



Kurskod: SKOM 11  
Termin: VT 2011  
Handledare: Asta Cepaite Nilsson  
Examinator: Åsa Thelander

*Master's thesis – strategic communication*

---

## **Lessons from the financial crisis**

- *the importance of communication in a world where business is king.*

PETER HOULI AND ROBERT SARVIK

---

Lund University

Department of Communication and Media

# Sammanfattning

---

**Titel:** *Lessons from the financial crisis – the importance of communication in a world where business is king.*

**Författare:** Peter Houli och Robert Sarvik

**Handledare:** Asta Cepaite Nilsson

**Nyckelord:** *Issues management, crisis management, finanskrisen, kvalitativa intervjuer, diskursanalys, media*

**Problemområde:** I dagsläget har ytterst lite forskning gjorts beträffande hur organisationer använde sig av issues och crisis management under finanskrisen. Dessutom har issues och crisis management sällan betraktats utifrån ett förenat perspektiv.

**Syfte:** Att granska hur och när issues och crisis management har använts av organisationer under finanskrisen för att på så sätt överleva.

**Metod:** En textuell diskursanalys av finansstidningars rapportering om tre organisationer under finanskrisen, följd av kvalitativa intervjuer med nyckelpersoner från varje organisation.

**Slutsats:** Vår studie påvisar en diskrepans mellan det som beskrivs i litteraturen och hur det behandlas i praktiken. De tre undersökta organisationerna har haft olika förutsättningar och hanterat situationen annorlunda. Detta har bidragit till att vi har markerat öppningar för vidareutvecklingen av fältet, med en framtida förhoppning om att en sammanslagning eller möjligen en starkare länk mellan issues och crisis management etableras.

*Antal tecken (inklusive blanksteg): 120 102*

# Abstract

---

**Title:** *Lessons from the financial crisis – the importance of communication in a world where business is king.*

**Authors:** Peter Houli and Robert Sarvik

**Mentor:** Asta Cepaite Nilsson

**Key words:** *Issues management, crisis management, financial crisis, qualitative interviews, discourse analysis, media*

**Problem statement:** Currently, seemingly few studies have been conducted with focus on how organisations have used issues and crisis management during the financial crisis. Furthermore, issues and crisis management as fields within communications studies have rarely been combined and scrutinised accordingly.

**Purpose:** To scrutinise how and when issues and crisis management have been used by organisations to survive the financial crisis.

**Method:** A textual discourse analysis of news coverage on three organisations by prominent financial media during the financial crisis, complemented by qualitative interviews with key individuals from respective organisation.

**Conclusion:** Our study demonstrates discrepancies between what is written in literature and how it is actually practiced. The three organisations have had different presuppositions and have handled the situation differently. This has enabled us to provide openings for possibilities to develop the fields further and merging or at least clarifying a stronger link between issues and crisis management.

*Character count (with spaces): 120 102*

# Table of contents

<b>1 Introduction</b> .....	6
1.1 Problem statement.....	6
1.2 Purpose.....	7
1.3 Research questions.....	8
1.4 Delimitations.....	8
<b>2 Theoretical framework and past research</b> .....	10
2.1 The role of media during the financial crisis.....	10
2.1.1 <i>The journalist's role</i> .....	11
2.1.2 <i>Recession</i> .....	12
2.2 Issues management.....	13
2.2.1 <i>Theoretical stance for issues management</i> .....	13
2.2.2 <i>Defining issues management and earlier research</i> .....	14
2.2.3 <i>Managerial and/or PR function</i> .....	15
2.2.4 <i>Minimising the legitimacy gap</i> .....	17
2.3 Crisis management.....	18
2.3.1 <i>Crisis characteristics</i> .....	18
2.3.2 <i>Theoretical stance for crisis management</i> .....	20
2.3.3 <i>Preparation – the master plan</i> .....	21
2.3.4 <i>Praxis – what to do and when to do it</i> .....	22
2.3.5 <i>Learning – moving on</i> .....	23
2.4 Theoretical summary.....	24
<b>3 Methodology</b> .....	25
3.1 Method discussion.....	25
3.2 Selection.....	26
3.3 Discourse analysis.....	28
3.3.1 <i>Strategy – discourse analysis</i> .....	28
3.4 Qualitative interview.....	30
3.4.1 <i>Strategy – qualitative interview</i> .....	31

3.5 Method critique.....	32
3.6 Metatheoretical perspective for analysis.....	34
<b>4 Analysis and results.....</b>	<b>36</b>
4.1 Discourse analysis.....	36
4.1.1 Discourse of recession.....	36
4.1.2 Discourse of legitimacy.....	38
4.1.3 Discourse of image.....	42
4.1.4 Discourse conclusions.....	44
4.2 Interview analysis.....	46
4.2.1 KIA Motors.....	46
4.2.2 PSA Peugeot Citroën.....	49
4.2.3 UBS.....	51
4.3 Future prospects for issues and crisis management.....	54
4.3.1 Issues management – the importance of capital.....	55
4.3.2 Crisis management – reinstating chance.....	59
<b>5 Conclusion.....</b>	<b>64</b>
5.1 Practicing theory.....	65
5.2 Closing reflections.....	66
<b>6 References.....</b>	<b>67</b>
<b>7 Appendix.....</b>	<b>76</b>
Context.....	76
Interview guide.....	77

# 1 Introduction

---

The first financial crisis of the 21<sup>st</sup> century stunned an entire world when it appeared in 2008 because it initially seemed like a temporary bump in an otherwise straight and prosperous road. Even though the first indicators of turbulence started surfacing in 2007 when the American real estate market took a massive blow, the breaking point did not occur until panic broke out after the fall of Lehman Brothers on September 15, 2008 (E24, 7). With ongoing bankruptcies, massive cutbacks, government loans and austerity packages implemented by nations all over the world it would be unwise for us to conclude this turbulent period in modern history. Economic analysts predict a long and winding road ahead before anyone can return to status quo ante.

The financial crisis has proven that the world economy is a fragile and treacherous realm. Since we cannot say that this will never happen again, it is up to every individual company, government institution and business sector to secure itself from the effects of a downward spiralling economy. Consequently, our main focus lies on how issues and crisis management have been used by organisations in the automobile and banking industry to survive the economic crisis and how it has manifested itself in the media. In this thesis issues management designates a proactive approach to matters that affect an organisation's susceptibility to crisis situations, whereas crisis management encompasses reactively handling crises while they are occurring. The term *management* is preferred, because it acquires a top-down perspective focusing on managerial interpretations while *communication* implies a generic conceptualisation for an organisation's communicative actions.

However, in able to denote strategic issues and crisis management choices focus on communicative manifestations has been applied to these interpretations. We prefer to view issues and crisis communication as more than just a managerial tool because it affects more than the organisations communicative actions.

## 1.1 Problem statement

Since the financial crisis is still in many cases in full vigour, limited up-to-date attention has been paid to communication management's role in firstly avoiding a legitimacy gap and secondly stimulating corporate recovery. Existing literature has mostly dealt with the crisis' fiscal and socio-political implications from various paradigmatic stances. Some scientific attention has however been centred to media relations and their affects on corporate legitimacy and image, but not from an issues and crisis management point of view. The financial crisis has given rise to an indistinguishable clutter of interpretations and ad hoc solutions with little concern

for existing theories and strategies. As a result, it is at times hard to interpret when and more importantly how issues and crisis management have been applied, hence reinforcing the need for more research.

We believe that issues and crisis management will play key roles after the recession, yet again underlining the importance of communication management. In this master's thesis we will illustrate how issues and crisis management have been implemented by national as well as international organisations. This will be done through (1) extensive discourse analysis of articles depicting the organisations' actions during the crisis – in order to analyse the importance of media in a crisis situation – and (2) additional qualitative interviews with key organisational figures to illustrate managerial standpoints. Exclusively financial media was chosen because studies show that it has a major impact on stakeholder expectations and actions (Goidel et. al., 2010). The global perspective is important to include, because different interpretations can help determine the field's importance and even make predictions concerning likely developments. Therefore, the focal point of this paper is to denote variations and analyse if and how they can alter issues and crisis management praxis.

## 1.2 Purpose

Our main purpose is to explore *how* issues and crisis management have been used by organisations to cope with challenges imposed by the financial crisis. Since media plays a decisive role in stakeholder perceptions, it becomes an important aspect to take into consideration. With emphasis on the financial crisis and organisational reactions, we want to study the influence it has had on corporate image and possibly stakeholder relations.

We have chosen to emerge ourselves in this subject due to the fact that the European Communication Monitor (ECM) of 2007 presented a surprising result: the 1,524<sup>1</sup> responding communication professionals across Europe reassessed the future importance of issues and crisis management, placing them last in a list of the most important disciplines in European communication management (Tench & Yeomans, 2009).

Even though the survey was conducted just before the financial crisis, it indicates a general downplaying of issues and crisis management's importance. Given that the financial crisis has once again proven that assessing issues from a proactive and reactive point of view is vital in sustaining long term prosperity, we therefore question EMC's ranking. We believe that coherent practice of issues and crisis management can benefit an organisation's chances of surviving crisis situations.

---

<sup>1</sup> N.B. even though 20,000+ professionals who use the database of the magazine *Communication Director* were invited to participate in the survey.

Our analysis of the correlation between theory and practice of issues and crisis management would enable us to assess their importance for Public Relations (PR) and possibly contribute with valuable input for future development.

### **1.3 Research questions**

Taking into consideration our aforementioned purpose, our questions are:

1. *How has media contributed to corporate legitimacy and image?*

The media has historically always thrived on crises and more significantly how organisations have downplayed them. This overemphasis on misconduct of various forms has clashed with organisations' intentions of limiting their own public exposure. Public exposure can – if mistreated – seriously threaten an organisation's reputation (Tench & Yeomans, 2009). Assessing the role of media during the financial crisis, provides us with practical insight as to the actual implications that media relations have on organisations and how lived reality coincides with mediated reality.

2. *How have organisations practically implemented issues and crisis management to cope with the financial crisis?*

This question primarily affirms if issues and crisis management are established strategies used to deal with matters of organisational importance and whether or not they make organisations less susceptible to damage from crisis situations. Keeping in mind that issues and crisis management are most often treated as separate areas of communication management, information from this perspective can determine if the strenuous efforts of several PR experts to merge these two areas into one have been successful.

3. *What prospects are there for issues and crisis management from a post-crisis point of view?*

Insight from this perspective contributes to the development of existing and at times conflicting theories of issues and crisis management and aids us in the assessment of their importance for organisations facing threats. Posing this question will also provide us with deeper understanding for the possibility of merging these two areas of communications management into one consistent and effective managerial tool.

### **1.4 Delimitations**

Delimitating the field of exploration provides the study with precision in order to establish balance between purpose, research questions, theory, methodology and analysis. Delimitations therefore provide the study with a guiding framework which



ensures quality and cohesiveness (Østbye, Knapskog, Helland & Larsen, 2005). Our study centres on KIA, Citroën and UBS' issues and crisis management praxis during the financial crisis and how it was portrayed in financial media of the time.

Solely the automobile and banking industries were chosen because they were amongst the first industries to experience repercussions and are therefore believed to be archetypical for this study (Evanoff, Hartmann & Kaufman, 2009). A combined external and internal perspective has been acquired, where the external perspective is illustrated by the media and the internal perspective is exemplified by representatives from each organisation.

The term *stakeholders* is favoured because it designates every person with an interest in the organisation's development, be it internal or external. This study does not aim to provide the reader with a theoretical generalisation as an end result. Instead it aims to describe and analyse three distinct cases and their implications for corporate prosperity.

# 2 Theoretical framework and past research

---

Issues and crisis management have received a fair amount of attention through the years. The importance of these two fields has however varied depending on area of business and PR tradition. In this chapter we explore existing theories, analyse their implications and provide the reader with a foundation on which we build our analysis. We commence this chapter with an overview of the media and its ability to alter stakeholder perceptions.

A deliberate strategy in our thesis is width. The reason for this strategy is our comprehensive topic which encompasses organisations in different markets and geographical locations of the world. In order to conduct a meaningful analysis the theoretical framework chapter has purposely been rendered unconstrained. This strategy entitles us to take factors into considerations which otherwise would have been excluded in a more in-depth analysis of one organisation or a specific theme.

## 2.1 The role of media during the financial crisis

Media coverage during crises can have diverse and at times conflicting responsibilities. Most people would assign media the role of informing the public about crisis situations and designating necessary courses of action. On the one hand the media acts as a strictly informative tool, through which government institutions and/or organisations communicate with important publics, while on the other hand media plays the role of investigator where the main objective is to uncover transgressions committed by various private and public entities (McQuail, 2005). However, the media can also just be a profit driven news factory where the main objective is spelled “money” and what constitutes as news is subjectively attributed to the gatekeeper (Schudson, 1997). One<sup>2</sup> of media’s most recent roles is that of weapon of democracy, becoming a global information canon and a tool for revolutionary mobilisation (Al Tarzi, 2011). What we know as a fact, is that in a world where media is more and more considered a “fourth”<sup>3</sup> estate of power, the importance of media coverage is undeniable (McQuail, 2005).

The intricate role of media during the financial crisis was analysed by Neil Malhotra and Yotam Margalit (2010) at the University of Pennsylvania and Columbia University. Their goal was to explore the interaction between partisanship,

---

<sup>2</sup> Has become more evident thanks to the constantly changing media climate and its importance in altering global events such as the recent revolutions in North Africa and the Middle East.

<sup>3</sup> Alternatively “third”.

income and the impact of three communication effects (group-serving bias, goal framing and threshold sensitivity) on people's policy views.<sup>4</sup>

The *blame game* denoted how articles inflict the sentiment of "fault". For instance, attributing losses caused by the financial crisis either to the Republican Party or the Democrat Party could have great impact on the individual depending on their partisanship (Malhotra & Margalit, 2010). Evidently, the media can by attributing fault influence public opinions in a specific matter. The same conclusion was also applied to *framing*, which denoted how an issue was presented (semantically conceptualised) (Chong & Druckman, 2007). Framing is one of the most powerful mechanisms in moulding public opinions, since it sets the premises for conceptual understanding. Sensitivity to *thresholds* referred to people's susceptibility to round numbers. In this study, the \$1 trillion threshold was believed to cause anguish because people attribute round numbers greater importance (Malhotra & Margalit, 2010).

Results also showed that the way questions were phrased influenced how participants responded. The investigated effects were noticeable across all three experiments, but in varying degree. In some of the experiments, other variables apart from partisanship and income affected results thus highlighting the factor of relativity (Malhotra & Margalit, 2010). Nonetheless, the study accredited media for having certain impact on general opinions in matters of national liquidity, and even explored the effects of personal realities on how mediated messages were received from an Americanocentred point of view. The study did however not investigate the intricate role of the author in creating and transmitting meaning, consequently portraying media as being a pandimensional entity (Manning White, 1997).

### *2.1.1 The journalist's role*

Abovementioned study awoke the reoccurring question if financial media and business journalists possess the ability to alter perceptions of a crisis situation. A study<sup>5</sup> conducted by Damian Tambini (2010) at London School of Economics and Political Science, showed amongst other findings that even if financial journalists fall under the control of stringent regulations, laws and norms as to what they may and may not do, were remarkably dependent on sources which at times were affiliated with organisations and institutions under scrutiny. The inherent relationship was described as *quid pro quo*<sup>6</sup> (Tambini, 2010).

---

<sup>4</sup> The authors conducted a series of experiments with a substantial number of participants answering surveys. The general design encompassed alternating between differently formulated questions and measuring the degree of deviation in results based on e.g. party affiliation and income.

<sup>5</sup> Where financial journalists were interviewed about their line of work and the massive critique directed towards their profession.

<sup>6</sup> Meaning that they only receive something if they give something in return.

Dependency was mostly notable in connection to PR contacts who release information if they are secured about how the story will be published. Since PR officials are often in relation to multinational enterprises the only external contact persons, the relationship to journalists becomes a conflict of interests. Assuming PR officials only care for their employer's prosperity and success, it raises questions concerning reliability and validity of financial journalism. Apart from ambiguous relationships between PR officials and journalists, the rise of PR companies in the finance advisory sector poses new challenges to classical business and finance journalism which historically has been considered to be veracious and relatively objective (Tambini, 2010).

Tambini's (2010) study concluded that financial journalists are generally unaware about existing norms and regulations in their profession. Unawareness in this respect can have a major impact on the praxis of mediating financial news, but to what extent is unknown.

It is certain that sources have the ability to determine the degree of truth in a statement, but how this is to be verified is unexplored. Dependency on sources and journalists as gatekeepers highlights yet again the individual's conspicuous effects on media. The fact that journalists are to some extent unaware of laws and regulations gives rise to another problem: how should it be monitored? Instating new and more rigorous rules is not believed to be the solution since media free of bias is a utopian notion (Tambini, 2010). The only solution is to accept bias as a factor, therefore implying that there is no objective truth transmitted through media, only representations of various subjective realities.

### ***2.1.2 Recession***

The recession is a reoccurring theme in most financial articles from the past 3-4 years. Since the financial crisis was believed to have been ignited by the fall of Lehman Brothers in September of 2007, a great proportion of texts focus on the American market and its effects on world economies. The recession has generally been described as swift and relatively unforeseen even if several journalists warned about an overheating market in the early months of 2007.

Studied articles from the time have a rather mechanical approach to questions of economy and the development of markets. In a way every single development or turn made by organisations during the crisis can be logically explained by *reacting* to the situation at hand. When stocks start to fall, organisations and public institutions need to react, most times by cutting costs to limit losses. The mechanical – and at times positivistic – approach to the recession excludes the influence of human thinking and actions produced by people (Hirsto, 2011).

The commonly accepted notion is that of the market seeking equilibrium. Balance is considered to be the main objective of markets, a notion found in Efficient

Market Hypothesis which postulates that exclusively external events possess the power to unhinge the weights of balance (Morante, 2010). This hypothesis deems the market an omnipotent entity, detached from society constituting a separate reality. People (alternatively shareholders) become bystanders in a reality produced by them. However, discourses provided by financial articles rarely take interest in the power of the public.

Paradoxically, we are subdued by marketing logic even though a large percentage of the general public is indifferent when it comes to the market and its fluctuations. The term *financialisation* aims at describing the influence of market logic on society. We, as a public, are exposed to daily practices of financial markets and the increasing focus on supply and consumption (Hirsto, 2011). In other words, modern financial journalism has altered the economic and social power balance in society. In articles of the time, the mediated financial crisis encompassed everybody, making no explicit differentiation between shareholders and stakeholders<sup>7</sup>. This relation is not very often distinguishable in articles where the preferred mediated reality is that of competition; a place where everybody is trying to gain something (Hirsto, 2011).

## 2.2 Issues management

The following segment gives the reader an introduction to issues management (IM) and theories in relation to the financial crisis.

### 2.2.1 Theoretical stance for issues management

Our theoretical framework for IM will be set by *contingency theory*. Contingency theory sees organisations as open systems that need careful management, satisfying internal needs and adapting them to the environment. There is however no “silver bullet”, but more or less appropriate ways of managing organisations (Morgan, 2006).

Contingencies of organisational structure include some that are internal and some that are external. Internal contingency factors are *task uncertainty* and *task interdependence* (Donaldson, 2001). These contingencies are aspects of the work being performed and are therefore included internally. Characteristics of the environment are contingencies of a different external nature, such as environmental uncertainty. Still, external advancements affect internal contingencies which in turn shape other internal characteristics such as the organisational structure. The relation between internal and external contingencies is in other words interrelated.

---

<sup>7</sup> It is important to remember that there is a distinction between these two generic terms: while shareholders possess an actual economic and legally admitted claim of the organisation, stakeholders do not necessarily have to.

Environmental uncertainty affects the inner task uncertainty, which causes the adoption of an organic structure within organisations. Thus, structure is caused by needing to fit intraorganisational contingencies some of which are, in turn, caused by environmental contingencies. The shape of the organisation is formed by the need of fitting into the adjacent environment. Hence, environmental contingencies shape the organisation indirectly through dominant variables of intraorganisational contingencies (Donaldson, 2001).

### *2.2.2 Defining issues management and earlier research*

The growing significance of IM in corporations that are attentive to the decisive power their environment holds against them is not unjustifiable. Corporate image and legitimacy in relation to key stakeholders is one of the most essential ingredients that maintain organisational progress in an interdependently competitive environment.

Howard W. Chase (1982), one of the front figures of IM who placed it on the PR agenda in the late 1970's, considered IM as being:

[...]the capacity to understand, mobilize, coordinate, and direct all strategic and policy planning functions, and all public affairs/public relations skills, toward achievement of one objective: meaningful participation in creation of public policy that affects personal and institutional destiny.

Accordingly, IM is an organisational strategic function that prepares the concerned entity using PR and public affairs to influence public policy, so that the future of the organisation and its reputation can be protected.

The primary function of IM is to operate as an early issue detection system – a system that provides for less contentious corporate policy and planning. In other words, IM is an instrument constructed to meet corporate responsibility criteria from key publics and provide a rhetorical response to organisational criticism (Botan & Hazleton, 2009).

Robert L. Heath (1997), a leading scholar in the development of IM, perceived the field as being dependent on authors' inherent preferences and prejudices thus giving rise to diverse and at times conflicting definitions. Heath considered IM to be a tool for organisational leaders who enact it, so that they will be able to build mutual beneficial relationships by meeting or exceeding the expectations of key publics.

Heath's definition provides us with the most concrete conceptualisation of the field, because it implies a pragmatic approach which is lacking in most coeval interpretations. However, what concerns us if we take into account the great number of books, articles and other texts we have examined about the subject, is a general predisposition to consider IM as a solely top-level management function. IM – and consequently PR – are therefore merely considered tools of necessity satisfying the

balance of legitimacy. Areas of interest in IM are more than just communicative; they are also economic, technologic, political, ecological, demographic and social (Cornelissen, 2008).

Not only has the significance of developing perceptiveness for IM nurtured organisational awareness; numerous scholars have committed themselves to the field during the last two decades. Grunig, Grunig and Dozier (2002) reference several scholars and practitioners who have had a particular interest for IM in relation to PR. Attention has been directed to whether or not IM is to be seen as a subfunction of PR or a function that encompasses it (Heath, 1997).

### *2.2.3 Managerial and/or PR function*

All organisations are to some extent coupled interdependently by factors of complex economical, technological, social, cultural and political influences. This constantly changing environment becomes more complex for some organisations than others. It is crucial to understand that these changes which depend on numerous variables eventually give rise to both opportunities and threats for the organisation (Cornelissen, 2008). Corporate strategy is therefore under scrutiny for top-level management in organisations. This is a result of the open-system view that enables and advocates organisations to scan and sense changes that occur in the world beyond (Morgan, 2006).

Classical management theorists treated organisations as closed entities which devote all their time to principals of internal design. In the open-systems perspective, the environment was pivotal throughout organising tasks. Attention was centred to the *business environment* which was defined by interaction with key stakeholders (Morgan, 2006). Tom Burns and G.M Stalker conducted a renowned study which gave rise to a distinction between “mechanistic” and “organic” approaches to organisation and management. One of their main points was stressing the fact that there was no absolute strategy of obtaining a correct organisation form which dealt with its environment. Burns and Stalker’s study stressed that successful adaptation to surroundings depended on the competence and ability of top management to properly interpret conditions facing the firm so that relevant courses of action could be implemented (Morgan, 2006).

If organisational norms and systematic dependency lie in the decisiveness of a handful of elite coalitions surrounded by a changing environment, dependent on unbroken and solid legitimacy and corporate reputation, should not these characters of power then be humble towards professionals that embrace the knowledge of handling key stakeholders?

An example on the abovementioned statement is a study conducted by Lauzen and Dozier (1995) which paid particular attention to the manager role enactment in

organisations<sup>8</sup>. Special attention was directed towards top management and senior-level communicators in relation to strategic decision making (Grunig, Grunig & Dozier, 2002).

The researchers tested a model which postulated that perceived environmental complexity and turbulence would encourage management to seek extended manager role enactment and decision-making participation from their top communicators. The study showed among other things that manager role enactment and decision-making participation were not related to environmental complexity, once the influence of participative culture and externally directed IM practice were controlled (Grunig, Grunig & Dozier, 2002).

The organic form derived from the familiar clarity and rigidity of the hierarchic structure is often perceived by individual managers as an uncomfortable, precarious and chronically anxious quest for knowledge about what he/she should be doing or what is expected of him/her. This kind of response is necessary if the organic form of organisations is to work effectively. The anxiety perceived by management is expressed through resentment when the apparent confusion besetting him/her is not explained. It is during such situations that managers start to hunger for supplementary definitions and structures thus adding more complexity to the organisation and its structure (Shafritz, Ott & Jang, 2005).

It is more than understandable that various managerial circuits thrive after a normative institutional order. Paradoxically they need to embrace the function of open systems into their classical perceptions of management. Logically, as stated before, organisations are more dependent on surroundings than ever before. This should justify why communicative roles are permanently unavoidable in top-level management circuits, but it does not explain why there is such a reluctance to do so.

Grunig and Hunt (1984) emphasise that PR aims to establish and maintain favourable relationships with stakeholder groups, and as a strategic corporate function it constitutes a focal element in the management of corporate relations with society. Banks (1995) speaks of the fundamental goals of PR and that they are to develop supportive communities, because prolonged organisational survival depends on seeing the corporate well-being bound to that of the public's. For that reason, interaction with organisational environments rests on strategic and responsible communication with corporate stakeholders (Lotila, 2010).

Connecting this to contingencies of external uncertainty, it is easy to understand why legitimate relationships with stakeholders are beneficial for organisations in a fluid social order. Moss and Warnaby (1998) see that the primary focus of public relations is in the IM function: to diagnose the environment in order to identify stakeholders, publics and issues and to develop programs to handle them.

---

<sup>8</sup> 182 senior-level communicators were examined.

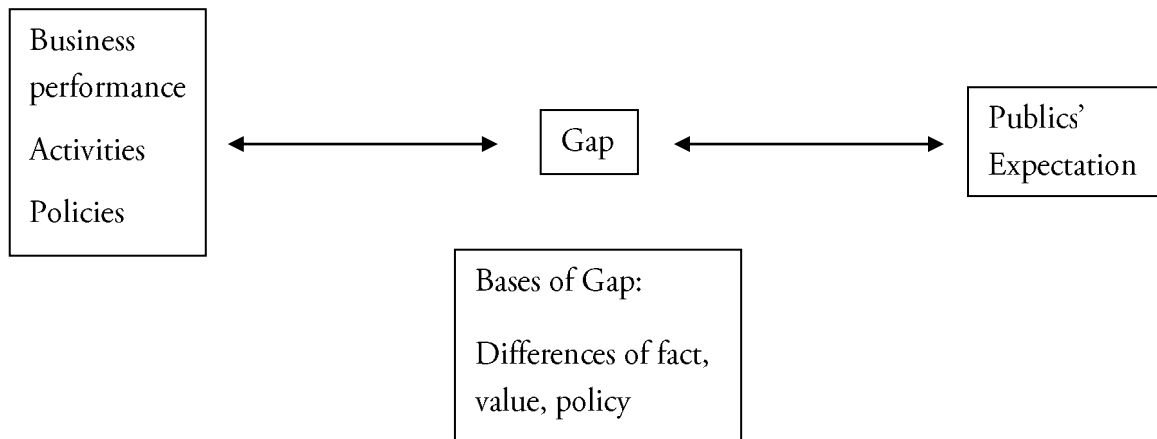


Regester and Larkin (2008) interpreted the thoughts of Howard Chase and deemed that IM receives strength from PR and its various disciplines. Chase (1982) meant that IM is the highway on which PR practitioners can move into full participation in management decision making. However, Chase was not alone in his beliefs. PR ought to be seen as a competitive weapon whose future is directed by several scholars and should therefore be a part of the organisations overall strategy. Environmental alterations concerning corporate expansion, business orientation, competitors' strategies and so forth should guide the strategy (Larsson, 2006).

#### *2.2.4 Minimising the legitimacy gap*

Supposing communicators are members of a managerial circuit, the probability that communication might be used as a strategic tool for the total corporate strategy is impending. However, the question is if the communicative management role will be used to conceal organisational goals that disagree with key stakeholder perceptions and needs, thus deviating from the notion of corporate transparency. The communicative management role can be used to legitimise unethical business objectives in order to acquire economical profit and growth or even work towards sustainability in uncertain conjunctures. Managers that deliberately provoke these situations reinforce a gap in legitimacy between the corporation and its stakeholders.

The term legitimacy gap occurs firstly in the process of corporations and their actions, and secondly in public expectations or stakeholders interpreting those activities. The gap between the organisation and its publics is dependent on the differentiation between facts, values and policies. The distance between the corporation and its publics is determined by the concerned members of the public and their approval or disapproval of an organisation's responsiveness to community interests (Heath, 1997). One should not forget that organisations are social institutions that rely on societal acceptance. If pressure begins to rise in the order of issues concerning public interests – with no reaction from organisations causing turbulence – public hostility will increase making issues harder to handle and indisputably negatively affecting organisations' long-term legitimacy and survival (Heath, 2001).



**Figure 2.2.4** Legitimacy gap (Heath, 1997, p. 5)

Legitimacy gaps from our point of view should not occur, due to the fact that during a recession stakeholder scepticism is very high. Focusing on certain business strategies may shorten a potential legitimacy gap. The public perception of the organisation can be altered by applying educational solutions, for example explaining organisational performance by implementing different symbols and above all changing the actual performance so that it is in line with corporate expectations (Heath, 2001).

Legitimacy gaps can be avoided if attention is paid to potential problematic areas such as fair community responsiveness and environmental management. The reward of being socially responsible results in good business sense; PR executives acting as the corporate conscience incorporate responsiveness to social needs in the total corporate strategy so that there will be no room for legitimacy gaps (Heath, 2001).

## **2.3 Crisis management**

Crisis management (CM) is a way of dealing with crises so that they become manageable. It is not about preventing crises, but about isolating their effects so that the organisation can recover from them without suffering substantial damages. In this section we provide the reader with an understanding for the subject, analyse key elements of CM and highlight problematic areas.

### **2.3.1 Crisis characteristics**

Having to deal with a crisis is not a pleasurable experience, yet a large percentage of organisations across the globe believe themselves to be immune to the repercussions of crises. Past experience has taught us that a crisis rarely remains isolated to its source. Instead a crisis regularly enlarges itself affecting more areas than first

anticipated. Crises are mostly always unpredictable and not to be handled light-heartedly (De Pelsmacker et al., 2010).

A popular metaphor depicts crises as being either *cobras* or *pythons*. A cobra causes devastation by being sudden, with the ability of taking an organisation by surprise. Cobra-like crises can for instance be natural disasters, technological mishaps or even man-made tragedies. A general feature for these types of crises is their inability to be predicted or prevented. A python on the other hand creeps up on the organisation, engulfing it in a string of precarious issues. Python-like crises are unlike cobras, detectable and manageable if they are acknowledged and dealt with early on (Tench & Yeomans, 2009). Most often, crises sprung from the business and financial world are considered to be pythons since they rarely just happen but are preceded by indicators.

The metaphor is in many ways exaggeratedly basic. Other theorists in the field of crisis studies choose to place crises in the categories *catastrophe*, *disaster* or *accident*. A catastrophe is usually a life altering event with the potency of seriously damaging an organisation's identity. Catastrophes are generally events which the organisation has no or very little control over. Disasters share catastrophes' life altering characteristics, but can encompass serious events created by the organisation. Accidents are events that have happened by chance and that cannot be held as being brought on by the organisation itself (Larsson, 2001).

This distinction overlooks however inherent characteristics marked by complexity that some crises demonstrate, making them hard to compartmentalise. Dividing crises into catastrophes, disasters and accidents may also risk overlooking crises' ability to change overtime. For instance, the financial crisis was believed to be a restricted crisis mainly affecting the American real estate and banking sectors. Experts failed to anticipate its ability to engulf remote areas of the market. The financial crisis would therefore fit into all the aforementioned crisis categories depending on time period.

Timothy Coombs' (1995) two-dimensional crisis type matrix provides us with a more intricate tool for categorising crises.

	Unintentional	Intentional
External	<i>Faux pas</i>	<i>Terrorism</i>
Internal	<i>Accidents</i>	<i>Transgressions</i>

Figure 2.3.1 Crisis type matrix

The crisis type matrix distinguishes unlike previously mentioned methods, between the intentionality of crises from an internal-external point of view. This point of view provides us with a causal outlook on how crises emerge and gives us a preliminary suggestion for appropriate ways to handle them (Cornelissen, 2008; Larsson, 2001).

Regardless of classification method, the long string of crisis types do have a common denominator; the power of changing an organisation's premises. Apparently anything that questions an organisation's legitimacy, with the power of seriously harming internal and external stakeholders should be considered a crisis.

### *2.3.2 Theoretical stance for crisis management*

A conventional notion in the field of CM is the need to predict, plan and prelimit crises. Organisations are encouraged to plan rigorously during non-crisis times so that the organisation will be fully capable of acting swiftly and correctly when a crisis does happen. However, this conformist outlook postulates that complex events can be simplified, which we believe to be counterproductive to the complexity absorption stance we promote. Encouragement to oversimplify reality and complex systems has in many cases striped organisations from the ability to learn from crisis situations (Gilpin & Murphy, 2006). An overview of the most common advice for crisis preparation shows an oversimplified and positivistic interpretation of the field (Tench & Yeomans, 2009; De Pelsmacker et al., 2010). CM becomes in a sense a series of mathematical equations, applied to real life situations to obtain predetermined results. In other words, if you apply *a* to situation *b* you will undoubtedly receive *c*. But what happens when variable *x* is applied to the equation?

Theories of complexity question this outlook on CM and incorporate emergence as the *x*-factor. Emergence is described as “[...]unpredictable yet recognizable patterns of order that appear through a process of self-organization” (Gilpin & Murphy, 2006, p. 379). This statement assumes a causal perspective on reality, where objects come to life through individual mechanisms in existing structures. In a way, this stance relates to contingency theory where organisations are believed to be influenced by internal and environmental contingencies in an incessant process of structuration and restructuring. These mechanisms are not always obvious or constant thus impeding the possibility of empirical observations, predictions and theories (Alvesson & Sköldbberg, 2008).

CM through complexity stipulate that organisations cannot control the way a crisis is internally and externally perceived. An organisation's main objective is to avert or at least limit the loss of organisational assets and maintain prolonged organisational legitimacy in the eyes of important stakeholders. Engaging in double-loop learning that may require internal change is a prerequisite in achieving abovementioned objective (Gilpin & Murphy, 2006).

This outlook on CM does not impose that unreadiness is paramount. It shifts the starting point of CM from seeing the crisis as a pre-emptive threat, to accepting the crisis as an event with the chance of learning through trial. Daft and Weick (2001) highlight the importance for organisations to *enact* with the world instead of passively *reacting* to various occurrences. Enacting organisations therefore learn by doing and are acknowledged for having effective processes for information-sharing and learning. These processes are flexible and promoted by managers who play active roles in the sensemaking process. A key factor when incorporating a complexity approach is to accept a so called *just-in-time strategy*. Unlike conventional CM theories, the just-in-time strategy celebrates managing a crisis while it is happening. Only by being reflective in the midst of a crisis situation can an organisation learn and acquire necessary knowledge to face future trials (Gilpin & Murphy, 2006).

Organisations that adopt complexity absorption develop four characteristics that set them aside from other organisations:

- a) accumulate information about their own traits, surroundings, stakeholders and relationships.
- b) identify and nurture multiple and at times contradictory organisational objectives.
- c) emphasise and induce several close internal and external relationships.
- d) organise and set actions into motion on their own accord, thanks to new information and newly acquired knowledge.

(Weick, 1995)

Complexity absorption is according to studies a successful trait for organisations to adopt in turbulent business environments. Since organisations seek to reduce uncertainty and complexity, complexity absorption has very rarely been implemented in real life despite the obvious need for flexible CM strategies (Falkheimer & Heide, 2007).

Nonetheless, organisations are at times reluctant to reveal if they implement complexity absorption because of the current norm of constantly being ahead of the game. There is reason to suspect that the inherent nature of the financial crisis has forced organisations to adopt complexity absorption as a strategy of necessity to survive. Analysing these aspects in relation to the impact of media can shed light on how complexity absorption can become a veritable CM strategy tailored for organisations in sensitive environments.

### ***2.3.3 Preparation – the master plan***

When it comes to crises, having a master plan is traditionally one of the most sought after resources. Evaluating an organisation's strengths and vulnerabilities through e.g. a *crisis audit*, can indicate what type of precautions are required when creating a crisis manual. The crisis manual's purpose is to strategically guide the organisation through

a crisis so that minimal damage is felt (Tench & Yeomans, 2009). Even though several by-the-book examples are described<sup>9</sup> the question still remains if preparing for a crisis is futile, considering the economic and manpower investments it entails.

Regester and Larkin's (2009) organisational perspective indicates that the first step of CM involves making a list of possible crises that can affect the organisation. The second step is to develop plans and policies to prevent these crises from happening, but it is as important for the organisation to develop strategies that deal with every potential crisis situation. When strategy plans are in order, key figures are identified and specific roles are designated. As soon as this is done, suitable communications channels are chosen so that people in charge of media relations and stakeholders know what tools to use. Last but not least, the crisis is to be enacted in a scenario where every step is evaluated to assess the organisation's proneness to succumb to damage.

If we on the other hand consider Gaunt and Ollenburger's (1995) differentiation between IM (as being *proactive*) and CM (as being *reactive*), the aforementioned steps by Regester and Larkin seem contradictory. The contradiction lies in CM's caveat of being a strictly reactive tool, which enigmatically acquires proactive features when it is set into motion.

#### *2.3.4 Praxis – what to do and when to do it*

The most common crisis response strategies are found in the work on *corporate apologia*, *corporate impression management* and *image restoration theory* (Botan & Hazleton, 2006).

Corporate apologia encompasses an organisation's defence mechanisms and what they can do to acknowledge a crisis and survive it without harming stakeholder relations. It can acquire multiple forms, like denial (refusing to take on blame), bolstering (take responsibility while highlighting positive organisational traits) and justification (defending organisational behaviour). Keeping in mind that all these response forms come with consequences, corporate apologia has given rise to hundreds of distinct organisational interpretations. Corporate apologia can evidently, when handled poorly, cause irreversible damage to corporate legitimacy.<sup>10</sup>

Corporate impression management deals with issues that a crisis awakes in relation to an organisation's stakeholders and their interpretation of the situation. The main concern is re-establishing legitimacy regardless of different crisis responses targeted at different stakeholders. The strategy implies working on a grassroots level addressing issues that hit home with stakeholders. However, addressing issues when

---

<sup>9</sup> Amongst which the Peperami salmonella crisis and the Melbourne Gas crisis are most noteworthy.

<sup>10</sup> For instance, Carl-Henric Svanberg's speech about "small people" to local fishermen struggling to make ends meet in light of BP's catastrophe in the Mexican Gulf.

they have already become crises may be fruitless and can in some cases make a bad situation worse.

The final crisis response strategy which is image restoration theory is characterised by the need of assessing the crisis, evaluating modifiers of the crisis type and matching the crisis with appropriate CM strategies. The main objective is to suffer as little losses as possible. In able to do so, organisations have not always taken into account complexity and how it can alter crisis response. Trying to restore image can in some cases distract the organisation from creating a new one.

These three response strategies have all received fair amount of attention from practitioners and observers. Nonetheless, a great deal of literature in the subject provides us with alternative and more precise strategies. For instance, key principles in PR as presented by Tench and Yeomans (2009) assume a static approach to organisations and how they handle crises. From a market communications perspective De Pelsmacker et al. (2010) present compulsory rules, thus depriving CM from any trace of ambiguity. This perspective on crises has produced an array of different strategies which in a handbook-like manner tell managers what to do and when to do it (Cheyney et al., 2004).

But if we are to refrain from stationary strategies and return to organisations that adopt complexity absorption, there would be no need for tailored solutions. Only by contributing to ongoing communication between an organisation and its stakeholders, are harmful effects of public crises alleviated (Cheyney et al., 2004). Practically this would be done by redirecting focus to the relations between an organisation and its stakeholders. An organisation can avoid using legitimacy re-establishing strategies by building strong and long-lasting bonds to its stakeholders. It is more likely that an organisation will survive from devastating crises if legitimacy is established from the very beginning.

### *2.3.5 Learning – moving on*

The conflicting theories surrounding CM paint a picture of two competitive perspectives: the managerial planned approach and the complex *au hasard* approach. Even if the previous section depicts contradictions between contemporary theories of CM through the covenant of complexity theories, the importance of static strategies cannot be downplayed. Maybe one of the most important factors is the possibility to be flexible, to be able to adapt to the situation and learn by doing (Deverell, 2010).

The internationally renowned CM author Jonathan Bernstein (2006) stresses the importance for organisations to learn from each other and avoid some of the most common mistakes committed by practitioners. Therefore, being reflective and even more so reflexive are the most advisable traits organisations can acquire when managing crises.

## 2.4 Theoretical summary

In this chapter we have presented previous research in media's role during the financial crisis, scrutinised existing theories of IM and CM and also explored our perspectives contingency theory and complexity absorption. Since media is a crucial factor in both IM and CM, a substantial part of our analysis will go to analyse how financial articles portray organisations, in which way framing contributes to conceptual understanding and how it can affect important factors like corporate image and legitimacy.

To sum up our stance, we believe that organisations who implement consistent issues and crisis management circumvent some of the most common consequences imposed by crises such as the financial crisis. It is however understandable if organisations have not been diligent when implementing these strategies, taking into account the complex and at times irregular nature of the recession.

However, since contemporary research does not to any greater extent take interest in issues and crisis management from a communicative point of view during the financial crisis, we encounter a scientific void which we are attempting to fill.

By understanding organisational structure through contingency theory, we are provided with vital information concerning the specific needs of an organisation and how they are connected to stakeholder needs. Complexity absorption has presumably indirectly been implemented by organisations to cope with issues arisen from the financial crisis, thus deviating from traditional CM. Analysing how theory applies to reality provides us with various responses to threats, thus shedding light on the applicability of previously mentioned strategies.



# 3 Methodology

---

This study aims at analysing different ways used by organisations to manage the financial crisis from a communications management perspective. Since media plays a vital part in stakeholder relations, close attention is paid to articles and the realities they convey. Therefore, we choose to use both textual discourse analysis and semi-structured qualitative interviews as our main means of procedure, because they complement each other and best answer our questions (Bruhn Jensen, 2002). We commence by discussing our method choice, selection process and specific strategies, followed by a critical discussion concerning problems that may arise. We conclude by discussing our metatheoretical standpoint and how we have analysed the empirical material.

## 3.1 Method discussion

Quantitative and qualitative methods have two distinctive premises: while quantitative methodology aims to explain the world through frequency and mathematical calculations, qualitative methodology seeks to explain the complexity of how we view the world. Both methods have though been used to explain a vast array of worldly phenomena, with varying results (Alvesson & Sköldbberg, 2008). Choosing scientific method rests ultimately on previous standpoints, the study's purpose and theoretical paradigm.

The main advantage of a quantitative method is its predisposition to offer general conclusions thus making it easy to predict the rise and development of certain phenomena. Alas, not all research is suitable for quantification since it leaves the analyst with many unanswered questions like *how come?* (Gunter, 2002). Then again qualitative method does not provide the researcher with the possibility to give well-grounded generalisations, but it does provide the researcher with a deeper understanding for the rise and development of phenomena in their respective environments (Denzin & Lincoln, 2005). Notwithstanding the qualitative research method can – if not accurately delimited – provide the researcher with a too large data sample (Bruhn Jensen, 2002).

Our study's prerequisites rule out a quantitative approach to analysing how the financial crisis was portrayed in financial media and handled by organisations. Therefore we have chosen qualitative methodology because it allows for a broader range of analysis and it also provides us with necessary tools when analysing variables.

Considering the degree of relevance for our study, the empirical data consists of news articles from online financial media and recorded telephone interviews with key

individuals<sup>11</sup> from each organisation. We assume that the data sample and interviewees are adequately chosen for our study and its purpose and goals, but cannot guarantee absolute objective and universal truth (Larsson, 2001). Our observations, analysis and interpretations of data will be integrated and presented accordingly (Backman, 2008).

### 3.2 Selection

Even though our initial goal was to include a larger sample, not all organisations are keen on sharing potential shortcomings in the midst of a crisis. After contemplating the purpose and goals of our study, KIA, Citroën and UBS decided to participate allowing us to interview company representatives. These three organisations fulfil the criterion of providing our study with a versatile outlook on media coverage during the crisis and different strategies to handle threats.

We interviewed KIA's General Manager for overseas international public relations communication team Mr. Michael Choo based in South Korea, Citroën's Swedish PR and communications manager Mrs. Lena Rönnelius Ericson based in Sweden<sup>12</sup> and an anonymous source at the Swiss investment bank UBS. To complement our interviews we also chose to incorporate a respondent.

The respondent, Mr. Robert L. Heath<sup>13</sup>, was included in our study due to the lack of contemporary research from a post-financial crisis point of view in the field of IM. Input from the respondent strictly contributed to discussions concerning possible future developments in issues and crisis management.<sup>14</sup>

The selection of organisations and appropriate data sample was done according to following criteria (Larsson, 2000):

*1. been noted by online financial media.*

Media coverage indicated at a first glance that the organisations had been using it as a strategic communications channel to reach out to stakeholders. It secondly implied that the chosen organisations assumed a certain form of market potency. Publicity through financial media was important, because more attention was paid to specific strategic choices and their respective pros and cons. It also allowed for maximum

---

<sup>11</sup> In addition, Robert L. Heath has been designated the role of respondent; a role that will be lucidly discussed in the following sections.

<sup>12</sup> A regional representative for Citroën was interviewed, because she provided a geographically closer example in order to contrast our global perspective.

<sup>13</sup> Professor emeritus at the School of Communication, University of Houston, Texas, and Academic Consultant at the College of Commerce, Faculty of Management and Marketing, University of Wollongong, Australia; author/editor of 12 books, 2 second editions and over 100 articles in major journals and leading editor books and a pioneer of strategic IM.

<sup>14</sup> For complete interview guide, see appendix.

variation sampling, where phenomena pertaining to the recession were sought after and analysed (Bruhn Jensen, 2002).

The time span for the textual sample was delimited to September of 2007, until April of 2011 because it was during this time that the crisis was in full vigour. The leading online financial news media Financial Times, The Wall Street Journal, E24<sup>15</sup> and Bloomberg were chosen for this study because studies showed that financial media had the ability to change stakeholder expectations especially during the financial crisis (Goidel et. al., 2010; Malhotra & Margalit, 2010).

Strictly news articles containing the sought after organisations were of interest and they also had to deal with stakeholder relations, but also fit into three predetermined categories consisting of (1) *recession*, (2) *legitimacy* and (3) *image*. The categories were designed to minimise the sample since the time span was so vast. They also provided structure when analysing the material. Articles were classified depending on coherence with the aforementioned categories and if they depicted the organisations in relation to the financial crisis (thus encompassing legitimacy and stakeholder relations).

### *2. been affected by the financial crisis.*

Most organisations of the world were affected by the financial crisis in one way or another. However, we considered it as secondary if the organisations had gained or lost something because of the crisis. We found it more interesting to analyse both successful as well as less successful subjects, because they could provide the study with different interpretations of the praxis of issues and crisis management. We were however constantly aware of the potential risk of not being able to collaborate with organisations deemed unsuccessful, due to them risking being shunned in their respective businesses. By emphasising the nonjudgmental character of this study we were able to persuade both successful and less successful organisations to participate nonetheless.

### *3. been or are strong participants in their respective businesses.*

We chose to focus on the motor vehicle and banking industries, because cross-category analysis guaranteed a wide ranging sample. The motor vehicle and banking industries were two severely damaged sectors during the financial crisis. It is also in these industries that the greatest fluctuations in strategic implementations of issues and crisis management were found. Of the analysed organisations in this study, KIA was by the media considered a small and somewhat insignificant Asian player in the global automobile industry, while Citroën represented the prestigious Western

---

<sup>15</sup> Despite being an online based Swedish source, E24 is one of the most important financial news sources in the country with frequent intertextual references to Financial Times.

automobile tradition. UBS conversely represented the archetypically greedy and self-absorbed player within the banking industry, accused of contributing to the fall of Lehman Brothers thus instigating the American banking crisis.

### 3.3 Discourse analysis

The primary method of discourse analysis allowed us to explore media's impact in the creation of meaning. It is quintessential to understand the importance of texts, because they often are the only firm public testaments of the relationship between organisations and their stakeholders. Put differently, texts are regarded as discursive practices which in their turn put into motion social practices and contribute to the creation of realities (Jørgensen & Phillips, 2002).

An organisation's understanding of their own situation does not necessarily translate through texts to their stakeholders thus risking to seriously impede lived reality, and consequently legitimacy. It can however work both ways; texts can also forge legitimacy if the mediated reality confirms the lived reality, therefore possibly strengthening stakeholder relations. Generally, media have the power through what they are saying and how it is linguistically presented to alter, control or even obliterate existing perceptions (Fowler et. al., 1979).

A discourse analysis using written media coverage<sup>16</sup> on organisations' actions during the crisis helped us analyse potential discrepancies between lived realities and mediated realities, therefore contributing to our first research question. The choice to exclusively study articles and not TV channels or social media, was done on the basis that (1) adequate material is easier to obtain and (2) studies show that financial newspapers have great influence on stakeholder actions, more so than other media (Goidel et. al., 2010).

CM studies have also shown that media relations are most often hard to nurture during crises, even though they are considered to be vital both in issues and crisis management (Bernstein, 2006). Studying media coverage provided the analysis with an in-depth look on media relations and the role they played in creating, sustaining and damaging legitimacy.

#### 3.3.1 Strategy – discourse analysis

In Fairclough's three-dimensional model for critical discourse analysis, the text is placed in the centre of the analysis.

---

<sup>16</sup> In this case online articles.

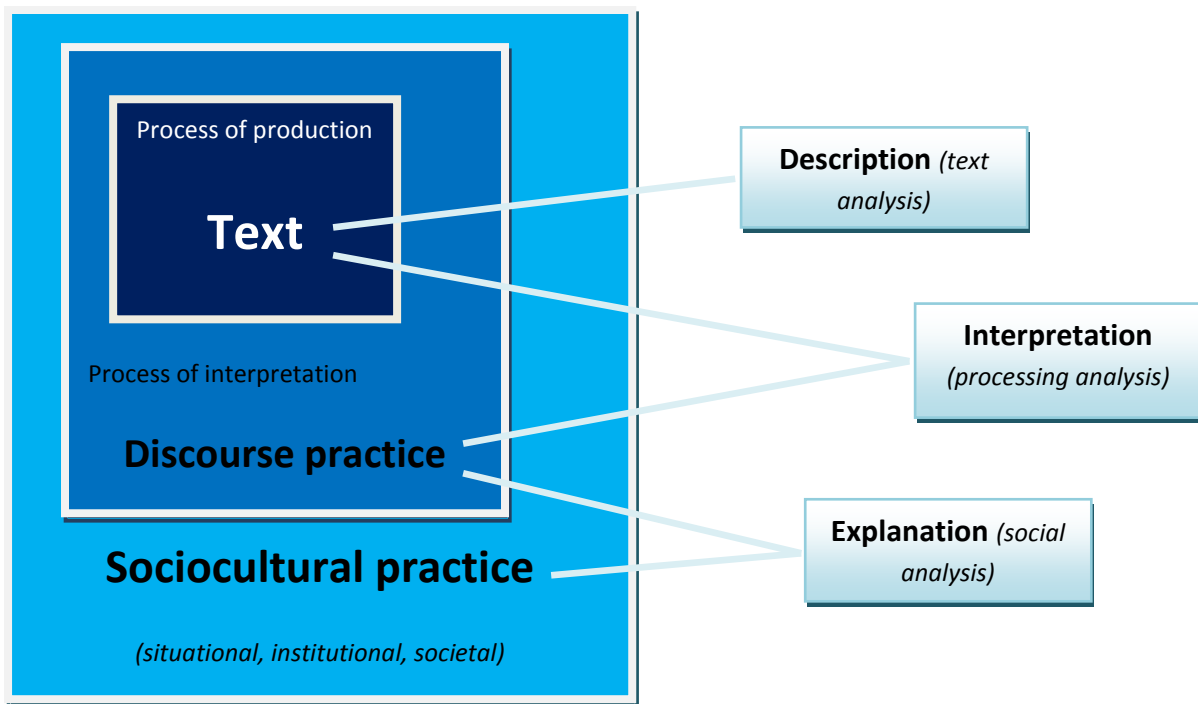


Figure 3.3.1 Dimensions of discourse analysis (Fairclough, 1992, p. 73).

Text is a linguistic production – something written and as such should be linguistically analysed. Around the text we find the discursive practice, which embodies the production and consumption of the text. The production and consumption of a text is strongly influenced by the textual structure, therefore an analysis at this level focuses on linguistic structures that stipulate the way the text will be understood (Fairclough, 1992). For instance as discussed beforehand, the importance of group-serving bias, goal framing and threshold sensitivity in shaping public opinions (Malhotra & Margalit, 2010; Chong & Druckman, 2007). Social practice surrounds the discursive practice and encompasses the way the text is communicatively animated – inherently the way the text transcends into social practice (Jørgensen & Phillips, 2002). This level is important because it is here that legitimacy becomes noticeable. An isolated text does not necessarily show signs of stakeholder relationships – it is only through social practice that discursive impact becomes recognisable. However, analysing social practice can be difficult due to its at times scattered representation in society.

Our textual discourse analysis was divided into three dimensions: (1) *textual*, (2) *discursive practice* and (3) *social practice* level.

The text was primarily analysed from a linguistic point of view. Areas of interest were: words used in describing the organisation's responses to the crisis (hence framing), commonly conveyed images and lastly the degree of inclusiveness mediated by the text. These areas of interest are found in Halliday's (1973, 1978) three aspects of the social use of language. Practically, the news articles were analysed

individually in order to highlight language use and its contribution to the creation of meaning. Further, the articles were compared to each other so that patterns and reoccurring discourses could be underscored. In our analysis we have found that it is important to differentiate between discourse as *structure* and as *evidence* (Gee et al., 1992). Since we did not aim to compare the structure of texts to other genres, discourse is understood as evidence in the study of a larger social process.

An analysis on the second discursive level shed light on the linguistic structure's influence on social practice. Taking the structure apart illustrated the power texts have on legitimacy and stakeholder relations. This was done by analysing in which environment the texts were produced and which questions they addressed (Fairclough, 1995).

Social practice was best noticed in stakeholder responses. By analysing these at times subtle reactions, we have been able to denote indistinct changes in stakeholder relations. These changes were observed as stakeholder reactions to the chosen organisations' management of the crisis. This could for instance acquire the form of a sudden drop in shares or official discontent in response to corporate actions. However, this level was most precarious because of a lack of large-scale surveys to depict reactions in social practices.

### **3.4 Qualitative interview**

The main purpose of interviewing representatives was to receive a firsthand account of their perspective on how the financial crisis was lived. It allowed for a hands-on understanding for existing theories of issues and crisis management and information from these interviews provided us with a basis for further analysis.

The qualitative interview form was chosen because it allowed us as interviewers to create meaning together with the interviewees (Ryen, 2004). Considering that variations were of interest and not the opportunity to make general assumptions, the qualitative interview provided us with the prospect of multiple interpretations (Kvale, 1997). However, a consequence of the qualitative interview form is the large sample which can make it hard to analyse and/or distinguish patterns. Nonetheless, we believed that a large substratum benefited the analysis by adding nuance to a rigid field of PR (Bruhn Jensen, 2002).

Unfortunately, because of the nature of this study meeting representatives proved to be complicated not only due to a lack of available time from the subjects of interest but also difficulties obtaining necessary funds to meet them face-to-face. As a result, the interviews were conducted by telephone or Skype and recorded for transcription.

Disadvantages of telephone interviews were mainly centred to the lack of visual prompts, difficulties analysing aspects like posture and gesticulation and troubles

creating meaning together with the interviewee by posing open-ended questions (Gunter, 2002). We were at times left with unanswered questions due to the interview type, which prohibited closer interaction. This situation was handled by from time to time deviating from the interview guide and pursuing questions which arose in light of the discussed topics. This method proved to be efficient, allowing us to centre the interviews around studied areas without forcing the interviewees to be confined to the interview structure.

### *3.4.1 Strategy – qualitative interview*

Qualitative interviews allowed us to obtain information that does not explicitly surface in any forum or context other than with employees within organisations. Results contributed with information to answer questions two<sup>17</sup> and three<sup>18</sup> while textual discourse analysis answered question one<sup>19</sup>. Acquiring information about issues and crisis management had to be handled with care, taking into account corporate policies, classified information and other sensitivities regarding concerned organisations. With qualitative interviews we were able bring forward organisational information through the informant's perceptions and experiences.

In our study we used both informants and respondents. Informants from the chosen organisations provided us with answers concerning specific areas of our study, whereas respondents elaborated on their areas of expertise from a post-crisis point of view (Ekström & Larsson, 2006). By doing so, we limited ourselves to only influencing the data with subjective nuances hence creating *guided* information, enabling us to obtain more versatile knowledge about lived realities.

Our interviews focused on specific parameters which we presented in the beginning of our study, but we could not however ignore that new and unexpected information would arise and be of interest (Ryen, 2004). This new information was taken into account and analysed accordingly. Another aspect taken into consideration was the ambiguity of the statements from the informant's life-world. This meant that we every so often had to engage ourselves in the interview sessions with factual knowledge about the concerned subject in order to direct the interviewees onto the correct path thus creating meaning together (Ekström & Larsson, 2006).

Results were not quantified by rationalising perceptions from the informant's life-world. Nevertheless, we could not point towards directions that organisations tended to take therefore we avoided making loose generalisations (Wibeck, 2000).

We combined semi-structured interviews with structured questions that helped us generate concrete questions, without locking the interviewee to certain answers. Instead a hint was given for directional purposes. This gave the interviewees the

---

<sup>17</sup> *How have organisations practically implemented issues and crisis management to cope with the financial crisis?*

<sup>18</sup> *What prospects are there for issues and crisis management from a post-crisis point of view?*

<sup>19</sup> *How has media contributed to corporate legitimacy and image?*

possibility to openly provide us with answers from their own point of view (Ekström & Larsson, 2006).

Our themes and questions were structured in a logical order of priority (Rubin & Rubin, 2005). The reason for this was our respect for the limited available. We also believed that logical order gave us less room for deviation from the original research assignment. As mentioned before, we provided the interviewee with the opportunity to elaborate in a conversational manner in order to enhance the depth of the answers and the line of thought. In this way, we tried to create a more relaxed environment (Ekström & Larsson, 2006).

### 3.5 Method critique

When it comes to the reoccurring issue of objectivity, it is evident that we as researchers belong to a socially constructed world, where we participate in a bigger group that shares a specific social position. Consequently, questions of interest are: what position are we acquiring, what can we expect to see from that position and what does it overlook (Alvesson & Deetz, 2007)?

As researchers, we tacitly evince an academic authority which can be interpreted as threatening if it becomes a main theme in the interviewer-interviewee relationship. Taking into consideration that we do belong to academia, our specific roles might raise expectations therefore possibly altering the end result (Widerberg, 2002). The role of the researcher cannot practically be erased, nor does it have to be. It can however be included in the interpretational process. In reflexive methodology the researcher is required to actively and critically analyse his/her own interpretations in order to establish a certain distance to the studied field without losing focus on the subject at hand (Alvesson & Sköldbberg, 2008).

In order to acquire a somewhat reflexive stance when analysing articles, the analysed data was subjected to the same requirements as the qualitative interviews. Studying media coverage of organisations can be superficial due to several reasons, for instance the sources having conflicting interests and inadequate knowledge about the studied events. In our analysis, the studied articles represented discourse testimonials strictly tied down to a specific time and place. Inadequate knowledge was not an issue, due to the delimitation of only studying financial online newspapers. We could not however determine if the chosen newspapers had any conflicting motives, but that was neither a requirement nor the purpose of our textual discourse analysis.

A second aspect worth considering is the twist of the story and what political associations the media may or may not have. Depending on that postulation, the text can have diverging political interests therefore potentially having the power to alter results as was proven by Malhotra and Margalit's (2010) study. Since our study does not take interest in the political discourse, these concerns remained mainly



unattended to in the actual empirical analysis. By choosing financial newspapers from different countries and socio-political atmospheres we meant to elude these concerns, hopefully enabling us to contrast articles to each other in order to obtain a more versatile understanding for different discourses.

Taking into consideration the structure of this study, texts were proven to be difficult to analyse on a social level without practically conducting large-scale surveys or interviews (Bruhn Jensen, 2002). Therefore, the social level analysis was based on a presumptive basis which not necessarily depicted actual attitudes. Premises for these conclusions were deduced from stakeholder reactions to organisational management, and what these reactions implied to overall interpretations of the texts. We were however cautious to indicate that, stakeholder reactions were not necessarily results of the texts but social practice which discourses could have influenced.

When it comes to qualitative interviews, the risk of not designating appropriate questions posed the greatest threat. Complications arise when informants feel that they must break or deviate from organisational standards and norms to protect corporate interests. These issues could inevitably affect the analysis due to the fact that correct information might be excluded thus negatively altering results and making conclusions unreliable. To circumvent these potential problems, we were precise to provide interviewees with the option to be anonymous (Ekström & Larsson, 2006).

Besides organisational norms and standards, requested information could also be sensitive for the informants to provide due to multiple factors of which competence is the most evident. Information obtained from interviewees with inferior knowledge of the field could result in data that does not fulfil our required level of depth. Therefore, all our interviewees belonged either to senior-level positions in communications departments or were involved with media relations.

In the world of business the existence of corporate norms can act as obstacles during the collection of data. But as we reflected upon ourselves and our roles as researchers, the interviews were controlled by us even though informants were given generous space for initiatives and to ask questions (Ryen, 2004). One of the main difficulties we envisaged was the risk of crossing over the fine line of navigation and eventually ending up affecting the information exchange. For example, the interview guide could have been constructed in an incorrect manner so that personal assumptions were incorporated making results self-fulfilling (Ekström & Larsson, 2006). By strictly focusing on the subject at hand, not posing overly detailed questions and most importantly reflecting over our own roles as researchers, we managed to conduct informative interviews which illustrated how organisations experienced the financial crisis.

### 3.6 Metatheoretical perspective for analysis

The alethic hermeneutical perspective implies that there is a truth to be unravelled and reconstructed. It consequently dissolves the polarity between subject and object into a more fundamental structure with the main objective of revealing absconded realities and how they have developed (Alvesson & Sköldberg, 2008). Unlike supporters of the objectifying tradition within hermeneutics which differentiates an author's intent with a text and its actual significance, Richard E. Palmer (1969) of the alethic tradition wards off any distinction between *meaning* and *significance*. This means that reality is a continuous circle build on understanding and prior understanding. The notion of distinguishing meaning from significance is in this respect considered to be an illusion.

This notion within alethic hermeneutics contradicts the positivistic approach to communication which adheres to it as being a strict transmission tool used to achieve organisational goals (Eriksson, 1998). Conversely, Putnam (1983) and Carey (1988) of the social constructivist tradition expressed that communication cannot be considered a linear transmission process; instead it should be considered as an active and critical process of interpretation.

The hermeneutical tradition implies that the interpreter must first be aware of his/her preconceptions. By taking a step back and evaluating these preconceptions, can a deeper understanding be obtained which in turn reveals interpretation patterns. Interpretation patterns are important, because they often control the way we interpret new things. The interpreted *text* is to be seen as a contextual testimonial, understood through its interrelations to other texts and/or events. To be able to analyse these texts, the hermeneutic perspective acquires a dialogic approach to the studied object, where the interpreter *interacts* with texts posing questions and problematising their claim for validity. The interpreter should constantly be aware of partial interpretations that contribute to the entire understanding of a specific text (Alvesson & Sköldberg, 2008).

In our study we related images conveyed by articles with their implications on stakeholder relations and also how they possibly affected organisations' legitimacy. However, meaning conveyed through articles did not necessarily provide us with the factor of intent from the behalf of the managing board nor did it express a general view of the matter. Therefore, complementing textual discourse analysis, qualitative interviews analyse intent from a corporate managerial point of view.

A hermeneutic approach to understanding the world is for that reason relative and dependent on *who* is interpreting. Creating meaning and interpreting the world is to be considered as a continuous having neither beginning nor end. Besides meaning that we constantly revise what we believe to be true, this perspective also implies that we as researchers are strongly linked to our own subjectivity when we

analyse the material for this study. Therefore, we cannot generate objective or eternal truths, but merely provide one of many interpretations. Information gathered from our study should not be considered trivial just because it cannot pass off as an objective truth; it depicts one of the many truths about the financial crisis, interpreted and reinterpreted by the premises outlined in this study.

## 4 Analysis and results

---

After conducting an extensive study on media coverage during the financial crisis, we have been able to depict several results in correlation to theories of issues and crisis management. Findings from the textual discourse analysis will be followed by an analysis of interview statements in order to analyse the factor of intent from an organisational perspective.

### 4.1 Discourse analysis

Media coverage is an important ingredient in issues and crisis management. The chosen sources<sup>20</sup> all belong to the business/financial media sector of Britain, USA and Sweden. Even though they are based in different countries across the globe, few geographic and socio-political discrepancies were detected. One of the main reasons for the relatively consistent level of mediation may be the quite liberal level of intertextuality.

The total data sample consisted of 55 articles and notices divided into three categories according to different discourses they produced – recession, legitimacy and image. These discourses are presented accordingly.

#### 4.1.1 Discourse of recession

Firstly, the transition from referring to what was then known as a *financial crisis*<sup>21</sup> to a *recession*, was progressive but came relatively early in the timeline. It was first when the US government started talking in terms of government loans for destitute banks that the media started labelling the crisis as a recession (Hirsto, 2011). The term in itself designates regressing to a previous – more inferior – state, thus indicating a substandard period for private as well as public economy. Framing the discourse in terms of a recession quickly led the reader to recall previous economic crises and their implications for regular households, hence establishing a basis for subjective connotations which may have influenced the sociocultural practice of the recession discourse (Chong & Druckman, 2007).

After analysing articles, we acknowledged an initial mediated state of panic followed by an oblique demand from the media to react to urgent situations. Yet little was commented about how affirmative action should be. Linguistically, affirmative action was described in terms of “cut[s]”, leading the reader to envisage organisations in the process of eradicating superfluous assets in order to gain – or “win” – something in what seemed to be a contest of survival. Since the online

---

<sup>20</sup> Financial Times, Wall Street Journal, Bloomberg and E24.

<sup>21</sup> Albeit *credit crunch* predominated in British media.

newspapers' clientele reasonably require(d) hard facts, charts and numbers little space was left for a more substantial analysis concerning *what* affirmative action really entailed and what consequences it produced. Here below follow some illustrative examples from the analysed sources:

- [...]adjusting its production in its plants in China and Slovakia to cope with cooling demand, [...]start production at its new US plant in Georgia in November 2009 as scheduled. (FT 1)
- Korean brands like Hyundai and KIA have already been the major winners from the recent government incentive schemes around Europe to encourage consumers to buy new cars. (WSJ 3)
- In the case of Peugeot-Citroën the proportion is somewhat better with one out of every two cars made abroad. (FT 9)
- This came less than a week after PSA Peugeot Citroën and Mitsubishi Motors said they were discussing deeper partnership. (FT 11)
- However, the bank would take action to cut the total to about SFr300bn. (FT 16)
- Swiss UBS plans to reduce its personnel with 5 500 people, or almost 7 percent, due to the credit crunch<sup>22</sup>. (E24, 12)

Above quotes show some of the affirmative action taken by KIA, Citroën and UBS in light of the recession. Although somewhat scattered, the mentioned reactions remained unquestioned when it came to relevance and effect. Did “adjusting” production, encouraging “incentive schemes”, keeping production national, instigating “deeper partnership”, cutting an organisation’s total and finally reducing personnel constitute as appropriate means of action?

It is hard to denote, particularly considering that little analysis about pros and cons of such strategies was given. Also the approach to corporate actions excluded any proactive point of view which is essential in IM; instead reality appeared to be a game of chess where the recession took a move and awaited countermoves. This slightly one-dimensional mediation – with particular focus on reactions – expurgated the recession discourse from causal interrelations which could have benefited both public as well as corporate understanding for the crisis situation.

Still, stakeholders are led to believe by the articles that these organisational reactions are somewhat natural and feasible. Due to the lack of direct criticism or alternative modes of procedure, the reader was left with little alternatives but to accept the mediated reality (Fairclough, 1992). Taking into account the theory of equilibrium, the mediated reactions deprive the market of any ambiguity be it political or social, thus accepting neoclassical economic theory and neoliberal

---

<sup>22</sup> Free translation.

ideology where the market tends to itself. Reactions from organisations only contribute by giving balance to the scales of the economy.

We found that in the recession discourse, the recession in itself appeared to be an omnipotent entity which organisations were forced to relate to, without having any self-imposed effects on its development. The financialisation of society has made the market<sup>23</sup> a separate untainted dimension. As a result, constant focus on organisational reactions is reasonable but fails to follow up underlying strategic choices taken by organisations. Had the market been considered a product of human interactions, then there would be a far greater focus on causal interrelations and their effects on our understanding of reality.

Little is yet known about shareholder and stakeholder responses. On a sociocultural practice level, possibly a fall in stock value, devaluation of company assets or speculations about mergers indicated the ambiguous power of the people in relation to the recession.

#### *4.1.2 Discourse of legitimacy*

Taking into account that legitimacy is a very complicated thing to maintain, only very little is required to completely demolish and/or alter what has taken years to build. Previous studies (Malhotra & Margalit, 2010) showed that public opinion about the financial crisis was formed during a considerably short time span due to record overexposure in media.

In our study we have been able to conclude that designating blame took place as early as in the first few months of the financial crisis, setting the stage for future media coverage determined in finding scapegoats. The blame game was in many cases a subtle but reoccurring factor, thus eventually contributing to organisations' overall legitimacy claim to their stakeholders. As mentioned, little is explicitly written about shareholder and stakeholder reactions to affirmative action. Legitimacy is therefore noticed between the lines, where the manifestations of issues and crisis management are occasionally criticised.

In the case of KIA, legitimacy was first noticeable when the organisation's plans to endure the crisis without altering predetermined plans were discussed. We believe that consistency in the eyes of shareholders and stakeholders can be a positive trait in the sense that keeping promises exhibits a type of potency which soothes anguish.

In the Financial Times article "Hyundai cuts overseas production" (FT 1), KIA was as an affiliate to Hyundai Motor, more inclined in keeping its plans despite a deepened crisis and a growing fear of economic losses. This emphasis on KIA as a small player alongside the larger Hyundai reopened the discussion of size and its importance in competitive businesses. As a discourse, size became a qualifier

---

<sup>23</sup> Of which the recession is considered an extreme consequence.

conceptually mediating to the public to be cautious when considering different players and their likelihood to succeed. This universal discourse ultimately had the power to change KIA's claim for legitimacy. For instance despite being a smaller player in the Asian market, KIA's strategic choices to keep its plans proved that size inevitably does not matter when dealing with deepening economic crises. On the contrary, being a so called *underdog* and still managing to overcome the first threats imposed by the financial crisis may have boosted KIA's overall image and even strengthened legitimacy to its stakeholders.

The consistency aspect was however questioned in articles such as "Asian shares down on signs of deepening recession" (FT2) and "US autos are holding value better" (FT 8). In the first article, KIA was alongside several other car manufacturers experiencing production cuts making their stocks plummet. Production cuts mediated the image of a struggling organisation desperately trying to keep its head above water. In addition to production cuts, KIA was being sued by the American car rental company Hertz over an agreement about repurchasing manufactured cars. Legal trials severely question an organisation's actions imposing fault as a factor of legitimacy. We have seen the impact of fault on legitimacy several times before, most notably in the case of Coca-Cola in Belgium<sup>24</sup> where the organisation committed several *faux pas* consequently severely damaging credibility and therefore legitimacy for years to come.

We found that in comparison to initial media coverage where KIA was celebrated for their goal perseverance, focus on legal trials instigated scepticism questioning the organisation's potency.

The lawsuit does not however resurface in the remaining article sample therefore making it hard to evaluate to what extent it has influenced the organisation's reputation. However, by invoking doubt the article managed to counterweigh what was until then overwhelmingly positive exposure. In the second abovementioned article, two of KIA's car models<sup>25</sup> were ranked lowest in residual value. In a period of recession when people were faced with foreclosures and forced to sell their personal belongings to pay off loans and other debts, residual value became a very important issue not directly dealt with by KIA. Receiving a bad ranking in residual value can cause temporary distress amongst shareholders and stakeholders. An indicator of a possible legitimacy gap was deduced from articles depicting a decline in sales in formerly profitable markets a short time after the article was published (Chong & Druckman, 2007). We cannot however rule out that the recession itself contributed to cooling off the market. The article remained an isolated

---

<sup>24</sup> See Johnsons & Peppas, 2003.

<sup>25</sup> KIA Rondo and KIA Sedono.

testament with very little apparent effect on KIA's overall legitimacy to its stakeholders.

Articles in the following months reapplied a generally positive outlook on KIA, focusing on possibilities to acquire new market shares in troubled car market with their fuel efficient car models (WSJ 3). Providing products which met customer demands conveyed a feeling of security and reliability, thus restoring a certain degree of legitimacy consistent with the organisation's own issues of corporate responsibility. Taking into consideration that competing carmakers with more fuel consuming car models were refused by customers, KIA appeared to be an appropriate choice when buying a new car. This cause and effect relationship was confirmed when KIA managed to achieve record gains followed by a temporary "breather", which conveyed the notion of KIA meeting consumer demands and being able to take a well-earned break (FT 7). KIA's strategy to specialise in environmentally friendly vehicles confirmed the environment as an issue of corporate and public concern; an issue which the organisation nurtured during a longer period of time, but with renewed actuality for the entire business. From a discursive and sociocultural practice point of view, articles that dealt with aspects pertaining to the environment in this stage of the financial crisis incited a new type of discourse where organisations that ignored this issue were repeatedly ostracised by the media and general public.

In the case of Citroën, legitimacy was more equivocal and the general image conveyed by the sampled data was bleaker than that of KIA. Citroën was early on described as one of the "two largest carmakers" in Europe, with a record drop in quarterly revenues thus confirming the global economic downturn (FT 8).

Depicting the organisation – despite its size – as going through a turbulent period obliterates the almost mythological belief that size inoculates from threats. In comparison to KIA which was perceived as a surprisingly successful underdog, Citroën was depicted as a fallen champion. We found that the way that the crisis hit Citroën (and other carmakers for that matter) shattered notions of stability, resulting in an evident legitimacy gap which was confirmed in articles that followed.

In the article "Carmakers plan for slow year as incentives end" (FT 10) the entire European automotive market was depicted as being very reliant of government incentives for survival. Citroën warned that the impact of eliminating scrappage incentives seriously threatened to jeopardise their future survival. The communicated issue of dependency undermined the potency of one of Europe's leading car manufacturers. Receiving €6 billion in bail-out loans instead of rationalising or merging with other car manufacturers reconfirmed the urgency felt by the organisation (FT 11). Organisational dependency on government aid also questioned the very basis of market equilibrium, defying how people and organisations interact with the market (Morante, 2010; Hirsto, 2011).



In relation to legitimacy, Citroën appeared to be fumbling in the dark relying on external factors to pull through and not really knowing what to do to revoke a downward spiralling development. A major part of the sample rarely took into account shareholder and stakeholder reactions to Citroën's actions. It was not until the early months of 2011 that newspapers started mediating a positive development concerning Citroën where the organisation managed to "come into the black" and "swing back to profit" (WSJ 5, 6). Some legitimacy was nonetheless carefully reacquired due to certain economic recovery. How downsizing, the effects of bail-out loans from a prolonged perspective and the failure to merge with Renault influenced legitimacy is however unknown.

Citroën was mediated as being a rigid and reluctant player in the automotive industry; an industry which experienced massive setbacks and was in need of innovation. While KIA provided stakeholders with innovative products and chose to maintain plans, Citroën failed to do the same. The media used Citroën as a counterweight, exemplifying the risks of not adapting.

The representation of KIA and Citroën in the sampled data was mostly focused on the organisations' management of the financial crisis and the effects it had on their respective businesses. Analysing UBS, the data had in most cases focused on scandals and their effects on organisational potency. A quite thorough account on ex-UBS managers "escaping sanctions" imposed a feeling of dishonesty from the organisation's managing board, ultimately seriously damaging UBS' legitimacy. Speculations also flourished concerning UBS' implications in the symbolic Lehman Brothers scandal (FT 15). Descriptions similar in nature, reoccurred in other articles where one was led to believe that internal misconduct had influenced the organisation's corporate value, thus putting UBS in an unparalleled situation. While articles on KIA and Citroën mostly focused on external factors, a large proportion of articles centred on UBS focused on internal factors and their effects on the organisation as a whole.

Focus on internal matters instead of providing readers with a general corporate view, penetrated the entire legitimacy discourse for UBS:

- Internal investigations conducted by UBS haven't shown signs of illegal actions done by employees, claims the bank giant which however has found cases where "certain individuals" have shown a lack of judgment. The bank is currently contemplating which type of affirmative action should be taken to handle these individuals (E24, 3).<sup>26</sup>

The framing of the cited quote denotes that a handful of people were to blame for the crisis facing the organisation. Other articles even named perpetrators alleged to have passed on inside information to a third party, which is an acknowledged infringement (FT 19). The theme reoccurred in several discourses of the time not

---

<sup>26</sup> Free translation.

necessarily connected to UBS, placing blame on individuals who got carried away and thought too highly of their own ability to make money (Morante 2010).

If we consider that an organisation's employees also constitute as stakeholders, conducting investigations that point to a handful of them applies the issue of fault to the very heart of the organisation. Reactions to this situation could have been of two types: (1) stakeholders chose to alienate indicated individuals, thus playing the blame game and consequently commemorating the organisations efforts to rid the company of perpetrators, or (2) internal stakeholders perceived themselves as being blamed for something that the organisation as a whole should have been aware of, and most importantly, should have solved. The second reaction type posed the greatest threat to corporate legitimacy, because it put the internal organisational culture at risk.

If we look retrospectively, the organisation itself failed to address issues regarding internal misconduct and its effects on stakeholder relations. The entire issue lacked transparency and this may have caused internal as well as external tensions. The discourse that followed UBS' legal controversies refocused yet again on affirmative action and not on the situation which needed most attention which was the organisational culture. These articles conveyed the notion of employees as being dispensable and therefore tacitly accusable for the situation, therefore addressing issues of great internal importance light-heartedly (E24, 1, 2, 15).

In relation to the legitimacy discourse, corporate legitimacy is implied to have gone astray in the case of UBS due to a lack of transparency which has prevented stakeholders from having a closer relationship to the organisation. Consequently, the articles had to mediate attainable information from whoever wanted to talk<sup>27</sup> and this might have created a scattered discourse about corporate responsibility. At the same time, UBS' restrictive conduct does not deviate extensively from traditional CM practice therefore we cannot conclude if the organisation dealt with the situation inadequately.

### *4.1.3 Discourse of image*

When it came to image, we found that every written article during the financial crisis about the organisations had the aptitude to alter the way stakeholders perceived them through framing. Generally speaking, the financial crisis and the subsequent severe recession had hardly been beneficial for any organisation, institution or government. However, framing had in some cases managed to transmit a positive meaning thus ameliorating image.

This result was made quite clear in the case of KIA; though suffering from the financial crisis in a way quite similar to any of its fellow colleagues in the automotive industry, KIA managed to emerge a "winner" – if such a notion exists when talking

---

<sup>27</sup> An issue which we return to in the interview section of our analysis.

about economic downturns. In comparison to other global car makers KIA was and still is not as prominent as Mercedes, Ford or Volkswagen but what the organisation lacked in exclusivity, it made up in credibility. While rival car manufacturers failed to provide the market with what was demanded, KIA alongside other Korean car brands met demands (FT 9). Even though residual value proved to be low, people still continued to buy KIA's cars and stocks, thus contributing to the organisation's rather rapid recovery.

KIA's image can therefore be suspected to have changed for the better, underlining traits like reliability and perceptiveness. Whether or not the image remains consistent is hard to say. The same positive image development cannot however be said about KIA's fellow colleague Citroën, who came off as conservative and unwilling to make compromises (FT 10, 11). Being considerably larger than KIA and enjoying a rather distinct market position in Europe, Citroën stood to lose more to the financial crisis than solely revenue. Failing to adapt to the market situation and relying on various government incentives seriously threatened the organisation's image. Citroën was to some extent perceived as rather robust and unmalleable, communicating the image of an organisation that had lost its modernity and competitive edge. However, we believe in a business where change can be in excess and trends come and go, stability can convey a sense of security. Citroën's resolve during the financial crisis could also just as well have had an opposite effect on corporate image, cementing the organisation's position as one of Europe's most potent car manufacturers.

UBS' image was – unlike KIA's and Citroën's – subjected to bashing of various forms. A habitual overemphasis on misconduct attributed to the leading board and various employees, deemed the organisation irresponsible and unaware of its business. From being one of the world's leading investment banks with a seemingly constant inflow of revenue, UBS became an epitome of what was and still is wrong with the market (Morante, 2010). UBS' image is therefore suspected to have been altered dramatically in light of media coverage, especially considering the legal trials against the organisation.

In one of the articles named "The Lilliputians finally got to smile" (E24, 21), UBS rather unflatteringly represented its country of origin Switzerland, being the only Swiss organisation mentioned in the article. Switzerland as a competitive market had according to the article, improved its competitiveness despite the financial crisis. However, the article concluded that:

- Switzerland has not improved its competitiveness, but has taken advantage of other countries' weakened competitiveness due to the crisis.<sup>28</sup>

---

<sup>28</sup> Free translation.

Taking into consideration that UBS was the only organisation mentioned in the article, one connoted that the same logic could be applied to UBS. In other words, UBS was the representative of a “Lilliputian” state, which had not improved its competitiveness but managed to take advantage of other organisations’ declining competitiveness. The word itself – “Lilliputian” – can have negative connotations inducing the reader to recall the battle between the people of Lilliput and Blefuscu in Jonathan Swift’s *Gulliver’s Travels*. UBS became one of Lilliput’s citizens fighting a trivial battle against its neighbours, which in this case could just as well have been institutions investigating classified clientele lists (FT 16).

Our analysis shows that UBS’ corporate image was therefore quite scattered, depending on medium and time period. More recent articles focused on the organisation’s attempts to recover from scandals and the recession, carefully refocusing on UBS’ potential to regain its reputation. But the degree of damage on corporate image and the prolonged consequences of such damage are only speculated to have been high.

#### *4.1.4 Discourse conclusions*

In summary, the textual discourse analysis explored media’s power in periods of socioeconomic turbulence and acknowledged some traits as having influence on stakeholder perceptions. Media was found in this study as being the main public channel through which organisations could communicate to their external stakeholders. Even though the rise of social media has greatly altered the flow of information, financial media remained the main information source during the crisis. Thriving on transparency, media has however not always been able to operate sufficiently due to organisation’s habitual lack of media contact routines. This manifested itself through a lack of named sources in articles, random reactions to specific threats with little consequence analysis and surprisingly rare press meetings. Consequently, the organisations were at times perceived as not being in control of their own image and stakeholders, thus indicating potential problems with corporate CM strategies.

Discourse of recession introduced readers to a turbulent period where the very basis of the market was subjected to scrutiny (Evanoff, Hartmann & Kaufman, 2009). In this discourse, organisations were used as motivators for the situation of the time. Organisations became in a sense entities which substituted individuals and their effects on the global economy. The articles failed however to provide us with a more persona orientated discourse where the recession was judged from a micro-level (Morante, 2010). Strictly adhering to macro-level mediation placed even more pressure on organisations, institutions and governments than was required. As a result, the public was led to believe that these players were the sole instigators of the recession thus making a complicated phenomenon appear less complicated.

Excluding aspects of contingency and causality deprived the discourse of recession the depth it so desperately needed to elucidate the structures of the global economy, exploring ways in which it had developed (Gilpin & Murphy, 2006).

The discourse of legitimacy can be considered a consequence of fault which initially started being attributed to various organisations during the recession discourse. By playing the blame game (Malhotra & Margalit, 2010) and framing discourse (Chong & Druckman, 2007), the articles painted a quite distinct portrait of stakeholder legitimacy where some organisations maintained legitimacy, while others were believed to have lost it. The discourse of legitimacy was hardest to uncover and analyse because it was not explicitly proclaimed in any of the analysed articles. Since the study did not encompass an actual survey study with the public, derived conclusions are hypothetical and based on interpretations.

By reflectively contemplating our own interpretations we managed to deduce legitimacy by analysing what was said between the lines – since communication is rarely linear – through at times sporadic testaments of public reactions (Putnam, 1983; Carey 1988). An analysis of the discourse of legitimacy proved that the term itself is quite ambiguous and in need of further study, where interest should lie in its creation and effects on stakeholder relations. For issues and crisis management, a deeper understanding for legitimacy is paramount in order to build strong relations to stakeholders that survive prolonged periods of distress. Legitimacy – if it is to be understood as the state of being considered valid or righteous – was constantly changing, oscillating from one side to the other making it at times hard to pin down.

The final discourse of image was the most evident in the sense that the media constantly focused on organisations and their attributes. A reoccurring topic was that of *winners* versus *losers*. Attributing markers of this sort seriously alters perceived images of organisations, for better and for worse. In this study, KIA was mediated as an obvious winner in comparison to Citroën which was portrayed as a rather unfit player. UBS embodied the loser in this game, facing multiple crises and not handling them adequately.

The constant dismantlement in media of marketing logics, testify for the validity of financialisation theory where the market becomes a natural area of our reality with the goal of personal gain (Hirsto, 2011). The textual discourse analysis showed that even though media coverage was at times perceived as random and inconsequential, presumably still subconsciously simplified complex interrelations so that they would be understood in terms of games and competitions. In relation to issues and crisis management, media coverage will hardly do any organisation justice taking into account the lack of space, interest and knowledge for the complex manifestations of crises and their implications for individual organisations. Organisations should however strive to be heard in the media and to some extent

control what is said on behalf of the organisation, because absent media coverage is just as bad as overexposure (Cornelissen, 2008).

## 4.2 Interview analysis

The conducted interviews experienced no interruptions, nor did the interviewees get distracted or interrupted. The interview questions inquired how the organisations perceived the financial crisis, how they worked communicatively with threats imposed by the crisis, what they learned from it and so forth<sup>29</sup>. Our respondent received general questions about the future development of the field in light of the financial crisis.

The interviews were semi-structured which gave stability as well as flexibility. During the interviews some questions were excluded due to missing substance in previous questions. The data collected from the qualitative interviews gave a sufficient amount of information to conduct an analysis therefore answering our second research question concerning the practical implementations of issues and crisis management during the financial crisis.

A result of this analysis was the diverse strategies of handling the crisis presented by the three organisations. Some decisions were forced upon the organisations due to external forces and some were more handcrafted to better cope with external as well as internal pressure.

Our first general observation was the interviewees' unfamiliarity with the IM field. During the interviews, the benefits of IM did nevertheless develop and became somewhat obvious for representatives. By this, we do not mean that IM strategies were absent; on the contrary issues of organisational interest occurred less systematically.

The interviewees were more familiar with CM and did couple comments and reflections to the function during the financial crisis. A common denominator indicated that all three representatives marked the financial crisis as striking hard and promptly. There was neither much space nor time for management or the communications departments to anticipate or develop strategies that proactively could have been applied.

### 4.2.1 KIA Motors

Prior to the financial crisis, KIA was a minor player on the global car market and mostly popular on the local South Korean and Asian markets (Choo, personal communication, 18 April, 2011). KIA – as well as other car manufacturers – was surprised by the economic downfall and the quick response from private sectors declining demands. However, the financial crisis had beneficial effects on KIA in

---

<sup>29</sup> For an interview guide see appendix.

contrast to many other manufacturers. Mr. Choo said that the economical situation was perceived as a “blessing” and a great possibility to grow in markets such as Europe, North America etc. The reason for KIA’s state of mind can be attributed to several factors that created opportunities.

[We] viewed it as an opportunity for us, [...] we had a bunch of factors come together to what we like to call a perfect storm, even if we were in the middle of the economic crisis. (Choo, personal communication, 18 April, 2011)

During 2008 KIA was in the process of redesigning their car models to introduce a new line of products and reducing their power trains. This meant that KIA’s new selection was smaller, cheaper and more fuel efficient. Other car manufacturers foreseeing the economic downfall chose to prepare by downsizing and partially postponing new products (Choo, personal communication, 18 April, 2011).

[If] you look at other automakers, a lot of them choose to cut back or postpone their new model development or new model launching strategies in order to cope with their financial bottom line. (Choo, personal communication, 18 April, 2011)

Instead of changing business strategy, the organisation bet it all to partake in the game. This was merely a management decision and the communications department did not influence the decision instead adapted to it.

[This] is one of the most aggressive new product introduction strategies in the global automotive industry, so it was a management decision to not cut back and keep our foot on the pedal so to speak. (Choo, personal communication, 18 April, 2011)

Markets regardless of location or preference are often engaged in consumer behaviour that is calculative and concerned primarily with self-interests (Varey, 2002). This meant that KIA was considered by western markets as something resembling an automotive anti-dote; KIA became a response to more costly alternatives.

KIA’s communication did not change much either, as in the case of Citroën. KIA followed a similar communication pattern as prior to the financial crisis, which was inspired by their central core brand. KIA chose instead to develop communicative strategies when issues unfolded. But communicatively they enhanced their presence through media relations and sponsorship which aligned with their brand essence (Choo, personal communication, 18 April, 2011).

Effective marketing communication as a way of handling the crisis could have been the reason why KIA never really changed much in the way they communicated. Communication must have some certain characteristics to function, such as consistency (no inconsistent objectives), consonance (adaptive responses to trading and wider social environment), advantage (competitive advantage) and feasibility (not creating unsolvable problems or overtax available resources) (Varey, 2002). These

factors could have played an important role during 2009 when KIA breached into the western markets as a dedicated automotive car manufacturer.

After reviewing articles and the interview with Mr. Choo, it is fair to say that media has played a part in the organisation's publicity thus contributing to progress in new markets. KIA was somewhat modestly criticised in the media which played to their advantage. A central target audience for the communications department was foreign journalists in order to forge interest.

Look at what we done right [...] and luck, plays a big role in it as well, especially if you look at the timing that everything came together for us. (Choo, personal communication, 18 April, 2011)

Demand for cheaper, fuel efficient cars increased and attributes that KIA possessed became attractive in markets where KIA – prior to the financial crisis – was inferior. In contrast to Citroën, KIA used their communication efforts to get a lot of publicity and avoid ending up in the media periphery. This did influence KIA's economical outcome, looking at stock prices/shares from the beginning of the financial crisis and its value today, presenting a tenfold increase (Choo, personal communication, 18 April, 2011).

Apart from external development success in breaking new ground, KIA had a corporate cultural shift. Important to mention is that the shift was not a reaction to the crisis, but something that was prior to the economic downfall. This meant that employees were a part of the change. The organisation saw its employees as important parts of the transformation and emphasised the value of their presence during this phase. This meant that workers influenced procedures and manufacturing design to satisfy their own needs as well.

[Internally] we've been having a corporate culture shift, emphasizing that employees, individual teams, individual working groups have a role in designing the company. (Choo, personal communication, 18 April, 2011)

The communications department of the time faced stakeholder challenges at two fronts. Naturally, this did not just happen for the satisfaction of employee welfare, but also for the managerial desire to engage employees with organisational efficiency (Cornelissen, 2008).

Even if Mr. Choo did not recognise the term "issues management", there have been indicators after the interview that an analysis and identification system (incorporated in KIA's business strategy) was implemented. Although KIA engaged in a fortunate strategic manoeuvre and expanded into new markets, one must not forget that the organisation's prosperity can be attributed to a mix of luck and good timing (Choo, personal communication, 18 April, 2011).



After the interview, the strategy implemented by KIA seemed simple and sufficient. However, doing so in a very turbulent and complex environment can put an organisation like KIA in a precarious situation. Complexity induces a sensation of ambiguity due to a lot of interacting elements with great variety. Also the aspect of turbulence is a combination of stability and ability.

During crises people tend to land in ambiguous situations, and do not realise what is going on, or how things are connected (Falkheimer & Heide, 2008). We ask ourselves, when people eventually start to understand their surroundings – and KIA's competitors close in on price, quality and so forth – how will the organisation communicate to retain their gained position in new markets? Only time will tell if KIA succeeded with their strategy and communication efforts to retain stakeholders and prevent the organisation from losing ground.

#### *4.2.2 PSA Peugeot Citroën*

In the case of PSA Peugeot Citroën<sup>30</sup> the disassociation from normative organisational behaviour did occur during the turn of the years 2007/2008. During this period a replacement of top corporate group members occurred and the new management executed stringencies in order to find synergy effects. As a result, the new organisation for the Nordic Citroën market engaged in aligning themselves with directions from the new management in Paris, and approximately 40% of staff were laid off (Ericson, personal communication, 15 April, 2011).

[We] reduced the staff in Sweden with approximately 40%, but that was prior to the crisis. (Ericson, personal communication, 15 April, 2011)

The financial crisis did not yet reach its peak and cutbacks were not yet evident. We argue that cutbacks made by the new management performed in the course of their admittance were something of a typical management trend, representing their illusions of effective management.

This entails that many illusions of what management is, consist of constant change and renewal. Stringency shown by the organisation demonstrates control by terminating and constraining size, hence reducing costs instead of establishing relations, communicating and understanding the organisation (Falkheimer & Heide, 2008). It seemed that the actions were to display innovation and supreme quality of top management. But the trend of lean management is not always efficient; these strategies work only in stabile situations and are short-termed based (Falkheimer & Heide, 2008).

---

<sup>30</sup> Henceforth Citroën.

During the extremity of the financial crisis in the fall of 2008 and the following year, Citroën<sup>31</sup> experienced the crisis through further cutbacks and above all diminishing revenue. The main reason why Citroën experienced rapid losses at the peak of the financial crisis was that a large part of their clientele was found in the private sector. This factor made it important for Citroën to summon efforts to quickly adapt to an erratic market climate.

[The] main parts of our customers are in the private sector and a relatively low portion of in-service customers. (Ericson, personal communication, 15 April, 2011)

It is known that different markets have different needs, but the width of the financial crisis created more similarities across markets. This made it easier to adapt and unite the business strategy for Citroën to cope with similar cross-border needs. The most significant need was the demand for fuel efficient and economical engines. During this period, climate change issues circulated in media more frequently and Citroën saw the opportunity for “green” communication to its stakeholders.

Here you can influence a lot, every time you meet a journalist to speak about emissions and fuel consumption, this is something that we really really tried to influence. (Ericson, personal communication, 15 April, 2011)

Business strategy and communication were adapted to the conditions that dominated the global market. Even if Citroën was one of the leading organisations in the category of fuel efficient engines, they lost revenue in most markets, amongst other things due to the fact that they sold engines to other car manufacturers like Volvo. Even if Citroën was a vanguard in fuel efficient engines and did communicate their engineering progress, Mrs. Ericson (personal communication, 15 April, 2011) did not feel that the way they communicated had changed. Whenever they got the opportunity to communicate and reach stakeholders, Citroën chose to communicate about their efforts in developing economical and environment friendly vehicles.

Citroën is one of the bigger participants in the European market, but did not keep pace with its competitors when it comes to adapting communications according to consumer needs, especially smaller participants like KIA. We observed that the communication efforts of CM were not sufficient to the turbulent situation and IM was seemingly poorly used.

The organisation did however not pass insouciant through the constrained economical climate that prevailed. Citroën chose to hide in the media shadow when other car companies were scrutinised for good and for bad. According to Mrs. Ericson (personal communication, 15 April, 2011) this was a strategic choice. She explained that the organisation did not want much attention, due to declining sales and issues concerning the organisation’s economic situation.

---

<sup>31</sup> Alongside several other car manufacturers.

When it goes well, one always wishes to tell everybody, when it goes bad you just keep silent trying to get in media's blind spot. (Ericson, personal communication, 15 April, 2011)

Other than at car fairs and usual adverts, Citroën rarely figured in media. Regarding the media coverage from a Nordic perspective, it was not only a strategic choice to stay out of the media. During this time, Volvo was in the process of transitioning from American to Chinese ownership<sup>32</sup> and troubled SAAB Automobile (at the time owned by GM) was shown interest from Spyker cars hence flooding the media with speculations.

[All] non Swedish car manufacturers landed in medias blind spot due to Fords decision to sell Volvo and GM's decision to sell SAAB [...] there was other questions that was primary. (Ericson, personal communication, 15 April, 2011)

We noticed that interest in media for subjects like the global economy and environmental issues were recognised by Citroën. However, communicative actions tended to become bleak in comparison to their competitors. Increased exposure leads often to increased interest (Falkheimer & Heide, 2008). Citroën missed out on exposure by not actively partaking in the game. The fear of being scrutinised for their meagre endeavours was apparently too great.

Today, the stakeholder system should be considered as a negotiated environment in which relations have to be carefully managed. Citroën is only one of a set of publics that must maintain contact. Management's task is to ensure mutual productive relating. This is highly significant since the climate of these stakeholder relationships can strongly affect organisational performance in aspects such as brand image, product acceptance, competitor behaviour and corporate reputation (Varey, 2002).

### **4.2.3 UBS**

UBS was one of the first financial institutions to suffer extensive economical losses during the financial crisis. The bank started feeling an economical decline already during the last months of 2007, but few expected the bank to get hit as hard as it did (Transparencyreport, 2010).

Prior to the crisis, UBS had good economical conditions and according to our anonymous source it was easy to get "[...]carried away" (Anonymous source at UBS, personal communication, 27April, 2011). During this time the communications department worked efficiently to maintain good relations and tried to build trust through open dialogues with stakeholders. However, the overall communicative strategy had not changed much after the crisis; instead communication was toned

---

<sup>32</sup> From Ford Motor Company to Geely.

down from its former more aggressive approach. It was indicated that this change had to do with what they communicated after the high of the financial crisis.

[We]’ve been an aggressive communications voice, than we have been after the crisis. That has a little bit to do with the fact that you have to communicate. (Anonymous source at UBS, personal communication, 27April, 2011)

We consider this communicative aspect as rather surprising, because reputation for an organisation like UBS is one of the most important factors. During the financial crisis UBS suffered a massive decline in confidence and a large proportion of stakeholders mistrusted the organisation for not handling the situation properly. This should be an indication for the organisation to communicate even more or differently to regain former trust by using different strategies that endorse image restoration programs. As perceptions of crisis responsibility become more substantial, the threat of damaging image becomes greater. Therefore, the communications departments must utilise acceptance and accommodative strategies, which emphasise image repair (Cornelissen, 2008).

Because of the financial crisis’ rapid emergence, the communications department was forced to implement reactive strategies and damage control.

[You]’re then driven so much by external forces that you can’t influence on what you sell[...]And damage control than gets that bad. (Anonymous source at UBS, personal communication, 27April, 2011)

In addition to the financial crisis, the US tax authority was pursuing tax evaders with accounts at UBS. The bank secrecy in Switzerland had been attractive for foreign investors who wanted to hide away money from their national tax authorities. To avoid further economical losses due to legal actions from the US tax authority, UBS had no choice but to release information about their foreign clients which led to massive losses in assets, hurting an already fragile position (E24, 20).

What we emphasise is that at the time, UBS had two simultaneous crises which led to neglected communication with internal stakeholders, especially employees. The management and communications department used a variety of channels to communicate, attempting to reach external stakeholders such as politicians, customers, media and other external stakeholders. Efforts to notify external stakeholders in order to dampen harmful facts that flourished, took over because of the fear of aggravating the crisis. Consequently, a lack of coordinated internal information became a problem.

During this turbulent period, very few people knew what was going on inside the bank, which naturally reflected on external stakeholders since nobody knew how to answer external inquiries (Anonymous source at UBS, personal communication, 27April, 2011). If an organisation fails to respond to enquiries, it will inevitably lead

journalists to pursue information from whichever source is available (Cornelissen, 2008). This was one of the factors that damaged the organisation's reputation.

[You] are very quickly concerned about the media because it is very visible, you are probably concerned about analysts and investors because these are the ultimate owners, you tend to little bit forget, that actually the most important asset for a institution like UBS is its employees because that ultimately makes the company" (Anonymous source at UBS, personal communication, 27April, 2011)

This aspect has been observed by the communications department at UBS afterwards according to our anonymous source at UBS, as well as in several annual reports (UBS, 2009). However, we found that during the crisis this was indeed neglected by the managerial levels and the aspect of employees as ambassadors was at the time absent. Members of an organisation like UBS – where customer relations is a top priority – are of crucial importance.

It is through employees that the brand and reputation is sustained. When a meeting or a dialogue occurs between employees and other stakeholders, the opinion of the organisation is communicated and is in position to change or be sustained. There has to be an explicit link between the organisations strategic vision, work and communication. Consequently, for this to become a reality the management must have great awareness and competence about the influence of communication (Falkheimer & Heide, 2008).

In a report by Dr. Tobias Straumann from the University of Zurich – ordered by the new UBS management since its predecessors were terminated – Straumann (2010) emphasised that the former management of UBS was characterised by a technocratic management style which proved to be insufficiently flexible during extraordinary circumstances. He also indicated that managerial circuits at UBS were predominated by a lack of leadership skills and a bad sense of detecting hidden risks.

This is in fact an endorsement of the mere interest in management circuits that focus on improving efficiency and neglect the importance of communication (Wilson, 2006). The consequence might be that management misses to encourage the importance of IM. Using IM could have been helpful and might have been used to detect changes in national as well as international legislation. This fact could have made it easier for the communications department to prepare a more coordinated internal communications plan during the crisis.

What was written in the media during the crescendo of the financial crisis was not appreciated by UBS, neither was the information considered fair, but it was acceptable says our anonymous source at UBS.

"[At] the end of the day it is very hard to write a positive article about a company that has just lost 50 billion[...]did we like what they wrote? No. Was it always fair?"

Definitely not. But, generally, you know, was it ok? Yes.” (Anonymous source at UBS, personal communication, 27April, 2011)

The source argues that UBS activities were of public interest due to the fact that it is a public organisation. Also mentioning (Anonymous source at UBS, personal communication, 27April, 2011) was that crises are hard to anticipate and prepare for but it is important to know where your interests are exposed, which makes it more convenient to be honest when a crisis strikes an organisation.

An organisation should be quick with information about what is happening to internal and external stakeholders. The objective is to fill the informational void that occurs when a crisis arises. Otherwise somebody else will fill it in for the organisation (Falkheimer & Heide, 2008). Two other important aspects are the consistency of the information so that messages are not contradictory, and transparency which can give the impression of withholding information. The analysis shows that this has been partially implemented at UBS during the crisis (Falkheimer & Heide, 2008).

In order to repair a damaged image William L. Benoit (1995) developed five strategies that organisation can implement, where UBS’ activities can be identified in two categories. One of them is to take the blame, even if UBS does put a lot of energy on emphasising that it was completely unexpected. The other is corrective action by which the organisation shows its surroundings that they solved the issue through diverse measures (Falkheimer & Heide, 2008).

“[If] you think about what happened in the financial crisis and if you look at statistical models how probable is it that this is going to happen, it actually said that it’s never going to happen. It’s a little bit like playing lotto, I mean, statistically seeing nobody wins ever. But there are a lot of millionaires” (Anonymous source at UBS, personal communication, 27 April, 2011)

Whereas Straumann’s report indicates that the old management did not reflect over issues like investments in subprime papers, they also underestimated risks from new US regulations (Straumann, 2010).

Although the anonymous source seems conscious about the importance of preventive functions, we believe that there still seems to be some confusion at UBS concerning the intense and turbulent period, when neither issues nor crisis management were practiced to their full potential.

### **4.3 Future prospects for issues and crisis management**

During the analysis of the financial crisis in relation to chosen organisations, we have come to believe that certain theoretical aspects are in need of revision because the crisis has posed unique circumstances not taken into consideration in contemporary issues and crisis management theories.

### *4.3.1 Issues management – the importance of capital*

The analysed organisations have all one thing in common; organisational reputation. Organisational reputation, regardless how it is, can have massive impact on organisations and how they operate. Bromley (1993) argued that in some circumstances reputation has only a marginal effect on an enterprise's success, while in other circumstances reputation can have a critical effect.

We have found that organisational reputation was a key factor during the financial crisis, most likely to be damaged or altered depending on circumstances.

The automotive and banking industry offer goods and services like any other business. In a consumer-organisation relationship, the dominating party is the one with a majority of options. Consumers have the power to compare goods and services, take intermediary opinions into consideration, form knowledge about the supplier and so forth. With this in mind, the true dominating party will therefore always be the consumer because his/her actions have the power to alter organisations' realities.

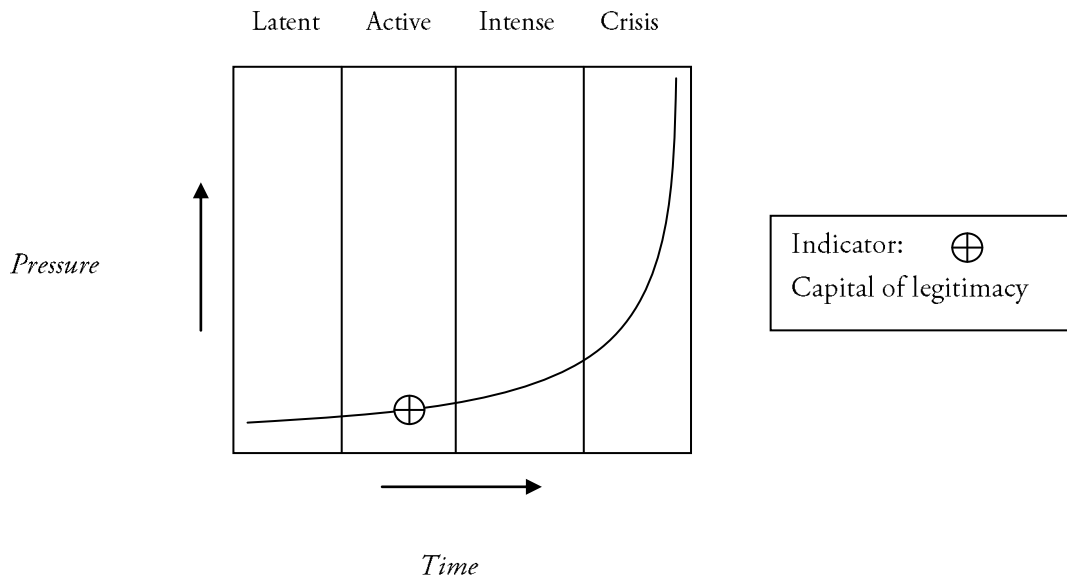
Every organisation has a reputation regardless if it is managed or not. A reputation can change depending on stakeholder attitudes, even if no changes are done by the organisation itself. It should be considered a rare commodity – an intangible asset – for organisations which enables enactment of relationships between enterprises and its stakeholders (Varey, 2002). Kay (1993) asserted that reputation provides the legitimising basis for business – in other words the *licence to operate*.

After an extensive textual discourse and interview analysis, we have identified that there is a stakeholder threshold regarding to what degree an organisation can act irrationally during issues that may become crises, and crises that become future issues.

Based on our analysis we have developed a model we would like to call *capital of legitimacy*, which is an intangible asset that every organisation possesses. The organisation itself manoeuvres and controls the balance of their capital. Stakeholders – in terms of consumers, shareholders, investors and employees – determine how much capital the organisation controls. The capital of legitimacy remains fairly unaffected when the organisation detects a controllable issue and decides to handle it before it becomes unmanageable. Nevertheless, if an issue is neglected or revealed tardily, the capital of legitimacy will certainly be affected. Stakeholder threshold depends naturally on the relationship and convention for what is and what is not acceptable. But capital is movable and it affects the level of legitimacy stakeholders hold for the organisation.

Even if an issue becomes a crisis, it does not necessarily have to be the worst case scenario. Organisations can manage crises so that capital remains relatively impervious, but capital is of course still more negatively affected than if the issue was handled in the early stages of development.

As we have seen in our analysis, organisational legitimacy for the chosen organisations was constantly oscillating, controlled by stakeholders and their perceptions of issues. The greatest positive change was detected in KIA's capital of legitimacy, where it reached an all time high during the crescendo of the financial crisis. UBS displayed the most negative change in capital of legitimacy, demonstrating the consequences of not dealing with urgent issues. Citroën showed more sedentary variations in capital of legitimacy, basically returning to the same levels as before the financial crisis.



**Figure 4.3.1** Capital of legitimacy (Cornelissen, 2009, p. 216)

To get a clearer understanding of the overhaul, one can picture capital of legitimacy as an indicator on the axis in figure 4.3.1. Depending on how an issue or a crisis is handled, the indicator travels back and forth on the axis, influencing stakeholder perceptions and ultimately organisational legitimacy. When the indicator's activity is located on the latent and, to some extent active field, the capital is moderately affected. But when the indicator moves frequently up and down the axis, shifting from latent/active towards intense/crisis, the bungee effect influences the amount of capital.

Environmental monitoring is therefore required in able to asses, enhance and maintain corporate reputation as a measure of stakeholder expectations (Varey, 2002). In comparison to the results obtained in 2007 year's ECM, we can after reviewing the disciplines and demonstrating how reputation can be injured during ineffective issue and crisis management, confirm the need to merge these two disciplines together into one coherent managerial tool.

Kent (1996) implied that management thinking is clearly moving towards greater emphasis on the development of relationships amongst stakeholders and wider acknowledgment of environmental influence on the "bottom line" through the



impact of reputation. Indications like this are found in several books and articles. However, there is a difference between what is said and perceived on the one hand, and what is actually done on the other.

What we have found in the case of KIA, Citroën and UBS is that the three organisations during the financial crisis were severely affected. As mentioned, all of the organisations had common features mostly pertaining to their interpretations of the fields and the crisis itself. Above all, none of the representatives knew what IM actually was which for us, is a worrying indicator. During the interviews it also became evident that the managerial circuits did not really work efficiently with IM either.

Inefficient managerial circuits became quite obvious for UBS, with a reputation that was seriously damaged due to inadequate implementation of issues and crisis management from a technocratic management. Citroën, a big player in Europe, chose for example in the Swedish market to hide in the media blind spot therefore bypassing CM's most crucial advice of establishing good relations with the media. KIA managed better than Citroën in terms of sales and revenue, by adopting a different strategy which resulted in a financially positive outcome for 2009. Important, once again is to mention that KIA had a lot of right timing and luck with their strategy which implies that the organisation took risks in times when risktaking was considered unthinkable. Managerial decisions were not criticised to any greater extent since numbers attested to their progress. Still Mr. Choo mentioned that communications did not change a lot during the crisis despite that the issue of commercialising eco-friendly vehicles became a widening gap for KIA, as well as diminishing growth numbers and issues of national concern.

In the end reputation is continuously influenced by the capital of legitimacy, as discussed earlier in this section. If communication practitioners set up strategies directed by well implemented issues and crisis management, an intermittent capital of legitimacy would not to any greater extent affect organisational practice but ultimately reflect in positive reputation.

During our interview with Mr. Heath (personal communication, 30 April, 2011), he elaborated on the thought that practitioners could have minimised the legitimacy gap by working continuously with IM – which affects stakeholder attitudes towards organisations during periods of turmoil and uncertainty – therefore alleviating the use of CM in the situation that followed.

Reputation expert Charles Fombrun (2007) argued that corporate reputation is a perception of organisations' past actions and future prospects, which describes the overall appeal to all of their constituents when compared to other leading rivals. Corporate reputation is not a general impression by stakeholders but an evaluation of the organisation over time.

Subsequently, using IM becomes of great importance for organisations, because it helps assess the organisations strengths and weaknesses without making these aspects less complex in their respective environments (Cornelissen, 2008). Building positive reputation through implementing and handling issues and aligning the organisation with stakeholder expectations, will have a positive influence on the organisational capital of legitimacy which decisively prepossesses organisational and environmental interests (Cornelissen, 2008).

However, we would like to claim that this is not entirely unproblematic. Even if IM is incorporated to fulfil the business strategy with little lived resistance, one must always view issues arisen from turmoil as difficult to foresee and therefore hard to handle in a decisive way. And our statement is supported by our respondent.

Experts who are cautious and insightful can always predict crises and the issues that drive and result from them. The problem, however, is not being able to predict them precisely and as to when. The other factor is the ability to resist the tide against an alert of this kind. The pressures to maintain the status quo which privileges those creating the high risk scenario are huge. Thus, prediction by type is certain, but by timing is not. And fighting for change before the issue reaches crisis is extremely difficult. (Heath, personal communication, 30 April, 2011)

Our analysis has provided some of Mr. Heath's conclusions with substance. We found that when organisations are bombarded with issues from different directions, it becomes difficult to prevent them from turning into crises and then it is merely about damage control. Regardless of the efforts put into identifying and dealing with issues, sometimes organisations should just deal with them as crises hopefully learning from doing. This however is a difficult notion to transmit to management boards, because of the inbuilt inclination to monitor existing and future threats.

We have found many indicators that management and PR practitioners regularly ignore the importance of IM, until an issue starts to negatively reflect on the organisation itself or its competitors. This tendency to downplay the importance of issues will certainly contribute to the legitimacy gap and unavoidably affect the capital of legitimacy.

Yet, Mr. Heath is convinced that IM is more of a managerial function.

Often public relations people assume that issues management is a subfunction, perhaps limited to government relations or lobbying. They must take an organizational management, even societal, view of issues. Issues are not local to any one business, for instance. And, issues arise from management decisions, therefore working issues is a management challenge. (Heath, personal communication, 30 April, 2011)

We agree that decisions concerning the overall business strategy are to be taken by top-level management, but an obstacle – as mentioned before – is that organisations are more dependent on their surroundings than ever before. This should show why

communicative roles are in fact permanently unavoidable not only in top-level management circuits but also in the entire organisation. Handling capital of legitimacy and how it should be maintained becomes quintessential for the entire organisation even if it is manoeuvred by top-level management.

Our vision is to merge issues and crisis management into one top-level function which takes the entire organisation's needs into consideration. As an answer to our vision of a merger Mr. Heath speaks of issue monitors that he considers could well fill in the gap which is experienced today in light of the financial crisis.

This is the work of the issue monitors. As I have argued for years, such monitoring requires expertise always greater than what public relations can provide. Issue monitoring should depend on matrices of experts (internal and external) who can understand the technical implications of policies and practices that lead to crises and issues based on risk manifestation. Advocacy, then, is based on a planning model that incorporates the best thinking of topic relevant experts, not merely the pleading of public relations personnel. (Heath, personal communication, 30 April, 2011)

We believe in conclusion, that the concept of issue monitors could in fact be developed further in order to fuse issues and crisis management into one managerial tool because it constitutes a key factor in the lack of adequate IM. If organisations were capable of monitoring issues, IM would be recognised as being essential not oversimplifying complex realities, therefore giving way to CM based on complexity absorption and learning.

#### *4.3.2 Crisis management – reinstating chance*

The textual discourse analysis and qualitative interviews have given rise to a couple of questions concerning the very basis of CM. To begin with, the term crisis needs to be revisited because primary identification tools seem to have been inutile. Even though some truth can be ascribed to the analogy of cobras and pythons, the analysed material express a rather different view.

Our alternative suggestion is that the financial crisis would more accurately be described as being a *spider*. A spider carefully fabricates a web of intricate patterns in order to catch its prey. It does not devour its prey immediately; instead it meticulously weaves several layers of silk before releasing a final and deadly blow. The financial crisis and the following recession resembled a spider weaving viscous threads that seized companies entrapping them in dangerous situations.

From the interviews, we can conclude that the financial crisis – even though it was somewhat foreseen by a handful of analysts – came out of nowhere and hit with full force.

It is however wise to remember that the financial crisis itself transcended the economical sphere and moved into the psychological levels of society. Put differently, the financial crisis did not just change the way organisations, institutions and

governments interacted with each other, it also changed the way we perceived ourselves in relation to the market. Living in a constantly changing and more complex world produces a counter reaction where we try to convince ourselves that something complicated is in fact predictable and therefore less complex (Hirsto, 2011).

Similar tendencies were noticed in our discourse analysis, which showed that media intentionally or unintentionally simplified complex structures of the global economy therefore altering the way we perceived the financial crisis, recession and the organisations partaking in the game. This inclination to simplify complex structures is a reoccurring trait even in popular issues and crisis management theories discussed earlier in this thesis. Perhaps simplifying complex structures is necessary in order to continue functioning in this constantly more complex world. Nonetheless, understanding how certain events evolved allows us see which underlying structures form our grasp on reality (Fairclough, 1992).

During the financial crisis people and organisations were inclined to trust the mechanical market making it a safe haven, untarnished by human interference. When the repercussions of the crisis became evident, illusions of a relatively stable market were shattered leaving individuals to question themselves and their own actions, but more importantly it made them question society (Morante, 2010). In a way, the financial crisis traumatised an entire world, challenging basic functions of modern society. Consequently, the financial crisis is unlike any other crisis we have experienced in recent history.

Nobody really expected the outcome of the financial crisis to be so severe and perpetual, surely exposing organisations, institutions and governments to unanticipated realities and forcing them to take unprecedented measures. If we revisit Timothy Coombs' two-dimensional crisis type matrix mentioned earlier in this paper, problems arise when we try to place the financial crisis in a suitable box. Since the crisis transcends all categories, a circular form in the middle of the matrix has been drawn to designate a spot where crises with similar characteristics can be placed. The definition *death by proxy* is in this case an unevaluated situation which over time threatens to destroy the very basis of the organisation. Due to proximity, the situation is hard to grasp and becomes unmanageable from a proactive and reactive point of view.

	Unintentional	Intentional
External	<i>Faux pas</i>	<i>Terrorism</i>
Internal	<i>Accidents</i>	<i>Transgressions</i>

Figure 4.3.2 Revised crisis type matrix

In conclusion, the crisis was as much internal as external; internal rumours and speculations amongst employees created a collective state of uneasiness, which in turn was fuelled by massive external pressure from stakeholders and media to respond. This aspect contradicts the notion of recessions as being mostly an external influence. As the anonymous source at UBS expressed in his answer to the question about lessons learned from the financial crisis (personal communication, 27 April, 2011):

So I think for us what was one big lesson was we need to make sure that we better inform to each of our employees so that they get informed through the company early on rather than, you know, getting the news out of the media not knowing what to say when clients call in or when some of the clients and friends or whatever call and ask you “you have to say I don’t know more than you do”. So from a communications perspective the most important lesson was internal communication (Anonymous source at UBS, personal communication, 27 April, 2011).

Internal communication was repeatedly overlooked even though internal communication issues can contribute to the severity of crises. Most internal speculations during the financial crisis were however unintentional, since the lack of concrete information in the beginning was debilitating and the only way to bring clarity to this harmful situation was by adhering to rumours. Nonetheless, it cannot be ruled out that organisations did engage in indecent conduct, with the intent of damaging the image of rivalling companies.

In retrospect, none of the analysed organisations embraced the four characteristics of complexity absorption to its full extent (Weick, 1995). However, it was hard to decipher which strategies were used instead, taking into consideration the various threats imposed by the financial crisis.

In practice, “by-the-book” CM has not been easy to do. The organisations had to face three problematic factors: (1) *unpredictability*, (2) *inexperience* and (3) *inquisitiveness*.

The first factor speaks for itself; the crisis and its implications were unpredictable. One of the reasons why scenarios did not work in this situation was that new issues arose on a regular basis, making preventive measures somewhat futile. Organisations could not train for a potential crisis situation and as a result, a primary step in contemporary CM practice – preparation – was not implemented. To some

extent, the analysed organisations reacted to specific threats displaying unprecedented flexible strategies (Deverell, 2010).

We have seen several examples of organisations adapting to their surroundings, trying to make the best of a bad situation. In KIA's case, the crisis imposed serious implications since the company was – and to some extent still is – smaller than other car manufacturers and more susceptible to market shifts. By adhering to market demands, nurturing stakeholder relations and providing consumers with what they sought after, KIA managed to pull through and even gain credibility in spite of the crisis. Whether or not these strategies will be reapplied or readapted when faced with a new crisis, only time will tell.

Citroën on the other hand chose a more conservative strategy, relying on good reputation and taking advantage of lessons learned from prior national and international crises. The organisation's choice not to merge with another car manufacturer – although a criticised tactic – showed confidence and the ability to anticipate negative consequences of such a merger. Even though the organisation at times suffered losses, both in financial and social capital, Citroën managed to ride through the storm and come out relatively intact deeming the chosen CM strategies rather successful.

As mentioned, UBS' situation with “two crises going on at the same time” (Anonymous source at UBS, personal communication 27 April, 2011) set it aside from other analysed organisations. UBS had to adapt to every specific situation, which at times made the organisation come off as inconsequential. From a CM point of view, UBS' media relations were not adequate to cope with the amount of pressure directed towards them from internal as well as external stakeholders. The organisation did not contribute to overall communication, therefore missing out on the possibility of creating meaning together with its employees and mediating it outwards to external stakeholders (Cheyney et al., 2004).

Inexperience does not necessarily imply that people were incompetent; it implies that it is hard for an organisation to use prior knowledge when faced with an uncharted situation. The financial crisis' distinctiveness is attributed to the modern world, where globalisation and close to universal means of communications have changed the way crises arise, progress and eventually die out.

As seen, a sector-specific crisis can due to interdependency engulf remote businesses in very distinct areas of the global market. In a way, the financial crisis was technically the most advanced crisis we have experienced in modern times, hence the degree of incapability to handle it in an appropriate way. We can only conclude that modern technology will play an even greater role in future crises, making organisations yet again aware of the importance of developing strategies to monitor issues which can affect the organisation. Especially the rise of social media and its

effects on corporate organisation should be of specific interest for the future development of issues and crisis management.

Last but not least we have the factor inquisitiveness, which denotes the need of fast information and transparency. The financial crisis awoke an urge of knowledge from stakeholders, who wanted to know how the crisis was going to affect them and how it was going to be solved. Instead of suffering from lack of information, people were rather drowning in information overload caused by mostly negative overexposure in the media. Speculations flooded the media placing massive pressure on organisations to respond and when they failed to do so appropriately, they started panicking hence the degree of improvisation during the crisis.

But also the issue of transparency has proven to be a complicated issue. Generally speaking, transparency is paramount in today's society but most organisations still tamper with the extent of transparency. In our study we have at times experiences a void in transparency, which has amongst other things resulted in the media portraying organisations at times improperly. Due to opacity, the media had to fill in gaps which organisations left open. Consequences of not having a transparent relationship with the media were most noticeable in the case of UBS which received a great deal of negative publicity for not being open about their business strategies. However, too much transparency can also damage organisational interests in the end making the entire subject of transparency a balancing act.

## 5 Conclusion

---

Theories that circulate in books, articles, journals and in educational institutions are accurate in most cases. However, what we would like to conclude is that several of the theories in issues and crisis management have an external focus which compromises the fields' most vital functions of guiding organisations in treacherous conjectures. During our analysis we have found that the organisations have had more or less internal issues that were not handled correctly. Managing stakeholder relations is critical in every aspect of organisational operations. What we have exposed, is that when pressure builds up around an organisation the management tries to neutralise or dampen outer pressure. During this hectic time internal forces became neglected and the organisations' weaknesses may not lie outside the walls but break down from within. One could say that an organisation is only as strong as its weakest link.

Lack of focus on internal stakeholders and issues is like a reverse Trojan attack. It is not external forces that pose greatest threats towards the organisation, but the organisation itself that radiates vulnerability from within. It is naturally crucial that the management is aware of the organisational condition. But as our anonymous source at UBS mentioned, it is the employees that are the most important assets for an organisation because they ultimately make the organisation.

Further research focusing on internal communication in relation to issues and crisis management is advised because all the communicative channels of an organisation make it difficult to mediate accurate messages with meaningful content. Optimising theories of issues and crisis management in terms of usage from an internal point of view can help develop the field towards a more modern and coherent direction.

Crises like the financial crisis are very difficult situations to handle for organisations. The crisis was perceived as swift and brutal, striking organisations with few warning signs. Looking at IM none of the interviewed representatives recognised the term and nor did they practice it to its full extent. Not practicing proficient IM creates a legitimacy gap between organisations and their stakeholders, which ultimately affects the capital of legitimacy. This influences organisations' reputations which in times of poor economic health is crucial. In our study, we noticed remarkable fluctuations in capital of legitimacy for all the analysed organisations. Reasons for these fluctuations were centred on organisations' reactions to the financial crisis and how they were portrayed in financial media.

The textual discourse analysis exemplified how playing the blame game and framing can alter public perceptions of the crisis and the actions produced in response. The study resulted in three analysed discourses: discourse of recession, discourse of legitimacy and discourse of image. The three discourses exemplified the



inert nature of media to simplify complex realities, thus coinciding with popular marketing logic. Consequently, contingency theory and complexity absorption become very complicated aspects to consider in reality, making organisations choose ad hoc strategies to solve immediate threats. As seen in our analysis, relying on ad hoc strategies can be necessary but they often result in dire consequences for corporate legitimacy and image. Our analysis did however not provide us with answers as to the prolonged effects of media coverage.

In the case of CM, we have identified crises that evolve over a long period of time and when enough divergences have been accumulated, they strike fast with little time for planning. We found that chosen organisations were forced to be flexible, thus diverging from contemporary CM practice. This forced upon flexibility produced however various results which more or less altered corporate legitimacy and image.

## 5.1 Practicing theory

The examined organisations ended up in a mode of slight panic; they handled the situation differently but a common trait was hasty decisions that could either fail or succeed.

UBS put all its efforts on dampening visible damages from speculations in the media, as a result forgetting their most valuable asset; their employees. Internal communicative problems are believed to have been unavoidable, thus resulting in serious clashes in internal organisational cultures. To what extent internal culture shifts will affect the organisation is somewhat unknown but very interesting to follow up in future studies.

Citroën should have managed their external communication more suitably after the situation instead of disappearing. The new management implemented major cutbacks just months prior to the crisis to be able to find synergy effects. Initial cutbacks were not effects of the economic situation, merely demonstrations of “innovative management” unjustly timed. Yet, Citroën’s quite sedentary strategies may have demonstrated the organisations potency and perseverance to ride through the storm. In times of uncertainty, taking a step back can signal stakeholders that the organisation is in control of the situation.

KIA’s management decision of taking the opportunity to break new ground with their more economical new line of goods turned out to be a success for the organisation. At the same time issues back home – where competitors had a hard time entering the South Korean market due to cooperation between the government and organisations to protect local interests – frustrated rivalling car manufacturers. In the near future, this could strain KIA’s reputation of free competitiveness and proneness to embrace challenges.

## 5.2 Closing reflections

Difficulties that we have encountered during the duration of this report have mostly been rejections from organisations that we wanted to include in our study. In a period when many organisations just recently have gotten back on their feet and started working with their respective businesses, it can be hard to make time. Several rejections also indicated that representatives were not familiar with the functions of issues and crisis management, therefore declining to participate. Another aspect that we considered was if it were more suitable scrutinising one organisation instead of several. Analysing only one organisation could have offered us more aspects and a deeper understanding for how an individual organisation has handled the crisis. But by doing so we would have lost the opportunity to contrast different strategies and their effects.

The results that we have concluded here are still interesting for other scholars to look into. Advancements can be done in the field of issues and crises management, and our report designates some areas that can be developed especially handling acute crises which pose several organisational threats. It would be erroneous to believe that issues and crisis management are incompatible or unfit to merge. On the contrary, there are many reasons as to why these two functions should have a closer relationship – one of which is cooperating to achieve best practice which we have embarked on in this thesis.

# References

---

- Al Tarzi, F. (2011). Arab Media Influence Report – AMIR 2011. Social Media & Arab spring. March 2011. News Group International.
- Alvesson, M. & Sköldbberg, K. (2008). *Tolkning och reflektion – Vetenskapsfilosofi och kvalitativ metod* (Andra upplagan). Lund: Studentlitteratur.
- Backman, J. (2008). *Rapporter och uppsatser* (Second edition.). Lund: Studentlitteratur.
- Banks, S. B. (1995). *Multicultural Public Relations. A Social-Interpretive Approach*. Thousand Oaks: Sage Publications.
- Benoit, W. L. (1995). *Accounts, excuses, and apologies: a theory of image restoration strategies*. SUNY Press.
- Bernstein, J. (2006). Making a Crisis Worse: The Eleven Biggest Mistakes in Crisis Communications. In Massey, J. E. & Larsen, J. P. (2006). *Crisis Management in Real Time How to Successfully Plan for and Respond to a Crisis*. Journal of Promotion Management. ISSN: 10496491 Volume: 12 Issue: 3-4 Pages: 63-97 Provider: Haworth press Publisher: Haworth press.
- Bloomberg 1. “Renault’s Ghosn, Pelata Give Up Bonuses Over Bungled Spy Case”. By Laurence Frost - Mar 14, 2011 9:50 p.m.
- Botan, C. H. & Hazleton, V. (2006). *Public Relations Theory II*. Lawrence Erlbaum Associates Inc.
- Bromley, D. B. (1993). *Reputation, Image and Impression Management*. Chichester: John Wiley & Sons.
- Bruhn Jensen, K. (2002). The qualitative research process. In Bruhn Jensen, K. (Ed.), *A Handbook of Media and Communication research – Qualitative and Quantitative Methodologies*. London and New York: Routledge.
- Carey, G. W. (1988). *Communication as culture: Essays on media and society*. New York: Routledge.
- Chase, W. H. (1982). “Issue management conference – a special report”. *Corporate Public Issues and Their Management*, 7, December: 1-2.
- Cheyney, G., Christensen, L. T., Zorn Jr., & T. E., Ganesh, S. (2004). *Organizational Communication in an Age of Globalization – Issues, Reflections, Practices*. Waveland Press, Inc.

- Chong, D. & Druckman, J. N. (2007). *Framing Public Opinion in Competitive Democracies*. Journal: American Political Science Review. Volume: 101, No. 4 Pages: 637-655 DOI: 10.1017/S0003055407070554
- Coombs, W. T. (1995). "Choosing the right words: the development of guidelines for the selection of the "appropriate" crisis-response strategies". *Management Communication Quarterly*, 8: pp. 447-476.
- Cornelissen, J. (2008). *Corporate Communication – A guide to theory and practice* (Second Edition). London: SAGE Publications.
- Daft, R. L. & Weick, K. E. (2001). Toward a model of organizations as interpretation systems. In K. E. Weick (Ed.), *Making sense of the organization*. (pp. 241-257). Oxford: Blackwell.
- De Pelsmacker, P., Geuens, M. & Van den Bergh, J. (2010). *Marketing Communications – A European Perspective* (Fourth edition). Harlow: Pearson Education Limited.
- Denzin, N. & Lincoln, Y. (2005). Introduction. The Discipline and Practice of Qualitative Research. In Denzin, N. & Lincoln, Y. (Eds.), *Handbook of Qualitative Research*. Thousand Oaks, CA: SAGE Publications.
- Deverell, E. (2010). *Flexibility and Rigidity in Crisis Management and Learning at Swedish Public Organizations*. Journal: Public Management Review. ISSN: 14719037 Volume: 12 Issue:5 Pages: 679-700 Provider: informaworld Publisher: Routledge.
- Donaldson, L. (2001). *The contingency theory of organizations*. Thousand Oaks, CA: SAGE.
- Ekström, M., & Larsson, L. (2006). *Metoder I kommunikationsvetenskap*. Lund: Studentlitteratur
- Eriksson, P. (1998). *Planerad kommunikation. Om information som konkurrensmedel*. Malmö: Liber.
- Evanoff, D. D., Hartmann, P. & Kaufman, G. G. (2009). *The First Credit Market Turmoil of the 21<sup>st</sup> Century*. World Scientific Publishing Co. Pte. Ltd.
- E24. 1 "UBS säger upp 2 000". 2008-10-03. Published 09:06. Updated 09:17 Stockholm TT-Reuters.
- E24. 2 "UBS spår vinst tredje kvartalet" 2008-10-02. Published 09:13. Updated 09:14 Stockholm TT
- E24. 3 "UBS anklagas för miljardbedrägeri". 2008-07-25. Published 10:43. Updated 10:45. New York TT-Reuters.
- E24. 4 "UBS skär bort 5 500 jobb". 2008-05-06. Published 09:35. Updated 09:37. Zürich TT-

Reuters.

- E24. 5 "*Lånesmäll för UBS på 115 miljarder*". 2008-01-30. Published 08:02. Updated 08:20. Zürich TT-Reuters.
- E24. 6 "*FBI granskar bolånebranschen*". 2008-01-30. Published 06:00. Updated 07:05. Washington TT-Reuters.
- E24. 7 "*Ilskna Madoff-investerare dröjer*". 2008-12-20. Published 09:45. Updated 10:55. New York TT-Reuters.
- E24. 8 "*Ny brakförlust för UBS*". 2009-11-03. Published 07:51. Updated 08:06. Zürich TT-Reuters.
- E24. 9 "*Chocksänkta bonusar i Schweiz*". 2009-01-30. Published 09:31. E24.
- E24. 10 "*UBS lämnar inte ut kunduppgifter*". 2009-02-20. Published 07:16. Updated 07:17. Washington TT-AFP.
- E24. 11 "*Brakförlust för UBS - 1 600 får gå*". 2009-02-10. Published 07:58. Updated 07:59 TT.
- E24. 12 "*UBS skär ned med 15 000*". 2009-02-10. Published 07:32. Updated 07:33. Bloomberg News.
- E24. 13 "*Schweiz bankirer tvingades backa*". 2009-04-18. Published 08:26. Updated 2009-04-20, 12:43. Gunilla von Hall.
- E24. 14 "*UBS minskar personalen med 8 700 tjänster*". 2009-04-15. Published 08:33. Updated 10:28. Direkt.
- E24. 15 "*USA-Schweiz förhandlar om banker*". 2009-04-07. Published 06:47. Updated 07:51. Washington TT-AFP.
- E24. 16 "*UBS kickar svensk chef*". 2009-04-28. Published 08:48. Fredrik Braconier.
- E24. 17 "*Miljardsmäll för UBS i Weaveringskandal*". 2009-04-22. Published 15:44. E24.
- E24. 18 "*Schweiz dumpar UBS-aktier*". 2009-08-20. Published 09:58. Updated 10:09. Zürich TT-Reuters.
- E24. 19 "*Kapitalet flyr blödande UBS*". 2009-08-05. Published 07:31. E24.
- E24. 20 "*Bankkriget går mot sitt slui*". 2009-08-04. Published 10:30. Updated 11:12. Fredrik Braconier.
- E24. 21 "*Äntligen fick lilleputtarna le*". 2009-09-11. Published 09:04. Gunilla von Hall.

- E24. 22 ”Kunderna har övergett de amerikanska bilhallarna”. 2008-12-05. Published 08:50. Updated 2008-12-06, 16:30 Karin Henriksson.
- E24. 23 ”Endast de starkaste överlever”. 2008-12-04. Published 07:40. Updated 16:42. Fredrik Braconier.
- E24. 24 ”Kris banar väg för uppstickare”. 2009-06-22. Published 07:35. Fredrik Braconier.
- E24. 25 ”Krisen öppnar upp för nya bilnationer”. 2009-03-09. Published 15:31. Updated 16:50. Annelie Östlund.
- E24. 26 ”Fyndläge för bilköpare”. 2009-02-03. Published 07:39. Updated 2009-02-05, 09:47. Amanda Billner.
- E24. 27 ”Krisande GM sänker lönerna”. 2008-11-28. Published 07:50. Tomas Lundin.
- E24. 28 ”Sociétés Generales vd kvar”. 2008-01-31. Published 07:29. Fredrik Braconier.
- Fairclough, N. (1992). *Discourse and Social Change*. Cambridge: Polity Press.
- Fairclough, N. (1995). *Media Discourse*. London: Edward Arnold.
- Falkheimer, J. & Heide, M. (2007). *Strategisk kommunikation*. Lund: Studentlitteratur.
- Fombrun, C. & Rindova, V. (2007). ‘The road to transparency: Reputation management at the Royal Dutch/Shell’. In M. Schultz, M. J. Hatch & M. H. Larsen (Eds.). *The Expressive Organization*. Oxford: Oxford University Press. pp. 76-96.
- Fowler, R., Hodge, B., Kress, G. & Trew, T. (Eds.) (1979). *Language and control*. London: Routledge & Kegan Paul.
- FT 1. “Hyundai cuts overseas production”. Song Jung-a in Seoul. Published: December 4 2008 01:06. Last updated: December 4 2008 01:06.
- FT 2. “Asian shares down on signs of deepening recession”. Andrew Wood in Hong Kong. Published: December 23 2008 04:49. Last updated: December 23 2008 09:00.
- FT 3. “Nikkei gains in spite of losses for exporters”. Dave Sherlock. Published: March 3 2010 08:39. Last updated: March 3 2010 15:47.
- FT 4. “Carmakers fuel Korean advance”. Lindsay Whipp in Tokyo. Published: October 23 2009 14:54. Last updated: October 23 2009 16:55.
- FT 5. “Domestic sales rise for Asian carmakers”. Jonathan Soble in Tokyo, Song Jung-a in Seoul and James Fontanella-Khan in Mumbai. Published: September 1 2010 17:51. Last updated: September 1 2010 17:51.

- FT 6. “*Carmakers boost Seoul after strong sales figures*”. Stephen Smith. Published: March 3 2011 10:54. Last updated: March 3 2011 10:54.
- FT 7. “*German carmakers’ January sales soar*”. Daniel Schäfer in Frankfurt and John Reed in London. Published: February 8 2011 12:03. Last updated: February 8 2011 19:43.
- FT 8. “*VW profits fall 74% despite windfall*”. Daniel Schäfer in Frankfurt and John Reed in London. Published: April 23 2009 03:00. Last updated: April 23 2009 03:00.
- FT 9. “*The resilience of the Made-in-Germany car model*”. Paul Betts. Published: July 30 2009 03:00. Last updated: July 30 2009 03:00.
- FT 10. “*Carmakers plan for slow year as incentives end*”. John Reed in London. Published: November 30 2009 02:00. Last updated: November 30 2009 02:00.
- FT 11. “*Pooling carmakers*”. Published: December 13 2009 18:45. Last updated: December 13 2009 18:45.
- FT 12. “*More than 80,000 jobs cut in just five days*”. Andrew Taylor in London. Published: November 21 2008 17:50. Last updated: November 21 2008 17:50.
- FT 13. “*Crisis wreaks havoc on shares*”. Ralph Atkins in Frankfurt and Michael Mackenzie in New York. Published: October 24 2008 20:48. Last updated: October 24 2008 20:48.
- FT 14. “*WPP under pressure over fears of ad cuts*”. Bryce Elder and Neil Hume. Published: April 11 2011 08:43. Last updated: April 11 2011 20:41.
- FT 15. “*Ex-UBS managers to escape sanction*”. Haig Simonian in Zurich. Published: October 14 2010 11:07. Last updated: October 14 2010 17:29.
- FT 16. “*Capital proposal targets UBS and Credit Suisse*”. By Haig Simonian in Zurich. Published: October 4 2010 08:47. Last updated: October 4 2010 12:07.
- FT 17. “*UBS analysts – spare a thought for Switzerland*”. From Mr. Werner Pluss. Published: April 5 2011 00:58. Last updated: April 5 2011 00:58.
- FT 18. “*UBS risks running out of steam in Asia*”. Robert Cookson and Jamil Anderlini. Published: March 22 2011 23:24. Last updated: March 22 2011 23:24.
- FT 19. “*Former UBS banker jailed for insider tips*”. Suzanne Kapner in New York. Published: March 22 2011 01:40. Last updated: March 22 2011 01:40.
- Gaunt, P. & Ollenburger, J. (1995). “Issues management revisited: A tool that deserves another look”. *Public Relations Review*. 21(3): 199-210.
- Gee, J. P., Michaels, S. & O’Connor, M. C. (1992). ‘Discourse Analysis’. In M. D. LeCompte,

- W. L. Millroy & J. Preissle. (Eds.), *The Handbook of Qualitative Research in Education*. CA: San Diego: Academic Press.
- Gilpin, D. & Murphy, P. (2006). Reframing Crisis Management Through Complexity. In Botan, C. H. & Hazleton, V. (Eds.), *Public Relations Theory II* (pp.375-392). Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc.
- Goidel, K., Procoipo, S., Terell, D. & Wu H., D. (2010). *Sources of Economic News and Economic Expectations*. Journal: American politics research. ISSN: 1532673X Volume: 38 Issue: 4 Pages: 759-777 Provider: HighWire Publisher: London: Sage.
- Grunig, L. A., Grunig, J. E. & Dozier, D. M. (2002). *Excellent public relations and effective organizations: a study of communication management in three countries*. Mahwah, New Jersey: Lawrence Erlbaum Associates, Inc.
- Grunig, J. E. & Hunt, T. (1984). *Managing Public Relations*. Orlando: Harcourt Brace Jovanovich College Publishers.
- Gunter, B. (2002). The quantitative research process. In Bruhn Jensen, K. (Ed.), *A Handbook of Media and Communication research – Qualitative and Quantitative Methodologies*. London and New York: Routledge.
- Halliday, M. A, K. (1973). *Explorations in the Functions of Language*. London: Edward Arnold.
- Halliday, M. A, K. (1978). *Language as Social Semiotic: The Social Interpretation of Language and Meaning*. London: Edward Arnold.
- Heath, R. L. (1997). *Strategic issues management: Organizations and public policy challenges*. Thousand Oaks, California: SAGE Publications, Inc.
- Heath, R. L. (2001). *Handbook of public relations*. Thousand Oaks, California: SAGE Publications, Inc.
- Hirsto, H. (2011). *Everyday discourses of stock market investing: Searching for investor power and responsibility*. Journal: Consumption Markets; Culture. ISSN: 10253866 Volume: 14 Issue: 1 Pages: 57-77 Provider: informaworld Publisher: Routledge DOI: 10.1080/10253866.2011.541176
- Johnson, V. & Peppas, S. C. (2003). *Crisis management in Belgium: the case of Coca-Cola*. Corporate Communications: An International Journal ISSN 1356-3289 Volume: 8. Number: 1 Pages: 18-22 MCB UP Limited. DOI 10.1108/13563280310458885
- Jørgensen, M. & Phillips, L. (2002). *Discourse Analysis as Theory and Methoa*. London: SAGE.
- Kay, J. (1993). *Foundations of Corporate Success: How Business Strategies Add Value*. Oxford: Oxford University Press.



- Kent, K. (1996). 'Communication as a core management discipline: The relationship between new management trends and the need for new perspectives in education in both management and public relations'. *Journal of Communication Management* 1(1): 29-36.
- Kvale, S. (1997) *Den kvalitativa forskningsintervjun*. Lund: Studentlitteratur.
- Larsson, L. (2000). Personliga intervjuer. In Ekström, M. & Larsson, L. (Eds.), *Metoder i kommunikationsvetenskap* (pp. 49-77). Lund: Studentlitteratur.
- Larsson, L. (2001). *Tillämpad kommunikationsvetenskap* (Andra upplagan). Lund: Studentlitteratur.
- Lauzen, M. (1995). Toward a Model of Environmental Scanning. *Journal of Public Relations Research*. July 1995. Volume: 7 Issue: 3. Pp. 187-203, 17p; (AN 5980157).
- Lotila, P. (2010). Corporate Responsiveness to Social Pressure: An Interaction-Based Model. *Journal of Business Ethics*, 94. Pp. 395-409. Doi 10.1007/s10551-009-0272-0
- Malhotra, N. & Margalit, Y. (2010). Short-Term Communication Effects or Longstanding Dispositions? The Public's Response to the Financial Crisis of 2008. *Journal: The Journal of Politics*. ISSN: 00223816 Volume: 72 Issue: 3 Provider: Cambridge University Press (CUP) Publisher: Cambridge University Press DOI: 10.1017/S0022381610000216
- Manning White, D. (1997). The "Gate Keeper" – A Case Study in the Selection of News. In Berkowitz, D. (Ed.), *Social Meanings of News* (pp. 63-71). London: SAGE Publications, Inc.
- McQuail, D. (2005). *McQuail's mass communication theory* (Fifth Edition). London: SAGE Publications Ltd.
- Morante, F. (2010). *Omnipotence, retreat from reality and finance: psychoanalytic reflections on the 2008 financial crisis*. Journal: International Journal of Applied Psychoanalytic Studies. ISSN: 17423341 Volume: 7 Issue: 1 Pages: 4-21 Provider: Wiley.
- Morgan, G. (2006). *Images of Organization*. London: SAGE Publications, Inc.
- Moss, D. & Warnaby, G. (1998). 'Communications Strategy? Strategy Communication? Integrating Different Perspectives'. *Journal of Marketing Communications*. 4(3), pp. 131–140.
- Palmer, R. E. (1969). *Hermeneutics. Interpretation Theory in Schieiermacher, Dilthey, Heidegger, and Gadamer*. Evanston: Northwestern University Press.
- Putnam, L. L. (1983). The interpretive perspective: An alternative to functionalism. In Putnam, L. L. & Pacanowsky, M. E. (Eds.), *Communication and organization: An interpretive*

- approach* (pp. 31-54). Beverly Hills, CA: SAGE Publications.
- Regester, M. & Larkin, J.(2008). *Risk issue and crisis management in public relations*. London: Kogan Page.
- Rubin, H. J., & Rubin, I. S. (2005). *Qualitative interviewing: The art of hearing data*. London: SAGE Publications.
- Ryen, A. (2004). *Kvalitativ intervju: Från vetenskapsteori till fältstudier* (S.-E. Torhell, Trans.). Malmö: Liber ekonomi.
- Schudson, M. (1997). The Sociology of News Production. In Berkowitz, D. (Ed.), *Social Meanings of News* (pp. 7-23). London: SAGE Publications.
- Straumann, T. (2010). *The UBS Crisis in Historical Perspective: Expert Opinion prepared for delivery to UBS AG 28 September 2010, 1-23*. Retrieved from <http://www.ubs.com>.
- Tambini, D. (2010). *What are financial journalists for?* Journal: Journalism Studies. ISSN: 1461670X Volume: 11 Issue: 2 Pages: 158-174 Provider: informaworld Publisher: Routledge DOI: 10.1080/14616700903378661
- Tench, R. & Yeomans, L. (2009). *Exploring Public Relations* (Second edition). Harlow: Pearson Education Limited.
- UBS. (2009). *Strategy, performance and responsibility*. Pp. 22-30, 31-34, 53-69. Retrieved from: <http://www.ubs.com/1/e/investors/annualreporting/2010.html>
- UBS. (2010). *Transparency report to the shareholders of UBS AG: Financial market crisis, cross-border wealth management business, liability issues and internal reviews*. Retrieved from <http://www.ubs.com>
- WSJ 1. "Asia Edges Higher; Confidence Weak". June 8, 2010, 7:14 a.m. ET. By V. Phani Kumar in Hong Kong and Shri Navaratnam and Matthew Allen in Singapore.
- WSJ 2. "U.S. Autos Are Holding Value Better". December 1, 2009, 10:47 p.m. ET. By Alex P. Kellogg and Neal E. Boudette.
- WSJ 3. "The Slow, Subsidized Death of Europe's Carmakers - The better alternative would be to ditch loss makers and restructure". July 28, 2009, 9:57 p.m. ET. By Neil Winton.
- WSJ 4. "Korea and America Need Trade – The FTA is too good to pass up". May 1, 2009. By Jin Park. From today's Wall Street Journal Asia.
- WSJ 5. "Peugeot-Citroën Returns to Profit". February 9, 2011, 6:20 a.m. ET, By David Pearson.
- WSJ 6. "Peugeot-Citroën Swings Back to Profit". July 28, 2010, 11:24 a.m. ET. BY David Pearson.

- WSJ 7. “*Finra Fines UBS for Downplaying Lehman Risk*”. April 11, 2011, 1:20 p.m. ET. By Drew Fitzgerald.
- WSJ 8. “*IDBI Bank Plans to Sell Bonds in Swiss Francs*”. April 11, 2011, 5:36 a.m. ET. By Bijou George of Dow Jones Newswires.
- Weick, K. E. (1995). *Sensemaking in Organizations*. London: SAGE Publications.
- Wibeck, V. (2000). *Fokusgrupper, om fokserade gruppintervjuer som undersökningsmetod*. Lund: Studentlitteratur.
- Widerberg, K. (2002). *Kvalitativ forskning i praktiken*. Lund: Studentlitteratur.
- Wilson, G. (2006). Beyond the Technocrat? The Professional Expert in Development Practice. *Development and Change* 37(3), 501–523. Doi: 10.1111/j.0012-155X.2006.00488.x
- Østbye, H., Knapkog, K., Helland, K., & Larsen, L. O. (2004). *Metodbok för medievetenskap*. Malmö: Liber.

# Appendix

---

## Context

The purpose of this chapter is to provide the reader with key information about the financial crisis so that he or she easily will be able to follow the analysis and hopefully gain insight in the complex line of events that led to full blown and global economic meltdown.

### **The bubble that broke: how the Regression developed**

The first major financial crisis of the 21<sup>st</sup> century did not come without a warning. On the contrary, several key events that took place in 2005-2006 instigated an inevitable downward spiral into the recession we recuperate from today.

The fall of the American housing bubble, which peaked in 2006, is marked as a crucial point in understanding why the financial crisis happened in the first place. An incentive driven by the U.S Federal Reserve to decrease interest rates from 1982 onward caused a building boom which encouraged people to consume beyond their liquid assets. Since loans were easy to get hold of, consumers managed to generate a record debt-load with severe implications for private as well as national economy (Federalreserve: Bernanke).

It is during this phase that organisations overlook managing their relations to stakeholders. The media started early on to prepare the country for the risk of a financial crisis, but received little attention from important organisations and government institutions who wanted to downplay the situation and avert the risk of creating nationwide panic.

People who invested in properties found themselves owners of nearly worthless properties and with mortgages and loans impossible to pay off. A crisis was therefore inevitable. To be able to recover from debt, the state was obliged to enter foreclosures consequently depriving consumers of wealth and therefore straining the financial potency of banking institutions who suffered substantial losses (IMF Loss Estimates). The housing bubble eventually started having affects on other businesses, like the banking sector which suffered financial loses mounting up to the sum of \$ 1 trillion in assets from bad loans from January 2007 to September 2009.

The hard fact was that nobody knew who possessed valueless obligations connected to house mortgages, but it was too late to do anything about it and the obligations were already sold to investors all over the globe. This instigated a general scepticism towards money loans in the financial world, thus resulting in a nationwide decline of new property constructions in the U.S. Eventually even subcontractors who delivered services and products to households started to burden the American market. Stock markets around the world were starting to feel the effects of the American financial meltdown.

This was a very turbulent phase, in a time when acquisitions of banks and governmental support to prevent a total collapse were frequently discussed topics by business leaders, politicians and even the media. In just six months, five of the biggest American financial institutions failed

or got sold (E24). On the 15<sup>th</sup> of September 2008, the well established bank Lehman Brothers filed for bankruptcy protection. This event would very soon affect every worldwide financial institution, due to the fact that Lehman Brothers was the 5<sup>th</sup> largest investment bank in the world with over 600 billion dollars in balance sheet total (DN).

## References

---

"Bernanke-Four Questions About the Financial Crisis". Federalreserve.gov. April 14, 2009.  
<http://www.federalreserve.gov/newsevents/speech/bernanke20090414a.htm>. Retrieved February 10, 2011.

"IMF Loss Estimates" (PDF).  
<http://www.imf.org/external/pubs/ft/weo/2009/01/pdf/exesum.pdf>. Retrieved February 10, 2011.

### Interview guide

1. How have your organisation perceived the financial crisis? Was the financial crisis expected and noted under a period of time or did it appear undetected?
2. How has your company perceived the financial crisis? (mention pythons and cobras)
3. What have been the greatest challenges posed by the financial crisis?
4. Has your communications strategy changed in comparison to the years prior to the financial crisis?
5. Has your communicative strategy changed now "after" the crisis in comparison of the most intense period during the crisis?
6. What functions are implemented by your organisation to reach your target groups?
7. Has issues and crisis management been implemented during the last two years? If not how come?
8. Has your opinion of importance changed of issues and crisis management?
9. If your organisation uses issues and crisis management, have you ever linked these two functions together?
10. Does your organisation frequently use issues management or only strictly when issues become noticeable?
11. Do you believe that organizations can create legitimacy by using issues management and align their activities to meet stakeholder expectations?
12. When and if you use issue and crisis management do you link these together or use them as separate functions?

13. How has your relationship been towards media during the financial crisis?
14. What has the greatest challenges been during the crisis?
15. How has your stakeholders reactions been towards the handling of the financial crisis?
16. Do you consider organizations that avoid public exposure in situations like this (the financial crisis) as implementing a strategic move?
17. Has your opinion on issues and crisis management changed after the financial crisis?
18. How do you feel towards upcoming recessions in a near future?
19. What have you learned from this period from a communications perspective?