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Catalytic defiance as a crisis communication strategy: The risk of pursuing long-term objectives

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KEYWORDS

Catalytic defiance; Crisis communication; Product harm crisis; Strategic communications; Public relations strategy; Corrective action response Abstract In 2014, Dairy Khoury, a medium-sized family dairy located in Lebanon, was accused of using a health-threatening carcinogenic substance as a preservative in its products. The news created an immediate food safety concern and a product harm crisis, resulting in dramatic reputation loss and operational risks to Dairy Khoury. In this article, we analyze Dairy Khoury's response to the product harm crisis through an examination of the communication strategies used to address internal and external stakeholders. We then introduce traditional corrective action response strategies from the crisis communication literature. In the Dairy Khoury case study, the company opted to defend its reputation and clarify the misunderstanding using catalytic defiance, a long-term crisis response strategy. Our analysis provides insight regarding the risks and benefits of pursuing long-term versus short-term strategies during crisis recovery. This article contributes to crisis communication theory and practice and sheds light on the dynamics of crisis management in family businesses. © 2017 Kelley School of Business, Indiana University. Published by Elsevier Inc. All rights reserved.

1. Media framing and business flaming

On March 18, 2014, *Hke Jalis*—a live weekly broadcast on a major Lebanese network—broke the story of dairy businesses using illegal substances

in labneh, a staple Lebanese food product made of fermented milk. The investigative reporting team sent for testing samples of labneh from five major Lebanese dairy brands to a prominent Swiss laboratory. The tests revealed that two brands of labneh were not compliant with Lebanese food standards—known as LIBNOR—and contained natamycin, a natural mold inhibitor. The story garnered national interest and created a public health scare when the media framed natamycin as a carcinogen

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putting consumers at risk. Dairy Khoury, one of the two noncompliant brands identified in the program, suddenly found itself amid a product harm/food safety crisis.

Product harm crises, defined as "discrete, well publicized occurrences wherein products are found to be defective or dangerous," create a public safety threat and are most problematic for a food consumer-oriented company (Dawar & Pillutla, 2000, p. 215; Whelan & Dawar, 2016). A product harm/food safety crisis is especially threatening for consumer-oriented companies not only for its financial cost but also for the long-term reputational damage it poses for the firm (Cleeren, 2015; Laufer & Coombs, 2006). In a product harm crisis, firms typically recall the product and engage in corrective actions. Corrective actions are the steps an organization takes to prevent a repeat of a crisis and to help alleviate the anxiety generated by a crisis (Benoit, 1995; Coombs, 2015a).

In this case, Dairy Khoury did not voluntarily engage in corrective action by removing the ingredient and promising not to use it in the future—one way to avoid a repeat of the crisis. Instead, the company chose to defend its choice to use natamycin against LIBNOR regulations. The response from Dairy Khoury runs counter to recommendations for corrective action that are found in an array of crisis communication research, including image restoration theory, situational crisis communication theory (SCCT), and integrated crisis mapping (ICM). Dairy Khoury used a response that we identify as catalytic defiance, which reflects an emphasis on long-term objectives.

By digging into the details of the Dairy Khoury crisis, we discovered three areas of value that can aid in dealing with future product harm events. First, we uncovered why the company chose to avoid the use of corrective action. Second, the nature of the company's counter-intuitive response helped us to expand the plethora of crisis response strategies. Third, this case led us to consider alternative measures for evaluating the success or failure of certain crisis communication efforts. We began our analysis by identifying what the crisis communication literature might recommend as a response to this specific product harm/food safety crisis. We then describe the Dairy Khoury crises and review the crisis response strategies used. The idea of a catalytic defiance strategy is presented along with the possible yields associated with this longterm crisis response strategy. Finally, we discuss the implications of this case for theory and practice. For the purposes of this article, we interviewed Abdallah Khoury, the owner and manager of Dairy Khoury, and Mazen Khoury, the production manager at Dairy Khoury (and Abdallah's son), who provided insight into our case study. 1

2. Product harm crises

Product harm crises arise when an organization's product presents a threat to public safety. In the food industry, a product harm crisis, also known as food safety crisis, presents a health risk to consumers. The risk could be foreign materials in the product, an unlabeled allergen, or foodborne illness organisms in the product. A food safety crisis is a threat to public safety and requires a swift response from the organization to reduce customer risk and heightened risk levels. This section reviews the research that helps clarify the nature of food safety crises and recommended responses. The focus is on how food safety crises produce anxiety and the role of corrective action in reducing anxiety.

2.1. Anxiety and food safety crises

Crisis communication research includes a growing subarea interested in the emotions evoked during a crisis (Coombs & Holladay, 2005). Crises can generate a plethora of emotions, such as anger toward the organization in crisis, anxiety during a period of uncertainty, or even sympathy for the organization affected; these emotions are important because they influence how people react to the organization (Coombs & Holladay, 2005) and the coping strategies used in response to the crisis (Jin, 2010). Crises often create perceptions of danger and uncertainty, which can result in a heightened sense of anxiety (Jin, 2010). Researchers have found anxiety to be the default emotion most stakeholders experience during a crisis (Jin, Pang, & Cameron, 2008).

A food safety crisis is ripe for generating anxiety due to the elevated perception of risk. Stakeholders face a threat to their health and safety while the causes are not always immediately clear. Consumers specifically are anxious as the question of the product's safety lingers. Thus, crisis managers should factor emotion into their selection of crisis response strategies, especially during product harm cases. Crisis managers using the integrated crisis mapping (ICM) approach would tailor their communication to address anxiety in some manner

¹ All quotes from Abdallah Khoury, owner and manager of Dairy Khoury, and Mazen Khoury, the production manager at Dairy Khoury—as well as details about the event—came from interviews that took place on July 22, 2014, approximately 4 months from the start of the product harm crisis in question.

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