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The Leader as the Face of a Crisis: Philip Morris' CEO's Speeches During the 1990s

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This research investigated Philip Morris' crisis communication management strategies during the 1990s through the study of its CEO's speeches. This analysis explored the company's maneuvers to camouflage controversies in acceptable social expectations. Pairing framing theory with centering resonance analysis, this research found 3 distinct frames: profitable multinational (1994–1996), litigation target (1997–1998), and corporate good citizen (1999–2001). **Avoidance of talk about health issues indicated the company's strategic adaptation to a shifting legal and public opinion climate, as it sought to authenticate its right to do business by reframing the notion of corporate responsibility away from healthy products and toward high-price philanthropy.**

During the 1990s, the tobacco industry was under constant attack, as evidenced by lawsuits, accusations, and sanctions against individual companies. For example, in 1994, McDonald's banned smoking in all of its restaurants, initiating a period where other consumer product companies advocated against the

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industry. In 1998, tobacco industry executives testified before Congress that nicotine is addictive and cigarettes could cause cancer. Scandals uncovered illegal or unethical practices by the tobacco industry, and litigation imposed heavy burdens on the industry's resources. The number, frequency, and intensity of disturbances in the 1990s were unparalleled (Tobacco.Org, n.d.).

Unique, also, were the outcomes of this epoch. In 1998, the tobacco industry and most states' Attorneys General signed a Master Settlement Agreement that changed the tobacco industry in the United States forever. The agreement, approved in 46 states, made the industry's internal documents public, banned all kinds of cigarette advertising, and obliged the tobacco industry to fund antitobacco campaigns, organizations, and research.

Together, these events presented another challenge to the tobacco companies: their own reputation. Internal documents revealed that, at least for Philip Morris, credibility had become a major concern since the late 1980s (Smith & Malone, 2003b). The company's reputation and image suffered the consequences of litigation threats, legal restrictions, shrinking of the domestic market, and antitobacco activists' actions. According to Smith and Malone, Philip Morris even considered selling its tobacco business. Although this idea was discarded, it illustrates how valuable reputation can be and how boldly companies may act to preserve this fragile asset.

This study investigates one aspect of Philip Morris' response to the controversial decade of the 1990s. It explores the use of strategic communication to explain and justify the company's actions through its CEO's speeches. Although the communication strategies of any organization cannot be reduced to one form alone, corporate speeches have the advantage of laying out the company's viewpoint unadulterated by media or special interests. Therefore, a CEO's speeches concisely represent the core messages and themes carefully chosen by a company to epitomize itself (Park & Berger, 2004).

By analyzing the speeches of Geoffrey Bible, Philip Morris' CEO from 1994 to 2002, this study examines how Philip Morris sought to control interpretations of its behavior during a prolonged crisis that required rapid adaptation to a changing legal and social context. The study specifically investigates (a) how the CEO portrayed the company to selected internal and external publics, and (b) whether the speeches' themes and word choice were altered over this period to reflect the company's social and legal context.

CORPORATE REPUTATION

The literature offers two main perspectives on the concept of corporate reputation: pragmatic and reflective. As Pruzan (2001) explained, a pragmatic perspective emphasizes stakeholders' opinions about the organization

based on economic measures, such as an increase in profits. This line of thought focuses mainly on image, defined as the perceptions of the external public about the organization (Gotsi & Wilson, 2001).

In contrast, the reflective perspective focuses on company identity, viewing reputation as a mirror of the organization's character (Pruzan, 2001). This line of thought takes a holistic view, defining reputation as a combination of (a) internal and external publics' opinions, based on information about the firm's past and present actions, (b) the organization's principles and values, and (c) the company's future plans in light of stakeholders' opinions (Deephouse, 2000; Narkra, 2000).

Thus, authors affiliated with the reflective perspective consider the opinions, feelings, and judgments of the company's internal and external publics to be relevant components of the reputation construct (Pruzan, 2001). From this perspective, companies are understood in the same way as a person who assumes the role of a citizen and has a voice in the community (Saiia & Cyphert, 2003). Reputation reflects products and services, but more than that, it reflects a company's principles.

This emphasis on the societal component of reputation links it to the concept of legitimacy. As Wæraas (2007) stated, borrowing Max Weber's definition, legitimacy is to have "sufficient external support to continue to exist" (p. 281), and acquiring legitimacy is one of the main purposes of public relations efforts. Going far beyond compliance with legal demands, legitimacy means that communities and individuals grant companies the right to produce goods and make profits; nevertheless, in exchange for the right of survival, organizations must not defy communities' values, traditions, and expectations (Massey, 2004; Metzler, 2001; Sellnow, Ulmer, & Snider, 1998).

Stakeholders' expectations are challenged and their trust in a company is profoundly shaken by critical situations. Faced with doubts about their legitimacy, companies use public relations strategies to disseminate a valid explanation of their behavior to regain stakeholders' support and reinforce the organization's legitimacy and consequent survival (Coombs, 1999; Sellnow & Ulmer, 2004; Wæraas, 2007). The diverse aspirations of different stakeholders have to be considered to avoid favoring one group at the expense of losing legitimacy in the eyes of other groups (Massey, 2004; Metzler, 2001).

The multiplicity of stakeholders is another relevant aspect of reputation. Corporate reputation implies fulfilling the expectations of employees, investors, the government, activist groups, and society as a whole (Fombrun & Shanley, 1990). Multiple stakeholders have diverse expectations and understandings of an organization's reputation (Gotsi & Wilson, 2001). Thus, corporate reputation is neither a concrete nor an absolute concept; it is amenable to multiple interpretations, including strategic framing by the company itself to reinforce its legitimacy and reduce reputational damage during turbulent times.

CRISIS COMMUNICATION MANAGEMENT

As defined by Dean (2004) and Seeger, Sellnow, and Ulmer (2003), organizational crisis involves an unpredicted event of substantially negative significance, blemishing the company's reputation and threatening its objectives. Crises are complex events that constrain future opportunities and affect all the organization's stakeholders to some degree. Lerbinger (1997) pointed out that **when a crisis follows a slow, cumulative build-up—such as that experienced by tobacco companies facing increasing pressure from anti-smoking advocates—it is more likely to be defined by outsiders such as the media, regulators, or activists.** To limit the ability of other influential audiences to shape crisis issues, an organization needs to convey its own viewpoint about the situation.

Among the most important crisis management procedures are those that involve senior management. Especially during crises, leaders are the public face of a company, perceived as the ones in charge of the difficulties it faces (Park & Berger, 2004). Because of the uncertainty inherent in a crisis situation, the leaders' role in making sense and framing the event puts them in a key position to reduce or increase its impact on the company's reputation (Seeger et al., 2003). Hence, Exxon CEO Lawrence Rawl was criticized for invisibility during the early days of the Valdez crisis, whereas Union Carbide CEO Warren Anderson was praised for traveling to Bhopal, India, immediately after the chemical leak there (Ice, 1991; Pauly & Hutchison, 2005). Similarly, Martha Stewart Omnimedia stock suffered an eclipse during its founder's months in prison; Enron's name became inseparable from its two discredited leaders, Ken Lay and Jeffrey Skilling (Murphy, 2005; Seeger & Ulmer, 2003). Likewise, the tobacco industry during the 1990s offers a chance to examine how CEOs are able to use their figurehead role to promulgate favorable interpretations of their companies.

LEADERSHIP DURING CRITICAL TIMES

As Seeger and Ulmer (2003) pointed out, leaders are responsible for communicating both operational information and the organizational values that guide employees' attitudes and create the company's culture. In fact, Smircich and Morgan (1982) defined leadership itself as the process of creating meaning through the active interpretation of concepts and facts that specify a desired vision of reality.

From this perspective, a CEO's discourse is a special form of strategic framing. Like the more commonly studied media framing, it draws on "the presence or absence of certain keywords, stock phrases, stereotyped images,

sources of information, and sentences that provide thematically reinforcing clusters in terms of facts or judgments” (Entman, 1993, p. 52). Specific frames are used by organizations to influence their publics’ understanding of facts, advancing one interpretation while cloaking a less favored one.

Among the many uses of frames, three have special relevance to the study of CEO speeches. First, frames often create consistent patterns that lend advantage—credibility, political power, moral authority—to one side over another in matters of public interest (Fairhurst & Sarr, 1996; Gitlin, 1980; McCombs & Ghanem, 2001). The core assertion of agenda-setting is not only valid for political issues, but also for corporate communication. Strategic frames applied by organizations to describe certain situations increase the salience of these situations and issues in the public opinion (Kiousis, Popescu, & Mitrook, 2007). Second, framing is associated with priming, the subtle introduction of ideas activating “schemas that encourage the target audience to think, feel, and decide in a particular way” (Entman, 2007, p. 164). As Kinder (2007) put it, “frames are like recipes, advice from experts on how citizens should cook up their opinions” (p. 156). From this standpoint, CEO speeches serve as “strategic communicative acts that define public problems, manage popular outrage, and direct public policymaking” (Conrad, 2003, p. 556). Finally, public relations materials, such as senior management speeches and press releases, have an influence on the topics that will be covered by the media, building the media agenda. In effect, through agenda-building, public relations professionals provide information subsidies to media outlets, influencing which and how issues will be covered (Kiousis, Mitrook, Wu, & Seltzer, 2006). Few other forms of corporate communication are as controlled, visible, or influential as what is said by CEOs to inculcate the organization’s main messages and reframe corporate exigencies.

PHILIP MORRIS, AN EXEMPLAR OF EXECUTIVE FRAMING

This research analyzes the speeches of Philip Morris CEO Geoffrey Bible during the 1990s, a decade of unparalleled challenges in the tobacco industry history. As the largest and strategically boldest U.S. tobacco company (Smith & Malone, 2003a), Philip Morris offers a particularly good exemplar for the crafting of strategic corporate discourse. As Conrad (2003) pointed out, CEO speeches represent corporate communication strategies, carefully chosen to frame critical situations and influence audiences’ perception. From this standpoint, Bible’s speeches can be interpreted as a controlled and planned form of corporate discourse that reflected the strategies adopted by the organization to frame the crisis. Keeping in mind that

CEO speeches seek to frame public problems in a way that lends advantage to the corporation, this study posits the following research question:

RQ1: How did the CEO's speeches portray Philip Morris to its internal and external publics?

In addition, successful crisis management has to be flexible enough to identify, analyze, and address novel issues raised by new events. Given the magnitude of challenges faced by Philip Morris and the entire tobacco industry during the '90s, the company's CEO's speeches may signal strategic adjustments in response to societal change. A research question is posed in this regard:

RQ2: Did the speeches' themes and word choice alter over this period to reflect the company's social and legal context?

METHODS

Speeches by Geoffrey Bible from 1994 to 2002, his tenure as Philip Morris' CEO, were downloaded from the Legacy Tobacco Documents Library (LTDL, n.d.) Web site. The LTDL contains more than 9 million documents related to tobacco products and companies, made public in accordance with the Master Settlement Agreement of 1998. It is the most comprehensive collection of tobacco industry documents available to the general public.

To locate any speeches that were not in the LTDL database, the Web sites of Altria Group (<http://www.altria.com/>), Philip Morris USA (<http://philipmorrisusa.com>), and Philip Morris International (<http://philipmorrisinternational.com>) were consulted, and Philip Morris' public relations and media relations departments were contacted. A LexisNexis search about Philip Morris and Geoffrey Bible during the period was conducted. Lastly, Web sites dealing with rhetoric, business speeches, and speeches in general were consulted. None of these sources yielded additional speeches; the LTDL database provided the most complete set of speeches.

These speeches targeted highly specialized audiences: employees on the one hand and on the other hand, only two types of external audiences, investment analysts and Congressional committees. This specialization—which excluded media, customers, and the health community, among others—made sense for two reasons. First, CEO speeches are highly controlled affairs; organizations do not usually expose their CEOs to the risks of questioning in mass venues, such as news conferences, unless rapid-onset,

or exploding, crises necessitate it (Linke, 1989). Even in these situations, a CEO's appearance can have unforeseen and controversial consequences (Ulmer, 2001). In contrast, the tobacco industry issues of the 1990s constituted a "simmering," slow-building form of crisis (Linke, 1989) more amenable to control through planned statements.

Second, these CEO speeches seemed directed at the two external audiences most important to Philip Morris's ongoing interests: investment analysts, who have extraordinary influence on the stock price; and legislators, who control companies' freedom of action in the business environment. As for internal audiences, no other figure so firmly defines an organization's mission as its CEO. Other corporate spokespersons can engage in riskier, more spontaneous, exchanges with other audiences. However, Philip Morris made full use of the powerful role of the CEO to contain simmering problems by defining and justifying the tobacco company's point of view as it wanted influential audiences to see it (Ulmer, 2001).

The research dataset consisted of 67 speeches by Geoffrey Bible from 1994 to 2002.¹ Before any other analysis took place, the speeches were divided according to major audiences, yielding 23 speeches to the internal public (management employees) and 44 to the external public, which consisted almost entirely of investor groups (40 speeches), with a small number of Congressional committee members (4 speeches). In addition, speeches were grouped according to year written to capture strategic adaptations over the decade.² Thus, three separate analyses were conducted: **by year**, **by audience**, and **the entire set of speeches as a whole**.

The documents were analyzed using **centering resonance analysis (CRA)**, a mode of computer-assisted network-based text analysis that represents the content of large amounts of text by identifying the most central words. Nouns and noun phrases function as *centers* that link other words in the text and, therefore, create a network of concepts and themes, representing the semantic content of the texts (Corman, Kuhn, McPhee, & Dooley, 2002; Dooley & Corman, 2002). Rather than use the more traditional gauge of word frequency as the primary measure of importance, CRA focuses on words that come between, or link, other words. As Dooley and Corman (2002) explained, "words with high betweenness, and thus influence, add coherence to the text by connecting strings of words that otherwise would

¹The first LTDT search resulted in 205 entries; after discarding duplicate documents, the dataset totaled 67 different speeches. A list of the speeches' dates, events, and main public addressed is available from the authors.

²Two speeches from 1994, 12 speeches from 1995, 20 speeches from 1996, 5 speeches from 1997, 9 speeches from 1998, 4 speeches from 1999, 5 speeches from 2000, and 10 speeches from 2001 were analyzed.

not be connected” (p. 123). Through CRA, it is possible to identify which words and concepts are the most relevant, or influential, in creating meaning. The network association among the most influential words in a text, therefore, denotes the author’s intentional acts regarding word choice and message meaning, reflecting the strategy behind the discourse. A graphic representation of one network appears in Figure 1.

CRA makes it possible to quantitatively compare the semantic networks of multiple texts at multiple points in time. Such comparisons are based on the concept of *resonance*. As Corman et al. (2002) explained, “The more two texts frequently use the same words in influential positions, the more word resonance they have. The more word resonance they have, the more the communicators used the same words, and the more those words were prominent in structuring the text’s coherence” (p. 178). Thus, the extent to which two texts apply the same words in the same way shows the extent to which they resonate with each other.

In addition, CRA analysis produces a set of *influence scores* for a user-specified number of words in the text. These scores represent the betweenness centrality measures of the most important nouns and noun phrases, and thereby indicate their level of influence in creating meaning in a specific set of texts. Influence scores are amenable to further statistical analysis. Although a graphic depiction of the semantic network, such as that in Figure 1, gives a rough idea of major themes in a text, more traditional approaches such as factor analysis of influence scores can extract a more fine-grained view of exactly how the words in a text group into themes.

We chose this methodological approach for three reasons. First, it is designed to back out patterns of meaning from texts according to precise mathematical rules. Therefore, it is a highly reliable approach that avoids coder bias and can manifest unexpected findings. Second, this objectivity never substitutes for interpretive judgment: Although the approach exposes word patterns, it is up to the researcher to decode the strategy behind the patterns. The technique, therefore, combines strengths of both qualitative text analysis and quantitative network analysis. Third, the very nature of a network approach preserves the context, as well as the schematic patterns of words, so this approach avoids the pitfalls of overly reductive traditional content analysis that separates concepts from the original context that gives them meaning.

In this instance, centering resonance analysis made it possible to follow strategic adaptations in corporate discourse used by Philip Morris’ CEO to depict the company to its publics during the rapid social, economic, and legislative shifts of the 1990s. Based on the 100 highest influence scores for each speech, the set of speeches was cluster analyzed to group speeches by similar content and word choices. In addition, the same set of influence scores was

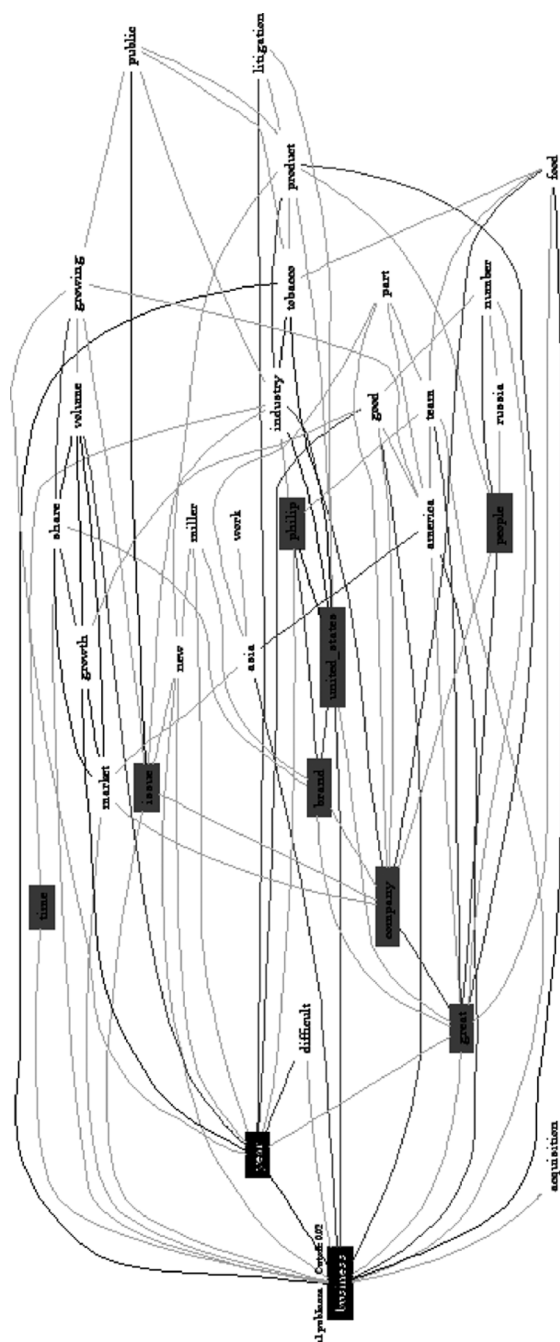


FIGURE 1 Word choice in one network.

used to conduct a principal components factor analysis with SPSS, to identify themes within the grouped speeches. We use the concept of themes to designate the major concerns or topics of the CEO speeches, and the concept of frames to describe the strategic way those concerns are selected and presented.

FINDINGS

Speeches delivered to internal and external publics were substantially different in terms of both themes and frames. For example, in the internal public group, the word *people* plays a central role in the network; it is connected with *good*, *team*, *great*, *company*, and *Philip Morris*. This configuration suggests the importance of Philip Morris's *team theme*, which recurs throughout the internal speeches, making a consistent emotional appeal to employees' commitment to the company. These emphases efficiently appealed to what Bridges and Nelson (2000) described as employees' chief needs: "to feel that they are part of the organization, that their contributions are recognized, and that the organization is a good citizen" (p. 109). The second consistent theme in the CEO speeches to internal audiences involved marketing plans, a vision of the future. The words *market*, *United States*, *world*, and *cigarette* are strongly linked in the semantic analyses of all the internal speeches. Expanding the company's business internationally was thereby framed as a positive solution to challenges facing Philip Morris.

Semantic analysis of speeches to external publics also emphasized marketing, but targeted the more hard-nosed concerns of investment analysts and legislators. The basic product word *tobacco* featured far more prominently in speeches to the external publics than to the internal publics. Other key words in speeches directed at external groups were *business*, *company*, *new*, *product*, and *brand*, indicating that the Philip Morris CEO constantly addressed issues related to the company's profitability, the brands' values, and the increase in market share when talking to Philip Morris investment analysts, who constitute the main audience for the speeches. As the decade wore on and legislative pressure became more intense, the CEO speeches addressed social responsibility, a primary concern of the other external audience, legislators.

To detect trends over the decade, the speeches were grouped by year and cluster analyzed based on their resonance values. High resonance values between texts show that they tend to apply the same words in the same prominent position within the text's structure, and they, therefore, have similar thought structures (Corman et al., 2002). The analysis yielded three major clusters, each representing phases in the ongoing crisis: (a) speeches from 1994, 1995, and 1996, focusing on the company's growth and international

expansion; (b) speeches from 1997 and 1998, portraying the paramount importance of litigation issues and legal restrictions to the company during these years; and (c) speeches from 1999, 2000, and 2001, presenting the tobacco industry's adaptation to a transformed social and business environment.

In addition, to identify overall themes among all the speeches, a factor analysis using SPSS was done on the 100 most influential words (those with highest betweenness centrality) that appeared in at least half of the 67 documents. Following the recommendations of Dooley and Corman (2002, 2004), only factors with eigenvalues of at least 4.0 were considered. In addition, words with loadings below 0.60 were discarded, resulting in a final roster of 37 words. A principal components analysis yielded three clearly distinct factors: *national and international corporate success*; *litigation issues and legal restrictions*; and *change leadership*. These three factors explain 81% of the variance. Their Cronbach's alpha values are .788, .861, and .622 respectively. Table 1 shows factor loadings.

The factors represent the main themes extracted from the entire set of speeches, and they closely correspond to major events during the specific temporal phase represented by each cluster. In terms of timing and content, the clusters portray the changes in the tobacco industry environment and Philip Morris' responses to these events.

Cluster 1 represents the first three years of Geoffrey Bible's tenure as Philip Morris' CEO (1994–1996). Litigation issues were seminal at that point, and the CEO was primarily concerned with profitability, increasing market share, and international growth.

The content represented by factor 1, which was labeled **national and international corporate success**, comes mainly from this first cluster—or time period 1—of the speeches. *Successful*, *corporate*, and *Kraft* are the most representative words in this factor. *Brand* and *world* also have significant loading values, reinforcing the idea of corporate expansion and the company's marketing strengths.

The association between factor 1 and cluster 1 is supported by a more detailed look at the speeches given from 1994 to 1996. In the 1994 map,³ *tobacco* is a prominent concept, as is business growth: *market*, *increase*, *product*, and *new* are positioned as important linking words in the speeches. *FDA*, *regulation*, and *challenge* (mentioned externally) and *litigation* (mentioned internally) show the seminal stage of the company's concerns about litigation issues and legal restrictions on the tobacco industry. At this point, the company's CEO was confident about the outcomes of the legal

³Because of space restrictions, maps of all but one of the 67 speeches are summarized, rather than represented graphically; however, they are available from the first author.

TABLE 1
Factor Loadings for All Speeches for All Years, 1994–2001

<i>Words</i>	<i>Factors</i>		
	<i>1</i>	<i>2</i>	<i>3</i>
successful	.930	.281	–.145
corporate	.926	–.090	.135
Kraft	.914	.010	–.151
professor	.860	.407	–.123
world	.855	.188	.319
country	.849	–.269	.229
d-day	.845	.425	–.175
engagement	.845	.426	–.176
program	.840	.077	.118
united_states	.832	–.363	.116
effort	.827	.089	–.226
product	–.789	–.220	–.343
brand	.779	.006	–.561
issue	–.765	.440	.041
own	.751	.612	.127
employee	.745	.030	.482
smoking	–.744	.345	.351
right	.729	.132	–.069
success	.727	.131	–.124
director	.726	–.085	.654
share	.692	.014	–.052
fda	–.691	.286	–.231
income	–.072	.955	–.007
congress	–.283	.893	.029
challenge	–.308	.868	.187
virginia	–.494	.815	.268
congressman	–.514	.803	.268
position	.513	.790	.061
litigation	.104	.782	.029
increase	–.550	.774	.281
milller	.196	–.756	–.137
market	.435	.755	–.317
key	.358	.640	.127
change	.101	–.324	.914
leader	.184	–.371	.880
dollar	.076	.019	–.837
result	.009	–.080	.704

cases. Typically, at a plant visit (July 26, 1994) he stated: “We never lost a case. We will prevail.”

In 1995, network analyses for both internal and external publics indicate a strong link between *company*, *food*, and *world*. To strengthen the

company's brands (food and beverages) and to expand internationally are the foci of Bible's speeches, possibly describing marketing strategies adopted to combat legal problems. Bible's remark at a press conference in March 1995 exemplified this goal: "The sky is the limit of our growth."

Influenced by a major recall of Marlboro cigarettes, the 1995 semantic network analysis of speeches to the internal public introduces the ideas *good team* and *the company as a family*. For example, during the completion of the recall Bible stated: "All of you went beyond the call, and beyond the word commitment. Personal sacrifices were made. Family and friends were inconvenienced, which, frankly, is another understatement. Yet everyone rallied around what I always call our second family" (September 15, 1995).

During 1996, litigation issues became serious. Speeches from this year reveal a transition to the second cluster. Bible delivered 20 speeches, of which 14 were oriented to the external public. Although, externally, *brand*, *market*, *growth*, *product*, and *share* assume a key position, internally the CEO focused his talks on the company's values, represented by strong links between *great/business*, *great/company*, and *company/people*. In addition, *litigation*, *issue*, *FDA*, and *leadership* become central in the internal network, mirroring the rise of tobacco litigation issues in this year.

Cluster 2 corresponds to the speeches from the most contentious period of the decade: 1997 and 1998. Reflecting the seriousness of the crisis faced by the company, Bible's speeches from both years concentrated on litigation issues, and the theme **litigation issues and legal restrictions** adequately represents this cluster.

Factor 2 is named **litigation issues and legal restrictions** as well, and its content matches that of the speeches from this second cluster (time period 2). The litigation and legal restrictions theme is mostly represented by the words *Congress*, *Congressman*, *challenge*, and *litigation*. The factor does include other words with a marketing bias, like *increase*, *market*, *position*, *key*, and *Miller*. However, the context of the speeches shows that these words describe Bible's vision to solve the challenges confronting the company in the form of mounting litigation cases and legal restrictions imposed on the tobacco industry. Hence, increasing the market share of Miller beer is a key solution to strengthen Philip Morris' other businesses and diminish the economic importance of the tobacco branch.

In 1997, the external public speeches concentrated, to a large extent, on litigation. The word pairs *tobacco/resolution*, *tobacco/proposed*, and *resolution/proposed* are among the 10 most frequent associations in this network. The words *tobacco*, *industry*, *United States*, and *federal* are strongly connected, as well. Nonetheless, internally the scenario depicted by the network map is strikingly different from the external scenario. As shown in Figure 1, *litigation*, *difficult*, and *year* are associated, but they occupy a marginal position within

the semantic network. In effect, the internal public speeches emphasized employees' morale, where *great*, *people*, and *team* are linked in a central position in the network. Avoiding the company's difficulties, the CEO instead bolstered his team's role and importance rather than detailing litigious threats to the company's future.

Was the CEO engaging in a classic pattern of giving employees only the good news? This interpretation was encouraged by the absence of any internal speeches for 1998, the year in which burdensome legal action culminated in the Master Settlement Agreement. **Although this hiatus could be caused by nothing more than speeches missing from the database, it does suggest some effort to avoid giving bad news to the company's employees,** perhaps acknowledging the gap between 1997's positive frame and 1998's grim litigational reality.

Externally, the 1998 speeches focused on *year*, which reflected the necessity for the CEO to explain the company's situation at that moment, and *resolution* and *FDA*, which suggested worries about restrictive legislation on cigarettes. Bible's opening statement at the Corporate Audit Meeting in June 1998 epitomized the spirit of this year: "The entire U.S. tobacco industry is under attack and Philip Morris is a prime target."

Cluster 3 (1999–2001) corresponds to a relatively less contentious period for Philip Morris. After the Master Settlement Agreement in 1998, the company undertook major efforts to rebuild its reputation. Philip Morris depicted itself in a leadership role within the changing tobacco industry environment. The speeches from cluster 3 strategically focus on understanding changes as opportunities to recover the company's profitability. *Change*, *leader*, *dollar*, and *result* are the words describing factor 3, which, accordingly, was named **leading changes**. Like the previous two clusters and factors, the time period represented by cluster 3 coincided with the themes represented by factor 3.

The year 1999 was transitional. As in 1998, no official speeches were available that addressed the internal public, and litigation remained the focal point. Nonetheless, important new themes began to take shape, as Bible introduced the idea of the company as a good citizen and began to talk about his company's investment in social programs, exploring the theme of commitment to the community. The connection among *outstanding*, *American*, *company*, *good*, and *community* first occurs in 1999, and this theme recurs from this year on. For example, at the UNCF Anniversary Dinner, on April 1999, the CEO affirmed:

When we think about how we live our lives, we think not just in terms of our jobs but also about what it means to be good neighbors, good citizens, and good parents. I am truly proud of my company's record of support for worthy causes.

This good citizen trend solidified during 2000, when the CEO's speeches moved from a defensive attitude to a proactive position, depicting the company as a leader during times of change. In the 2000 network analyses of both internal and external publics, *company* and *business* stand in the most influential positions, reaffirming the company's profitability and financial solidity. The internal audience semantic network connects *environment*, *new*, and *business*, suggesting the advent of a new social context to which the company responded by associating itself with citizenship values. Internally, the CEO referred to Philip Morris' philanthropic and environmental projects and its societal concerns. Bible's speech during a Christmas celebration in Amsterdam, in December 14 of 2000, illustrated this awareness:

We also affirm our obligation to make and market our products responsibly and to align ourselves with the legitimate expectations of the societies in which we do business. We do this by holding fast to our shared values—an unwavering adherence to integrity, both as a company and as individuals; a passion to succeed; upholding the highest standards of quality; facing challenges with creativity; and acting as a force for good in society.

In addition, *great*, *leadership*, and *team* appear in central positions in the 2000 internal network, suggesting employees' importance to the company's success. Externally, Bible mainly concentrated on two aspects of company's business strategy: (a) profitability, represented by the strong connections among the words *brand*, *growth*, *strong*, *volume*, and *share*; and (b) assurances of good corporate citizenship, characterized by *commitment*, *community*, and *employees*. Each theme targets the primary concerns of the two external audiences: profitability for investors and social consciousness for legislators, thereby assuaging key concerns and decreasing pressure from either group for radical change.

In 2001, besides focusing on profit, Bible expanded the strategy of portraying the human facet of the company. He capitalized on the concept of family, highlighting the importance of support from employees' families to the company's success, as well as the notion of Philip Morris as one great family. For the first time in the internal public analysis, the word *people* assumes the most influential position in the network. This word is closely connected to *change*, *time*, and *leadership*.

The 2001 external audience semantic network portrays the company as a great leader during times of change. *Time*, *opportunity*, *lead*, *change*, and *result* represent this strategy. Reflecting a less litigious environment, *tobacco* reappears in a central position. This word is strongly connected to *business*, *year*, *company*, *good*, and *United States*. Here Bible depicted a renewed

organization, prepared to thrive in a more restrictive marketplace. His welcoming remarks at the company Business Invitational Forum in February 15, 2001 exemplify this vision: "We are starting to see good results from the work we are doing to meet society's expectations of us as a manufacturer and marketer of consumer products in all of our businesses—cigarettes, beer, and food." Profitability and social conscience are thereby allied.

DISCUSSION

The first research question asked how the CEO's speeches portrayed Philip Morris to its internal and external publics. Analysis shows that the CEO's speeches efficiently targeted the separate concerns and expectations of both internal and external publics. Although Bible focused on teamwork and family values when talking to his managers, he emphasized business expansion and litigation issues when addressing the company's external publics, largely investors and some legislators.

The second research question asked whether the strategic discourse of Philip Morris' CEO evolved over time. Clearly it did evolve as the social context changed. The Bible speeches divided into three distinct strategies, each denoting a different phase in the company's 1990s fortunes: profitable multinational (1994–1996), litigation target (1997–1998), and chastened corporate citizen (1999–2001). The speeches' foci altered throughout the period studied, showing that the messages were tailored to address the legal concerns and opinion climate in which Philip Morris found itself during each different phase. In fact, one striking feature of the analysis was the uncluttered directness of the messages aimed at each public's self interests. For employees, that means that the company appreciates them and will remain in business. For investors, that means that the company is seeking new markets and maintaining its profitability.

These messages are traditional and safe, but another feature of the speeches is more unexpected: the emergence of corporate social responsibility as a major theme in the late 1990s. Strikingly, the speeches address good citizenship as directed toward the community, employees, shareholders—everybody except its own customers. Industry internal documents released after the Master Settlement Agreement (<http://legacy.library.uscf.edu/>) show that all tobacco companies fully understood the health consequences of nicotine; certainly they considered potential legal consequences of acknowledging these issues. Therefore, the decision not to talk about health issues in Geoffrey Bible's speeches indicates a strategic adaptation to the changed opinion climate. It had quietly given up contesting health

arguments—clearly a losing strategy—and was acutely aware of the importance of legitimacy, seeking to authenticate its right to do business by establishing other frames, other terms, for judging its contributions to society.

Earlier we pointed out that legitimacy is a crucial aspect of reputation, and therefore of crisis communication strategy. In sidestepping health concerns and antitobacco activism—the driving forces behind the Master Settlement Agreement—Philip Morris's crisis communication strategy reframed its reputation away from health issues—an arena in which it was resource poor as regards good citizenship—and toward philanthropy, an arena in which charitable bestowal of its abundant monetary resources could make an impressive case for good citizenship. In other words, rather than pursue a health argument that it could no longer hope to win, the company sought to garner public approval by redefining the terms on which it would be judged. It was looking elsewhere for alternate sources of legitimacy: to family, teamwork, community. In doing so it appealed to popular social values that would weaken pressures to punish or reform.

These findings open a number of avenues for future research. For example, Philip Morris's philanthropy—often directed toward the very communities in which cigarettes are most heavily marketed—raises questions about whether charity undertaken to reframe a public image is as acceptable as charity that expresses core corporate mission. Along these lines, future research might explore whether Philip Morris's publics accept its recast image as legitimate. In addition, a comparison between the CEO's speeches and the company's media coverage could show the extent to which a leader's persona can influence the extent to which media accept the company's version of reputation and legitimacy. Similarly, a study that identifies stakeholders' reaction to Philip Morris' rhetoric, as compared to its actions, may shed further light on the process of reputation and legitimacy: Can a CEO's authority give convincing weight to a "good citizen" frame that is contradicted by the company's own products?

Although direct evidence of the speeches' effects lies beyond the scope of this study, their absence is a limitation here. The reaction of legislators, anti-smoking activists, the media, and consumers to Philip Morris CEO's speeches should be further investigated. In addition, our focus was narrowed to CEO speeches aimed at a narrow audience so that it was not possible to gauge their effect as part of a comprehensive inventory of strategic corporate discourses, including news releases, annual reports, Web site postings, and so on.

Despite these limitations, considerable advantages are offered by the analysis of corporate speech-making, as a fully planned and controlled form

of corporate communication that conveys organizations' viewpoint in an unadulterated way. We can see evidence of the effectiveness of the strategy underlying the speeches in the lack of any major regulatory measures after 1998's Master Settlement Agreement. The CEO speeches could never convince the public that tobacco is a benign product, and they did not even try. What they did do well was to argue that bad products can have good consequences—for employees, for investors, and for needy segments of society. As part of a potential larger corporate strategy, the frames and themes depicted in Geoffrey Bible's speeches may have lessened investor and regulatory pressures to punish or change. In turn, that bought time for the company to develop new global markets, less objectionable products (e.g., using cigarette technology for medical inhalers), and structural changes to protect subsidiaries (such as the spin-off of Kraft Foods).

For Philip Morris, the framing strategy expressed by Bible's speeches paid off as the company preserved its options to act in an increasing hostile opinion climate. More generally, this study revealed how effectively CEO discourse can be deployed to define the terms in which corporate behavior is judged, present narrow parameters for achievement, and give influential audiences—employees, legislators, financial analysts—reasons to approve of actions that would incite controversy if presented in a less narrow frame and a wider public sphere. Perhaps because they are so rarefied, executive speeches have been studied far less than more popular forms of discourse, such as media coverage or other types of public relations output, but such speeches are highly revealing and can reward close scrutiny.

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