

An Ethical Stakeholder Approach to Crisis Communication: A Case Study of Foxconn's 2010 Employee Suicide Crisis

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Abstract We have conducted a case study of Foxconn's suicide crisis when 12 Foxconn employees committed suicide during the first 5 months of 2010. In this case study, we have examined Foxconn's crisis communication strategies during the critical period and explored the failure in crisis communication in terms of the stakeholder approach. Our findings show that Foxconn adopted a mixed response strategy by trying to address the concerns of various stakeholders while refusing to take responsibility for the suicides. Foxconn's failure in the crisis was due to its imbalanced stakeholder relations that failed to recognize employees as important stakeholders, resulting in the failure to provide the ethics of care and justice that was warranted. Our findings suggest that an ethical stakeholder approach can complement Benoit's and Coombs' crisis communication theories and strategies.

Keywords Foxconn · Crisis communication · Crisis response strategy · Stakeholder approach · Ethics

Introduction

Foxconn is a Fortune Global 500 company registered in Taiwan. Between January 23 and May 26, 2010, 12 employees of

Foxconn's Shenzhen plant in Southern China attempted suicide by jumping from the buildings of the company, resulting in ten deaths and two serious injuries. This series of suicide events drew huge attention in the media and public at home and abroad, with frequent news reports on Foxconn's suicide cluster and details on each suicide. For example, the "11th jump" on May 25 took place only 4 days after the previous one, and the situation only worsened: just hours after Foxconn CEO Terry Guo issued a press release on May 26, the "12th jump" happened. A few hours thereafter, rumors spread that a 13th employee attempted wrist cutting and the news was later confirmed (Xinhuanet 2010a, May 26). Those several days marked a period during which Foxconn's reputation was hardest hit, igniting heated discussions on the working conditions at Foxconn factories.

We have examined how Foxconn defended its reputation through its crisis communication strategies and determine why these strategies failed. We also propose a stakeholder model to provide an understanding of Foxconn's failure to handle the crisis. The primary aim of this case study was to explore the limitations of existing crisis communication theories. In addition, we also attempted to find ways to avoid outcomes caused by inappropriate crisis communication in situations that are similar to Foxconn's.

Literature Review

In the corporate world, a crisis is something that threatens the organization, its stakeholders, and the industry (Coombs 2007; Coombs and Holladay 2002). Seeger et al. (2003) defined *crisis* as an overwhelmingly negative event that presents a high level of risk, harm, and opportunity for further loss. They further delineate the risks which include "a fundamental threat to system stability, a questioning of

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core assumptions and beliefs, and threats to high-priority goals, including image, legitimacy, profitability, and even survival” (Seeger et al. 2003, p. 4). While there is no unified definition for an organizational crisis, the crisis literature contains the following common core elements of an organizational crisis: (1) severe consequence(s), (2) threats to the fundamental value of an organization, (3) limitations in response time, and (4) unexpectedness of the event (Fearn-Banks 2002; Seeger and Griffin Padgett 2010; Weick 1998).

Organizational crisis communication focuses on formulating response strategies to minimize the risks to and maintain the image of the organization (Benoit 1997; Coombs 1995; Coombs and Holladay 2002). Crisis communication is a crucial part of crisis management efforts, and while other aspects of crisis management focus on the facts and reality, crisis communication aims at altering negative perceptions and framing positive ones in the public’s mind and among the different stakeholders (Coombs 2007; Coombs and Holladay 2002). As Benoit (1997) pointed out, what matters is not whether a business in fact is responsible for a crisis, but whether it is perceived to be responsible for it by the relevant audiences. Three dominant theories on crisis communication strategies include Benoit’s (1995, 1997) image restoration theory, Coombs’ (1995, 1999, 2007) situational crisis communication theory (SCCT), and the stakeholder approach that has been developed by a diverse group of scholars (Freeman 1984, 1999; Jones and Wicks 1999; Ulmer 2001).

Benoit’s (1995, 1997) Image Restoration Theory

The image restoration theory focuses on image repair strategies for organizations facing attacks or complaints. Benoit (1995, 1997) pointed out two important components in an attack: (1) the accused is believed to be responsible for an event or action, and (2) the event or action is considered to be offensive. The typology proposed by Benoit (1995, 1997) consists of five broad categories of image restoration strategies—denial, evasion of responsibility, reducing the offensiveness of the event, corrective action, and mortification—which in turn consist of 14 dimensions of rhetorical strategies. In more detail, the five strategies of Benoit (1997) are as follows: *denial* refers to either refusing responsibility for an event or deflecting the blame from the organization to other individuals or agencies; *evasion of responsibility* involves claiming the crisis was an accident, that the organization lacked sufficient information, was acting with good intentions, or was provoked; *reducing the perceived offensiveness* includes mitigating the negative effects of the crisis by strengthening the positive side of the organization, suggesting a different frame for the crisis, attacking the accuser, and

compensating the victims; *corrective action* involves restoring the situation by making changes to prevent the recurrence of the undesirable event; finally, *mortification* means that the organization accepts responsibility and asks to be forgiven by the public. Benoit (1997) suggested that the decision-maker bears two things in mind when choosing crisis response strategies: first, the organization must know the nature of the crisis in order to respond appropriately; second, different audiences should be prioritized in order to identify the most important ones to address.

Coombs’ (1995, 1998, 1999) SCCT

The SCCT is developed from the attribution theory in social psychology (Weiner 1986; Weiner et al. 1988). Attribution theory suggests that people judge situations through making attributions to three dimensions of the cause: locus (the cause is located internal vs. external), stability (if the cause changes during a period of time), and controllability (the level of control of the cause). These attributions can lead to certain feelings and behaviors on the part of the audience (Weiner 1986; Weiner et al. 1988). The best way to protect the organizational image is by modifying public perceptions of the responsibility for the crisis or impressions of the organization itself (Coombs 1995, 2007; Coombs and Holladay 2002).

The central theme of the SCCT is the protection of organizational reputation by assessing the crisis situation and selecting a crisis response strategy that fits the crisis situation. Different crisis situations facilitate certain attributions of organizational responsibility. Coombs (1995, 2007) suggests that four dimensions of a crisis situation affect the attributions that the public makes about the crisis: crisis type, severity, crisis history, and prior reputation. The SCCT divides crisis types into three clusters (Coombs 2007; Coombs and Holladay 2002): (1) the *victim cluster* is defined as crises with very weak attributions of organizational responsibility, and the organization is viewed as a victim of the event; (2) the *accidental cluster* involves crises in which a certain, but low, level of responsibility is attributed to the organization, and the event is considered unintentional or uncontrollable by the organization; (3) the *preventable cluster* includes crises for which organizations intentionally place stakeholders at risk, knowingly violating laws or regulations, or not doing enough to prevent an accident, and the organization is perceived as being responsible. Severity may include deaths, injuries, property destruction, and environmental harm. Crisis history refers to whether or not an organization has had a similar crisis in the past. A high consistency of crisis history suggests an organization has an ongoing problem that needs to be addressed. Prior reputation examines the credibility of the organization. Each of the four dimensions needs to be

carefully evaluated to choose appropriate response strategies for a certain situation.

Coombs (1995) originally provided five categories of crisis response strategies: nonexistence strategies, distance strategies, ingratiation strategies, mortification strategies, and suffering strategy. He later synthesized the list into eight crisis response strategies and ordered them along a continuum ranging from defensive and, putting organizational interests first, to accommodative, and, putting victim concerns first to (1) an attack on the accuser, (2) denial of the crisis, (3) excuse, in which the organization minimizes its responsibility for the crisis, (4) victimization, in which the organization reminds stakeholders that it is a victim of the crisis as well, (5) justification, in which the organization attempts to minimize the perceived damage inflicted by the crisis, (6) ingratiation, in which the organization praises stakeholders and reminds them of the past good works done by the organization, (7) corrective action, in which the organization tries to prevent a repeat of the crisis and/or repair the damage done by the crisis, and (8) full apology, in which the crisis manager publicly accepts responsibility for the crisis and requests forgiveness from the stakeholders (Coombs 1998, 1999; Coombs and Holladay 2002). The basic rationale of SCCT is that by adopting strategies that are specifically targeting certain crisis situations, organizations are able to reduce the public's negative perceptions of the organization while increasing positive ones more effectively.

Both Benoit's and Coombs' theories have been frequently referred to in crisis communication studies. Even though they were developed through different paths, both offer sets of crisis response strategies that are very similar and comparable to each other. Both theories are practical and prescriptive, providing guidelines for organizations to follow when facing crises. Many empirical studies have been conducted based on the two theories in the past two decades, and these have provided empirical support to these crisis response strategies. For example, in a 3 (crisis type: victim crisis, accidental crisis, preventable crisis) \times 3 (crisis response: deny strategy, diminish strategy, rebuild strategy) experimental study, Claeys et al. (2010) found that a preventable crisis has the most negative effects on an organization's reputation and that the rebuild response strategy can lead to the most positive reputational restoration. In their review that covers 18 years (1991–2009) of the crisis communication literature, Avery et al. (2010) found that 66 published articles have used the two theories as theoretical foundations for analysis.

However, these theories also have limitations. For example, the strategic calculation of instrumental efforts (e.g., to do what for what level of responsibility at which stage) that aim to restore an organization's image following a crisis, especially when the crisis involves severe

outcomes such as deaths, may be judged very negatively (Seeger and Griffin Padgett 2010). In the context of a severe crisis and high stakes, organizations may find it difficult to determine which of these strategies should be applied, and when. At the same time, although both theories delineate various crisis communication strategies along a continuum, practitioners may tend to use strategies that favor the interests of the organization rather than those of the stakeholders affected by the crisis, which eventually leads to a failure in crisis communication. Therefore, these theories are not sufficient in practice to address the problem of crisis communication. The stakeholder approach, which encompasses the interests of all related stakeholders, can help to resolve this difficulty.

The Stakeholder Approach to Crisis Communication

The stakeholder model was originally advanced as a strategic tool for organizations to broaden their vision of management and turn their attention to their constituents beyond the shareholders, taking into account the interests of employees, communities, customers, and society at large (Clarkson 1995; Donaldson and Preston 1995; Freeman 1984, 1999; Jones and Wicks 1999). A stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman 1984, p. 46). The stakeholder can affect and be affected by the actions, decisions, policies, or goals of the organization (Freeman 1984; Fassin 2009; May et al. 2007; Sims 2003). According to Freeman (1984), stakeholders are important players to be dealt with if a particular firm is to be successful. Due to the emphasis on the impact of stakeholders upon organizational goals and performance, the early stakeholder approach is seen as a theory of strategic management. The early stakeholder approach that focused on a strategic management perspective suggests that organizations need to address the different interests and concerns of their stakeholders, who in turn help organizations achieve their ends (e.g., maximizing profits, avoiding losses, etc.).

The *stakeholder approach* is concerned with how groups and individuals affect an organization in question, as well as the managerial behavior in response to those groups and individuals (Ulmer 2001). It emphasizes developing mutually beneficial communication relationships with stakeholders. Although both Benoit's image restoration theory and the SCCT theory mention stakeholders, stakeholders are not the focal point of these theories. Stakeholders are simply treated as a negative entity to handle in order to minimize harm to the organization, rather than as valuable allies to work together to deal with the crisis. In other words, these two approaches are more concerned with applying specific communication strategies to deal with stakeholders rather than the crisis per se. They are

designed to protect organizational reputation and interests rather than the interests of stakeholders. In this context, these two crisis strategies are a very instrumental approach, and not a stakeholder approach.

In response to a crisis, organizations need to recognize the interests of a wide number of stakeholders, including employees, customers, shareholders, the media, the government, and the public at large. Researchers have attempted to classify stakeholders using various criteria. One of the most influential theories in this area is Mitchell et al.'s (1997) theory of stakeholder identification and salience. Mitchell et al. argue that one of the primary managerial tasks is to identify and prioritize the stakeholders of the organization. They propose that stakeholder salience, which they define as "the degree to which managers give priority to competing stakeholder claims" (p. 854), is based on a combination of the attributes of stakeholder power (the stakeholder's power to influence the organization), legitimacy (the legitimacy of the stakeholder's relationship with the organization), and urgency (the urgency of the stakeholder's claim on the organization). Mitchell et al. suggest that the salience of stakeholders can shift over time. Management may view one stakeholder to be of minor importance one day, yet find that same group to be demanding their complete attention the next day (Stephens et al. 2005). Other researchers have identified the importance of considering not only the attributes of individual stakeholders or stakeholder groups, but also the web the firm is embedded in, or the relationships among stakeholders or stakeholder groups (Frooman and Murrell 2005; Wicks et al. 1994). Shifting stakeholder relationships can cause problems to organizations because the interests of different stakeholders may be incompatible or competing, and their expectations may vary. Organizations need to identify all stakeholders involved and prioritize salient stakeholders depending on the specific context or situation demanding attention, especially since a crisis can shift and expand the existing salient stakeholders.

In addition to the core stakeholder groups—shareholders, employees, communities, customers, and government—another important category an organization in crisis needs to deal with is pressure groups (Fassin 2009; Phillips et al. 2003). Pressure groups belong to the set of derivative or latent stakeholders. Although most pressure groups do not have a real relationship with the organization and do not have a real stake as definitive stakeholders, they can negatively affect the organization through their actions. Some of these, such as the media, have evolved into an institutional mechanism that serves to monitor corporate misdeeds.

Based on the above review of organizational crisis communication, in our case study of the Foxconn suicide crisis, we pose the following questions: What types of crisis communication strategies did Foxconn employ

during the crisis? Why did Foxconn's strategies fail to deal with the crisis in terms of the stakeholder approach?

Method

A *case study* is an in-depth study of specific people, organizations, events, or processes. This approach is used to analyze one or more specific cases with rich context and can provide a detailed and holistic understanding of the case under study (Yin 2009). Conclusions can be based on a critical analysis of the information drawn from the case background. A case study uses direct or participatory observation and secondary research to explain events and to evaluate what worked/did not work in the situation being studied. According to Yin (2009), a case study can be exemplary when the case is "unusual and of general public interest, the underlying issues are nationally important" (p. 185).

A case study is appropriate for our analysis because of the complex context of Foxconn's suicide incidents. It provides multiple perspectives for understanding the roles of and the relationship between the many factors that led to this series of suicides. By examining Foxconn's suicide events and its crisis communication strategies, we show both the usefulness and limitations of Benoit's (1995, 1997) and Coombs' (1995, 1999, 2007) crisis communication strategies. We also examined the failure of Foxconn's crisis communication in light of the stakeholder model. Specifically, based on the results of this case study, we are critical of the lack of attention given to human aspects of sustainability in relation to employee and other community stakeholders (Pfeffer 2010). Despite the limitations of a case study, such as the findings not being able to be generalized to other cases or contexts, we provide an in-depth analysis of one organization that is representative of its kind.

Due to the limited access to people directly involved in this case, our research relies on documents that have been published and are available online. We have drawn information from relevant news items and Foxconn's website. The former were collected using the Baidu News Search Engine—the largest search engine in China—which places news coverage chronologically from the most recent to the oldest. News items were selected according to the chronology of the 12 suicides, starting from January 23, 2010, when the first suicide happened, to the end of June, 2010, 1 month after the 12th jump on May 27. For each of the 12 suicides, news items were selected based on the criterion that the news article provided details about one of the 12 suicides and Foxconn's reactions. The analysis focused on the crisis communication strategies Foxconn employed and examined why these strategies failed to work during the crisis.

The Foxconn Case

The Foxconn Technology Group, also known as Hon Hai Precision Industry Co., Ltd., is a Fortune Global 500 company registered in Taiwan. It is the world's largest electronics maker, producing electronic products on contract for such companies as Apple Inc., Dell Inc., Hewlett-Packard Company, the Nokia Corporation, and the Sony Corporation. At the time the suicides were taking place, the company had over 800,000 employees in China, among which 420,000 worked in Shenzhen, Guangdong Province. Foxconn's Shenzhen plant was once described by the Wall Street Journal as the "Forbidden City of Terry Guo," where employees work and live on the same site under strict security rules (Dean 2007).

As a contract manufacturer and the world's largest maker of electronic components, Foxconn attracted European and U.S. companies wishing to outsource manufacturing operations to countries with cheap labor. Some of the most renowned products made by Foxconn include the iPhone and the iPad. More recently, Foxconn has become the largest exporter in Greater China (Foxconn 2010a). Emphasizing "total cost advantages," the company used a business model of "speed, quality, engineering services, flexibility, and monetary cost saving" (Foxconn 2010b) to cater to multinational corporations.

Allegations of Foxconn employee mistreatment had been made well before the suicide crisis and including charges of long working hours, discrimination against the local Chinese workers, and military management styles. For example, the Daily Mail (2006, August 18) accused Foxconn of harsh and abusive employment practices. After the suicide cluster happened, more details about Foxconn's inhumane management were disclosed by the media. A thorough report on Foxconn was released in September 2010 by a group consisting of 60 professors and college students from 20 universities located in mainland China, Hong Kong, and Taiwan (South China Morning Post 2010, October 11; Universities Across The Taiwan Strait Research Group on Foxconn 2010). Based on information gained by surveying 1,736 Foxconn employees and interviewing another 300 employees, the group raised issues about low pay, long working hours (usually 12–13 h a day, 6 days a week), intense work, a lack of employee networks and support (e.g., employees from the same province were not allowed to work in the same assembly line or live in the same dorm), abusive management style (cursing and beating employees were very common), and strict factorized dormitory discipline and control (Universities Across the Taiwan Strait Research Group on Foxconn 2010). The group reported that Foxconn workers used words like "prison" or "cage" to describe the working conditions at the factory. Workers complained to the researchers that the

assembly lines ran too fast, and that they "aren't allowed to talk, smile, sit down, walk around, or move unnecessarily during their long working hours" (South China Morning Post 2010, October 11). The report accused Foxconn of incorporating a combination of strictly controlled manufacturing workshops and dormitories, which constitutes Foxconn's factory system. The dormitory labor system is the secret of Foxconn's success; it maximizes the use of the workers' labor force, disciplines the workers' body and spirit, and shapes the workers' production and life, keeping the workers under a 24-h panoramically open control. While the legal limit on overtime work is 36 h a month under China's labor law, Foxconn's employees were forced to work for an average of 80–100 overtime hours per month. The report concluded that "This management system directly causes worker alienation, resulting in workers' collective trauma, and making workers' suicide a choice of using life as an expression of silent resistance" (Universities Across the Taiwan Strait Research Group on Foxconn 2010, p. 73).

Based on a comprehensive research of the news, starting from January 23, 2010 when the first suicide happened to the end of June, 2010, 1 month after the 12th jump on May 27 (Baidu Baike 2010; Herman 2010; Huanqiu Net 2010), we developed a timeline of Foxconn's employee suicides and its responses during the crisis (Table 1).

Findings

In our study, we first looked into Foxconn's specific crisis communication strategies during the suicide crisis. We then examined Foxconn's stakeholder model and stakeholder relations prior to and during the crisis and explored how its crisis communication strategies failed to consider important stakeholders.

Foxconn's Crisis Communication Strategies

Table 1 shows that Foxconn did not comment for 2.5 months (from January 23 to April 9) between the first and the sixth suicide. For example, on March 17, Foxconn confirmed the deaths after the third suicide but provided no further comments or reactions on the three cases (Xu 2010, March 17). On March 30, Foxconn held a press release confirming the fourth death that happened on March 29, but provided no further comments, only stating that the police's investigation was still ongoing (Enet 2010a, March 30). Even after the sixth suicide, Liu Kun still stated that Foxconn would not comment on the events before the police completed their investigations (Chen et al. 2010, April 10).

The rule of "silence is golden" clearly did not work in the crisis situation which Foxconn found itself. "No

Table 1 Timeline of Foxconn crisis and responses

Date	Foxconn employee suicides and Foxconn responses
January 23	First case (Ma, Xiangqian, male, 19)
January 25	Foxconn held a press release. While expressing sympathy to the victim's family, the company denied the rumor that the victim was beaten to death during work by management and stated that the police are investigating the incident (Long and Li 2010, January 26)
March 11	Second case (Li, Hongliang, male, 28) Foxconn confirmed the suicide but provided no comments (Ma and Wu 2010, March 12)
March 17	Third case (Tian, Yu, female, 17) Foxconn confirmed the suicide, but provided no further comments (Xu 2010, March 17)
March 29	Fourth case (Liu, Zhijun, male, 23)
March 30	Foxconn held a press release confirming the fourth suicide case. Foxconn expressed sorrow for the worker's death, but provided no further comments, stating that the police's investigation was ongoing (Enet 2010a, March 30)
April 6	Fifth case (Rao, Shunqin, female, 18) Foxconn management said that this woman jumped because of relationship disputes that had nothing to do with work, but the specific situation needed to be confirmed by a police investigation (Wang 2010, April 7)
April 7	Sixth case (Ning, Yaoqiong, female, 18)
April 10	Spokesperson Liu Kun was interviewed by Yangcheng Evening News. Liu Kun stated that Foxconn should reflect on its management and corporate culture, but also claimed suicide is a societal problem and the company will not comment on the cases before the police completed their investigations (Chen et al. 2010, April 10)
April 12	In response to criticism over Foxconn's not disclosing the causes of the victims' deaths, spokesman Liu Kun said doing so would be disrespectful to the victims and their families (Beijing Times 2010a, April 12)
April 17	Foxconn donated 30 million yuan (USD 4.4 million) for earthquake survivors in Yushu, Qinghai Province
May 6	Seventh case (Lu, Xin, male, 24)
May 7	Foxconn expressed 'extreme pity' on the seventh death and asked psychological experts for help (Dai 2010, May 7)
May 11	Eighth case (Zhu, Chenming, female, 24)
May 12	Foxconn invited monks to conduct a religious rite to dispel misfortune (Chengdu Evening News 2010, May 12)
May 14	Ninth case (Liang, Chao, male, 21)
May 19	Foxconn's spokesperson Liu Kun told the press that the causes of the suicides lie in the victims themselves (Beijing Times 2010b, May 19)
May 21	Tenth case (Nan, Gang, male, 21)
May 24	Foxconn CEO Terry Guo remarked on the series of suicides for the first time and stated that Foxconn is not a sweatshop (China News Net 2010, May 24)
May 25	11th case (Li, Hai, male, 19) Terry Guo sent two public letters to Foxconn employees after the 11th case
May 26	Terry Guo arrived at the Foxconn Shenzhen factory, starting a series of crisis management efforts, including opening the Foxconn Shenzhen factory to the media and public for the first time (Information Times 2010, May 27)
May 26	12th case in the evening (Last name He—first name was not disclosed, male, 23)
June 2	Foxconn declared a base monthly pay raise of 30 %, from 900 yuan (USD 135) to 1200 yuan (USD 180)
June 6	Foxconn declared another pay raise for qualified employees. The monthly wage was raised by another 66 %, from 1200 yuan (USD 180) to 2,000 yuan (USD 301)

The news items listed in the table are exemplary and not comprehensive. They were selected based on two criteria: (1) they covered one of the 12 suicide cases, and (2) they provided information on Foxconn's response

comment" has long been considered one of the worst strategies in crisis communication. In their experimental study of Coombs' (2007) SCCT theory, Claeys et al. (2010) found that the more severe people judge a crisis to be, the more negative their perceptions are of the organization's reputation. Foxconn's series of employee suicides were severe events in the mind of the general public, and its "no comment" strategy led to a more negative perception of its

reputation and severe consequences. On the one hand, the lack of response from Foxconn's senior management left the dissatisfied voices of the employees and the public unanswered. On the other hand, Foxconn failed to communicate with the media, leading them to count jumps which, as pointed out by some psychologists, may have caused the following copycat suicides. When Foxconn's senior management used "ongoing police investigation"

and “respect for victims” as excuses not to disclose its opinions, it failed to realize that this crisis consisted not only of incidents for the police to deal with, but that they were also severe events—a series of suicides and six young lives—that required the company to respond. Because the suicides were a series of events rather than just one or two accidental events, “police investigation” and “respect for victims” were not accepted by the public as good reasons for a “no comment” response from the company (Chen et al. 2010, April 10).

In addition to the “no comment” strategy to the first several suicides, Foxconn adopted the “denial” strategy described by Benoit and Coombs—denying responsibility for an event or deflecting the blame from the organization to other individuals or agencies. Foxconn’s spokesperson tried to frame the first several deaths as being caused by the victims’ personal problems and refused to accept responsibility for the suicides. For example, after the fifth suicide, Foxconn management said that this woman attempted suicide possible because of disputes with her boyfriend and that the suicide had nothing to do with work (Wang 2010, April 7). It is possible that this reaction was based on the rationale that assuming responsibility would mean that the company was at fault. Based solely on historical reputation, the company has a poor management style; therefore, assuming responsibility for the deaths could mean opening Pandora’s Box. However, as this was the fifth suicide and since more suicides did happen, it became increasingly more difficult for Foxconn to insist that the causes of the deaths were not related to the company. As Fombrun (2004) pointed out, “defense of the public good, of human rights, and of the environment is hard to argue against—and companies that come under attack by consumer advocates are generally portrayed and perceived to be the ‘bad guys’” (p. 192).

It was only after the sixth suicide that Foxconn’s spokesperson Liu Kun spoke to the media about how Foxconn was handling the situation. He stated that managing an organization with over 400,000 employees was not easy. Liu Kun denied that Foxconn had adopted a military management style toward its employees. He continued to use the “denial” strategy and deflected the blame onto the victims and societal problems. He explained that all the workers who committed suicide had been born in the 1980s and 1990s and suggested that they were psychologically weak by comparing them with the elder generation of workers who “worked well in a much tougher environment” (Chen et al. 2010, April 10). He further argued that the root causes of the tragedies related to competition and pressure in the society (Chen et al. 2010, April 10). In a word, the Foxconn spokesman stated that the suicides were either due to the victims’ weakness or to society—but not to Foxconn. One day after the eighth

suicide on May 11, Foxconn invited monks to conduct a religious ceremony to dispel misfortune rather than look into its own management problems. Even after the ninth suicide on May 14, Foxconn’s spokesperson Liu Kun told the press on May 19 that the causes of the suicides lie in the victims themselves. He stated that “Foxconn’s main objective is production; although the company has been organizing various recreational activities for the employees, it is impossible to attend to the psychological needs of each employee” (Beijing Times 2010b, May 19). The company continued to hold the position that it was not responsible for the suicides throughout the crisis.

It was not until the tenth suicide happened, or 4 months after the first suicide, that Foxconn CEO Terry Guo discussed the situation for the first time on May 24 with the media and the public. Rather than admitting any problems with the management, he stated that Foxconn is definitely not a sweatshop and that he was confident the situation would be under control within a short period of time (China News Net 2010, May 24). However, one day after his remarks appears in print, the 11th suicide took place. Only then did Terry Guo send two public letters to Foxconn employees. The first letter tried to comfort employees and ease the strained atmosphere in the company (Enet 2010b, May 25). The second letter, entitled, “A Letter to Foxconn Colleagues,” asked each employee to sign a “no suicide agreement” (Jiangsu Metropolitan Net 2010, May 26). Once signed, any employee who committed suicide would not be compensated by the company. The “no suicide agreement” caused anger among the public because it was regarded as a strategy by which Foxconn could evade accepting responsibility (Jiangsu Metropolitan Net 2010, May 26). On May 26, Terry Guo returned to the Foxconn Shenzhen factory, starting a series of crisis management efforts: he opened the Foxconn Shenzhen factory to the angry media and public for the first time; he invited more than 200 hundred domestic and international journalists for a tour inside the factory, and he withdrew the “no suicide agreement” letter. He also announced several measures that the company was taking to prevent future suicides, including setting up safety fences around the buildings and increasing hotlines to help employees vent their pressures. On the press release afterwards, Terry Guo bowed three times and apologized to the employees, victims, and the affected families. However, he insisted that the management of the factory was not problematic and that the suicides had much to do with victims’ personalities and emotional management problems (Information Times 2010, May 27).

Foxconn CEO Terry Guo’s absence during the period before the tenth case left Foxconn in a passive and vulnerable position, with no authoritative explanations being provided when the company was faced with the most

severe accusations. As such, Foxconn missed the best time to respond. When Terry Guo responded after the tenth case, he took a mixed response strategy by trying to address the issue to different stakeholders. When facing the angry media and the public, Terry Guo tried to quell the anger by inviting national and international journalists on a tour into his “Forbidden City” in six tour buses, showing off the facilities inside the walls, including its own hospital, entertainment center, internet café, and swimming pool (Chang 2010). While making statements in public for release to the press, Terry Guo bowed to apologize for the series of suicides, which, according to Coombs’ (2007) SCCT theory, means that the organization is willing to take responsibility for the crisis. However, at the same time, he also tried to evade responsibility by insisting that there were no problems with Foxconn management styles and that the suicides should be attributed to these employees’ “innate personality” and emotions. The contradictory messages that appeared in the press release made his apology appear insufficiently sincere and the outcome of external pressure. This may also explain why just hours after Terry Guo made his first remark on May 24, the 11th jump took place, and why hours after his public relations efforts and press release on May 26, the 12th jump occurred (Xinhuanet 2010b, May 27). These two cases suggest that his apology was not accepted by his employees and failed to address the real causes of the suicides.

Foxconn’s Stakeholder Relations and the Suicide Crisis

In the context of the suicide crisis, four bodies of stakeholders are important to Foxconn: (1) the media and public, (2) Foxconn’s business partners and shareholders, (3) the government, and (4) the employees. An investigation of Foxconn’s stakeholder relations prior to and during the crisis provides an understanding of how each of these contributed to the progression of Foxconn’s crisis and why Foxconn failed to deal with the crisis appropriately (Fig. 1).

In the stakeholder relations diagram shown in Fig. 1, Foxconn is placed at the center of the storm because the crisis happened inside Foxconn’s factory and the victims were all Foxconn employees. Government is put at the top of the diagram to represent a higher level of authority and political power in the Foxconn’s crisis. Media & public and Business partners & shareholders are the two stakeholders placed opposite each other. They represent two different interests and voices throughout the crisis. Employees are put at the bottom because they are the most disadvantaged group among the stakeholders, with very little power to make a change to the relationships. Foxconn and these stakeholders are embedded in a web in which they affect each other. For example, the situation of the employees

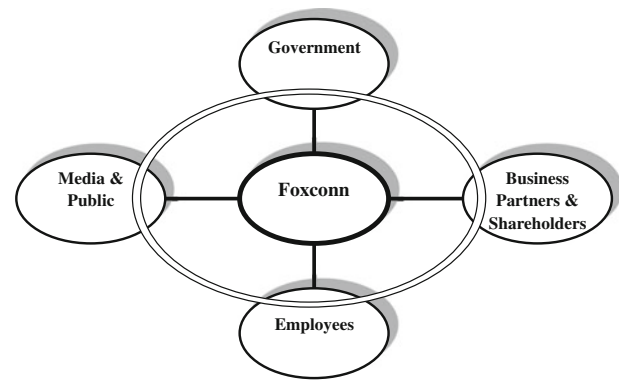


Fig. 1 Stakeholder relations in Foxconn crisis

affected how the media reported on Foxconn’s crisis and consequently exerted pressure on the company. Because Foxconn is a contract manufacturer that focuses on “speed, flexibility, quality, and cost saving” for business partners and does not have direct contact with consumers in the terminal market, gaining maximum profits from Foxconn by the business partners and shareholders would mean “long working hours, inflexibility, hard work, and low wages” for the employees. Similarly, the government’s neglect of Foxconn’s violation of the labor law resulted in the employees being at risk of physical and mental collapse.

Developing strong pre-crisis relationships with stakeholders has been regarded as an important part of crisis planning (Heath 1997; Ulmer 2001). Ulmer (2001) posited that if stakeholder relations are strong, stakeholders may “serve as advocates for organizations in crisis by providing political support and crisis-mitigating resources” (p. 594). On the contrary, if stakeholder relations are weak or negative, these groups may withdraw their support and even act as opponents of the organization during a crisis, which will intensify the threat associated with the crisis. The Foxconn crisis and the different responses of Foxconn’s stakeholders provide evidence to support this claim.

Before the crisis, Foxconn’s stakeholder relations focused on the Chinese government and business partners such as Apple, Hewlett-Packard, and Dell, but neglected the relations with employees and the media. The Chinese government has provided favorable tax policies to Foxconn since 1988, when the company opened its first factory in Shenzhen. Its good relations with the Chinese government has also made it easier for the company to attain large amounts of land and build factories in several major Chinese cities, including Suzhou, Nanjing, Wuhan, Zhengzhou, Chongqing, and Chengdu. From the perspective of the Chinese government, Foxconn provided 800,000 jobs, generated revenue, and was one of China’s major export businesses (China Youth Daily 2010; CNTV 2010). This may explain why the Chinese government was not willing

to intervene in the crisis or investigate the abusive regulations (e.g., long work hours) implemented by Foxconn although Foxconn violated China's labor law. This also explains why Shenzhen Municipal Government spokesperson Li Ping commented in the press release after the eleventh suicide that the series of suicides were caused by rapid industrialization, urbanization, and modernization of the country, combined with factors related to the employees, the company, and society (Xinhuanet 2010a, May 26). The implied message was that the series of suicides were not Foxconn's fault.

Foxconn is a contract manufacturer and the world's largest maker of electronic components; as such, the cost advantages and strategic relations it provides its business partners ensured that none of these corporations openly criticized Foxconn's treatment of its employees. When Apple, Hewlett-Packard, and Dell were criticized for having their products manufactured in the sweatshops of Foxconn, all three corporations announced that they would investigate the suicides. However, the results of their investigation were never disclosed to the public. Some of these companies even tried to support Foxconn during the crisis. For example, Apple CEO Steve Jobs pointed out that Foxconn's plant has its own hospital, restaurants, entertainment center, internet cafes, and swimming pools and therefore the factory is "pretty nice" and "not a sweatshop" (BBC 2010, June 2). He also argued that the suicide rates among Foxconn employees are below that of U.S. corporate employees. Apple CEO Steve Jobs's words showed that Foxconn's business partners and Foxconn are in the same boat. When Steve Jobs judged Foxconn to be "pretty nice" and "not a sweatshop" based on the surface infrastructure, his definition of sweatshop was simply poor working conditions, such as safety hazards, but this definition ignored that a sweatshop also includes other characteristics, such as extreme exploitation (e.g., long working hours and extremely low wages) and arbitrary discipline (e.g., verbal or physical abuse), which were predominant in Foxconn. When Steve Jobs argued that the suicide rate of Foxconn is below that of the U.S. society, he forgot the fact that the suicides in Foxconn happened within a short period of time and all the workers who died were very young. His justification for Foxconn suggests that although business partners such as Apple verbally expressed that they were paying attention to the problem, it was mainly out of the concern that their domestic customers were unhappy and might turn to their competitors.

During the crisis, not any shareholders openly questioned Foxconn's ways of handling the crisis. Only after the stock price of Foxconn dropped drastically and the decision was made to raise the wages of its employees by 30 % did these issues become a concern for Foxconn's shareholders. This concern led to a shareholder meeting on June 8, 2010 (Beijing Youth Daily 2010). The shareholders' concern over

Foxconn's wage raise—but not over the series of suicides—showed that their major concern was about profits, as in the case of Apple. Sweatshops like Foxconn persist because they receive broad support from a number of self-interest groups, including shareholders, business partners, and government (Radin and Calkins 2006).

Consistent with Heath's (1997) and Ulmer's (2001) claims, Foxconn's strong relations with the Chinese government and business partners (e.g. Apple) prior to the crisis played a role in gaining support from these stakeholders during the crisis. However, Foxconn's neglect of its relations with employees and the media prolonged the threat of the crisis. Before and during the crisis, Foxconn's attitudes toward the media were defensive. Foxconn has a "news center" on its website which provides positive news about the company by its own news staff and a few outsider media outlets. However, unlike many other multinational corporations that also provide their media relations staff's contact phone number, email and name on their websites, Foxconn's website does not have any such information. This is a one-way approach to media relations: Foxconn only wants the outside world to know the positive side of Foxconn but is not willing to take questions from or listen to outside media. Part of the reason may be that as a contract manufacturer, Foxconn's clients are international business giants, such as Apple, Dell, Hewlett-Packard, and Sony, which do not have to directly deal with consumers in the terminal market. However, in the case of the suicide crisis, it resulted in a lack of communication between Foxconn and the media and a lack of experience in dealing with the media on the part of Foxconn's public relations staff. Therefore, when an unexpected crisis occurred, such as this series of suicides, the company's reaction was passive, rigid, and blunt.

As a matter of fact, negative reports of Foxconn's mistreatment of employees and sporadic suicides of employees had been available well before the crisis. For example, a Taiwanese social scientist Yang You-Ren told The Associated Press in 2010 that "Foxconn's military management model, including scolding and sometimes beating front-line workers, helps drive isolated Chinese workers to kill themselves" (Kumar 2010). Foxconn did not respond to such reports, seemingly believing that such sporadic accidents would not constitute a threat to the company because its clients are not consumers in the terminal market but multinational corporations. However, such an approach resulted in negative perceptions of Foxconn—when the company was mentioned in the media, it always meant exploitation of employees and selfishness and indifference of the Foxconn management. This view of the defective management shared by many prior to the crisis led people to hold Foxconn accountable for the suicides right after the breakout of the crisis. During the crisis, the media played the important role of a pressure group in

guiding public discussions and providing a venue for Foxconn's employees who usually did not have a voice for themselves in the company.

Despite the fact that Foxconn employees were the most affected stakeholders who received the most attention from the media and public during the crisis, they remain the most disadvantaged stakeholders in Foxconn's agenda. Foxconn had treated its employees inappropriately in the following ways (Universities Across the Taiwan Strait Research Group on Foxconn 2010):

- (1) The workers were working overtime (12 h per day and 26 days per month) and were paid poorly (less than 2000 yuan or USD 300 per month).
- (2) The social networks among the employees were deliberately broken by the company so that the chances of collectively organized "trouble-making" were low. For example, the management intentionally separated employees from the same province and put them in different workshops and different dorms, which made it difficult for them to have friends around them and ensured that they would not make trouble for the company.
- (3) The bottom-level management was harsh and violent due to their lack of training.
- (4) The security rules were very strict, which created excessive tensions among workers and supervisors.
- (5) The management failed to report a considerable number of industrial injuries for which workers should but were unable to receive statutory compensation.

The long working hours and harsh management practices caused the isolation and alienation of the employees and were the main reasons for the employees' suicides. However, after the crisis occurred, Foxconn continued to neglect the employees as important stakeholders and failed to realize that the employees' concerns should be prioritized at the time of the crisis. Foxconn's management continuously applied the "no comment" and denial strategy to the series of employee suicides, and even blamed the victims (Beijing Times 2010b, May 19; Information Times 2010, May 27), although doing so to those who recently died is very offensive in the Greater China cultural norm. Foxconn's neglect of and negative stakeholder relations with its employees cost the company dearly during the crisis. The series of employee suicides were silent but forceful protests against the company and represented a severe blow to Foxconn's reputation.

Discussion

Two Chinese symbols make up the word for crisis: challenge and opportunity. One implication of these two words

is that there always exists a chance of survival in situations of crisis. However, Foxconn appeared to have missed the opportunity to handle the crisis well. The discussions in the following sections focus on two themes: (1) an evaluation of Foxconn's crisis communication strategies and (2) an examination of Foxconn's crisis communication in terms of its stakeholder relations by applying an ethical stakeholder approach to the case study.

Evaluation of Foxconn's Crisis Communication Strategies

Three main problems are obvious with Foxconn's crisis communication strategies. First, Foxconn's lasting "no comment" and denial strategies (e.g., blamed the victims) after the first and the ninth cases made the public lose trust in the company. During the crisis, there were no mentions or updates of the series of suicides or the measures the company had taken on Foxconn's website (Foxconn 2010c). The webpage was also a "no comment" to the public and a denial strategy to the crisis. The "no comment" and denial strategies could explain why the later measures taken by Foxconn, such as setting up safety fences around the buildings, inviting psychologists and monks into the company, asking its employees to sign the "no suicide agreement"—though out of good intention—were perceived negatively by the public as pure incompetence of the company to deal with the crisis. By that time, the public had focused on the deteriorating situation (e.g., counting the number of cases) rather than the efforts being made by the company to deal with the crisis. A better approach would have been for Foxconn to have invited those journalists and public figures critical of Foxconn to help identify problems with the management consulting team the company hired—rather than deflecting the blame to the victims. Such a cooperative investigation from multiple parties would show the company's candor and sincerity to solve the problem and therefore gain trust from the public. This strategy is consistent with Seeger's (2006) suggestion that candor, openness, collaboration, and effective use of the media are four of the best practices in crisis communication.

The second problem in their crisis responses was that their messages were inconsistent. Foxconn spokesperson Liu Kun admitted that Foxconn's management was problematic with how it addressed the younger generation of workers, suggesting that the victims were psychologically weak and not willing to work as hard as the elder generation (Beijing Times 2010b, May 19). The CEO Terry Guo, although he apologized publicly, insisted that the suicides were caused by employees' personality and emotional issues—not by the management of Foxconn (China News Net 2010, May 24; Information Times 2010, May 27).

These inconsistent messages led to the public believing that Foxconn's apology was not sincere. If Foxconn had been sincere in its apology, the spokespersons would have admitted the specific areas of management where the company did not function well and explain how they would correct those mistakes. At the same time, it was inhumane and against Chinese culture to blame the victims who died. Communicating concern and empathy to the victims and their families would have enhanced the credibility and legitimacy of the message.

Finally, Foxconn's crisis communication strategies were reactive (e.g., inviting monks and setting up fences around buildings) rather than proactive. The public wanted to see actions that could resolve the real issue—to raise employee pay, reduce their working hours, and provide humane management. The action of Foxconn to invite monks to “dispel misfortune” was regarded by the public as “going to the ghosts for help” rather than looking at the company's real problems (Chengdu Evening News 2010, May 12). Fences around the buildings may be able to temporarily prevent employees from falling from the buildings, but they cannot remove the root causes of the problem and cannot prevent people from physically and mentally collapsing. It was only in the last phase of Foxconn's crisis communication did Foxconn announce a raise of wages. This decision was regarded by Foxconn employees and the public as the company finally admitting its problems for the first time.

Throughout the crisis, Foxconn basically followed Benoit's and Coombs's crisis communication strategies (Benoit 1995, 1997; Coombs 1995, 1999, 2007). For a long time, Foxconn tried to play down the negative impact of the events by a “no comment” strategy and deny the connection between the suicides and the company. This is consistent with Benoit's (1995) and Coombs' (1998, 1999) denial strategy. Later, when the situation became worse, they adopted a mixed crisis communication strategy, which included evasion of responsibility (deflecting the blame to victims and the society), denial of volition (demonstrating their low level of control over the situation), attacking the accuser (attacking the media for fanning the flames and encouraging copycat suicides), remediation (compensating the families of the victims), corrective action (taking various measures, such as setting up safety fences around the buildings to prevent future suicides), a suffering strategy (communicating the difficulties they encountered and appearing as a victim in this series of suicides), and repentance (apologizing to the victims' families and the public). However, Foxconn did not adopt the “full apology” strategy proposed by Benoit (1995) and Coombs (1998, 1999). Although Foxconn's CEO Terry Guo apologized during the press conference, he did not acknowledge Foxconn's responsibility for the series of suicides.

Foxconn's strategy to raise worker's wages by 30 % was an outcome of pressure from the media and public.

Based on the aforementioned discussion, Foxconn adopted a majority of the crisis communication strategies proposed by Benoit (1995, 1997) and Coombs (1995, 1999, 2007). However, it would appear that these strategies failed to save the image of the company. One reason for this is because Foxconn's lasting denial strategy during the crisis made the public develop very negative perceptions of the company. A second reason is that Foxconn did not adopt the right strategy for the specific situation confronting it. For example, Benoit (1997) and Coombs (1995, 2007) suggest that the crisis manager should match the crisis response to the level of crisis responsibility: the greater the crisis responsibility, the more accommodative the response strategies must be. For the series of employee suicides, for which the public considered Foxconn to be responsible (preventable cluster in Coombs' terms), the company adopted the strategy for an accidental cluster, in which it considered the events to be uncontrollable by the company, and a deny strategy, which blamed the victims. Coombs (1995, 2007) also posited that crisis communication strategies should depend on the level of severity and crisis history. However, despite the high level of severity in the form of employee suicides and a high consistency of crisis history, which clearly evident given similar suicides during the several months, Foxconn still acted very passively during the crisis and expressed insincere apologies up and including the eleventh suicide, deciding only to increase wages after the twelfth suicide. Foxconn should have much earlier adopted the strategy of a full apology, rather than waiting until the last two suicides. At the same time, the corrective action should have not just focused on the crisis, such as setting up fences around the buildings, but should also have included an immediate change of its coercive management practices and exploitative wage system and long working hours, which were the root causes of the series of suicides.

Benoit's and Coombs' strategies are ordered along a continuum ranging from defensive, which puts organizational interests first, to accommodative, which puts victims' concerns first. From this case study, it can be argued that these strategies themselves are strategically calculating and instrumental in suggesting when to do what. When there exists high stakes for acknowledging responsibility, crisis managers often tend to put organizational interests first and are reluctant to take accountability, doing so only at the last moment when they have no other choice. This may explain why many crisis communication practices fail, including those adopted by the Foxconn management, despite these strategies being widely known by public relations professionals. This dilemma may be resolved only when other complementary approaches, such as the

stakeholder approach, are integrated into the crisis communication strategy approach.

A Stakeholder Approach to Foxconn Crisis: Integrating Ethics into Crisis Communication

It is evident from the Foxconn's stakeholder model that business partners, shareholders, and the government are the most important stakeholders for Foxconn because they have more power to influence the company than any other stakeholders. Employees were not taken seriously before or during the crisis. Foxconn's stakeholder model violated the principle of stakeholder theories that highlight the importance of all major stakeholders, including employees, customers, shareholders, the surrounding communities, the media, the government, and society at large (Donaldson and Preston 1995; Fassin 2009; Freeman 1984, 1999; Jones and Wicks 1999; Rowley and Moldoveanu 2003). It is Foxconn's long-term neglect of the basic well-being and interests of one of its major stakeholders—the employees—that caused the series of suicides. And it is Foxconn's continuing indifference (e.g., repeated “no comment” responses and denial during the crisis) to its employees' rights that made it unable to handle the crisis appropriately.

Mitchell et al. (1997) and Stephens et al. (2005) argue that the salience of stakeholders can shift over time and that an organization needs to prioritize salient stakeholders depending on the context or situation, such as a crisis. One of the reasons that Foxconn failed to respond appropriately to the crisis is that its management did not realize that the crisis had totally changed the balance among its salient stakeholders. Foxconn employees, who had always been viewed by the management as having no power to influence the company, suddenly became the most salient stakeholder of the company, possessing a combination of strong legitimacy (legitimate relationship with the company) and urgency claims (repeated suicides); as such, they deserved the full attention of the management during the crisis. Foxconn's crisis responses showed that by failing to be aware of the shifting stakeholder relationships and by continuing to treat the employees as unimportant (e.g., the management attributed the suicides to employees' personality), Foxconn inevitably evoked disappointment and indignation among its employees and the public, causing problems for the company. The imbalance in the relationships in Foxconn's stakeholder model therefore needs to be changed. It is the responsibility of the government, the media/public, and Foxconn itself to find ways to empower those workers to negotiate their working conditions and pay with the other stakeholders. Only in this way can Foxconn build and maintain a balanced stakeholder model.

Foxconn's reactions to the crisis reflect a deep-rooted corporate ideology that the purpose of the corporation is to

maximize shareholder value rather than pursue other objectives, such as the well-being of its employees. Governance in the shareholder company is achieved primarily through monitor and control—shareholders monitor and control the actions of their agent managers, and managers watch and control the actions of employees. Foxconn's governance model—a shareholder model rather than a stakeholder model—was revealed by its long-term exploitation of its employees through long work hours and low wages in order to cater to multinational business partners. This model assumes that different stakeholders are isolatable units and that decisions made in the interest of the employees would threaten the gains of its shareholders and business partners. Buchholz and Rosenthal (2005) and Rowley (1997) regard this view of stakeholder relationships as a result of the atomic individualistic philosophy that prevents us from understanding a truly holistic stakeholder model where different stakeholders are embedded in interdependent network relationships. In a stakeholder company, the governance tasks are to facilitate effective coordination, negotiations, and conflict resolution to maximize and share the joint gains among multiple stakeholders (Kochan and Rubinstein 2000).

Although the early stakeholder model is seen as part of strategic management (Freeman 1984), later versions of the stakeholder approach consider it to be inseparable from ethics (Freeman and Gilbert 1988; Freeman 1994; Goodstein and Wicks 2007; Phillips et al. 2003). In other words, rather than treating stakeholders as means to ends, the recent views of the stakeholder approach see stakeholders as the ends; firms are now assumed to be the means to ensure the interests of stakeholders (ends). Two of the major ethics approaches that can be applied to organizational crisis communication are the ethics of justice and the ethics of care (Simola 2003). The *ethics of justice* describes the rights, rules, and standards against which actions are evaluated impartially (Sandin 2009). For an organization to take on an ethics of justice approach means to objectively evaluate conflicting rights or claims and treat different stakeholders fairly without favoring any party.

On the other hand, the ethics of care emphasizes empathetic responses that are tailored to the particular needs of certain stakeholders (Clement 1996; Gatens 1998; Porter 1999). This approach does not ask for precise reasoning and fair action, but looks into the context and situation where things happen. The emphasis is not on an impartial application of universal principles that characterizes the ethics of justice approaches. Rather, the key is sensitivity and responsiveness to the feelings, concerns, and particular circumstances of individuals (Simola 2003). The ethics of care approach has received increasing attention in stakeholder theories in recent years.

Foxconn showed neither an ethics of justice nor an ethics of care approach in its stakeholder relations and

crisis communication. An ethics of justice approach requires the organization to objectively evaluate conflicting rights or claims and treat different stakeholders fairly without favoring any party; an ethics of care approach emphasizes empathetic responses that address the feelings, concerns, and particular needs of individuals (Sandin 2009; Simola 2003). Foxconn favored business partners, such as Apple and Dell, by providing them with quality products at very competitive prices. It also tried to build a positive relationship with the Chinese government through philanthropy activities and by providing a large number of job opportunities. However, the company mistreated its employees. Problems of low wages, long work hours, and workplace verbal and physical abuse in Foxconn have been reported continuously but are never solved. When Foxconn blamed the victims' personalities and personal problems for their suicides during the crisis, it violated the basic Chinese cultural norm (blaming those who recently died) and did not show an ethics of care for its employees.

Many ethics approaches focus on the benefits they can bring to the organization. However, these approaches, mostly aiming at impression management but neglecting the true essence of ethics, will result in organizations failing to address the multiplicity of the responsibilities. As in Foxconn's case, the company did well in philanthropy but failed in being responsible for its own employees. For the stakeholder approach, ethics means not only bearing responsibility to shareholders, business partners, and the government, but also bearing responsibility to one of the major stakeholders—employees. Thus, an ethics of justice approach requires that the interests of all major stakeholders be recognized—and not just those of shareholders and/or business partners. The ethics approach contains the stakeholder approach, and vice versa.

Ethics of justice and ethics of care are important approaches to elaborate stakeholder relations. Without these, the stakeholder approach would not make much sense. Both approaches are of value: while the ethics of justice approach is deemed to be more proper as a long-term ethics approach that helps to prevent unfair treatment to any party, the ethics of care approach applies better in specific events and contexts (Simola 2003). In Foxconn's case, the treatment of the employees in terms of low wages, long work hours, and workplace abuses were deemed unfair in the long term. These all constitute a great part of the psychological issues of the younger generation of the employees, which finally resulted in the suicides. If Foxconn had adopted the ethics of justice in its ethics efforts in the long term, empowering its employees with the rights to negotiate with all stakeholders equally about their welfare and psychological needs, their feelings of oppression would be lower, and the series of suicides might have been prevented. In the short term, during this specific crisis,

where issues of labor rights are presented along with severe consequence of a series of suicides and deaths, an approach of ethics of care could have comforted the oppressed employees and might have been effective in preventing copycat suicides. However, during the crisis, Foxconn's strategies of calculating the responsibilities and being unwilling to provide care to its employees outside of what was legally required went against the ethics of care, which, to a large extent, led to complaints among the public and the employees toward the company.

The boundary of ethics should be negotiated among the different stakeholders. In Foxconn's case, it is important that the share of responsibility to be borne by its business partners, such as Apple and Hewlett-Packard, both companies making large profits from their products manufactured by Foxconn, be negotiated. Managers are expected not to knowingly harm the other stakeholders, but this duty is not legally encoded as is the duties to shareholders. When duties to shareholders and duties to the other stakeholders are conflicting, such as Foxconn's higher pay to employees may mean fewer profits to its shareholders, business leaders often lean towards promoting the interests of the shareholder (Ostas 2004). Thus, if we hope to increase the social responsibility of corporations and allow a stakeholder ethics approach to be applied in business decisions, changes in corporate law rather than changes in ethics education will be more necessary (Rose 2007). Government can implement laws and policies that encourage organizations to be more responsible for the other stakeholders, including, as in the Foxconn case, the employees. The media and public, as watchful agencies, can also remind organizations of their responsibility by paying greater attention to them as well as by propagating a culture of care to all stakeholders.

Conclusion

This study contributes to the study of crisis communication in several aspects. First, although Foxconn adopted a majority of the crisis communication strategies proposed by Benoit (1995, 1997) and Coombs (1995, 1999, 2007), it did not adopt the appropriate strategy for this specific situation. Instead, it held onto to the denial strategy until the last two suicide cases occurred, by which time the public and the media were extremely angry with the company. Our findings suggest that the crisis manager should be able to fit the crisis response to both the level of crisis responsibility (e.g., preventable and controllable crisis) and/or crisis severity (e.g., deaths), the more accommodative the response strategies must be. It would appear that Foxconn focused on arguments rather than crisis

responsibility and adopted an accidental cluster that considered the events uncontrollable by the company, ultimately even blaming the victims (while the public adopted a preventable cluster in Coombs' terms, viewing the crisis as preventable and Foxconn responsible for the events). However, Foxconn ignored the level of crisis severity in the case of the 12 suicides.

Second, results of our case study suggest that Benoit's (1995, 1997) and Coombs' (1995, 1999, 2007) crisis communication theories are limited due to their strategically calculating and instrumental nature (e.g., what to do at what level of responsibility at which stage). Due to the high stakes in acknowledging responsibility, crisis managers are often reluctant to accept accountability and wait only until the last moment, when they have no choice. This may explain why many crisis communication practices fail, including in the Foxconn case, despite Benoit's and Coombs' crisis communication strategies being widely known by public relations professionals. Our findings suggest that the dilemma may be resolved when an ethical stakeholder approach is integrated into crisis communication. One fundamental cause of Foxconn's suicide crisis is Foxconn's failure to not recognize employees as one of the major stakeholders, with an absence of ethics of justice and care to them. The study demonstrates that it is of importance to build positive relations with all related stakeholders through an ethical stakeholder approach. Such a strategy will foster good will between the company and stakeholders, enable potential crises to be anticipated and avoided, and enable a crisis, should it happen, to be handled effectively.

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