CORPORATE COMMUNICATION EFFECTS AND CRISIS TYPE:

Deriving managerial implications from theory

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Abstract

Corporate crises are becoming more frequent and devastating for companies with the resultant negative publicity often generating consumer anger towards the organization and its products. This negatively impacts consumer purchase intentions, sales, market share and stock prices. Despite the fact that the organizational message communicated following a crisis may be the only element under company control at the crisis outbreak to affect outcomes, few studies have investigated message effects on consumers.

In this paper it is posited that, following a crisis-precipitating event, the best organizational message to reduce negative consumer reactions may be contingent upon the perceived cause of the crisis. That is, whether the crisis cause was internal or external to the company, and whether it is controllable or uncontrollable by the company, or an ambiguous combination of these. We argue, using Weiner's (1986, 1995) attribution theory, that consumers prefer messages that reflect the level of responsibility matching the crisis cause. A managerial decision tree is proposed to guide selection of message in the fast-paced decision-making period following a crisis. In doing so, we argue for the application of a new crisis typology based on causal conditions.

Keywords: Corporate crisis, account, communication, attribution theory.

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The rise of consumerism over the past three decades has meant a widespread increase in concern for consumer rights and safety (Engel, Blackwell, & Miniard, 1993). Allied with the "green movement" and increased awareness of the rights of special interest groups, organizational activities are increasingly placed under media and public scrutiny. Companies are being held accountable for their private and public actions as never before (Brinson & Benoit, 1999). As a result, when a company crisis erupts, organizations are under increasing pressure to rapidly and effectively respond to public and media concerns.

Crises can occur at any time. It is no longer a question of whether a major crisis will strike an organization, but only a matter of when, which type and how (Mitroff & Pearson, 1993). Fink (1986) defined corporate crises as events that run the risk of escalating in intensity, falling under close media or government scrutiny, interfering with normal business operations, jeopardising the company's positive public image and damaging the bottom line. Crises are often characterised by ambiguity of cause, effect, and means of resolution (Pearson & Clair, 1998). Shrivastava and Mitroff (1987) and Pearson and Clair (1998) added that crises have a high impact on various stakeholders and there is urgent pressure to deal with the crisis.

Crises can generate substantial negative publicity and consumer ill-will, costing companies millions of dollars in lost sales, eroded market share, reputational damage and reduced share prices, while potentially exposing the company to future legal action. Companies globally have experienced a spate of crises in recent times (see Table 1), costing thousands of lives and jobs, billions of dollars and company bankruptcies.

Table 1 Recent company crises

Year	Company	Crisis	Costs/injury
2004	Merck & Co. Inc., USA	Largest prescription drug recall in history.	Increased risk of heart attack and stroke among 80 million arthritis patients (Wei Choo, 2005).
	James Hardie Australia	Mass compensation claims from those dying from asbestos-related cancers.	27,000 dead; Another 27,000 deaths expected by 2020 (A dynasty waits, 2004). Claims expected to reach A$1.1 billion.
2003	PAN pharma-ceuticals, Australia	After serious safety and quality breaches, biggest recall of medical products in Australian history.	19 hospitalised. A$400 million for recall and lost products; 1000 jobs lost (Strong, 2003).
2001	Enron USA	Company collapse puts 21,000 employees out of work. Results in multiple class action lawsuits.	US$50 billion bankruptcy, $32 billion lost in market cap, employee retirement accounts lost $1 billion, directors charged. (Byrnes, McNamee, Brady, Lavelle & Palmeri, 2002).
2000	Mitsubishi, Japan	Recall of 620,000 Mitsubishi cars and trucks in Japan.	Recall estimate $70 million; Stock price down 30% in following month (Kunii, 2000).
	Air France, France	Concorde jet crashed shortly after take-off	100 passengers, mostly German, nine crew members and four people on the ground were killed (Concorde crash, 2000).
	Bridgestone Corporation Japan	Japan's biggest tyre maker recalled 6.5 million Firestone tyres linked to 1400 Ford vehicle accidents in the USA.	134 deaths (Chartier, 2000). Costs $300 to $600 million (Jac Nasser's biggest test). Shares plummet 40% (Muller, Green, St. Pierre, & Moore, 2000).
1995	Barings Bank, England	One of England's oldest merchant banks bankrupted.	$1 billion of unauthorised trading losses (Wei Choo, 2005).

When a company crisis occurs, the first question on everyone's mind is "Why?" (Jorgensen, 1996). Stakeholders demand to know why the crisis occurred, in order to determine the extent of responsibility and blame to attach to the company. The corporate message communicated via various media following a crisis may be the only element under immediate company control to affect the crisis outcome. Corporate messages may be tailored to suit specific audiences, such as employees and the general public (Brinson & Benoit, 1999). However, few studies have investigated message effects on consumers, despite the fact that they may determine continued organizational viability.

In this paper we review a range of studies using Weiner's (1986, 1995) attribution theory and argue that, following a crisis-precipitating event, the best organizational message to reduce negative consumer reactions are contingent upon the crisis type. We contend that the message must reflect the appropriate level of responsibility that matches the crisis type, that is, the cause of the crisis. Thus, if the company message is appropriate to the crisis, consumer anger and negative purchase intentions may be reduced. Conversely, if the company message is not appropriate for the crisis type, negative consumer reactions may be exacerbated. The crisis cause may be internal or external to the company, and either controllable or uncontrollable by the company, or an ambiguous combination of these. We propose that consumers prefer messages that reflect the level of responsibility matching the crisis cause, and present a managerial decision tree to guide selection of message in the fast-paced decision-making period following the crisis. In doing so, we argue for the application of a new crisis typology based on causal information.

Crisis communication strategies

Following a crisis, effective crisis communication strategies are essential to ensure that positive relationships with stakeholders are maintained (Fishman, 1999). Despite the potential for a company crisis to damage sales and market share, there are currently few guidelines and little research to indicate optimum company message following a crisis. Public relations research on communication strategies has primarily utilised "apologia", a form of apologetic or rhetorical discourse dating back to classical times (Downey, 1993), which has had little empirical evaluation. Apologia focus largely on explanations offered by management, rather than on consumer reactions to message choice. In contrast, empirical research in a range of other disciplines (e.g., communication, sociology, social psychology, management) has used "accounts," messages based on impression management theory, which focus on audience responses in interpersonal and organizational contexts. Accounts are explanations of a predicament-creating event intended to minimise damage to the organization's image and reputation and to minimise provocation of antagonism (Ginzel, Kramer & Sutton, 1992). Yet there are surprisingly few empirical examinations investigating consumer reaction to corporate accounts following crises.

Five accounts commonly investigated are silence, denial, excuses, justifications and confession. Silence or "no comment" refers to a lack of response, that is, the refusal of those involved to submit themselves to inquiries by audiences who have a legitimate right to demand an inquiry (Schlenker, Weigold & Doherty, 1990). While silence is an account-avoidance strategy, we subsume it under accounts. Denial is a defence of innocence in which the supposed event either didn't occur, or those involved had nothing to do with it, or else an external agent or circumstance gave rise to the event so that those involved were in no way responsible for it (Schlenker, 1980). In excuses, the basic motivational process is to attempt to minimise responsibility for the predicament-creating event (Schlenker, 1980; Weiner et al., 1991). Excuses aim to displace blame by invoking alternative or externalising causes of poor performance (Mehlman & Snyder, 1985; Snyder & Higgins, 1988). They can include finger-pointing and "passing the buck" (Hill, Baer, & Kosenko, 1992), also called "scapegoating," which locates the blame elsewhere (Schlenker, 1980). Justifications attempt to minimise or deny the undesirable nature of the negative event, although in doing so it is tacitly or explicitly admitted by those involved that the event did occur and they had some responsibility for it (Schlenker, 1980). In a full confession, those involved admit the act and accept full responsibility, include an apology or an expression of remorse, use self-castigation, offer some restitution and make a promise of acceptable future conduct (Schlenker, 1980).

Consumer-preferred account hierarchy

In their review of seven empirical crisis and service failure studies that investigated different accounts impacting consumer purchase intentions, McDonald and Härtel (2001) found evidence for a consumer-preferred hierarchy of accounts, arguing that this hierarchy may be contingent on situational factors, such as the event involving a service or a crisis. Further, the authors applied Weiner’s (1995) interpersonal responsibility process regarding account strategies to the crisis domain, arguing that consumer-preferred accounts lie on a responsibility continuum, with most preferred accounts being those in which the company accepts higher responsibility. Thus on this continuum, silence and denial were the least consumer-preferred accounts, reflecting lower levels of accepted responsibility, followed by excuse and justification, with confession (accepting the highest responsibility), being the most preferred.

Crisis cause impacts consumer reactions

While empirical studies provided evidence that accounts impact purchase intent, five studies (Folkes, 1984; Folkes, Koletsky, & Graham, 1987; Jorgensen, 1994, 1996; Kaman Lee, 2004) on product failures and company crisis applying Weiner’s Attribution Theory (1986) found both attributions or crisis causal information played a central role in determining consumer response to failure. Of these studies, three (Folkes, Koletsky, & Graham, 1987; Jorgensen, 1994, 1996) directly examined attributions, anger and purchase intentions, demonstrating the relationship between these, while the fourth (Kaman Lee, 2004) examined attributions, sympathy and consumer reactions. While these studies were concerned primarily with the consequences of arriving at a given attribution, determining that causal attributions or the provided crisis cause impacted anger and/or sympathy, and in turn, purchase intentions, two studies (Jorgensen, 1996; Kaman Lee, 2004) established the attribution and emotion processes intervening between accounts and consumer reactions.

Before we examine these studies, it is timely to discuss Weiner’s Attribution Theory (1986, 1995). Although attribution research has an established history in the social sciences, it was applied to consumer behaviour just over 20 years ago (Folkes, 1984) with Weiner (2000) noting the relative absence of attribution research in consumer psychology. Both Weiner’s (1986) theory and Weiner’s (1995) extended model posit that, following an unexpected negative event, observers make a cognitive appraisal (or attribution) of the cause of the event along various dimensional continua, which leads to a judgment of responsibility and, in turn, results in anger or sympathy, impacting social behaviour.

Causal dimensions refer to the causal structure underlying the almost endless list of possible attributions for an event (Kent & Martinko, 1995). While Weiner's work involves up to five dimensions (Davies, 1992; Kent & Martinko, 1995), the three dimensions of locus of causality, controllability and stability have been more widely employed than others (Davies, 1992).

Locus refers to the location of a cause, either internal to the actor or external, that is, originating within the environment (Davies 1992). Thus, the cause of a crisis (e.g., a processed food product causing poisoning) could be internal to the manufacturer (e.g., machine error in manufacturing) or external (e.g., poor handling by retailers). Controllability refers to the extent that the cause is attributed to being under the volitional control of those involved, for example, the food product poisoning could be controllable (e.g., manufacturer could have maintained the equipment) or uncontrollable (e.g., sabotage). Stability refers to the degree of variability of the cause of the outcome over time (Kent & Martinko, 1995). That is, whether the cause is fluctuating and variable, or whether it is stable, that is, a permanent or immutable feature (Davies, 1992). While stability may be a feature of a product or service (e.g. occasional delayed flights are a feature of an airline service), it is argued that stability is less likely to be a feature of a major crisis. That is, it would be expected that the specific crisis cause would not recur. For example, after Chrysler received negative publicity when it was caught tampering with odometers on new cars that had been test driven (Stevens, 1999), it would be expected that this specific problem would not recur. Thus, attributions about crisis cause could be placed at any point on each of these two dimension continua, locus and controllability.

The five studies (Folkes, 1984; Folkes, Koletsky, & Graham, 1987; Jorgensen, 1994, 1996; Kaman Lee, 2004) using WAT (1986) investigated causal attributions or listed crisis causes: locus of causality (internal or external), controllability (controllable or uncontrollable) and, for service failures, stability (stable or unstable).

Folkes (1984) found that attributions of firm-related causes (locus and controllability) in a product failure were strongly related to anger and desire to hurt the firm. However, purchase intentions were not examined.

Folkes and her colleagues (1987) investigated relationships among attributions, affect and behavioural responses of consumers experiencing a product failure (delayed flight), at a major US metropolitan airport. Consumer attributions of controllability and stability had direct effects on purchase intentions and indirect effects mediated by anger. Specifically, the more the passengers believed the cause for the delay to be stable and controllable, the angrier they were as well as less willing to fly with the same airline again (Folkes et al., 1987). Moreover, controllability had a stronger impact on anger and purchase intentions than did stability while for repurchase intentions, anger had by far the largest path coefficient (Folkes et al., 1987).

A study by Jorgensen (1994) used vignettes of a fatal airline crash to investigate impact of causal conditions on variables (with a manipulation check confirming that perceived causal attributions were congruent with crisis information represented). Jorgensen (1994) found that when the cause of the disaster was internal and controllable by the airline (poor aircraft maintenance), this led to greater anger and blame, less sympathy and lower purchase intentions than did the external/uncontrollable cause (bad weather). There was greater anger when the negative outcome was controllable. In sum, attributions of internal, controllable causes of the disaster led to greater anger and also directly led to lower reported purchase intentions. The path between anger and purchase intentions was not examined.

Jorgensen (1996) used vignettes of a fatal airline crash and a drug poisoning, finding that internal/controllable crises (again using a manipulation check for consumer attributions) impacted anger via responsibility, with the degree of controllability and perceived company responsibility practically synonymous. The more internal/controllable the crisis, the more the company was considered to be responsible, with higher responsibility associated with increased anger. A direct path was found between anger and purchase intentions.

Using vignettes of an airline crash (fatal and non-fatal conditions) incorporating a manipulation check for consumer attributions, Kaman Lee (2004) found that the internal/controllable crisis (crash cause being fire due to outdated equipment) led to higher responsibility and negative impressions of the company while external/uncontrollable crisis (fire caused by bad weather) led to greater sympathy and higher trust in the company.

The results from these studies indicate that causal information regarding product failure and crisis events determined consumer attributions about the event that, in turn, impacted consumer emotions of anger and sympathy, and reported behavioural intentions. Anger was the immediate precursor of lowered purchase intentions and other negative behaviour. From these studies, it is therefore posited that, in a crisis, the two crisis causes of locus (internal or external) and controllability (controllable or uncontrollable) interact to produce more negative or more positive consumer outcomes, with internal/controllable crises producing more negative results than do external/uncontrollable crises.

Ambiguous causes

While the studies described in the previous section provided evidence that more negative reactions resulted from the internal controllable attribution, therefore it would be expected that a crisis with ambiguous causes, that is, falling mid-way on each causal dimension continuum, locus and controllability, would produce consumer reactions that also fall mid-way between the results. That is, the more internal and controllable, the more negative the reactions, and the more external and uncontrollable, the more positive the reactions. However, an examination of studies by Jorgensen (1994) and Weiner et al. (1991) on ambiguous causal information demonstrated that this is not the case.

The crisis study by Jorgensen (1994) and one of a series of interpersonal experiments by Weiner et al. (1991) compared the impact of ambiguous causal information (containing both internal/controllable and external/uncontrollable causes) against both internal/controllable and external/uncontrollable conditions. Jorgensen (1994) found highest anger and lowest likelihood to fly with the airline in the ambiguous condition, followed by the internal/controllable condition, then the external/controllable condition. In Weiner et al.'s (1991) experiment, the highest mean overall anger and lowest forgiveness was also found in the ambiguous situation. However, in contrast to Jorgensen (1994), Weiner et al. (1991) found the second highest anger in the external/uncontrollable situation, and the lowest anger in the internal/controllable condition where the most assigned responsibility would be expected. As attribution probes were employed to assess the reliability of the causal dimensions, it is expected that this result was not an artefact of the experiment.

While both studies found that ambiguous conditions result in highest anger, the differences in the results for the internal/controllable and external/uncontrollable causal conditions suggests that the situational differences of the failure situation may play a role in the results. That is, differences in outcome may be expected depending on whether the failure is at the interpersonal or organizational level. The implication for crisis managers is that when consumers perceive ambiguous causes for the crisis, consumer anger will be higher, and thus purchase intentions lower. For best consumer reactions, it is therefore important that any company communications clear unnecessary confusion resulting from conflicting media stories to minimize perceptions of causal ambiguity that may arise among stakeholders.

Crisis cause and accounts

We argued that different crisis causes (causal information supplied) explained differing consumer outcomes, and found that causal ambiguity resulted in stronger consumer anger and lower purchase intentions. In this section, we examine two studies that examined interactions between crisis causes and accounts and argue that crisis causes may determine best account choice.

Weiner et al. (1991) examined interactions between accounts (denial, confession, plus a control of "no response") under three causal conditions (internal/controllable, external/uncontrollable and ambiguous), finding that these interacted to impact dependent variables, including anger. Different accounts were more or less effective, depending on the causal condition. For denial, anger was highest in the ambiguous condition followed by the internal/controllable, then external/uncontrollable, conditions. For the confession response, anger was highest in the ambiguous situation, followed by external/uncontrollable, then the internal/controllable, conditions. For the control response of silence, anger was highest in the external/uncontrollable condition, followed by the ambiguous, then the internal/controllable, conditions. Thus, anger levels were determined not only by differing responses, but by differing causal conditions.

Jorgensen (1996) examined two accounts (denial and confession) in two crisis types (internal/controllable and external/uncontrollable) finding a path from each to negative emotion and purchase intention, highlighting the importance of causal information.

Extrapolating from these studies, it is contended that, when applied to crisis situations, that consumers' preferred accounts may be contingent upon the crisis cause.

Matching accounts to crisis cause using Weiner's (1995) responsibility process

In the section above, we argued that the effectiveness of the company account may be contingent upon the crisis cause. In this section, we use Weiner's responsibility process to posit that consumers prefer accounts that reflect the level of responsibility level matching the crisis cause. We create a flow chart to aid managerial decision-making following a crisis, congruent with Weiner's (1995) responsibility continuum.

A number of researchers have developed crisis classifications based on crisis cause. Results from questionnaires to the Fortune 1000 companies from the University of Southern California's Center for Crisis Management found that crises can be grouped statistically into major clusters or families (Mitroff & Pearson, 1993). These ranged from technical and economic crises (such as extortion, environmental damage and boycotts) to human and social crises (such as terrorism and on-site product tampering), with crises such as breaks (product defects, operator error) falling in between the two dimensions (Mitroff & Pearson, 1993). Crises were perceived to be primarily technical or economic in origin, or else primarily human or social in origin (Mitroff & Pearson, 1993).

However, other researchers developed a crisis typology containing internal and external factors. Mitroff, Shrivastava and Udwadia (1987) classified crises along an internal-external dimension and a technical-social dimension, resulting in four crisis types. Shrivastava, Mitroff, Miller and Migliani (1988) referred to the internal/external dimension and social-political factors, as did Egelhoff and Sen's (1992) model. The latter used a similar typology of four crisis types, including an internal-external dimension (those belonging to the environment of the firm or the remote environment) that involved either technical failures or social-political factors (Egelhoff & Sen, 1992).

In contrast, we propose classifying crises by their underlying cause, that is, by their causal condition, in order to facilitate managerial decision making during the fast-breaking and cognitively demanding crisis period. The use of causal conditions for crisis management has been previously posited by Coombs (1995, 2004) who also argued that selection of crisis response strategies should be shaped by the crisis situation. Coombs (1995) used Weiner's (1986) attribution theory to develop a decision flow chart to assist managerial decision-making, arguing that the crisis strategy should be determined by how the publics perceive the three attribution dimensions of locus, controllability and stability. Yet Coombs' (1995) crisis type matrix was based on locus (internal/external) and intentionality (intentional/unintentional), relating the latter dimension to controllability. He argued that intentionality reflected controllability, as an intentional act is more controllable than an unintentional act. Yet intentionality refers to whether an act, or its outcome, were intended or not (Weiner, 1995). The controllability dimension, in contrast, referred to the extent to which a cause was seen as being under the volitional control of the individual (Kent & Martinko, 1995) and could include preventable issues. Coombs (2004) contended that there are three crisis types: (a) victim, which refers to external uncontrollable crises, (b) accidental, referring to unintentional and limited control and (c) intentional, referring to intentional and foreseeable crises. While our posited typology differs to Coombs (1995, 2004), congruent with this researcher, it is argued that the crisis cause should determine the communicated account.

According to Weiner (1995), accounts locate the cause of the negative outcome to either internal or external, and controllable or uncontrollable, factors with concomitant levels of accepted responsibility. Lowest responsibility acceptance was in disavowing either the event or its negative outcome, next was ascribing the cause of the outcome as due to external factors, then ascribing the cause to internal but uncontrollable causes, followed by determining the cause as internal and controllable but identifying mitigating circumstances, such as a higher moral goal, with finally the acceptance of responsibility with an apology and confession.

Table 2 Weiner's (1995) responsibility process

Account	**Location of responsibility**
Denial	Due to external and uncontrollable factors
Excuse	External factors
Excuse	Internal but uncontrollable factors
Justification	Internal and controllable but with mitigating factors
Confession	Internal and controllable – no mitigating factors

Using Weiner's responsibility continuum, we posit that an effective account strategy involves matching the account that reflects the same location of responsibility as the crisis itself. Thus, when corporate account matches crisis cause, consumer anger and negative purchase intentions may be mitigated. Conversely, if the company account is not appropriate to the crisis type, or consumers' attributions, anger may be increased and purchase intentions reduced. Thus we argue that where the crisis cause is internal to, and controllable by the company, and there are no mitigating circumstances, confession is the consumer-preferred account. Such an internal controllable crisis was the $400 million recall of products produced by Pan pharmaceuticals where the crisis cause was both safety and quality breaches by the company (Strong, 2003) during the manufacturing process.

Where the cause is internal and controllable, but there are mitigating circumstances, justification is the preferred account. An example of this type of crisis is that involving the miscarriage drug, diethylstilbestrol (DES), prescribed to millions of pregnant women at risk of miscarriage in the United States between 1938 to 1971. DES, a synthetic estrogen, has since been found to cause vaginal cancer, infertility and pregnancy complications in those daughters exposed to the drug in utero (CDC, 2000).

When the cause is internal to, but not controllable by, the company then an excuse notifying consumers of these factors is appropriate to mitigate negative consumer reactions. For example in 1989 a CBS 60 Minutes program highlighted the link between Alar, a chemical used to regulate the growth of fruit, and cancer (Dodd & Morse, 1994). The product was unwittingly used by apple growers (internal) supplied by a chemical manufacturer (uncontrollable).

As Jorgensen (1996) found controllability synonymous with company responsibility, for an external controllable crisis, it is contended that there are two options: confession or excuse, dependent upon the company reputation. Company reputation determines credibility and consumers' level of trust (Siomkos & Shrivastava, 1993). An example of an external controllable crisis was Australia's biggest food recall involving Kraft peanut butter in 1996, following widespread salmonella poisoning and one related death. Roasted peanuts from a supplier were contaminated with rodent faeces, although the company could have checked its raw material for contamination before bottling (Jones, 1996). Kraft, a high reputation company, shifted some blame to the peanut supplier who roasted the peanuts (Jones, 1996). However, negative effects of a recall are minimised if the company is highly respected (Mowen, Jolly, & Nickell, 1981). As Mowen (1980) found that consumers perceived a familiar company as significantly less responsible for a product defect than an unfamiliar company, this may have explained Kraft's successful use of excuse or "blame-sharing." However, with a low-reputation company, confession is the preferred option to reduce consumer anger.

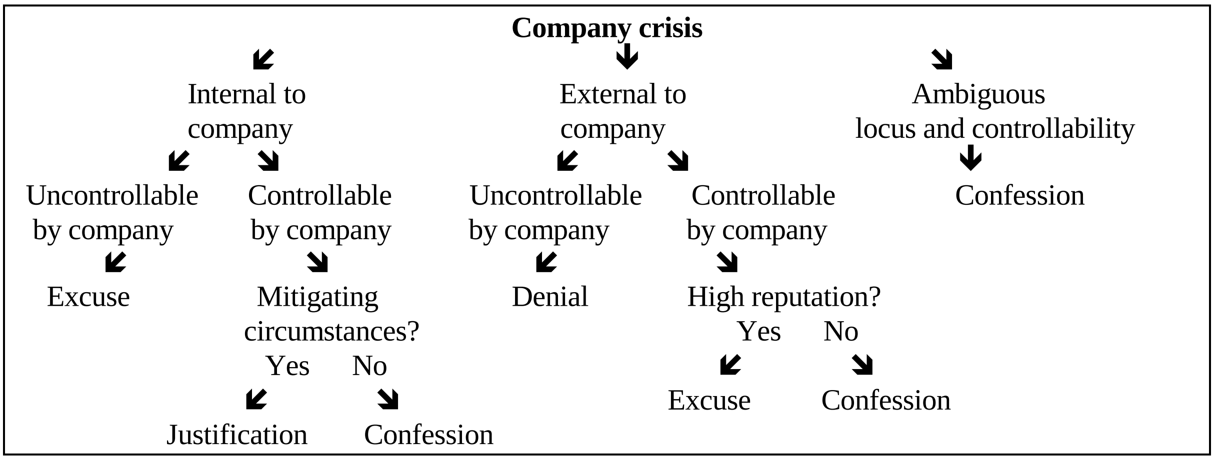
Where the crisis cause is external to, and uncontrollable by, the company (that is, the company was not responsible for the crisis), denial of responsibility by locating the cause to those responsible is the preferred account. An example is the Panadol paracetamol recall following packets in supermarkets being laced with strychnine (Lloyd, n.d.).

However, with an ambiguous cause (containing both internal and external, and controllable and uncontrollable causes), which results in stronger anger, the consumer-preferred account is confession, which locates the cause to internal/controllable factors. An example is the recall of 6.5 million Firestone tyres by Bridgestone, costing between $300 million and $600 million (Cox & Oshima, 2000). The tyres were on Ford's Explorer utilities, which were involved in 1400 accidents causing 88 deaths in the USA when the tread peeled away at high speeds, often causing the vehicle to flip. Firestone and Ford "have been squabbling, pointing fingers and providing an unclear picture of what is going on," Muller, Green, St. Pierre, and Moore (2000) reported. “The public is assigning blame and cause to both Ford and Firestone as if they are the same” (Connelly, 2000), indicating the ambiguous nature of the crisis cause.

The final account of silence, or a refusal to comment, is not a preferred option. Although Kaman Lee’s (2004) study found that no comment rated ahead of excuse (blame-shifting) and justification (harm minimization), but lower than confession components, a US poll of 1,000 members of the public found that almost two-thirds felt that a “no comment” response almost always meant that the organization was guilty of wrong-doing (Wilcox, Ault, & Agee, 1995).

We propose that these crisis causes may be used as a crisis typology to facilitate managerial selection of the best account to suit a particular crisis cause, reducing negative consumer impact. From this, we create the decision tree shown in Figure 1.

Figure 1 Decision flow chart for preferred account based on crisis cause



However, a problem arises with use of this decision tree. While we have followed the public relations stance of candidness and voluntary admission of wrong-doing by advocating use of corporate confession and ethical use of denial, excuses, and justifications, this conflicts with the legal viewpoint of “say nothing, admit nothing, do nothing” (Regester & Larkin, 2000). However, there is increasing corporate use of confession, such as Coca-Cola’s Chairman and CEO publishing a personal apology, setting up a consumer hotline and offering to pay all medical bills when 200 people in Europe fell ill after drinking Coke (Coke’s hard lesson). Additionally, while the organization is under intense media pressure to estimate the likely crisis cause, this may be uncertain in the early stages after the crisis breaks out, limiting account use to a later date when the cause becomes evident.

CONCLUSION

This paper has argued that, following a company crisis, optimum choice for communicated organizational account is contingent upon the crisis cause, that is, the crisis type. The argument was made that company accounts and crisis types (either internal or external, controllable or uncontrollable, or a combination of these) interact to determine consumer response. Thus, in certain crisis types, different accounts may be preferred. Further, an effective account is one that matches the level of responsibility accepted in the corporate account to the perceived crisis event cause. Thus, a correct match between account and crisis type results in lowered consumer anger and negative purchase intentions. Conversely, if the company account is not appropriate, anger may be increased and purchase intentions reduced. For optimum consumer outcomes, it is also important that any company communications clear unnecessary confusion and seek to reduce causal ambiguity. A decision tree was developed to facilitate managerial decision-making following a crisis. Further studies to investigate the acceptance and validity of this decision tree are warranted.

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