



# The Korean Air nut rage scandal: Domestic versus international responses to a viral incident

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**Abstract** This article investigates responses of the international and domestic (South Korean) publics to one of the most hotly debated corporate scandals in recent years: Korean Air's so-called nut rage incident. By analyzing both international and domestic media coverage of the occurrence, we reveal contrasting interpretations between the two. Whereas the South Korean public tends to generate intense debates addressing a lack of ethics in Korean Air's public communication following the incident, international public criticism is dominated by questions regarding South Korea's chronic chaebol system and its negative image in relation to South Korea's unique institutional context. Korean Air's incongruent notice of the employee as a key stakeholder is also discussed in the international media. Our research findings indicate how, rather than focusing on legal responsibility, the normative attitude of businesses toward stakeholder pressures is crucial as a means of escaping legitimacy-threatening events. The results of this study demonstrate how public responses to a single incident are diverse in global society and offer new insights regarding the importance of ethics in management leadership and public communication after a crisis incident.

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## 1. Corporate response to viral business scandals

Corporate incidents are continuous and ubiquitous. Instead of hiding misdeeds, businesses need to know how to react after wrongdoings—especially toward the pressures of multi-stakeholders—in the

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current global society. Following a crisis incident, businesses often attempt to escape the situation by clinging to and searching for legal criteria of 'right' or 'wrong' in order to decrease or avoid judgment (Chun, 2017; Kaplan & Mikes, 2012). By investigating how Korean Air (KAL) interpreted and communicated with stakeholder demands following the recent Korean Air nut rage scandal, this study aims to capture the diverse responses of both the international and domestic (South Korean) publics to the incident. The study unveils that beyond legal judgment, the public scrutinizes a business's sense of urgency and response to ethical pressures (e.g., how to ethically treat victims and account for wrongdoings). A business's ethical stance is equally—if not more—important than legal compliance in escaping a crisis situation.

Multinational corporations encounter various stakeholder pressures that operate across cultures, particularly in relation to legitimacy, ethics, and CSR (Gentile, 2016; Il, Newenham-Kahindi, & Oh, 2015). We observe that there is a stark difference between domestic and international public responses toward a single business incident. More substantively, we discover that the international media do not recognize the nut rage event as an ad-hoc incident of a single South Korean company; rather, they perceive it as a representative case illustrating South Korea's chronic chaebol system in relation to the unique institutional context in South Korea. In this light, we suggest that complexity and diversity of domestic and international stakeholder pressures after an incident should be carefully managed. We provide insights regarding an effective corporate communication strategy toward the normative demands of various stakeholders, as well as institutional pressures.

## 2. KAL nut rage scandal: What's wrong with this incident?

On December 5, 2014, Heather Hyun-ah Cho, Vice President of Korean Air (KAL) and daughter of the company's chairman, was scheduled to fly from John F. Kennedy International Airport in New York to Incheon International Airport in Incheon, South Korea. Things did not go as scheduled, however; Cho ordered the chief flight attendant off the plane, which was forced to return to the gate and thus depart 20 minutes behind schedule. The reason for this delay? Cho was dissatisfied with the way macadamia nuts were served to her in their original packaging (a paper bag) rather than on a plate. The case was first discussed on a social media channel

for KAL employees and was revealed to the rest of the world on December 8, 2014, when the incident was reported in two South Korean newspapers, *Hankyore Shinmun* and *Segye Ilbo*. When the story became public, Cho and KAL were heavily criticized by the South Korean people based on issues of morality, ethical leadership, and overall failure of the management system of a large company. KAL is the largest airline in South Korea and among the top 20 in the world. The Hanjin Group, to which KAL belongs, is one of South Korea's top family conglomerates—also referred to in South Korea as *chaebols*. The case invited international criticism and ridicule of South Korea's chronic chaebol system.

Subsequent to the nut rage incident, KAL and Cho were criticized at home and abroad for embarrassing South Korea and damaging its image. Cho was found guilty of obstructing aviation safety and was sentenced to 12 months in prison; however, she appealed to the court for a suspended sentence and was freed early (see Table 1). Although a South Korean judge officially announced the illegality of Cho's actions, the nut rage incident raises an important question: How does an event like this affect a wide range of normative stakeholder demands that extend beyond corporate legal requirements?

The most significant problem, in this case, is that when the incident occurred, KAL intentionally communicated with stakeholders in a defensive way (i.e., it cared more about protecting Cho and KAL) as its anxiety levels increased. KAL sought to shore up its position by insisting that Cho's actions were appropriate based on in-flight service standards and the related law, and blamed crew members/employees. However, the public severely criticized KAL and Cho, and claimed the airline covered up evidence in order to exonerate Cho. Factual evidence put forward by passengers and crew members was picked up by domestic and international media, which roused even more negative reaction from the public. Under incredible pressure, KAL officially apologized for the incident and Cho gave up all company privileges and asked for forgiveness.

This was too little, too late. Communication with the public and related stakeholders, especially immediately after an incident, is crucial (Beelitz & Merkl-Davies, 2012; Johnson, 2015). Due to its initial misjudgment of ethical issues and communication failure after the legitimacy-threatening nut rage event, KAL failed to manage rising resentment. As a result, KAL's reputation was permanently scarred and the case is regarded as one of the most dramatic examples of mismanagement in

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