Culture and Crisis Communication: Nestle India's Maggi Noodles Case

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ARTICLE INFO

ABSTRACT

Extant theoretical paradigms in the field of crisis communication are organization-centric and do not adequately recognize the role of culture. The purpose of this essay is to analyze a crisis faced by Nestle India using the framework of global public relations which defines culture broadly to include political, economic, media, societal, and activist cultures. Our analysis revealed that a multinational corporation with over a century of presence in the country struggled to align itself to the complexities of the cultures of the host country. In the case of Nestle India, whereas environmental variables such as political economy and Westernization of urban India boosted the growth of its instant noodles, the multinational also struggled to cope with the rise of media corporatization, activist pressure and the vagaries of regulatory enforcement not to speak of cultural nationalism. It is evident that Nestlé's crisis response was governed more by its traditional corporate culture than by an ability to keep pace with the changing demands of its environment, leading to the amplification of an issue into a crisis. The study concludes that multinationals that ignore culture will be forced to pay a heavy price both in terms of reputation and the bottom line.

1. Introduction

Crises involving multinational companies (MNCs) in home and host countries as well as in local and global contexts have been rampant. Recent examples include the consumer backlash to Starbucks' "Race Together" campaign in the United States, Petrobras' corruption scandal in Brazil, explosion of Samsung Note 7 phones worldwide and the emissions scam by Volkswagen in the United States and elsewhere. Each of these crises may have been set in one country but, owing to globalization, a hallmark of the 21st century, the ramifications go far beyond the boundaries of that one country. Many of the crises faced by multinationals also stem from the marginal attention they pay to aligning themselves with local cultures.

The world has seen other eras of globalization before the current one began in the final decade of the twentieth century (Sriramesh, 2010). Today, markets have emerged around the world and corporations of all sizes have extended their reaches beyond their home country - whether these corporations are based in the West or the East. The world is also witnessing a shift, or at least a diversification, of power centers as evident in the Belt and Road Forum (BRF) held in Beijing China in May 2017. Scholarship in the field of crisis communication, much of which has evolved in a few Western developed countries such as the USA, UK, and in Western Europe, has paid only minimal attention to the impact of cultures as *environments* for crisis communication despite their significance. Instead, crisis communication scholarship has focused almost exclusively on organization-centric approaches, a major lacuna that

reduces the global applicability of crisis communication literature.

Current crisis communication scholarship has either totally ignored the impact of culture or has only given passing reference to this key variable. Meta-analytic reviews of literature on crisis communication (Avery et al., 2010; Ha and Boynton, 2014; Ha and Riffe, 2015; Coombs, in press) suggested that the theories most often used in crisis communication research are Benoit's (1995, 1997) Image Restoration Theory and Coombs' (2007) Situational Crisis Communication Theory (SCCT).

While lauding the significant contributions that these two conceptual frameworks have made to the field, we contend that it is important to recognize that Image Restoration Theory and SCCT are organization-centric theories whose focus is almost exclusively on organization-based concerns, actions, and outcomes while ignoring the impact of socio-economic environmental variables over which organizations may have little to no control.

The field can benefit from a holistic approach to crisis management and crisis communication where the importance of a broader set of cultural variables is recognized. The purpose of this essay is to extend the horizons of crisis communication literature explicating the role of the *cultural environment* in which an organization responds to a crisis and thereby highlighting the impact of *cultures* (going beyond the anthropological concept) on crisis communication. We analyze a crisis case set in India using the framework of global public relations discussed in Sriramesh and Vercic (2009), which defines culture broadly to include political, economic, media, societal, and activist cultures. In our view, isolating our focus to only one of these variables would ignore the innate interconnectivity among these key variables. For example, the economic system of a country is driven by the political ideology prevalent there and political economy in turn affects the level of development, media culture, and so on. We believe this framework offers a more comprehensive treatment of an organization's *environment* thereby helping us view crisis communication more holistically going beyond organization-centric approaches. Broadening the horizons of the field through this framework will enhance the global applicability of crisis communication scholarship, a vital need in this era of globalization.

Why India? We chose to study a crisis in India for multiple reasons. First, India has been, and continues to be, one of the fastest growing emerging economies in the world, projected to become the third largest in the world by 2030 (Smialek, 2013). India has had a long history of welcoming foreign traders and it is pertinent to note that the 200 years of British colonization of India began with the arrival in the country of the British East India Trading Company in 1608. Despite the welcome that MNCs have received since then, the country's relationship with multinationals has been testy and even hostile. For example, following economic liberalization in 1991, India witnessed a rapid influx of MNCs into the country. In spite of this, because of British colonization, the Indian psyche harbors a deep-rooted fear of exploitation by MNCs. This fear has led to nationalistic fervor vis-à-vis MNCs making it more important for MNCs to understand, and navigate, the country's complex political, social, economic and cultural environment.

Although for these reasons the presence of MNCs in India and the issues and crises they encounter should be studied, there is sparse scholarly literature on crisis communication in India. Most of the work is on disaster communication (e.g. Dhanesh and Sriramesh, 2016). Analyzing crisis communication in an emerging economy, even if it is a very complex environment such as India, broadens the body of knowledge thus helping make scholarship more holistic. We have chosen to examine one of the most recent crises faced by an MNC in India - Nestle India's Maggi instant noodles food scare crisis. Not only was the case listed as one of the top 12 crises globally in 2015 (Holmes Report, 2016) but is also ideal for illustrating the main theme of this essay as it showcases the impact of cultural variables in managing, and examining, crisis communication.

2. Review of literature and theoretical framework

2.1. Crisis communication

Coombs (2007) defined crisis as "a sudden and unexpected event that threatens to disrupt an organization's operations and poses both a financial and a reputational threat" (p. 164). Crisis management enables an organization to prepare for, and respond to, crisis situations to minimize its effect on stakeholders. Crisis communication, an integral part of crisis management, refers to the process of active communication with stakeholders to mitigate impact on affected parties and minimize damage to the organization's image or reputation.

One of the two dominant theories of crisis communication, Image Restoration Theory posits that any offensive act that undermines an organization's standing with its stakeholders should be addressed through image restoration discourse. The theory focuses on organizational crisis messages and proposes five response strategies: denying charges; evading responsibility; reducing the severity of offensiveness of a wrongful act; taking corrective actions, and; admitting wrongdoing and asking for forgiveness. In our view, these key actions are innately influenced by socio-cultural factors, a key nexus that has not been addressed by extant literature in crisis communication. It is pertinent to add here that even though organizations very much like to control their environment, they may have little control over socio-cultural factors.

SCCT also shares the belief in the power of communication and builds upon Image Restoration Theory and Attribution Theory to examine how attribution of crisis responsibility affects an organization's reputation with publics. SCCT further suggests that the affected organization match its response strategies with the level of attributed responsibility to manage the reputational threat to the organization, to reduce negative effects and to prevent negative behavioral intentions (Coombs, 2007). In addition to crisis responsibility, crisis history and prior reputation can intensify attributions of crisis responsibility, thereby affecting reputational threat (Coombs, 2007).

Offering evidence-based advice to practitioners, Coombs (2014) suggested that managers should focus on timing, the victims, and on handling misinformation. The author suggested that organizations must *steal the thunder*, or be the first to communicate about the crisis, before others such as news media, activists opposed to the organization, or affected stakeholders report it. He also suggested