

## **Same Crisis, Different Responses: Case Studies of How Multiple Competing Corporations Responded to the Same Explosion-Related Crises**

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### **Abstract**

*It is common for multiple organizations in an industry to simultaneously face the same crisis. Few studies, however, have focused on multiple organizations' different crisis management programs and their consequences in response to the same crisis. Two cases of serial explosions of electric devices in South Korea (i.e., rice cookers) and in the U.S. (i.e., laptop batteries) were carefully examined based on situational crisis communication theory (Coombs, 2002) and contingency theory of conflict management (Cancel et al., 1999). Analyzing the cases, this study explored how multiple organizations cope with each of these same incidents and how one organization's crisis management may influence another competing organization's responses. The results highlight that competition in the business environment and public perception of crisis responsibility led involving corporate organizations to different crisis response decisions regarding the same crisis.*

**Key words:** crisis communication strategy, crisis response, competition, contingency theory, crisis responsibility

### **1. Introduction**

Previously, crisis communication studies have focused on how a single organization copes with a given public in a given crisis situation. Although a few studies (e.g., Shin, Cheng, Jin, & Cameron, 2005) extended their investigation into the conflicts between an organization and various publics such as employees, government, and community, they still dealt with a single organization facing a crisis. Unlike previous studies, crises can occur not only to single organization but also to an entire industry simultaneously. In particular, a crisis happened in multiple organizations presumably influence each other's crisis resolution responses because the organization's response can be easily compared with the responses of other organizations and its responsibility is evaluated in relation to other organizations. Crises affecting entire industries are frequently observed in the real world. For example, public concern about increasing obesity rates attributed harsh blame to the fast food industry in the 2000s, and a 2007 salmonella outbreak prompted large product recalls by multiple peanut butter providers (Darmon, Fitzpatrick, & Bronstein, 2008; Funk, 2007). Few studies, however, have been concerned about multiple organizations' different crisis responses under the same crisis.

In this regard, the present study introduces two crisis cases that highlight how multiple organizations coped with the same crisis in a competitive business environment. The first case involves a series of electric rice cooker explosions in South Korea in 2004 and 2005. Because of the possibility of severe damage from the explosion, this event received significant media coverage and public attention. The explosions occurred with three major manufacturers' products (Samsung, LG, and Cuckoo) at the same time, but each company executed different crisis response programs to cope with the same crisis and experienced different results. The second case examines laptop battery explosions in the United States in 2006, which were initially triggered by the explosion of Dell laptops. As the cause of the explosions was revealed as a laptop battery made by Sony and subsequent explosions of other manufacturers' laptops using Sony batteries were reported, the crisis affected not only Dell but also a large sector of the laptop industry. Nevertheless, the manner in which each corporation handled the crisis was not identical.

By thoroughly examining the two explosion cases of electric products, in this vein, the present study attempts to explore how multiple competitive organizations cope with the same crisis, and further, how an organization's crisis management influences other organizations' crisis stances and strategies. For the analysis, this study relies on the contingency theory of conflict management (Cancel, Cameron, Sallot, & Mitrook, 1997; Cancel, Mitrook, & Cameron, 1999) and Coombs' crisis communication strategy (Coombs, 1998) linking to situational crisis communication theory (Coombs, 2002).

## **2. Literature Review**

### **2.1. Conflict and Competition in a Crisis**

To analyze the selected explosion cases, this study clarifies the definitions of three major terms: crisis, conflict, and competition. First, crisis is a unique, unexpected, and uncommon event that raises a high level of ambiguity, improbability, and uncertainty that threatens an organization in terms of its existence and objective (Seegar, Sellnow, & Ulmer, 1998) as well as its reputation (Fearn-Banks, 1997). Although crisis and conflict are closely related and often used interchangeably, the concept of conflict focuses on the comprehension of organization-public relationships through communication between the involved entities. Rubin, Pruitt, and Kim (1994) considered that conflict results from different perceptions of interests between and among individuals, groups or organizations. Therefore, the primary element of conflict includes incompatible goals of the parties and limited resources shared by the parties (Brickman, 1974; Hocker & Wilmot, 1991). Cameron, Wilcox, Reber and Shin (2008) define conflict as a "sharp disagreement or opposition resulting in direct, overt threat of attack from another entity" (p. 36), which could lead to a crisis if it reaches critical impact level. Burnett (1988) noted that a conflict with an organization's consumers regarding the organization's products or services can evolve into a crisis for the organization although this is not always the case. Corporate's crisis communication plays a crucial role in resolving a conflict by facilitating communication between an organization and its publics, such as consumers, media, employees, stockholders, government, community, and activists.

Competition refers to independent parties' pursuit of the same goal, position, or prize (Cameron et al., 2008). Cameron and colleagues (2008) emphasized that competition occurs when two or more groups or organizations pursue the same resources in both commercial (for sales profits, market size, and contracts) and noncommercial sectors (for donations, volunteers, and spiritual support). Competition involves a struggle among parties to achieve the same goal by obtaining greater resources, while conflict involves a discord between two parties with incompatible goals, which can be resolved by communication and mutual understanding. This distinction between conflict and competition offers an opportunity to better understand organization-public relationships and organization-organization relationships.

Thus, in regard to a crisis situation between multiple organizations and the public, it is critical to consider not only the conflict between an organization and the public, but also competition between organizations for the same resources. In reality, the public simultaneously holds relationships with multiple organizations, and a limited amount of shared resources involving multiple organizations creates competition. Presumably, the nature of competition, which has not been much explored in the pipeline of crisis communication research, directs how a crisis evolves over time as it involves multiple organizations.

## 2.2. Stance and Strategy in Crisis Responses

For a detailed analysis of how each organization coped with its respective crisis situation, this study adopted the framework of the contingency theory of conflict management and Coombs' crisis response strategy. Contingency theory of conflict management suggests there is no one ideal crisis management model that can explain all complicated conflict situations (Cancel et al., 1997). This model suggests that all crisis strategies should differ depending on the situation. This approach has two basic principles. First, various factors influence the position of an organization in dealing with diverse types of publics. Second, the position of a given organization is so dynamic that it changes over time (Cameron et al., 2008). Specifically, the contingency theory of conflict management suggests that an organization's stance in crisis communication varies on a continuum from pure advocacy to pure accommodation. Pure advocacy is characterized as an exclusively assertive argument for an organization's own interests, while pure accommodation is characterized as complete concession to the public. Organizations typically locate themselves between these two extremes and move their position along the continuum over time (Cancel et al., 1997). Simultaneously, multiple publics are able to influence an organization's stance toward a crisis as they change their stances depending on the organization's stance movement.

Regarding stance movement, the contingency theory suggests a matrix of 87 contingent variables that influence the stance on the continuum *at a given time* regarding *a given public* (Cancel et al., 1999, p.172; Yarbrough, Cameron, Sallot, & McWilliams, 1998, p. 40). These variables are divided into categories on two dimensions of external and internal variables. The external variables refer to the environmental factors and characteristics of publics. Factors such as threats, political and social environment, cultural and industrial environment, management characteristics, individual traits, and features of relationships and external publics are included in the external variables. On the other hand, the internal variables are related to the characteristics of the organization itself. These factors include characteristics of the organization, public relations department, management, individuals, relationships, and internal threats. Additionally, variables also can be categorized as situational versus predisposing factors. Situational factors are variables that occur within specific crisis situations and for publics involved in the crisis (e.g., urgency of the situation, characteristics of the external public, potential or obvious threats), while dispositional factors are the variables that exist before the crisis (e.g., organization's size, organization's culture, business exposure, public relations access to dominant coalition) (Cameron, Cropp, & Reber, 2001; Cancel et al., 1999; Yarbrough et al., 1998).

Based on the variables in the identified categorizations (i.e., internal and external, predisposing and situational variables), the contingency theory of conflict management provides systematic understanding and practical application of the dynamics of crisis communication (Yarbrough et al., 1998; Cancel et al. 1999). This study analyzed the two explosion cases based on the stance movements on the accommodation-advocacy continuum and the influences of four categories of variables of the contingency theory of conflict management. In particular, this study attempts to compare multiple organizations' stance movements, which may have been caused by competition among the organizations.

Additionally, Cameron and colleagues (2007) insisted that the detailed strategies of an organization are determined and performed following its set stance. At the same time, the public's response to an organization's strategy often changes the organization's stance. The reciprocal dynamics of stance and strategy and the influence of publics during a crisis were named *the factor-stance-strategy conceptualization* (Cameron et al., 2007). In an attempt to elaborate the factor-stance-strategy conceptualization, this study employs Coombs' crisis response strategy. Coombs (1998) classified crisis strategy into seven typologies: 1) attacking the accuser, 2) denial, 3) excuse, 4) justification, 5) ingratiation, 6) corrective action, and 7) full apology. Among the typologies, attacking the accuser, denial, and excuse are defensive strategies, while ingratiation, corrective action, and full apology are accommodation strategies. Coombs (1998) also argued that an accommodative strategy was necessary to repair a damaged organizational image as the crisis situation worsened, while defensive strategy became less effective as organizations took more responsibility for the crisis situation.

Thus, the first set of research questions asks the competitive organizations' stances and strategies under the crisis situation and the influence of contingent variables on the organizational responses as follows.

*RQ1a.* Coping with a crisis, how did the organizations change their stances over time in comparison with the other organizations' stances?

*RQ1b.* Coping with a crisis, what types of crisis response strategies were employed by the multiple organizations in accordance with their stances?

*RQ1c.* Coping with a crisis, which contingent variables influenced the organizations' stances in comparison with other organizations' stances?

### **2.3. Situational Crisis Communication Theory**

During a crisis, organizations search for an appropriate communication strategy to minimize their damages from the crisis, including loss of organizational reputation (Coombs, 1998; Coombs, 2006; Coombs & Holladay, 1996). In determining the most appropriate crisis response strategy, Coombs (2002) suggested three primary situational factors be evaluated in the situational crisis communication theory (SCCT): (1) organizational performance history; (2) severity of damage; and (3) attribution of control. Coombs and associates argued that crisis responsibility is a main indicator in evaluating potential damage to an organization's reputation, and the three situational factors substantially influence public perception of organizational crisis responsibility (Coombs & Schmidt, 2000; Coombs, 2002).

First, crisis responsibility is affected by the extent to which stakeholders attributed the cause of the crisis to the organization (i.e., attribution of control) (Coombs, 1998). The attribution of control is also related to the organization's locus of control over the crisis. According to Coombs (2002), when the public perceives that the organization could have prevented the crisis (i.e., high locus of control), the public attributes a high level of crisis responsibility to the organization. Severity and performance history are the other important determinants that influence public perception of crisis responsibility (Coombs, 1998; Coombs & Holladay, 1996, 2001). Severity refers to how much the crisis generates harmful effects, such as financial, environmental and human damages, while performance history is the record of previous action and performance from the crisis history (Coombs, 1998). Higher severity and unfavorable performance history tend to lead to a negative influence on the perception of crisis responsibility. In sum, ability to control, severity of damage, and performance history should be considered when selecting the best crisis response strategy, which influences the perception of organizational crisis responsibility, and ultimately, organizational reputation (Coombs, 2002). Therefore, it is prudent to explore what types of situational factors in SCCT played a significant role in the crisis situations examined in this study.

*RQ2.* Which situational factors (e.g., organizational performance history, severity of damage, attribution of control) influenced the multiple organizations' crisis response strategies?

### **3. Method**

The present study employed a qualitative news content analysis, using the method of descriptive framing analysis of major newspapers and television news. News coverage is an informative source for identifying a crisis and following the details of its progress because, in a crisis situation, journalists try to unfold the cases through ample investigation and organizations actively utilize news media to communicate with its diverse publics (Jin, Pang, & Cameron, 2006). It also provides comprehensive and chronological explanations of the events as public records of history (Warrington, 1997). Thus, news coverage is one of the most accessible and efficient tools for researchers to identify an organization's stances and strategies as well as notable factors surrounding a crisis situation (Jin et al, 2006; Martinelli & Briggs, 1998).

In presenting news events, certain information is selected, emphasized, and interpreted. Such an organizing process has been defined as news "framing," through which some aspects of perceived reality are highlighted as being significant in a communication context (Entman, 1991; Gitlin, 1980; Tankard, Hendrickson, Silberman, Bliss, & Granem, 1991). According to Entman (1991), framing involves the presentation of problem definition, causal interpretation, moral evaluation, and treatment recommendation. Modifying Entman's framing analysis of news coverage, the present study attempted to identify (a) the problem (i.e., crisis) and its progress, (b) causal interpretation of the problem, and (c) the organizations' stance and strategy as the crisis progress. The authors first collected news coverage of two explosion incidents via two major news archives. For the first case, using combination of related keywords such as "rice cooker," "explosion," "LG," "Samsung," and "Cuckoo," news stories were collected from the KINDS (Korean Integrated News Database System; <http://www.kinds.or.kr>), which is the largest news database covering major news channels in South Korea.

As a result, a total of 186 news stories published between January 2004 and October 2005 were retrieved. For the second case of laptop battery explosions, Lexis-Nexis news database was used to find relevant news articles and transcripts. Three major newspapers (*New York Times*, *Washington Post*, and *USA Today*) and three network news stations (ABC, NBC, and CBS) were included in the search. The combinations of several keywords (e.g., laptop, battery, notebook, computer, explode, fire) resulted in a total of 156 relevant news articles and transcripts published between June 2006 and December 2006.

The purpose of reviewing news coverage was to understand how the incidents involving multiple competing corporations evolved and to identify factors influencing their crisis response decisions. All authors carefully reviewed the news coverage together and drew a timeline of the incidents. At the same time, through a series of roundtable discussions, verbal cues for organizations' stances and strategies and meaningful factors were pinpointed in chronological order.

## **4. Results**

### **4.1. Briefing: Rice Cooker Explosions and Laptop Battery Explosions**

Information from news stories showed how multiple corporate organizations located their stances, what kinds of response strategies they acted on under the crisis, and what factors or circumstances might have influenced their decisions on stance and strategy. Before discussing these issues, two crisis cases involving rice cooker and laptop battery explosions are briefly introduced along with identified crisis phases.

#### **4.1.1. Case 1. Rice Cooker Explosions**

*Phase 1: Before the crisis (May 2004).* In May 2004, as two major electric manufacturers' (LG and Samsung) covert rice cooker recalls were reported by a regional economic newspaper (Jeil Economic Daily, 2004), problems associated with rice cookers began drawing public attention. However, the recall process was not active, and products were returned only if a customer requested a replacement for a faulty product. Moreover, most of the rice cooker consumers did not recognize the recall at this time because LG and Samsung did not make a significant effort in announcing it to the public.

*Phase 2: Crisis begins (From May to June 2004).* Product recalls were highlighted when two network news stations reported cases of exploding rice cookers on May 12, 2004 (KBS-TV, 2004; MBC-TV, 2004). As major newspapers further raised questions about the incidents and revealed the names of the manufacturers (Samsung and LG) involved in the unfavorable events and issuing product recalls, the issue became prevalent among the public (Maeil Economic Daily, 2004). When four additional explosion cases (two involving Samsung's product and two involving LG's product) were reported in the following days, news coverage emphasized that consumers should be wary of using rice cookers because any rice cooker carried a potential risk of explosion.

During this phase, LG held a press conference and announced a compensation of \$50 to its consumers. LG also started a national TV campaign to promote the recall, as well as a nationwide safety checking service to find more rice cookers with defects. Both LG and Samsung continued to collect recalled products, and achieved a 90% recall rate. Even though Samsung had to recall more rice cookers, LG was portrayed in the media as the primary manufacturer responsible for the rice cooker explosions. In spite of the efforts of the two manufacturers, the entire rice cooker industry was affected by the explosion crisis because the public considered rice cookers made by any manufacturer to carry a potential risk of explosion (Naeil News, 2004).

*Phase 3: Crisis is aggravated (From June to August 2004).* On June 10, an explosion by another rice cooker manufacturer, Cuckoo, was reported by the two network news stations. Although Cuckoo was a small company, it was one of the leading brands in the rice cooker market in Korea. Despite large public concern over the incident, Cuckoo did not accept its responsibility, claiming that the explosion was due to the consumer's misuse (Seoul Daily News, 2004). During this phase, Samsung was sued for a woman's miscarriage that allegedly resulted from a rice cooker explosion. However, Samsung neither officially responded to this news nor compensated the woman for the miscarriage. On the other hand, LG expanded their efforts to collect their recalled products by investing more human and financial resources.

*Phase 4: Crisis is sustained (Fall 2004).* After the consecutive explosions, the press raised concerns regarding sub-contract manufacturers. While pointing out the structural problems between big manufacturers and small sub-contractors, news reports dealing with this problem provided major manufacturers the chance to avoid or diminish their responsibility regarding the explosions.

*Phase 5: After the crisis (From Fall 2004 to Spring 2005).* A month later, LG announced it had decided to withdraw its products from the rice cooker market because of severe damage to the company's reputation and sales. In addition, LG did not want a negative image of its rice cookers to affect its entire business, particularly because rice cookers were only a small portion of their entire electronic business. Even after the announcement, LG continued its efforts for product recall, and achieved a 99% recall rate. Upon LG's withdrawal from the market, competitors started aggressive marketing activities to occupy the vacancy in the market. However, the results appeared to be different for Samsung and Cuckoo. Samsung was not successful in recovering its sales and finally decided to close its rice cooker business a half year later, while Cuckoo succeeded in increasing its production and grew as a leading brand.

#### **4.1.2. Case 2. Laptop Battery Explosions**

*Phase 1: Pre-crisis: Before the Osaka incident (June 2006).* Even before a Dell laptop battery explosion in Osaka, Japan in June 2006, battery-related incidents were not unusual in the electronics industry, including laptop computers. Six battery incidents since December 2005 had been reported to the Consumer Product Safety Commission (Thompson, 2006). There had been ten official recalls of laptop batteries by major computer companies, such as Dell, HP, Apple, and Fujitsu, since 2000. Companies in the laptop industry tended to deny the possible danger of battery explosion and insisted their products were safe unless a customer claimed that their laptop battery created serious problems (e.g., Noguchi & Shin, 2006).

*Phase 2: Crisis begins: After the Osaka incident (June 2006).* The crisis was triggered by the Osaka incident, in which a Dell laptop caught fire at a conference in Osaka, Japan in June 2006. Photos of the flaming and smoking laptop were posted on several U.S. websites and shared by a number of Internet users in the U.S. Although the online viewers heavily criticized Dell's slow response to the incident, Dell did not take any official action regarding the incident at the time. Within three weeks, the incident was reported in the mainstream press, and another explosion case of a Dell laptop battery was reported. At this stage, the incident was portrayed in news reports as pertaining only to Dell laptops. Following the news coverage, Dell altered its position by stating the cause of the problem was a faulty lithium ion battery cell, not the computer itself.

*Phase 3: Crisis aggravated: Dell's battery recall (August 14, 2006).* Approximately two months after the Osaka incident and one month after the news report about the incident, Dell announced the official recall of 4.1 million laptop batteries, which was the biggest recall of electronics in history. During this phase, two other incidents were reported, which aggravated the magnitude of the crisis by showing the public that the explosions could cause severe damage to both human life and property.

In this stage, news coverage clearly noted that the faulty batteries were made by Sony.

Because Sony was a major provider of laptop batteries, the crisis involved a vast sector of the laptop manufacturing industry. In other words, any laptop manufacturer using Sony batteries had either already experienced battery-related explosion incidents or had a possibility of experiencing similar incidents in the near future. However, other companies using Sony's batteries, such as HP and IBM (Lenovo), neither responded to nor denied the possibility of danger from battery overheating.

*Phase 4: Battery recall expanded to other companies.* Approximately ten days after the Dell battery recall (August 24, 2006), Apple recognized its battery defects and announced a recall of 1.8 million batteries. This recall is known to have resulted from nine battery incidents involving Apple laptops, which caused property damage and minor burns to two people. Apple was more active than Dell in processing its product recall. For example, Apple provided its customers with additional compensations, such as warranty extension, part replacement, and vouchers.

As more battery-related incidents were reported to the Consumer Product Safety Commission (16 cases as of October 24, 2006), several PC makers (e.g., IBM, Gateway, Toshiba, Acer, Fujitsu, Hitachi, Sharp, and Sony), most of which previously denied the possible danger of their laptop batteries, joined battery recalls within a span of a few days or weeks. In this third wave of battery recalls, 90,000 to 830,000 laptop batteries were replaced by the companies. While many companies recalled batteries, regardless of whether battery-related incidents involving their computers were reported or not, HP was the only company to neither announce a product recall nor engage in any other accommodative actions. HP kept saying that the batteries they used were safe and no battery-related overheating incidents had been reported.

#### 4.2. Stances and Strategies during the Phases of Crisis

Research questions 1a and 1b are related to how the stance and strategy of each manufacturer changed toward the public throughout the crisis. The analysis of each case is summarized in Tables 1 and 2.

##### 4.2.1. Case 1. Rice Cooker Explosions

In the first phase (i.e., pre-crisis), the stances of LG and Samsung were moderate advocacy because, in spite of problems regarding rice cooker quality, they kept silent and did not actively announce the problem to the public; however, they did initiate a product recall. The companies continued denying they had a faulty product, argued there was no crisis, or remained silent (i.e., denial, excuse). As media coverage intensified regarding the incidents in the second phase, LG drastically moved its stance from moderate advocacy to a pure accommodative stance with corrective action and a full apology strategy. LG made significant efforts to recall the products and issue a sincere apology. However, in spite of the explosion incidents reported, Samsung kept the same stance of moderate advocacy with denial and an excuse strategy. In the third phase, another incident involving Cuckoo garnered the media's attention, but Cuckoo adopted a pure advocacy stance by simply denying its responsibility for the incident. Since the Cuckoo incident was perceived as one of many explosions, it was shielded from overly harsh media attention. The other two companies, LG and Samsung, continued their previous stances and strategies from Phase 3. The crisis was sustained for a while (i.e., Phase 4) as Samsung and Cuckoo kept their advocacy stances, while LG continued its accommodative stance and strategies. Samsung adopted a new strategy of justification when it tried to shift blame to its sub-contractors. By the time the crisis reached its conclusion (i.e., post-crisis), LG's pure accommodation stance continued, and LG started new customer-friendly programs, such as a home-visiting product recall service. However, LG finally decided to withdraw from the rice cooker market. Neither Samsung nor Cuckoo changed their advocacy stances and strategies in regard to the crisis.

**Table 1. Stance and strategy changes in the rice cooker explosion case**

	<b>Organization</b>	<b>Stance</b>	<b>Strategy</b>
<b>Phase 1.</b> <b>(Pre-crisis)</b>	LG	Relative advocacy	Denial/Excuse
	Samsung	Relative advocacy	Denial/Excuse
<b>Phase 2.</b> <b>(Crisis begins)</b>	LG	Pure accommodation	Corrective action/Full apology
	Samsung	Moderate advocacy	Denial/Excuse
<b>Phase 3.</b> <b>(Crisis aggravated)</b>	LG	Pure accommodation	Corrective action/Full apology
	Samsung	Moderate advocacy	Denial/Excuse
	Cuckoo	Pure advocacy	Denial
<b>Phase 4.</b> <b>(Crisis sustained)</b>	LG	Pure accommodation	Corrective action/Full apology
	Samsung	Moderate advocacy	Denial/Excuse/Justification
	Cuckoo	Pure advocacy	Denial
<b>Phase 5.</b> <b>(After the crisis)</b>	LG	Pure accommodation	Corrective action/Full apology
	Samsung	Moderate advocacy	Denial/Excuse/Justification
	Cuckoo	Pure advocacy	Denial

##### 4.2.2. Case 2. Laptop Battery Explosions

Before the crisis involving laptop batteries rose to the surface (i.e., pre-crisis), the computer industry as a whole was likely to take an advocacy stance. Companies simply denied the existence of defective products. Even when they started correcting the faulty products by initiating a product recall (i.e., corrective action), it was highly limited in its extent.

After vigorous online criticism of Dell’s response to the Osaka incident, Dell changed its stance from pure advocacy to moderate advocacy (Phase 2). Instead of denying its responsibility, Dell justified the incident, stating, “It’s very, very rare to have a thermal incident” (quoted in Darlin, 2006b), and provided an excuse that the cause of the problem was a faulty lithium ion battery cell, not their computers. As the media coverage of the incident became more intense (Phase 3), Dell moved toward accommodation by recalling batteries (i.e., corrective action). Although Dell initiated a large recall, it kept using an excuse and justification strategy rather than issuing a full apology. Dell insisted that battery-related overheating occurred in very few of its computers.

With no reported incidents involving their computers, other companies, such as HP and IBM (Lenovo), did not respond to or denied the possibility of danger from batteries overheating in their products during this stage (i.e., pure advocacy). Apple adopted less of an advocacy stance than HP and IBM (Lenovo), probably due to a news report about an incident involving an Apple laptop; however, Apple’s stance was still in an advocacy direction. In Phase 4, several laptop manufacturers moved toward an accommodative stance by issuing product recalls (i.e., corrective action). During the recall process, Apple’s action was more accommodative than Dell’s. Apple showed its customers more gratitude by providing online customer service, warranty extension, part replacement, and vouchers. By providing these services, Apple attempted to ingratiate itself with its customers (i.e., ingratiation strategy), in contrast with Dell, which kept employing justification or excuse strategies. Unlike other companies that recalled their products, HP maintained a pure advocacy stance by denying possible dangers.

**Table 2. Stance and strategy changes in the laptop battery explosion case**

	<b>Organization</b>	<b>Stance</b>	<b>Strategy</b>
<b>Phase 1. (Pre-crisis)</b>	Laptop industry	Advocacy	Denial/Corrective action (limited)
<b>Phase 2. (Crisis begins)</b>	Dell	Moderate advocacy	Denial/justification/excuse
	Dell	Moderate accommodation	Corrective action/Excuse/Justification
<b>Phase 3. (Crisis aggravated)</b>	Apple/HP/IBM (Lenovo) /Gateway/ Toshiba/Acer	Moderate (Apple) or Pure advocacy (HP/IBM/Gateway/ Toshiba/Acer)	Corrective action (Apple) Denial (HP/IBM/Gateway/ Toshiba/Acer)
	Dell	Moderate accommodation	Corrective action/Excuse/Justification
<b>Phase 4. (Crisis expanded)</b>	Apple/IBM (Lenovo) Fujitsu/Hitachi/Sharp/ Sony/Gateway HP	Pure accommodation  Pure advocacy	Corrective action/ Ingratiation/Full apology  Denial

### 4.3. Contingent Factors Involved in the Crises

Research question 1c is concerned with contingent factors (internal, external, predisposing, and situational), which influenced manufacturers’ stance movements during the crisis. Some variables appeared to influence organizations’ crisis response in both cases, as shown in Table 3. Among the external variables, *competition* (i.e., the *number of competitors/level of competition*) in the industry environment was influential in both cases. The competitive situation in the rice cooker industry (i.e., LG vs. Samsung) and the laptop industry (i.e., Dell vs. HP) clearly differentiated the organizations’ stances and strategies in the crisis, as described above. Another significant external variable shared by the two cases was *involvement of external public*. Because people use rice cookers and laptops on a daily basis, the external public’s level of commitment and involvement was extremely high. Another evident external variable found in the laptop battery case was *netizens or online community members*, which was noted by Cho and Cameron (2006).

In the laptop battery case, netizens triggered the crisis by posting photos of the flaming laptop on websites and stimulating public concern about the incident and criticism of Dell's response to laptop safety. These netizens' collective engagement surely influenced Dell to recall their products (i.e., corrective action).

Among the internal variables, *economic loss and gain* from implementing stances seemed to be a substantial factor that affected organizational stances, primarily because all the organizations operate in order to make a profit. Corporations managing diverse business areas, such as Samsung and LG, tried to keep negative publicity from spilling over to their entire businesses. For example, concern about the spread of negative publicity led LG to fully accommodate its publics and spend huge resources in dealing with the crisis. Likewise, Dell did not want negative public perception of the laptop incidents to spill over to other lines of its business, such as its desktop computer and computer accessories. Regarding the case of the rice cookers, concerns about *stockholder's negative perceptions of the company* finally led LG and Samsung to close the rice cooker business because of the potential adverse consequences to their entire business. Additionally, particularly for Dell, *economic stability* and *past experience with conflict* seem to have played a role in stance and strategy. Dell was experiencing a bad reputation regarding its poor customer service from the previous years, and presumably, this affected its stance changes from advocacy to accommodation.

Among situational variables, *threats-related variables* (e.g., *litigation, potentially damaging publicity, damaging of the company's reputation in the business community and in the general population, legitimizing activists' claims*) are also noteworthy. In fact, news reports of battery explosion incidents explicitly stated that the efforts companies made were to "cut down on customer complaints and settle a lawsuit" (Darlin, 2006a). With regard to the predisposing variables, *corporate size* played important roles in determining organizational stances in the crisis. Previous studies have argued that the larger the company's size, the more visibility the organization has (Cancel et al., 1999). It is likely the stance and strategy of big corporations (e.g., LG) were different from those of smaller companies (e.g., Cuckoo) because of higher visibility and public expectation.

**Table 3. Contingent factors involved in the two crisis cases**

Case Contingent factors	Rice cooker explosion	Laptop battery explosion
<b>Internal</b>	· Stakeholder's perception · Economic loss or gain	· Economic loss or gain · Economic stability · Past experience of conflict
<b>External</b>	· Competition · Involvement of the external public	· Competition · Involvement of the external public · Netizens
<b>Predisposing</b>	· Corporate size	· Corporate size
<b>Situational</b>	· Threat	· Threat

#### 4.4. Situational Factors in the SCCT

Research question 2 asks about situational factors asserted in the SCCT (Coombs, 1998; Coombs & Holladay, 1996, 2001). Among the three major situational factors (i.e., severity, performance history, and controllability), *severity of damage* was heavily described in the news coverage of both cases because of the harmful consequences that explosions can have in regard to human injuries and property damage. In particular, because laptop explosions may occur in a public space (e.g., airport) due to laptops' portability, the risks were portrayed in the media as more severe.

For the other two situational factors, *attribution to control* was significant in the rice cooker case, while *history of performance* was substantially presented in the laptop battery case. Greater controllability was attributed to the rice cooker manufacturers because explosions of rice cookers were perceived as preventable if manufacturers were more careful in the production process. However, the fact that Korean people stopped buying rice cookers made by LG and Samsung, which are two of the most trusted and respected Korean companies, shows that favorable past history of organizations and their high-quality performance did not mitigate the negative public perception of serious damage.

On the other hand, in the laptop battery explosion case, the incidents were perceived to be less controllable by manufacturers because the problem stemmed from a vendor (i.e., battery provider). Instead, *history of performance* was articulated in the news regarding laptop battery incidents by presenting previous battery recalls of laptop manufacturers involved in the crisis. The accumulated history of battery recalls might have urged greater corporate crisis responsibility among its customers and other external publics.

## **5. Discussion**

This study examined how multiple corporations responded to crisis situations related to electronics explosion incidents. The results showed that each company, facing the same crisis with only subtle differences, took a different stance and shifted to a different direction on the advocacy-accommodation continuum and resulted in different response strategies. In the first case, LG changed its stance and strategy along with the progress of the crisis from advocacy to accommodation, while Samsung and Cuckoo never significantly changed their stance from their initial position of advocacy. In the second case of laptop battery explosions, most laptop manufacturers moved their stances from advocacy to accommodation by initiating battery recalls. Starting with Dell and Apple, the recall expanded to other manufacturers, regardless of the occurrence of battery incidents within the manufacturers' laptops. Only HP kept its advocacy stance throughout the phases, like Samsung and Cuckoo did in the first case. In each phase of crisis development, organizations engaged in several crisis response strategies corresponding to their stance, as suggested by the factor-stance-strategy conceptualization in contingency theory. The analysis also suggests that several contingent factors, such as level of competition, involvement of external public, threat, corporate size, and internal economic gain and loss, strongly influenced organizations' decisions on stance and strategy.

Most importantly, this study highlights the role of competition among corporations in how each responded to the crisis. For the rice cooker case, since LG was the first and the most frequently cited in the news among the rival manufacturers, Samsung and Cuckoo were paid less attention by the media or public. This situation led LG to accommodate its publics through intensive efforts for corrective actions and the issuance of a full apology. On the other hand, in regard to the competition among companies, Samsung and Cuckoo could avoid harsh scrutiny for the incidents in the shadow of LG and therefore maintained advocacy stances. Let's assume that Cuckoo encountered the explosion incident by itself. Would Cuckoo be able to successfully survive and defend itself by keeping its advocacy stance? Probably not. It is believed that an advocacy stance worked for Cuckoo because the highly accommodative responses of its competitor provided Cuckoo with room for avoiding public attention and blame.

For the second case involving laptop batteries, the competition in the laptop industry also played a significant role in how the crisis evolved and how companies responded to the crisis. Among many factors, the different financial situations of Dell and HP were evident in the crisis period. HP was closely catching up with its rival Dell, while Dell was experiencing hardship in shares and earnings over the preceding years. Dell's financial state possibly induced it to issue a prompt recall, using an excuse and justification strategy, in order to save face and lessen financial loss in the crisis. On the other hand, considering the fact that no incident was reported about HP's laptops, HP adopted much more of an advocacy stance compared to other companies that issued product recalls with no incidents, perhaps due to HP's recent financial success.

Furthermore, a series of recalls by Dell and other manufacturers should be understood in relation to the responses of their counterparts in the crisis. Dell's large recall of laptop batteries and public and media criticisms of its recall process could have encouraged other companies to carry out their recalls without much notice. In fact, the later recalls of the other companies, such as Apple and IBM (Lenovo), were more accommodative and smoother than that of Dell. In this regard, it should be noted that a product recall *per se* might not be a powerful indicator of an organization's accommodative stance although such events in the current marketplace have been regarded as a typical *corrective action* strategy in an accommodative stance. Without sincere corporate efforts for recall and apology or acceptance of full responsibility, silent and secret recalls may not be regarded as pure accommodation. Rather than the onset of a product recall itself, the manner of communicating the recall with customers and managing the recall process should be considered in judging an organization's stance movement in crisis. In sum, when multiple organizations face the same crisis, competition increases the influence of entities' crisis responses on the decisions of other entities because all the organizations are pursuing the same objectives.

In the first case, because of LG's active response and the extensive media attention paid to LG, Samsung and Cuckoo were blamed less by the public even with their advocacy stances. Similarly, in the second case, HP did not engage in the battery recalls, enacted by other major laptop manufacturers, and avoided much of the public's scrutiny. In both cases, the stances and strategies of competitors substantially affected those of their counterparts.

The other key component found in the two case studies is perceived crisis responsibility. Coombs (1998) argued that fatal organizational damage from a crisis is caused by the public's perception of the organizational responsibility for the crisis, instead of the actual responsibility devoted to the organization. Consistent with Coombs' argument (1998), both cases showed the significant effect of public perception on crisis responsibility. For example, when a company is reported and discussed more often than others in mass media, that company is likely to be recognized as having greater crisis responsibility because the public perceives the organization as a major source of the crisis. It seems that crisis responsibility attributed to Samsung and Cuckoo in the first case, and HP in the second case, was not perceived significant enough for them to be blamed because responsibility attributed to their competitors (i.e., LG, Dell) was perceived as greater than theirs. If Samsung, Cuckoo, and HP had faced the crises alone, they should have taken more responsibility or more of an accommodative stance with more accommodative strategies such as a full apology.

In terms of SCCT, Coombs (2003) suggested three critical factors that significantly influence public perception of an organization's crisis responsibility: attribution of control, severity of damage, and performance history. These factors, to some extent, influenced how the public perceived the crisis in the two cases analyzed in this study. In the rice cooker explosions case, *severity of damage* and *attribution of control* played important roles in crisis responsibility while *severity of damage* and *performance history* were more substantial in the laptop battery explosions case. In both cases, the *severity of damage* appeared to have encouraged perceptions of greater crisis responsibility of the organizations among the public. When consequences of a crisis are related to an individual's injury or other health damages, the other factors (i.e., controllability and history of performance) of SCCT might have less influence on public perception of crisis responsibility. This result corresponded with the significant contingency factors of *involvement of external public* (external variable) and *threat* (situational variable), which were identified in this study. When a crisis is directly related to individuals' safety and health concerns, their perceptions of threat and involvement increase. Ultimately, the perceived crisis responsibility of multiple organizations plays a critical role in crisis situations, and the effect of SCCT factors can vary based on competition among multiple organizations.

The combination of competition and perceived crisis responsibility affected how each organization responded to the crisis (i.e., stance and strategy). Coombs argued (1998) that accommodative strategy is necessary as the crisis situation becomes worse, and defensive strategy becomes less effective as organizations are more responsible for the crisis situation. Is pure accommodation the best policy for an organization in a crisis then? This study suggests that it may not be. Given the competition among organizations and other factors associated with public perception of crisis responsibility, the cases examined in this study elucidated that actual decisions on crisis communication and their consequences can be different from what was previously advised. For example, some organizations, such as Cuckoo, continued their advocacy stances as employing silence or denial strategies throughout the crisis, but ended up with an advantageous status in the market. Theoretically, it can be interpreted that a certain factor (i.e., competition) can moderate the effect of other crisis situational factors such as perceived responsibility, which may influence the result of the crisis stances and strategies.

In the real world, serious crises may happen simultaneously to multiple competing organizations. In such cases, public relations practitioners should watch for other organizations' crisis stances and strategies because others' responses significantly contribute to building public perception of crisis responsibility. The two cases examined in this study suggest that, ethical concerns aside, pure accommodation may not always be a desirable stance to deal with a crisis, but advocacy may become more successful when the competitors' crisis responses are active enough to garner most of the attention and blame from the major media and publics. The result is consistent with what contingency theory has suggested: *it depends*.

### 5.1. Limitations and Suggestions for Future Research

In spite of meaningful findings of this study, it also bears a few limitations. First, the current study relied on the qualitative analysis of news coverage.

Although news coverage is known to be a useful source to comprehensively understand a crisis as well as the publics involved in the crisis from diverse perspectives (Qui & Cameron, 2005), some may argue that news coverage is mediated and filtered information. Employing other resources, such as organizations' news releases and interviews/survey of public relations practitioners in the organization, could help examine the subtle changes of organizations' stance movements and crisis response strategies over time. Additionally, incorporating other statistics, such as changes in stock price of the involved corporations during the crisis, would provide more objective outcomes of the organizations' responses in crisis.

For future studies, the authors suggest researchers further probe the public's perceived crisis responsibility of companies involved the two crisis cases by employing additional research methods, such as a survey and an experiment. This study speculates that dominant news coverage on LG and Dell's explosion incidents and their active crisis responses led the public to assign greater responsibility to these two companies. However, in order to validate the relationships between and among factors involving crisis (e.g., the intensity of media coverage, organization's crisis response) and the influence of the public's perceived crisis responsibility, advances in research methods are prudent.

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