

Corporate wrongdoers should stick to the facts in post-crisis message

November 26 2012

When faced with scandal or wrongdoing, corporations should stick to the facts in their post-crisis messaging, according to a new study from researchers at Rice University, the University of Georgia and the University of Maryland – College Park.

The study, "Managing the message: The effects of firm actions and industry spillovers on media coverage following [wrongdoing](#)," examined quarterly media coverage of 45 U.S. public toy companies a 10-year period and over 5,500 press releases generated by the companies during that time.

Almost half of the companies surveyed conducted a toy recall (for a total of 56 million toys associated with thousands of reported injuries or incidents) during the study period. Those recalls were indications of a firm's "wrongdoing," defined as behaviors that placed stakeholders at risk or violated consumer expectations for standards of conduct.

The research revealed that the worse a company's "wrongdoing," the more damaging media coverage it received. It also showed a [spillover effect](#): Many of the companies that were not associated with toy recalls suffered from negative media backlash aimed at the entire industry, making them "guilty by association."

But the key to managing the crisis is different depending on whether a corporation was directly to blame or "guilty by association," according to lead study author Anastasiya Zavyalova, assistant professor of [strategic](#)

[management](#) in Rice University's Jones Graduate School of Business.

"If your corporation is directly to blame, it's best to stick to the facts," Zavyalova said. "A media strategy that shares substantive information about how you're planning to address the problem can help change the tone of the media coverage."

However, for companies that are "guilty by association," it's better to have communication that takes attention away from the scandal and puts the focus on how the corporation differs from others in the industry. These ceremonial press releases included information about company plans such as starting a foundation, engaging in a charity event, etc.

"For companies not directly to blame that have suffered negative press, this type of communication helps shift attention from the media backlash," Zavyalova said.

Zavyalova noted that during times when more than one [company](#) was conducting a recall, [media coverage](#) was somewhat less negative for individual wrongdoing firms.

"It goes to show that there is some 'safety in numbers,'" she said.

More information: amj.aom.org/content/55/5/1079.full.pdf+html

Provided by Rice University

Citation: Corporate wrongdoers should stick to the facts in post-crisis message (2012, November 26) retrieved 4 July 2024 from <https://phys.org/news/2012-11-corporate-wrongdoers-facts-post-crisis-message.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.