrategies, based on the recognition of unexpected patterns and discoveries during the process itself, is crucial and requires a lot of flexibility, creativity and insight. In general, when the organisation's situation becomes unstable, "it is better to rely upon the looser forms of strategy making first" (Mintzberg et al. 2005: 79) before carrying out formal planning as a means of elaborating strategies, translating them into ad hoc programmes and formal plans to be rather used for the purposes of control.

Therefore, one could argue, the effective strategies inevitably exhibit some emergent qualities, but are often also informally visionary - even if considered deliberate. Indeed, in real life strategies often combine different dimensions - formal, visionary, conceptual, emergent, etc. All of them are dimensions of a single process: strategy formation.

In terms of this research, the insights from Chinese thinking have crystallised the contours of its three key pillars. The concepts outlined above can be applied more or less in the context of crisis communication as follows. We have concluded that according to Chinese philosophy, as also argued in sensemaking theory, actions are the stepping stones of the emerging strategy which gets its shape through action. The conditions surrounding and enabling the actions are to be utilised in a most effective way. Similarly, the company may react to conditions emerging and de-

veloping in the dynamic context of crisis, always being ready to react quickly through communicative actions reflected in *crisis response strategies*.

While interpreting the environmental conditions and acting on them, the Chinese strategist relies both on the objective factors and on mental or moral factors. As argued above, *corporate identity* represents the reference point, manifested in written and unwritten guidelines for a company strategy.

Finally, the idea of interactivity and reciprocity of any action is echoed by the assumption that any communicative act is targeted to a particular stakeholder group. It has a particular communicative purpose, but still considers stakeholders' expectations as well as their previous reactions. Any communicative act is not one-sided and implies a counter-effect on the company. Thus, the views and *perceptions of the stakeholders* need to be studied carefully in order to increase the effectiveness of strategies on the whole as well as that of every single message in particular.

3.2.4 Crisis response strategies

In fact, some approaches to crisis response have been predefined in the opening section on crisis. The nature and characteristics of crisis have already been characterised. Crisis is defined as an unexpected, disruptive and harmful event of high magnitude and scope, developing its own dynamics, which is difficult to control, and threatening to the company's image and sometimes even to its existence. The crisis response is targeted to mitigate those harmful conditions as quickly as possible. Besides the crisis type, dynamic development over time and uncertainty, factors such as preparedness of the organisation and stakeholder perceptions reinforce specific crisis response strategies. Explaining the company's behaviour through the lens of the sensemaking and chaos theories was the next step in understanding the complex responses in crisis.

After a comprehensive excursion into the nature of corporate identity and strategy and their interplay, the close examination of the crisis re-

sponse strategies is in order. The previous section has proven that the flow of strategic actions and interactions is an emergent process of going back and forth between both dimensions identity as well as strategy, with identity as a precursor and product of sensemaking. Thus, the conceptual basis for testing the hypotheses outlined in the introduction has been established. The previous section also outlined some specifics of strategy in crisis as a prelude to case study in the empirical part where the individual strategies will be explored.

It should be mentioned that the term 'crisis response strategy' might be interpreted by researchers differently, depending on whether the term is applied to crisis in general or to separate crisis stages. Massey's definition of crisis response strategies as "message repertoires that are designed to repair the organisation's image by influencing stakeholder perceptions" (Massey 2001: 158) can rather be applied in terms of the post-crisis stage. Coombs defines the objective of those strategies as "to repair reputational damage from a crisis" (Coombs 2007: 145), again referring rather to the post-crisis period. Diers (2009) highlights crisis response strategy referring to the selection of particular types of crisis communication messages during organisational crisis (Diers 2009: 6).

Another confusion that might emerge has to do with the perspective of investigation of crisis response strategies. Here, as Diers argues, one should distinguish the managerial and technical dimension dealing with the actual dimensions of organisational crisis and the communicative dimension. For the purposes of this paper, however, the term 'crisis response strategy' has been approached as generic and incorporates both managerial and communicative perspectives. Crisis response strategy, as Diers argues, is better thought of in terms of individual strategy.

Moreover, this paper elaborates on strategy by incorporating the concept of corporate identity. This approach was chosen to reflect the key argument of this research: since each crisis is unique and each company has its own unique identity, strategy in response to crisis will be individual and therefore also unique in this sense. The crisis response strategy, as we have concluded from the discussion above, inevitably incorporates several subordinate strategies which are then reflected in crisis commu-

nication. The term 'crisis response strategy', therefore, is defined here as a strategy or a set of strategies directed to all groups of stakeholders in response to crisis conditions during the crisis as a whole, independently of the crisis stage. As mentioned in section 1.4, the focus of investigation is upon the crisis stage with the pre-crisis and post-crisis stages addressed to the extent as needed for understanding the company's overall approach to combating crisis.

Additionally, the term 'crisis response message' will be used with the meaning of individual verbal accounts[78] developed during crisis situations with the purpose of mitigation the crisis manifestations and protection of company's legitimacy. These are viewed as 'tactics' or 'tools' of the strategy and are investigated on the subject of linguistic manifestation of corporate identity.

It has already been mentioned above that hardly any study explored corporate identity as manifested in the crisis response messages, whereas both topics were separately and extensively addressed. Crisis response messages, however, were investigated only to a limited extent. The majority of work devoted to crisis communication focused upon the pre-crisis and post-crisis stages[79]. For instance, Winsor (1988, 1990) explored the communication failures in the warning stage that led to the Challenger accident. Studies of Moore (1992), Tompkins (1993), Coombs (1999), Tompkins & Tompkins (2004) extensively covered the communication aspects of the pre-crisis stage. The communication strategies employed by the companies during the post-crisis stage were also explored by Benoit (1995) and Coombs (2000).

There are few authors who explicitly studied the crisis response strategies. Building on Coombs' (1995, 1999) categorisation of crisis-message strategies, the study of Stephens et al. (2005) explored response strategies that are used by organisations during crises involving technical details. Massey (2001) provided an investigation of the effects of crisis response strategies on perceptions of organisational legitimacy. Hale et al. (2005)

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[78] Scott & Lyman define account as "a linguistic device employed whenever an action is subjected to evaluative inquiry" (1968: 46).

[79] The classification of crisis stages was defined for this research in section 1.4.

examined several crises in terms of defined crisis response communication steps, such as observation, interpretation, choice and dissemination. However, none of these studies explicitly addressed to what extent corporate identity was integrated into the crisis response messages and in what form, in terms of contents and expressional means. This is what Chapter 4 will explore in a case study.

The findings of previous studies relating to the role of identity in crisis context were accidental, which on its own is a reason to analyse the role of identity in detail. Hale et al. (2005) came across the role of culture and values, especially at the stage of interpretation. According to the authors, "personal, professional, and organisational culture and values played a significant role in evaluating the credibility of the data, reconstructing the data, and providing the degree of shared meaning concerning the data (Hale et al. 2005: 126). Argenti (2002) came to a similar conclusion in his analysis of crisis management related to September 11, 2011 tragedy. Argenti proved a strong correlation between crisis response and organisational culture and values that determined the effectiveness of the crisis mitigation plan. Argenti noted, "Employees will know what to do in a crisis only if they have been absorbing the company's guiding principles all along" (Argenti 2002: 108). Other authors have argued that organisational culture is linked to crisis communication (Marra 1998) and some of its manifestations - like narratives or symbols - are used in crisis response (Glynn 2000, Kauffman 2001). A study of Diers only (2009), mentioned in section 1.6, explicitly analysed the invocation of the forms of organisational culture in crisis response strategies. This study generally proved the invocation of forms of organisational culture, such as symbols, language, practices and narratives in crisis response, however, it did not address the aspects of linguistic forms of identity discourse. The concept of corporate identity and profound reasons for its integration were not addressed by Diers as it is intended in this dissertation. The present study provides a number of insights and theoretical justifications of the concept from both managerial and communicative viewpoints.

Before exploring the crisis response strategies, the issues of choice and appropriateness mentioned above need to be clarified. It is one of the key

assumptions of this research that communicators have various rhetorical options at their disposal, making the choice of whether to communicate, who should communicate and by what means to communicate. Diers stresses the issue of purposeful selection, arguing that crisis response strategy is better thought of in terms of individual crisis response strategies and as individual messages selected by decision-makers "to better enable them to communicatively manage the crisis" (Diers 2009: 8). This definition implies a wide variety of purposes and contents that might be included in crisis communication.

Another key assumption is that the strategies employed by companies are probably the most appropriate. In the context of traditional schools of thought on strategy formation, it was emphasised that appropriateness is based on the means-ends relationship, whereas in the Chinese philosophical view it is based on the potential of the situation. It is irrelevant whether the Western or the Chinese view is closer to reality; the main point is that appropriate choices are those preferences most likely to be effective in a given situation (Shelby 1998: 388). Thus, viewing the invocation of corporate identity in crisis communication from the instrumental perspective, it can be suggested that effectiveness is the criterion for evaluating the persuasive effect of this or that communicative act. This implies that there might be a link between identity as a core of those messages and outcome of rhetorical responses which can also be proven empirically (Shelby 1998: 388).

It is assumed that both considerations apply and we must review the factors that might have significant impact on the choice of 'appropriate strategy', which is the term used here to combine both assumptions essential for further investigation.

On the subject of the objective factors influencing the choice of the crisis response messages, the type of crisis is of vital importance in determining appropriate organisational responses. Several authors (Hearit 1996, Pauchant & Mitroff 1992, Coombs & Holladay 2002) argue that identifying crisis type enables the definition of an appropriate strategy on the basis of responsibility attributed to the company by its stakeholders (Coombs & Holladay 2002: 169). Based on the classification of types of

crises, Coombs (2007) distinguishes three levels of responsibility. Naturally, the stronger the attributions of organisational crisis responsibility, the more accommodative strategies the company most probably will pursue (see Table 5).

Victim Cluster: Very little attribution of crisis responsibility	Natural disasters, Rumors, Workplace violence, Malevolence
Accidently Crisis Cluster: Low attribution of crisis responsibility	Challenges, Technical-error accidents, Technical-error product harm
Preventable Crisis-Cluster: Strong attributions of crisis responsibility	Human-error accidents, Human-error product harm, Organisational misdeeds

Table 5: Crisis types by level of responsibility (Coombs 2007: 142)

Communication strategies in case of a company wrongdoing (a situation in which image restoration and regaining of social legitimacy are the primary goals) will differ from those that comprise a crisis response in cases of natural disasters like Hurricane Katrina and acts of terrorism like those experienced on September 11th, 2001. Griffin-Padgett & Allison (2010), in their analysis of both crises, proved that besides strategic objectives like managing the flow of information, responding to the issues of blame and maintaining a positive image, additional rhetorical functions such as expressing remorse, sympathy and regret, symbolically framing the event and facilitating issues of recovery and renewal are essential in case of these unique forms of crises (Griffin-Padgett & Allison 2010: 379).

Diers (2009) offers an even deeper insight, providing an integration of crisis types and crisis response strategies while testing hypotheses on her Strategic Model of Crisis Communication. The model had a purpose to link "the strategic components of organisational crisis response messages with the situational and organisational factors that most directly influence those strategies and message components" (Diers 2009: 53).

Diers classified the crises according to the onus of responsibility into organisational transgressions, organisational events, and events outside the organisation's locus of control. In total, 133 crises were selected and

analysed[80]. As a result of her research, Diers concluded that crisis type was a very strong predictor of differences in strategies used[81]. In case of organisational transgressions, for instance, image-oriented approaches were selected to a much lesser extent than expected. Rather, anti-social or defensive strategies were typically employed by organisations experiencing those crises. In the case of organisational events, the findings proved the predictions: organisations employ strategies that frame the crisis, frame the organisational and invoke inter-organisational relationships. Finally, in cases when organisations were facing a crisis outside their control, the most consistently employed strategies were those that framed the crisis, but also defensive strategies. To a great extent companies also used routine communications strategies such as annual reports, vision and mission statements as methods of crisis management in situations outside the organisation's control (Diers 2009: 58-59). Taken together, the findings only partly supported the predictions and previous results, but proved, however, the validity of the crisis type as a key situational variable in strategic crisis response. The study can be recognised as a benchmark for understanding how organisations typically respond to various types of crises within their response strategies.

Besides the type of crisis, such factors as the scope of physical damage and reputational threat, along with the extent to which typical crisis conditions like uncertainty, ambiguity and loss of control are distinct, will definitely play a role in determining the appropriate strategy. As already mentioned in section 1.5, a situational factor such as the type of organisation plays no significant role in influencing the organisational reactions to crisis, as assumed in previous research (Arpan 2002, Glynn 2000).

Different stages of a crisis require specific messages according to the needs that emerge during each stage. The study of Gonzales-Herrero & Pratt (1996) explicitly addresses the differences reflecting the communica-

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[80] Diers (2009: 36) selected crises at random within each category of crisis type. For each of the 133 total crises selected, three news stories were analysed: the first story on the crisis including a message from the organisation, the last story on the crisis including a message from the organisation, and a story in the middle of the crisis.

[81] See Diers' classification of crisis response strategies in Annex 1.

tive efforts at each stage. At the pre-crisis stage the messages may serve to divert stakeholders' attention from a particular issue (as referred to in the Elsbach et al. 1998 study as "issues management") and invoke self-enhancing discourse framing the company as a kind of preventive measure. During the crisis itself, as authors suggest (Diers 2009, Heath & Millar 2004), the range of possible strategies is almost limitless (Diers 2009: 17). Strategies may vary from position statements and responses to frequently asked questions to the rhetoric of renewal and obtaining third party support. The communicative purposes at this stage are manifold and include informing the media and stakeholders of the crisis event and its consequences, evaluating the damage the crisis caused, explaining the measures taken, expressing regret or asking forgiveness, emphasising company's capacity to withstand crisis and miminise its negative outcomes, etc. At the post-crisis stage, companies accomplish strategies that evaluate results of measures taken against crisis, provide a view on how to prevent similar occurrences and put forward a company's positive image despite the crisis and the success in crisis resolution.

Coming back to the crisis response strategies research, it should be mentioned that there were several attempts to categorise them based on different dimensions. Originally, crisis response messages were explored as 'apologia', use of communication to defend one's reputation and "present a compelling, counter description of organisational actions" (Hearit 1994: 115). This modern expression of the ancient genre of 'apologia' was widely employed by researchers to understand how organisations defend their reputations during crises. Hearit (1994), for instance, examined the apologetic discourse of the Chrysler Corporation, the Toshiba Corporation and the Volvo Corporation, all charged with wrongdoing. The study exemplified the strategic use of apologia to mitigate the perceived or actual guilt of above mentioned corporations. But apologia offered a limited number of crisis response strategies, whereas the reality revealed a number of further strategies pursued beyond the apologia taxonomy. Hearit (1994) mentions persuasive accounts, statement of regret, and

several types of dissociations (opinion/knowledge dissociation, individual/group dissociation, and act/essence dissociation)[82].

Benoit (1997, 1995) further elaborated on the apologia research and provided a typology of 5 general strategies and 14 specific tactics for image repair[83]. This taxonomy was further elaborated upon in 1997 by Czerwinski in a study of US Air's image repair discourse (Benoit & Czerwinski 1997). Cowden & Sellnow (2002) also analysed Northwest Airline's use of Benoit's image restoration strategies. Building on Benoit's (1997) and Benoit & Czerwinski's (1997) work, Mohamed et al. (1999) developed a taxonomy based on directness and assertiveness. It included direct and assertive tactics, indirect and assertive tactics, indirect and defensive tactics, as well as direct and defensive tactics (Diers 2009: 18).

Coombs (2007) classifies crisis response strategies on the basis of the Situational Crisis Communication Theory (SCCT), a part of a body of research applying attribution theory to crisis management (Ahluwalia et al. 2000, Dawar & Pillutla 2000, Dean 2004). Coombs (2007) groups strategies into four postures according to the degree of the "intent of the strategy to change perceptions of the crisis or of the organisation in crisis" (Coombs 2007: 139)[84].

The range of crisis response strategies that organisations facing crises may use was most effectively described by Diers (2009). Her taxonomy combines several approaches to classification and seems to be most appropriate in terms of its comprehensiveness and actuality. It also examines crisis response strategies across different situational variables. It distinguishes eight categories of strategies and 45 individual strategies that organisations may choose (Annex 1).

The eight categories introduced by Diers are as follows: self-enhancement, routine communication, framing the crisis, framing the organisation, anti-social or defensive, accommodative, excellence/renewal, and emphasising inter-organisational relationships. This taxonomy offered by Diers forms the basis for the empirical research

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[82] See studies on apologia by Rosenfield 1968, Ware & Linkugel 1973, Hoover 1989, etc.

[83] See Annex 2 for Benoit's classification of image restoration strategies.

[84] See Annex 3 for Coombs's classification of crisis response strategies.

presented in this paper. However, some categories proposed by Diers (2009: 19-20) have been supplemented with additional strategies deemed essential in the view of the empirical research in Chapter 4 and for the sake of completeness.

Crisis response strategies focusing on self-enhancement include marketing and image advertising strategies positioning organisation in a favourable light, highlighting quality and framing particular issues like past good works to the stakeholders. Naturally, these strategies are not exclusive for crisis communication, however they may be used to support relationships with stakeholders during crisis and thus 'soften' the effects of the negative media coverage.

Crisis response strategies focusing on routine communication are also not exclusive for the crisis context. Such strategies as communicating company mission and vision, annual reports, and newsletters remain in the repertoire of companies in crisis as well as in routine times. It can be assumed that stakeholders would be eager to build their opinion regarding crisis and an organisation in crisis on the information and statements provided through a regular form of communication and reporting tools which should most obviously reflect the deviations to normality. This research considers these strategies as no less important as those linked to a specific crisis.

Crisis communication strategies that frame the crisis are indispensable in any crisis communication, as the stakeholder groups normally expect the company to explain crisis and its consequences, the role and the level of responsibility of the company. These strategies include: accounts, information dissemination, issue salience, and preconditioning.

This taxonomy can be complemented by additional so-called *technical translation strategies*. These may be used by the companies to explain complex topics that might be involved in crisis. Stephens et al. (2005) distinguish direct strategies (when technical facts are directly stated), elucidating explanations (giving examples and non-examples to explain complex issues), quasi-scientific explanations (use of metaphors or pictures), and transformative explanations (help an audience rethink their unquestioned or counterintuitive beliefs) (Stephens at al. 2005: 398). Alt-

hough Stephens et al.'s research showed that the organisations they analysed did not use specific technical translation strategies due to a number of reasons; the prior studies (Rogers 1999, Rowan 1999) suggest the general need for a more technical translation for the public.

As Stephens et al. propose, technical translation strategies may "function in parallel to message strategies to manage meaning, represent the organisation, build trust and credibility" (Stephens et al. 2005: 391). Generally, integration of scientific information into the company messages makes definitely sense, since, as Einsiedel & Thorne (1999) suggest, science and technology underlie most of the major public issues today (Stephens et al. 2005: 398).

Additionally, as Coombs (1999: 132) suggests, "endorsement of an outside expert" is a follow-up strategy. Such an expert may contribute to framing the crisis in favour of the company, confirming the company's correct approach and assessment of the situation specifically when technical explanations are essential. Even if the expert claims uncertainty, this may often appear more objective and authoritative than if the same claims are made by the company's own speakers (Zehr 1999).

Crisis response strategies that frame the organisation serve to portray the company's behaviour and traits with regard to crisis as well as in the light of its past accomplishments and capacity to withstand crisis in a possibly positive way. In Coombs' classification, those strategies fall under bolstering company posture and reputation by seeking to build a positive connection between the organisation and the stakeholders (Coombs 2007: 141). Diers distinguishes ingratiation as the effort to create a positive image of the company by reminding stakeholders of the past good works and organisational promotion, presenting the company as a leader in its field, being successful, experienced, etc (Diers 2009: 19).

The latter is not explicitly specific for the crisis situation; however, it may be employed by companies to a certain extent. If the crisis was caused by a failure in production cycle, for instance, the company would naturally highlight any other company trait except for efficiency. A further strategy of framing the organisation is issue management, which is in the identification and resolution of internal or external concerns and

negative trends and risks, rather more typical for a pre-crisis or prepara-
tion stage as a scanning tool. However, an unresolved issue may become
the cause of the crisis itself or some new issues may arise during the crisis
like new legislation that may threaten financial viability of a company or
social issues such as child labour or violence, etc. Therefore, companies
may also employ strategies directed at targeting some unresolved issues,
identification of warning signs and risks of possible emergent issues or
monitoring during the crisis itself. Those include, according Diers, issue
diagnosis and advocacy advertising.

According to Heath (1997), there are two criteria for assessing issues:
likelihood and impact. Likelihood "is the probability of an issue gaining
momentum" (Coombs 2007: 39) through promotion of the issue, mass
media coverage and internet presence, and a high level of relevance of
the issue for the stakeholders. The second criterion, impact, measures the
possible effect of the issue on stakeholders. A detailed discussion of issue
management techniques is beyond the scope of this paper. However,
advocacy advertising or issues advertising can be briefly mentioned here.
Issue advertising is the rhetorical means for a company to publicly state
its opinion about an issue (Cowden & Sellnow 2002: 198). The purpose of
issue advertising is not to create a positive image of the company but
rather to contribute to congruence in the views between the company
and its stakeholders (Heath 1997: 2). This can help a company gain or
maintain a legitimate reputation[85].

Additionally, in crisis communication as well as in routine communi-
cation, companies may pursue proactive and voluntary disclosure strate-
gies directed at correcting the information spread in the media or pre-
venting misinterpretations, especially in complex industry environments.
The content of disclosure is then individually designed in order to clarify

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[85] Cowden & Sellnow (2002) describe the use of issue advertising in case of the pilots' strike
at Northwest Airlines. Expecting the possible strike, NWA started the issues advertising
campaign which finally had a limited effect. The study, however, confirmed that this
strategy can be used by the company to provide information on company's perspective
during a crisis to its multiple audiences.

misunderstandings and "to make things right" (Williams 2008: 252)[86]. These messages may also include highly descriptive contextual information, like volunteered further financial information on the effects of a recall, or about design and technical details, environmental disclosure, etc. In crisis, top managers will tend to release this information in a more timely fashion than within regular communication because of the immediacy of preventing misunderstandings, although only insofar as it can help enhance the company's legitimacy and provide context to existing disclosures.

Crisis response strategies that are anti-social or defensive constitute one of the most investigated groups of strategies. They include, according to Diers' classification, nine strategies expressing an organisation's defensive behaviour and even sometimes negative reaction to crisis. These are noncompliance, disclaimers, defensive compliance, evasion of responsibility, shifting the blame, simple denial, strategic ambiguity, minimisation and transcendence (Diers 2009: 19-20).

Accommodative strategies are the opposite to the aforementioned defensive strategies and serve to express sympathy, remorse and regret, reassure of helpfulness, encourage and accept responsibility to cope with the situation. These strategies are numerous and may often be used in combination with one another. They include corrective action/compensation, apologia with its various manifestations, compassion, offering reassurance, eliciting sympathy, transparency and volunteering (Diers 2009: 20).

Excellence or renewal strategies are those focused on the perspective beyond the crisis. These are dialogic, exemplification and pro-social behaviour. Using these strategies during the crisis and post-crisis stage, companies express their commitment to take necessary actions so that similar

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[86] Williams (2008), in her study of corporate reporting strategies, showed that voluntary disclosures are a critical aspect of corporate reporting and provided the taxonomy of voluntary disclosures. Williams also argued that "viewing corporate disclosures through the lens of voluntary or required terminology, business communicators will avoid serious violations in reporting, on the one hand, and will reveal opportunities to leverage the power of corporate information, on the other" (Williams 2008: 234-235).

situations never occur, assure of the company's intent to engage in issues and highlight the company's legitimate value.

However, in this group of strategy responses one could also add the so-called restorative rhetoric strategies whose specific task is to manage the "healing process from disaster to restoration" (Griffin-Padgett & Allison 2010: 378). They combine expressions of sympathy and remorse with public commitments emphasising renewal and recovery. In contrast to the strategies of excellence and renewal defined by Diers, restorative rhetoric shifts the focus of communicative efforts from offensiveness and maintaining a positive image to facilitating dialogue between the public and the company, helping victims to make sense of the crisis.

Emphasising inter-organisational relationships strategies is the final group of crisis response strategies in Diers' taxonomy. These strategies emphasise cooperation and legitimacy in relationships, seek support from other organisations and highlight a positive link to them. However, a company may also use the negative link to other organisations to cast itself in a more favourable light or to defend itself. This category includes the following strategies: blaring others, blasting, burying, blurring, belittling, boosting, burnishing and collaboration.

Generally, all strategies outlined above are not necessarily used separately. Very often they can be interrelated and used in combination to reach the communicative goals more effectively. Definitely, apologetic discourse may be supported by the excellence and renewal strategies as well as self-enhancement, and so on. At the same time and due to the individual combination of strategies, it can be argued that corporate discourse of each company in crisis is unique in two senses.

Firstly, due to choice of appropriate crisis response strategies as determined by the company, each company's overall communicative and management strategy in crisis, despite industry and sector similarities, is unique. Therefore, there is no standard strategy that can be applied in absolute terms even within the frames of the same type of crisis.

Secondly, as every company's corporate identity is unique and inimitable, each company's crisis response strategy will likely also be individually defined and generated through the lens of corporate identity.

Therefore, each company will pursue individual strategies. Accordingly, it can be argued that it is in fact impossible to establish an absolute taxonomy of crisis response strategies, as each company may in each individual crisis pursue a unique set of communicative efforts or even generate a previously unknown response. As well as a crisis is dynamic per nature itself, so should the taxonomy remain a dynamic and inflecting construct. However, the taxonomy as outlined above may be used as a direction and a general approach.

What Diers' taxonomy - despite its comprehensiveness - does not address explicitly is the *corporate identity discourse*. These might be direct or indirect references to a company's identity, as companies may be concerned with disclosing unique value drivers that distinguish it from its competitors. Diers did not analyse this type of strategy, although she did find that invocation of corporate culture complemented several other strategies. Thus, the strategies that framed the crisis had the highest degree of invocation of organisational culture, followed by accommodative, excellence and renewal, and inter-organisational relationship categories (Diers 2009: 64). Although this paper concurs that corporate identity discourse might be most widely used for complementary or additive purposes, the examining of explicit corporate identity discourse may still provide valuable insight into understanding what contribution to combating crisis can be attributed to a company's corporate identity in macro terms. Therefore, this research will analyse the messages in terms of both dimensions: incorporation of corporate identity discourse in crisis response strategies in general, and corporate identity disclosure, if such can be identified, in particular.

But what is the value of identity-related discourse in crisis? How can these messages, references or statements contribute to the positive outcome of a crisis in the aftermath? In the previous considerations, it is argued that identity of the company works both as an enabling and constraining factor. The same feature is also characteristic of a strategy. Both identity and strategy, as defined in this paper, are sensemaking activities. The most important conclusion that can be made while applying both

concepts in the context of crisis is that crisis itself makes identity and its relation to strategy more explicit.

Again, it must be clearly distinguished between deliberate corporate identity discourse (referred to here as communicated identity) and manifestations of identity within crisis response strategies. Identity works in several ways per assumption, which contribute to the corporate efforts to withstand crisis. Identity helps a company process and interpret its own actions related to a crisis at various stages, to take actions in response to crisis by returning to the core values through the internal-external relation between identity and image, and to screen the actions that are consistent with said "company's sense of self" (Whetten 2006).

Finally, coming back to the issue of choice, identity limits the range of opportunities to only include those which a company is capable of implementing. At the same time, this reveals a unique chance to generate a novel strategy which can provide a competitive advantage in crisis. This strategy will be unique, since another company will have difficulties in imitating it and therefore would be unable to develop the same strategy. As Whetten (2006) argues, the attributes of corporate identity (through its link to strategy and action) function as organisational identity referents for those who speak and act on behalf of their organisation and will therefore invoke organisational discourse, especially in critical situations when the fork-in-the-road choices need to be made.

Responding to the question of value of corporate identity discourse above, it can be said that there is scarce evidence to support the assumption of this research that either direct or indirect incorporation of corporate identity discourse into strategies against crisis represent a value. The contribution of corporate identity to the content and forms of discourse can be partly associated with the notions of legitimacy and source credibility.

3.3   Stakeholder Theory Applied to Crisis

Recognising crisis response messages and their invocation of corporate identity is not possible without considering the stakeholders, the final aspect of the model assumed for this research. Stakeholders are important because all communicative efforts within a strategy are directed to and perceived by intended audiences. In addition to understanding how crisis response messages are formed and function in crisis communication, it is interesting to see how they are reflected in stakeholder communication and how the stakeholder perceptions can be influenced. Moreover, as outlined in the respective hypothesis, it is worth exploring how crisis response messages are targeted to different stakeholder groups and if they need to be consistent across all stakeholder groups.

According to Freeman (1984), whom many regard as the main contributor to the stakeholder theory (Donaldson & Preston 1995: 72), stakeholders are those groups and/or individuals who can affect and be affected by a focal organisation. The stakeholder theory developed by Freeman explores the relationship between a company and its stakeholders. Particularly in crisis, this relationship is important "in shaping the response to stakeholder pressures" (Stephens et al. 2005: 393).

Organisational audiences or stakeholder groups are made up of persons external to the organisation (members of other organisations, regulation or supervisory agencies, competitors, suppliers), public interest groups (environmental activists, consumers), internal persons (shareholders, employees) and the general public at large (Elsbach 2003: 320).

On the basis of internal versus external distinction, Elsbach categorises external and internal audiences separately. External stakeholders include consumers and potential consumers, suppliers, investors, activist groups, competitors, etc. These are the largest group, very diverse and therefore complex in terms of communication in crisis. The information needs of external stakeholders vary accordingly and their concerns receive the most attention of the media. Although internal audiences are less studied in comparison to external stakeholders, their influence may be significant. This group should be paid close attention especially in

crisis, as conflicts might arise with regard to whether the company behaviour and communication are perceived consistent with the perceptions of this group.

The categorisation of stakeholders by Stephens et al. is slightly different and based on functions of the respective groups and type of relationship between an organisation and stakeholders. According to Stephens et al. (2005: 394) types of stakeholders include enabling publics, functional publics, normative publics, and diffused publics (this is also discussed by other researchers including Dougherty 1992, Ray 1999, Ice 1991).

This categorisation was originally proposed as a conceptual scheme for identifying corporate relationships by Grunig & Hunt (1984: 139-143) who adapted Esman's (1972) concept of organisational linkages. Within the proposed categorisation, enabling publics - for example governmental agencies - offer regulatory framework for corporations and control the allocation of authority and resources. Functional publics include those stakeholders who provide inputs and receive outputs from organisation: employees, who provide labour, suppliers of raw materials or primary products or services, and consumers who buy the products made by the company. The normative linkage represents publics who share the same interests, problems or goals with a company (e.g. associations and professional organisations). Finally, the diffused publics reflect an unorganised public who may become involved with the crisis due to its consequences.

The following table summarises the specific features of stakeholder categories:

Stakeholder category	Relation to a company	Examples
Enabling publics	Provide authority and control the resources	Shareholders, regulatory agencies, boards of directors
Functional publics	Give inputs and take outputs in return, provide labour, utilize service or product	Employees, unions, consumers, suppliers
Normative publics	Share similar values or have similar problems	Trade unions, political groups, professional societies
Diffused publics	Indirectly linked to organisation	Media, environmentalists, residents, the community

Table 6: Stakeholder categories (adapted from Stephens et al. 2005: 394-395)

In crisis, however, the relationships of the company with different groups of stakeholders change and become crucial for the outcome of crisis management and even organisational survival. This is due to a number of contextual factors such as inherent ambiguity, uncertainty, threat and urgency that organisational crises bring to stakeholder identification and communication. The context of the crisis can increase the number of relevant stakeholders. Those groups that remained passive until crisis may become salient: Police, US C

ongress or an FBI have often emerged as stakeholders in cases of terrorist acts, product recalls or airplane crashes, whereas environmentalists and their attorneys did so in case of violent nature as the consequence of a crisis. Also the distinction between external and internal stakeholders is most probably disrupted in crisis. For instance, employees may become victims of the crisis and therefore may perceive the crisis from an external perspective rather than from an internal one.

Moreover, such unknown before stakeholder group as the victims, which may include former external as well as internal stakeholders, appears during crisis (Stephens et al. 2005, Coombs 2007). The victims are people who suffered physically, mentally or financially as a result of the crisis and thus expect explanation, expression of concern and a statement with regards to responsibility from the organisation.

As Pearson & Mitroff (1993) argue, in the aftermath of a crisis, stakeholders may distance themselves from a crisis by turning their backs on the organisation. In many cases, the key assumptions about the stakeholders' commitment to the company may not hold true in crisis context. Furthermore, the perceptions of the stakeholders themselves are further strongly influenced by the media representation which may affect the legitimacy of the company.

Indeed, in crisis situations the concept of legitimacy gains a special value, as companies may experience the loss of or significant damage to legitimacy. Crisis response measures among other purposes are therefore targeted to regain legitimacy and accordingly stakeholder support. Legitimacy is defined as a generalised perception or assumption shared by the stakeholders that the "actions of an entity are desirable or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman 1995: 574).

According to Massey (2001), "legitimacy management is best viewed as a dialogic process and not a monologic organisational activity" (Massey 2001: 155). This implies strategic communication targeted to different stakeholder groups in the form of exchange of information, ongoing response to stakeholder demands, and studying stakeholders' needs and expectations.

However, the issue of stakeholder's involvement in organisational matters is critical from several perspectives. First, how to define the appropriate measure for this involvement? What amount of information can be shared with a company's stakeholders to avoid misuse? Certainly there is no general rule, as it depends on the types of stakeholders and the kinds of relationships a company has established with this particular group. Second, how to make sure that this involvement will pay off at the end, allowing the company to rely on stakeholder support in critical situations like crisis?

Despite a plethora of research on crisis management, Massey (2001) argues that the relationship between crisis and legitimacy in general is not clear. Partly, the research proves that legitimacy is positive for companies, as organisations perceived as legitimate are most likely to receive

the support and attachment from internal as well as external stakeholders (Ashforth & Gibbs 1990, Lind & Tyler 1988). However, the question of how stakeholders' attitudes change in crisis and if their perceptions of crisis can be in a way navigated in crisis is not addressed very much in the literature. Some of the findings of studies on the issue are briefly presented below.

Marcus & Goodman (1991) analysed the impact of company strategy in crisis on shareholders in the case of three types of crisis: accidents, scandal and product safety incidents. They closely examined corporate policy announcements following crisis and the resulting changes in investor expectations, reflected in stock price performance. The researchers compared the effect of accommodative and defensive announcements on shareholders and came to the following conclusion: accommodative announcements better serve shareholder interests after scandals, whereas in the case of accidents investors react more positively to defensive announcements. However, no significant differences existed in the reactions of a company's investors to accommodative and defensive signals (Marcus & Goodman 1991: 299).

These findings prove, on the one hand, that perceptions of stakeholders, in this case the shareholders, can be influenced by the company statements. Moreover, the study showed that the choice of the strategy contributes to the effect of crisis response and depends on the type of crisis, which is also in line with the key arguments of this research. On the other hand, however, and the authors recognise this, the results prove that favouring one group of stakeholders may result in ignoring the interests of the other. The study goes so far as to highlight the complexity of the stakeholder environment on the example of just two types of stakeholders – shareholders and victims.

The reality of crisis management, however, represents a myriad of stakeholders involved. As Marcus and Goodman note, "even though this study may improve their [managers'] understanding of the effects of their announcements on shareholders, managers confronting an actual crisis continue to face dilemmas" (Marcus & Goodman 1991: 299). For example, in the case of accident, the company would have to decide be-

tween accommodative and defensive approach, thus facing a trade-off that would favour either shareholders or victims.

Furthermore, the study draws attention to the fact that the choice of the strategy may have a long-term effect in terms of impact on stakeholder perceptions of the company. Juxtaposing the Ford Pinto and Johnson & Johnson Tylenol cases, the authors came to the conclusion that the true impact of this choice can be apprehended and evaluated after a number of years. In the case of Ford, for example, executives of the company followed the defensive approach until they were forced to admit that the vehicle had technical problems. In the end, the company faced huge reputational problems. In a similar situation, Johnson & Johnson remained accommodative during their crisis and, despite considerable stock market damage in the short term, managed to recover and to bring back the trust of the customers in the long term. It is the general recommendation of the authors to "sacrifice profits for the sake of the victims," especially in cases of product safety and health incidents (Marcus & Goodman 1991: 300).

In terms of influencing stakeholders in the aftermath of crisis, Ulmer & Sellnow (2000) contend that the companies can benefit in the long term from the level of ambiguity inherent to the crisis, especially in its initial stages. Although they recognise an opportunity for the companies to capitalise on ambiguity - which they label unethical behaviour - the idea of at least balancing the degree of ambiguity reasonable in each specific crisis context sounds interesting.

The researchers distinguish three aspects of what they call "strategic ambiguity" which arise in crisis communication, creating ambiguity for corporate audiences. These aspects focus on the interpretation of evidence, the intent behind actions leading to crisis and the locus of responsibility for the crisis. The ambiguity associated with them can be used by company to effectively appeal to multiple audiences (Ulmer & Sellnow 2000: 147). First they refer to the evidence available in the wake of the crisis. As a result of the presence of media, debate arises, leading to ambiguity associated with several interpretations of the evidence which become the subject of rhetoric. Company thus may consider to what extent the associated ambiguity serves its interests. Specifically, if the evi-

dence involves scientific complexity, certain stakeholder groups may drop out or fully rely upon media interpretation, being unable to form their own judgements. In this case, the company has the flexibility to decide if the explanation provided by the media satisfies the needs of the audiences or if it must engage in what Crable & Vibbert (1985) call "corporate advocacy" - public arguing for decisions conducive for company goals (Ulmer & Sellnow 2000: 143).

Further, company explanations on the reasons which may have contributed to crises are also in part rhetorical and often require a degree of ambiguity to offer adequate justifications. In this case, companies usually engage in a dialogue with the public concerning values, mission and social principles of the company, in a way delaying assignment of blame and responsibility for event. Finally, companies often rely on rhetorical strategies targeted to minimise the level of responsibility they must take through the use of ambiguous language (Ulmer & Sellnow 2000). Thus, companies may attribute messages and actions to the organisation as a whole and not to specific individuals responsible, essentially "shifting the blame" (Benoit 1995) to the higher levels of authority, etc.

With the example of the Jack in the Box 1993 organisational crisis, Ulmer & Sellnow (2000) analyse how ambiguity related to the aspects outlined above is implemented in crisis response strategies. They conclude that ambiguity is likely a component of effective communication, however, they recognise the risk of manipulating ambiguity at the expense of some stakeholders (Ulmer & Sellnow 2000: 153). The latter prompts the question of how ethical the company is and whether the level perceived by the company as ethical is congruent with the one considered legitimate by the stakeholders. As the rhetorical strategies are directed to various stakeholders, the ambiguous messages need to be scrutinised by the company itself to meet the ethical demands of the stakeholders.

Despite the findings outlined above, further studies on how the many strategies available to the companies facing crisis affect their stakeholders would be of value. However, reviewing the stakeholder theory, often criticised for not being sufficiently normative (Ulmer & Sellnow 2000),

may provide some insight relevant to this research. The combination of both empirical and theoretical observations will then provide a foundation for the stakeholder analysis in the empirical part.

Indeed, even without extensive empirical verification, as Donaldson & Preston (1995) argue, the link of stakeholder management with the conventional concepts of organisational legitimacy and performance is obvious through analytical argumentation. Observing the instrumental base of the stakeholder theory, great emphasis is placed on the issues of stakeholder involvement in organisational practices and multiple stakeholder coordination, as outlined above.

To highlight the issue of involvement, Freeman (1984) quoted Stanford Research Institute's definition of stakeholders as "those groups without whose support the organisation would cease to exist" (Donaldson & Preston 1995: 72). One of the central theses of the theory is that stakeholder management "requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organisational structures and general policies and in case-by-case decision making" (Donaldson & Preston 1995: 67). In terms of strategic stakeholder management, this implies first, the complexity of the task, as all stakeholder interests are to be addressed simultaneously and in all situations, routine as well as extraordinary ones, and second, the stakeholders should be obviously involved in those processes and decisions. This perspective presumes the instrumental value and constructive role of different groups of stakeholders, although it does not predict the extent of their involvement.

Further, according to stakeholder theory, the company is seen as an "organisational entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes" (Donaldson & Preston 1995: 70). This implies that to accomplish organisational tasks efficiently, companies often have to balance the conflicting interests and claims of multiple stakeholders. It is obvious from the company's perspective that stakeholders vary with respect to the (perceived) importance of their stake in the firm and their power vis-à-vis its managers. Therefore, the relationships between the company and its multiple

stakeholders cannot be in equilibrium at any given time (Donaldson & Preston 1995: 78).

So how can the multiple interests of the stakeholders be coordinated in favour of the company and at the same time assure stakeholders that their interests are considered? In this context, stakeholder theory emphasises the importance of the monitoring devices used to minimise information asymmetry, for example. It is obvious that there exists an information asymmetry between company managers and company stakeholders, as managers are in the position to monitor, screen and decide on what information to release to which stakeholders. In turn, stakeholders undertake their own information gathering and monitoring of management activities in order to make sure the management is acting in their interests (Hill & Jones 1992: 140). To respond to the monitoring problem and to gain mutual value of the information availability, a number of institutional structures have been established (like annual reports to be released by public companies, stock analyses, consumer reports offered by experts against charge or tests and reports provided by non-profit organisations like www.consumer-reports.org, etc.).

Further instruments known and well applied by organisations are enforcement mechanisms related to establishment of credible deterrents in the context of stakeholders-managers relationship (Hill & Jones 1992: 141). Law deterrents as well as a credible threat of exit from the exchange relationships (consumer may purchase a product of better quality from other producer or shareholder can sell his share) help coordinate the relationships in a credible way. Another strong deterrent may be the "voice," a term Hill and Jones use to refer to the opportunity to articulate the stakeholder interest and influence the relationship through publicity.

In order to apply the insights of the stakeholder theory to the crisis context, it can be argued that due to a number of critical conditions the aspects of stakeholder involvement and coordination gain additional complexity. This area is even less approached empirically and we can only assume the possible implications.

Presumably, the issue of the equilibrium of stakeholder relationships in crisis becomes critical. In routine situation, the measure of stakehold-

ers' involvement in business processes may remain at least to a certain extent under control through the mechanisms as those proposed by Hill and Jones. In crisis, companies may face the problem of a trade-off, meaning they will have to determine which interests and demands need to be served first and with what degree of urgency. Thus, the extent to which the particular stakeholder's interests or influence is time sensitive and critical needs to be defined in the course of the crisis itself.

At this point, several dimensions of stakeholder relationships may be considered by the company. In addition to the importance of the stake in the company and power of influence defined by Hill and Jones (1992), Diers (2009) mentions the relational valence or the emotional effect an organisation may feel towards a stakeholder group. A history of interaction with stakeholders allows the organisation to build structures and rituals of interaction and stakeholder group's reputation and expertise (Diers: 2009: 22). The level of formal and informal accountability towards different stakeholder groups represents another aspect to consider. Finally, in line with the key argument on the role of corporate identity in crisis, ethical foundations of the company may guide the multiple stakeholder coordination. It is argued that the perceptions of the company regarding the 'weight' of any particular stakeholder group may play a role in the company's efforts to align the interests of different stakeholders.

As already mentioned above, legitimacy is a key determinant of the extent of the stakeholder commitment to the company. But why is legitimacy in crisis so important? There might be several reasons why legitimacy demands in crisis are extremely high.

First, legitimacy "enhances both the stability and comprehensibility of organisational activities" whereas both patterns are also mutually reinforcing (Suchman 1995: 574). From this perspective, legitimate organisations are those having the beliefs and values embedded in a system where the shared meaning is much easier created than in non-legitimate organisations. The shared meaning is obviously a pattern contributing to the stability and reduction of uncertainty that are so necessary in crisis context.

Second, legitimacy demands are especially stringent, since a company in crisis seeks active support from a particular audience. Usually, beyond the crisis context, an organisation is satisfied with passive acquiescence of its activities by stakeholders, for example in terms of its social engagement or general principles of corporate governance. It could be argued that the less involvement from the stakeholders' side, the better it is for the company. In crisis, however, companies may need the stakeholders to intervene, express support and commitment to the company in order to help it withstand crisis. The affirmative statements of particular stakeholders may help the company regain its image and reputation (e. g. a study of an independent expert).

Finally, all relevant stakeholders expect fast and accessible crisis information. Clearly, crises create an increased need to communicate with diverse audiences and thus fill the vacuum created by the crisis. Besides understanding what challenges the crisis raises in terms of stakeholders' involvement and coordination, it is important to explore how they relate to stakeholder communication. The question arising at this point is whether the same information should be shared with all stakeholders, meaning if consistency is important in communication with diverse audiences.

In terms of consistency, it is important to note that the key assumption of this research is that the crisis response strategy is uniform in a sense of its strategic orientation, no matter which stakeholder group the separate messages are targeted to or what communication channel is used. It means that if the company generally pursues accommodative strategies through apologia with regards to one group of audiences, it cannot express defensive behaviour towards another group. The messages are accordingly posted on corporate websites, sent out as emails and communicated to the press in tune with the company's strategy in response to crisis. The term 'consistency' questioned here therefore refers rather to the content of the messages and their form and not to the overall communicative purpose of these messages, which conceptually equals crisis response strategy.

Considering the factors of stakeholder coordination outlined by the stakeholder theory, inherent differences among stakeholder groups and different relationships the organisation has with them, a logical way of reacting in crisis would be targeting messages adapted to distinct stakeholders' needs. It should be noted, however, that the research findings are in themselves not consistent with regards to the issue of consistency in communication in response to crisis.

Many researchers in this field offer convincing evidence of the fact that if the company communicates consistently across its various publics, it will be much more effective in regaining its legitimacy and accordingly support from the stakeholders (Massey 2001, Seeger 1999). Pearson & Clair (1998), for example, state that "failure to provide consistent information" can worsen the crisis situation (1998: 72) and the image of the company can be destroyed. Similarly, Coombs (2007) argues that consistency is important for ensuring the credibility of the response. The organisation in his view should speak with 'one voice', which means deliver consistent messages and coordinate the efforts of official spokespersons. In Coombs' view it is one of the key tasks of the crisis team to keep the employees informed so that they would not deliver inaccurate messages as unofficial spokespersons. Further research suggests that when all stakeholders receive the same messages, information provided will be perceived as credible (Coombs 1999, Barton 1993, Ogrizek & Guillery 1999).

Still, among the group of studies arguing for maximising consistency, the complexity of the task is emphasised. Ulmer & Sellnow (2000), Nakra (2000) and Ice (1991) assert that balancing myriad audiences in an attempt to maintain relationships with important stakeholders may be extremely difficult. Stephens et al. also mention that companies do not necessarily control the targeting of their messages, which makes the task of communicating consistently more complex for the company (Stephens et al. 2005: 409). However, due to pressure of time, lack of knowledge of stakeholders and their needs, or just in order to be perceived consistent and credible, companies may in practice use the messages which are the

same in content and form to all stakeholders without considering the specific needs of various stakeholders.

In contrast, although to a much more limited extent, there is some evidence of the fact that companies do target their messages towards different stakeholder groups, which appears to be an option that makes more sense from the theoretical point of view. Stephens et al (2005)[87], for instance, were surprised to conclude that the organisations explored were not consistent while targeting their messages to different stakeholders. Ice's (1991) case study of Union Carbide's justification of the Bhopal gas leak examined the dominant rhetorical strategies employed by Union Carbide in communication with each public[88]. He came to the conclusion that the company used different messages to various publics emphasising certain public relationships while alienating other publics. Thus, Union Carbide demonstrated the responsibility through addressing financial and scientific concerns of normative, functional and stockholder publics, while de-emphasising safety and human issues expressed by enabling and diffused publics (Ice 1991: 359-360). The study proved the use of multiple strategies targeted to various publics, at the same time recognising the problems of management of those strategies.

Despite these findings, it is obvious that much more research surrounding how messages are targeted to different stakeholder groups is needed. However, several conclusions can be made at this stage in relation to crisis response for the purposes of testing within further empirical investigation.

First, it might be of crucial importance for a company to identify its stakeholders and assess their importance anew in the context of crisis. As mentioned above, due to unpredictability in the development of crisis, the constellation of stakeholders and the stake of particular stakeholder groups in the company may change. In crisis, the relationships with those

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[87] This study was mentioned above. It examines message strategies used during crises that involved technical details and implications.

[88] Ice (1991) used the conceptual scheme by Grunig & Hunt (1984) for identifying corporate relationships and examined four types of stakeholders: enabling, functional, normative and diffused.

groups that constitute an organisation's public need to be identified, the damage done to these relationships examined and the strategy for communication to be implemented and evaluated with respect to particular stakeholder needs. In the aftermath of the crisis, companies have to be prepared to expand their view of their stakeholder audience and be ready to integrate their distinct interest in crisis response strategies.

Second, it is important to consider that the demands of different stakeholder groups in crisis are obviously not equal in terms of urgency, time dependency and technical complexity, among other differences. Moreover, in crisis situations, the interests and needs of these groups are often contradictory. Besides that, there are a number of factors in crisis which make consistency a difficult pattern to achieve. It can be assumed that the response may be more efficient if it is structured according to these needs and its elements are targeted to different stakeholder groups. However, it should not be underestimated that nowadays, due to availability and accessibility of information, inconsistencies in messages projected to different stakeholders can be discovered quite easily. As a result, stakeholders often make their own conclusions about a company's credibility without paying much attention to the messages explicitly targeted to them. This implies that differences in the information to be provided should reflect differences in the needs of various audiences without contradicting the overall crisis response strategy.

Third, as already mentioned above, the company communicators should consider that communication with stakeholders is a two-way process initiated long before the crisis occurred. To a large extent the relationships established before crisis as well as the proactive work by the company may pay off in crisis. Williams (2008) and Livesey & Kearins (2002) claim that voluntary reporting, which refers to the information released beyond the minimum requirements, can be used by the companies proactively to "anticipate concerns of various constituents" (Williams 2008: 234) and achieve certain strategic goals. These could be to decouple good behaviour from bad, influence stakeholder perceptions, especially following a negative incident or to distract audience focus (Elsbach & Sutton 1992, Lindblom 1994). This proactive work on antici-

pating and studying stakeholder concerns may help assess the expectations stakeholders hold of the company's behaviour during the crisis itself. In this case not only the consistency across the stakeholders but also consistency with the past actions of the company is important. The latter implies that the crisis response strategy is in fact formulated well before the crisis begins. The crisis response is presumably very much driven by the relationships with the stakeholders the company has been cultivating over years.

Due to limited empirical findings, the considerations above are in fact untested assumptions made on the basis of stakeholder theory as applied to crisis context and a few case studies reviewed. They need to be examined through careful analysis of the crisis response strategies in the case study found in the final section of this research. Especially the investigation of the issues of consistency in crisis response messages and its possible effects is warranted for both practical and theoretical goals. In order to do so, stakeholders will be analysed according to the classification into enabling, functional, normative and diffused (Grunig & Hunt 1984), as outlined above. The analysis will identify rhetorical strategies and differences between them, if any are to be found related to different stakeholder groups.

4   Case Study: Crisis Response Strategies of Toyota

4.1   Methods of Analysis and Data Collection

As outlined in the objectives of this research, Toyota Motor Corporation was selected for the analysis of its communication in crisis. The reasons for this choice were the following. First, the company has recently experienced a crisis due to several major recalls of its vehicles. While working on this dissertation, therefore, enough data could be obtained from the media and the internet. At the same time, the case of Toyota was relatively new and not much was written so far on the subject of interpretation of crisis at Toyota. Second, Toyota seemed to be an interesting case to explore, as the positive outcome of the crisis spoke in favour of communication that might have been successful, although, as reflected in the media coverage, this task was challenging for the company. Finally, Toyota made an impression of a company with a clear-cut corporate identity having its roots in the history of the company and being propagated from generation to generation of its employees. It was therefore to assume that corporate identity of the company may have contributed to crisis resolution.

Crisis at Toyota, furthermore, demonstrated all features described in section 1.1 (Figure 2) to be characterised as crisis in the sense of the definition of crisis proposed for this study. In terms of crisis typology accepted for this study (Coombs 2007), crisis at Toyota was assigned to the technical-error product harm group[89].

In order to conduct an in-depth analysis of company's communication responses in crisis, the case study methodology was chosen. Yin (1994)

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[89] See p. 37.

defines case study research methodology as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin cited by Vielhaber & Waltman 2008: 316).

The case study focuses on individual cases, exploring details extensively and taking into account a number of variables. The typical case study is open-ended and flexible. Indeed, while outlining the research questions for this dissertation, the researcher assumed no fixed parameters or indicators of inquiry, leaving the observations and interpretations to shape the course of the research. Even if the preliminary model of the two cases studied (see Figure 7 below) had been established, the actual inquiry proceeded more "by feel and improvisation" than by a fixed methodology (Eckstein 2000: 120), in line with the Chinese approach described in section 3.2.3.

The case study approach perfectly fits into the framework of this research for a number of reasons. First, considering the purpose of this research and the complexity of the phenomena involved – analysis of the crisis response strategies with a special focus on incorporation of corporate identity – case study approach will best enable the investigation. Second, in line with Yin's definition, the context of crisis is essential to understanding companies' communication strategies and how incorporation of corporate identity influences the impact of crisis response.

Finally, the use of case study in this research is justified as a valuable method of theory building. As argued in section 2.1, one of the key objectives of this dissertation is to identify the theoretical connections between corporate identity and crisis response strategies, since no comprehensive theory, classification and terminology for manifestations of corporate identity within company discourse has yet been developed. As Eckstein argues, case studies are especially valuable when "candidate theories are tested" and with regard to complex and abstract phenomena (Eckstein 2000: 119).

This research combines rhetorical with discourse analysis – two main approaches to the text analysis that have emerged in business communication – as a subset of the current case study research. Both are related

interpretative approaches with a number of overlaps and similarities but also some key differences.

Livesey (2002), in her analysis of Exxonmobil's corporate public discourse, argues that the implementation of both approaches complements and enriches the findings and contributes to their representativeness. Livesey combines a new rhetoric, as influenced by the theories of language of Kenneth Burke, and discourse analysis, as influenced by the work of French sociologist Michael Foucault. Without providing a comprehensive review of both approaches, it is important to justify this choice by explaining why their implementation represents a value for the present analysis.

Both approaches highlight the aspects of constitutive language and socially constructed reality, however, both with a different focus. Livesey explains this difference as follows: rhetorical analysis, or analysis of rhetorical strategies, has a clear emphasis on the purpose of discourse. According to Livesey's interpretation of Burke (1950, 1968), Burke's so-called dramatistic method for the analysis of texts "provides the means to analyse the relationship among the features of texts in terms of the rhetorical situation" (Livesey 2002: 121).

More broadly, this method reveals how words become meaningful in context and what the persuasive purpose of discourse is. It is concerned with the purposive use of language to facilitate particular action or shape attitude, which perfectly fits into the framework of the analysis of crisis response strategies. The analysis from this perspective can be applied to show how corporate speakers and communicators use language to produce their own 'reality' of crisis as well as to describe measures to overcome it.

Discourse analysis from Foucauldian perspective (1972, 1984) also focuses on language's constitutive effects on knowledge, subject identity, and social (power) relations. According to Foucault, discourse is not simply a language, but rather a term integrating symbolic systems, social structures and rules. Thus, corporate discourse refers not only to the language of particular company statements; it also incorporates the bulk of

stakeholders that interpret company's messages, the rules of corporate disclosure, etc.

The discourse analysis therefore focuses on the underlying social structures and regulatory effects of discourse. The Foucauldian perspective, in Livesey's interpretation, helps the researcher to understand the implications of local struggles and conflicts in terms of change at the social and institutional level (Livesey 2002: 142). In this dissertation, the discourse analysis will involve linguistic elements that help create credible and effective appeals that contribute to the persuasiveness of the company's crisis response messages as directed to stakeholder groups. It will also reveal what means are employed to incorporate corporate identity into discourse in an attempt to rebuild company-stakeholder relationships during crisis.

In conclusion, both discourse and rhetorical analyses are devoted to revealing how identity in crisis is constructed through language and how it may manifest.

To examine crisis communication strategies and incorporation of corporate identity in them, the researcher collected press releases, annual reports, and statements by Toyota' CEO and other representatives made available on company's websites.

The analysis of the data was done within the framework of the model established in theoretical and conceptual parts of this research across the following three pillars: invocation of corporate identity in crisis response messages; crisis response strategies; and the audiences receiving the messages. In fact, these reflect the three hypotheses. These can be mentioned here again for the purposes of clarification:

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.

The case study was therefore structured as follows: after a general overview of the company and the context of crisis, which also included a brief analysis of communicated corporate identity, the researcher examined the documents to answer the research questions which guide the development of the case study. Figure 7 below describes the relationship between the hypotheses and respective research questions.

Research in terms of *hypothesis 1* reviewed the reflection of corporate identity in the content and features of crisis response messages and identified manifestations of corporate identity in company discourse as related to crisis. To test *hypothesis 2*, the researcher provided the analysis of the crisis response strategies employed and their compliance with the communicated corporate identity of the company. On the basis of this review, the conclusions were made on the intended choice of the crisis response strategies.
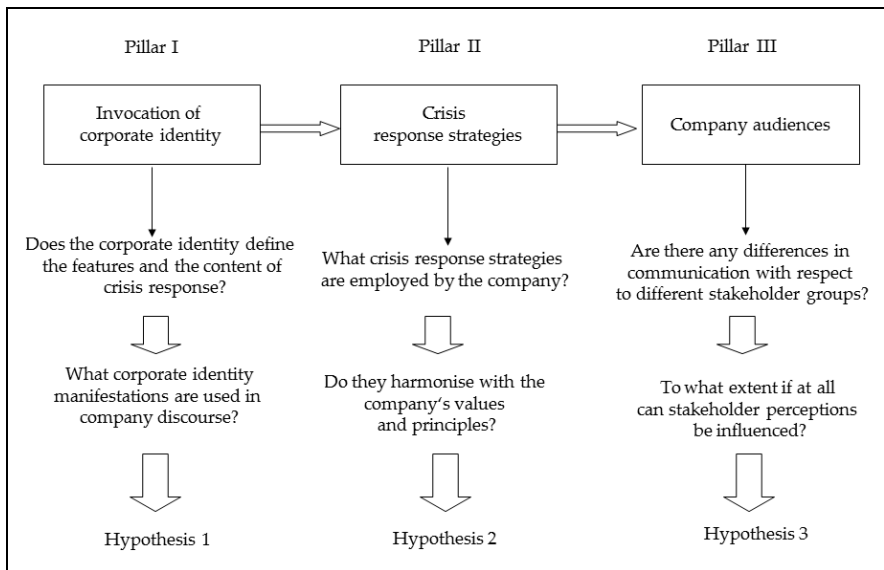

Figure 7: Three pillars of empirical research

In terms of *hypothesis 3*, the stakeholder groups involved in crisis and the ways of addressing their specific informational needs were analysed. Based on this analysis, the conclusions were made on consistency of the crisis response messages as related to different stakeholder groups and to the overall company's identity. Furthermore, the interpretations of the company crisis response messages in the releases of the online media were reviewed in the course of the media analysis. As a result, the conclusions were made as to what extent the employment of particular strategies could exert their influence on stakeholder perceptions, company legitimacy and the outcome of the crisis.

As noted above, following no strict guidelines in terms of findings, research proceeded across two levels: the macro level, analysis of the overall context of crisis, crisis response strategies and invocation of corporate identity, and the micro level, specifically addressing linguistic resources employed to render certain strategy, meaning, interpretation or attitude.

The data set on Toyota consisted of 250 accounts of which 117 were press releases published at Toyota US website during the period defined by the researcher as crisis, from August 2009 until May 2011, (www.toyota.com, section "USA Newsroom"), including 13 accounts directed to the media; 40 company's releases on its corporate website (www.toyota-global.com, section "Company") related to corporate identity, 16 releases of the NHTSA (National Highway Traffic Safety Administration) and 77 news releases and editorials published on news agencies' websites (The *Washington Post*, The *New York Times*, The *Los Angeles Times*). The corpus was further supplemented by Toyota's annual reports for 2010 and 2011, speeches and testimonies by Toyota's executives, as well as Toyota's Code of Conduct. Additional data came from several blogs and video clips posted on public websites.

Press releases are defined as letters from the company or single quoted statements by organisational representatives[90] published on the company website. Accounts directed towards the media are classified as statements made during the press conference or at other public events

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[90] Company representatives are the Chief Executive Officer, the Chief Operating Officer, the Chairman of the Board, the Chief Quality Officer, the Group Vice President, etc.

that are directed specifically to the media as well as press releases in response to concrete "inaccurate", from Toyota's point of view, media reports. In the case of Toyota, these included speeches of Toyota top management representatives at Automotive News World Congress and Center for Automotive Research Conference, and releases under title "Our Point of View", for instance.

4.2   Context of Crisis at Toyota

The crisis at Toyota, a brand whose name is synonymous with reliability and world-class quality, started with a single car crash in southern California in August 2009. Mark Saylor, a veteran California Highway Patrol officer, his wife, daughter and his brother-in-law died when their rented Lexus vehicle roared out of control on a San Diego freeway. In the six months that followed, Toyota recalled more than 7 million vehicles and suspended the sale of eight of its best-selling vehicles. The crisis at Toyota was one of the biggest product recalls since the Firestone tyre fiasco in 2000[91].

Toyota's image experienced severe damage over 2009 and 2010: the company was accused of putting profits before quality and deliberately hiding electronic defects which were allegedly responsible for the cases of unintended acceleration. The safety debate was triggered by the two major recalls, in late 2009 on the floor mat entrapment and in early 2010 on sticking accelerator pedal. Although a number of governmental investigations on the subject of unintended acceleration and possible electronic or software problems in Toyota provided no scientific evidence, Toyota remained the subject of unwarranted speculation in the media even two years later.

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[91] In August 2000, Firestone and Ford Motor Company recalled more than 6 million tyres in the United States. The reason for the recall was series of tyre failures and car accidents that took lives of more than 100 people. The recall also resulted in the end of century-long relationship between global tyre manufacturer and world-famous automaker (O'Rourke 2001).

In the beginning of 2012 media news organisations such as Huffington Post continued to publish claims of individual experts and safety advocates, questioning the appropriateness of tools used by NHTSA and NASA (National Aeronautics and Space Administration) for their investigations. The recent debate on tin whiskers[92] as a possible cause for Toyota's alleged acceleration problems is one of the examples of how Toyota cannot escape the phantom of sudden acceleration and continual negative coverage of the company in the media. In July 2012, U.S. Senator Charles Grassley asked NHTSA to reopen investigations on the safety of Toyota vehicles with respect to unintended acceleration. Toyota's source responded defensively in its press release, claiming financial interest of trial lawyers and paid 'expert' studies that, according to Toyota, contribute to the unwarranted fear of the public.

For a common driver and (potential) customer of Toyota, not necessarily well equipped with knowledge of technical issues in automobiles, also vigorously refuted, the representation of the company in the media often is the main source of forming opinion on the technical issue. Not every potential or current customer would review the history of the automobile industry to find out that tin whiskers is not a new phenomenon and first reports date back to the 1940s and 1950s. Toyota is also not the first company alleged of sudden acceleration across the industry. For instance, one of the most famous instances prior to Toyota was that of Audi in the mid-80s. At that time, the Audi brand suffered huge damage and it took the company more than a decade to recover its position in the U.S. market. Ultimately, after years of investigation in Audi, as well as in

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[92] Tin whiskers are electrically conductive, crystalline structures of tin that sometimes grow from surfaces where tin (especially electroplated tin) is used as a final finish. Tin whiskers have been observed to grow to lengths of several millimeters (mm) and in rare instances to lengths in excess of 10 mm. Numerous electronic system failures have been attributed to short circuits caused by tin whiskers that bridge closely-spaced circuit elements maintained at different electrical potentials (http://nepp.nasa.gov/whisker/background/index.htm). According to Huffington post release as of 22.01.2012, Toyota's sudden acceleration problems may have been triggered by tin whiskers, (http://www.huffingtonpost.com/2012/01/21/toyota-sudden-acceleration-tin-whiskers_n_1221076.html, accessed on 05.09.2012).

the similar case of Chrysler's Jeep Grand Cherokee, no single proof has been found in the electronics of any vehicle. In all instances, the main causes have been physical defects or drivers' behaviour[93].

Whatever the real causes may be, from the point of view of the general public, the fact that cars may be accelerating and getting out of control is terrifying. In the face of the narrative put forth by the media presenting Toyota vehicles as dangerous and killing people and YouTube full of videos documenting Toyotas accelerating uncontrollably, the real causes for possible defects were regarded as relatively unimportant. The damage to their image was done, and the company had to deal with it, even if it might take years to regain customer trust as it was with Audi.

In case of Toyota, the effect of the recalls was huge due to several facts. First, what made these recalls escalate to crisis point was the company's special relationship to the U.S. market. Toyota entered the U.S. market in the late 50s, when American car manufacturers were the biggest and the most experienced car makers in the world. In 1983, Toyota formed a joint venture with General Motors (GM) and started expanding its market share, first testing the production employing American workers. Since then, it has been gaining reputation around the common American traits: durability, affordability and reliability. Toyota has become one of the most popular foreign plates in the USA along with Camry and Lexus as best-selling brands in America over the last ten years[94]. Toyota managed to offer safe and affordable cars, exactly what the customers wanted. Also in an economic sense, Toyota's share in the US was second-largest (after GM) by market share in 2009[95] and on its way to 18 percent when its quality reputation took a hit in 2010. All the more surprising

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[93] In case of Audi, the NHTSA report concluded that the Audi's pedal placement was different from American cars' normal set-up (closer to each other). Therefore some drivers mistakenly pressed the gas pedal instead of the brake pedal (http://www.thetruthaboutcars.com/2007/05/in-defense-of-the-audi-5000/ accessed on 09.09.2012).

[94] http://www.toyota.com/camry/awards.html, accessed on 09.09.2012.

[95] http://www.motortrend.com/features/auto_news/2011/1202_u_s_markets_share_for_the_top_five_automakers/, accessed on 09.09.2012.

were for the public the recalls issued by a company that built up its position in the US market over the notions of safety and quality.

Second, although Americans were familiar with recalls in the past, the perception that the company had been hiding some important facts from its customers, which was fuelled by the media, contributed to the growth of tension and mistrust. Due to slow and generally extremely cautious responses in the beginning, speculation took the lead and contributed to the spread of rumour and conjecture. In the light of this negative coverage, Toyota was apparently not capable of resisting the wave of allegations. Each of the recalls, following the first in November 2009, was perceived to be admission that there were underlying defects in Toyota vehicles, the defects that were denied by the executive management in its statements at initial stages of the crisis.

It is important to integrate the general market, and political and cultural context into the discussion of Toyota's response. As mentioned above in the example of Audi, Toyota was not the only automaker that had to recall its vehicles in its history or had to deal with allegations of unintended acceleration or technical errors. The recent recall of Ford, the second largest manufacturer in America after GM in July 2012, seems to be a case of déjà vu for the US automobile industry. The Ford Motor Company was recalling 484,600 vehicles of Escape model compact SUV amid concerns over a potentially deadly problem with sticking accelerator pedals. Similar to Toyota's case, the trigger for recall in the case of Ford has been a Ford Escape crash that claimed the life of 17-year-old women who lost control of her vehicle in January 2012[96].

Mazda North American Operations has followed Ford Motor Co. in a vehicle recall resulting from speed control problems one week later. The NHTSA announced that Mazda was recalling 217,500 Tribute vehicles from model years 2001-2006 and 2008 as there was "inadequate clearance between the engine cover and the speed control cable connector", which

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[96]http://abcnews.go.com/Blotter/ford-recalls-500k-escape-suvs-sticking-pedals/story?id=16864542#.UEi06aDIZtg, accessed on 09.09.2012.

could result in the throttle becoming stuck[97]. It remains to be seen what impact these recalls will have on other automakers' reputation and market shares. However, these examples show that similar issues Toyota has to deal with are not more prone to occur in Toyota vehicles than any other vehicle in the marketplace. It is more a matter of how the company responds to these issues.

Speaking of the cultural context related to analysis of Toyota response, it should be noted that Toyota, originally a Japanese company, may have its specific 'Japanese' approach to crisis response and communication policies and distinctive ways the company functions as an entity in general, which is different compared to the Western one. Indeed, Japanese companies remain an enigma to most Westerners, which is claimed by the basic differences deeply rooted in the intellectual traditions of the two cultures.

The features of the Toyota response might result from Japanese understanding of crisis. As it is argued in the book by Nonaka & Takeuchi (1995), already referred to above (p. 158), faced with a crisis, "Japanese companies have historically turned to organisational knowledge creation as means of breaking away from the past and moving them into new and untried territories of opportunity" (Nonaka & Takeuchi 1995: 4). The authors believe that what makes Japanese companies although not adverse but resistant to crisis is the fact that they have learned to cope with uncertainty which has characterised the environment of many of these companies for more than the past 50 years. They were confronted with the effects of World War II, local wars (Korean and Vietnam) and numerous economic crises (the "yen crisis", the "Nixon shock", the "bubble economy"), and often struggled against international competition.

Nonaka and Takeuchi name such companies as Canon, Honda and Sony that only became successful because they learned to cope with uncertainty pursuing strategies which were often a significant matter. The uncertainty that became the norm helped those companies anticipate

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[97]http://www.upi.com/Business_News/2012/07/30/Mazda-joins-Ford-with-throttle-recall/UPI-52111343652124/#ixzz25hXObCv1, accessed on 09.09.2012.

change and come up with innovative solutions, new distribution channels or new product design.

Jeffery K. Liker and Timothy N. Ogden, the authors of the chronicle *Toyota Under Fire* (2011), argue that Toyota has effectively turned the crisis into opportunity. Without elaborating much on the peculiarities of Japanese approach and tradition, the authors rather focus their attention on the idea that turning crisis into opportunity is all about culture. Liker and Ogden believe that Toyota's capacity to deal with the crisis was supported by the fact that it "allowed its most precious resource, its culture, to take charge when it was most needed" (Liker & Ogden 2011: vi)[98]. This statement is in line with the hypotheses for this analysis.

Analysing Toyota's response to crisis, it becomes obvious that Toyota was not correctly evaluating the situation and the scale of its impact from the very beginning of the crisis. It seems that Toyota's typical approach to communication, being extremely cautious, saying only the bare minimum that can be backed up by facts, played a crucial role in the development of the crisis and the perceptions of it and of the company in general by its stakeholders.

Moreover, historically, Toyota handled its safety and quality concerns in a quality department in Japan and focused more on the engineering perspective reflected in numerous testing and quality checks. As the company recognised in the course of the crisis, one of the reasons for the crisis was the fact that it focused the technical issues. The primary problems, however, were caused by the fact that the company had lost direct touch to customer perspectives.

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[98] Liker & Ogden (2011) define culture as "the complex system of shared beliefs, norms and values; the patterns of interaction and expectations of conduct that are implicitly and automatically rewarded or punished; the words and shared meanings that shape narratives and conversations; the founding stories; the implicit mechanisms of coordination and collaboration that are so hard to pin down yet are the very essence of your organisation" (Liker & Ogden 2011: vii). Indeed, this definition echoes with the definition assumed for this research: culture is a system of shared meanings and tacit organisational understandings - assumptions, beliefs and values - that contextualise efforts to make meaning (see p. 130). As already explained in section 3.1.2, corporate identity represents the necessary linkage and a mechanism of transforming the underlying meanings into images projected to stakeholders.

The communication approach was in fact a reflection of Toyota's very specific culture or, in terms of the notion we use in this dissertation, Toyota's identity. Therefore, the brief analysis of what values and perceptions build up the corporate identity of Toyota is necessary in order to see how it could have contributed to the choice of strategy in response to crisis. Several basic facts about Toyota's corporate identity taken from the chronicle of Liker & Ogden (2011) need to be briefly addressed, since they are directly related to company's communication policy and strategies actually employed during crisis.

Basically, the milestones of Toyota's identity have been laid by the founder of Toyota and his successors from the very origin of the company in the late 1800s. The company started with the invention of the first manual wooden loom by Sakichi Toyoda. In the next few years, several other improvements were made, including the invention of a stream-driven power loom in 1896. The move from production of looms to motor vehicles was initiated by Sakichi Toyoda and implemented by his son Kiichro in 1933, when the automotive department at Toyoda Loom Works was established. Toyota Motor Company, known today as Toyota Motor Corporation (TMC), started its current operations in 1937[99].

Since then the company was led by the family members or leaders that had spent their entire careers at the company. This allowed handing down Toyota's very specific culture from employee to employee. In 2001, Fijio Cho, the first president of Toyota's Georgetown, Kentucky, plant, first introduced the document, formally outlining the principles of 'Toyota Way'. The latter is defined as a house with two pillars: respect for people and continuous improvement. Each of the pillars rests on five core principles, which are briefly presented below.

Spirit of challenge is the core principle Toyota was founded on. According to 'Toyota Way', each employee of the company, similar to the

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[99] The first attempts of Toyota to expand into U.S. market in the late 1950s were disastrous. The Toyopet Crown car first imported to California was not suitable for American roads. Toyota came back into the market with better vehicles, having established its operations in America in 1957. By 1970, Toyota was the second international plate in the United States behind VW.

founders who built up the company from scratch, is expected to face problems with enthusiasm and be creative in finding long-term solutions. The problem-solving approach, *genchi genbutsu*, to be used by the leaders as well as by the employees is a further milestone of Toyota's operational principles. For the employees this approach means "ask 'why' five times about every matter"[100]: The employees are always encouraged to explore any kind of problems first-hand by asking questions until the cause of a problem is identified. For the leaders, genchi genbutsu means that no decision is taken without studying all the facts that can be collected from seeing the issue first-hand and without understanding of all the causes and the impact of a proposed solution.

Another core value of Toyota is *kaizen mind*, the idea of the continual improvement of all operational processes. At Toyota, the concept of kaizen is implemented on several levels. On the one hand, there is maintenance kaizen, improvement through reacting to the challenges of daily work such as mistakes, failures and changing environments. On the other hand, the improvement kaizen implies raising standards and not just maintaining them. According to Toyota's view, there is no perfect process that cannot be improved, and there is always room for perfection and rationalisation. "Continuous improvement, however, means improving not only products and processes but also people at all levels of the organisation" (Liker & Ogden 2011: 12).

Further fundamental core values are *teamwork* and *respect for people*. In Toyota's understanding, individual success is only possible within the team. This philosophy is integrated within the incentives system for employees, where team-based incentives dominate over individual-based incentives. Respect for people is understood in a broader context, as respect for the community, customers, employees and all business partners. This means that, for instance, with regards to suppliers, the company is committed to providing support even in the worst times by offering technical and financial support as well as training.

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[100] Released in March 2006 at http://www.toyota-global.com/company/toyota_traditions/, accessed on 04.03.2012.

Another core principle which needs to be mentioned here is the *'Customer First'* philosophy. Exactly this value was put under question by Toyota critics. The philosophy was born in the early days of the company, when Shotaro Kamiya, the first President of Toyota Motor Sales Co. Ltd, first publicly declared that the manufacturer's main focus should always be the customer. The first initiative in terms of Toyota's commitment to the customer was the programme to visit customers in cooperation with domestic dealers in each region of Japan in 1936. The company refers to 'Customer First' philosophy more than 50 years later, declaring the establishment of new 'Customer First' training centres around the world in July 2010, which was one of the measures in response to crisis.

Among the core principles is also *hansey* – an expectation that one ought to accept responsibility for mistakes, learn from them and avoid placing blame elsewhere. Corporate identity of Toyota is thus based on several key philosophical principles that are more or less relevant for the company's response to crisis. As we will see in the analysis of the crisis response strategies of Toyota below, the company accepted the responsibility for the possible safety defects in its vehicles, despite the fact that none of the allegations were officially proven through opinion of experts and investigation.

In Toyota's case, one could argue, exactly this self-reserved manner, which has its roots in the corporate identity of the company letting rather "actions speak louder than words", played the 'bad game' at the initial stages of the crisis, since the customers expected a much faster and more committed response. At the same time, the approach of "returning back to the roots", meaning returning to the spirit of manufacturing and car building that Toyota has been following since its foundation, contributed to the success of the efforts at a later stage.

4.3   Verification of Hypothesis 1: Invocation of Corporate Identity

4.3.1   General features and content of crisis response

Speaking in general terms of the features and content of the Toyota's response, several observations can be made.

Generally, Toyota speaks mostly using facts without capitalising much on its previous experience and reputation. Particularly at the very beginning of the crisis, Toyota represents the facts of what has been already done or is initiated in response to the complaints, scarcely expressing its attitude to the possibility of technical defects as such. This speaks in favour of Toyota's motto *"actions speak louder than words"*. However, this might also imply Toyota's intent to distract the reader's attention from the possibility of technical failure, while stressing the concrete activities directed in response to customer concerns as soon as possible.

At the same time, Toyota speaks openly about the details of the recalls, stressing the fact that the conditions that prompted them are rare and individual. The numerous Frequently Asked Questions (FAQ) releases issued during the crisis period (in total 17 for the sample) address customer concerns and explain the specific measures undertaken. For instance, in the press release "Toyota Answers Customer Questions About the Solution For Sticking Accelerator Pedals", the company explains the possibility of 'sticking pedal', restricting it to a minimum of cases possible and only under certain circumstances:

> (1) There is the potential for an unsecured and incompatible driver's floor mat to interfere with, or entrap, the accelerator pedal in the worst case, in the wide-open position. A vehicle with an entrapped accelerator pedal may be difficult to control and/or stop.

> Toyota US Newsroom, 01.02.2010

However, the use of possessive case assigns the responsibility for the potential condition to the abstract figure of a "driver" rather than to the company. The issue of responsibility will be addressed in the course of this analysis in section 4.4.

Also the choice of the verbs supports the company's principle "actions speak louder than words". The messages of the company are phrased as categorical truth rather than as aspirations. Instead of reporting verbs *admit*, *plead*, or *promise*, the company consistently uses functional verbs that emphasise actions such as *begin*, *work*, *test*, *develop*, *undertake* and many others, primarily in the active voice stressing the action stance in the company discourse.

The *strict adherence to technical facts* is another key feature of the company discourse related to recalls which deserves special attention. Particularly in the company releases until February 2010, before the company's President announced the quality improvement initiative, technical details prevail the discourse, whereas references to corporate identity are very seldom. Although the commitment to quality and safety as well as the 'Customer First' philosophy build up the core of the company's identity, Toyota does not refer to these principles until it has developed remedies for the recalls and accordingly solutions for its customers that can be clearly communicated.

At the same time, this scrutiny of the technical details and facts can be interpreted as if the company wants to support its image of the company as a high tech industry global benchmark:

> (2) We will also continue to introduce advanced safety technology into Toyota and Lexus vehicles with the goal of ensuring that they meet the highest industry standards.

> (3) The safety measures we are undertaking include the incorporation of a brake override system that cuts engine power if the accelerator and brake are depressed at the same time. This will become standard on all Toyota and Lexus vehicles globally by the end of 2010.

> Toyota US Newsroom, 10.12.2009

The technical explanations in the text are kept clear and not overburdened with complex descriptions. In numerous FAQ releases Toyota prefers to patiently explain the cause of potential technical defects using clear and simple language. The technical terms used such as *friction de-*

vice, *throttle position*, *anti-lock brake system* should in most cases be familiar to the drivers.

> (4) What is the problem that could cause accelerators to stick and which led to the recall? The issue involves a friction device in the pedal designed to provide the proper "feel" by adding resistance and making the pedal steady and stable. This friction device includes a "shoe" that rubs against an adjoining surface during normal pedal operation. Due to materials used, weather and environmental conditions, these surfaces may, over time, begin to stick and release instead of operating smoothly. In some cases, friction could increase to a point that the pedal is slow to return to the idle position or, in rare cases, the pedal sticks, leaving the throttle partially open.

> FAQ, Toyota US Newsroom, 22.01.2010

As one can see from the account above, the company additionally uses metaphoric language instead of complex technical terms. This so-called quasi-scientific explanation is one of the three types of technical translation strategies the companies may use to address technical issues, as already explained in 3.2.4. (p. 181). Toyota, however, in the majority of cases provides a direct factual description concerning technical issues that is easy to comprehend and occasionally quasi-scientific explanations, as in account (4) above. This demonstrates the company's attention to the customer and an attempt to help audiences understand hard-to-picture phenomena.

Another characteristic of Toyota's crisis response, now from the rhetorical perspective, is the *minor linguistic execution of empathy*. Empathy captures a quality of the writer – in our case the company communicating to its stakeholders - stressing the emotional and interpersonal stances of the writer. As Isaksson & Jorgensen suggest, the potential of empathy as a construct lies in the opportunity to involve the reader in the writer's presentation by "delivering messages with an emotional twist to which the reader is receptive" (Isaksson & Jorgensen 2010: 133).

Being a relationship oriented quality, empathy is different from, for instance, expertise and trustworthiness oriented to the writer's own achievements and virtues. In fact, as we have seen in a number of examples above, it is in the focus of Toyota's communicative efforts to address

what the company does, its expertise ("actions speak louder than words" principle), and what the company is about (Toyota as a company is committed to safety), rather than to establish an emotional alliance with the audience. Hence from the point of view of linguistic execution of empathy, a 'me-attitude' expressed by the placement of personal and human pronouns in the syntax, prevails over 'you-attitude' and 'we-attitude'. Indeed, the company prioritises the use of the name of the company, the pronouns 'we' (exclusive) and 'our' are put in the initial position in the sentence as in (5) and (6).

(5) We are making fundamental changes in the way our company operates in order to ensure that Toyota sets an even higher standard for vehicle safety and reliability...

Toyota US Newsroom, 25.03.2010

(6) Consistent with our commitment to the safety of our cars and our customers, we have initiated this voluntary recall.

Toyota US Newsroom, 21.01.2010

However, in the course of the development of its response over time, Toyota started to speak of itself as having human attributes of feelings and behaviour, thus integrating *personification* elements in its discourse such as "Toyota takes all complaints of unintended acceleration seriously", "Toyota stands behind them [the owners of recalled vehicles] and their vehicles" or "Toyota is listening to its customers attentively".

Besides such discourse features as strict adherence to technical facts, "actions speak louder than words", and minor linguistic execution of empathy, another feature typical for Toyota's communication during crisis is the *overall consistency in all patterns of communication*, either regular press releases, speeches of the management or other accounts. The one and the same messages are often repeated in the follow up messages. The statements of the communicators on behalf of Toyota (President Akio Toyoda himself, Yoshi Inaba, Chairman and CEO, Steve St. Angelo, Chief Quality Officer) are often quoted in the following press releases, in order to strengthen their persuasiveness and effectiveness. For instance, one

and the same key message is repeated in two accounts released consecutively (7), (8).

(7) It is important to keep in mind, however, that recalls are an integral part of our commitment to standing by our products and being responsive to our customers. At Toyota, we never want to forget that our goal is to make sure that Toyota drivers are completely confident in the safety and reliability of their vehicles.

<div align="right">
Our Point of View: Recall is Not a Four-Letter Word,
By Steve St. Angelo, 10.08.2010
</div>

(8) Steve St. Angelo, Toyota chief quality officer for North America, said, "This recall is an example of our commitment to standing by our products and being responsive to our customers. Our goal is to help ensure that Toyota drivers are completely confident in their safety and reliability of their vehicles".

<div align="right">
Toyota US Newsroom, 26.08.2010
</div>

In a special release issued in the name of the North America Chief Quality Officer Steve St. Angelo[101], Toyota explains what it intends to achieve with the recalls (7). In its press release the same month announcing the voluntary safety recall to address some Engine Control Modules at some Corolla and Corolla Matrix vehicles, the company again refers to St. Angelo's statement to justify the need of recall (8). In this and many other examples, Toyota attempts to transfer the messages in tune with the statements of its key representatives.

Besides the overall consistency in the content, company's discourse is further consistent in terms of rhetorical figures used over the course of response, which becomes especially visible in the example of a *metaphor*. For instance, the company uses the metaphor of "getting back on track" in a symbolic sense as an umbrella term for all actions taken in response to crisis. In doing so, the key principle Toyota follows is, as referred to above, "actions speak louder than words". The symbolic meaning for feedback from the customers is expressed by the metaphor of the "voice",

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[101] St. Angelo is the executive leading the North American Quality Task Force established by the President Akio Toyoda as one of the institutional measures in response to crisis in March 2010.

the company commits to "listen and respond" much more attentively in the future.

Finally, *certain dynamic and maturity of company messages* along the crisis time line can be observed if to analyse the messages very carefully. In looking at the company messages over time, they seemingly go through a development process. At the very beginning of the crisis, until the remedy for potential technical failure was found, the company is rather reserved in expressing any attitude to the recall, and refers to technical explanations and regular procedures for a recall situation, however, the discourse is already marked with evaluations of its own actions:

> (9) We believe our vehicles are among the safest on the road. Our engineers are working hard to develop an effective remedy that can help prevent floor mat interference with the pedal.

> Toyota US Newsroom, 02.11.2010

In the middle of the crisis period and at the point of highest level of scrutiny from the side of the media, Toyota starts reflecting on what its values are, while referring to its traditions and principles more often than before, proclaiming the course of getting "back on track", "returning to its roots" and "regaining customer trust".

> (10) Nothing is more important to us than safety and reliability of the vehicles our customers drive, and we are determined to live up to the high standards people have come to expect from Toyota over the past 50 years. Everyone at Toyota is focused on making this recall simple and trouble-free for our customers.

> Toyota US Newsroom, 05.02.2010

> (11) TNC, sincerely taking to heart customer feedback gained through genchi genbutsu, reaffirms – along with its dealers worldwide, suppliers and employees – its commitment to unwavering quality in products and services and to the spirit of 'Customer First', TMC will continue to endeavour to provide products that are safe and reassuring.

> Toyota US Newsroom, 17.02.2010

This decisive turn in Toyota's own perception of crisis, as argued, became the key in the success of the crisis response campaign Toyota implemented. This kind of redefinition of own identity, without departing from the culture Toyota has been cultivating over years, but rather reflecting on it with 'new' eyes while learning from crisis, becomes obvious in the company discourse, in particular in special issues of the company's representatives or in press releases quoting their key statements. They appeal to "fundamental changes" at Toyota and "setting even higher standards" for quality and safety. This focal point in Toyota's response is also openly communicated at the Toyota Motor Corporation press conference addressing quality-related matters by Akio Toyoda, the President.

> (12) Since autumn, we at Toyota have worked hard to address each of a number of quality issues. We conducted a safety campaign in the United States to respond to a problem with floor mats. We recalled vehicles to resolve a problem with accelerator pedals. And we recalled the Prius and other models to address a braking system issue. But against the backdrop of our efforts, there are a number of points on which we need to deeply reflect.

> Toyota Motor Corporation Press
> Conference on Quality, Akio Toyoda, 17.02.2010

Interestingly, the statement above hardly seems be expressed by the President due to the absolute absence of 'managerial tone'. Indeed, no distance and formality is felt in his discourse but rather the aim of reinforcing unity and trust through sharing and expressing the insights gained in the course of the crisis. The use of *anaphora*, repetition of the word "we" at the beginning of successive sentences, stresses the scope of the measures undertaken to withstand crisis and creates tension before the concluding remark introducing regret. The use of first-person-plural pronouns in the excerpt above is a good example of the aim to create a sense of community, which is anyway a strong milestone of Toyota's philosophy with regards to the people working for it, and an attempt to approach the customer in a less formal way.

   The latter can be also seen in the use of simple terms instead of official and technical ones: *problem with floor mats* instead of *potential floor mat*

interference with accelerator pedal, *braking system issue* instead of *inconsistent brake feel during slow and steady application of brakes when anti-lock brake system (ABS) is activated*, and, finally, *problem with accelerator pedals* instead of *sticking accelerator condition in a partially depressed position*.

After all, at the end of the crisis, Toyota is fairly self-confident and publicly acknowledges to have learned from the crisis, and commits to investigating "customer complaints more aggressively and to respond quickly to issues". It claims to understand recall not as an extreme measure anymore, but rather as "an opportunity to re-connect with the customer" and a proof for Toyota's commitment to being responsive even to a "handful of complaints".

> (13) Obviously, recalls should never be considered business as usual. But there is another, more common meaning of the word "recall": and that's "to remember". At Toyota, we never want to forget that our goal is to make sure that Toyota drivers are completely confident in the safety and reliability of their vehicles.
>
> Toyota US Newsroom, 10.08.2010

In terms of rhetorical devices, *distinctio* is used in a sentence above to strengthen the explicit reference to a particular meaning of a word "recall". In fact, Toyota built up a strong argument around the meaning of a word "recall" in its response to justify the recall as both, the vital measure to respond to customers' concerns, and the opportunity for the company to improve and to strengthen its own commitment to safety and reliability. As Steve St. Angelo, Toyota's Chief Quality Officer and Executive Vice President for North America, stated in 2010 Management Briefing Seminar, recalls are an integral part of company's commitment to safety, despite its negative connotations.

> (14) Let me make this clear. "Recall" is not a four-letter word. Of course, it is never good news when a safety issue emerges regarding ANYONE'S [capital letters as in the original source] products. But real-time quality support after sale is just as vital as quality in design and quality in manufacturing, At Toyota, we're keenly aware of this.
>
> 2010 Management Briefing Seminar - Steve St. Angelo, 05.08.2010

Thus, we can conclude that the evolution the company experienced is reflected in the company discourse and, vice versa. Through expressing its corporate identity in discourse, the company reveals its new self and undergoes a development. As reflected in concrete results of the undertaken measures, the company successfully implemented remedies, fulfilling the promises it has publicly given. From the date of the announcement at the beginning of the nationwide fixing of recalled accelerator pedals on February 5th until May 4th 2010, more than 70 per cent of the sticking pedal modifications have been completed. In the press release "Toyota passes 3 million milestone in implementing recall remedies", Toyota proudly announces the figures and at the same time brings to the audience's attention the fact that it has kept its promise with honour:

> (15) "Toyota and Lexus dealers continue to make significant progress in servicing customers' recalled vehicles as quickly and conveniently as possible, and we appreciate their extraordinary efforts", said Steve St. Angelo, Toyota Chief Officer for North America. "Over the past three months, Toyota has delivered on its commitment to listen to the voices of customers more intently and respond more swiftly and effectively to their needs".

> Toyota US Newsroom, 04.05.2010

4.3.2 Manifestation of 'corporate identity discourse'

In order to specifically identify manifestation of corporate identity in company's discourse, all 117 press releases of Toyota in the section "USA Newsroom" issued in the period of crisis were carefully 'scanned' on the subject of any identity-related references, either direct or indirect, as explained in detail below. On the basis of the qualitative analysis, the researcher derived certain taxonomy of corporate identity discourse which, although developed individually for the case study in terms of Toyota response, may be employed for further case studies and research on crisis response for other companies.

It is important to note that categories outlined below often overlap and are separated deliberately to serve the demonstrative purposes. In fact, considering the multi-dimensional nature of language, it is obvious that communicators often seek to accomplish several objectives simultaneously, employing interpersonal, ideational and textual resources of the discourse[102].

Analysing Toyota's way of invocation of corporate identity in its discourse, the researcher came across minor cases of direct (explicit) references to the identity of the company, such as "it is our identity", "Toyota's reputation is", "Toyota's strength is", or "Our culture is", etc. – those items that clearly integrate the identity-related wording or that one of the relevant concepts of culture, image or reputation (16), (17).

Though company rankings and a number of awards[103] obtained during this period would allow the company to be self-confident, the company provides almost no direct self-characteristics like "Toyota is the leader in the automobile industry" or "Toyota is the best company in the world". Without directly employing the word "identity" or any featuring descriptions which could be considered equal to the usage of this word, references to related dimensions of 'culture', 'reputation' and 'vision' are made instead. These are mostly reflecting retrospections of the company history, its foundation and a long way to success as well as the company's core principles outlined above.

(16) Toyota has a well-earned reputation for integrity and we will vigorously defend it.

Toyota US Newsroom, 23.12.2009

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[102] Following Stillar (1998), the language resources are determined as organised along three functions: ideational (constructing content), interpersonal (assigning roles and expressing attitudes) and textual resources (structuring the flow of information).

[103] For instance, Toyota and Lexus garnered five of the eight overall rankings for cars and trucks, and 11 of 31 total vehicle segments in the annual Intellichoice.com "Best Overall Values of the Year" (BOVY) awards at the 2010 Chicago Auto Show (Lexus USA Newsroom, 10.02.2010).

(17) Toyota's policy is to put its customers first, in all circumstances carry the meaning which is a reflection of the deepest layers of culture projected to create or strengthen the particular image inherent to this culture.

Toyota US Newsroom, 29.01.2010

(18) Let's begin with the new direction I am setting for Toyota. It starts with the vision created by my grandfather, Kiichiro Toyoda, who founded the company in 1937.

Akio Toyoda's speech, 05.08.2009

For the purposes of this research, the distinction between direct and indirect corporate identity references is made. As mentioned above, we consider direct corporate identity references to be linguistic items that integrate 'identity' wording or occurrences of 'culture', 'reputation' and 'vision' wording in company's statements. The indirect references are accordingly those that imply and express corporate identity (meaning) through linguistic means other than explicit wording as in the case of direct references.

It is the researchers' observation that indirect references to corporate identity are employed much more frequently in company discourse, which is obviously the reflection of the reserved and extremely cautious crisis response strategy Toyota pursues. The researcher has identified 17 occurrences of the direct corporate identity references, including those used in accounts to the media and public statements. Naturally, the frequency of employment of direct references in speeches is much higher than in conventional press releases, as in those the speaker usually appeals to the audience in an attempt to change the company's perception. At the same time, indirect corporate identity manifestations, which seem to be rather tacit and colourless at first sight, embrace and build up the company's discourse in crisis, not only in case of public speeches but in company press releases as well.

The second observation with regards to the frequency is the fact that the number of both types of references increases over time of the development of the crisis, with almost no references in the very first press releases of the crisis period. More frequent references can be found in the

period of implementation of various solutions (so-called "remedies") for both major recalls: on floor mat entrapment and sticking accelerator pedals.

A closer look at indirect references and their linguistic expression is therefore taken in an attempt to establish a kind of taxonomy for corporate identity discourse.

Key issue references

One of the types of indirect references to corporate identity identified in the company releases for the above-mentioned period highlights particular issues considered important by the company. This idea echoes with the Coomb's concept of issue management, referred to in Chapter 1, while discussing the processes taking place in the pre-crisis stage. It is argued that in terms of the crisis stage, issue management transforms from proactive infringement upon the external trends or internal concerns to active advocacy in regards to issues which become the subject of a special concern as perceived by the company. In fact, key issue references indicate those values and assumptions that are the milestones of the company's communicated identity during crisis.

The most frequent key issue references circle around the notions of *safety* and *customers*, in different variations (*safety of our customers*, *safety of our vehicles*), as well as Toyota's *commitment to safety*. For example, in its release as of 21.01.2012 "Toyota Files Voluntary Safety Recall on Select Toyota Division Vehicles for Sticking Accelerator Pedal", the company announces the recall of 2.3 million vehicles due to correct sticking accelerator pedals, justifying this decision by Toyota's commitment to the safety of its cars and its customers:

> (19) Our investigation indicates that there is a possibility that certain accelerator pedal mechanisms may, in rare instances, mechanically stick in a partially depressed position or return slowly to the idle position.
>
> Toyota US Newsroom, 21.01.2012

The adjective *certain* and the modal verb *may*, as well as the additional clause in rare instances, soften the description of the actual technical defect, at the same time emphasising the relatively low probability of the occurrence. In the FAQ release to the previous information, Toyota introduces the solution, strengthening the presentational effect through referring again to Toyota's commitment to safety:

> (20) Toyota has confirmed the effectiveness of the newly reinforced pedals through rigorous testing on pedal assemblies that had previously shown a tendency to stick. Nothing is more important to Toyota than the safety and satisfaction of our customers, and Toyota has high confidence in its solution for fixing our customers' vehicles.

> Toyota US Newsroom, FAQ, 22.01.2010

It seems that it is an issue of honour for Toyota to identify the appropriate solution to any technical issues associated with safety, its highest priority and the key milestone of Toyota's identity. This is also reflected in company's rather reserved but decisive statement at the release preceding the announcement of the first recall (21) and more than proud discourse at the point of time when the solution had been identified and was being implemented (22):

> (21) Toyota Motor Sales, USA, Inc. takes public safety very seriously. It believes its vehicles to be among the safest on the road today.

> Toyota US Newsroom, 29.09.2009

> (22) Nothing is more important than the safety and reliability of the vehicles our customers drive, and we are determined to live up to the high standards people have come to expect from Toyota over the past 50 years.

> Toyota US Newsroom, 05.02.2010

In statement (22) above, the company is referring with self-confidence to its commitment to safety and reliability, including a relational marker – *the vehicles our customers drive* – whereas the earlier release (21) is rather cautious and implies the company's intent to remain by its principles.

It was generally observed that it is often the case that the same statements related to one and the same issue have been repeatedly used in several releases. For instance, the statement "Nothing is more important to Toyota than the safety and satisfaction of our customers" has been used in the press release and in respective FAQ releases and at least five other releases in a slightly adapted formulation (as in (22) above), whereas the expressions "Toyota is confident that no defect exists" and "Toyota confirmed the effectiveness of the remedy" were numerous especially in their FAQs over the whole period.

Further, the frequent occurrences of the references to customer safety, the remedy or solution as well as to the numerous testing and investigations are done before and during the recall. With regard to particular safety system, like Toyota's electronic throttle control system (ETCS) for instance, references are supported by the direct claims on purpose of the measures undertaken as well as of the discourse itself (23) and by combination of several references in one sentence (24).

(23) We want to demonstrate that our commitment to safety is as high as ever and that our commitment to customers is unwavering.

Toyota US Newsroom, 01.02.2010

(24) Nonetheless, Toyota is quickly investigating verifiable complaints of unintended acceleration and doing everything it can to ensure that our customers are confident in their values and the remedies.

Toyota US Newsroom, 04.03.2010

All in all, the purpose of numerous references to safety and concrete actions done is to prove Toyota's commitment to it is to transfer the clear message:

(25) We've been in the business of providing Americans with safe, reliable cars and trucks for 50 years – and that doesn't happen without great quality, outstanding engineering and robust safety record.

Toyota US Newsroom, 23.03.2010

To summarise the above, key issue references in terms of this analysis are the items featuring the issues of special concern as perceived through the lens of the company's identity. The linguistic devices used to highlight the issues and attitude of the company to them reveal a lot in terms of company's approach to handling the crisis. Based on this argumentation the category *key issue references* is included in the taxonomy of corporate identity references.

Descriptive self-references

Another identity-related discourse is realised through descriptive lexis – items providing Toyota's own portrayals and judgements of its response to crisis, measures undertaken and their implementation by the company. This lexis is represented by the numerous kinds of comparative and superlative adjectives (qualitative and emphasising)[104] and adverbs (adverbs of manner, adverbs of degree). These are widely used by Toyota to indicate Toyota's assessment or evaluation of its own actions as well as a strong feeling and therefore construct positional value.

For instance, the qualitative adjective *fundamental* in the statement below characterises the scope of changes the company pursues from its own point of view:

> (26) We are making fundamental changes in the way our company operates in order to ensure that Toyota sets an even higher standard for vehicle safety and reliability, responsiveness to customers and transparency with regulators.

> Toyota US Newsroom, 26.03.2010

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[104] Collins Cobuild English Grammar (1990) identifies five major subclasses of adjectives: qualitative, classifying, colour, emphasising, and postdeterminers. Qualitative and emphasising adjectives construct interpersonal meaning.

Further examples of qualitative adjectives refer to the proposed solutions, the character of investigations taken and hard work of company employees to develop a remedy as soon as possible. These are, among others, *comprehensive investigation*, *appropriate measures*, *advanced safety technology*, *effective and simple solutions*.

Some of the adjectives, besides their description value, are 'marked' attitudinally more than the other adjectives. Using such adjectives as exhaustive (27) Toyota expresses its attitude to the content of the textual information:

> (27) Six times in the past six years NHTSA has undertaken an exhaustive review of allegations of unintended acceleration on Toyota and Lexus vehicles and six times the agency closed the investigation without finding any electronic engine control system malfunction.

> Toyota US Newsroom, 06.11.2009

Repetition of the number of undertaken reviews – *six times*, *in six years* – is used to enhance the persuasiveness of the claim, while stimulating the memory of the recipients. Less attitudinally 'marked' is the following message related to the same issue of technical reviews required by NHTSA:

> (28) After conducting an extensive technical review of the issue, including the interviews with customers who have complained about the unintended acceleration, NHTSA concluded that "...the only defect trend related to vehicle speed control in the subject vehicles involved the potential for accelerator pedals to become trapped near the floor by out-of-position or inappropriate floor mat installations".

> Toyota US Newsroom, 06.11.2009

The other subclass of adjectives that construct the interpersonal meaning are emphasising adjectives. They reveal responsibility, concern, commitment and other strong feelings on the part of Toyota and construct a certain image. This group includes such words as *absolute*, *utmost*, *complete*, and so on, as in the following statements:

(29) The safety of our owners and the public is our utmost concern...

Toyota US Newsroom, 25.11.2009

(30) We want to demonstrate that our commitment to safety is as high as ever and that our commitment to our customers is unwavering.

Toyota US Newsroom, 01.02.2010

By using superlative stances of adjectives and adverbs which are often repeated, for instance, in press releases and related FAQs released in parallel, the company sets high standards for its own management of the crisis situation, thus constructing its own response strategy through language.

(31)...the question of unintended acceleration involving Toyota and Lexus vehicles has been one of the most thoroughly and repeatedly investigated issues by Toyota, as well as by the engineering experts at the National Highway Traffic Safety Administration (NHTSA).

Toyota US Newsroom, 06.11.2009

(32) Our highest priority is to fix the accelerator pedal problems for our existing customers, and our pedal supplier is starting to ship newly designed pedals to dealers to meet the most immediate needs.

Toyota US Newsroom, 29.01.2010

It can be concluded that descriptive self-references employed by Toyota construct the image of a company that is putting all efforts in regaining the trust of their customers, which is mostly reflected by numerous stances of superlative adjectives and adverbs describing the company's commitment and the measures undertaken. The company is rather cautious in employing those related to the company itself and deliberately places emphasis on concrete steps and achievements.

Attitude markers

Closely related to the category above are items conveying judgements and attitudes as well as the speaker's assessment of the reason or purpose for speaking. These are most often adverbs, attitude verbs and modals explicitly expressing an attitude to textual information. As mentioned above, it is indeed important to be aware of the multi-dimensional nature of language, and descriptive references may simultaneously function as attitude markers and vice versa. For the purposes of this research, this category was identified as a separate type of manifestations of corporate identity in company discourse during crisis.

Adverbs of manner widely employed by Toyota represent a trace of company's own positional attitudes and evaluations: *thoroughly investigate*, *working quickly*, *to address the situation as quickly as possible*, *quickly and effectively address the needs of owners of involved vehicles*, etc.

Further, numerous adverbs of degree index company evaluation of issues expressed in the text and help strengthen and intensify the statements.

> (33) Though these reports [complaints of unintended acceleration] involve a tiny fraction of the more than one million vehicle dealers have repaired to date, Toyota takes them extremely seriously.
>
> Toyota US Newsroom, 04.03.2010

> (34) The group is modelled after Toyota's Diversity Advisory Board, which brings outside perspectives and accountability from some of America's most recognized leaders in diversity and other public policy fields to help Toyota shape and maintain its widely acknowledged commitment to diversity.
>
> Toyota US Newsroom, 02.03.2010

In the statement (35) below the colourful use of the adverb *dramatically*, implies Toyota's attitude to the media:

> (35) At a press conference today, Toyota Motor Sales offered key preliminary findings of technical field examination and testing that were performed on March 10 and 11 regarding an alleged "runaway Prius" event dramatically covered by national news media.

> Toyota US Newsroom, 15.03.2010

Besides the items mentioned above, a number of verbs realise the positional value and construct attitudes, evaluations and assessments both as related to the situation (36) and Toyota's own actions to handle it (37). Such verbs frequently used by Toyota as *believe*, *take seriously*, *consider a critical matter*, *prompt*, *recommend*, along with attitude adverbs described above, perform a function similar to modal verbs concerned with the speaker's/writer's assessment of probability, possibility, desirability, capacity and so on.

> (36) Toyota engineers believe that it would be extremely difficult for the Prius to be driven at a continuous high speed with more than light brake-pedal pressure, and that the assertion that the vehicle could not be stopped with the brakes is fundamentally inconsistent with basic vehicle design and investigation observations.

> Toyota US Newsroom, 15.03.2010

> (37) We expect to announce a comprehensive remedy program for all affected customers and new vehicles soon.

> Toyota US Newsroom, 29.01.2010

However, it should be noted that the attitude verbs referring to assessment of the own capacity and reliability of measures taken are generally rare, whereas the categorical verb *to be*, present simple and present progressive forms of verbs dominate the discourse, implying the clearness of objectives and the outcomes to be achieved.

Very often the verb *to be* is used to emphasise the decision power and the deepness of Toyota's commitment to what it stands for. Especially in speeches by management representatives and in Toyota's series of releases under the headline "Our Point of View", the company uses the oppor-

tunity to stress the issues important for the company expressing them in absolute terms:

> (38) We're totally committed to taking care of people as quickly as possible, with minimum inconvenience.

> (39) A product recall is an opportunity to reconnect with customers in ways we haven't done before...and to re-prove ourselves.

> Yoshiro Indaba, Chairman and CEO Toyota Motor Sales, 12.01.2010

> (40) Toyota's highest priority is the safety of our customers and public, and we believe we are demonstrating this in the voluntary recall of selected vehicles we are currently undertaking.

> Toyota US Newsroom, 10.12.2009

Each of three instances of the verb *to be* in the sentence above indicate a positional value, since all of them are tied to the company's evaluation of its own capacities and measures undertaken to combat crisis as well as establish the company's values as an undeniable fact. Using the categorical present tense, Toyota further emanates certainty, which contributes to the persuasiveness of the company messages.

> (41) Toyota is confident that all models that contain the potentially sticking pedals have been identified.

> (42) ...Toyota has high confidence in its solution for fixing our customers' vehicles.

> Toyota US Newsroom, FAQ, 22.01.2010

Furthermore, adverbs *no*, *nothing*, *any*, *every*, *only*, *as quickly as*, *even* and others are frequently used in the press releases to set clear messages and at the same time indicate a strong response on the part of the speaker and therefore construct positional value.

(43) We're committed to doing everything we can – as fast as we can – to restore consumer trust in Toyota, and these recalls are part of this effort.

Toyota US Newsroom, 08.02.2010

A wide range of reporting verbs are also important from the point of view of interpersonal function. They construct positional value as they attribute purposes and reasons for speaking. Such reporting verbs include prompt, consider, confirm, regret, pinpoint, etc.

(44) Recent events have prompted Toyota to take a closer look at the potential for an accelerator pedal to get stuck in the full open position due to an unsecured or incompatible driver's floor mat.

Toyota US Newsroom, 29.09.2009

The use of reporting verb *prompted* thus serves to demonstrate a certain distance as related to potential defect, which may be an expression of initial reluctance to deal with the issue.

Indeed, the language resources mentioned above are only several means to constitute identities and relationships, as the addressers take on roles themselves and assign roles to their addressees. Through constructing attitudes and evaluations, Toyota attempts to construct its own reality of crisis while enacting on it. What matters, then, is not what the reality is or what attitude the company 'has' to it, but rather the fact that the text has its meaning in a community where many other specific and sometimes divergent attitudes exist. Through this interaction of attitudes, corporate identity gains its meaning in discourse, thus becoming the core of the company messages.

Conclusions on hypothesis 1

The empirical findings outlined above echo with those of the theoretical part on sensemaking, claiming that the company first reflects and then through acting and communicating, begins to redefine its own identity through concrete strategies. As in classical case of narcissism, discussed under 3.1.2, Toyota appeared to be caught in a situation where there was a mismatch (or discrepancy) between public perceptions and Toyota's view.

Toyota in its behaviour, relied on the internally-oriented processes (reflecting and expressing), ignoring the processes of mirroring and impressing (see Figure 6, p. 137). However, as concluded in the theoretical part, exactly this process of 'chasing' the image which is ahead of the identity becomes the trigger for actions which are response strategies. As illustrated above, Toyota has visibly undergone the learning process, internalising the need for a change and redefinition of its own identity and communication policy.

All in all, this brief analysis of Toyota's communication in crisis has revealed the main features of the company discourse. It can be characterised by i) rather reserved self enhancement in line with the company's principle "actions speak louder than words"; ii) strict adherence to technical details; iii) minor linguistic execution of empathy; iv) consistency in all patterns of discourse; and v) certain dynamic and maturity reflecting the development of crisis perceived through linguistic patterns. These are only a few of the most prominent features and those which are relevant for characterising the extent of corporate identity involvement in company discourse.

In fact, we have come to conclude that corporate identity demonstrated some intrinsic properties that have become visible in crisis context. Although expressed by ordinary language means (metaphor, anaphora, distinctio, use of particular kind of verbs, adjectives and adverbs), they serve to build up the core of the crisis response messages in terms of their content as well as their form.

In this way, the findings suggest the correctness of *hypothesis 1*. From the macro perspective, corporate identity is in the core of the company's communication, reflected in the choice of linguistic means and resources. On the micro level, the level of language resources, manifestations may vary from concrete appeals to corporate identity, culture, traditions and values of the company to a range of 'cached' linguistic means of expression, indirectly characterising the company through their interpersonal, ideational and textual meanings.

4.4   Verification of Hypothesis 2: Crisis Response Strategies

In section 3.2.4 of this dissertation the researcher devised a detailed taxonomy of the crisis response strategies and provided a clear definition of the terms 'crisis response strategy' and 'crisis response message'. The researcher started by analysing crisis response messages, explicitly focusing on corporate identity discourse as above. This turned out to be challenging but revealing what is behind the conventional linguistic means used in the crisis context.

Before addressing the issue of the potential differences in crisis response messages with regard to different stakeholder groups, the crisis response strategies used by Toyota should be analysed. This will help complement the findings of the review of the corporate identity disclosure above, since as argued in section 3.2.4, the corporate identity discourse, widely used rather for complementary or additive purposes, is difficult to streamline in the flow of crisis response messages. As per theoretical conclusions of this dissertation, however, corporate identity sets the limits for the choice of the messages conveyed and is rarely in itself an explicit part of those messages. By this logic, the observations on the choice of strategy and reasons behind this choice are analysed, before differences in communicating across categories of stakeholders are discussed.

Speaking specifically of the choice of the crisis response strategies in terms of the taxonomy accepted for this research (section 3.2.4), certain observations need to be elaborated in more detail.

First, in respect to the *crisis response strategies focusing on self enhancement*, several aspects have already been highlighted above. Toyota frames its commitment to safety and quality more frequently than any other key issues related to its past works or image. However, referring to the issue which is actually put under question, revealed itself as ineffective, at least at the initial stages of the crisis. Toyota indeed was committed to safety and quality and no evidence of a defect in Toyota's electronics was in fact found, still the way Toyota handled safety and quality concerns and the way it communicated about those issues with the customers became the root cause of the damage to Toyota's reputation.

Second, in terms of *the crisis response strategies focusing on routine communication*, it should be noted that Toyota placed special focus on explaining the crisis impact and, more importantly, the lessons the company learned from it in their annual reports for 2010 and 2011. The company used the opportunity of regular reporting to present its approach to combating crisis while avoiding negative connotations of crisis wording.

The annual report for the fiscal year ended March 2010, was issued in July 2010, the period when the company was well in progress of implementing recall remedies. At that time, the congressional hearings were accomplished during which Toyoda publicly apologised and pledged renewed commitment to quality and safety. The annual report 2011 came out in July 2011, when the results of the NASA study (published on 9th of February 2011) exonerated Toyota of allegations of electronic defects.

In analysing the statements of the Chairman, Fujio Cho, it can be seen that, although for both reports crisis context was relevant, the negative manifestations are set into the shadows of other, global events. For 2010, the global economic crisis was presented as the main cause of difficulties the company experienced. Although the Chairman acknowledged the fact that the company indeed had difficulties over the year, he did not explicitly name the issue of recalls. Also President Akio Toyoda's message does not include such words as "crisis" and "recall". Instead, both

the Chairman and the President, use "difficulties", "issues" and, more generally, "difficult time/period for Toyota".

The Chairman, for instance, notes: "The current difficulties have given us cause to reaffirm these principles [contributing to society, providing safe, high-quality vehicles]". Similarly, the President in his message to stakeholders mentions the public hearings with regard to recalls, refers to "stormy economic conditions", withdrawal from Formula 1 and the shutdown of New United Motor Manufacturing Inc. (NUMMI)[105]. However, while announcing the results of fiscal 2011, the focus is made on "a fresh start" and a new growth strategy.

Interestingly, both key Toyota persons refer to the company's foundation and principles, trying to connect past tradition with future vision. On the one hand, the company speakers stress continuity of its efforts of delivering high quality and safety at an affordable price and Toyota's unchanging mission over its history.

(45) Since its foundation, Toyota's unchanging mission has been to contribute to society by making safe and reliable vehicles. This will continue to be our priority. In addition, Toyota has been a dynamic company. As the particular needs of our customers evolve, I consider the response to ever-changing times as growth, and I hope that Toyota and I myself will continue to grow.

President's Message, Akio Toyoda, Toyota annual report 2010

On the other hand, the new growth strategy, exactly what Toyota has been accused of during the crisis, is proclaimed as a goal for the next reporting period:

(46) The growth I want to pursue is not simply expansion to achieve a greater market share. Instead, I envision sustainable growth driven by each employee and based on delivering high quality and safety at affordable prices – as demanded by our customers all over the world.

President's Message, Akio Toyoda, Toyota annual report 2010

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[105] Annual report 2010 (p.1-2).

This attempt, as argued, is the response to the allegations of expansive growth as the reason for neglecting customer needs broadly discussed in the press. At the same time, the company might want to demonstrate that it has learned from the crisis and wishes to evolve with the new strategy brought in by the "wind of the future".

Another noteworthy fact that indicates the renewal with regards to Toyota's vision of future activities is the frequent use of the prefix *re-*, associated with repetition or return to the previous stage, especially in the Chairman's message (2010). For instance, *re*covery in performance, *re*turning to the spirit of manufacturing cars, *re*affirming Toyota's founding principles, *re*main faithful to our principles, *re*double our efforts to create a new future for the automobile. Also the President highlights the strong need to *re*awaken the creative spirit of employees to accept the challenges of facing a new future.

In a special section of the annual report "Commitment to Quality" (2010) the reader encounters a detailed description of concrete measures to address quality issues at the new level, the strong focus on getting back to the roots, again, expressed by the frequent use of words with *re*-prefix. In this way the company intends to "*re*emphasise" an alignment of its customers' expectations with company's quality processes, to "*re*double efforts to quickly *re*gain the trust of its customers" and to "promote the global and rapid *re*form of all business processes from the customer's point of view".

Furthermore, the company publicly discusses the reason for quality issues, again focusing on lessons learned through contrasting adverbs of time 'in the past' and 'now':

> (47) In the past, Toyota's quality standards focused more on technical issues. Now, we are incorporating an awareness of the customer's perspective as suppliers and dealers work together to alleviate customer concerns.

> Toyota annual report 2010, p.3

Similarly to the previous annual report, the annual report for 2011 placed quality issues in the shadow of the Great East Japan Earthquake. Under

the umbrella of post-disaster recovery and revival, the company high-lights its commitment to return to the spirit of manufacturing that Toyota has embraced since its founding. The focus on continuity of the efforts to be "*even* more focused on building *ever*-better automobiles" and "realize an *even* higher level of safety" is the common thread of not only state-ments of both the Chairman and the President but of the press releases issued during the reporting period. The use of adverb *even* makes the comparison with the previous times stronger, implying at the same time that the level of safety has always been high and the efforts have always been focused on building the best cars. This echoes with the finding above on a number of references to quality and customer safety as the priority issues for Toyota.

Furthermore, the frequent use of the verb *to continue* and the adjective *continuous* in combination with nouns and verbs implying improvement further validates the linguistic manifestation of Toyota's *kaizen* spirit[106]:

> (48) We are continuing to enhance our thorough quality assurance and quality control systems on a global level. We will continue to strengthen these efforts, aiming to realize continuous growth through thorough application of our principles of "Customer-first", "genchi genbutsu (onsite, hands-on experience)" and "good quality, affordable price" We will also employ innovation based on knowledge and continuous improvement...

> Toyota annual report 2011, p.7

Toyota's *kaizen* spirit can be further identified in the language of the an-nual report 2011 in setting the bar even higher in relation to the company customers. If the overall purpose of the efforts announced in the previous report was to regain customer trust, the 2011 issue sets the goal of ex-ceeding the customer expectations.

> (49) Through our commitment to quality, constant innovation and respect for the plan-et, we aim to exceed expectations and be rewarded with a smile.

> Toyota annual report 2011, p. 9

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[106] As already mentioned above, *kaizen*, or continuous improvement, is a core value of Toyo-ta and means not only of maintaining the standards but raising the bar (Liker & Ogden 2011: p.13).

Thus, as can be concluded, the language of Toyota's annual reports signals a strong preference for a type of semantics, although often repetitive and in some way monotonous, however immediately expressive of what the company's corporate identity is. To be more precise, the language supports the renewal of Toyota's corporate identity induced by crisis.

The next category of strategies the researcher looked at as applied to the Toyota case is *crisis communication strategies framing the crisis*. These are mostly employed in an attempt to explain crisis and its consequences and express the company's opinion about its role and the responsibility the company takes on.

As mentioned above, the company was very professional in explaining the issue of recall, while mostly referring to technical and factual information. It cautiously stressed the potential risk of certain conditions under certain circumstances (like floor mat entrapment) and a limited number of incidents reported, without accepting the allegations of existing defects in its electronics and sudden acceleration claims.

At the same time, the company proclaimed its responsibility to take all possible measures to investigate the customer concerns and appropriately address them from the very beginning of the crisis. It was the matter of honour for the company to, first, find the remedy for the possible problems, and, second, accomplish the recall as soon as possible with least inconvenience for Toyota customers. Although Yoshi Inaba, Chairman and CEO, publicly acknowledged the mistakes the company made, he stressed that these are not related to the technical issues but rather to the issue of appropriate communication with and attention to the customers:

> (50) During 2009, our commitment to quality and safety...the two most important attributes of Toyota...were severely questioned and we learned some lessons the hard way. These issues generated plenty of debate... and unfortunately... some miscommunication...that was our fault.

> 2010 Automotive News World Congress, Key Notes, Yoshi Inaba, 12.01.2010

To stress the importance of "lessons learned", the *climax* (gradatio) in combination with *parallelism* is used in the sentence following quoted

above (50) in the same text of Yoshi Inaba's speech. The reference to "lessons learned" in (51) is accompanied by repeating clauses starting with "how much". Whereas climax implies the order of increasing emphasis and weight (*some* lessons we learned the hard way, we have learned from this mistakes and *we are confident*), parallelism shows that parts paralleled are equal in importance and adds rhythm and clarity to the sentence.

(51) We have learned from these mistakes and we are confident that we're doing the right thing for our customers. With the support of our dealers, we will do everything in our power to demonstrate to customers: how much we care about them... how much we want them to continue having confidence in Toyota...and how committed we are to ensuring they are driving the safest and best built cars on the road.

2010 Automotive News World Congress, Key Notes, Yoshi Inaba, 12.01.2010

The President Toyoda also, in his public speech during his visit to Toyota Motor Europe manufacturing company, acknowledged the quality problems occurred to Toyota as a result of the loss of focus on appropriate customer communication:

(52) However, we may have expanded too rapidly in recent years and unintentionally lost sight of our long-established commitment to the spirit of Customer First.

Akio Toyoda, public speech at Toyota Motor Europe, 23.03.2010

These and similar statements made by other company executives send a clear signal that Toyota takes on full responsibility for mistakes in communication and the way the company handled quality and safety issues, while avoiding laying blame on the others. As we can see from the statement (53) below, the communication strategy of Toyota was mainly admitting their own mistakes without pointing the finger at somebody else, accepting the responsibility without admitting any fault and avoiding dispute and litigation. Instead, the company consciously concentrated its efforts on fixing any problems and restoring trust in both the company's word and its products.

(53) I am proud of the way we have avoided the mistake of pointing the finger and blaming individuals for the recent problems. We have resisted the temptation to respond in anger to any accusations. Instead, we have concentrated on identifying the causes of problem, on developing effective countermeasures, and on putting those countermeasures into place.

Akio Toyoda, public speech at Toyota Motor Europe, 23.03.2010

Toyota further employs *crisis response strategies that frame the organisation*, in particular the ingratiation strategy by reminding stakeholders of Toyota's past good works, promoting itself as being the successful over the generations of its customers, as in (54) and many other examples outlined above (22), (25), and (45). It also uses voluntary disclosure strategies, correcting the information spread in the media or preventing misinterpretation through FAQ and special releases entitled "Our Point of View", as already mentioned above.

The *accommodative strategies* of apologia, offering reassurance and expressing regret serve to show that the company accepts responsibility to cope with the situation. Especially in February 2010, when the accusations in the press ran rampant, Toyota's strategy was to apologise and to reassure the public the company is responding with concrete actions and solutions.

(54) Toyota has always prided itself on building high quality, durable cars that customers can depend on and I know that we have let you down. I want you to know that all 172,000-plus Toyota and dealership employees across North America will work hard to fix your vehicle properly and regain your trust.

Jim Lentz, Video Transcript: Toyota Talks to Customers about the Sticking Pedal Issue,
Toyota US Newsroom, 1.02.2012

These strategies are further combined with *excellence or renewal strategies* focused on perspective beyond the crisis and lessons learned from the current situation.

The main shift in turning Toyota's crisis into opportunity came with the acknowledgement of the key reason of the crisis: the failure to listen to the customers and respond to their needs. This shift meant a change in

the way the company reacts to problems from purely engineering point of view to listening and responding to the customers and explaining to them those problems so that they feel they are heard.

> (55) "We are making fundamental changes in the way our company operates in order to ensure that Toyota sets an even higher standard for vehicle safety and reliability, responsiveness to customers, and transparency with regulators", Mr. St. Angelo said. "The new organisation will open the lines of communication globally and enable us to respond faster here in North America to any concerns about our vehicles. In keeping with Akio Toyoda's mandate, North America will have greater autonomy and play a critical role in decision making on recalls and other safety issues".
>
> St. Angelo to Lead Toyota's North American Quality Assurance,
> 25.03.2010

One of the innovations by Akio Toyoda to overcome the bottlenecks in decision-making and communication problems was the introduction of position of the chief quality officer in every region of company operations. These executives oversee and control all quality-related issues and ensure that the information on any issues is shared between the regions. Further improvement in terms of better listening to customers was the introduction of the SMART (Swift Market Analysis Response Teams) initiative created at St. Angelo's North American Task Force.

In practice, the purpose of this campaign was to gather customer data firsthand and analyse it from the customers' perspective. Specifically, set groups of engineers and technicians conducted inspections on complaints of sudden unintended acceleration, which, in a manner of speaking, did not reveal any indications of the latter.

These were only partly investments Toyota made to rebuild the necessary attention to putting customers first. Other long-term initiatives included introduction of the two year free scheduled maintenance programme that would give customers the opportunity to express their concerns or clarify misunderstandings during meetings with Toyota dealers. Special 'Customer First' training centres were established in Japan, North America, Europe, Southeast Asia, and China to provide Toyota employees with additional training on how to effectively integrate customer

needs into problem-solving and design process. Also at the stage of engi-
neering the changes have been taken within the teams and processes.
Now, the R&D department, for instance, had a special subdivision that
was responsible for integration of the findings of the customer needs
analysis to the engineering programme. The members of these teams
were supposed now to spend a lot of time in the field talking to dealers
and customers.

These and some other innovations were described in detail in Jim
Lentz' progress report to the Congress. The key message of this report is
to reassure the customers of the company's commitment "to become a
more responsive, safety focused organisation". To prove this commit-
ment, the President and the Chief Operating Officer, quotes the words of
Toyota team member:

> (56) Toyota makes mistakes but we are expected to ...take ownership to find out 'why'
> and ensure we learn from them and prevent reoccurrence. We don't just say that, we do
> it.

> Jim Lorentz Provides Progress Report to Congress on Steps Taken by Toyota to Become a
> More Responsive, Safety-Focused Organisation, 19.05.2010

Conclusions on hypothesis 2

Speaking specifically of the choice of the crisis response strategies, it
should be highlighted that the content as well as the form and linguistic
expression of the strategies exactly reflected the corporate identity of the
company with all its dynamic manifestations. First, the company founda-
tions such as *genchi genbutsu* and *kaizen* definitely influenced the way the
company communicated during crisis.

Genchi genbutsu, the idea that decisions can be made only after careful
investigation of all facts, slowed down the decision-making process at the
initial stages of the crisis. This principle needed to be re-evaluated and
the company took according measures to improve its communication and
decision-making process. The principle of continuous improvement, the

kaizen, is in itself all about "reinventing itself" and going "back to basics" and critically evaluating the today's condition as compared to the past. This is what Toyota was basically experiencing in the course of the crisis. While doing so, the company further strictly followed the *hansey* principle, taking full responsibility for mistakes, learning from them and avoiding placing blame elsewhere.

As we have seen from the company statements, Toyota came to a conclusion on the nature of its mistakes; it critically reviewed and re-evaluated its communication and decision-making processes. It understood the main gap existing between the perceptions of the company itself and those of the customers, and implemented and explained to the customers what Toyota did to become more responsive to customer concerns.

Toyota further realised that not only acting on any quality and safety related issue and accepting the responsibility is important, but also communication on the issue directed at showing the cooperation and responsiveness is as much important. As argued below in the analysis of the media, the perception of the company by the media had changed, as soon as the company improved its communication policy towards stronger focus on customer perspective.

At the same time, during the crisis, there were no strategies and radical attempts to change the company's culture. Everything the company did in response to crisis exactly reflected the principles the company has been following since its foundation. Efforts made by the company represented the driving force of the never-ending cycle of going back to the roots, learning from the situation, redefining its main principles anew and integrating them into the daily communication and practice.

In this way, the findings suggest the correctness of *hypothesis 2* that claims that crisis response strategies are selected and pursued guided by the corporate identity of the company and therefore harmonise with the company values and principles. The question of consistency of those strategies across different stakeholder groups will be allocated in the section analysing the company audiences below.

4.5   Verification of Hypothesis 3: Company Audiences

In order to verify the final hypothesis of this paper, researcher analysed company communication towards enabling, functional, normative and diffused publics, as per classification of stakeholder groups suggested in section 3.3.

First, company crisis response strategies were analysed to determine whether they varied across stakeholder categories. The researcher briefly reviewed Toyota regular communication versus in crisis context and defined the general features presumed important for the present analysis. Second, for the example of the diffused publics represented by the media, it was explored whether the perceptions of the media could be positively influenced.

The researcher deliberately focused its attention on the media, since the perceptions of crisis by this particular stakeholder group played a crucial role for Toyota's response strategy. From the communicative perspective, the researcher focused on principal rhetorical strategies used by Toyota to shape attitudes that predispose audiences towards building a particular image of the company.

Generally, several aspects in line with the principles of stakeholder theory outlined in section 3.3 need to be mentioned. It is assumed that a company in crisis redefines its stakeholders, meaning that corporations incorporate new rules of communication to gain legitimacy in relation to different types of stakeholders addressed in their external organisational rhetoric. Since the context changes from routine to extreme, the relationships undergo a certain transformation.

In connection with the above, the nature and depth of the relationships established in the history of the company with different stakeholder groups may also play a role in the way the company communicates, on the one hand, and the way the respective group interprets this communication, on the other hand. If to assume that Toyota's relationships with their customers would have been the reflection of a long tradition of trust and loyalty, the way the company addressed them could be much more direct, transparent and easier to forecast.

Finally, when in crisis, companies may also favour the needs of a few crisis stakeholders over others. This could be a part of their response strategies to respond to the most extreme needs of the stakeholders most vulnerable to the effects of the crisis, which is, according to Ulmer & Sellnow (2000: 145), a better option than favouring certain groups based on the bottom line or shareholder orientation.

Generally, in its routine communication practices, Toyota has a very broad scope when it comes to addressing stakeholders. It communicates, explicitly and implicitly, to clients, dealers, suppliers, employees, partners, and the population of the world in general. Numerous news items released prior to crisis at its U.S. website www.toyota.com indicate that the company communicates neutrally, without prioritising one particular group of stakeholders. However, the company adapts the language and the rhetoric of its messages to the stakeholder group to whom they are particularly targeted.

For instance, in a press release of 2008 on a subject unrelated to crisis – launching of new canine-friendly offerings to the owners of the new Venza – Toyota uses funny metaphors and humorous expressions. Toyota refers to its new Venza that "seems to be barking up the right tree with a line of canine-friendly offerings through Toyota Associated Pet Products", and calls canine travellers "the ultimate judges" of Toyota offerings. At the same time, Toyota addresses the needs of more sophisticated readers, referring to recent survey results and the upcoming launch of the new Venza.

> (57) A recent survey conducted by the American Pet Products Manufacturing Association revealed that half of all dog owners consider their pet's comfort when buying a car. And with unrestrained pets causing more than 30,000 accidents annually, according to the American Automobile Association (AAA), more states are passing and considering legislation requiring pets to be secured for their own safety and to reduce driver distractions.

> Toyota US Newsroom, 03.11.2008

While introducing two new cars in the press release devoted to the auto show in Paris, company addresses all interested publics by "you", with-

out explicitly naming customers, dealers or the media, and even putting itself as a company at the same bar as any ordinary user of the car.

> (58) We're introducing a couple of vehicles there today that we thought might interest you... So here's our question for you: We all might greatly desire a Lexus convertible, but is there a place for cars like the iQ here in the U.S.? If the iQ became available here, would you consider buying one?

> Toyota US Newsroom, 02.10.2008

On its global website, www.toyota-global.com, however, the company has a filter in the news bar of its website, distinguishing messages per thematic categories: "Showroom", "Innovation", "Events", "Sustainability", "Company" and "Investors". At the same time, many of the releases are placed in several categories at a time. This suggests that the filter offered is functional only and does not separate the contents of the messages in absolute terms.

To take one example, the "Showroom" category addresses specifically those stakeholders interested in announcements of the new launches of Toyota vehicles, technical characteristics of those and projected sales figures. However, the content and the linguistic characteristics of the release could equally be relevant for a broader public. First, the language of these messages is technically not too complex, yet informative enough to address the needs of technologically-oriented stakeholders.

> (59) The Prius Plug-in Hybrid can be charged using an external power source such as a household electric outlet, and is the first vehicle produced by TMC to be propelled by a lithium-ion battery... Furthermore, plug-in hybrid vehicles (PHVs), such as the Prius Plug-in Hybrid, are expected to achieve fuel efficiency superior to conventional gasoline-electric HVs, reduce consumption of fossil fuels, and reduce CO_2 emissions and atmospheric pollution.

> "Showroom", www.toyota-global.com, 14.12.2009

Second, Toyota uses this opportunity to promote the identification between the company and the broad public (including the policy-makers representing the public) by suggesting that the corporation identifies

with their interests. As in (60) below, Toyota manages to construct several identities at the same time (the technological leader and the responsible citizen).

> (60) TMC believes that, to meet the diversification of energy sources, plug-in hybrid vehicles are a highly suitable environmentally considerate option. TMC is therefore actively encouraging market introduction and aiding understanding, and to promote the soonest widespread use of PHVs, TMC will analyze feedback regarding the Prius Plug-in Hybrid, with an aim to begin sales in the tens of thousands of units to the general public in two years.

> "News", www.toyota-global.com, 14.12.2009

Besides releases on its global website, Toyota used to communicate with its stakeholders via the *Open Road Blog* launched in 2007[107] to provide a forum where the broader internet community and the company could chat about Toyota products and programmes. In January 2009, Toyota introduced the US Newsroom, a website that addressed some of the same topics.

Since 2009 this online pressroom served traditional media, like newspaper reporters and magazine writers, as well as social media, like bloggers. The feature "Our Point of View", already quoted above, has become a substitute for the blog, providing the opportunity for a company to post its opinion – or set the record straight – and for the broader community to share their comments. It was also used by the company to address specific topics, like the "fears of premature battery failure" at Prius hybrid or any other particular issue faced by Toyota or the auto industry in general.

In crisis context, by the same token, Toyota did not explicitly separate the stakeholder groups while communicating its messages via the company websites and in public speeches of the company's executives. However, as shown below, the company's justification of the crisis to its vari-

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[107] http://web.archive.org/web/20090403033136/http://blogs.toyota.com/. The blog existed from July 2007 until June 2009.

ous publics does reflect the company's differing relationships with the respective groups.

Looking at the structure of responses presented to different stakeholder groups, the company's news releases were formulated essentially neutrally, addressing the broad stakeholder group without prioritising any specific group. The news releases in the US Newsroom (the biggest data source analysed in this paper) represent the bulk source of information for the stakeholders.

At the same time, alongside these press releases, Toyota continued to use the format of special releases entitled "Our Point of View", to explicitly address a particular type of company stakeholders in the context of issues now related to crisis. In most of the cases, the releases were used to address controversial issues of communication with the media and the NHTSA.

For instance, on 06th November 2010, the company used this specific format to address the controversy that arose around the citation of results of NHTSA investigations[108]. In one of the press releases preceding the first of three major recalls, the company imprudently cited the statement of NHTSA and was rebuked for it in NHTSA's release. In its release "Our Point of View: Toyota's Statement Regarding NHTSA News Release", the company publicly apologised for any confusion raised by its press release.

Enabling publics

NHTSA is one of the stakeholders within Toyota's enabling publics along with the Congress and its committees and company's shareholders. All these publics provide authority, control and regulation for Toyota. Among those groups, the justification to NHTSA was the most prominent in the crisis response of Toyota.

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[108] "Our Point of View: Unintended Acceleration: Toyota Addresses the Issues", 06.11.2009, Toyota US Newsroom.

NHTSA is an agency of the Executive Branch of the U.S. government, part of the Department of Transportation that is charged with writing and enforcing safety standards for motor vehicles, investigating possible safety defects and tracking safety-related recalls. Before crisis, Toyota was communicating to the NHTSA as a regulatory agent in case any safety defects or issues arose as well as responding to NHTSA requests regarding complaints submitted to the agency.

Toyota had in fact well-established relationships with NHTSA. However, when the Saylor's accident occurred and the issue of previous investigations conducted by NHTSA with regard to floor mats in 2007 came to the light, NHTSA also received negative press and was accused of being too soft with Toyota (Liker & Ogden 2011: 90). At that time, NHTSA and Toyota agreed that the floor mat recall involving approximately 55,000 customers who ordered specific all-weather floor mats was sufficient and did not dig deeper into the issue of potential acceleration.

The relationship between Toyota and NHTSA changed with the crisis triggered by the Saylor's accident and the negative media coverage. The NHTSA has become Toyota's active negotiating antagonist. Naturally, since the context of this relationship changed from routine to extreme, the features of communication became stronger, reflecting the changed roles of the organisations. NHTSA's role changed from regulating to representing the Toyota's customers.

> (61) Safety is the number one priority for NHTSA and this is why officials are working with Toyota to find the right way to fix this very dangerous problem (potential entrapment of accelerator pedal).
>
> NHTSA, press release, 09.11.2009

NHTSA in its releases clearly indicated the seriousness of the safety problem which the agency will oversee, and the measures undertaken by Toyota. As it stated in several press releases:

(62) We're going to continue to hold Toyota accountable and continue to investigate every possible cause of these safety defects, to make sure there are no other problems. We'll make sure Toyota is doing all it has promised to make its vehicles safe.

NHTSA, press release, 10.02.2010

The agency initiated all possible types of investigations, which included investigations of National Academy of Sciences and NASA engineers, as well as whether/how Toyota fulfilled its statutory obligations with regards to notifying NHTSA on possible safety defects as per law. In particular, the statements of the U.S. Transportation Secretary Ray LaHood demonstrated the strict tone addressed to the company.

Two days after Toyota announced the steel reinforcement as a remedy for fixing sticky pedals on 01 February 2010, Ray LaHood publicly expressed his advice to owners of Toyota cars "to stop driving it. Take it to a Toyota dealer because they believe they have a fix for it". Later in the day, he told to reporters he "misspoke when he earlier advised owners of the eight recalled models to park them and not drive them"[109]. The effect of the statement was bad news for Toyota. In fact, this was an example of the NHTSA official making use of his position to express personal opinion to the broader public.

In its press releases, at the same time, the NHTSA remained strict in their explanatory tone without acknowledging perceived tension between the agency and the company. When the ten-month study of potential electronic causes of unintended acceleration in Toyota vehicles was finished in February 2011, the agency concluded:

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[109]http://content.usatoday.com/communities/driveon/post/2010/02/toyota-recall-transportation-secretary-ray-lahood-advises-owners-not-to-drive-their-cars/1#.T4HlStl1naY, 03.02.2010, accessed on 08.04.2012.

(63) NASA engineers found no electronic flaws in Toyota vehicles capable of producing the large throttle openings to create dangerous high-speed unintended acceleration incidents. The two mechanical safety defects identified by the NHTSA more than a year ago – "sticking" accelerator pedals and a design flaw that enabled accelerator pedals to become trapped by floor mats – remain the only known causes for these kinds of unsafe unintended acceleration incidents.

NHTSA, 08.02.2011

Toyota's justification to the U.S. Congress and its different committees and subcommittees focused apologising, taking responsibility and not shifting blame. As Liker & Ogden note, the testimonies of the witnesses or alleged victims of sudden unintended acceleration were doubtful and lacked legitimacy which could have been easily proved as such before the hearings (2011: 118). However, Akio Toyoda, when it was his turn to testify before the House Oversight and Government Reform Committee, apologised to anyone who had been hurt in a crash involving a Toyota car and pledged to better listen to customers.

(64) We pursued growth at over the speed at which we were able to develop our people and our organisation, and we should sincerely be mindful of that. I regret that this has resulted in safety issues described in the recalls we face today, and I am deeply sorry for any accidents that Toyota drivers had experienced.

Testimony of Akio Toyoda, 24.02.2010

Toyoda in his testimony remained true to the principles of the 'Toyota Way'. Knowing that the investigation of NASA and NHTSA were running in the meanwhile, he did not say anything in defence of Toyota engineering. He first highlighted the approach of the company based on the *kaizen* principle, continuous improvement, in particular when problems are identified. Secondly, Toyoda announced a plan to manage the quality problems, which included establishing Customer Quality Engineering Division at Toyota Motor Corporation in Japan, as well as to improve the decision-making process on the level of the North America and overall operations.

All in all, the rhetoric of compliance, cooperation and obedience dominated Toyota's discourse towards NHTSA and the Congress with its

committees and indicated the company's willingness to cooperate. In its appeal to the government agencies, the company continued to promote its commitment to customer safety, a part of which is strict obedience to the industry regulations.

> (65) We are very grateful for the advice of all government agencies involved and feel that through our handling of the recall we have a chance to regain the trust of our customers. We will continue to cooperate fully with NHTSA on all vehicle safety issues.
>
> <div align="right">Toyota US Newsroom, 02.02.2010</div>

Besides the NHTSA and the Congress committees, another enabling public, the corporation's shareholders, should be mentioned. The shareholders control the financial structure of the company. Predictably, Toyota's justification to this stakeholder group focused on financial concerns. Toyota provided specific financial information in the annual reports, already mentioned above, and financial results statements released at Toyota global website in the section "Investors".

The company's annual report for 2010 stressed the need for a "fresh start" for Toyota based on the consideration of issues faced during the past year and targeting sustainable growth, while making customer safety and security the company's highest priority.

Without moving the responsibility for quality issues away from itself, the company rhetorically constructed a situation in which the impact of the recall was minor and represented another challenge for the year, along with "severe business environment", "tough competition" and the financial crisis. Toyota was thus attempting to minimise the impact of recall for the shareholders, demonstrating the company's financial strength and ability to concentrate efforts jointly with its dealers, suppliers and employees.

Indeed, looking at the figures, in fiscal year 2010, ended 31 March 2010, on a consolidated basis vehicle sales declined 330 thousand units, to 7,237 thousand units, and net revenues decreased 7.7% to ¥18,950.9 billion. However, Toyota recorded an operating income of ¥147.5 billion, up ¥608.5 billion from the total operating loss posted in fiscal year 2009.

Therefore, despite the actual impact of the recall, the key message to investors and shareholders was that unit sales and operating income were up on year on year basis despite the forecasted loss in operational results. The major factors contributing to this success, according to Toyota, were the measures targeting cost reduction, decrease in fixed costs along with the "hard work" of Toyota employees and intensive collaboration with its dealers and suppliers.

Toyota counsels the reader on the future of the company, reassuring shareholders that the company would not only remain financially stable but will further improve significantly by implementing cost reduction and commercialisation of next-generation environmental and safety technologies.

> (66) With regard to cost reductions and the decrease in fixed costs, we promoted large cost reductions as an emergency countermeasure in the fiscal year ended March 31, 2010. We will ensure that these work structures and approaches remain in place to achieve steady results...To strive amid tough competition, we will utilize our internal funds for the yearly commercialisation of next-generation technologies targeting safety and the environment.
>
> Toyota annual report 2010, p. 31

In notes to consolidated financial statements in both annual reports 2010 and 2011 relevant for this research, Toyota reports on all legal proceedings and investigations related to recalls in much detail. The company denies the allegations and defends itself. At the same time, the company clearly states that it agreed to all the settlements "to avoid a protracted dispute and to concentrate on regaining customer confidence" (annual report 2011, p. 99). Addressing the particular potential concerns of the shareholders and investors, Toyota claimed:

> (67) However, based upon information available to Toyota, Toyota believes that its losses from these matters, if any, would not have a material adverse effect on Toyota's financial position, results of operations or cash flows.
>
> Toyota annual report 2011, p.100

Besides announcing the fiscal results for 2010 in the annual report, President Akio Toyoda made several remarks at the Investor Conference and in the fiscal earnings announcement to specifically address the concerns of investors and shareholders.

Toyota's response to the challenges of the year, including the safety recalls, was used to put the emphasis on "lessons" learned from the past and navigate the attention of the investors and shareholders towards future plans. The company specifically mentions "profit", the key word all investors and shareholders are interested in.

> (68) Going forward, Toyota aims to maintain sustainable growth, by optimally distributing resources through identification of the areas where it would want to advance. Toyota will progress by constantly checking not to overreach itself, and by balancing investment in future growth and improvement of the profit structure.
>
> Fiscal 2010 Earnings Announcement,
> Remarks by President Akio Toyoda, 11.05.2010

Avoiding the particulars of the safety recalls, however, the company did not use transcendent rhetorical language in the movement towards abstract principles and promises. Instead, the company proved its intentions through concrete examples and plans.

> (69) First, with respect to next-generation eco-cars, we will work toward further improving our technology for hybrid vehicles and expanding the line-up of hybrid vehicle models. Last year we launched new models at an affordable price including the third generation Prius and the Lexus HS250h. Going forward we plan to continue to actively introduce new models, such as the planned launch of the CT200h, a hybrid vehicle in the premium-brand compact segment.
>
> Fiscal 2010 Earnings Announcement,
> Remarks by President Akio Toyoda.11.05.2010

Functional publics

The company rhetoric towards functional publics that include its employees, customers and suppliers, was a reflection of the company's well-established relationships with this group.

Although it was not possible for the researcher to review the internal communication at Toyota, it should be mentioned that even in communication targeting all other stakeholder groups, employees, dealers and suppliers were addressed indirectly. Many of the company statements in crisis response press releases were issued in the name of the company's dealers, suppliers and employees as one unity.

> (70) TMC, sincerely taking to heart customer feedback gained through genchi genbutsu, reaffirms – along with its dealers worldwide, suppliers and employees – its commitment to unwavering quality in products and services and to the spirit of "customer first".

> Toyota US Newsroom, 17.02.2010

Commenting on the financial results of 2010, Toyoda specifically thanked Toyota's functional publics, employees, dealers and suppliers. This proves the company's commitment to teamwork as a critical factor of the company success.

> (71) I am sincerely grateful to our dealers and suppliers who remained fully committed to providing as many cars as possible to customers, and to our employees as well as our overseas business operations for their efforts in working together so that the company will return to its normal state as soon as possible. And finally, above all, I am sincerely grateful to our customers of more than 7 million people around the world who newly purchased Toyota vehicles.

> Investors, Financial Results, 11.05.2012

Generally, it should be noted that Toyota has always cultivated a culture of respect for employees, no matter their level within the company. The idea of the human capital is in fact one of the grounding principles of Toyota. But as Nonaka & Takeuchi (1995) argue, not only Toyota but in

fact Japanese companies in general, have a specific view of "knowledge worker", the greatest asset every company has.

Compared to Westerners, Japanese companies, as Nonaka and Takeuchi argue, have a very different understanding of knowledge, which is primarily tacit and hard to formalise and pin down. This tacit knowledge is something that is difficult to communicate and to share with others and is in fact cultivated through experience, trial and error and sharing this knowledge within the organisation.

This Japanese view of knowledge creation is also reflected in the premises of the 'Toyota Way'. Employees at Toyota are the asset for the company, sharing an understanding of what the company stands for. Employees are in fact one of the main drivers for the *kaizen* mind. Toyota invested in team members so that they can all become problem solvers and make a continuous improvement a reality for the company. To prove its commitment to employees, even in recession and during the crisis related to recalls, the company did not lay off a single worker.

The company's approach to its suppliers and dealers is also an integrated part of the 'Toyota Way'. Principle 11 in the 'Toyota Way' states: "Respect your extended network of partners and suppliers by challenging them and helping them improve" (Liker & Ogden 2011: 58).

Following this principle, Toyota dealt with suppliers and dealers during the recession, offering them financial, technical support and kaizen training. In its communication during crisis, Toyota used every opportunity to stress its commitment to its people and business partners, the core of the company's identity and culture.

Looking at the public statements of the company at press conferences and in press releases during the crisis, Toyota positions itself on the same level of hierarchy with the company's suppliers, dealers and employees. It demonstrates it through referring to company employees, dealers and suppliers as one unity. Company executives foster teamwork and respect, the most fundamental core values of Toyota.

(72) I am honored to return here to represent the 30,000 Americans who work for Toyota and the many thousands more at our dealerships and suppliers who bring great dedication and spirit to their jobs each day.

Written testimony of James Lentz, President and CFO Toyota Motor Sales, submitted to the Committee on Energy & Commerce, Subcommittee on Oversight & Investigations, Toyota US Newsroom, 19.05.2010

(73) "Everyone at Toyota is focused on making the recent recalls as simple and trouble-free as possible for our customers, with dealers across the country making extraordinary efforts to take care of Toyota owners," said Jim Lentz, President and Chief Operating Officer of Toyota Motor Sales, U.S.A., Inc.

Toyota US Newsroom, 24.02.2012

In its communication in response to safety recalls, Toyota prioritises customers as the main stakeholders. The strategies used to address concerns of customers of Toyota were discussed in detail above. However, several releases explicitly addressing customers can be briefly mentioned.

One of the releases in the sample used by the researcher is the Video Script of the short speech of Jim Lentz, President and COO of Toyota Motor Sales, U.S.A., Inc. issued on 01 February 2010, announcing the comprehensive plan to fix the "sticking pedal situation" in recalled Toyota vehicles.

In his speech, Jim Lentz apologised to Toyota owners highlighting the most important issues, from the company's point of view, Toyota customers should know. The efforts of the company as one unity of employees, suppliers and dealers are directed at fixing the problem and regaining customer trust. The rhetoric of the company is focused on the perspective beyond the crisis (excellence and renewal strategy). The current situation with the sticking pedal is described as easy to fix. The speech in general can be evaluated as an attempt to get into direct dialogue with the customers, a rare measure not typical for a company and characteristic to the crisis situation only.

(74) The fix can be completed within a short period of time, depending on the work flow at your dealership. We hope to start making those repairs in just a few days. Owners will be notified by mail when to set up a dealer appointment.

Toyota US Newsroom, 01.02.2010

The second release a few days later, also issued in the name of Jim Lentz, addressed the speculations about the issue of the sticking accelerator pedal recall. In an attempt to withstand the allegations spread in the press, Toyota reassures the public that its vehicles are safe to drive.

(75) Our message to Toyota owners is this – if you are not experiencing any issues with your accelerator pedal, we are confident that your vehicle is safe to drive. If your accelerator pedal becomes harder to depress than normal or slower to return, please contact your dealer without a delay. At Toyota, we take this issue very seriously, but I want to make sure our customers understand that this situation is rare and generally does not occur suddenly. In the instances where it does occur, the vehicle can be controlled with firm and steady application of the brakes.

Toyota US Newsroom, 05.02.2010

It is important to note that the company uses in the speeches of executives the messages of the same content, practically word for word, as in the general press releases on sticky pedal recall. This proves the consistency of Toyota communication across the stakeholder groups.

(76) We would like to reassure the customers: the potential accelerator pedal issue only occurs in rare circumstances. The recall action is a precautionary measure aimed to guarantee the highest quality standards to all customers.

Toyota US Newsroom, 01.02.2010

Normative publics

The normative linkage represents the public that share a common interest, problem or goal. In the case of Toyota, this normative linkage is the

automobile industry that was often addressed by the company at press conferences and public events in the course of the crisis.

The predominant strategy in Toyota's justification to its normative publics was to rely on its close association and identification with the industry. In their public statements, the President and the Chairman and CEO both stated that they knew the auto industry in the US market and identified themselves with this market well due to the similar past of the company and their common future.

> (77) You know, America is vitally important to Toyota because we have been able to learn, grow and prosper along with this country. When we first started our business, our leaders visited Detroit automakers and discovered a lot of great techniques on how to manufacture automobiles. In fact, much of what we learned in those early days became the seeds of out Toyota Production System.
>
> Akio Toyoda, 2009 Centre for Automotive Research Conference,
> Toyota US Newsroom, 05.08.2010

> (78) And while all of us fight our individual battles to improve ourselves and our companies, we can't forget about the BIGGER picture...the fight we share TOGETHER to transform the auto business into a leading industry of the 21st Century.
>
> Yoshi Inaba, 2010 Automotive News World Congress Speech,
> Toyota US Newsroom, 12.01.2010

The speech of Yoshi Inaba at the Automotive News World Congress is representative of the Toyota's justification to the auto industry and represents the bottom line in communication with the auto industry as a normative linkage in its publics.

The emphasis of Toyota's justification appeared to be focused on lessons the company learned the "hard way". While addressing the issue of recall, Toyota's message underscores the change as an opportunity that had been released by the crisis situation.

(79) We will never be the same and the auto industry will never be the same, but the lessons we've learned...the lessons we've learned...are priceless for our future.

Yoshi Inaba, 2010 Automotive News World Congress Speech,
Toyota US Newsroom, 12.01.2010

At the same time, Toyota encouraged the industry to change the way it operated towards creating a "sustainable future where customers have great choices" and to begin "to show people we care and contribute". Without providing any explanations or excuses but just mentioning "plenty of debate" and "miscommunication" as key words related to recalls, the company moved in its discourse towards addressing the challenges faced by the industry as a whole.

In this context of the linkage to automobile industry, the company uses rhetorical ambiguity, referring to abstract concepts of 'hope', 'future' and 'vision'.

(80) We must provide hope and vision and products that move people and nations forward to a brighter future. And that's what I want to talk to you about tonight...how we can work...TOGETHER...to achieve these goals and Toyota's commitment to help lead the change.

Yoshi Inaba, 2010 Automotive News World Congress Speech,
Toyota US Newsroom, 12.01.2010

In sum, Toyota's discourse towards the auto industry emphasised the company's involvement in the industry and its identification with other car producers. Using this strategy, Toyota attempted to influence public perceptions of the corporation and gain the support of normative publics during this crisis.

Diffused publics

Probably the most complex relationship has been that of Toyota to its diffused publics, meaning the media and the broader community. This is by itself the difficult task of controlling and managing the relationships of

these unorganised publics whose opinion, however, is significant to the organisation, particularly in crisis.

For this research, company rhetoric towards the media was the focus of attention, since, as mentioned in section 4.2 on the context of Toyota recalls, the perceptions of this stakeholder group negatively impacted the image of the company. It indeed cost the company an extraordinary effort to withstand the myths that had had significant coverage in the press and internet news sources over the period of crisis and many months after.

The relationships with the media featured difficult characteristics for a number of reasons both dependent on and independent of Toyota.

First, being probably the most demanding stakeholder in terms of information needs, media is the most influential public force that is difficult to manage and control. If its information needs are not satisfied, there is the danger that the media starts providing its own interpretation of events. In case of Toyota, this is exactly what happened directly after the Saylor accident. The media played the seminal role in all the public discourse that ensued and influenced the public's understanding of the allegations of unintended acceleration.

As mentioned in section 4.3.1, Toyota was fairly reserved in its public response to the accident especially at the initial stages of the crisis. The company used on hold statements, those like "Toyota takes public safety seriously" or "We are in the process of developing appropriate vehicle-based remedies" to take time the company needed, according to its *genchi genbutsu* principle, for clarification of the reasons and facts before making decisions. This at some point slow response contributed to speculations about deeper underlying causes for sudden acceleration of Toyotas, as opposed to the simple and implausible idea of a floor mat that could trap the accelerator.

Second, the technical issues that had become the subject of speculation, the electronic throttle control and vehicle electronics as potential causes of sudden unintended acceleration have been and remain until today the controversial issue. As already mentioned, Toyota was by no means the first manufacturer to be accused of having a problem with

sudden unintended acceleration. Moreover, the issue of unintended acceleration is very specific, since many of the aspects of vehicle operations could be perceived as unintended acceleration and need to be explained to an ordinary driver (Liker & Ogden 2011: 175).

However, the most sceptical reporters found the narrative of cars getting out of control more exciting than that of the driver's error or incompatible floor mats. Even when the results of the NASA study confirmed no electronic defect in Toyota vehicles, these same reporters continued attacking Toyota. "The fact that they couldn't replicate unintended acceleration doesn't mean that it doesn't exist, whatever the cause"[110], this opinion was further spread through such news editions as the *Washington Post* and *Los Angeles Times*.

Finally, the complexity of the technical issues associated with the recalls contributed to development of certain 'myths' about Toyota quality and safety lapses that had taken hold in the press. These myths were the adapted interpretation of the complex technical issues, an easier version to present to an unsophisticated public. One of the four myths Liker and Ogden reveal as opposed to reality, is that the "pedal frequently gets stuck, leading to uncontrollable acceleration and causing many accidents" (Liker & Ogden 2011: 121). The reality is, however, that "in rare cases the pedal can get sticky and return slowly to idle or temporarily stick at partially depressed. There were no cases of wide-open throttle or uncontrollable acceleration"[111]. Liker and Ogden note an analysis of Toyota-related stories in the *Los Angeles Times*, *New York Times*, and *Detroit News* carried out by a colleague that revealed 205 stories for the month February 2010 alone, of which 109 were negative (Liker & Ogden 2011: 120).

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[110] The Washington Post, 09.02.2011, "U.S. report finds no electronic flaws in Toyotas that would cause acceleration", accessed on 28.12.2012.

[111] The cause of this rare condition, as explained by Toyota and proved in experiments by the independent engineers, is that the synthetic material in the pedal can become sticky as a result of heat, humidity, or condensation. Braking performance in this case is not affected (Liker & Ogden 2011: 121).

Indeed, Toyota was often attacked by the *Los Angeles Times* (*LA Times*), particularly by its reporters Ralph Vartabedian and Ken Bensinger. The stories that appeared in the press were based on the speculations of various people who were involved in lawsuits with Toyota, who could not per se provide an objective opinion (Liker & Ogden 2011: 83).

Furthermore, the data used in the media often lacked plausible evidence, especially for the alleged defect in Toyota's electronics that was never proven by any of NHTSA's investigations. The media, and in particular the *LA Times*, used the stories provided by plaintiffs' lawyers and their consultants working on lawsuits against Toyota to speculate on causes of unintended acceleration in Toyotas. For instance, one of the December 2010 issues stated:

> (81) The parents of a young woman killed in a 2008 car crash have sued Toyota Motor Corp., contending that an electronic glitch caused the car in which their daughter was a passenger to accelerate out of control and crash in Northridge.

<div align="right">LA Times, 22.12.2010</div>

In response, Toyota's spokeswomen issued the following statement:

> (82) Toyota sympathises with the individuals and families involved in any accident involving our vehicles. However, this lawsuit is based on a wholly unsubstantiated and speculative claim that there is a defect in Toyota's electronic throttle control system that causes unintended acceleration. However, the plaintiffs have not cited a specific cause or even alleged any facts that would support that claim, and no credible scientific theory or proof has been advanced to support the allegation.

<div align="right">LA Times, 22.12.2010</div>

All in all, during the course of November, December 2009 and January, February 2010, a number of media outlets followed the negative reporting of the *LA Times* that accused the company with exceptional consistency. According to one of its statements, "Toyota kept a tight lid on the disclosure of potential problems and attempted to blame human error in

cases where owners claimed vehicle defects"[112], which was in fact a very heavy accusation substantiated by the *LA Times* own investigation only.

In fact, in comparing the releases of the *LA Times* with other media outlets, the *New York Times*, for instance, the clear signs of what can be called aggressive reporting become evident.

First, the *LA Times* used a very strict and ultimate rhetoric which could be evaluated as a public attack. To encourage the controversy, reporters often used counter statements to the original quotes of the company, thus evoking doubt on the credibility of Toyota. The contradiction to Toyota was often introduced by a sentence starting with "but". In just one press release, for instance, reporters used this method six times.

> (83) Amid widening concern over acceleration events, Toyota has cited 'floor mat entrapment'. But reports point to another potential cause: the electronic throttles that have replaced mechanical systems.

> LA Times, 29.11.2009

Second, the reporters put the unverified assumptions of unintended acceleration as the ultimate truth (84). At the same time, the descriptions of the victims' testimonies were presented in a dramatic way, so as to appeal to the reader's emotional sphere and evoke fear (85).

> (84) The automaker's handling of safety issues has come under scrutiny in recent months because of incidents of sudden acceleration in Toyota and Lexus vehicles, which the Times has reported were involved in accidents causing 19 fatalities since 2001, more deaths from that problem than all other automakers combined.

> LA Times, 23.12.2009

> (85) Jean Bookout awoke in an Oklahoma hospital a month after a crash in her 2005 Camry. She said the car sped out of control on a freeway, then smashed into an embankment after she swerved it onto an exit ramp, leaving behind long skid marks from

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[112] "Toyota found to keep tight lid on potential safety problems", http://articles.latimes.com/2009/dec/23/business/la-fi-toyota-secrecy23-2009dec23, accessed on 06.04.2012.

attempts to stop the vehicle with her brakes and emergency brake. Bookout sustained permanent memory loss and her best friend died.

LA Times, 08.11.2009

Finally, to prove its statements, reporters referred to their own investigation of federal data[113], as well as to the opinion of "independent experts" and "critics". Referring to their own review, reporters made conclusions on purely technical issues. It is questionable to what extent reporters may be able to conduct a thorough and scientifically correct analysis of technical issues, especially considering the fact that a number of professional tests and investigations, including those done by NHTSA and NASA, could not identify any defects.

(86) More than 1,000 Toyota and Lexus owners have reported since 2001 that their vehicles suddenly accelerated on their own, in many cases slamming into trees, parked cars and brick walls, among other obstacles, a Times review of federal records has found.

LA Times, 09.11.2009

(87) Independent electronics and engineering experts say that drive-by-wire systems[114] differ from automaker to automaker and that the potential for electronic throttle control systems to malfunction may have been dismissed too quickly by both Toyota and federal safety officials.

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[113] Liker & Ogden (2011) point to a strange correlation that illustrates the effect of the negative publicity. Before the Saylor accident, monthly complaints in NHTSA database about Toyota were below 20. As the media speculation ran rampant, the number of complaints increased to more than 1,300 in February 2010 after several recalls were announced. The number decreased to below 20 by September 2010. Important to note that during that time no modifications to vehicle electronics were made (Liker & Ogden 2011: 92).

[114] As Liker & Ogden (2011) explain, "with electronic throttle control, a sensor monitors the position of the gas pedal and transmits that information "by wire" (which is why they are often referred to as "drive-by-wire" systems) to the ECM, which then sends a message to the electronic throttle control that tells the throttle to let more or less air into the engine's combustion chamber" (2011: 72). They also argue that there has never been a proven case of sudden acceleration caused by a software defect in the electronics of the vehicle from any manufacturer (2011: 81).

The reporting of the *New York Times* (*NYT*), on the contrary, was much more neutral than that of the *LA Times*. The reporters of the *NYT* news outlet used predominantly statements of the company and of the experts from the field, without positioning Toyota either in a negative or a positive light or exaggerating or interpreting the facts. Even if the *NYT* had conducted its own investigation of federal data, it did not interpret the relevance and correctness of the complaints, but simply presented the figures for the open public judgement. In the quote below, the figures even spoke for Toyota.

> (88) In all, federal safety regulators said they have received complaints alleging that unintended acceleration in Toyota vehicles caused 34 deaths. In his Congressional testimony last week, James E. Lentz III, the president of Toyota Motor Sales U.S.A., noted that other auto manufacturers had had complaints of sudden acceleration. Of the 12,700 National Highway Traffic Safety Administration consumer complaints analysed by the Times, the Ford Motor Company had the most, about 3,500.

Also, the *NYT* did not go into technical details and disputes with the automaker, as the *LA Times* did with its own review, but rather described the situation for its readers from several angles, not only from the point of view of key company stakeholders but also from the company's perspective. It devoted several issues to describing concrete measures and campaigns Toyota has been implementing in response to the crisis. In this way, the *NYT*, as an independent stakeholder, provided the opportunity for its readers to form their opinion of the company without imposing its own.

For instance, the *NYT* explains in detail the Toyota's "Ideas for Good" campaign which seeks suggestions from customers, one of the attempts of the company to repair its reputation. Furthermore, the news agency posts the letter from a loyal client (89) and one from the Steve St. Angelo, North America Chief Quality Officer at Toyota, correcting the information provided in one of the latest *NYT* releases (90).

(89) Everyone seems to have forgotten just how reliable Toyota has been for years and years. Yes, rapid acceleration and faulty brakes are a huge problem for an automobile manufacturer and a huge risk to the public. But why all of a sudden do people seem to have turned their backs on a car company that for years and years put American brands to shame? The public seems to have forgotten that nearly all major automobile companies have issued recalls because of problems with their vehicles.

NYT, 16.02.2010

(90) For the last several months Toyota has candidly discussed the two mechanical issues that, in rare instances, can cause unintended acceleration in some of its vehicles. Contrary to your article, we did not just acknowledge this "for the first time".

NYT, 17.07.2010

Generally, as compared to the *LA Times*, the titles of the news releases in the *NYT* are phrased much more precisely and neutrally, even in the beginning of the crisis when the speculations were acute across the media. For instance, similar releases devoted to the congressional hearings were entitled as follows in the both news agencies:

(91) Lawmakers just getting started on scrutiny of Toyota (LA Times); Tracking Congressional Hearings on Toyota (NYT)

To announce the results of the NASA study, the news agencies used the following titles:

(92) "Toyota cites NASA study in effort to dismiss sudden acceleration suit"(LA Times); "NASA and Justice Assist Toyota Inquiry" (NYT).

But what was Toyota's response towards such accusations and to the media as a core stakeholder in general? Did Toyota manage to influence the perceptions of the news media that represented the most important source of information for building public opinion?

At the initial stages of its response in addressing the media, Toyota was not defensive and concentrated on recalls only. The first reactions to allegations in the press appeared in the releases "Our Point of View: A

Healthy Discussion on Safety" and "Our Point of View: Setting the Record Straight" were still fairly moderate.

(93) We appreciate the LA Times' acknowledgement that Toyota "did the right thing" in instituting a recall in response to incidents of unwanted acceleration, and in committing to add "smart pedal" software technology as an added fail-safe measure. We also respect the [LA] Times' in-depth reporting of this issue, though we disagree with some of the theories it has embraced.

<div align="right">Toyota US Newsroom, 10.12.2009</div>

(94) Today the Los Angeles Times published an article that wrongly and unfairly attacks Toyota's integrity and reputation...Needless to say, we were disappointed by the article that appeared today, and in particular by the fact that so little of our response to the questions [LA Times emailed a list of detailed questions to Toyota that were answered by Toyota] appeared in the article and much of what was used was distorted.

<div align="right">Toyota US Newsroom, 23.12.2009</div>

In its response in the following months, Toyota began to vigorously deny all the allegations, issuing statements addressing particular accusations. As the allegations occurred frequently, the company realised more and more that since the dispute involved technical complexity, an obvious risk existed that some of the stakeholder groups may fully rely upon media interpretation, being unable to form their own judgements.

Toyota decided that it must engage in "corporate advocacy" (Crable & Vibbert, 1985) – public arguing to prevent misinformation and clarify the facts[115]. One of the examples of such a rhetorical duel is as follows. The same reporters, Bensinger and Vartabedian of the *LA Times*, argued in one of the November 2009 stories:

(95) Although Toyota says it knows of no electronic defects that would cause a vehicle to surge out of control, it has issued at least three technical service bulletins to its dealers warning of problems with the new electronic throttles in the 2002 and 2003 Camry.

<div align="right">LA Times, 29.11.2009</div>

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[115] See the reference to this on p. 194.

Toyota responded in an objective manner, referring to a number of facts and correcting the information. The purpose of the release was again to "set the record straight"; therefore the tone was professional and neutral in contrast to rhetorical ambiguity used in communication towards normative publics (80).

> (96) Some recent media reports have inaccurately characterised a Toyota Technical Service Bulletin (TSB) involving certain Camry, Camry Hybrid and Avalon models as a recall, or have implied that customer vehicles may not have been repaired correctly. Toyota is providing the following facts to clarify and prevent potential misinformation...Suggestions that TSB was issued to resolve customer complaints about accelerator pedal feel after the recall or that this TSB is a recall are wrong.
>
> Toyota US Newsroom, 1.12.2010

Also in the months following this release, Toyota would publish several more releases, including under feature "Our Point of View". However, the media seemed to be unwilling to dig into details in terms of forensics, encouraging the general public doubt over the floor mat recalls and sticky pedals. Despite the lack of substantiated media information, Toyota continued to provide objective information and deny all accusations of errors in engineering while stressing the measures taken to address customer concerns. Toyota in its communication seemed to focus maximum attention on customers, without pointing fingers at anybody else.

However, the reporting in the media also turned to a more positive one as a result of the more transparent communication by Toyota in parallel to its concrete measures targeting better customer orientation. Several factors both by purposive response of Toyota and by means of circumstances around the recall on the level of the industry contributed to this positive turn for the company.

First, Toyota itself realised that there is a need to change its traditional, rather reserved communication style "until all the factors are studied and solutions found" to a more explanatory and open one, for example communicating publicly on Toyota's vehicle electronics and numerous testing and investigations made. Toyota became very detailed in explaining the measures undertaken by the company such as improvements in

the decision-making process and the establishment of Quality Task Force and SMART[116] teams to reconnect customer input to all of Toyota's engineering, design and customer services, etc.

Second, further investigations of the media and TV into the issue of unintended acceleration brought to the light some doubts as to whether the problem was indeed Toyota-specific or if the industry in general needs to be scrutinised. As mentioned by Jeremy Anwyl, Chief Executive of Santa Monica-based Edmunds.com, auto information and pricing company, the lesson Toyota has learned on proper communication should be taken into consideration by all the manufacturers:

> (97) He [Anwyl] said the data provides an important "perspective" to the Toyota recalls. All automakers are going to have complaints and recalls. What matters is how seriously they take the complaints and how they conduct the recalls.

> LA Times, 10.02.2010

Furthermore, several stories broadcasted in the national news media, ABC and CNN were debunked as wrong by Toyota through investigation and evidence made public by the company. For instance, Toyota released the findings of the testing performed regarding an alleged "runaway Prius":

> (98) At a press conference today, Toyota Motor Sales (TMS), U.S.A., Inc. offered key preliminary findings of technical field examination and testing that were performed on March 10 and 11 regarding an alleged "runaway Prius" event dramatically covered by national news media…While a final report is not yet complete, there are strong indications that the driver's account of the event is inconsistent with the findings of the preliminary analysis.

> Toyota US Newsroom, 15.03.2010

It further revealed that the experiment of David Gilbert, one of the witnesses of the congressional hearing who demonstrated how the sudden

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[116] Swift Market Analysis Response Teams (SMART) is a group of engineers and technicians that inspected the vehicles of the customers that reported unintended acceleration and interviewed them.

acceleration in Toyota Avalon could be created, was a pure machination. Several blogs, like for instance *The Truth about the Cars*[117], studied the issue carefully and shed a great deal of doubt on the story[118].

In all, the events described above, the greater attention to the data and the history of sudden unintended acceleration from the columnists and reporters, as well as Toyota's own confident tone in its messages countering allegations started challenging public perceptions.

Toyota did not only defend the cause for recalls and explain the measures undertaken but began responding more aggressively, directly addressing misinformation spread among the public (99) and providing its own "point of view" even more persistent (100).

(99) Toyota Motor Sales U.S.A., today addressed false claims regarding a 2002 Technical Service Bulletin (TSB) published by Toyota, as reported by CNN's special investigation unit…Mr. Ditlow's claims that the 2002 Toyota TBS is a secret internal document that has not been made public are simply wrong, as are his allegations that Toyota and NHTSA kept this document from the public eye.

<div align="right">Toyota US Newsroom, 23.03.2010</div>

(100) There has been a great deal of confusion, speculation and misinformation about our recent recalls – much of it in the media or as a result of unsupported claims about "unintended acceleration" caused by our electronics. We want to set the record straight and tell you the actions we are taking to get back on track.

<div align="right">Toyota US Newsroom, 23.03.2010</div>

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[117] "Gilbert's Toyota Shenanigans explained", The Truth about Cars, 7.03.2010. http://www.thetruthaboutcars.com/2010/03/gilbert%E2%80%99s-toyota-shenanigans-explained/, accessed on 10.01.2013.

[118] Toyota dramatically replicated Gilbert's experiment on several vehicles including Ford Fusion, Chevrolet Malibu, Chrysler Town & Country and Crossfire, Subaru Outback, BMW 325 and other vehicles. The experiment showed that in each of the vehicles a small voltage caused the engine to race. As the Washington Post reported on 09.03.2010, citing the opinion of the Edmunds.com senior editor Bill Visnic, "Toyota's display was thorough" and "Gilbert's hardware test does not provide a uniform probable cause for all unintended acceleration claims"., accessed on 30.12.2012.

Thus, as a reflection of these efforts, more and more press releases became less critical towards Toyota and some of them even characterised Toyota's efforts as positive. Basically, many of the media outlets transmitted one of the key messages of Toyota to its customers – "we stumbled, we've learned, we aim to set new standards"[119], or at least the first part of it on lessons learned.

All the news outlets analysed, the *Washington Post*, the *LA Times* and the *NYT*, have cited the statements of the Akio Toyoda and Jim Lentz apologising to Toyota's customers. The *Washington Post*, for instance, highly praised the appearance of the Jim Lentz in a television interview. Interestingly, Toyota was even referred to as "the world largest automaker" that "seeks to rebuild customer confidence" (The *Washington Post*, 02.02.2010).

The *NYT* seemed to correctly evaluate the process that was taking place at Toyota. The reporters talk of the "cultural shift" at Toyota, describing the changes that took place within the company, at both the organisational and the cultural level. The statements from the top executives of Toyota, Jim Lentz and Akio Toyoda, are generously cited by the reporters. The efforts taken by the company are described as those that target to "prove Toyota is on top of its quality crisis".

> (101) He [Mr. Lentz] said, the company was also learning valuable lessons. The recall uproar has taught him that Toyota's practice of exhaustively studying options before making decisions was causing unnecessary delays.
>
> NYT, 02.06.2010

The *Washington Post* reporters further cite the positive statement of Ray La Hood (102) and the statement of Toyota that confirms positive results of the introduced fix (103):

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[119] "Our Point of View: What We are Doing to Get Back on Track", Toyota US Newsroom, 23.03.2010.

(102) "Toyota has done the right thing by providing a remedy for this serious safety is-sue", Transportation Secretary Ray LaHood said in a conference call with reporters.

The Washington Post, 2.02.2010

(103) "The company has confirmed the effectiveness of the newly reinforced pedals through rigorous testing on pedal assemblies that had previously shown a tendency to stick", the company said in a statement Monday.

The Washington Post, 2.02.2010

The *LA Times* even cites the statements of Mr. Anwyl from Edmunds.com that evokes some empathy for Toyota. In the statement, the phrase "responsible car company" is applicable to Toyota due to the context of the rhetorical question, which also extends a positive effect.

(104) "As a responsible car company, what can you do if you can't replicate the issue someone is complaining about? That is the conundrum facing every car company," Anwyl said. Moreover, the data in the complaints is often "confusing and contradictory because consumers are diagnosing their own issues and they are categorizing them and describing them in different ways," Anwyl said.

LA Times, 10.02.2010

The reference to the plausibility of the data on complaints referred to in the statement above can be also seen as potentially important for changing public opinion.

Many of the news releases, especially after the NASA study has been officially released (08.02.2011) became less critical and sometimes even took a positive turn. The *LA Times* release on the results of the study, outlines facts only, quotes statements of NHTSA and NASA without providing any interpretation of the results. As mentioned above, the initial attacks of the *LA Times* were unfairly ultimate in tone.

(105) The report, released on Tuesday by the National Highway Traffic Safety Administration, said that the mechanical safety defects identified more than a year ago – including sticky accelerator pedals and pedals trapped by floor mats – "remain the only known causes for these kinds of unsafe, unintended acceleration incidents".

LA Times, 08.02.2011

Also, additional data appeared in the press. For instance, the *LA Times*[120] referred to an interesting report that positioned Toyota in a fairly positive light as compared to its rivals. The report from Edmunds.com compared the number of complaints filed at NHTSA to the number of cars the company had on the road. According to the findings, Toyota "looks pretty good" with 9.1% share of all complaints (market share for the given period was 13.5%) as compared to Land Rover, but also General Motors, Ford and Chrysler.

(106) "Right now it doesn't appear that the complaint level in relation to the number of Toyotas on the road is more than any other manufacturer. There is no smoking gun", said Jeremy Anwyl, chief executive of Santa-Monica-based Edmunds.com.

LA Times, 10.02.2010

Moreover, some of the articles issued by the media from February 2010 till August 2011 highlighted positive trends and development at Toyota, and praised the company's behaviour thus contributing to the positive perception of the company by the public.

The *LA Times*, for instance, reported on Toyota's proactive approach to converse with customers via "Twitter". The company launched a branded channel called "Toyota Conversations" on TweetMeme, where the news stories, videos and other information (no negative stories are filtered out) can be shared (107). The *NYT* praised Toyota's efforts to regain customer trust (108).

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[120] "Toyota beats rivals on one measure of complaints", LA Times, 10.02.2010, http://latimesblogs.latimes.com/money_co/2010/02/toyota-beats-rivals-on-one-measure-of-complaints.html, accessed on 29.12.2012.

(107) Tweetmeme channels can be programmed to pick up only select news sources. So in contrast to the sober tone of stories in the Los Angeles Times and elsewhere, the mood is positive and light.

LA Times, 02.03.2010

(108) Toyota's effort to regain the car buying public's trust with incentives appears to be working. According to data released Monday from Kelly Blue Book, 45 percent of active shoppers for new cars are now considering a Toyota, up 13 percentage points from last week.

NYT, 24.03.2010

Toyota further cited the statement of the *Sun* newspaper (UK) in its Progress Report on 20 May 2010, which reflects the company's own perception of its efforts which it wants to stress for its various stakeholders. In fact, the statement crowns the Toyota crisis response:

(109) There is no doubt that they are coming out of the crisis a stronger business with an even greater focus on the quality and reliability that was previously responsible for their success around the world.

The Sun newspaper (UK), 14.05.2010

Looking at the comments from the public blogs, it can be concluded that opinion seems to be twofold. This has been the case for the course of the crisis as a whole. There were customers that remained loyal to Toyota, as for instance "*petersun*" (111) and there were those fully disappointed and negative towards Toyota as "*kaysings*" (110). As outlined in the limitations to the research below, it is impossible to evaluate the impact on the perceptions of the broad public based on the analysis of several accounts only. The reference below is just an example to demonstrate the polarity of views.

(110) kaysings at 2:41 PM February 24, 2011:

I own a Toyota RAV 4, but it's a '99 so it's far too old to be on any recall list. However, after the previous recalls of Toyota vehicles, I decided to never buy another one. Ever. One has to wonder how long Toyota can stay in business after this.

(111) petersun at 5:40 PM February 24, 2011

Does anyone remember the supposed sudden acceleration problems with the Audi 5000 back in the 70's – 80's, that was exposed by 60 Minutes and almost put Audi out of business. Well, the government ultimately COMPLETELY exonerated Audi...it was driver error. I'm not saying that such is the case here but come on, kaysings, keep an open mind. The press in this country jumps on an issue and suddenly, it becomes gospel and gets totally blown out of proportion. I think Toyota is taking this one right on the chin but is buddying up to the plate and doing the right thing after acting irresponsibly at first.

Conclusions on hypothesis 3

In order to fully explore *hypothesis 3*, the ways Toyota addressed the specific needs of various stakeholder groups were analysed. It can be concluded that Toyota did not prioritise any of the stakeholder group explicitly and communicated consistently across the various stakeholder groups based on the values and principles of Toyota's corporate identity.

With the exception of the special statements and events targeting particular stakeholder groups such as investors (at the investor conference or while announcing the annual fiscal results) or suppliers (at the annual conference of original equipment suppliers), the company did not explicitly adjust its rhetoric as well as content and features of the crisis response messages to any particular group.

In its public releases, Toyota clearly followed the principles of 'Toyota Way', which was also reflected in the content of the messages. Independent of the stakeholder group, Toyota's response represented a combination of defensiveness, apologia and bolstering and renewal strategies.

Toyota's firstly very modest denial of allegations from the press grew to a strong defensive approach of getting 'ahead of the story' reflected in quick response to minor customer complaints by issuing a recall and an accompanying press release. In this way, besides other measures, Toyota gave no chance to the press to accuse the company of its lack of capacity to respond to complaints and share information properly.

At the same time, Toyota accepted the responsibility and acknowledged major weaknesses that led to crisis at Toyota. Toyota used every public opportunity to apologise to its customers, including during the congressional hearings. Without pointing fingers at suppliers, dealers, or customers, Toyota publicly recognised that the way the company had handled quality and safety issues had abetted the crisis, and the company learned from the situation. It can be concluded that Toyota experienced a learning curve, and this is reflected in the way the company changed its communication approach.

In all, Toyota in its response built upon the company's past performance that made Toyota successful. Toyota continually referred to its origin, traditions and its corporate strength, highlighting the need for renewal and re-evaluation of its basic principles.

The company further used established relationships with its different stakeholder groups and stressed the history of these relationships for the purposes of highlighting the importance of regaining the trust and loyalty, in particular as related to company customers. As some of the examples demonstrated, certain transformation of relationships took place, which was inevitable due to crisis circumstances. Although the company remained consistent in its communication across the stakeholder groups, it slightly modified the rhetoric of its messages targeting specific stakeholder groups in accordance with their needs and company's own evaluation of how much of specific information was good enough to reveal. Thus, for investors, the content was to a larger extent concrete and precise, without transcendent rhetoric, whereas certain ambiguity was present in communication with the representatives of the auto industry.

Regarding the influence of Toyota response upon stakeholder perceptions, in particular those of the media as the focus of this study, it can be concluded that a positive impact could be identified. Many of the press releases transferred the key messages of the company more or less accurately predominantly through quoting company executives and reporting on company's actions. However, it cannot be argued that company managed to change public perception by means of its claims only. No matter

how much data the company would present, this would be not sufficient for influencing stakeholder perceptions.

As suggested, it is rather a combination of several factors that can contribute to a positive change in public perceptions: measures undertaken, appropriate sharing the information in public media and company's past performance. The latter factor should not be underestimated and indicates the implications for the corporate identity management as one of the areas for the company's constant attention. Only because Toyota was able to gain its position as a company associated with reliability, quality and safety in the U. S. market, it could have originally better prerequisites for image restoration and regaining customer trust in crisis.

Another important finding can be highlighted in terms of influence of the company discourse on the company itself. Toyota managed to institutionalise what it claimed in its response. Arguing that the company puts every effort to regain customer trust, it indeed achieved what it claimed through action supported by word, so to say. In practical terms, this included all the measures in response to crisis accompanied by the proper sharing of the information, with the major response the delegation of communication and decision-making to the executives in the U.S. instead of centralised approach directed from Japan in advance to crisis. Over time, Toyota became what it claimed to be – a company that listens to its customers and responds to their concerns. It can be argued that discourse in a way helped institutionalise Toyota's new identity after crisis. In this way, strategies of crisis response reflected in the company discourse can be seen as identity development.

Moreover, Toyota responded to crisis in its own, 'Toyota Way', in accordance with its corporate identity - accumulating resources, studying the situation carefully, preparing for the response at the point in time when it has the solution and the remedy, in line with its basic principles of *genchi genbutsu*, respect for people, responsibility and continuous improvement. Possibly, this approach proved to be unsuccessful in the short-term but paid off in the long term. Again, this could be only possible thanks to Toyota's existing corporate identity, its reputation and culture. In this way, it can be concluded that crisis at Toyota was a kind of a

test for the readiness of the company to withstand the uncertainty associated with crisis situation and to accept the responsibility, which allowed Toyota to perceive and communicate the crisis situation as the opportunity for improvement.

5 Conclusions and Implications for Further Research

The previous section analysed the crisis communication of Toyota and proved the correctness of the three hypotheses claimed for this research. In fact, the findings of the analysis proved to be rich and deep, indicating the considerable potential for further contributions to research and practice of management and organisational communication.

The knowledge obtained from a thorough analysis of company's rhetorical strategies in crisis may help attend to the many questions that arise on both theoretical and practical levels.

This paper's goal was to contribute to the theory of crisis communication by explaining the behaviour of companies and the relationships between organisation as a system and its environment in crisis. The thorough review of system-based approaches to exploring company behaviour and communication in crisis existing today demonstrated the need to combine the applicable aspects of both chaos theory and sensemaking theory. The review further proved that the insights from alternative, non-European approaches, to strategy formation can be of value and even partly applicable in Western context. Thus, conclusions of the Chinese view on strategy formation echoed with those of the sensemaking approach represented by Weick and his followers. Overall, this paper went beyond the synthesis of previous research and provided new insights, critiques and directions for theory testing in the empirical part of this paper.

The empirical analysis on the example of Toyota proved the applicability of the theoretical concepts in practice of crisis communication. Both theoretical approaches mentioned above supported the concept of "shared meaning" (sensemaking theory) and "internal regulating force" (chaos theory) that performs a crucial role for response to and recovery

after crisis. This concept crystallised the notion of corporate identity in the course of this research. The application of sensemaking theory to crisis context further explained that through communication, daily behaviour and symbolism organisations make sense of their experiences and constitute and reconstitute their environment and themselves, thus revealing their own 'self'.

This paper also contributed to building a theory-based connection between corporate identity and crisis response strategies. Applying the assumption on the interdependency of organisational identity with strategy in the crisis context (Mintzberg et al. 2005, Whetten & Godfrey 1998), the researcher derived several linkages between two concepts that proved to be valid in case of Toyota crisis response.

It was concluded that in crisis, when the previously unquestioned identity is exposed and challenged, the perceived gap between the damaged identity and the desired identity leads to formulation of specific strategic decisions, targeting the alignment between the two. In the case of Toyota, the company's acknowledgement of the crucial mistakes in communication and decision-making resulted in re-evaluation of its corporate identity, 'back to basics' or 'reinventing itself' process within the company. The latter found its reflection in the company's rhetorical choices in communication towards its stakeholders, for instance, in consequent maturity of company messages along the crisis time line, consistent use of renewal discourse, etc.

At the same time, the corporate identity of Toyota, the so-called 'Toyota Way', was the main trigger and motivation factor for the strategic change processes towards desired corporate identity. As proved in the case study, Toyota remained true to its principles of *kaizen*, *hansey* and others, and tank up on energy of its identity by rediscovering its new self. In this way, the relationship between corporate identity of Toyota and its crisis response strategies proved to be reciprocal: identity created strategy and strategy shaped new identity.

Further, identity helped Toyota to focus attention on the most important strategic issues while dealing with crisis situation. As reflected in the company rhetoric, the company clearly targeted several key issues,

namely safety and commitment to customers as well as trust, in its messages, avoided negative connotation of crisis wording in its annual reports, focused on technical excellence and experience of the company in its press releases and statements to the media, thus pursuing its individual way to reduce uncertainty.

Corporate identity guided the choice of rhetorical means and language resources in general reflected in corporate press releases, public statements of the company representatives and routine communication in annual reports. Besides rather minor direct references to corporate identity itself, company relied upon indirect expressions of its attitude towards crisis, judgements of its own response and capability to withstand crisis through descriptive lexis, attitude markers and other conventional language means supported by rhetorical devices such as metaphor, distinctio, climax, parallelism and others. The combination of those language resources built up the core of the company's response messages and as such supported the company's crisis response strategies. This implies that companies should use the potential of corporate discourse in a more conscious way which involves being aware of own corporate identity development in crisis context.

Another result of the observations and interpretations in the course of this research led to the establishment of an experimental taxonomy of manifestations of corporate identity in company response. This taxonomy is not a comprehensive accomplished product of this research but rather an attempt to separate and distinguish the invocations of corporate identity from the general flow of company discourse. It represents the basic framework and presupposes the existence of a comprehensive taxonomy that can be expanded and filled with new categories depending on the diversity of expressional means employed by the companies. The implication for further research would therefore be to explore if these basic categories are valid for other case studies and what other categories could be added to this repertoire. However, if the categories appear not to be applicable to other cases, which is highly unlikely, this does not mean that the classification suggested is not valid.

This study is limited because the conclusions drawn on the role of the corporate identity in formulation of crisis response strategies and concrete messages are made on the basis of one case study only. The correctness of the hypotheses was thus proved related to Toyota communication. Although this approach does not allow for comparison of different companies' strategies, which has not been the purpose initially, it proved the validity and applicability of the assumptions on the role and impact of corporate identity in a general sense. The study has demonstrated how the companies can be analysed from the point of view of their communication in crisis and what practical conclusions can be made on its potential to withstand and recover in crisis.

Another limitation of this study refers to assessment of the impact of crisis response strategies reflected in messages on perceptions of the stakeholders. This particular study focused on perceptions of the media in the course of the crisis and therefore cannot make conclusions on the impact related to other stakeholders and broader public. The latter is rather a subject for separate study of a broader scope which could, for instance, include interviews and focus groups discussions with the separate stakeholder groups and/or analyses of a representative sample of accounts from blogs, forums and other places of public discussions.

From the practical point of view, the research has several implications for communicators and company decision-makers. Some of them can be considered und used in practice, whereas others would need further empirical research.

As the Toyota case proved, it is important to have well established relationships with stakeholders and secure organisational reputation. In its communication during crisis, Toyota could rely upon a tradition of such relationships with its key stakeholders, suppliers, employees, dealers, and customers, and used it as a protective shield against attacks in the media. On the level of strategy formation, the familiarity with the stakeholders helped Toyota's management to develop responses targeted to their informational needs, although not very successfully in the beginning.

Anticipating the perceptions of the stakeholders can be institutionalised by conducting focus groups or panels in routine situation to study their expectations and general features over time, and to explore their diverse information needs and priorities in communication more effectively in crisis context. This will benefit both, company and its stakeholders, by enacting on the crisis situation, thus reducing uncertainty and facilitating the decision-making process for the company.

Moreover, similar to findings and conclusions of Löfstedt & Renn (1997), this study proved that companies should consider facilitating a stronger proactive bottom to the top approach, promoting the dialogue between the public, special interest groups and experts. Due to the fact that perceptions and expectations of different stakeholder groups differ per se, the companies face natural barriers in fulfilling all the expectations and understanding the logic of all kinds of perspectives. However, the ways of reflecting these various perspectives can be searched for in crisis. This is apparently what Toyota tried to achieve by establishing the independent North American Quality Advisory Panel, consisting of experts from industry, government, research institutions, non-profit organisations to advice Toyota on quality issues. Furthermore, Toyota changed its initial top-down approach by promoting a dialogue with customers through activities of SMART groups and Toyota Conversations channel on "Twitter" in response to crisis. These activities to adopt a dialogue approach could have been implemented before the crisis escalated.

Concerning large international companies like Toyota, further advice of uninvolved social scientists and media counsellors could be sought in advance to crisis and other critical situations. They could help identify effective ways of dealing with differences in public perceptions when several nations and cultures are affected, like in case of Toyota, when perceptions of Japan leaders differed immensely from those of the American public.

Indeed, intercultural aspect of communication in crisis has played a crucial role in case of Toyota. When in Japan Toyota engineers were hardly working on studying the technical side of the recalls, American public interpreted the behaviour of the company as ignorant. Toyota was

following its *genchi genbustu* principle in an attempt to create a tacit knowledge within the company on potential solution before transforming this knowledge into an explicit one that could be communicated to the broader public. However, the expectations of the American and partly Western publics involved in crisis on sharing the information in due time remained unattended.

On the other hand, following its corporate identity principles proved effective for Toyota at the end. Without changing its core approach, the 'Toyota Way', company managed to develop a fresh way of thinking about its customers, its identity and its overall environment out of ambiguity and uncertainty created by recalls and negative media coverage leading to crisis.

In fact, the justified question may then arise, if the strategies Toyota pursued had this positive effect in the end exactly because they were not typical as perceived by the Americans and if there is generally a special 'Japanese approach' to crisis that can be assigned to other Japan companies operating in the USA. The research work of Nonaka & Takeuchi *The Knowledge-Creating Company*, referred to in this paper, made a considerable contribution to studying the peculiarities of the typical Japanese approach to creating tacit organisational knowledge and transforming it to an explicit one on the example of such firms as Honda, Canon, Matsushita, Nissan, etc. Also, some of the traits typical for Japanese business practices described in this book appeared to be relevant for Toyota, since they have their roots in Japanese intellectual tradition.

This analysis presented in this paper did not specifically elaborate on the peculiarities of communication approach of Toyota as a Japanese company and referred to presumably typical Japanese behavioural items as related to identity of the company only. Therefore, this paper's findings are limited in terms of any conclusion on a specific 'Japanese approach' to crisis communication or communication in general. In fact, more research on the intercultural aspect of choice of strategies, on the one hand, and impact of particular actions on perceptions of the diverse publics, on the other hand, needs to be done as related to crisis situations.

The role of the corporate leader and the rhetorical impact of leader's discourse in crisis is another interesting field for future research. But also broadly speaking, the impact of the top management perceptions of identity on choice of strategies and their outcomes needs to be examined. As history shows, a number of corporate speakers such as Steve Jobs or Jack Welch have shaped the perceptions of the stakeholders to a great extent with their visionary, motivational and engaging words. Much still needs to be explored on the way the discourse of the corporate speaker transforms into social value for external and internal stakeholders, especially in crisis.

The discourse of Toyota corporate speakers was not analysed in much detail. It was demonstrated however that Toyota as a company had a deep understanding of symbolic meaning of a CEO taking the full responsibility for the situation. The President and CEO was not dismissed but continued representing the company in all public appearances. The words of Akio Toyoda as well as other top executives reflected and introduced the strategies Toyota pursued and were consistent with the overall crisis response approach. It could be further interesting to analyse internal communication of the corporate leaders and middle management towards frontline staff to understand what role it played for encouraging the staff of the company and accumulating the internal power to withstand external pressure of allegations and workload in crisis. This research is limited in a sense that it did not consider the influence and contribution of the internal communication to crisis mitigation, since it focused external communication only.

Another rich field of further research is found in the social media as a new crisis management tool. As mentioned above, Toyota used it to establish a new way of interacting with customers via "Twitter". More and more companies turn to social media networks to participate in conversation with customers and to influence how they are viewed. BP, for instance, has been successful in widely communicating via "Twitter" with the victims of the Gulf of Mexico spill. Indeed, in this modern world, social media may be a good way to stay in contact with the customer. Constantly updating information on "Twitter", "YouTube" or "Face-

book" allows the company to respond faster and more precisely to new developments in crisis context.

As society becomes more global and networked, social media represents not only opportunities but also challenges for the corporations, forcing them to increase their responsiveness to public interests (Meisenbach & Feldner 2011). At the same time, managing and coordinating the interaction between and with the stakeholders that now have access to expressing their opinion becomes even more complicated. However, companies have no other choice than to find a way of using the advantages of the technology for its benefit and to be ready to face the disadvantages of it, as the example cited in Meisenbach & Feldner shows. As Disney dissidents expressed their dissatisfaction with Disney executives via its website, the company was actually persuaded to make changes in the leadership of the board (Meisenbach & Feldner 2011: 565).

In conclusion, the philosophical aspect of crisis can be recollected once again. As referred to in the beginning of this paper, the Chinese word for 'crisis', 'wei chi', means 'dangerous opportunity' and implies the chance to explore the causes of crisis and the ways of learning out of it for the future. The wisdom of companies experiencing crisis thus lies in recognising this chance. Karl Popper in his book *Die offene Gesellschaft und ihre Feinde* (2003) defines freedom as the only way to recognise the chance that is inherent to any crisis situation and take the advantage of it. From this perspective, crisis is nothing but a test of the readiness to endure the uncertainly of the freedom and to take the responsibility for finding a better way in the future. Crisis is a unique situation that requires creativity and diversification, and the choices to be made based on corporate identity - the complex system of perceptions and assumptions about the environment and the company itself.

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Annex 1: Crisis Response Strategies Potentially Used by Organisations (Diers 2009: 78)

Strategy category	Strategy	Strategy Description
Self-enhancement	Marketing	Emphasising product quality, prices, safety, promotions
	Image advertising	Providing information to make the organisation look positive. Framing an issue for the stakeholders
Routine communication	Communication of mission/vision	Communication emphasising organisational goals/mentioning mission/vision
	Annual reports	Report monetary assets, liabilities, future liabilities, interest in cooperation to increase market value
	Newsletters	Report monetary gains, attention to stakeholder concerns
Framing the crisis	Accounts	Development of dominant narrative, use of narrative to explain the problem
	Information dissemination	Delivering information regarding the issue to educate, often with the goal of increasing stakeholder sense of empowerment
	Issue salience	Communicating importance, often uses risk or fright factors and /or scientific discourse
	Preconditioning	Influencing stakeholders to the organisation's position on a crisis and their opinions about the organisation by downplaying damage, putting act in a more favourable context, or attacking accusers
Framing the organisation	Ingratiation	Efforts to create positive image by reminding stakeholders of past good works or qualities

	Organisational promotion	Presenting the organisation as dependent on others in effort to solicit assistance
	Issue management	Issue diagnosis, advocacy advertising
	Supplication	Portraying the organisation as dependent on others in effort to solicit assistance
	Organisational handicapping	Making task success appear unlikely in order to have ready-made case for failure
	Bolstering	An effort to separate the organisation from the crisis by emphasising past accomplishments, stress good traits
	Non-compliance	The organisation cannot/does not choose to act
	Disclaimers	Explanations given prior to an action that might be embarrassing to ward off negative implications to image
	Defensive compliance	Indicating that actions are driven by compliance or requirements
	Evasion of responsibility	De-emphasising role in blame by emphasising lack of control over events, accident, or good intentions
	Shifting the blame	The most defensive strategy - shifting or minimising responsibility for fault
	Simple denial	The organisation did not perform the act
	Strategic ambiguity	Not releasing many details, able to keep stories consistent
	Intimidation	Representing the organisation as powerful or dangerous, willing and able to adversely affect those who oppose its efforts
	Minimization	Emphasising act or event is not serious
Anti-social or defensive	Transcendence	Emphasising more important considerations

	Corrective action/compensation	Effort to 'correct' actions adversely affecting others, can include announcements of recall or others of compensation
	Apologia	Communication of contrition, admission of blame including remorse and requests for pardon, mortification
	Compassion	Communication of concern over well-being/safety of public, helping people psychologically cope with crisis
	Offering reassurances	'This will never happen again...'; assertions that problems are corrected
	Eliciting sympathy	Asking stakeholders to feel sorry for the organisation because of what happened
	Transparency	Emphasising complete compliance, openness to inquiry, requesting information seeking
Accommodative	Volunteering	Seeking stakeholder involvement with the organisation as a means of resolving the crisis
	Dialogic	Emphasising openness and willingness to engage about the issue
	Exemplification	Portraying the organisation as having integrity, social responsibility, moral worthiness
Excellence/Renewal	Pro-social behaviour	Engaging in actions to atone for transgression and persuade stakeholders of positive identity
	Blaring others	Identifying a negative link to an undesirable other
	Blasting	Exaggerating negative features of an undesirable other
Emphasising interorganisational relationships	Burying	Obscuring or disclaiming a negative link to an undesirable other
	Blurring	Obscuring or disclaiming a positive

		link to a favourable other
	Belittling	Minimising traits or accomplishments of a negatively linked other, attacking accuser's credibility
	Boosting	Minimising undesirable features of a positively linked other
	Boasting	Proclaiming a positive link to a desirable other
	Burnishing	Enhancing desirable features of a positively linked other
	Collaboration	Emphasising desire to change a work with another organisation to resolve the crisis

Annex 2: Image Restoration Strategies (Benoit 1997: 179)

Strategy	Key characteristic
Denial	
Simple denial	Did not perform act
Shift the blame	Act performed by another
Evasion of responsibility	
Provocation	Responded to act of another
Defeasibility	Lack of information or ability
Accident	Act was a mishap
Good intentions	Meant well in act
Reducing offensiveness of the event	
Bolstering	Stress good traits
Minimisation	Act not serious
Differentiation	Act less offensive
Transcendence	More important considerations
Attack accuser	Reduce credibility of accuser
Compensation	Reimburse victim
Corrective action	Plan to solve or prevent problem
Mortification	Apologise for act

Annex 3: Crisis Response Strategies, by Postures (Coombs 2007: 40)

Strategy	Posture
Attacking the Accuser:	*Denial posture*
	The crisis manager confronts the person or group that claims that a crisis exists. The response may include a threat to use force (e.g., a lawsuit) against the accuser.
Denial:	The crisis manager states that no crisis exists. The response may include explaining why there is no crisis.
Scapegoating:	Some other person or group outside of the organisation is blamed for the crisis.
Excusing:	*Diminishment posture*
	The crisis manager tries to minimise the organisation's responsibility for the crisis. The response can include denying any intention to do harm or claiming that the organisation had no control of the events which led to the crisis.
Justification:	The crisis manager tries to minimise the perceived damage associated with the crisis. The response can include stating that there were serious damages or injuries or claiming that the victims deserved what they received.
Compensation:	*Rebuilding posture*
	The organisation provides money or other gifts to the victims.
Apology:	The crisis manager publicly states that the organisation takes full responsibility for the crisis and asks for forgiveness.
Reminding:	*Bolstering posture*
	The organisation tells stakeholders about its past good works.
Ingratiation:	The organisation praises stakeholders.
Victimage:	The organisation explains how it too is a victim.