

THE BLAME GAME

When financial firm AIG was criticised over reported payouts to executives, the CEO wrote a letter protesting his personal innocence and attempting to repair the institution's image.

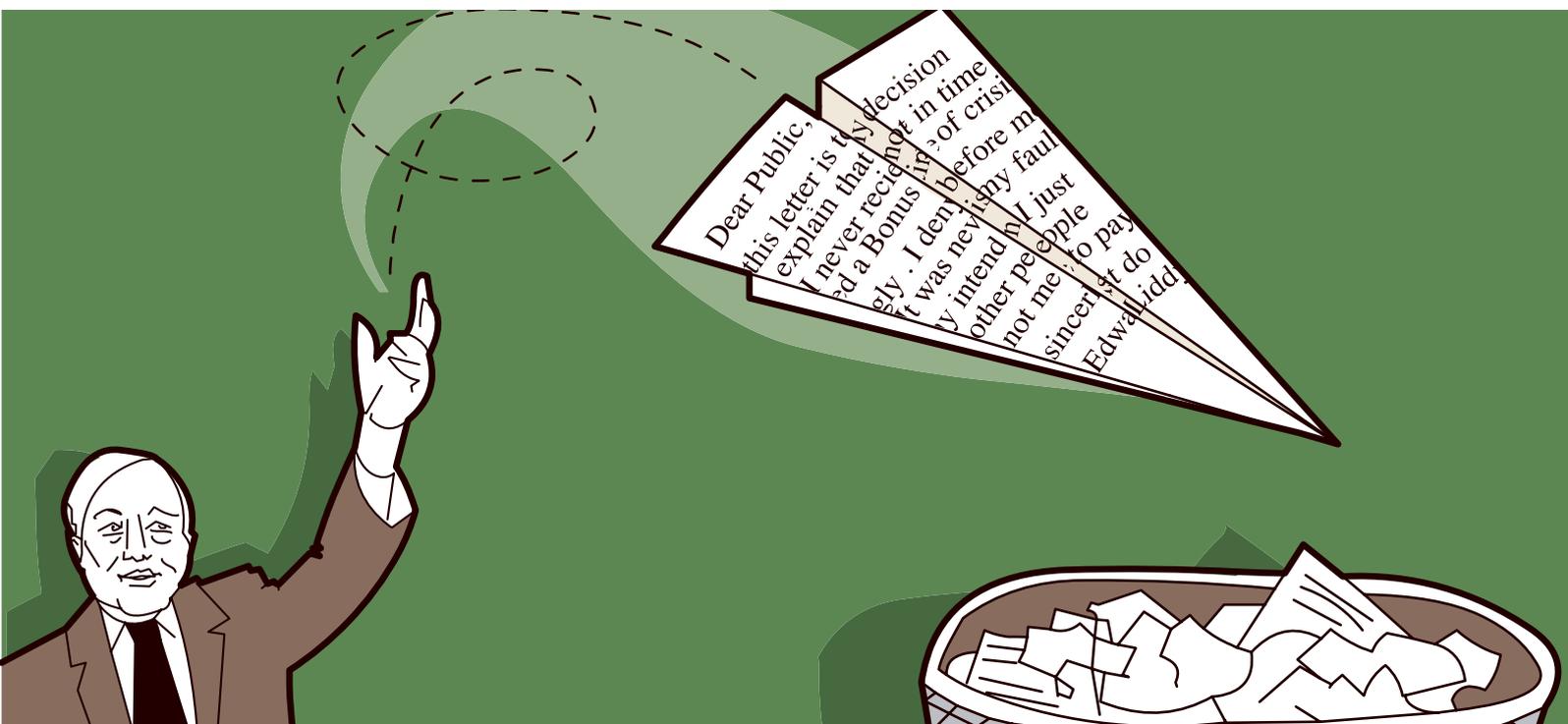
by William L. Benoit, Finn Frandsen and Winni Johansen

The US banking and insurance industries suffered huge losses in 2008. In September, the federal government took control of Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation), both important mortgage providers. Lehman Brothers investment bank filed for bankruptcy, and problems arose with other banks (including Washington Mutual and Wachovia; Federal Reserve Bank of St. Louis, 2010). One particular sore point in the financial mess was AIG (American International Group): by March 2009, over 170 billion US dollars in federal money had been poured into this institution, and criticism surged over reports that AIG planned to pay out “about 165 million US dollars in bonuses . . . to executives in the same business unit that brought the company to the brink of collapse” (Anders and Baker, 2009). A “senior government official,” speaking off the record, declared that “it is unacceptable for Wall Street firms receiving government assistance to hand out million-dollar bonuses, while hard-working Americans bear the burden of this economic crisis” (Anders and Baker, 2009). AIG had a serious image problem. This essay investigates the image-repair efforts of Edward M. Liddy, Chairman and CEO of AIG (Liddy assumed this position after the government

required the resignation of the then-CEO as a condition for receiving bailout money). On March 14, 2009, Liddy sent a letter to Timothy F. Geithner, Secretary of the Treasury. The letter was also distributed on the internet. This analysis will employ the image repair strategies identified in Benoit (1995) to analyse this message. First, we describe the theory which informs this analysis. Then we use the image repair strategies to analyse Liddy's letter. Finally, we evaluate this message and discuss the implications

IMAGE REPAIR Many critics and theorists have worked to understand how persuasive messages can be employed to repair a tarnished image (see, for example, Coombs, 2007). It is important to realise that reputation or image can be quite important, that threats to reputation arise throughout human affairs, and that persuasive messages can help repair the damage to a reputation suffered from accusations or suspicions of wrong-doing. Image or reputation is important for individuals and corporations alike. Benoit identified a variety of potential image repair strategies grouped under five general strategies (1995, 1997). The first general category of image repair strategy is denial, with two variants. Simple denial asserts that the accused did not commit the ...

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FACTS & FIGURES

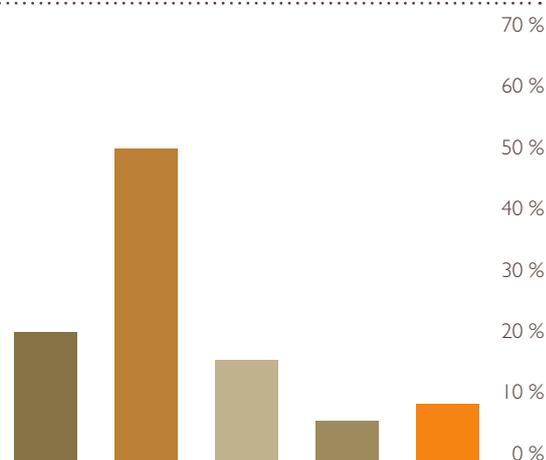
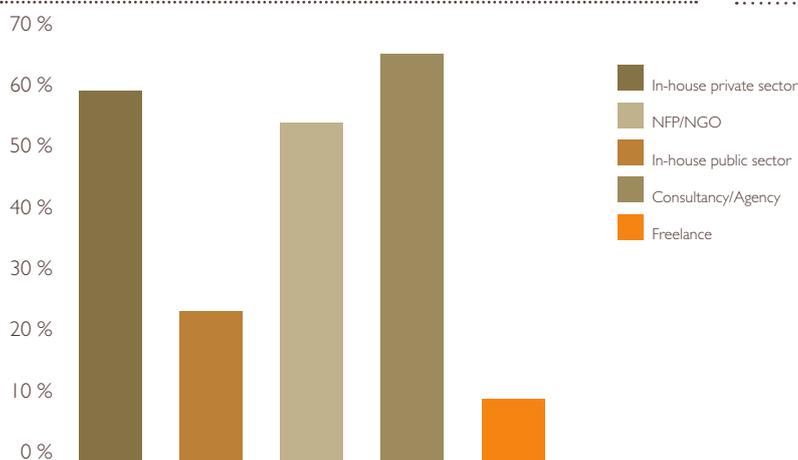
The Annual State of the PR Profession Survey, compiled by the Chartered Institute of Public Relations (CIPR) and polling firm ComRes, questions almost 2,000 members, representing in-house, agency, NGO, and freelance positions. This year's survey, conducted between May 19 and June 9, reveals that while the profession has remained resilient, with slight increases in the majority of communications budgets, economic pressure continues. The survey explores in great detail the ramifications of the financial crisis, asking respondents to share their opinions on how the economic downturn continues to affect their organisations. It appears that in-house practitioners in the public sector are experiencing the worst

of the symptoms of the economic downturn. Although the majority of all practitioners are not worried about being made redundant (60 per cent), almost half of public sector communicators (49 per cent) are worried about redundancies (below right), and less than a quarter (24 per cent) agree that their organisation is likely to recruit in the next 12 months (below left). Consultancy/agency professionals, on the other hand, seem confident facing the future; could this mean more instances of professionals making the move from in-house communicator to consultancies and agencies? *Taken from 2010 CIPR: State of the PR Profession Benchmarking Survey*

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Is your organisation likely to recruit in the next 12 months?

Are you worried about being made redundant?



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PERSONNEL



Phil Thomson
(SVP, Global Communications)

Institution: GlaxoSmithKline

Start: Aug 01



UK: Phil Thomson takes over as SVP at GSK

PHIL THOMSON is senior vice president, global communications at GlaxoSmithKline (GSK), succeeding Duncan Learnmouth who has been appointed to lead a newly created developing countries and market access operating unit. Previously vice president of global media, Thomson is now responsible for media relations, investor relations, corporate responsibility, global community partnerships, internal communications and product communications.



Anders Edholm
(SVP, Corporate Communications &
Head, Group Staff Communications)

Institution: Electrolux Start: Sept 01



Sweden: Edholm appointed SVP Corporate Communications

ANDERS EDHOLM is senior vice president corporate communications and head of group staff communications of AB Electrolux. Reporting to president and CEO Hans Stråberg, he is responsible for internal and external communications, sustainability affairs, public relations, public affairs and internet communications. He replaces Lars Göran Johansson, who is now executive vice president of the Confederation of Swedish Enterprise.



Rosabel Tao
(SVP, Corporate
Communications)

Institution: MySpace Start: Aug 30



USA: MySpace appoints Rosabel Tao to lead communications

Social networking site MySpace has appointed ROSABEL TAO as senior vice president of corporate communications. Based in the company's Beverley Hills offices, Tao has responsibility for all global external and internal communications for the brand and will lead on strategy and messaging across all international territories. She previously held senior positions with communication agencies GolinHarris and Weber Shandwick.

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EVENTS



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Subtitled "Harnessing the Power of Social Media for Strategic Communication", this conference will look at how companies and institutions across Europe make Social Media work for them, featuring speakers from NATO, Kodak, UniCredit and Toyota, amongst others.

► Quadriga, The Westin Grand Hotel, Berlin

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12.10 – 14.10.2010

European Public Communication Conference 2010

This first EuroPCOM conference will look at how to promote the professionalisation, knowledge sharing and networking of, and between, communication experts from the various levels of government within the EU.

► Various locations, Brussels

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Strategic Communication Management Summit 2010

This ninth annual summit will look at developing communication for a new business era. It features keynotes from Brian Bannister and James Chalmers of PricewaterhouseCoopers, and Charlie Nordblom of the Volvo Group.

► Melcrum, Millennium Gloucester Hotel, London

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Social Media Results For PR & Comms

This conference promises to explore tried and tested social media strategies for PR and communications to engage audiences, fully embed and integrate social media practices and clearly demonstrate real results.

► Global Insight Conferences, Hotel Russell, London

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