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A Content Analysis of the Image Repair Discourses of OSI Group in China's Food-safety Scandal

Ya XIE¹, Xiaojun YAO^{2*}

1. College of Economics and Management, Huazhong Agricultural University, Wuhan 430070, China; 2. College of Foreign Languages, Huazhong Agricultural University, Wuhan 430070, China

Abstract Food safety is one of the top issues for Chinese consumers. In the summer of 2014, Shanghai-based Husi Food Co Ltd was mired in a food-safety scandal. OSI Group responded to this situation by releasing statements and holding China press conference. This study focused on OSI Group's image repair strategies employed in the scandal in Chinese context. A content analysis revealed that OSI Group's image repair relied primarily on six strategies: defeasibility (appalled by the event), bolstering (factory in Henan is state-of-art), minimization (it was an isolated event), corrective action (thorough internal investigation), and mortification (sincerely apologized), and attacking the accuser (launched OSI Food Safety Education Campaign). Basically, OSI Group's mortification without compensation doomed its efforts to failure. Implications for implementing image repair strategies with the combination of crisis types are addressed.

Key words Content analysis, Image repair strategies, Crisis communication, Situational crisis communication theory, Food-safety scandal

1 Introduction

A food safety scandal in China came to light after a nearly thirty-minute report by Dragon TV on July 20, 2014. The supplier, Shanghai-based Husi Food Co Ltd, was forced to shut down after local television station Dragon TV ran footage of the company's factory workers picking hamburger patties and meat from off the factory floor, throwing them directly into meat mixers, handling poultry and beef with bare hands on the assembly line. In addition, expired meat, which was described as "stinky" by workers themselves, was either concealed by mixing it with non-expired meat, or simply altering its expiration date. The scandal has dragged in more companies including U. S. coffee chain Starbucks, Burger King and others. All of them cut all ties with OSI China by dropping Shanghai Husi Foods, suspending purchase, switching suppliers, or claiming no cooperation with the firm. Even McDonald's which had 22 years partnership with OSI in China made an announcement that it had suspended all imports from Shanghai Husi Food. Therefore, the embattled OSI Group utilized persuasive discourses to repair its damaged reputation. Literature review on crisis communication will be explicated in the next section. Then, the discourse will be thoroughly analyzed via image repair theory. Next, the persuasiveness of its image repair effort will be evaluated by considering crisis type. Finally, the implications will be discussed.

2 Literature review on crisis communication

A crisis is a sudden and unexpected event that can threaten an organization's operation and cause financial loss and reputational damage^[2, 21, 25, 27-28, 38]. Crisis management is viewed as a systematic step-by-step process that can be categorized into three phra-

ses: pre-crisis, crisis, and post-crisis^[23-25]. Crisis communication is a field of research which is featured on examining the communicative responses of organizations in the context of crisis^[19]. More specifically, it deals with what an organization says and does after a crisis occurs^[28, 31]. The literature of crisis communication dates back to the 1970s when a surge of significant publications occurred in this area. It is dominated by Benoit's Image Repair Theory^[4, 7] and subsequent Coombs's Situational Crisis Communication Theory (SCCT)^[18-20, 27]. Benoit's image repair research is mainly on case studies of image repair discourse. The case studies mainly concern political image repair^[7, 14, 16, 46-47], corporate discourse^[3, 8, 10-13, 15], and entertainment industry^[5, 9, 12, 15]. Based on crisis communication theory, Benoit^[6] proposes five broad response types, some with subtypes: denial (simple denial, shifting blame), evasion of responsibility (provocation, defeasibility, accident, and good intentions), reducing offensiveness (bolstering, minimization, differentiating, transcendence, attacking the accuser, and compensation), corrective action, and mortification. The typology of image repair strategies provides response types that past empirical work can map onto. Coombs' Situational Crisis Communication Theory (SCCT) makes a further theoretical contribution by developing a rule that the selection of crisis response strategies should be based on the understanding of crisis situation^[22-23, 25; 26, 30-31]. According to the theory, a crisis situation consists of four elements that can be used to determine its potential threat to organization's reputation: crisis types, severity of the damage, crisis history, and relationship history^[18, 21, 29]. SCCT posits that crisis types can be grouped into three clusters based upon the specific level of crisis responsibility each crisis type generates: the victim cluster, the accidental cluster, and the intentional cluster^[23, 26, 28]. The victim cluster which includes natural disasters, workplace violence, product tampering and rumor has very weak attributions of crisis responsibility and the organization is viewed as a victim of the

event; the accidental cluster which includes technical-error accident, technical-error product harm and challenge has minimal attributions of crisis responsibility and the event was considered unintentional or uncontrollable by the organization; the intentional cluster which includes human-error accident, human-error product harm and organizational misdeed has very strong attributions of crisis responsibility and the event was considered to be purposeful^[25, 26, 41-42]. The more crisis responsibility that is attributed to the organization, the more negative is the impact on the organizational image^[19]. Therefore, different crisis types may inflict different amounts of reputational damage. Depending on crisis type, different image repair strategies may be more or less effective^[17, 34]. Some studies have been conducted via image repair theory and SCCT in western culture^[33, 37, 39], and some of the existing research have concerned crisis communication in Chinese context^[35, 40, 43]. Food safety is one of the top issues for Chinese consumers. From 2001 to 2014, a litany of food-safety scandals have hit China, typically the incident of Sudan Red, the 2008 melamine milk scandal, and illegally recycled cooking oil scandal. Years of scandals have ingrained a sense of crisis in the public psyche, and it is acknowledged that China's food safety problems are deep-rooted and difficult to solve. Based on Chinese context, Yao^[45] conducted a research in the field of crisis communication by conducting a critical analysis of image repair discourses of some companies involved in milk scandal in 2008 in Chinese context. Other researchers are also beginning to pay attention to crisis communication strategies in Chinese context^[36, 43-44]. The current study analyzed the image repair discourses of OSI Group in China food safety scandal. As crisis type is pivotal to the selection of an effective response strategy, this study also explored the role of crisis type in selecting effective response strategies, thus extending our understanding of crisis communication to a more combined or cross-linked system.

3 Methods

3.1 Data collection In order to identify OSI Group's image repair strategies, the lead researcher of this article first accessed OSI Group's website at www.osigroup.com.cn/ on September 12, 2014. OSI Group created a prominent "OSI SH Event Updates" section on its website, containing statements from OSI Group, OSI China updates, OSI Group China press conference media group Q & A, media observations, professional insights, and relevant reports on other factories in OSI Group. Statements and China press conference including the President and Chief Operating Officer of the OSI Group, David McDonald's statement and his answers to reporters' questions were important means of restoring corporate image, since they were the documents most explicitly associated with crisis management agenda. From this site, the lead researcher downloaded all the statements and OSI Group China press conference media group Q & A material from July 21, 2014 to September 22, 2014, the date when OSI Group declared that the production was not likely to be resumed soon. Then, six reports of the

scandal were collected from the Washington post by searching the website <http://www.washingtonpost.com/business/> with the term "OSI Group". Finally, to give a thorough view of the coverage, an internal search in the website <http://gb.cri.cn/> (China Radio International Online, CRI) was conducted by using the term "Husi" in Chinese, amassing over 355 articles. To avoid repeat coverage of OSI Group official statement and uncorrelated reports of the downstream of catering enterprises, only articles informing OSI Group's attitude, the public's criticism, and solid facts of the scandal were included, narrowing the dataset to 5 articles.

3.2 Coding procedures Articles from OSI Group's website were coded for the presence of image repair strategies. Statements claiming that the organization was appalled by the report were coded as evasion of responsibility. If the organization attempted to stress good traits, downplay the crisis severity, and focus attention on perceiving more important considerations, the statements were coded as reducing the offensiveness. Statements explaining the actions being taken to rebuild trust and alleviate the crisis were coded as corrective action. Apologies by the organization or organizational representatives were coded as mortification. Image repair strategies and reactions from the public were explicitly or implicitly revealed by the organization's statements and the public media. Direct quotations pertaining to it in the CRI Online were coded by source of quotation: regulatory agency spokesperson, government agency spokesperson, and the public (including netizens). The articles organized by time were coded sequentially. Direct quotations or information referenced in previously coded articles were not re-coded.

4 Results

Content analysis showed that OSI Group's image repair relied primarily on six strategies: defeasibility (appalled by the event), bolstering (factory in Henan is state-of-art), minimization (it was an isolated event), corrective action (thorough internal investigation), and mortification (sincerely apologized), and attacking the accuser (launch OSI Food Safety Education Campaign).

4.1 Defeasibility The strategy of defeasibility is used when the accused argues that he or she had no control over the offensive act. In the first statement, OSI Group expressed that "Company management was appalled by the report." Again, Sheldon Lavin, the chairman, chief Executive Officer, and owner of OSI Group employed defeasibility by claiming: "I am appalled that something so completely unacceptable has happened in a company that I own. I will not try and defend it or explain it. It was just terribly wrong." Attempting to stress that the OSI Group had no control over the scandal, the President and Chief Operating Officer of the OSI Group, David McDonald declared in OSI Group China Press Conference Media Group Q&A: "We were appalled and enraged by the Shanghai Husi event."

4.2 Reducing offensiveness This strategy is an attempt to reduce the apparent offensiveness of the act in six ways: bolstering, minimization, differentiation, transcendence, attacking one's ac-

cuser, and compensation. (i) Bolstering. Bolstering refers to effective means to offset the offensiveness of the wrongful act. Stressing good traits of an organization was a way of bolstering. Sheldon Lavin bolstered OSI Group's reputation in the statement on July 24, 2014 by declaring that "We are very proud of our newest state-of-art facility in Henan. It reflects our confidence and commitment in China." Another report on the column of OSI SH Event Updates on July 25, 2014 supported Sheldon Lavin's assertion by noting that Henan Husi will become a McDonald's "central kitchen". OSI Group stressed the positive attributes of its factories to offset the negative feelings of the consumers and customers in China. An article entitled "OSI Group CEOs: be proud of the whole supply chain but avoid compensations" in CRI Online noted that "OSI Group is one of the world's largest companies in obscurity." (ii) Minimization. The strategy of minimization is to suggest that the consequences or severity of the act were exaggerated. In the first statement on July 21, 2014, OSI Group contested that "our company management believes this to be an isolated event." The strategy of minimization is also to minimize the negative feelings concerned with the food safety scandal. OSI Group noted that "No problem has found in Weihai Husi Company yet; preliminary testing found no quality problems in Henan Husi." Then, in the statement on July 24, 2014, Sheldon Lavin asserted that the consequences of this food safety scandal were exaggerated, noting that "We are pleased that local Chinese authorities have inspected our other facilities and have not found any issues." Another part of OSI Group's minimization was the statement that "There has been no reported illness linked to any Shanghai Husi products." (iii) Attacking the accuser. Attacking the accuser pertains to blaming the victim or press for the wrongful act. OSI Group attempted to limit the persuasiveness of accusations by undermining the attacker's credibility. It claimed in press conference that "To promote the awareness for food safety among the Chinese public, we will also create a 3-year OSI Food Safety Education Campaign in China with a 10 Million RMB investment." OSI Group spearheaded its attack at Chinese customers and implied that Chinese customers lacked knowledge of expiration dates, product dates, and product dates in Plant Setting. Two subsequent OSI updates "Expiration Dates and Rework in Meat and Poultry Processing" and "(Professional Insights) Food service operations need to understand expiration dates on meat and poultry packages" went a thorough introduction to expiration dates, meat and poultry packages. It elaborated that "This backgrounder is designed to help explain product dating, safety and quality and the process of reworking product during processing."

4.3 Corrective actions Corrective action promises to solve or prevent recurrence of problem. It takes the two forms of restoring the state of affairs before the offensive act and promising to prevent the recurrence of the offensive act. The major image repair strategy used by OSI Group was corrective actions. In the statement on July 21, 2014 (the first statement), OSI Group endeavored to solve the problem by noting that "The Company has formed all in-

vestigation team, is fully cooperating with inspections being conducted by relevant, supervising government agencies." Again, in the statement on July 24, 2014, Sheldon Lavin declared that "I immediately sent our best team of global experts from the OSI Group." On July 26, 2014, Shanghai Husi products were withdrawn from the marketplace, and global team was brought to manage operations. Senior Vice President and Managing Director of OSI APMEA, Mr. Brent Afman said: "These decisions are the most responsible course of action we can take at this point in time. We are working hard to bring assurance to our customers and ultimate consumers." Then, four consecutive days' OSI Group updates were featured on corrective actions to restore the state of affairs: "We are in the midst of conducting our own thorough reviews of all of our manufacturing facilities within China." "Shanghai FDA and Shanghai AIC have started joint investigation." "Concluding its internal investigation is a top priority." "...recovering this production is an important step in facilitating the investigations..." OSI Group furthered their corrective action to the form of preventing the recurrence of problem in OSI China statement on August 29, 2014, noting that "OSI Group confirms that 6 employees of Shanghai Husi have now been arrested following detention by authorities." Finally, in the statement from the President and Chief Operating Officer of the OSI Group, David McDonald, he declared that "a corrective actions plan was launched". The corrective actions plan was divided into three parts: preliminary investigation findings; actions taken to date; and new rectification measures. It noted that "To date our investigations have found issues that are absolutely inconsistent with our internal requirements for highest standards, process and policies. We had withdrawn of all products manufactured by Shanghai Husi from the marketplace ... sweeping changes of the OSI China organizational and management structure..." In the last part of the statement, commitment to China was given: "OSI International China remains committed to China and we still have plenty to offer. We understand that we still have a lot of work to do to reclaim the respect and trust of our customers, the government, and consumers. We are committed to doing this work."

4.4 Mortification Mortification is a strategy to admit committing the offensive act and to ask for forgiveness. Statements of remorse and regret are the two forms of mortification. Mortification was the second frequently used strategy by OSI Group. OSI Group intended to dilute condemnments from the public by expressing its remorse in the first statement. It was noted that: "We sincerely apologize to our customers for any problems this has caused and to consumers who may be affected by this event." Then, Sheldon Lavin reiterated that: "On behalf of Husi and OSI, I sincerely apologize to all of our customers in China." In the statement of David McDonald, the President and Chief Operating Officer of the OSI Group, he expressed repeatedly that "we as a company sincerely apologize for this unfortunate event."

5 Evaluation

Food safety has been a huge concern for Chinese consumers after dairy products tainted with the industrial chemical melamine in 2008; other food scandals have hit meat and dairy industries in recent years. Years of scares of food safety have ingrained a sense of crisis in the public psyche, and many Chinese consumers see foreign brands as offering higher safety standards. Now, Shanghai Hushi scandal has shaken that confidence. The public even questioned how a reputable multinational could act "as bold as brass" in China. Based on the context, OSI Group's repeated expression of "we were/ I was appalled and shocked" failed to evade responsibility. On the press conference, the inappropriate boost of its Henan factory did little to bolster the damaged reputation as it failed to retain partners. As to minimization, by claiming it was an "isolated event", the public considered the expression as a kind of diplomatic parlance, and the netizens collectively mock as "kidding", "where is the sincerity?" Attacking the accuser through the education campaign also angered netizens. They deemed it as to imply that Chinese consumers were not aware of the importance of food safety and were wanting in relevant knowledge. According to Coombs' Situational Crisis Communication Theory, the food safety scandal of Hushi Food Co Ltd could be categorized as human-error product harm in intentional crisis cluster. Human-error product harm refers to human-error that causes a product to be recalled because the product is deemed harmful to stakeholders. The cause of the recall is a person or people not performing job properly^[25-26]. Since the China food safety scandal was caused by the company's factory workers using expired meat with the purpose of saving cost, OSI Group had very strong attributions of crisis responsibility and the scandal was considered to be purposeful. Once crisis type was determined, the level of crisis responsibility served to narrow the selection of viable image repair strategies. Compensations were bound with strong attributions of crisis responsibility, and apology without reimbursement made no difference to attending to customer concerns and rebuilding trust. Thus, the public counted the apology of OSI Group insincere. Basically, OSI Group's discourse was not effective in restoring its damaged image. The corrective actions to some extent succeeded at exhibiting their resolve to solve the problem. However, the sincerity of OSI Group was questioned. Empty promises were not what the public needed but actual solutions. Furthermore, they fixed their attention on working with outside companies to make sure that the system becomes perfect. But there were no compensations except irrelevant answers. Finally, when substantial damage was inflicted on stakeholders, the words of "sorry" can not constitute a complete "apology". The public needed the actual compensation scheme. OSI Group may face the risk of retreating from the big market of China.

6 Implications

OSI Group faced a serious threat to its image as Shanghai Hushi Food Co., Ltd one of its China units was accused of using expired

raw meat. In the aftermath of the scandal, all its big customers in China announced to cut ties with it and six executives from the embattled subsidiary were detained by the Chinese police. Discourse analysis revealed that OSI Group employed the strategies of defeasibility, bolstering, minimization, attacking the accuser, corrective action, and mortification. The evaluation argued that these strategies were not sufficiently effective in OSI Group's situation. This content analysis shows that once the crisis type is identified, the level of crisis responsibility can be estimated. Crisis that belongs to intentional crisis cluster gets strong attributions of crisis responsibility. Hence apology without compensation does not work. Limitation of the study is that performance history was not covered. SCCT posits that either a crisis history or a negative relationship history/prior reputation will intensify the reputational threat^[1, 21, 29, 32]. Performance history, especially a favorable pre-crisis reputation can create a halo effect that protects an organization during a crisis^[29]. OSI Group has a long history of good reputation. Its performance history can be a vital element in the recovery of its image.

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