

# **How Multiple Competitive Organizations Cope with the Same Crisis: A Case Study of Rice Cooker Explosion in South Korea**

Chang Dae Ham  
University of Missouri  
cdhnn3@mizzou.edu

## **Abstract**

During the period of 22 months in South Korea, three major manufacturers' electric rice cookers exploded more than 10 times. Each manufacturer coped with this crisis. However, their crisis management strategies were totally different from each other depending on each organization's situation. As shown by this case, a crisis may emerge not only to a specific organization, but to the entire industry. Taking into account this explosion case, the present study attempts to explore how multiple competitive organizations cope with the same crisis and how an organization's crisis management influenced the others' crisis stances and strategies. Based on Coombs' crisis communication strategy, crisis communication theory, and contingency theory of conflict management (Cancel et al., 1999), this study suggests important contingency and situational variables. Implications are suggested in the discussion part.

## **Introduction**

During a period of 22 months in 2004 and 2005, electric rice cookers exploded more than 10 times in South Korea. The explosions gained significant spotlights by the press because most Koreans used rice cookers every day and the possible damages could be serious because the cooker used pressured hot steam. Explosions happened in rice cookers produced by three major manufacturers (Samsung, LG, and CooCoo) which had more than 90% market share. Regardless of which company's rice cooker was exploded more times than others, people suddenly stopped purchasing any rice cooker. The public became highly interested in these sudden successive accidents and the entire rice cooker industry faced a serious crisis situation. Each company started executing crisis management to cope with the crisis. Although three major rice cooker manufacturers faced the same crisis, their crisis management strategies were different from each other. During the crisis, LG Electronics (LG) withdrew their rice cooker business after the crisis coincided eight months later the first explosion was reported. At the same time, Samsung Electronics (Samsung), and CooCoo Homesys (CooCoo) spurred up promoting their marketing activities in order to inroad the market. After a half year later from LG's withdrawal, Samsung eventually gave up their rice cooker business, too. As a result, CooCoo firmed up their market leading position. Each organization coped with the same crisis with different strategic choice depending on their competitive relationship.

As shown by this case, a crisis may emerge not only to a specific organization, but to the entire industry. In fact, the crisis covering an entire industry frequently happens in the real world. For example, the seriousness of the obesity problem threatened entire corporations in the packaged and fast food industries in 2000s (Darmon et al., 2008). Few studies, however, have focused on the multiple organizations' different crisis management programs under the same crisis. Taking into account this explosion case, the present study attempts to explore how

multiple competitive organizations cope with the same crisis and how an organization's crisis management influenced the others' crisis stances and strategies. For the analysis, this study adopts contingency theory of conflict management (Cancel et al., 1999) and Coombs' crisis communication strategy (1998) linking to situational crisis communication theory (Coombs, 2002).

## **Literature Review**

### *Crisis and Competition*

In order to analyze this rice cooker explosion case, this study defines the different meaning of the two terms; crisis and competition. Crisis is defined that a unique, unexpected, and uncommon event that raised a high level of ambiguity, improbability, and uncertainty that frighten the organization's existence and goal (Seegar, Sallow, & Ulmer, 1998). Crisis is also defined as important incidents with potentially harmful effects that influence the organization, company, industry, as well as its publics, products, services or good name (Fearn-Banks, 1997). Crisis can be erupted when an issue or imminent conflict of two or more organizations or the public reaches a critical level of impact (Cameron et al., 2008). Crisis comes without previous notice. Crisis doesn't have a standard form. Crisis is also unpredictable because it can happen at any place, at any time, and to any organization. The fluidity of crisis is due to the imperfections and vulnerability of the organization's environment (Ray, 1999). As a similar and broader concept, conflict is defined as "sharp disagreement or opposition resulting in direct, overt threat of attack from another entity" (Cameron et al., 2008). He also argued that conflict occurred "when two groups direct their efforts against each other, devising communications and actions that directly or verbally attack the other group." The conflict involves confrontation and attacks between organizations and various stakeholders or the public. They discussed that there was a difference between the definition of conflict and competition (Cameron et al., 2008). Competition is defined as "striving for the same object, position, prize, and so on, as others, while Public relations play an important role in making it possible for both profit and nonprofit organizations to compete for limited resources such as customers, volunteers, employee and donations (Cameron et al., 2008)." According to their assertion (Cameron et al., 2008, p 36), "Competition, a pervasive condition in life, occurs when two or more groups or organizations vie for the same resources. In business, these resources may be sales, market size, contracts, employees, and ultimately profits. In the nonprofit sectors, the competition may be for donations, grants, clients, volunteers, and even political influences." Admittedly, the difference between competition and conflict is relatively a matter of degree, but it also a matter of concentration (Cameron et al., 2008).

In some crisis situations between multiple organizations and the public, however, it is critical that striving for mutual benefit or struggling for an advantage among the competitive. When the organizations in the competitive relationship simultaneously strive for the good relationship with public in the conflict situation, their crisis management communications may influence each other because the public simultaneously process multiple messages from the multiple organizations. In the case of this rice cooker explosion, the same crisis happens throughout the entire industry, competitive organizations should cope with the same crisis at the same time, but their strategies are varied depending on the situation. To analyze how each organization dealt with circumstances in which they confronted the claims and attacks from the given publics, this study adopted the framework of the contingency theory of conflict management.

### *Contingency Theory of Conflict Management*

Contingency theory of conflict management suggested that there was no one ideal crisis management model which could explain all complicated conflict situations (Cancel et al., 1997). This model identified that all crisis strategy should be diversified depending on the situation, so called “it depends.” This approach has two basic principles. First, various factors influence the position of organization in dealing with conflict. Second, the position for dealing with a given public is so dynamic that it should be changeable throughout the time (Cameron et al., 2008). In specific, the contingency theory of conflict management suggested that an organization’s stance in crisis communication varied on a continuum from pure advocacy to pure accommodation. On the continuum from pure advocacy, which is characterized as an exclusively assertive argument for its own interests, to pure accommodation, which is then characterized as complete concession to the public, the organization’s stance toward its public shifts based on the circumstances around the organization (Cancel et al., 1997). From pure advocacy to pure accommodation, most organizations locate themselves somewhere in between the two extremes and move their position along the continuum (Cancer et al., 1997). Simultaneously, multiple publics are able to influence an organization’s stance toward a crisis and change their stances depending on the organization’s stance movement. The contingency theory of conflict management focuses on the stance changes of the organization in accordance with a given public at a certain time in order to understand the principle of “it depends” (Cancel et al., 1997).

Regarding the stance movement, the contingency theory suggested a matrix of 86 contingent variables influencing the stance on the continuum *at a given time* regarding *a given public* (Cancel, Mitrook, & Cameron 1999, p.172; Yarbrough, Cameron, Sallot, & McWilliams, 1998, p. 40). These factors are divided into categories on two dimensions of external and internal variables. The external variables include factors such as threats, industry environment, political/social/cultural environment, and external publics. The internal variables include the characteristics of an organization, characteristics of the PR department, characteristics of the management, individual characteristics, relationship characteristics, and internal threats. Another categorization for contingency variables is predisposing and situational variable distinction (Cancel et al., 1999). Predisposing variables affect an organization’s stance on the continuum before it interacts with the external public in particular circumstances. Among the predisposing variables, well-supported variables are corporation size, corporation business exposure, public relations access to dominant coalition, the dominant coalition’s decision power and enlightenment, and the individual characteristics of involved persons (Cancel et al. 1999). Meanwhile, situational variables include the factors influencing the organization’s stance shift toward the pure accommodation during the dynamic conflict situation. During the crisis situation, situational variables influence the distance of the organization from pure accommodation stance based on the organization’s willingness to interact with the external public. According to Yarbrough et al. (1998), situational variables have more impact on positioning the stance of the organization to change its predisposition to a different stance along the continuum during an interaction with the external public. Several situational variables are well-supported: the urgency of the situation; characteristics of the external public; potential or obvious threats; and potential costs or benefit for the organization from choosing a particular stance (Yarbrough et al., 1998; Cancel et al., 1999; Cameron, Cropp & Reber, 2001). Based on the variables in the two categories (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 between accommodation and advocacy (Yarbrough et al., Cancel et al. 1999).

In order to understand a crisis situation and strategy, it is necessary to consider all four categorized variables in the contingency theory; predisposing and situational variables as well as external and internal variables. Thus, this study analyzed the 22 months of crisis case of Korean rice cooker explosions based on the stance movement on the continuum and the influence of four categories of variables of the contingency theory of conflict management. Specifically, this study analyzed organization's stance movement along the continuum based on the time frames because the organization's crisis strategies were implemented based on the position on the continuum depending on particular time phases.

RQ1. What were the rice cooker manufacturers' stance movements along the time phases of the crisis in comparison to other's stances?

RQ2. What contingent factors influenced rice cooker manufacturers' stance changes during the crisis?

### *Crisis Communication Strategy and Situational Crisis Communication Theory*

The contingency theory of conflict management suggests that organizations undertake specific stances along the continuum between pure advocacy and pure accommodation based on its public driving strategies. Simultaneously, this strategy, in turn, leads stance changes based on the public's responses. Accordingly, a crisis strategy should be determined and implemented based on the position on the continuum at a particular time. Cameron and his colleagues (2007) called it as *the factor-stance-strategy conceptualization*. For the purpose of on the factor-stance-strategy conceptualization, this study adopts Coombs crisis response strategy and situational crisis communication theory (SCCT). Coombs (1998) postulated that an organization's crisis response might vary depending on a position from defensive to accommodative. Based upon this postulation, Coombs (1998) classified crisis strategy into the 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 included in defensive strategies, while ingratiation, corrective action, and full apology are regarded to accommodation strategies. Coombs (1998) also argued that accommodative strategy was necessary to repair damaged image as the crisis situation was worsen, and defensive strategy became less effective as organizations were more responsible to the crisis situation.

In line with this concept, Coombs (2002) introduced the situational crisis communication theory (SCCT) which was an extension of his crisis response strategies applying on the crisis situation. According to the situational crisis communication theory (SCCT), an organization's reputation is important resource which can be damaged by a crisis. In order to protect the organization's reputation from the damage of the crisis, SCCT suggested that strategic communication should consider the situation of the crisis and select the most appropriate strategy for the current crisis situation (Coombs, 1998; Coombs, 2006). As a result of assessing some factors of the crisis situation, a certain crisis communication strategy is applied while others can be removed (Benoit, 1995; Coombs, 1995). Thus, appropriate crisis communication strategies should be determined based on the assessments of crisis situation. The SCCT suggests several variables which influence the organizational reputation. One of the basic concepts is the *crisis responsibility*. Coombs (1998) argued that crisis responsibility was how much stakeholders

attributed the cause of the crisis to the organization. Thus, the damage to the organization's reputation increases when the attribution of crisis responsibility strengthens. Specifically, the attribution of cause is varied according to the locus of control. Locus of control is defined as the degree to which the organization itself can control the crisis. According to Coombs (2002), the public attributes a high level of crisis responsibility to the organization which is perceived as having high locus of control since the public might consider the organization could have prevented the crisis occurred. Depending on the level of locus of control, public perceives the level of the crisis responsibility of the organization. Overall, the extent of crisis responsibility is the most important indicator of the extent of damage from the crisis (Coombs & Schmidt, 2000).

Severity and performance history are other important factors which influence crisis responsibility (Coombs, 1998; Coombs & Holladay, 1996, 2001). Severity refers how much the crisis generates harmful effects on crisis responsibility such as financial, environmental and human damage. Coombs (1998) explained that the severity of damage negatively affected the crisis responsibility because of the sympathy for the injured in case of severe damage. Performance history is the record of previous action and performance from the crisis history. Higher severity and lower performance history produce negative influential on the perception of crisis responsibility. After evaluating the degree of crisis responsibility, which is influenced by severity and performance history, crisis practitioners select an appropriate strategy to cope with the crisis, and then an organization will gain a reputation (Coombs, 2002). Overall, SCCT suggested that crisis responsibility, influenced by locus of control, severity of damage and performance history, should be integrated with an appropriate crisis response strategy in order to generate positive organizational reputation. Therefore, it is important to understand how each rice cooker manufacturer chose appropriate crisis response strategy for their stances and how it was integrated with crisis responsibility.

RQ3. What strategies each rice cooker manufacturer took in each shifting stance in comparison to other's strategies?

RQ4. What and how situational factors (i.e., organizational performance history, severity of damage, locus of control) influenced each rice cooker manufacturer's crisis responsibility which affected crisis strategy?

## **Methodology**

The present study probed the research questions by conducting a case study involving a qualitative content analysis of media coverage surrounding the case of rice cooker explosion. Specifically, the present study employs the method of descriptive framing analysis. Contents of major newspapers and television news were analyzed to understand how stance and strategy of each competitive organization influenced other's crisis strategies and what contingency and situational factors affect their reputations. News stories are good material to identify answers to the research questions because they document historical events and record details of the crisis. News media are believed to present and interpret news events through frames which are defined as central organizing ideas of news content through the use of selection, emphasis, and interpretation (Gitlin, 1980; Tankard et al., 1991). Entman (1991) suggested that the process of framing especially involved selection and salience which made some aspects of perceived reality as being significant in a communication context. This process encourages a problem definition, causal interpretation, moral evaluation, and treatment recommendation (Entman, 1991). Based

on Entman's framing analysis, the present study used a modified framing model which consisted of problem identification, causal interpretation, stance analysis, and strategy analysis through the news coverage. By covering not only national newspapers, but also national television news clips, this study analyzed contextually important 15 news stories among the total 86 news stories from January 2004 to October 2005. The news stories were gathered from the KINDS (Korean Integrated News Database System) which was the largest news database that covered most of major news media in Korea.

## Results

A chronological evolution of rice cooker explosion case shows the identification of time frames concerning stances and strategies of the multiple organizations. The answer to the research questions are carefully considered and mentioned in the analysis of each time phase frame with the progress of crisis communication. The appropriate answer to the research question 1 and 3 are listed below within each time frame of crisis communication. Key points are in bold typed to highlight each company's stance and strategy in each time phase.

### *Phase 1: Before crisis begins*

In May 2004, LG's rice cooker product recall was reported by a small newspaper at first. In this time, LG and Samsung announced a part recall in which they would change a damaged component because only a part was a problem. LG and Samsung silently stated about the recall that only a few consumers could change a part of the product. The product recall of LG and Samsung was limited to only three models with 8,310 devices and executed only for the consumers who voluntarily wanted to change. Most of rice cooker consumers did not recognize about the recall at this time because LG and Samsung did not announce it to the public. **Thus, in this pre-crisis phase, the stances of LG and Samsung can be identified as a relative advocacy because they did not actively announce a recall to the public. The strategy of LG and Samsung is identified as denial (i.e., insisting no crisis) and excuse (i.e., denying intention to do harm) because they tried to keep silence without considering that it was a serious problem.**

### *Phase 2: Crisis begins*

In May 12, 2004, a nationwide broadcasting system, Korea Broadcasting System (KBS-TV) reported that a LG rice cooker was exploded and the exploding product had been recalled by the manufacturer ("Recalling rice cooker exploded," 2004). Continuously, another nationwide broadcasting company, MBC-TV, reported another LG rice cooker explosion ("Again, rice cooker explosion," 2004). During the week, newspapers consecutively uncovered the exploding accidents of rice cookers. Some newspapers did not identify which company's rice cookers were exploding ever since. On May 21, major newspapers reported that the recall was currently conducted not only for the LG product, but also for Samsung's rice cookers, which meant that Samsung's rice cookers had some problem ("In spite of recall, consumers are worried about another explosion," 2004). Moreover, it was reported that Samsung already had started their recall since the 2003. However, before the news was reported, majority of consumers did not know about the recall because manufacturers did not actively announce it. On the same day, LG held a press conference to announce \$50 compensation for the each recalled product ("LG started a cash compensation for the recall," 2004). According to the report on May 24, both LG and

Samsung achieved 90% recall rate, but Samsung still had to recall more 50,000 pieces, compared with 10,000 pieces of LG (“How many rice cookers should be back? 2004). Even though Samsung had to recall more numbers of rice cookers than LG, LG was recognized as a manufacturer which was only responsible for the rice cooker explosion because most news articles were started with and focused on the case of LG. On June 4, the nationwide MBC-TV reported that Samsung’s rice cooker had exploded again (“Samsung Electronics’ rice cooker exploded,” 2004). With this news, a number of newspapers started reporting that consumers should beware of using any rice cookers because every rice cooker had a potential risk. At this stage, the total rice cooker industry was affected by the explosion crisis. Regardless of any manufacturer, the public started considering every rice cooker as having a possibility for explosion. On June 7, LG officially announced that they started the national coverage TV commercial ad campaign to promote the recall, and a nation-wide voluntary checking service to find more rice cookers with problems. At the same time, two more explosions of LG rice cookers had reported by newspapers, so a total of eight explosions of LG rice cooker had been reported. **During the time, LG move from relative accommodative stance to an almost pure accommodative stance with corrective action and full apology strategy. However, Samsung kept the same stance of moderate advocacy with denial and excuse strategy, even though the explosion of the Samsung was nationally reported.**

### *Phase 3: Crisis is aggravated*

On June 10, another rice cooker brand, a rice cooker of CooCoo, exploded and was reported by the two nationwide broadcasting systems, KBS-TV and MBC-TV. Although CooCoo was a small company, their rice cooker was one of the leading brands in rice cooker market in Korea. So the explosion aroused more extensive concern from consumers (“CooCoo was exploded too,” 2004). However, CooCoo Homesys, the manufacturer of CooCoo, fully denied their fault, claiming that the explosion was due to consumer’s misusage. Although the crisis became more serious than before throughout the entire the rice cooker industry, CooCoo did not directly cope with the crisis and kept the position that they did not have any responsibility. **At this time, the stance of CooCoo was considered as pure advocacy with the simple denial strategy. Even though CooCoo’s reaction was too strict to be accepted by the consumer, newspapers did not seriously report CooCoo’s case because it seemed to be considered as another explosion of serial explosion of rice cookers. Since LG and Samsung are much larger electronic companies than CooCoo, its’ explosion was not seriously focused on by the newspaper.**

On June 14, the CEO of LG ordered all employees to start promoting the rice cooker recall, and even the LG labor union members voluntarily started visiting all consumers who bought LG rice cooker to gather all recalling products. It was an unusual event in Korea because employers and the unions had not been so mutually beneficial. LG spent large amount of budget on announcing their recall by television commercials, publicities, press releases, and all possible media exposures they could use. This was a signs of how seriously LG perceived the crisis. **At this time, the stance of LG can be identified as pure accommodation and their strategy was corrective action with full apology.**

On August 18, another Samsung’s rice cooker explosion was reported that a pregnant woman lost her baby shocked by the explosion (“Abortion by Samsung rice cooker explosion,” 2004). The woman who lost the baby sued Samsung for the damages, but Samsung officially did not respond to this news and did not compensate anything for her damage. However, it was not

socially issued because a lot of rice cooker explosions had already been reported. **Samsung, at this time, still kept the beginning stance of relative advocacy with denial and excuse strategies.**

*Phase 4: Crisis is sustained*

After the consecutive explosions, the press started reporting how the rice cooker companies managed their sub-contract manufacturers to maintain their product quality. Even though these reports dealt with the structural problems of manufacturing small electronic devices such as rice cookers, it affected diluting the big company's responsibility: the news implied that the rice cooker explosions were due to the sub-contract manufacturers. Specifically news reported about Samsung's manufacturing system: Samsung did not produce rice cookers, instead they only sold it through the OEM (Original Equipment Manufacturing) system. **At this time, Samsung tried to avoid blaming. This strategy can be identified as a justification with shifting blames to others, but it was not the basic change of stances. Samsung still stayed at the relative advocacy stance in this time. LG and CooCoo were still located on the same stances with same strategies.**

*Phase 5: After the crisis*

A month later, LG announced that they decided to withdraw their products from the rice cooker business ("LG decided to withdraw from the rice cooker business," 2004). Before LG decided to withdraw, they tried to recover their rice cooker business. However, consumers did not buy their rice cooker any more, and distribution channels denied selling their rice cookers. In addition, LG did not want a negative image of their rice cookers to spill over to the entire company because rice cooker was a only small portion of their entire electronic business ("LG started withdrawing their rice cooker business," 2004). After withdrawing from the market, LG announced that they continuously kept recalling until the last product was retrieved. By the May 2005, they announced they achieved a 99% of recall rate of the applicable products. **LG kept having a concessive pure accommodation stance until consumers accepted their truthfulness.** Later, LG evaluated their crisis management was successful because they estimated that consumers understood their recovery effects for the damage of crisis.

After LG withdrew from the market, other competitors started aggressive marketing activities to occupy the empty market which LG left. CooCoo increased 10% of their production and introduced new product, while Samsung launched new rice cooker models. **However, both companies did not change their stance and strategies about the crisis: Samsung was still taking moderate advocacy with denial, excuse and justification. CooCoo was taking pure advocacy stance with simple denial strategy.** As a result of active marketing efforts of Samsung and CooCoo, the sales of CooCoo was raised, but that of Samsung was not ("After LG disappeared from the market," 2004).

On May 2005, a half year after LG's business withdrawal, Samsung finally pronounced a withdrawal from the rice cooker business. According to the report, the reason was that rice cooker business was not so profitable as to sustain production lines in spite of its negative image which was not compatible with a digital leader image of Samsung. Until the end of this crisis of business withdrawal, **Samsung kept moderate advocacy stance with denial, excuse, and justification strategies.**

Table 1. Stance and strategies of the organizations in the phases of the crisis

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

Research question 1 and 3 is related to the stance and strategy of each manufacturer's rice cooker explosion toward its public. According to the analysis of time framework, LG moved along the stance from the relative advocacy to pure accommodation with appropriate strategy for each stance. At the relative advocacy stance, for example, they used denial and excuse strategy to reduce their responsibility. After the conflict became more serious, they moved to pure accommodation stance with the strategies of corrective action and full apology. Even though LG withdrew their rice cookers from the market, their conflict management was evaluated as a successful case because the given public might have a good reputation about the entire company of LG electronics. On the other hand, Samsung did not move from moderate accommodation stance during the crisis, even though several damaging news, such as the abortion case, were revealed consecutively. In case of CooCoo, they kept pure advocacy stance with simple denial strategy. Although their product was reported to exploded, CooCoo kept their stance of pure advocacy. According to the result of the analysis, the major news reported more times about the LG than the Samsung, and CooCoo. From the beginning of the crisis, LG had been a center of the crisis. Under the shadow of LG's explosion news, Samsung and CooCoo could keep advocacy stance without any serious blames from the public. Stances and strategies, which each organization took, are shown in table 1 based on time phase frame. This table shows the comparative stances each company took during the crisis. All in all, each company took and shifted different stances and strategies depending on the situation.

Research question 2 is concerned about contingent factors (internal, external, predisposing, and situational) which influenced manufacturers' stance changes in the crisis. Among the external variables, the *number of competitors/level of competition* in the industry environment dimension may significantly affect each manufacturer's stance change. Since LG was the first and the most frequently reported manufacturer of rice cooker explosion crisis, Samsung and CooCoo did not gain much attention by the public. As one of the external

variables, competition plays a critical role in determining crisis stance for each organization. Another significant external variable is the *level of commitment/involvement of the external public* in the external public dimension. Since every Korean uses the rice cooker everyday, external public's level of commitment might be extremely high. In terms of internal variables, the *stockholder's perception of the company* and *economic loss or gain from implementing various stances* significantly influence on the stance decision, specifically in the case of LG. Since the rice cooker business was only a small portion of the company's business domain, they seriously considered how much the explosion crisis affected their employees and stockholder's perception of the entire company and economic loss or gain from implementing various stances. With regard to the predisposing and situational factors, several variables were found. Among the well-supported predisposing variables, *corporate size* plays important roles in determining stance in the crisis. Public may categorize LG and Samsung into a same big corporate group, while CooCoo was a small but expert manufacturer. Among *situational variables*, the *threat* factor was found to affect in determining stances.

Research question 4 is concerned about how situational factors are described in the news. Among the three major situational factors, the *severity of damage* was found as a significantly influencer to the corporate responsibility. Since the damage of rice cooker explosion can be fatal enough to damage human body, the possible severity of damage could be significant for the public. From the news article analysis, *locus of control* and *history of performance* were not told as the significant factors in terms of crisis responsibility.

### **Discussion and Implications**

This study shows that organizations' stances and strategies can vary within the same crisis situation. Within the same time framework, each rice cooker company located themselves on different position on the continuum and shifted along the time frame. Their location on the continuum is also influenced by the competitors' stances and strategies. LG changed their stance and strategy along with the situations modified, from advocacy to accommodation. However, Samsung and CooCoo did not so much change their stance of advocacy even though they also were involved in the same crisis. However, we can evaluate that crisis management of Samsung and CooCoo were considerably successful in the short terms of view. Since LG coped with the crisis actively enough to cover whole crisis, Samsung and CooCoo could keep silence to minimize their responsibility and it succeeded. (In fact, LG had no choice but to take a pure accommodation stance because their explosion was the first reported and they recorded largest number of explosion). When the public thinks of rice cooker explosions, the first brand that came into their mind might be LG because LG actively communicated with the public. They did recall with compensation, spent huge budget on TV commercial for promoting recall, and their CEO along with all employees executed corrective actions. During the crisis, thus, most explosion related news was focused on LG. Most news articles talked about LG case either positive or negative point of view. Under the shadow of LG's news coverage, Samsung and CooCoo could maintain their advocacy stance without rigorous blames from the public. LG already played a leading role in the crisis, so Samsung and CooCoo did not have to directly cope with the crisis.

Psychologically, it can be explained by the repetition effect or incidental learning. When several different messages are delivered together from the various organizations, simply repeated message is easily recognized by the audience. In other words, audiences easily accept basic knowledge of the product features by the simple repetition, enhancing the strength and salience of their beliefs (Hoyer & MacInnis, 2003). In this situation, audiences did not try to process

information actively, but constant replication increased recall through the effortless or incidental learning which occurred from the simple repetition rather than from conscious processing. When the given public is not seriously involved in the crisis, meaning that the level of involvement is low, the incidental learning can work because the public tends to minimize their efforts to recognize the situation. Since the explosion was reported first and most from LG, they were the most actively responded to the crisis. Although several explosion cases also reported from the Samsung and CooCoo, their responses were not so active compared to that of LG. The number of reported explosion of CooCoo was less than that of LG or Samsung, so they did not actively cope with the crisis. In this vein, the more an organization is exposed to the public in a crisis, the more people consider the organization is more involved in the crisis than others. All in all, when multiple organizations are involved in same crisis, their crisis communication can be diversified in terms of competitive point of view. When an organization actively copes with a crisis, other competitors should consider their crisis stance and strategy depending on how other organization copes with the crisis. Even though conventional way of solving the conflict is to take accommodation, in some cases, such as multiple organizations in same crisis, accommodation with public is not always the best way. During the crisis, Samsung and CooCoo could keep relatively unfavorable stances to the public because they managed their stances and strategies with a comparative point of view in the crisis.

After the crisis, Samsung failed to recover their rice cooker business. This result is analyzed in different way, but we can assume that the sales decline of Samsung was partly influenced by the LG's withdrawal. In Korea, Samsung and LG are considered as two representatives with manufacturing various products in big size companies. On the other hand, CooCoo was considered in different category from LG and Samsung: small size and only rice cooker producing company. Based in the news report, consumers could consider that big company brands could not guarantee the quality of its rice cookers. Instead, consumers seemed to consider small but expert manufacturers as having the professional skill for producing rice cookers. According to the analysis of phase 2, Samsung tried to recover its reputation with aggressive marketing activities, but their sales continuously decreased after the crisis. It seemed that their effort for recovery was not enough to get over the impact of crisis. Although consumers still trusted Samsung, they did not trust any more about Samsung rice cookers. On the other hand, the sales of CooCoo were rapidly increased after the crisis. CooCoo was recognized as small but professional manufacturer which was only concentrating on the rice cooker manufacturing.

Among the external variables of 86 contingency factors, *number of competitor* and *level of competition* were found as the significant factors. Since the crisis situation is not only for a specific company, but also for entire industry, each company's stance and strategy can be differentiated depending on situation. Since their competitors were plural number, and the competition was very high, their crisis response strategy seriously affected their business. Since the heightened competition would influence an organization to be more willing to accommodate public (Cancel et al., 1999), LG shifted their stance from advocacy to accommodation when the explosion was reported. Among the internal variables, *stockholders perception of company* and *economic loss/gain from implementing stances* were found as significant variables for the crisis response. The major reason why LG gave up the rice cooker business was to consider the spill over effect of negative reputation from rice cooker to the entire business domain. Since rice cooker was only a little part of their entire business, withdrawal was the best way to keep stockholders negative perception from proliferation to their major business such as television,

refrigerator and cell phone manufacturing. In this decision, their economic loss and gain was considered in term of strategic business management. *Corporate size* was found as significant predisposing variables in this crisis. LG and Samsung were more spotlighted than CooCoo because of their company size as a big conglomerate in the Korean economy. According to the previous study, the larger the company's size, the more visibility of the organization has (Cancel, Mitrook, & Cameron, 1999). Since the company size is big enough to gain much attention from the public, the given public might expect higher responsibility from LG and Samsung than CooCoo. *Threat* was a significant situation variable in this case, because rice cooker explosion could be fatal to its users and every Korean used it everyday. In terms of SCCT, *severity of damage* was considered to influence corporate responsibility. Since the damage of rice cooker explosion could be fatal enough to damage human body, the possible severity of damage might be significant for the public.

Coombs (1998) argues that crisis responsibility is associated to the public's perception about the organization's responsibility for the crisis, instead of the actual responsibility causing damage on the public. In this rice cooker case, actual responsibility for the explosion was not so different from the three manufacturers. However, public's perceptual responsibility seemed to be different depending on how each company coped with the crisis. If plural numbers of organizations are involved in the same crisis, public relations practitioners should consider the competitive situation in the crisis situation. In fact, serious crises may come simultaneously to the multiple organizations in the practical world. In that case, PR practitioners should consider other organizations' crisis stances and strategies because others' stance and strategies significantly can affect public's perception about the organization's crisis responsibility, which in turn, can influence the company's our stance and strategy. When an organization is considered to have major responsibility about the crisis, other organizations are able to avoid public's attention if they use silence and denial strategies. Based on the result of this study, it can be suggested that pure accommodation is not always the ultimate stance, but advocacy can be an appropriate stance when the competitors' crisis responses are active enough to garner most of the attention from the major media. The result is consistent with what contingency theory has suggested: *it depends*.

For the future study, this study suggests to examine what the cause and reason of the advantages of competitive stance and strategy are because this study does not explain why public did not pay attention to the Samsung and CooCoo's explosion case. Although this study postulates that domination of LG's explosion took all the public's attention, it does not investigate why people did not criticize and blame Samsung and CooCoo. In addition, this study found that some external, internal, predisposing and situational factors influenced the organizations' crisis stances and strategies, but it did not produce the information of in what extent each variable influenced public's perception of the organization's crisis responsibility. Future study can examine the degree of their influences by manipulating the extent of each variable in order to take a look at the effect of each variable.

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