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Corporate Communication Actions in Response to Crises: Empirical Evidence in Food Fraud in Brazil

Luciana Florêncio de Almeida, Thelma Valéria Rocha, and Márcio Ribeiro da Fonseca

*Escola Superior de Propaganda e Marketing (ESPM), São Paulo – Brazil
luflorencio@gmail.com; tvrocha@espm.br; marciof@espm.br*

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ABSTRACT

The paper proposes a framework for corporate communication action in wicked scenarios based on stakeholder salience theory (SST). Empirical evidences was collected through a food fraud case in Brazil during 30 days after the scandal on Social Media. A qualitative content analysis was conducted to discriminate the online corporate communication strategies adopted by the two major food companies involved in the scandal. The results indicated that both firms lacked an immediate mandate to address the legitimate stakeholders' claim. This study adds the action perspective to stakeholder salience theory, providing practical guidelines for marketers in the food sector who face wicked contexts, attempting to achieve transparency and common goals along with their stakeholders.

Keywords: *stakeholder theory; corporate communication; food; meat industry; safety*

1 Introduction and background

Mitchell, Agle and Wood (1997, p. 853) proposed “a descriptive theory of stakeholder salience, to explain the conditions under which managers do consider certain classes of entities as stakeholders”. This helps managers to identify more effectively those to whom they should be paying attention. The seminal work is a key to corporate communication (CC) in the modern economy. More recently Wood, Mitchell, Agle and Bryan (2017) pointed out that stakeholder theory is an important contrast to the neoclassical economic literature that has long put shareowners at the center of the corporate management. From the viewpoint of the authors, stakeholder theory is more inclusive since it considers managers responsible for profit-making but also for “managing claims and lessening harms within an intricate network of societal relationships (Wood et al, 2017, p. 1). Nevertheless, the framework of MAW-1997 comprises no recommendations regarding how these managers should respond to stakeholders’ claims through a corporate communication strategy in cases of wicked context (or not). Wood et al (2017) identified the need for normative content in the framework. In this sense, in this paper, a normative categorization based on MAW-1997 was developed for corporate communication action in crisis context.

Since wicked contexts require articulated forces to solve problems and offer solutions that might trigger substantial changes that go beyond the affected sector, Dentoni, Bitzer and Schouten (2018) suggested a framework that considers three key dimensions, namely *dynamic complexity*, *value conflict* and *knowledge uncertainty* when harnessing a wicked problem through deliberation, decision-making and enforcement. As demonstrated in the palm oil case, the authors indicated that the changes and outcomes might be difficult to assess considering the power of market actors and top-down interventions are unlikely to occur quickly.

More recently, several food scandals emerged forcing companies to respond publicly for their faults (Agnoli et al, 2016; Zhang and Xue, 2016; Moyer et al, 2017; FAO, 2018; Dentoni et al, 2018). Based on a literature review of work on value creation through communication Zerfass and Viertmann (2016) identified a gap between the need to demonstrate value and lack of practice. In most cases strategic communication is limited to the communication department and targets specific stakeholders. Additionally, the rapid development of online media associated with the growing availability of mobile devices in recent decades has had a severe impact on the way firms create and maintain relationships with their stakeholders. In this sense, Payne and Frow (2013, p. 157) state:

“ The traditional model of creating carefully-crafted centrally-controlled positive messages and images for stakeholders and communicating these at regular and strategic intervals has gone. Instead, there is also organic and spontaneous commentary - and even activism - unfolding in real time.”

This paper aims to discuss and propose corporate communication actions in response to companies’ crises in the context of stakeholder salience theory (SST) (Mitchell, Agle and Wood, 1997). In this perspective, a normative categorization for corporate communication action is presented considering four definitive classes of stakeholders: consumers, international buyers, media and government. For empirical evidence and insights of the real world, research was conducted using a multiple case study through a documentary method.

The corporate communication of two global food companies involved in a food fraud scandal was used as the object of analyses. For 30 days after news of the Brazilian Federal Police operation broke (17th March, 2017), the online companies’ corporate communications were tracked, clustered and interpreted. The main objective was to understand how the two companies managed to respond to two groups of stakeholders: the final consumers and the online media.

The paper is organized as follows: the next section presents a discussion on the corporate communication literature focusing on Stakeholder Salience Theory (SST). The third section contains the proposed normative categorization and guidelines for practical use. Section 4 presents the food fraud context in Brazil. Section 5 explores the methodological procedures adopted for data collection and interpretation. Section 6 presents empirical evidence from the Brazilian case in the perspective of the proposed framework. Finally, the last section presents some final remarks and recommendations for the food industry and governments.

2 Literature

In the corporate communication literature, the foundation of the theory is based on the sense of a systemic approach considering the firm as an embedded and dynamic element related to outside elements (Argenti, 2016; Goodman and Hirsch, 2015; Van Riel and Fombrun, 2007). As stated by Von Bertalanffy, in contrast to a reductionist approach, general systems theory considers the organism as “*an open system, itself in a non-equilibrium steady state through continuous interaction with its environment.*” (Hammond, 2003, p. 105). This interaction poses a complex problem for the organizations in question: how a firm can identify and maintain positive communication with its stakeholders? Considering the contemporaneity and complexity of organizational challenges, more recent sustainability and multi-stakeholder literature addresses these as wicked problems, of a complex, multi-dimensional, and system dynamic nature (Conklin, 2006; Camillus, 2008; Dentoni et al, 2018).

This framework challenges the corporate communication strategy which has become a central element for Reacting to and responding effectively in wicked contexts. According to Van Riel and Fombrun (2007, p.2): “The success of an organization’s efforts to acquire resources and to influence the context within which it carries out its activities depends heavily on how well and how professionally a company communicates with its resource holders”. Even before preparing the corporate communication strategy, high level managers and communication team should address the questions: who are the stakeholders the firm should be concerned with and what really matters to them?

To answer these questions, Mitchel, Agle and Wood (1997, p. 853) proposed a model that explores three attributes related to the salience of a stakeholder’s categorization: (1) Power: the stakeholder’s power to influence the firm, (2) Legitimacy: the legitimacy of the stakeholder’s relationship with the firm, and (3) Urgency: the urgency of the stakeholder’s claim on the firm. Power is defined as “a relationship among social actors in which one social actor A can get another social actor B, to do something that B would not have otherwise done” (Mitchel, Agle and Wood I, 1995, p.869). The base for the power attribute can be built upon three possibilities: a) coercive, b) organizational, and, c) normative. The difference between them refers to the way in which power is enforced: using physical means or moral harassment (coercive), by applying physical or financial resources (organizational), or, through social and symbolic resources (normative).

Legitimacy is based on the assumption that the acts of certain organization or people are acceptable because they are embedded in a system of norms, beliefs and values. It might be evaluated through individual, organizational or societal perspectives. Urgency is defined by the degree of a stakeholder’s demands for immediate action/attention. Time sensitivity and criticality are the main measurements of this attribute.

Based on these three key constructs, Mitchel, Agle and Wood (1997) proposed a normative model to address a qualitative class of stakeholders That results from them possessing of one or more attributes, as illustrated in Figure 1. The eight typologies are summarized below:

1. Dormant Stakeholders: use power to impose their will on a firm, for instance, having a loaded gun (coercive), spending a lot of money (utilitarian), or commanding the attention of the news media (symbolic).
2. Discretionary Stakeholders: possess the attribute of legitimacy, but they have no power to influence the firm and no urgent claims, such as communities or minorities.
3. Demanding Stakeholders: are those with urgent claims but have neither power nor legitimacy, like “mosquitoes buzzing in the ears of managers”.
4. Dominant Stakeholders: have legitimate claims upon the firm and the ability to act on these claims, such as employees and members of corporate boards.
5. Dangerous Stakeholders: have coercive power often accompanied by illegitimate status capable of actions such as wildcat strikes, employee sabotage, and terrorism.
6. Dependent Stakeholders: are those who lack power but have urgent legitimate claims including local residents, fauna, flora, and the natural environment itself.
7. Definitive Stakeholders: are those with power, urgent claims and legitimacy upon the firm such as clients or stockholders.
8. Non-stakeholders: are those that do not fit into any of the above categorizations.

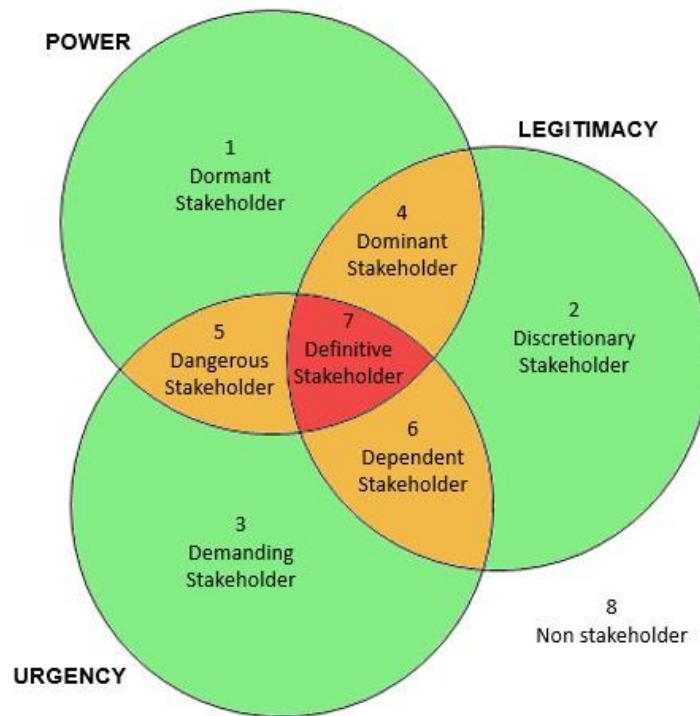


Figure 1. Stakeholder Typology: One, Two, or Three Attributes Present
 Source: Adapted from Mitchell et al. 1997, p.873.

Corporate communication plays an important role in the sense of mitigating uncertainty that stems from information asymmetry (Akerlof, 1970) between stakeholders. In a wicked situation which implies a complex context, information appears to be a critical and strategic tool for resolving these asymmetries. Furthermore, corporate communication also helps to strengthen the ties between stakeholders in it might result in transparency, consistency and a continuing dialogue among the parties, helping to build the relationship and trust (Morgan and Hunt, 1994).

3 Corporate communication for action – a normative categorization for wicked scenarios in the food industry

Mitchel, Agle and Wood (1997, p. 878) asserted that: *“by definition, a stakeholder exhibiting both power and legitimacy will already be a member of a firm’s dominant coalition. When such a stakeholder’s claim is urgent, managers have a clear and immediate mandate to attend to and give priority to that stakeholder’s claim.”* From this perspective, managers should not only identify stakeholders and their power and influence, but also how to manage their expectations with regard to the firm’s actions. In wicked scenarios, such as institutional and corporate crises, firms must adopt more comprehensive and transparent behavior to gain confidence from their stakeholders and avoid the risk of a reputation breach.

Table 1 summarizes the SST constructs in the perspective of wicked scenarios faced by four stakeholders: the final consumer, international buyer, media and government. They were chosen from among others because they all fit the definitive stakeholder typology.

Table 1.
Corporate Communication (CC) Action in the context of Stakeholder Salience Theory (SST)

SST Constructs	Consumer	International Buyers	Media	Government
Stakeholder Typology	Definitive	Definitive	Definitive	Definitive
Power Bases	Utilitarian: economic implication Normative: brand reputation	Utilitarian: economic implication Normative: country and company reputation	Normative: brands and company reputation and public acceptance	Utilitarian: international commercial trade agreements and country reputation, domestic public health impact
Legitimacy Bases	Individual and societal	Organizational	individual and societal	Societal
Urgency	Time sensitivity: urgency to obtain correct information on the extent to which the customer's health could be damaged	Time sensitivity: urgency to obtain correct information on the extent to which the customer's health could be damaged. Criticality: the relative difficulty in substituting the product for another that offers the same benefits	Time sensitivity: urgency to obtain correct information on the extent to which the customer's health could be damaged	Time sensitivity: urgency to obtain correct information on the extent to which the customer's health could be damaged
Proposed CC Actions	<i>Consumer oriented and institutional</i>	<i>Consumer oriented, institutional and Political</i>	<i>Institutional</i>	<i>Institutional and Political</i>

Source: Elaborated by the authors

Consumers embrace both individual and societal legitimacy, being alert to how the firm might harm them individually or in a collective sphere. When faced with food fraud scenarios, they should demand answers to the following questions: Are the products available in the supermarket poisoned? Is it possible that I have already consumed or bought one of these products? What are the health consequences for those who have consumed these products? Consumers exert utilitarian and normative power if they decide not to buy (economic implication) or even continue to spread other news or opinions about the scandal (brand reputation) until they figure out what is actually happening.

International buyers also might harm the firm's economic results, but their impressions of the scandal mean a more complex scenario from the perspective of a long term relationship. If they do not solve all the doubts and misunderstanding regarding the case, mistrust will grow and preclude the feasibility of long term relationships based on trust. The belief that the firm is engaged in opportunistic behavior leads to reduced relationship commitment (Morgan and Hunt, 1994). In addition to time sensitivity urgency, these stakeholders also face supplier replacement dilemma. Considering the global supply chain nuances, any fragility in any food source requires the development of other potential suppliers, which could take time, and the solution will not be sufficient to satisfy existing demand.

The media has the normative power to influence a stakeholder's opinion related to the scandal. The immediate release of meaningful and timely information resulted in damage to the image and reputation of the firm in question. All types of media, including newspaper, TV channels, internet news portals, and so on, have the legitimacy in the eyes of their readers and audience, who demand full coverage of the facts based on reliable sources. The quicker they achieve the overall picture from diverse sources, the quicker their readers will have access to more accurate information. Moreover, consumers are strongly affected by the media when it comes to food fraud scandals (Tse et al, 2016).

Government has societal legitimacy and, based on this relevant role, it should represent the industry's interests in order to undermine suspicious or illegitimate information about the case. Government agents speak on behalf of the local industry as well as their citizens, shielding them from spurious acts of opportunism.

Pires and Trez (2018), in their study on corporate reputation, identified cases in Brazil that showed the impact of intangible resources on organizational performance, considering the connection between corporate reputation and the organizations value.

They described crisis situations in large Brazilian companies that weakened their reputation and shook their relationship with stakeholders.

Three Proposed CC Actions and a Practical guideline for practitioners

For all those stakeholders, considering their attributes, the firms involved should address the information demand on a one-to-one basis. Nevertheless, the message content and the communication might diverge. In Table 1, three corporate communication strategies are suggested, taking into account the nature of each stakeholder. Herein, we explain the proposed CC actions and the implied theoretical prepositions that sustain each of them:

- 1) **Consumer oriented Action:** the communication should serve as a guide to help consumers minimize their doubts and misunderstandings concerning the food fraud case with transparency and detailed information.
P1: *In a crisis situation, the company's corporate communication should assume the form of a consumer-oriented dialogue aiming to offer solutions and transparency.*
- 2) **Institutional Action:** the institutional approach aims to clarify institutional issues related to the crisis. It must point out the firm's effective managerial and operational plans to tackle the causes and consequences of the scandal.
P2: *In a crisis situation, the company's corporate communication should assure that internal resources will be accessed and external alliances will be arranged aiming to effectively correct the problem and offer solutions with transparency.*
- 3) **Political Action:** in this approach, the communication should focus on collective claims and prepare the firm to negotiate and use its political influence to overcome any difficulties that might arise in order to operationalize the institutional plans to solve the crisis.
P3: *In a crisis situation, the company's corporate communication should demonstrate its efforts at negotiations and the political arrangements that had to be made in order to return to normal through the company's institutional action.*

It is also important to note the manager's role as a champion by determining how the entire corporate communication should be guided. Mitchel, Agle and Wood (1997, p. 871) claimed that it is the firm's managers who determine which stakeholders are *salient* and therefore will receive the management's attention. In short, one can identify a firm's stakeholders based on attributes, but managers may or may not perceive the stakeholder field correctly.

Wood et al. (2018) argued that social networks accelerate communications and considerably increase the volume of information available. Stakeholders and managers may know much more about companies than was possible in previous decades. At the same time, managers can also communicate and monitor stakeholders as long as the importance of that audience to the organization has been identified and due focus has been established. For the manager, it is of fundamental importance to understand the stakeholder engagement cycle, consisting according to Mitchell, Lee & Agle, 2017, of: (i) awareness; (ii) identification; (iii) understanding; (iv) prioritization; and (v) engagement of stakeholders. While in the not too distant past this stakeholder work cycle could take weeks, months or even years, access to digital media has compressed this cycle into seconds, minutes, and hours.

4 Empirical evidence: the Brazilian meat scandal

The food fraud crisis and the relevance of the Brazilian meat industry worldwide

On 17th March 2017, an unprecedented scandal broke out at the center of the Brazilian meat industry, and a major task force was put in place by its main players, private and public agents, to recover its reputation. A Federal Police operation named Operação Carne Fraca (Operation Weak Flesh) revealed corruption acts between agricultural oversight agents and executives/owners of 20 small slaughterhouses and 2 global food companies in Brazil. The firms were accused, among other things, of selling meat that was past its sell by date and adding carcinogenic chemical additives to alter the product's appearance. However, the announcement made by the Federal Police did not clearly indicate which crimes were carried out by the companies under investigation. The news spread rapidly not only in Brazil but also overseas, culminating in widespread mistrust in the Brazilian meat industry. Consequently, 24 hours after the scandal broke, more than 10 meat importing markets had closed their ports to Brazilian products including China, the major importer of Brazilian meat (The Economist, 2017). A panacea of information, both correct and incorrect, spread all over the media and social networks such as Facebook and WhatsApp.

Some day later, specialists pointed out some misleading information in the Federal Police operation that mainly originated from the corporation's non-specialist knowledge of the meat industry. The Ministry of Agriculture and the Presidency strove to reassure everyone of the safety of the products sold in Brazil and abroad, arguing that the problem was under control and had affected only a minor part of the industry, specifically 22 of the 4,850 meat processors in the country. It took one week after this information was released for China to suspend its embargo on Brazilian meat. In the national market, products of 5 firms presented irregularities and were taken off the market, accounting for 36 batches of sausages, frozen chicken and hamburgers. Another 23 slaughterhouses were under investigation (IDEC, 2017).

Brazil is the global leader in exports of chicken, beef and pork meat. The country exports annually animal protein to more than 160 countries through a volume of 262,000 containers corresponding to 15% of total Brazilian exports. Processed meat corresponds to 10.8% and raw meat to 78.85% of the revenues from the Brazilian meat exports which resulted in revenues of US\$ 5.9 billion in 2015 (ABIEC, 2016). According to data from the Ministry of Agriculture, by 2020, domestic beef production is expected to supply 44.5% of world demand, while chicken meat will reach 48.1%, and pork, 14.2%. Recently, the Brazilian government settled a long running dispute by the US embargo on Brazilian raw meat, which had lasted over 17 years (MAPA, 2016).

The internal market for beef retail corresponded to US\$ 43.7 million, and 40% of the suppliers are small and medium-sized slaughterhouses (ABIEC, 2016). The other part of the industry belongs to major players that are Brazilian born companies that operate globally.

5 Method

The two companies involved in this study will be referred to as Firm A and Firm B, both of which were involved in the meat scandal. The two companies were created in Brazil and are the result of mergers and acquisition over the last 20 years. Together they own more than 8 strong brands of processed meat including pork, beef and chicken products. Both firms sell their products in more than 150 countries abroad, especially in Europe, Russia and Japan. The scandal directly affected the reputation of these brands putting them under public scrutiny and subjecting them to a consumers' boycott from day one when the operation was disclosed.

Branthwaite and Patterson (2011) argued that social media monitoring is a potentially interesting and useful source of information on social discourse and attitudes. It provides a commentary on social life and contributes to consumer research, as it collects information from a particular medium that is constantly growing. As illustrated in Figure 2, social media monitoring (SSM) can be classified as a quantitative analysis based on observational data collection, and differs from other classic qualitative and quantitative approaches due to its unique real time and spontaneous monitoring.

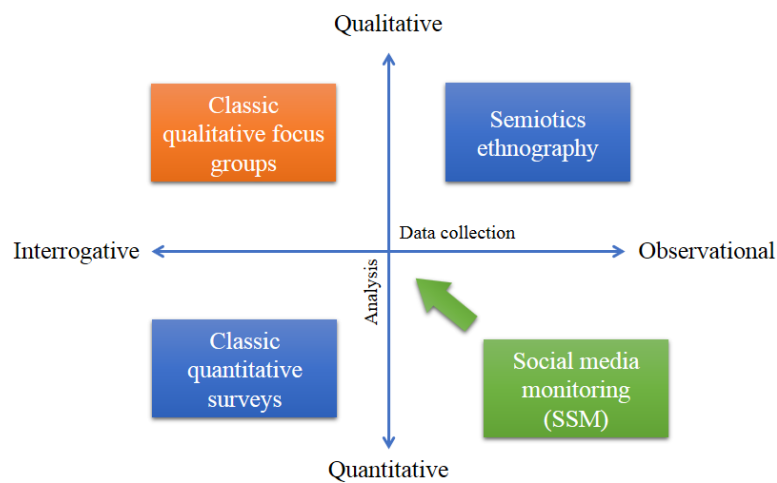


Figure 2. The consumer research techniques
Source: Adapted from Branthwaite and Patterson (2011), p. 431

SSM provides a novel, innovative connection to consumers, spying on their daily blogs and tweets, and the sheer volume of data can be analyzed using software to summarize what is being said about a brand

(BRANTHWAITE AND PATTERSON, 2011). Currently there are many online tools available, some of them free for personal use, and although they have limitations, they can aid the clipping and monitoring of social networks.

For this study, although the authors recommended a quantitative method, because few data were acquired, we opted for exploratory qualitative research based on secondary data posted on Social Media.

To access the firms' major public online channels, we opted to rely on three internet media: the institutional website, official Facebook page and official YouTube channel. The focus was only on posted text, and the data were collected for the 30 days after the scandal broke in the media. In addition, an online free clipping tool called Klipbox® was used to measure the extent of the scandal in Brazilian online media.

A qualitative content analysis (Mayring, 2014) was conducted based on a systematic data extraction process with 13 analytical categories or terms. They were then separated into two groups concerning the term connotation. The positive ones were: health, safety, quality, respect, responsibility, commitment, transparency, information, and rights, while the negative ones were: crisis, fraud, damage, and disease. These deductive categories emerged based on prior studies related to food scandals (Agnoli et al, 2016; Marvin et al, 2016).

6 Results and Discussion

In terms of quantitative appearance and theme relevance, the results showed similarities in the corporate communication strategies adopted by the two firms. Table 2 summarizes the number of posts, videos and other communications made during the 30-day period by each firm on the three online channels in question. It also displays the number of news items broadcast in the Brazilian online media channels related to each company. The results demonstrate that most corporate communications for both companies were concentrated in the first week. The news also faded as the weeks passed.

Table 2.
Summary of FIRM A and FIRM B's corporate communication – 30 days after the meat scandal broke

	FIRM A			FIRM B		
	Website	Youtube	Facebook Page	Website	Youtube	Facebook Page
Followers			49,500			1,5 million
Language	PORT-ENG	Portuguese	Portuguese		Portuguese	Portuguese
Target	Not defined Applied to all stakeholders	Consumers	Consumers	Not defined Applied to all stakeholders	Consumers	Consumers
Week 1 17-24 Mar	1 video	1 video	3 posts w/ 2 videos	None communication	3 videos	3 posts w/3 videos
Number of News Items*	8,728			8,089		
Week 2 24-31 Mar	No communication	No communication	1 post w/ 1 video	No communication	No communication	No communication
Number of News*	2,852			2,913		
Week 3 31 Mar – 07 Apr	No communication	No communication	1 post	No communication	No communication	No communication
Number of News Items*	885			617		
Week 4 07 - 17 April	No communication	No communication	2 posts	No communication	No communication	No communication
Number of News Items*	431			379		

Source: Elaborated by the authors
Legend: *Based on Klipbox® results.

Both firms preferred to concentrate their communication in their Facebook channels during the 30-day period. In the first week, the same number of posts (3) was released by the both firms along with institutional videos

Unlike FIRM A, FIRM B did not use its institutional website for its corporate communications, focusing only on its Facebook and YouTube channels. Moreover, it did not communicate further news posted.

The Klipbox[®] tool revealed that the scandal featured considerably in Brazilian online media. In the 30 days following the Federal Police operation, FIRM A and FIRM B appeared in 15,221 online news items related to this issue. When the words referring to FIRM B were excluded from the search, retaining only the terms of FIRM A, 4,387 items news were released in this period only commenting on FIRM A. This action was repeated, this time excluding the words referring to FIRM A. In this case, the tool displayed 10,896 articles related only to FIRM B. These results indicated that the scandal had a greater impact on FIRM B than on FIRM A from a media perspective. This was because of the FIRM B owners' involvement in the political slump that occurred at the time, leading to the impeachment of President Dilma Rousseff on 31st August, 2017. Although FIRM B appeared to have more followers on Facebook, its channel was not regularly updated and contained very few posts before and after the crisis event. FIRM B's major brand website shows the same online behavior with the last post published on 7th August, 2017.

In terms of content all the posts and videos released by both firms during the 30 days were in certain terms related to the crisis. Nevertheless, none of the posts directly directly the food fraud scandal or provided any information concerning the firm's products and brands involved in the crisis. Overall, the posts had an institutional approach. For Firm A, the results indicated the presence of deductive terms with positive connotations, such as quality and commitment that appeared 4 times in all the posts, followed by transparency (3 times), respect (twice) and safety (once). Therefore, none of the negative terms was mentioned in the posts. Additionally, others positive terms emerged as inductive categories such as pride, ethics, challenge, partners, and suppliers, and the most cited of all were family and history (4 citations). In Firm B's posts the only deductive term mentioned was quality which appeared 8 times in 3 posts during the 30 days period. Furthermore, Firm B used other words with positive connections such as employees and market reference (3 citations each). Unlike Firm A, Firm B adopted a repetition approach replicating the same message in the three posts exchanging the video content.

The corporate communication strategy emerged differently for each company. Above we illustrated the firms' corporate approach during the 30 days from a more comprehensive perspective.

After the Federal Police disclosure, Firm A had launched an official statement on its website that was shared by thousands of news websites in Brazil. The statement did not target a specific group of stakeholders and was much akin to a protocol message based on legal assumptions. The message was probably written by journalists assisted by Firm A's legal department. Nevertheless it was signed by the current CEO and stated:

"The company reiterates that it complies with the norms and regulations regarding the production and commercialization of its products, it has strict processes and controls and does not agree with illegal practices. FIRM A ensures the quality and safety of its products and guarantees that there is no risk to its consumers, either in Brazil or in more than 150 countries where it operates " (Firm A, 2017).

Firm B opted to release an institutional video with an announcer reading the official statement as replicated above. A page was created to display the video and the text.

Firm B is the world's largest protein company with 234 units and employs 230,000 people. The company does not tolerate any deviation of quality in its industrial processes. By virtue of the news on the operation of the Federal Police this Friday (17), the company states that:

- 1) Firm B's factories export to more than 150 countries, such as the United States, Germany and Japan. They are audited annually by international health missions and by customers.*
- 2) Firm B is the Brazilian company with the most BRC (British Retail Consortium) certification, the main global reference for quality in the production of protein. Among other certifications, the company complies with ISO 9001 quality management standards.*
- 3) In the last two years, FIRM B's units have undergone 340 quality audits and acted with the same zeal to ensure equal commitment from its suppliers.*
- 4) In Brazil, FIRM B has more than 2,000 professionals dedicated exclusively to guaranteeing the quality of its products. About 70,000 employees undergo compulsory training in this area per year.*
- 5) FIRM B is interested in strengthening sanitary inspection in Brazil. A rigorous quality control system gives the industry credibility vis-à-vis the consumer and enhances opportunities and export.*

- 6) In the Federal Court order that triggered the operation, there is no mention of health irregularities or the quality of FIRM B's products and brands.
 - 7) The lamentable cases cited in the press regarding adulterated products do not involve any of FIRM B's brands. No FIRM B plant has been closed by the authorities.
 - 8) No officer or executive of the company, contrary to what has been published by some outlets, has been the target of legal measures in the operation.
 - 9) An employee of the company at the unit in Lapa, Paraná, was quoted in the investigation. FIRM B does not agree with any misconduct of its employees and will take all reasonable steps.
 - 10) The company is available to the competent authorities, customers and consumers for any clarification that may be necessary.
- Lastly, FIRM B reinforces its commitment to food safety and the quality of its products and highlights its historic commitment to the improvement of sanitary practices in Brazil.

Both communications had the main objective of assuring that the firm was committed to food safety and repudiated any kind of illegal acts. Especially in the case of Firm A, no further information or explanation relating to the Federal Police allegations were addressed or mentioned in the corporate communication. FIRM B's official statement was less general and from parts 6 to 9, the company clarifies some allegations presented in the Federal Police disclosure. Nevertheless, the approach did not target a specific stakeholder. Readers of the FIRM B's announcement were far better informed than those of FIRM A's. Even so, at this point, and considering the amount of news released by the media, neither corporate communication went far enough to ease the minds of seriously worried consumers.

On FIRM B's press page on its official website, there is no information related to the scandal. During the 30 days of online research, the last press release was dated February, 2017. It should be noted, that FIRM B's website only contains a version in Portuguese. International buyers or national consumers that wanted to obtain further information related to the operation were frustrated. On the home, a banner displayed the following message: "Quality is the main priority of FIRM B. Click here to see more". The link contained the institutional video and the statement referred to earlier in this text. The page was launched on 21st March, and the institutional video demonstrated with images and employee's testimonials the safety rules and perceived quality of the company. On the Facebook page, the video was viewed 129,000 times as of 17th April.

These facts demonstrated that in its main institutional channels, the company was not paying much heed to the scandal, avoiding commenting it in the hope that the company's image would not be associated with the news reports. This behavior indicates that the company's communication strategy lacked a stakeholder approach that requires transparency and commitment at the level of what salient stakeholders demanded. Therefore, FIRM B's strategy was basically defensive distracting the audience with other 3 institutional videos posted on its YouTube channel and also on its official Facebook page, with content stressing the firm's greatness and how it strives for quality. Based on these posts and video, consumers were still left with no accurate answers regarding whether the products they had bought from FIRM B were poisoned or had any safety issue that might concern them. The same applied to international buyers or the press and government. Any further information was obtained through direct requests to the firm, as reported in the press on a daily basis.

On FIRM A's official website, on the press page, there were no releases related to the scandal. The last release was dated February, 2017 when the website was accessed on 17th April. Firm A's website has an English language version and links to another four institutional websites for the regions of Latin America, the Middle East and North Africa, Europe and Asia. On the press pages of all the websites, no other information was found regarding the scandal. However, on FIRM A's official Facebook page and YouTube channel in Portuguese, the firm was more active with regard to adopting the same distracting strategy as its competitor, FIRM B.

On 22nd March, FIRM A launched on the company's YouTube channel a 28" minute video supposedly prepared by its employees in defense of the company. The video was viewed 268.860 times as of 17th April. There are another 26 videos on the same page that address institutional themes but none of them addresses the scandal. On the other hand, on the company's official Facebook page on 18th April, FIRM A published a video reaffirming its greatness and the commitment of its employees to quality and excellence recalling a motto of FIRM A's founders: "We only produce food that we serve in our own dinner table." The video garnered 108.000 views. Although the content was similar to what was said in the official statement, the video used informal language and an emotional appeal, calling consumers "my dearest customer" and "our most important asset". It also recounted the company's long history and tradition.

In the Facebook page, on 24th March, FIRM A posted a text launching a portal entitled Open Doors. The post affirmed that the page “was created with respect for the millions of Brazilians who are part of our history and reinforces our commitment to each and every one of you”. The portal Open Doors were in three languages, English, Portuguese and French and presented 18 releases published between 11th and 28th April. In the English and French version 4 releases directly answer questions concerning the safety of products, such as: *Was cardboard found mixed into FIRM A products? Can FIRM A guarantee it has never sold rotten meat? Can you find salmonella in FIRM A products?*. In the Brazilian version, a specific question related to the water in the frozen chicken was answered in response to the allegations of the Federal Police operation.

In this unique action, unlike FIRM B, FIRM A’s corporate communication strategy was consumer oriented. It was named by the company as: *“A transparency-based platform built on our respect for all the people that are a part of our 82-year history”*. Nevertheless, the platform was not referred to on the institutional website or press page. The only path to the page was through FIRM A’s Facebook page which, as mentioned above, has only one version, in Portuguese.

By 17th April, one month later, none of the firms had called a press conference concerning the meat scandal. Although, both companies started more organized communication, shedding some light on what they were accused of, neither of them adopted communication through their official channels to provide information directly to the main stakeholders involved in the matter.

Consumers finally gained access to accurate information on the products in question on April 20th, over one after the scandal broke. The agency responsible for this new information was the Brazilian Institute for Consumer Defense (IDEC) which released a list of products on the national market that were targets of the Federal Police investigation. The items on the list were separated by company and it contained information such as brand, batch, expiry date and irregularity detected during investigations. FIRM B was not listed but FIRM A with its major brand appeared in 13 damaged batches. FIRM B was involved directly in the oversight corruption affecting 4 of its plants and accused of resorting to bribery to appear to be in compliance with national and international sanitary norms.

Le Fil (2017), a business consultant in the digital environment, conducted a study on the scandal, from March 17th to April 11th with Facebook and Twitter users. The 900 mentions that were analyzed showed that, despite the international repercussions, the population were more interested in knowing about meat consumption in the country than the impacts of the operation on the Brazilian economy and the sector. Among the citations analyzed, the main concerns highlighted by the users were: meat quality (19%), monitoring of the operation (11%) and identification of companies that are suspending the sale of the product (11%). In fact, only 7% of the mentions studied showed interest in the fall in exports. Corruption appears to be primarily responsible for the illegalities identified by the operation. Among the citations studied, 64% highlighted corruption as being responsible for the illegal actions detected by the Federal Policy, 10% blamed the companies, 9% the media, 7% bad government oversight, 3% supermarkets, 3% the consumer, 2% the Federal Police, and 2% the companies’ employees. The study also indicated that the most cited brands in the mentions studied were Friboi (28%), FIRM B (19%), FIRM A (11%), Seara (10%) and Perdigão (6%).

One month after the scandal broke, the market values of FIRM B and FIRM A had jointly fallen by around US\$ 2 billion, according to Economática. In the financial market, FIRM B was the most heavily penalized and lost 15.35% of its value, which was US\$ 10,2 billion before the operation and closed the 17th April trading session worth US\$ 8,6 billion. FIRM A lost 1.45% of its value, which went from US\$ 9,96 billion to US\$ 9,8 billion. The market analysts who follow the industry still voice doubts about how the damage to the image of Brazilian meat can impact product price and the companies’ profit margin. (Valor Econômico, 2017).

In the perspective of stakeholder theory, neither company had considered any of the SST constructs, dealing generally with the facts without preparing communication strategies to tackle each of the four most important stakeholders’ demands for answers. On the other hand, a silent strategy was adopted jointly with distracting content to divert attention towards the companies’ greatness and their efforts to ensure quality. The message content of both firms was quite similar: without the logo, it would be difficult to tell the difference between to whom the video or post was referring. FIRM A took more sophisticated action when it launched the “transparency platform”, shifting toward more responsive communication directly targeting the consumer. This was to be expected, considering the company’s greater and longer international presence compared with FIRM B, which required a more comprehensive communication strategy.

The results indicated that the main action adopted by both firms might be defined as political action, as

proposed in Table 1. In this sense, both companies preferred to adopt a conventional approach with defensive communications. This action intentionally permitted the firms to deal operationally with other main stakeholders backstage to neutralize the economic damages rather than face the consumers and media demands for explanations.

Table 3 summarizes how each firm addressed the crisis through its own CC action in the context of the three conceptual research propositions. Additionally, framing the CC actions (propositions) based on SST in the meat scandal makes it possible to predict the risks and challenges facing both companies.

Table 3.
Firm's CC actions versus the conceptual propositions: risks and challenges

Conceptual Research Propositions	Firm A's CC Action	Firm B's CC Actions	Risks & Challenges
<i>P1: In a crisis situation, the company's corporate communication should assume the form of a consumer oriented dialogue aiming to offer solutions and transparency (consumer oriented)</i>	Launched the Transparency Platform. Nevertheless, it did not clarify which batches and products were contaminated and where they were in the domestic and international market.	Presented institutional videos focusing on the firm's history and quality programs.	Consumers lacked direct information from FIRM A and B concerning the safety of the products they had already bought and future purchases. Consumers might boycott the brand. The companies might face negative computer reaction regarding transparency (Tse et al, 2016).
<i>P2: In a crisis situation, the company's corporate communication should assure that internal resources will be accessed and external alliances will be arranged aiming to effectively correct the problem and offer solutions with transparency (Institutional).</i>	Throughout the Transparency Platform the FIRM A addressed some internal resources as problem solving competences. However, it didn't indicated any partnership with public or private enterprise aiming to accelerate the closing of the case in the eyes of stakeholders.	Firm B relied solely on institutional videos publicized in conventional media and at its online channels. More information concerning the firm involvement in the fraud was obtained by the general public through the news media.	Both firms' spokespersons were not exposed directing all the damage to the brand image. Consumers might continue buying the products, but with reduced trust in the brand opting to have it as second choice or a price choice. This situation has a negative impact on building the relationship and trust (Morgan and Hunt, 1994)
<i>P3. In a crisis situation, the company's corporate communication should demonstrate the efforts at negotiations and the political arrangements that had to be made in order to return to normal through the company's institutional action (Political).</i>	Backstage during the scandal, FIRM A maintained direct contact with the Minister of Agriculture aiming to solve the fraud situation. Also, FIRM A had to respond directly to its international buyers, traders, supermarkets chains and international governments.	Backstage during the scandal, FIRM B maintained direct contact with the Minister of Agriculture aiming to solve the fraud situation. Also, FIRM B had to respond directly to its international buyers, traders, supermarkets chains and international governments. Firm B was also the target of a corruption operation that had the President of the country at that time involved.	Since firms did not appear publicly to announce any arrangements with public agents such as the Minister of Agriculture or the Minister of International Relations, the solution and outcomes might appear weak in the public opinion. As a challenge, the outcomes would be difficult to assess due the actors market power (Dentoni et al, 2018).

7 Conclusion and future directions

In wicked scenarios such as food fraud scandals, the media may wield considerable power, causing salient negative impacts on stakeholder's perspective and demanding rapid and meaningful corporate communication from the firms involved. As noted by Wood et al (2017) "when stakeholders get information about companies online, or vice versa, any of these mechanisms can come into play to legitimize that information."

The proposed categorization (CC Actions) and the respective research propositions aimed to fit the SST model for action by focusing on four definitive stakeholders that are generally the most affected actors in food crisis scenarios: consumers, international buyers, media and government. Research propositions were developed to indicate proper corporate communication action considering three key dimensions: consumer-oriented action, institutional action, and political action. The main assumption is that for each stakeholder, the firms involved must use an appropriate differentiated communication approach to satisfy the information interests of each public. As pointed out by Dentoni et al (2018) wicked problems have key dimension such as complexity, value conflict and knowledge uncertainty. If these factors are not considered properly, the governance process between stakeholders will be lacking in terms of a real change towards a solution. In this sense, the CC action framework proposed in this study could act as salient tool for information symmetry avoiding moral hazard and opportunism (Akerlof, 1970).

In the absence of a comprehensive and responsible corporate communication based on transparency all stakeholders lose. From the perspective of managers, these situations can represent an opportunity to build trust by helping to resolve disputes and aligning perceptions and expectations.

Hourneaux et al. (2012) argued that the managers of an organization that aims for greater managerial effectiveness should use tools to identify understand and evaluate the relevance of each stakeholder and its implications for the organization in various situations, especially potential crisis situations that require a plan of action and agile response. In this way, there would be a possibility of differentiation in the treatment and strategic prioritization of stakeholders by the organization, which might lead to better results for all those involved.

The meat scandal in Brazil emerged as empirical evidence of the urgent need for a stakeholder communication strategy. It demonstrated the serious consequences for a corporation's reputation as well as for the brands involved not only at the regional level but also in the international spectrum. The results incurred serious economic damage and also impacted international trade negotiations and agreements. Although the extent of the firms' losses did not proportionally reflect that actual facts released by Federal Police operation, it demonstrates the power of the media and its direct effect on corporations' image and reputation.

In both the cases analyzed, the four stakeholders affected by the scandal, had the power, urgent claims and legitimacy of definitive stakeholders. Since consumers such as international buyers define the size of a company in terms of yields, products and distribution, they have effective power over its present and future actions. The Federal Government acts as a ruler that can limit the firm's power and prevent society from possible frauds and suspicious deeds on the part of firms. The media today is a powerful and strategic tool that can favor or attack a firm, whether or not there is any truth in the news they publish. Additionally, all stakeholders can exercise their particular power in the digital arena, making reality much fuzzier and quite complex for managers to understand.

However, the corporate communication strategy adopted by both firms failed to satisfy each individual stakeholder's claim, opting to adopt neutral speech to avoid future litigations. Although the legal perspective is quite significant in this case, interested parties like consumers expected transparency and accurate information regarding the harm to which they might have been exposed. Concerning the international buyers, governments, traders and supermarkets took a certain amount of time to reassure the local population in addition to exposing the fragility of the industry. Moreover, the credibility of the Brazilian government was affected, making it difficult to respond to an internal investigation in which it should have acted as an interlocutor before the news come to light.

As a theoretical contribution, we argue that in addition to the urgency of adopting a corporate communication strategy that considers the importance and influence of stakeholders with various levels of influence, it is fundamentally important to consider the use of modern social data monitoring tools. Such monitoring can be of great value in an eventual crisis to which every company is subject to the swift publication of releases in multimedia formats. Other benefits may be listed such as (i) the identification of

brand influencers and detractors; (ii) formation of databases for product development and research with consumers; and (iii) a broader view of the market and potential competitors. However, some care must be taken into consideration with regard to aspects such as frequency of posting according to a schedule that is not too frequent and not very sparse, language adequacy, avoiding very technical texts, the quantity of texts and the adequacy of format and content for each social network in which the company will be present.

Despite the present efforts on the SST categorization for action, for future research we recommend testing the applicability and usefulness of this approach in scenarios other than the food sector. Qualitative case studies can be conducted based on interviews and document analyses in corporations across different industries. Additionally, the proposed CC Action framework should be quantitatively tested through measured assignments for each action.

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