Vol. 12, Issue 4, pp., 69-81, 2024

Print ISSN: 2053-4043(Print)

Online ISSN: 2053-4051(Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development UK

# Corporate Reputation and Crisis Management in Social Media: The Patiswiss Case Study

Isnur Inci Armutlu

Asst. Prof., PHD, Istanbul Medipol University isnur.armutlu@medipol.edu.tr

doi: https://doi.org/10.37745/bjms.2013/vol12n46981

Published September 16 2024

**Citation**: Armutlu I.I. (2024) Corporate Reputation and Crisis Management in Social Media: The Patiswiss Case Study, *British Journal of Marketing Studies*, Vol. 12, Issue 4, pp., 69-81

**Abstract:** The present study has taken the case analysis of Patiswiss, a leading brand that was faced a major crisis, to understand the influence of social media on corporate reputation and crisis management. More precisely, this research work is going to delve into how public perception and the overall reputation were affected during the crisis concerning social media platforms. The study adopts a qualitative approach, analyzing social media reactions, media coverage, and the company's crisis response strategies. Key findings reveal that Patiswiss's initial response was inadequate, leading to a rapid spread of negative sentiment across social media, which further exacerbated the crisis. This analysis brings out the critical aspects of timely and transparent communication in crises management and brand reputation retention within a digital world. Comparisons to similar cases within other companies provide additional insights into effective crisis management strategies. The research deepens the knowledge of the dynamic interplay among social media and corporate crisis management, providing valuable lessons on how businesses should maintain reputation in light of the challenges brought to them by the digital environment.

Keywords: corporate reputation, crisis management, social media, brand perception, digital communication

# **INTRODUCTION**

Corporate reputation has come to be a very critical asset in the digital age. Not only it considers consumer behavior, but it also directly affects business performance. With social media platforms whose spread is like wildfire, corporate communication has changed to real-time interactions between companies and their stakeholders (Shahid, 2016). The need to have a good corporate reputation becomes paramount for any organization moving within this complex environment of modern times. Research shows that a positive reputation improves customer loyalty and acts as a shock absorber during a crisis, for customers would be more likely to stand up for brands they trust (Islam et al., 2021). In the present times, effective reputation management strategies have thus become very crucial for any organization to help it succeed amidst cutthroat competitions prevailing in the modern marketplace (Khan et al., 2022). It can be said that such crisis management have become imperative in regards to

British Journal of Marketing Studies Vol. 12, Issue 4, pp., 69-81, 2024 Print ISSN: 2053-4043(Print)

Online ISSN: 2053-4051(Online)

Website: https://www.eajournals.org/

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corporate reputation, more so due to digital platforms that amplify the speed and reach of information dissemination (Singh et al., 2020).

In crisis time, the challenge is mitigating potential damage to reputation while addressing stakeholder concerns. Since social media is immediate and negative information can go viral within seconds, therefore, companies have to respond strategically and at the quickest time possible (Shahid, 2016). According to Jia et al. (2020), organizations that play a proactive role regarding crisis management through both communicative and quick approaches can significantly restore stakeholder trust while minimizing reputational harm. As such, the integration of this aspect of crisis management into corporate reputation strategy should be implemented to foster the viability of business in this complex environment of digital era.

The role of a Chief Executive Officer (CEO) in leading an organization becomes very important in both corporate reputation and crisis management. The leadership and style of communication exhibited by a CEO, as the face of the organization, can highly influence stakeholder trust and public perception (Pham and Tran, 2020). A CEO should be able to show empathy, transparency, and accountability to manage the reputation of their organization during a crisis (Fox et al., 2020). It has been observed that when CEOs directly show up and communicate with their stakeholders through social media and other digital platforms, they can create connection and reassurance, building trust in the credibility of the institution at a time of turbulence (König et al., 2020). Moreover, according to Ullah et al. (2022), the CEO's commitment to complying with ethical principles and corporate social responsibility can help strengthen the organization's reputation and place it in a favorable position in the eyes of consumers and investors.

This article aims to examine the case study of Patiswiss crisis with emphasis on the reaction of its CEO and the aftermath. Based on the analysis of the timeline of events, company reaction, stakeholder reaction, and lessons learned, this paper intends to add some further insight into effective crisis management and brand image maintenance. This case study can be beneficial to be known by brands and managers in order not to fall into the same trap, and to devise robust strategies concerning consumer complaints handling and social media crises.

#### LITERATURE REVIEW

The concept of corporate reputation is vital in brand management, wherein stakeholders' perception of a company is highly influenced. Corporate reputation is multidimensional, consisting of social reputation and business reputation. This distinction shows that the reputation of a corporation has to be analyzed taking into account its social and business dimensions (Hartmann and Carmenate, 2020). From the buyer's perspective, the reputation of a company is mainly seen in its level of prestige, good record of accomplishment, and visibility across markets (Parray et al., 2023).

Kaur and Sharma (2021) define the elements of corporate reputation, stating it is the sum of corporate image and identity as two inseparable constituents. This definition indicates the importance of the perception of a company by the public and the presentation of the company in the market. They

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emphasize further that corporate reputation is a reflection of stakeholders' interactions and perceptions, which is shaped by the past behaviors of the company and mediated through various channels, especially through the media. Lunguleac-Bardasuc et al. (2021) explained that for effective management, one should be aware of what makes up the corporate reputation, especially on issues concerning its impact on social stakeholders. This is also an important understanding for companies aiming to establish and continue their good reputation before their stakeholders. In addition, Hartmann and Carmenate (2020) state that corporate reputation has a dynamic nature, changing over time by continuous interactions between the stakeholders and the company.

Social media has become the most highlighted part of organizational communication strategies in the digital age, wherein information travels and spreads rapidly through large audiences; hence, it is crucially important for corporations to track and manage their reputation on social media (Rust et al., 2021). According to Hamidi et al. (2023), corporate reputation management on social media platforms is related to crises, which is quite necessary for maintaining public relations and not affecting the organizational credibility. Organizations must, therefore, be very proactive in the strategies to maintain their reputation and respond on social media efficiently regarding all kinds of discussions and feedback to reduce the impact of image crises.

The role of social media in shaping corporate reputation during crises is evident, with platforms serving as spaces where stakeholders actively engage and contribute to the discourse surrounding organizational crises (Casais and Gomes, 2021). The potential for social media to trigger or exacerbate corporate crises underscores the importance of monitoring and managing online reviews and discussions that can significantly impact an organization's reputation (Şirzad, 2022). Negative posts and customer complaints on social media have been identified as influential factors that can tarnish a company's reputation, highlighting the need for swift and effective crisis communication strategies (Wut et al., 2022). Social media are quite the field in which stakeholders participate and contribute to the discourse surrounding organizational crises; therefore, their role in the construction of corporate reputation in those very moments cannot be dismissed (Casais and Gomes, 2021).

In managing corporate reputation crises that occur in social media, the role of the CEO is crucial. CEOs are often seen as the most trustworthy and reliable source in crisis management (Casais and Gomes, 2021). They play a significant part in responding to crises, such as issuing apologies through online platforms (Park and Park, 2020). Social media has transformed corporate crisis management by empowering consumers' secondary crisis communication and altering the dynamics of crisis management (Zheng et al., 2020). It has become increasingly important for COEs of companies to beware of their reputation on social media platforms due to the significant role these platforms play in spreading information during crises (Hamidi et al., 2023). According to Casais and Gomes (2021), a CEO is regarded as the most trustworthy and credible source in crisis management. They can play a vital role in responding to crises in form of apologetic notes via online platforms and are usually responsible for corporate reputation management. As such, their actions and communication strategies are very important in creating positive perceptions of the company.

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On the other hand, knowledge of how cultural dimensions impact organizational communication practices forms a basis for appropriate strategies in organizational communication. For example, in Turkish culture, where there is a significant emphasis on honor and reputation, not just at an individual level but also for businesses, the role of corporate culture in communication becomes even more critical (Sarhan et al., 2020). These underline the importance of an adaptation of communication strategies for organizations concerning cultural values and norms.

# METHODOLOGY

# **RESEARCH DESIGN**

In this study, a qualitative case study methodology will be employed, and the case of the Patiswiss brand will be studied in depth to examine how social media crisis management impacts corporate reputation. The case study approach has been selected based on the fact that it is effectively associated with insightful scrutiny of events in the real world and aids in the full comprehension of the strategies and outcomes related to crisis management in this regard.

# DATA COLLECTION

Only public sources of data were used in this study:

- Secondary Data: The analysis relied on publicly accessible documents, like news articles, social media, official statements released by Patiswiss, any industry analyst reports, press notes, or press releases. These sources provided a rich dataset on the timeline of the crisis, company strategies for response, and public reactions
- Social Media Analysis: Open-source social media content on the Patiswiss crisis was systematically brought together and reviewed. This has included posts made on websites such as Twitter, Facebook, and Instagram, and is synthesized to show public sentiment and major themes in crisis discourse.

# DATA ANALYSIS

The collected data were analyzed using a thematic analysis approach to identify and interpret the patterns that emerge from the collected data. Analysis involved the following steps:

- 1. **Data Familiarization:** The gathered data was closely read to understand its content extensively. In particular, much attention was paid to how the narrative was structured around the plot development and how the respondents responded to the crisis.
- 2. **Coding:** Key themes and patterns related to crisis management strategies and their effects on corporate reputation were first identified and then systematically coded. Repeating this action in an iterative process allowed us to refine the codes and insights from data started emerging.
- 3. **Theme Development:** The coded data were developed into major encapsulating themes on the main findings of the study focusing on the effectiveness of the Patiswiss's strategies on crisis communication and the influence that has on the reputation of the business
- 4. **Interpretation:** The literature that already exists on crisis management and corporate reputation was then used to interpret the themes, allowing insights to be gained into how effective the strategies of Patiswiss were and what these strategies mean for crisis management more generally.

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# ETHICAL CONSIDERATIONS

All data used in this research were based on publicly available information, hence meeting the ethical threshold required for our study. It was conducted with due respect for privacy and intellectual property rights of the institutions and individuals concerned and by exercising care that the context and content of such data be accurately captured.

# CASE STUDY: PATISWISS

# **Background Information**

Patiswiss is a food brand established in 2004, which has created a place in the market with a wide array of products—from chocolates to healthy snack alternatives. It was created by the businesswoman Elif Aslı Yıldız Tunaoğlu, who transitioned from electrical and electronics engineering into the food industry. Having shown rapid growth, Patiswiss has now expanded its share to exporting to such countries as the USA, Russia, and the UK. The brand name was chosen to help associate the brand with Swiss chocolate, though in actual fact it is a Turkish company.

The crisis for Patiswiss was closely associated with the person it had for its CEO – Elif Aslı Yıldız Tunaoğlu. Everything started when the customer took a picture of moldy chocolate, which they had bought from Patiswiss, and placed that in a message in LinkedIn complaining about Patiswiss's bad product – in response to the claim, instead of kindly offering a resolution for the claim, Tunaoğlu answered protectively and aggressively. She accused the consumer of defamation, suggested that someone should check the humidity levels at the consumer's home and threatened legal action. This response was inappropriate but more to the point, blew up the matter and has led to widespread social media backlash in return.

The environment in which this crisis occurred was social media, where any complaint can surface to the top of any media and spread like wildfire. Social media turned its users actively engage with brands and they have the power to shape public perception through their online activities. This shift in power of brand engagement requires the brands to undertake careful communication choices because the consumers have the potential to wield total control over how these messages are delivered and are constantly reacting to the feedback, either negative or positive.

The CEO's response was a perfect example of how not to handle a crisis, inflaming the crisis instead of cooling things down—and incurring massive reputational damage. Moreover, major retailer Migros temporarily removed the Patiswiss products from its shelves, raising even more attention to the depth of this crisis. This strong backlash forced Tunaoğlu into a public apology and eventually resignation.

# TIMELINE OF EVENTS

# April 2024: The Initial Incident

**April 21, 2024**: A consumer shared a photo of moldy chocolate purchased from Patiswiss on LinkedIn, expressing disappointment. She also tagged the company and its CEO, Elif Aslı Yıldız Tunaoğlu. The consumer writes in the caption, "I eagerly bought these to accompany my coffee, but I'm seeing this

Vol. 12, Issue 4, pp., 69-81, 2024

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chocolate like this for the first time and it's still within its expiration date. There's probably an issue with the storage conditions during the supply chain process" (Figure 1).

Bir heves aldığım kahve eşlikçilerime bakın, cikolataya ilk defa sahit oluyorum 🙂 üstelik tarihine daha var

muhtemelen tedarik zinciri sürecinde muha kosullarında bir problem var 😵

Migros Supply Chain Solutions #patiswiss Elif Aslı Yıldız Tunaoğlu



Figure 1. Customer complaint posted On LinkedIn about the poor condition of chocolates purchased within their expiration date, highlighting potential issues in the supply chain process.

#### April 22, 2024: The CEO's Response

• **Morning**: Elif Aslı Yıldız Tunaoğlu replied to the used, "These products do not mold in normal condition. You should immediately check the humidity level in your house. Sadly, there is nothing else to share on LinkedIn except this. Our lawyers will take action for defamation of the brand and decreasing brand value, of which everyone seems unaware. We prefer to resolve our issues through the courts, not through communication" (Figure 2).

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Elif Aslı Yıldız Tunaoğlu - 2nd 9h .... Yönetim Kurulu Başkanı Bu ürünler hayatta küflenmez biliyor musun? Hadi doğru diyelim :) Sen bence acil şekilde evindeki nem oranına falan baya bir bakmalısın.. Bir de linkedinde paylaşacak hiç başka içeriğinin olmaması ne acı. Haklısın pirim yapmak için bize baya ihtiyacı var herkesin. Baksana aşağıya "çöp" falan yazanlara. Bizim avukatların marka Karalama, Marka dečeri düsürme vs' den neler isteyeceğinden herkes habersiz :):) Avrica!!!! Bize böyle bir durum olsa söyler telafisini istersin! Karşında senin dev MİGROS ve biz varız. Herkes ürünün öyle arkasındaki! Haydi size kolay gelsin. Avukatlarımız iletişime geçecektir sizinle ama ben kendi işimi kendim çözmeyi severim..

# Figure 2. Elif Aslı Yıldız Tunaoğlu's statement addressing product quality concerns and the company's intent to protect its brand through legal action

• Afternoon: The reaction from the CEO quickly goes viral across social media. People begin to bash her for being unprofessional and hostile, adding more undesirable attention to Patiswiss.

#### April 22, 2024: Escalation and Initial Reactions

• Evening: The major retailer Migros reacts to the controversy by removing Patiswiss products from shelves and its mobile application — something that was a big blow to the brand's existence in the marketplace.

#### April 23, 2024: Public Apology and Damage Control

- **Morning**: Following the adverse reaction, Elif Aslı Yıldız Tunaoğlu removes the initial post on her social media account and apologizes in public. She attests that she responded inappropriately and tried to make her intent clear: "I apologize for any misunderstandings, subject and predicate misunderstandings, or even any language mistake."
- Afternoon: Patiswiss publishes an official announcement on social media, which distances the brand from the CEO's comments. Herein, it has emphasized the commitment of the company to quality and customer satisfaction and apologized for the bad experience, stating, " As the Patiswiss brand, we make an intensive effort to ensure that our products remain fresh and healthy throughout their shelf life. We see every feedback as an opportunity to improve our products."

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# April 24, 2024: CEO Resignation

• **Morning**: Elif Aslı Yıldız Tunaoğlu announces her resignation from the position of CEO at Patiswiss. She further declares in the statement that she apologizes for all her actions conducted and the damages done to the branding. She states, "I upset one of our consumers, whom I put before everything else, with a wrong answer. As someone who has made it her mission to increase women's employment and defend their equality in business life, I know that there will be no defense for the wrong answer I gave. I sincerely apologize to all our consumers and the valuable public for this unpleasant incident."

# Aftermath and Industry Reactions

• Late April 2024: Industry experts and thought leaders likewise review the crisis, highlighting how crisis management was not taken seriously, pointing at the potential long-term impacts on Patiswiss's reputation. Some very remarkable comments were expressed by Prof. Dr. Çisil Sohodol and Yıldız Holding CEO Murat Ülker on the critical errors made during this process, pointing out lessons to be learned about handling the CEO's response and more general aspects of brand management in this digital age.

The timeline of the Patiswiss crisis shows how fast this crisis has increased, essentially based upon one single activity: The CEO's mishandling of a consumer complaint.

# DISCUSSION

The Patiswiss case study provides an all-rounded view of crisis communication strategies and their impact on corporate reputation in a fast-moving social media environment. That is, the effectiveness in Patiswiss' crisis management strategies was reflected through their prompt and transparent communication approach. The following sections examine and analyze the company's response

# ANALYSIS OF COMPANY RESPONSE

The Patiswiss crisis, sparked by a consumer complaint about moldy chocolate, is an interesting example in crisis management and corporate communication. The answer of Patiswiss and its CEO, Elif Aslı Yıldız Tunaoğlu, highlights several missteps that exacerbated the situation rather than mitigating it.

#### **Initial Response and Escalation**

The crisis broke when a user on LinkedIn posted a picture of moldy chocolate bought from Patiswiss, and expressing disappointment while tagging the company and its CEO. Instead of making a proper handling of this complaint with empathy and concern, CEO Elif Asli Yildiz Tunaoglu replied with quite a defensive and aggressive attitude. Her reply contained accusations of defamation, suggestions to check the humidity levels in the consumer's home, and threats of legal action. This response was not only inappropriate but also escalated the situation, leading to widespread backlash on social media. The way Tunaoğlu reacted was a classic example of how not to act during a crisis. Her reaction only made matters worse, to the extent that it caused significant reputational damage. On the other hand, the reaction of major retailer Migros by removing Patiswiss products temporarily from its shelves and mobile application, signaled a significant blow to the brand's market presence.

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#### **Public Apology and Damage Control**

Following the strong reaction, Tunaoğlu removed her initial post and used her social media account to apologize in public. She did admit her answer was inappropriate and tried to explain what she meant. Her apology was insincere, and very few were moved by the apology to squash the incident. An official statement from Patiswiss was also appeared on the social media channels where it distanced the brand from the words of the CEO and specified the quality and customer satisfaction commitment of the company. Despite these, it was already too late. The backlash made Tunaoğlu apologize to the public and eventually resign from her position. This resignation was the first step into rebuilding the brand's reputation but came way too late to prevent significant harm.

#### **Effectiveness of Communication and Actions**

The messages and actions from Patiswiss and its CEO were largely counterproductive and very ineffective. First, the reply by Tunaoğlu was very aggressive, only causing further escalation. Her next apology was rather insincere and did little to cool matters down. The official statement from Patiswiss was better but almost too late to have the most damage-defusing effect. In addition, the company reacted poorly to the crisis. Removing Patiswiss products from Migros' shelves dealt a heavy blow concerning the brand's presence in the market, but it allowed the company to begin the process of re-establishing the reputation of the brand. However, this step alone was insufficient to offset the damage from the initial response.

#### **Comparison to Best Practices in Crisis Management**

The response from Patiswiss and its CEO can be compared to best practices in crisis management to highlight the critical errors made. Best practices in crisis management emphasize on imposing constructive attributes such as empathy, transparency, and timely communication (Liu et al., 2021). Businesses are supposed to show empathy and concern whenever consumer complaint arises, by admitting fault and fixing actions. There also has to be transparency, whereby a company must communicate the steps it is undertaking to root out the problem. The communication also needs to be timely, ensuring that there are no cases of raised panic since this only leads to harming the trust that consumers have (Saroj and Pal, 2020). Patiswiss CEO defensively attacked the criticism with no contours of empathy and transparency at all. The first response by Tunaoğlu further provokes the issue, while the next apology makes him seem insincere. In the case of Patiswiss, the official statement was all right but it was too late to avoid big damages in the crisis.

The Patiswiss crisis is a lesson in proper crisis management; it demonstrates the need for brands to treat consumer complaints with much care and professionalism. It also underscores the potential risks associated with having a CEO who is clearly identified with the brand and who reacts to criticism at an emotional level. It serves as a warning for others concerning the danger of poor communication and how leadership may be such a critical determinant in navigating crises. The Patiswiss crisis was a case that underscores the place of empathy, transparency, and timely communication in crisis management, teaching other firms a valuable lesson.

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# COMPARISON TO OTHER SIMILAR CASES

Compared to other documented social media crisis management cases, the Patiswiss case matches those successful ones from the same industries where transparency and swiftness had a prominent role in avoiding reputation damage. For instance, Nestle's handling of the Maggi noodles controversy in India presents a good comparison for the Patiswiss crisis management effort. In 2015, Nestlé found itself during a full-blown crisis with reports that Maggi noodles contained unsafe levels of lead, thereby leading right up to a national ban on the chain. Nestle has been transparent about this matter, collaborated with regulatory authorities, and engaged in a huge communication drive to regain consumer confidence. Like Patiswiss, Nestle used several social platforms to communicate this information to people and gave clear updates while directly engaging those consumers who were concerned. The company's swiftness in responding to the problem and efforts at bringing transparency were major factors that finally helped restore its brand reputation in India, although it took a considerable amount of time and effort (Dhanesh and Sriramesh, 2018).

Another applicable example is the reaction of Starbucks to the incident back in 2018, where the arrest of two black men was made after they had waited for a friend in one of their stores. The incident caused an outrage of epic proportions over social media, resulting in accusations of racial bias against the firm. Starbucks responded promptly by apologizing, closing more than 8,000 stores for a day to hold racial bias training with their staff, and immediately handling the situation. Unlike Patiswiss, Starbucks showed that it is not only crucial to communicate quickly and transparently but also to take real actions concerning the public's claims. This approach by the company reduced the dent to its reputation and showed socially responsible commitments, which was very important in gaining back their public trust (Peiritsch, 2019).

These comparisons underscore that during crisis situations that endanger public health, safety, or social responsibility, transparency and speed in response are characteristics needed in managing perception in the minds of people and in safeguarding corporate reputation. In similar cases to Patiswiss, Nestle and Starbucks have exemplified ways of managing crises by always addressing the root cause of the problem, communication with its audiences, and effective actions which the audience can see and feel as stringent measures. These ways, however, have challenges such as the rapid spread of misinformation and the difficulty of retaining control of the narrative within a digital environment. These challenges pose reputational risks if not catered for through robust social media monitoring systems and pre-established crisis communication plans (Figueira and Oliveira, 2017).

#### CONSIDERING THE CULTURAL CONTEXT

Since cultural factors are a major determinant of public perception and response toward corporate actions, in analyzing the Patiswiss case, it is also important to consider the cultural context of Turkey. Strong sense of community and high regard for social relationships are valued in Turkey's culture, and thus people judge corporate behavior from this dimension of ethics (Akkuş et al., 2020). The collective nature of Turkish society gives public opinion the potential to form very fast around perceived injustices, especially in matters touching on trust and respect highly held in Turkish culture. Initial

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anger over the Patiswiss case on social media had been partly driven by that feel of betrayal by consumers who expected the company to uphold those very cultural norms. The way the negative word spread so fast can be explained in a country like Turkey with a high-context communication style; much information is passed implicitly, and the collective reaction to perceived corporate missteps can be very sudden and fierce.

Furthermore, honor and reputation are significant aspects of Turkish culture not just at the individual level but also for businesses. In this respect, the reputation of any business entity is associated with the corporation's integrity and its capacity to maintain trust from customers (Günsoy et al., 2020). This cultural backdrop intensified the potential negative impact on Patiswiss's reputation due to the crisis because the public expected quick and transparent actions by the company to address the issue. In particular, what worked well in this cultural context was Patiswiss's decision to engage directly with people via social media and explain everything clearly. By assuring that its crisis management strategy aligns itself with cultural expectations of transparency, respect, and community, some negative impacts on reputation are avoided. This culturally sensitive approach by the company brings out an understanding of the cultural factors and their integration into crisis management strategies in regions where collective values and social cohesion drive public opinion.

#### LIMITATIONS AND RECOMMENDATIONS

This study also has some limitations that must be addressed. Relying on publicly available data might further minimize potential in-depth analysis because the lack of direct interviews or internal company data could provide less comprehensive knowledge about the decision-making processes within Patiswiss during times of crisis. Additionally, generalization of the findings to another industry's setting cannot be made unequivocally since the Patiswiss case is embedded within a specific cultural setting and identity.

Directions for future research could involve deeper exploration with regard to this study inquiring into the use of social media for crisis communication across different industries and digital versus traditional crisis communication strategies. In particular, longitudinal studies would add much value to understanding the long-term effects of crisis management strategies on corporate reputation, given that this study primarily captures the short-term impact of the Patiswiss crisis. The implications of crisis management decisions for corporate reputation might be better understood if their enduring consequences were known.

#### CONCLUSION

This Patiswiss case illustrates that in today's digital age, effective crisis management strategies are the crucial to protecting corporate reputation and the CEO has a key role in this regard. Utilizing timely and transparent communication, coupled with the strategic use of social media, the firm could navigate a potentially damaging crisis and recover much of the lost brand equity. The findings from this case study are lessons for both an academic and a practical audience: being prepared, transparent, and adaptive in the face of a crisis. That is to say, businesses must remain vigilant and proactive in their crisis management efforts to maintain and enhance their corporate

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Print ISSN: 2053-4043(Print)

Online ISSN: 2053-4051(Online)

Website: https://www.eajournals.org/

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Vol. 12, Issue 4, pp., 69-81, 2024

Print ISSN: 2053-4043(Print)

Online ISSN: 2053-4051(Online)

Website: https://www.eajournals.org/

Publication of the European Centre for Research Training and Development UK

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