Crisis Response across Borders: A Comparative Study of Two Companies' Image Repair Discourse

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Abstract

As more companies expand their reach across geographic borders it becomes necessary to understand more about the function and impact of crisis response strategies in cross-cultural contexts. This paper seeks to explore two crisis cases across international borders, including Indian-based Satyam Computer Services' near-collapse as a result of corporate fraud, and Taiwanese consumer electronics giant BenQ and its insider trading scandal. We examine the crisis response of company officials in the aftermath of events that had both national and global effects. It was evident in these two cases that no singular strategy was implemented. Instead, we find multiple strategies functioned together to repair their tarnished image. Although there is specific evidence to show Western approaches translate across borders, the way strategies are implemented is more culturally specific. The implications of this study point to a further need for developing and understanding the use of more localized responses to crisis situations.

Keywords: crisis communication, crisis response strategies, image repair discourse

1. Introduction

As Fortunato (2008) points out, "the need for appropriate and effective public relations communication strategies is heightened when an organization is presented with a crisis" (p. 116). As more companies expand their reach across geographic borders, it becomes necessary to understand the function and impact of crisis response strategies in societies around the globe. The literature on crisis communication, particularly looking at response strategies, has almost entirely focused on cases in the United States. From corporations to individuals, we have garnered much evidence about the effectiveness of rhetorical responses to wrongdoing in the West. Although these responses focus primarily on helping organizational leaders to avoid incrimination, often with image repair and protecting profits as the ultimate goal, we are only recently becoming aware that the social environment within which this discourse functions is changing.

This is particularly true when we consider the vast number of companies "going global," thereby widening the scope of their audiences beyond their domestic borders.This paper seeks to explore two crisis cases across international borders, including the insider trading scandal of Taiwanese consumer electronics giant BenQ, and Indian-based Satyam Computer Services' near-collapse as a result of corporate fraud. These companies represent the types of crisis situations that have come to characterize modern-day organizations – corporate misconduct and fraud. They also represent the kinds of crisis events that are increasingly recorded in crisis response literature (Caldiero, Taylor & Ungureanu, 2009;Reierson, Sellnow & Ulmer, 2009; Seeger & Ulmer, 2003). We will examine the crisis response of company leaders in the aftermath of events that had both domestic and global effects.

These companies have significant implications for the growing research on international crises. In this article, we employ Benoit's image repair framework to analyze the crisis response strategies used by company leaders in each of these cases. We use media reports to explore whether the combination of strategies used by the two companies were perceived as effective in repairing their image. Next, we look at the unique ways culture influenced the crisis response strategies used. Finally, we discuss implications for multinational organizations managing multiple stakeholders and the need for more localized response efforts.

2. Background of the Two Cases

2.1 Case Study One - BenQ

On June 7, 2005, BenQ, a Taiwanese-based consumer electronics contractor manufacturer, made international headlines when it acquired the ailing mobile devices division of Germany's Siemens. The new business group and new brand, BenQ-Siemens became the world's 4th largest mobile phone company, and the largest mobile phone technology company in Greater China, bringing BenQ's combined annual revenues to US$10.9 billion (BenQ Press Release, 2005). However, after suffering a huge loss of US$760 million in less than one year from its takeover of Siemen's handset division, BenQ decided to terminate further investments and declared the insolvency of its German subsidiary, BenQ Mobile on September 28, 2006 (Wang, 2006).

Before BenQ made the announcement public, executives sold undistributed bonus shares ahead of the company's announcement of its losses from the Siemens's deal (Pao, 2007). Company officials then gradually put the money into the BenQ branch in Malaysia, Creo Ventures. Later, when the share price continued to plummet, they transferred funds back to Taiwan and used the money to buy back BenQ shares to boost the stock market. On May 8, 2007, Chairman K. Y. Lee and four other executives were indicted for insider trading.

After a four-year trial, the judge cleared the accused of the charges on the grounds of insufficient evidence. Chairman Lee was acquitted on six charges including insider trading, stock manipulation, embezzlement, breach of trust, and money laundering on July 29, 2011 (Chao, 2011). However, chief financial officer Eric Yu was given a four-year sentence and a NT$20 million fine (US$693,400). Although Lee pleaded not guilty, this insider trading crisis had serious negative impacts on BenQ's reputation and tarnished stakeholder confidence.

2.1 Case Study 2 - Satyam

Satyam Computer Services is India's fourth largest IT company. On January 8, 2009, Ramalinga Raju, the company's chairman and co-founder, exposed his own acts of fraud to the board of directors in a four-and-a-half-page letter. In the letter he admitted to manipulating accounts in excess of over $1 billion. The fraud plummeted Satyam's shares by nearly 83 percent and dragged India's stock market down (Sharma, Katz, & Holland, 2009). Raju's actions had suddenly whirled the company, whose name ironically means "truth" in Sanskrit into a public crisis of unimaginable proportions. The company, noted for its IT solutions, boasted a Fortune 500 client list, which included Nestle, General Electric, Sony, World Bank, and General Motors. The scandal, which some analysts dubbed "India's Enron" after the collapsed U.S. energy firm, casted a cloud over foreign investment in Asia's third-largest economy and over its once-booming outsourcing sector (Chatterjee, 2009).

Raju revealed in the letter that he had systematically falsified accounts as the company expanded from a handful of employees into a back-office giant with a workforce of 53,000 and operations in 66 countries (Satyam Chairman Ramalinga Raju's letter, 2009).

The Satyam crisis is a classic case of corporate greed and resulted in the government stepping in to rescue the company once it was delisted from the Bombay and New York Stock Exchanges. The main concern of the government was to regain the trust and confidence of its employees, stockholders and customers and help the company to avoid bankruptcy. After his letter to the Board, Raju resigned from his post and was arrested and jailed for financial fraud (Satyam's Chairman, 2009). Since then, the company has been acquired by TechMahindra, and is now called TechMahindra Satyam. Although the company is working to regain the trust of its stakeholders, there is still the challenge that the Satyam name will always be synonymous with financial fraud.

3. Literature Review

3.1 Image Repair

Several general theoretical frameworks have been adapted to help us understand how individuals and organizations respond to charges of wrongdoings. Out of these frameworks, Benoit' image repair theory (1995, 1997) is undoubtedly the most widely used, which has provided sound guidelines for successful communication-based approaches to image repair following an organization crisis. In image repair theory, the organization determines what is threatening its reputation or image and also determines which publics must be addressed and persuaded to maintain and restore a positive image (Fearn-Banks, 2010). Specifically, when images are threatened, as they are during crises, organizations are forced to respond. They attempt to regain consumer confidence, minimize negative publicity, and return the company to economic stability.

Image repair theory "can be understood from the assumptions of image, components of an attack on image, and image repair strategies" (Wen, Yu, & Benoit, 2012, p. 175). Based on the work of Ware and Linkugel's (1973) theory of apologia, Burke's (1970) discussion on guilt, and Scott and Lyman's (1968) "accounts" approach to self-defense, Benoit (1995) has developed a comprehensive typology of image repair strategies. The theory of image repair includes five general strategies: denial, evasion of responsibility, reduction of the offensiveness of the act, corrective action, and mortification.

There are two major assumptions that underlie Benoit's (1995) theory of image restoration. First, he argues that communication is a goal-oriented activity. This means that humans communicate with an agenda. Some goal or outcome is desired when humans communicate. His second assumption is that a very important communication goal is to maintain or preserve one's image or reputation after alleged or suspected wrongdoing. This process of image management is also known as "face-work." Five strategies make up the rhetoric or image repair discourse and each of these strategies have a set of tactics within them as shown in Table 1.

Table 1: Benoit's Image Repair Strategies

Strategy	Key Characteristic
• Denial	
Simple denial	Organization did not perform act
Shift the blame	Act performed by other
• Evasion of Responsibility	
Provocation	Responded to act of another
Defeasibility	Lack of information or ability
Accident	Act was a mishap
Good intentions	Meant well in act
• Reducing Offensiveness of Event	
Bolstering	Stress good traits
Minimization	Act not serious
Differentiation	Act less offensive
Transcendence	More important consideration
Attack accuser	Reduce credibility of accuser
Compensation	Reimburse victim
• Corrective Action	Plan to solve or prevent problem
• Mortification	Apologize for act

Source: Adapted from "Image repair discourse and crisis communication," by W. Benoit, 1997, *Public Relations Review*, *23*, p. 197.

Pfahl and Bates (2008) indicate that "as a blend of situational and social constructionist approaches, Benoit (1995, 1997) presented a widely used framework that provides a clear, broadly applicable typology that fits well with public relations analyses of crisis situations" (p. 137).As a rhetorical approach, Benoit's image repair theory has been applied to various corporate crisis cases by the communication scholars. For example, King (2006) examines the various response strategies of Brown and Williamson Tobacco Company employed after a whistle-blowing incident. Cheng (2011) applies image repair theory to a case study of Martha Stewart's insider trading crisis. Caldiero, Taylor, and Ungureanu (2009) investigated17 fraud related and mismanagement crises and found out organizations most frequently use the crisis response tactics of corrective action and bolstering. As the framework has already been applied to cases in the U.S., it may provide further evidence of the utility and function of crisis response strategies outside of the U.S. Through this analysis we are able to determine, to some extent, the degree to which crisis response strategies provide opportunities for responding to crises across cultures.

3.2 Culture and Crisis Communication

Yu and Wen (2003) note, culture is a major factor that determines how an organization will communicate during a crisis event. Although managing crises poses unique challenges for public relations professionals, crises are further exacerbated when they occur in an international environment (Taylor, 2000). Company leaders are challenged with negotiating an organization's key messages in environments where meaning is culturally specific. For example, in her research on cross-cultural issues in airline crises, Pinsdorf (1991) points out, airlines worldwide appear similar to each other because they operate the same kinds of aircraft, crew members dress in similar attire, and most of them use English as the standard language. However, when disasters occur, this uniform identity disappears and the company in crisis is forced to stand on its own and defend its actions. The aftermath of most crises reveals different cultural reactions by victims, survivors, company executives, and countries as a whole.

In a comparative analysis of two airline crashes – one in Japan and another in the U.S. – Haruta and Hallahan (2003) contrast "how the two companies – Delta and Japan Air Lines – responded in different ways to quite similar incidents" (p. 123). Their findings indicate corporate and national cultures play a major role in how companies respond to crisis. For example, while mortification is often a last resort strategy in U.S. crisis discourse, in their article, the head of Japan Air Lines expressed apologies to families of the victims of the crash immediately, which was an expectation of the Japanese people. One respondent in the study noted, "in our culture, an apology doesn't have to come from an admission of guilt" (p. 134). Instead it was seen as a means of expressing sorrow over the incident. In this cultural context, the apology was a necessary social step, as the president of the airline was seen as "the head of the house" (Haruta & Hallahan, 2003).

This example is significant when we consider that issues of "face" and "reputation" are important in most crisis situations, whether they occur in the East or in the West. Western frameworks espouse rational argument and aggressive defense of self, while Eastern frameworks espouse diplomacy, honor and are not centered on self. Western notions of crisis response seem to be centered on avoiding blame (denial), using defensive rhetoric to escape reputational damage (reducing the offensiveness of the event), and settling lawsuits stemming from litigation (corrective action). For Eastern countries like China and Taiwan, for whom face is important, preserving face is about more than just image (how publics perceive an entity) and reputation (the degree to which an entity establishes a record of good deeds over time). Face-saving is a "communication device… that helps [an entity] to preserve dignity" and gain empowerment (Peijuan, Ting, & Pang, 2009, p. 216).

There is a greater body of research devoted to how Western organizational leaders respond to crisis. Because of this, "little attention has been paid to cross-cultural aspects of crisis communication" (Haruta & Hallahan, 2003, p. 126). However, in recent years there have been more studies on approaches to crisis communication in other countries. For instance, Drumheller and Benoit (2004) analyzed the cultural issues of Unite States Navy submarine USS Greeneville collision with Japanese fishery high-school training ship Ehime Maru on February 9, 2001. In their study, they conclude that "multiple audiences and cultures complicate image restoration efforts" (p. 183). In a study, researchers have found through empirical datathat Taiwanese organizations "choose not to publicly communicate the full extent of crises and are deceptive in their reporting of various incidents" (Yu & Wen, 2003, p. 51).

This practice has more to do with the influence of Chinese culture and a belief in Confucianism, an East Asian philosophy that places "emphasis on proper social relationships and their maintenance" than organizational culture (Yum, 1997, p. 80). Confucianism is one of the cultural philosophies put forth in Hofstede's (1980) work that have grounded our study of other cultures. Confucian doctrines are noted for being "an important common cultural factor influencing Taiwan and other East Asian societies" (Wen, Yu & Benoit, 2012, p. 125).

Although the research on image repair strategies is extensive and spans decades, we are only beginning to examine repair strategies by nations (Zhang & Benoit, 2004). The present study is interested in examining the use of these strategies across two cultures.

The following research questions guide this study:

RQ1: What image repair strategies did these companies use in response to their crisis?
RQ2: Were these strategies perceived to be effective in repairing their image?
RQ3: What are some cultural implications for how crisis response strategies are used across borders?

4. Method

In this section, we analyze the image repair tactics of the leaders of BenQ and Satyam following each company's crisis. These companies are both multinationals with global reach. We use Benoit's (1995) image repair strategy to frame our analyses coupled with a textual analysis of case evidence that provides a close read of various texts related to these cases. We analyzed media coverage of the two crises in order to determine the effectiveness of each company's response. Crisis communication scholars attest to the use of media coverage as "an appropriate measure of response effectiveness because the public's primary source of crisis information is the media (Coombs, 2007; Fearn-Banks, 2010; Fisher Liu, 2012).

In the analysis of BenQ's insider trading scandal, we included three press releases from BenQ, seven articles from domestic Taiwanese newspapers, and three articles from foreign media reports. The period of analysis covers a twelve-month period, starting on September 28, 2006, when BenQ terminated its investments in the Germany subsidiary, BenQ Siemens mobile, and ending on September 3, 2007, the day of news about the restructuring plan. In the analysis of Satyam's fraud crisis, we collected eight newspaper articles, two online articles from weekly news publications, two online financial trade sources, and the resignation letter of the company's CEO. The goal with each case was to cover the incident from the crisis occurrence through another significant milestone in the crisis cycle. For BenQ it was announcement of the company's elaborate restructuring plan. For Satyam, it was the acquisition of the company by TechMahindra.

Finally, we examined public opinion polls where available and included stock values to provide a more measurable component of analysis. The latter is particularly important considering the limitations of the case study method (Len-Rios, 2010). Although experimental studies are more concrete in determining effect and can draw causal connections, the case study method "uses as many data sources as possible to systematically investigate" and allows for more detailed descriptions (Wimmer & Dominick, 1994, p. 154). And unlike experimental research, which can often draw findings from "contrived situations", case study research can present findings "derived from real-world crisis situations" (Len-Rios, 2010, p. 268).

5. Findings

5.1BenQ's Crisis Response

5.1.1 Initial Reaction: Denial and Shifting the Blame

For years, BenQ has worked hard to create value for shareholders and give back to the community. For its efforts, the company was recognized as one of 2007's Top 10 Taiwan global brands. In fact, the company name reflects its vision: Bringing Enjoyment aNd Quality to life. This case is important because it demonstrates what can happen when a company's unethical actions threaten its survival. After allegations became public, Taiwanese prosecutors raided BenQ's headquarters in Taipei, as well as its factory in Taoyuan on March 13, 2007 (Chang & Wang, 2007). The Financial Supervisory Commission, the organization that regulates Taiwan's securities markets, alleged that the company was involved in an insider trading scandal.

Melillo (2003) argues that it is important for an organization to always respond to a crisis and manage stakeholder confidence through effective ongoing communication. Organizations that "do not respond to a crisis with image repair strategies could lose all possibility of framing the crisis" (Caldiero, Taylor, & Ungureanu, 2009, p. 226). As support for this notion, BenQ's president, Sheaffer Lee, in consideration of the internal stakeholders, sent an immediate email to employees that the company's operations would not be significantly affected by the investigation. To communicate with external stakeholders, BenQ chairman, K. Y. Lee, released an open letter to the public on March 15, 2007. In his letter, Lee firmly denied the insider trading allegations that they had illegally sold shares ahead of the disclosure of massive losses report. In response to the investigation, BenQ claimed the share transaction was legitimate. Despite the denial of wrongdoing, investors reacted negatively to the news, pushing the company's shares further down. The stock price fell to NT$13.5 per share, a ten-year historical low on March 14, 2007. When company chairman, Lee, was charged with insider trading on May 8, 2007, shares of BenQ plummeted further, closing at NT$12.25, the lowest price ever.

According to Hofstede (1980, 2001), Taiwan is a collectivist culture rooted in Confucianism. Collectivist cultures believe in obligations to the group, dependence of the individual on organizations and institution, a "we" consciousness, and an emphasis on belonging (Lustig & Koester, 2006). The group is expected to look out for and take care of its individual members. Exerting his authority as Chairman, Lee threw his full support behind Eric Yu, the company's embattled financial officer. Lee stated in a strong tone, "everyone that has worked with Eric Yu both inside and outside the company can attest to his integrity, honesty and ethical character" (Pao, 2007). He stated further, "Eric Yu has selflessly served BenQ for many years" and he believed that his name would be cleared ("Taiwan's BenQ says report," 2007).

Lee also said any negative reports about BenQ's senior financial executive, Eric Yu, were baseless and untrue (Wang & Chuang, 2007). Westwood (1997) indicates that the boss in Chinese business needs to signal that "the authority inherent in his role is not being exercised purely for his own self-interest but on behalf of the collective, taking account of the well-being of all concerned" (p. 467). On April 11, 2007, prosecutors summoned chairman, K. Y. Lee, and president, Sheaffer Lee, and named them as defendants. In response to the indictment, BenQ issued a statement saying that they were confused by the prosecutors' action. The company, reusing the strategy of denial, said that it was shocked and perplexed by the charges, but it respected the judicial system and expected a fair trial ("BenQ execs shocked by indictment," 2007). BenQ explained that it was just a transaction and the Malaysian company was in fact part of a legitimate accounting scheme set up to help overseas employees sell their share bonuses.

Then BenQ executives employed the strategy of shifting the blame to the government's inappropriate accounting regulations by saying that it was common knowledge that most business mergers suffer operating losses at the initial stage ("BenQ execs shocked by indictment," 2007). BenQ argued that setting up offshore vehicles to deal with overseas employee bonus shares was a widespread practice by Taiwan's information technology companies for the purpose of circumventing government restrictions (Hille, 2007). They stressed the BenQ management never had any intention of withholding business and financial information or using the information to make financial gains through insider trading ("BenQ execs shocked by indictment," 2007).

5.1.2 Intermediate Action: Bolstering and Attacking the Accuser

The allegations affected the company's long standing reputation and raised concerns among customers, employees and the public. In particular, a company needs to reduce the perceived offensiveness of wrongful actions (Benoit, 1997). Using the strategy of bolstering to overcome a confidence crisis, Lee reminded stakeholders of BenQ's past history of good works. He said,

> We have been in business for 20 years. During this time, we have established a reputation for having honest and ethical corporate governance and have earnestly strived to ensure that integrity is the driving force behind all our actions. (Pao, 2007)

This was an appropriate move, as Benoit confirms (1997). When a company is accused of wrongdoing, bolstering can strengthen the public's positive feelings and offset the negative feelings connected with the wrongful act. For example, Union Carbide's strategy to alleviate suffering in the Bhopal disaster in India was consistent with its attempts at bolstering, portraying the company as concerned with victims of the tragedy.

In a response during times of scrutiny, corporate leaders usually publicly pledge their cooperation. In particular, the leader's role is to sustain the organization's brand image, credibility and trust among stakeholders at times of organizational crisis (Schoenberg, 2005). Lee stated that he and the company respected the legal process and cooperated fully with law enforcement authorities during the ongoing investigation (Pao, 2007). Lee said with confidence that the results of the investigation would vindicate BenQ of any wrongdoing. In tandem with the bolstering strategy, BenQ continued to reduce offensiveness of the crisis event, by attacking the accuser. Lee consistently criticized media reports for speculating that BenQ might be involved in insider trading or irregular stock transactions, which he said was false.

5.1.3 Remedial Action: Corrective Action

On March 20, 2007, taking a corrective action strategy amidst the company's failing stock prices and pending insider trading investigation, Chairman K. Y. Lee rendered his resignation at a board meeting. Jerry Wang, vice president said that "Lee takes the blame for the heavy losses" ("Taiwan's BenQ suffers heavy loss on Siemens investment," 2007) - a move to dissociate Lee from the company. Parallel to a collectivist stance, this move was Lee's attempt to sacrifice himself for the good of the whole. However, the board turned it down and expressed confidence in Lee for his longtime leadership, insisting that he stay and help bring the company back to profitability (BenQ Press Release, 2007). The board of directors also expressed its support of BenQ's management team, but to avoid any further controversy, it requested that the management team engage legal counsel.

Corrective action was a significant part of BenQ's recovery from the crisis. Three major corrective actions were implemented as part of BenQ's image repair strategy and financial rescue plan in September, 2007. First, BenQ adopted a new name, Qisda, to distance the contract manufacturer from the brand maker. More specifically, BenQ restructured and spun off its brand business and changed its name to "Qisda" (Quality, Innovation, Speed, and Driving Achievements), returning to its roots, and concentrating on its core contract manufacturing business. Second, company leaders made major changes among its top management team – changes that took effect September 1, 2007. Unfortunately, BenQ's board lost some confidence in K. Y. Lee due to a continued loss of profit. After serving as BenQ's long-standing Chairman, Lee lost his CEO title at BenQ Group, but retained his chairmanship of its board.Third, BenQ proposed capital reduction and sold assets to help pay off debt and shore up its balance sheet. The company had been operating in the red since acquiring Siemens's unprofitable cell phone unit with six straight quarterly losses. Company officials knew BenQ's financial performance was likely to get worse, and its bottom line continued to bleed. BenQ decided a capital reduction plan was its best chance of recovery and started selling its long term profitable investment in shares. This move gave the company the financial boost it needed. The company started gaining new orders and customers after it announced the spin-off of its brand business and a return to its forte, contract manufacturing. In this case, the image repair tactic of corrective action helped the organization to focus on changes that could ensure a more promising future (Caldiero, Taylor, & Ungureanu, 2009).

In short, BenQ's initial strategy was denial, followed by shifting the blame, bolstering and corrective action. The company's crisis response supports the point we articulate earlier, that organizations often deny until there is clear evidence of guilt. According to Seeger, Sellnow and Ulmer (2003), denial is unlikely to be a successful strategy in cases where the crisis type indicates that the company is likely at fault. Too often, organizations are reluctant to respond due to fear of creating legal liability. As was also the case with BenQ, once it looked like denial would not be enough, the company used blame-shifting, bolstering and corrective action to recover from the sting of the crisis. However, the company's approach to corrective action was targeted more toward financial survival than rebuilding trust with stakeholders. BenQ chose an approach that privileged concern for legal liabilities over a public relations approach that privileged goodwill and positive relationships with consumers.

5.2Satyam's Crisis Response

5.2.1 Initial Reaction: Denial and Shifting the Blame

Satyam's crisis stemmed from Raju's "fabrication of $1 billion worth of cash and bank balances, nearly all of the company's cash assets" – all in an attempt to hide the fact that the company was on the verge of bankruptcy (Timmons, 2009). He drummed up a scheme to purchase Maytas Properties and Maytas Infra, Inc., two construction companies to "replace one billion worth of fictitious assets with real assets" (Lam, 2009).

Unaware of the company's real financial situation, Satyam's board rejected Raju's attempts. When word of the proposed purchase became public in December 2008, "strong investor backlash squashed the deal" (Bonasia, 2009). By January 2009, feeling the pressure of his actions, Raju wrote a letter to the board of directors explaining the financial crisis and how he had maneuvered funds for many years. In the letter Raju resigned as CEO and announced the appointment of Satyam executive Ram Mynampati as interim CEO (Satyam Chairman Ramalinga Raju's letter, 2009).

Mynampati's first action was to schedule a press conference, at which time he was forced to respond to journalists' questions about the inflated profit margins. In response to inquiries, Mynampati denied ever noticing Satyam's troubled financial state, saying instead the company relied on figures provided by PricewaterhouseCoopers (PwHC), Satyam's auditing firm. The crisis had now become a legal issue, with a formal inquiry conducted by India's Central Bureau of Investigation (CBI).

Preliminary reports from the CBI accused the auditors of "consciously" overlooking accounting irregularities and "knowingly" certifying inflated and falsified data (PW auditors, 2009). PwHC denied the accusations, saying the government had no evidence of falsifying documents and that Raju's "crafted image" and political connections had fooled the company's board (Duggai, 2010). This was a clear case of scapegoating by Satyam, in order to save face, a strategy Benoit associates with shifting the blame. In this case, the CBI's intervention into the crisis sought to dissociate Satyam from the wrongdoing in order to reduce the level of panic and uncertainty among its stakeholders.

Government intervention is a central component here, because the case is not just about Satyam's image, but also the country's image. Parallel to the philosophy of collectivist cultures, a blemish on Satyam equates to a blemish on the nation. Unlike companies in the U.S., who are left to manage their own crises, in Asian countries, it is not uncommon for the government to intervene in large-scale crises to preserve integrity and rebuild trust. It was very important to give the public appearance that things were fine and the crisis was under control (Yu & Wen, 2003).

5.2.2 Intermediate Action: Corrective Action

Similar to corrective action measures taken in the U.S. after Enron, with the passing of the Sartanes-Oxley Act that regulates accounting practices in the financial industry, the government of India introduced The Companies Bill 2009, a document that outlines stringent guidelines for improving corporate governance. The government took other steps toward corrective action, including assuming leadership of Satyam, dismissing the company's board of directors and implementing a campaign to reassure stakeholders both domestic and abroad that India was still a strong contender in the IT industry.

To assist with oversight, the government appointed a ten-member committee made up of some of the country's most successful leaders. The committee was given complete freedom to execute decisions related to Satyam's recovery efforts. Its first task was to assure all Satyam customers and stakeholders that the situation was under control. They hired Deloitte and KPMG to re-examine Satyam's financial records dating back to 2001. Bail-out monies from India's government helped to cover this cost. These efforts were seen as a strategic move to shore up confidence among investors and clients (Timmons, 2009).

Although these actions were important to Satyam's survival, the most immediate task was to seek a buyer for the company. Goldman Sachs and Avendus were appointed to look for strategic investors. The new board immediately undertook the sale of the company through a transparent and competitive process before too much value was lost through attrition of clients and employees (Duggai, 2010). Senior staff members played a key role in retaining employees. They were tasked with disseminating information, coaching mid-level managers and providing overall support for the recovery effort.

5.2.3 Remedial Action: Mortification

During Benoit's (1995) final stage, mortification, the accused accepts responsibility and seeks forgiveness in form of an apology. In his letter to the board of directors, Raju started with regret. He wrote, "It is with deep regret, and tremendous burden that I am carrying on my conscience, that I would bring the following facts to your notice" (Prabhudesai, 2009).

After detailing his unethical actions, Raju wrote, "I sincerely apologize to all Satyamites and stakeholders, who have made Satyam a special organization. In the current situation I am confident they will stand by the company in this hour of crisis" (Prabhudesai, 2009). Through this letter, Raju accepted responsibility and requested that staff and stakeholders remain loyal during the crisis. He concluded the letter by surrendering to the law and assuring stakeholders he would face the necessary consequences of his actions.

In brief, Satyam used mortification, blame shifting, and corrective action to resolve its crisis. Raju's letter expressing deep regret and detailing his actions was an example of mortification. One article reported, "It was like riding a tiger, not knowing how to get off without being eaten," (Nelson & Cohen, 2010). The situation was critical as the image and credibility of the country was at stake. Raju had helped to take Satyam from a family-owned business to a listed company, but by admitting to fraud, he put the company in jeopardy. When company leaders and Raju's legal counsel engaged in blame shifting behaviors it did not help matters. It was not until the government intervened and began to institute corrective action measures that things began to turn around.

5.3 Effectiveness of Strategies

BenQ took a more aggressive stance to its crisis response, using denial with shifting the blame and then reducing the offensiveness of the crisis through bolstering and attacking the accuser. One of the reasons the company may have been effective in this area is because, as Coombs' (2007) research supports, BenQ had already established strong relational ties with its stakeholders. Although corrective action attempts ultimately allowed the company to recover from the crisis, this was not without sacrifices. In a move to distance itself from the crisis, BenQ officials chose to rename the company and call for its CEO's resignation. These were very strategic attempts by BenQ to save face among its domestic audience and retain viability among its stockholders, stakeholders and competitors. BenQ continues to operate its business, but the impact of its insider trading crisis is enormous. In reaction to the investigation, the falling investor confidence sent BenQ's stock price down to a ten-year historical low.

Satyam did not fare as well with the use of blame shifting behaviors, which might suggest a desire by stakeholders for company leaders to deal more effectively with issues of blame and responsibility. Government intervention was successful in helping the battered Satyam to preserve what little credibility it had left. Even though Satyam lost some big accounts the image repair strategies worked in restoring the trust of clients and key stakeholders in the long run. What was perhaps most effective was Satyam's attempt to distance itself from Raju, which Brinson and Benoit (1999) call separation. By shifting Raju out of the CEO position and bringing in someone else to handle the day-to-day operation of the company, Satyam was able to save some of its face value and dissociate from the allegations long enough to launch a recovery effort.

5.4 Cultural Implications

In BenQ's case, its Chairman took responsibility and offered to resign only after a disastrous record loss through the acquisition of Siemens's unprofitable cell phone unit and the subsequent investigation of insider trading. Respecting his long-term leadership and making clear attempts to preserve his face, the board of BenQ rejected Lee's resignation and expected him to turn the company around as soon as possible. This implies that guanxi (connections) with in-group members facilitates a reciprocity of sorts, as parties exchange favors. These favors are repaid not because of legal considerations, but because of the fear of losing one's face or public image (Bian, 1997).

Consistent with collectivist cultures and the Confucian philosophy of preservation of the group, BenQ initially denied wrongdoing. The company refused to be transparent, choosing instead to shift the blame and attempt to reduce the offensiveness of the allegations by attacking its accusers. When the company began to lose market share it employed corrective action strategies that included dissociating itself from its chairman and implementing a massive restructuring that allowed BenQ to reinvent itself with a new team of leaders. The concepts of collectivism and guanxi are better understood in an Eastern/Asian context, leading us to conclude in this case that Taiwan's collectivist culture certainly influenced BenQ's crisis response.

The cultural landscape of the Satyam case also played a role in the response strategies used. Although the crisis occurred at its headquarters in India, the greatest challenge was to contain the crisis internationally in order to prevent further erosion of Satyam's credibility and to preserve India's place as a global leader in the IT industry. This is consistent with Eastern notions of saving face and the Confucian philosophy of preservation of the whole.

Similar to BenQ, Satyam's leaders did not come forth until there was clear industry evidence that there had found foulplay. After Raju admitted his wrongdoing, the rescue from the government was the key component in restoring balance and continuity. As Zhang and Benoit (2009) confirm from their study of the Chinese government's reaction to the SARS epidemic, "an organization's or government's image can be influenced by the words and actions of its representatives" (p. 240). The domestic culture in India is mired with corruption and fraud. When Raju's letter was made public, it sent shock waves of panic throughout the company. Employees both at headquarters in India and in other parts of the world became concerned about their jobs. The Indian economy and stock market plummeted significantly and other Indian IT companies were troubled as customers world-wide questioned whether these practices were common among Indian companies. Concerned about its own global reputation and intent on saving Satyam's ranking as the fourth largest IT corporation in the world, the government of India worked to reduce uncertainty and ambiguity during the crisis and to restore Satyam's legitimacy among its stakeholders.

6. Discussion

This study seeks to contribute to the growing body of research that examines crisis communication within a cross-cultural context. Findings from the study indicate, as previous studies have found, that there are in fact cultural constraints on crisis responses (Haruta & Hallahan, 2003;Huang & Bedford, 2009; Pinsdorf, 1991). There were clear similarities in the response strategies of both BenQ and Satyam based on the cultural norms of face-saving and Confucianism, which are significant features of collectivist cultures.

This article demonstrates that there are domestic and international aspects of crisis response among multi-national companies. Although stockholders and industry peers are concerned with an organization's performance in the marketplace, citizens, consumers and staff are more concerned with reputation and whether the organization is taking sincere steps toward legitimacy. BenQ and Satyam's initial response efforts focused more domestically, but as their crises gained momentum, it became important for company leaders to speak to a more "international" audience about its efforts to restore financial solvency.

Although it is natural for any company that experiences crisis to be concerned about its survival, what is troubling here, particularly in the case of BenQ and Satyam is there was more of a concern for market share, competitive advantage, and domestic pride through corrective action than relating to stakeholders. Reputation and competitive advantage seemed to take center stage over transparency and establishing dialogic communication with stakeholder groups. We concluded this might have been a direct outcome of the Confucian philosophy, where reporting details of the crisis event would have compromised face-saving efforts.

These cases have significant implications for how crises are managed across U.S. borders. The analysis supports the notion that image repair is an effective framework for explicating cross-cultural crisis situations, particularly as one of the goals of image repair -- to maintain a favorable image or "face" among stakeholders (Benoit, 1995) – is a primary tenet of collectivist cultures. Our findings indicate the framework is also applicable across multiple crisis types. This study confirms that while there are often domestic constraints placed on companies seeking to reclaim a damaged image, U.S. crisis response strategies are effective in managing international dilemmas. However, as Cheng (2009) posits, there is "no one size fits all" approach to manage crisis communication. As more companies expand their reach beyond domestic borders, public relations practitioners will experience increased opportunities and challenges as they communicate with international publics (Taylor, 2001). Practitioners will need to become more familiar with the cultural norms of countries where we do business. In short, culture does matter and plays a significant role in response to a crisis situation.

This study found that while image repair does not provide a proactive approach to crisis communication, it is an important framework for providing insights into the utility and effectiveness of certain message strategies during and after crisis events (Benoit & Czerwinski, 1997). The application of this framework allows us to explore guiding principles for how crisis leaders respond to various publics across borders. Finally, these cases help us to understand the function of legitimacy and the degree to which the strategies for response help to bring resolution and subsequently help organizational leaders to reclaim legitimacy.

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