



# CRISIS COMMUNICATION IN THE BANKING SECTOR

Nordea's communication strategy in  
relation to the Panama Papers leak

Anslag: 126.031

Julie Riber Schifter

Master's Thesis,  
MA in International Business Communication - ICM

Date: 15.09.2017

Supervisor: Lasse Peter Laursen

## ABSTRACT

Despite the importance of employing ethical business practices in the banking industry, many financial corporations and banks seem to miss out on the opportunity to do so in order to be perceived as a moral and ethical entity in society.

Based on Nordea's crisis concerning the leak of the Panama Papers, I have analyzed Nordea's crisis communication strategy employing a social constructivist approach and using Dr. W. Timothy Coombs' Situational Crisis Communication Theory.

The analysis shows that Nordea's crisis communication was not appropriate due to contextual circumstances and because of a discrepancy between their stakeholder's perception of the crisis and Nordea's own perception of the crisis.

The thesis concludes that Nordea should have acknowledged responsibility for the crisis in order to restore their reputation and regain legitimacy. Moreover it suggests going beyond CSR and incorporate ethical perspectives in the core business of a bank by reforming the conventional banks' business model so that the focus is changed in direction of structural change rather than strategic change as a way to mitigate future crises. Lastly, it suggests employing ethical crisis communication and that an ethics of justice approach had been beneficial in the attempt to save Nordea's reputation.

## Indholdsfortegnelse

<b>TERMINOLOGY &amp; ABBREVIATIONS.....</b>	<b>5</b>
<b>INTRODUCTION .....</b>	<b>7</b>
<b>Identification of issue .....</b>	<b>8</b>
<b>RESEARCH QUESTION.....</b>	<b>9</b>
<b>NORDEA.....</b>	<b>10</b>
MISSION & VISION.....	10
<b>MASTER'S THESIS DESIGN.....</b>	<b>11</b>
<b>METHODOLOGY &amp; RESEARCH DESIGN.....</b>	<b>12</b>
<b>SOCIOLOGICAL THEORY OF KNOWLEDGE .....</b>	<b>12</b>
<b>PRODUCTION OF KNOWLEDGE .....</b>	<b>13</b>
<b>COLLECTION OF DATA.....</b>	<b>14</b>
DATA USED IN THE ANALYSIS.....	16
SYSTEMATIZATION OF DATA .....	16
<b>CASE STUDY .....</b>	<b>16</b>
CRITIQUE OF CASE STUDY AS A SCIENTIFIC RESEARCH METHOD.....	18
STRATEGICALLY CASE SELECTION .....	19
<b>DELIMITATIONS &amp; LIMITATIONS .....</b>	<b>19</b>
<b>VALIDITY.....</b>	<b>20</b>
<b>THEORETICAL FRAMEWORK .....</b>	<b>21</b>
<b>CRISIS COMMUNICATION &amp; CRISIS COMMUNICATION RESPONSE THEORY.....</b>	<b>21</b>
ORGANIZATIONAL CRISIS DEFINED .....	21
THE PURPOSE OF CRISIS COMMUNICATION .....	22
FORM OF CRISIS RESPONSE.....	23
CONTENT OF THE CRISIS RESPONSE .....	25

COOMBS SITUATIONAL CRISIS COMMUNICATION THEORY .....	26
CRITIQUE OF COOMBS' SCCT.....	29
<b>BANKING ETHICS.....</b>	<b>29</b>
<b>ETHICS OF JUSTICE AND CARE .....</b>	<b>30</b>
<b>ANALYSIS .....</b>	<b>31</b>
<b>A COMPARATIVE CRISIS COMMUNICATION ANALYSIS.....</b>	<b>31</b>
<b>Nordea in trouble.....</b>	<b>32</b>
What did Nordea's crisis communication hope to accomplish? .....	32
Nordea's target audiences for Crisis Response Strategies .....	33
Nordea's crisis response form .....	33
Content of Nordea's crisis response .....	36
Nordea's credibility and prior reputation .....	38
<b>Coombs' Situational Crisis Communication Theory.....</b>	<b>40</b>
Nordea's reputational threat.....	40
<b>Nordea's crisis response strategies .....</b>	<b>42</b>
<b>April 3rd, 2016: .....</b>	<b>44</b>
"Nordea adhere all rules and regulations in this area." .....	44
<b>April 4th, 2016 .....</b>	<b>45</b>
"Service like so many others." .....	45
"We have started an internal investigation " .....	47
"We will stop collaboration with Mossack Fonesca because of what I have heard in the last ten days" .....	48
<b>April 5th, 2016.....</b>	<b>48</b>
"We must record the fact that the company is in a gray zone where Nordea does not want to be" .....	48
<b>April 7th, 2016.....</b>	<b>49</b>

"We have to make sure that they comply with rules and pay taxes but it is a vast area used by all who operate in this industry" .....	49
"We do not want to be associated with such a company" .....	50
<b>April 13<sup>th</sup> 2016</b> .....	<b>51</b>
<b>May 10<sup>th</sup> 2016</b> .....	<b>52</b>
<b>June 5<sup>th</sup>, 2016</b> .....	<b>52</b>
"Our management in Russia has confirmed that all information has been reported to the Russian tax authorities" .....	52
<b>July 20<sup>th</sup> 2016</b> .....	<b>53</b>
"However, I'm disappointed that the investigation shows that the implementation was insufficient. That is not acceptable" .....	53
<b>Sub-conclusion</b> .....	<b>54</b>
<b>IMPLICATIONS</b> .....	<b>55</b>
<b>THEORETICAL DISCUSSION</b> .....	<b>57</b>
<b>CONCLUSION</b> .....	<b>64</b>
<b>FUTURE IMPLICATIONS</b> .....	<b>65</b>
<b>LITTERATUR LIST</b> .....	<b>67</b>

## TERMINOLOGY & ABBREVIATIONS

**Legitimacy:** Legitimacy is the state or quality of being acceptable and reasonable.

**CSR:** CSR is an abbreviation of the term Corporate Social Responsibility. It is often used to describe a company's effort to integrate social and environmental considerations into their business activities and their interaction with stakeholders.

**Corporate citizenship:** Corporate Citizenship describes a company's commitment to ethical behavior and legal responsibility. A business with strong Corporate Citizenship shows responsibility to both the community in which it operates and its stakeholders.

**Corporate Image:** Corporate Image refers to a company's reputation. It covers the overall picture of what a company stands for and how it manages to solve its own or assigned tasks.

**Stakeholders and shareholders:** A stakeholder has a stake in the company and a legitimate interest in it. It may, for example be an environmental organization, a supplier or a user of its products. A shareholder is a co-owner of the company, be it an institutional investor or another small or major shareholder.

**Window-dressing:** Window-dressing is a term used to describe institutional investor's tendency to sell a stock that has fallen in exchange rate just prior to the investor's publication of quarterly, half-yearly or annual accounts. By selling immediately prior to the publication, they avoid showing that they have shares in a company that shows capital losses. The term is also used more generally on transactions up to the end of the financial statements, where the company's balance is ensured.

**Non-Governmental Organizations:** NGO is an abbreviation of Non-Governmental Organizations. It is a collective term for a number of private and voluntary organizations with specific areas of interest, which play an important role in addition to the established political process and help marginalized groups and interests to gain greater influence.

**International Consortium of Investigative Journalists:** ICIJ is an abbreviation of International Consortium of Investigative Journalists. It is an international network of about 200 journalists who collaborate on investigating issues such as cross-border crime, corruption and accountability of power.

**Know Your Customer:** KYC is an abbreviation of the term Know-Your-Customer. The term stands for the process in which a bank identifies and verifies identities of a customer.

**Anti-Money Laundering:** AML is an abbreviation of the term Anti-money laundering. The term represents regulations that are produce with the purpose of illegal practice

## INTRODUCTION

*"I might offend someone by this, but approximately 80% of people are idiots. At least when it comes to money. The Financial sector is about moving money from the 80% of people without ideas to the 20% of people that actually have ideas. It is a funnel that takes money from idiots to people, who are better at managing money so that in the end everyone, including the idiots, is better off."*

Nordea, Chairman, Björn Wahlroos - (Horn, 2015)

Over the past two decades, society has experienced a paradigm shift vis-a-vis our collective expectations of how corporations should act and what role they should play as a part of our societal framework. In the wake of digitalization and globalization corporations have become more transparent to stakeholders and the public overall. Now, we are only one Google search away from uncovering unsavory or even incriminating information about these institutions. This new reality has forced organizations to rethink some business practices in the face of changing public expectations.

Some theorists argue that the contemporary citizenship is changing from liberal traditions where corporations were merely agents of business and profit to a new model where corporations are expected to act not only with corporate responsibility but also as moral agents for positive social outcomes, including social justice and fairness (Atkinson, 2015, p. 3224). Ethical business practices, such as corporate social responsibility (CSR), have become fundamental for corporations in order for them to retain legitimacy and a *raison d'être*. This applies to the financial sector where a pervasive narrative about banks being capitalistic and greedy exists. Accordingly, it raises interesting question concerning how a bank should react towards society in order to be perceived, by their stakeholders, as an ethical and creditable entity. This stresses the importance, for banks in particular, to intensify the focus on ethics in corporate crisis management.



## Identification of issue

In April 2016 the now famous Panama-papers were disclosed to the public exposing information about global tax avoidance and tax havens connected to the Central American country Panama with the law firm Mossack Fonesca as one of the chief actors. The Scandinavian bank Nordea was heavily implicated in the case as they allegedly helped private customers channel money out of Scandinavia and Europe and into Panama, thereby “cheating” the Nordic societies of significant tax contributions.

The crisis took form as Nordea started explaining themselves and their behavior in regards to the accusations. However, the bank was neither indicted nor did it offer a confession of any wrongdoing. According to Nordea, they acted, more or less, according to the contemporary financial laws and their internal policies including instructions related to Know Your Customer (“KYC”), Anti Laundering Money (“ALM”), tax reporting and tax compliance.

The leak of the Panama Papers resulted in massive critique of Nordea and other implicated Banks. Nordea, however, suffered greatly from the disclosure, as the documents revealed a significant involvement in helping customers set up offshore businesses in tax havens. The reasonable assumption being that the purpose with the offshore structures was money laundering and tax evasion.

The case caused controversy because of its morale and ethical character, or lack of it. The public questioned Nordea’s ethical stance and their perception of ethics. However, Nordea insisted on their innocence claiming that they acted within the framework of legality. Consequently, the existing narrative, concerning banks being the big bad wolf in society, has been confirmed and reality seems to hit them hard, as they are experiencing heavy customer attrition. This reality may be the result of a dangerous gap between stakeholders’ expectations to banks and the banks missing acknowledgement for the legitimate principles in the contemporary society.

## RESEARCH QUESTION

Previous Introduction and Identification of problem area worked as a preview to the following research question. The research question strives to cover/answer an interesting problem within the financial sector that depends on a greater societal development using a theoretical approach. The overall purpose with the thesis is to create meaningful and generalizable crisis communication solutions for financial institutions and corporations experiencing similar crises and that are operating in an ever more complex and fragmented society. On the basis of the chosen case and theory I therefore wish to examine the following research question:

***How have rising social awareness influenced the practice of crisis communication in the financial sector and specifically Nordea Bank and which implications does it have on the them and the sector?***

On the basis of the chosen research question the following sub-questions will elaborate on the thesis' purpose:

- How did Nordea react to the crisis, spawned by the leak of the Panama Papers, in accordance to prevailing theories about crisis communication and how did it turn out?
- Which factors should Nordea and the financial sector, in general, take into consideration when preventing and dealing with the crisis in the 21st century?

## NORDEA

Nordea is one of Scandinavians largest banks and is a product of mergers and acquisitions between Merita Bank, Unibank, Nordbanken, and Kreditkassen back in 1997 and 2000. Nordea whose namesake is a contraction of "Nordic Ideas" is headquartered in Stockholm, soon to be moved to Finland, and is led by Swedish Casper von Koskull, president, and group CEO. In 2017 Nordea changed its legal structure to reduce complexity and improve customer experience. The three subsidiaries in Denmark, Norway, and Finland were made branches of the Swedish parent corporation to streamline the bank. Nordea is among the ten largest banks in Europe by market value and value of services provided in corporate and institutional banking, retail banking and private banking. The bank serves 11 million customers, employs 30,000 and has 600 office locations.

## MISSION & VISION

*"My vision for the future Nordea is to be a bank that is personalized for every customer."*  
Nordea, CEO and President Casper von Koskull

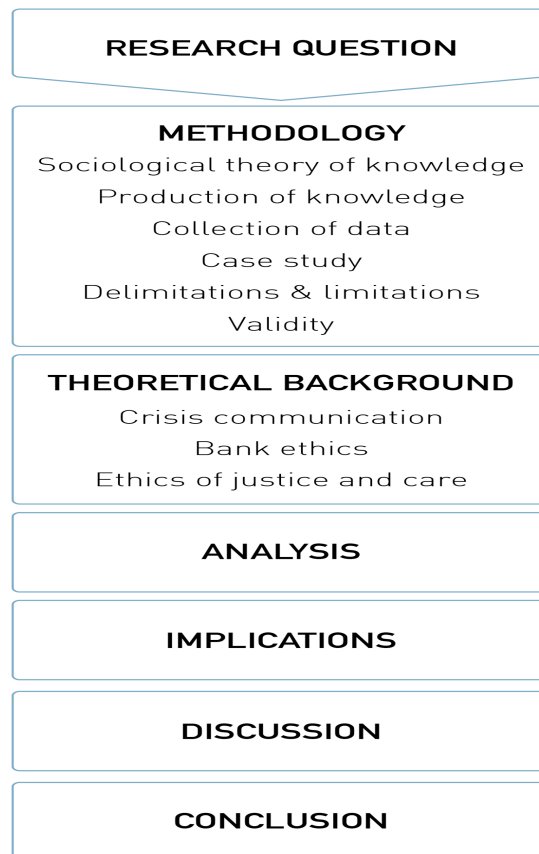
Nordea's vision and mission have undergone a development over the last seven years. Model 1 illustrates a substantial change in both their vision and mission. The mission has developed from *"making things possible"* to *"deliver returns with responsibility"* while the vision has changed focus from volume *"to become a Great European Bank"* to focus on customers *"to be a bank that is personalized and relevant for each customers"*.

	MISSION	VISION
2010	“ We help house holds and companies to realise their dreams, life projects and business concepts by providing customised financial solutions. In brief "Making it possible."	“ To become a Great European bank.
2017	“ Our mission is to deliver returns with responsibility.	“ To be a bank that is personalised and relevant for each and every customer.

Model 1. Own creation

## MASTER'S THESIS DESIGN

Model 2. Illustrates the design and structure of this paper. The funnel-shaped model demonstrates a broad opening basis that narrows to provide an answer to the research questions.



Model 2. Own creation

As the model illustrates this thesis' research will begin with a comparative analysis of Nordea's crisis communication and prevalent theory within the crisis communication field. Next I will outline if Nordea are experiencing any implications related to the crisis and lastly results and findings from the comparative analysis and potential implications will be discussed in connection with prevalent theory within banking ethics and ethical communication.

## **METHODOLOGY & RESEARCH DESIGN**

The interest in writing this thesis has origins in an intrigue with the Nordea Panama-Papers crisis. The case at hand highlights the increasing prevalence and importance of corporate crisis communication and posits that its causal origins may be found in pressure from new social mandates emphasizing broader corporate responsibilities.

The following chapter will define methods used to collect data regarding changing cultural views on topics including institutional behavior and responsibility. Social science methods are used to collect, analyze and summarize information to produce new knowledge on an identified field. The methodology is, in other words, a guideline principle as to how one should set to work and hence normative as it states norms and guidance for how one should or could set to work

## **SOCIOLOGICAL THEORY OF KNOWLEDGE**

Philosophical frameworks are a neglected side of research design. Given their importance on this issue, it is important to identify relevant aspects in this paper. I have chosen a social constructivist approach with the theoretically supported conviction that crises occur as a consequence of stakeholders' perception of reality and thus are social constructions per se.

The idea behind social constructivism is that people seek to understand the world they live in, and thus individuals build subjective meanings of what they experience in life.

Social constructivists strive to understand the relationship between reflection and reality (Rasborg, Olsen, & Fuglsang, 2014, p. 404). According to pure social constructivists, everything is socially constructed, and thus reality becomes a reflection of people's perception of reality. In consequence, we therefore never seek to acknowledge the real reality but always strive to recognize a perceived reality (Rasborg et al., 2014, p. 403). Furthermore, Klaus Rasborg claims that reality is determined by recognition and thus reality first comes to existence when acknowledged by societal actors (Rasborg et al., 2014, p. 407).

The purpose of rhetoric and to a lesser extent perhaps all communication is persuasion. Crisis communication is concerned with the way we verbalize things in different ways to convince and influence and thus deals with issues concerning how rhetoric and society affect one another. Using Rasborg's et al., (2014) terminology: how reflection/reality and subject/object interact with each other (Rasborg et al., 2014, p. 404). Ultimately, rhetoric affects perceived reality.

Accordingly, it is relevant to investigate and analyze the Nordea Panama-Papers crisis with a social constructivist approach. The research question seeks to understand how Nordea's perceived reality affected their communication choices during the crisis; and hence how a society in continuous development, including all societal actors and their perceptions of reality, influence the way corporations do business. Like subject/object, there is a cyclical aspect to these effects as they influence one another over time.

Furthermore, the paper argues that there is a causal connection between Nordea's crisis and the development of a second societal modernity. The public's interest in Nordea's actions in the Panama-Papers case and Nordea's subsequent crisis management triggered a cycle of influence that has left a historical and cultural mark. Furthermore, the conclusions of this paper are a product of social construction. As such it does not endeavor to create a definitive truth rather construct a plausible explanation of social reality.

## **PRODUCTION OF KNOWLEDGE**

It is necessary to define and follow a process to produce data or theories regarding society, organizations, and human behavior. In this regard, one must choose between the principle of deduction and induction. Deduction is characterized as the way of reasoning from theory to verification through production of evidence/documentation whereas induction primarily is based on empirical observations from which a general context or pattern is established (Ib Andersen, 2013, p. 31). The distinction between the terms is seminal to any epistemological framework.

This research paper will primarily draw on an inductive work approach in the knowledge production process as it is built around a corporation's communication response to a crisis.

This empirical input is used to describe and evaluate communication challenges by using general knowledge from society- and communication theories. Given that this thesis takes Nordea's responses as its input from which to draw wider conclusions it as an inductive approach.

## COLLECTION OF DATA

The following chapter will provide an overview of different data collection techniques within social science. The purpose of the section is to designate the techniques that I use to answer my research question.

According to Ib Andersen in his book "*Den skinbarlige virkelighed*" a broad range of techniques exist. Nevertheless, he only operates with two criteria within the field that he finds necessary to distinguish between:

- Quantitative- and qualitative data
- Primary- and secondary data

The first criteria concerns what type of data the research and analysis will draw on and the second criteria involve the researcher's involvement during the process of collecting primary data (Ib Andersen, 2013, p. 137).

In social science, a distinction is made between two main approaches to research: *quantitative* and *qualitative*. Ib Andersen, (2013) outlines the difference between the two and states that quantitative data use measurements and emphasize numbers, whereas qualitative data emphasize words and context over numbers (Ib Andersen, 2013, p. 25). Quantitative approaches are often associated with the epistemological and ontological orientations of positivism and objectivism with a deductive view on the relationship between research and theory.

Conversely, qualitative research is often inductive and applies the philosophies of interpretivism and constructionism. A qualitative research approach is often used when seeking to obtain a deeper understanding of the social world through the eyes of societal actors due to the emphasis on the subject, context, and social reality.

I find it suitable to build up my thesis around a qualitative analysis of Nordea's external communication, and I will be using a content analysis of the collected data of empirical knowledge. This frankly is the only possible approach for posthoc evaluation of an event or period. Still, the method is accepted as a reasonable approach to assigning and understanding of societal and cultural response to events; in this case, a deeper understanding of why Nordea acted as they did and if the context of the crisis had any effect on that response.

As such, qualitative empirical knowledge is the cornerstone of my academic method.

The empirical knowledge in this thesis is illustrated in model 3: boxing and labeling the qualitative and quantitative data.

	PRIMARY DATA	SECONDARY DATA
QUALITATIVE DATA		Scientific articles Journal articles Nordea sustainability report 2015 K-forum Berlingske Jyllandsposten Børsen Information books
QUANTITATIVE DATA		

Model 3. Own creation



## DATA USED IN THE ANALYSIS

### *EMPIRICAL KNOWLEDGE:*

It is also crucial to distinguish between primary and secondary data. The researcher collects primary data personally whereas secondary data is collected by others and thus has already been subjected to interpretation.

### *SECONDARY DATA:*

As illustrated in model 3 this research paper's secondary data is this thesis' source of information. The model illustrates the specific data used to answer my research question.

A lot of relevant information about Nordea was publicly available online on their corporate page together with mainstream media and other journals.

I performed an extensive and integrative search of articles in major organizational, academic journals with limitations and boundary conditions resulting in pertinent data for the thesis.

### *SYSTEMATIZATION OF DATA*

By analyzing the data, I intend to provide an overview of the crisis and the communication strategies used over a given period. By going through the data, I, therefore, intend to create a timeline of how the crisis evolves by making clusters of different themes and strategies applied in Nordea's communication. This requires a thorough boxing and labeling of secondary data, dividing them into themes and organizing where on the timeline they occur.

The timeline's purpose is to help the reader get an overview of the evolution of the crisis and will be presented in the analysis of Nordea's crisis communication.

### *CASE STUDY*

This research paper is a classical case study of an inevitable happening from the perspective of a particular company. The research paper takes the leak of the Panama

papers and Nordea Bank as its point of departure, focusing on how Nordea handled the crisis and if anything could have been done differently to soften the consequences of the crisis.

The case study is a standard research method within social science and is used to research subsystems such as institutions and organizations (Ib Andersen, 2013, p. 109).

A case study is an empirical examination, and its nature is to examine one unit of analysis by looking into variables, performances, and characteristics.

Furthermore, a case study should:

*“..shed light on a contemporary phenomenon within real life’s boundaries, where the border between phenomenon and the context it forms part of is not visible and where there is an opportunity to apply more sources of information to shed light on the phenomenon.”* (Ib Andersen, 2013, p. 109).

The method of examination has been categorized into single cases and multiple cases. Individual case studies take as point of departure only one unit of analysis, whereas multiple case studies deal with two or more units of analysis conducted different places under different conditions (Ib Andersen, 2013, p. 110).

Ib Andersen, (2013) touches upon Robert Yin’s objectives to make grounds for a single case study (Ib Andersen, 2013, p. 110) ;

Firstly, a case should be critical about prevailing theories, models, assumptions or practice. The purpose is to test cases thoroughly to see if the common and general knowledge is applicable.

Secondly, the case is unique and extreme, meaning that it presents a new combination of circumstances that are already known but has not been subjected to careful examination.

Last but not least the case is phenomenon-revealing meaning that the chosen phenomenon should have novelty value.

Furthermore, case studies are often considered to be qualitative research methods per se, but it is possible to use both a quantitative and qualitative research method when working on a case study (Ib Andersen, 2013, p. 111). This research paper will primarily draw on a qualitative method, but a quantitative approach is also operative.

## CRITIQUE OF CASE STUDY AS A SCIENTIFIC RESEARCH METHOD

According to conventional views, case studies are restricted to external validity, and thus it is not the notion of a case study to generalize to other situations beyond the case (Bryman, 2012, p. 71). Furthermore, the critique of case studies is that it cannot be used as a reliable source of information and knowledge, but it is reasonable to use the case study in preliminary stages of the examination. Another critique point is that case studies are subjective, and thus research is a product of the researcher's interpretation per se (Flyvbjerg, 2006, p. 219).

According to Bent Flyvbjerg in his article "*Five Misunderstandings About Case-Study Research*" the conventional view of case study research is problematic, as it has led to various misunderstandings or oversimplifications about the nature of a case study research. In his article, He states that it is a misconception that a single case cannot be subject to generalization and thus contribute to scientific knowledge. Robert Yin supports his statement in his book "*Case Study Research – Design and Methods*", stating that both single case studies and multiple case studies are generalizable as long as the case is thoroughly described and by using an inductive approach determine what conditions/circumstances that are unique to the examined case and what is general (Ib Andersen, 2013, p. 112).

Flyvbjerg's, (2006) examination also states that case studies provide context dependent knowledge and thus portraying another level where the researcher is trying to understand the circumstances an incident occur in. Accordingly, Flyvbjerg, (2006) would go so far as to say that social science only really works with concrete and specific phenomena that provide context dependent knowledge:

*"Predictive theories and universals cannot be found in the study of human affairs. Concrete, context-dependent knowledge is, therefore, more valuable than the vain search for predictive theories and universals"* (Flyvbjerg, 2006, p. 224).

Conventional theorists within the field of scientific methodology have over a period altered their opinion concerning case studies to be valid and reliable, as social science has not yet succeeded in producing general, context-independent theory (Flyvbjerg, 2006, p. 223).

## STRATEGICALLY CASE SELECTION

By previous theoretical reflections concerning case studies, the reason for examining Nordea and the Panama-papers crisis in 2016 is a combination of simple- and idealistic causes. On the one hand it was a very transparent- and data heavy case which made it easy to discover data, and on the contrary, an interest in crisis communication challenges was decisive to the choice of case.

The purpose of this paper is to create knowledge that is generalizable and generates appropriate solutions for a wider range of financial groups and banks in Denmark but foremost for Nordea.

Nordea is one of the leading banks in Scandinavia and thus part of the financial sector that, in consequence of the financial crisis, continuously raises interest to public opinion and the media.

Nordea is a plausible case for generalization because of the size of the bank and the similarities to other global corporations. In the wake of the financial crisis, several banks have undergone crises resulting in customer attrition and tarnished images. Nordea was not the only bank that ended up in a crisis as a consequence of the leak of the Panama Papers, and thus Nordea can act as an exponent and represent other corporations that either could or did end up in the same type of crisis. Accordingly, Nordea and the Panama-Papers crisis is a substantial case with a full interface and thus contribute to scientific knowledge in the crisis management and communication field.

## DELIMITATIONS & LIMITATIONS

This chapter will define a time frame and delimitate a scope of the crisis. The motive for doing a delimitation of the crisis is based on a combination of the extent of the paper, the time horizon and an assessment of the peak of the crisis.

The thesis is occupied with the period from April 3<sup>rd</sup> 2016 to July 20<sup>th</sup> 2016 and the analysis will focus entirely on Nordea's communication during the first four months of the crisis. Input from others during the crisis is solely used for inspiration. Furthermore, the analysis will draw on Danish media, commenting on the crisis and reporting interviews with different representatives from respectively Denmark and Sweden. To give a better overview of I will present a list of the key actors in play in the analysis:

- CEO and President, Casper von Koskull (Koskull)
- Head of Private Banking, Thorben Sander (Sander)
- Head of Communication, Jonas Torp (Torp)
- Head of Wealth Management, Snorre Storset (Storset)
- Chief of Personal Banking, Torben Laustsen (Laustsen)
- Chief Executive Nordea Danmark, Peter Lybecker (Lybecker)

It's a pitfall that I will never be able to fully prove the causality between the perceived crisis and the customer attrition.

The thesis's comparative analysis will solely draw on the American scientist in crisis communication W. Timothy Coombs' theory about crisis communication and his framework *Situational Crisis Communication Theory*. The reason for choosing his framework is a stakeholder and context depended approach to working with a crisis. He looks at the specific situation in which a crisis arises and ascribes value to stakeholder's perception of a crisis.

## VALIDITY

The secondary data collected for this thesis is a mix of Danish and English articles and textbooks and thus there is a chance that something is lost in translation. Accordingly, there is a risk of some basic assumptions being lost in the translation of different quotes.

## THEORETICAL FRAMEWORK

The choice of theory functions as a framework covering the thesis's themes and this chapter will illustrate when the theories are applicable and under what circumstances they are prevalent.

### CRISIS COMMUNICATION & CRISIS COMMUNICATION RESPONSE THEORY

#### ORGANIZATIONAL CRISIS DEFINED

Crisis research is considered a new and topical research area due to an increasing number of crises. Nevertheless, it is relevant to mention the political scientist Charles F. Herman as he presented the conventional definition of a crisis in organizational coherences. He defined a crisis accordingly:

*“An organizational crisis (1) threatens high-priority values of the organization, (2) presents a restricted amount of time in which a response can be made, and (3) is unexpected or unanticipated by the organization”* (Hermann, 1963, p. 64).

This conventional definition of a crisis has an organizational approach and contains three fundamental dimensions; (1) it is unexpected, (2) it threatens high-priority values of the organization and (3) it presents a limited amount of time to respond. Hermann's, (1963) definition is subsequently considered being too superficial in his attempt to define a crisis. Coombs, (2015) take on a stage further in defining a crisis:

*“A crisis is the perception of an unpredictable event that threatens important expectancies of stakeholders related to health, safety, environmental, and economic issues, and can seriously impact an organization's performance and generate negative outcomes.”* (Coombs, 2015, p. 3).

Coombs', (2015) definition of a crisis incorporates a stakeholder dimension as he claims that a crisis only is a crisis as long as the stakeholders perceive a certain event as a crisis (Coombs, 2015, p. 3). Accordingly, stakeholders will react towards the corporation as if they were in a crisis and thus corporations must try to look at themselves from a stakeholder perspective for them to understand whether they are in a crisis or not.

According to Coombs, (2015), the stakeholder dimension is essential as crises can violate stakeholders perception of the corporation and how they are expected to act for instance by economic concerns. If corporations do not live up to these expectations stakeholders are capable of damaging a corporation's reputation (Coombs, 2015, p. 4).

Coombs, (2015) also questions Hermann's dimension of unexpectedness as he claims that some crises can be anticipated but strike suddenly. Depending on the type of crisis concerned corporations are often warned about a crisis that will befall them as management will know if a major television news magazine is planning to run a negative story about them (Coombs, 2015, p. 3).

#### **THE PURPOSE OF CRISIS COMMUNICATION**

When dealing with crisis communication and trying to identify a strategy, it is first and foremost important to determine the objectives for crisis communication. Accordingly, the corporation and its management should discuss what the desirable outcome of crisis communication should be. Coombs have listed some goals as to what crisis communication hopes to accomplish. As stated earlier communication is persuasive and thus crisis communication as a sub discipline of communication is to reduce the damage a crisis can cause in a compelling and trustworthy manner (Coombs, 2015, p. 136). This can be done by looking into the media and trying to increase positive coverage and decrease negative coverage.

#### **TARGET AUDIENCE FOR CRISIS RESPONSE STRATEGIES**

When looking into crisis communication from a strategic perspective, it is also relevant to identify the target audience for the crisis response. Coombs, (2015) identifies two broad target groups in a crisis: (1) victims and (2) nonvictims.

According to Coombs, (2015) victims are directly affected by the crisis and have either experience injury in the form of physical harm, psychological harm, property damage, or financial loss. Furthermore, he states that victims include customers, employees, community members, and shareholders and are all categorized as primary stakeholders and thus central stakeholders for corporations continued license to operate (Coombs, 2015, p. 138).

Coombs, (2015) further divides nonvictims in to "Voyeurs" and "potential victims." Potential victims were not directly harmed by the crisis but might as well have been. A potential victim characteristic is the sense that they might have been hurt by the crisis.

However, the voyeur audience is watching the crisis and the handling of the crisis, and they kindly give their review of the corporation's performance. Furthermore, they use crisis responses to evaluate corporations and thus the response affect the creation of a certain stakeholder perception. Voyeurs include NGO's that act as a public voice and constantly supervise and evaluate corporations' every move.

Nonvictims are equally important to corporations as the primary victims since they are the ones observing how the crisis is handled and if they dislike a corporation's crisis response it can harm the relationship to- and future interaction with the corporation.

#### FORM OF CRISIS RESPONSE

When a crisis occurs, or *shit hits the fan* the need for information is intensified. The reason for that is the fact that "...*crisis communication transpires in times of stress.*" (Coombs, 2015, p. 130) Meaning that stakeholders in times of crises are not in their right set of mind when receiving information. The message and form of the crisis response should, therefore, be clear and easily understood. Coombs, (2015) has three recommendations regarding a clear and understandable crisis response form: (1) *respond quickly* (2) *Speak with one voice: Consistency*, and (3) *Openness*.

#### RESPOND QUICKLY

*The need for speed* is crucial when a crisis hit. The spread of information and news is faster than ever before due to technology, and thus corporation needs to accelerate faster when the first news about a crisis hit the media. Involved stakeholders might first hear about the crisis through media, and therefore the affected corporation must be able to answer to accusations within a short amount of time. Coombs, (2015) recommends a one-hour time frame to provide the initial crisis response (Coombs, 2015, p. 131). Furthermore, the need for speed is significant as a quick response ensure that the right information is given to the media and stakeholders. It is at all times an interest for the corporation to shape information to their advantage to the extent that it is possible.



### **SPEAKING WITH ONE VOICE**

Consistency is another important aspect to cover when forming the crisis response. *Speaking with one voice* is important when framing a message. It is therefore important for all members and employees of the corporation to be aligned about what is communicated to the public as “*A consistent message is more believable than an inconsistent one.*” (Coombs, 2015, p. 133). The recommendation, however, does not necessarily suggest that only one representative should deliver the message. Corporations can choose multiple spokespeople within the corporation the point is that the message should be consistent and aligned internally so that the spokesmen communicate the same externally (Coombs, 2015, p. 133).

### **OPENNESS**

Lastly, openness is an important virtue for corporations in a crisis. This last recommendation in forming the crisis response is threefold and include (1) willingness to disclose information (2) availability of media and (3) honesty.

It is a delicate balance to show willingness to openly present crisis related information to the stakeholders and simultaneously consider what is legal to publish to the public. Even though a perception of full disclosure in a crisis exists it is neither possible nor preferable. Full disclosure is only a necessity in case a crisis can result in serious injury or death of stakeholders. Whereas limited disclosure is used to publish outermost necessary information to stakeholders. The balance between full disclosure and limited disclosure is difficult, and thus the crisis team should identify guidelines hereon.

In a crisis, the focus tends to come down to the media, but the stakeholders will also demand information from the corporation. The foundation for a corporation's availability should be constructed in "peacetime." Communication should be viewed as a two-way process between the corporation and the stakeholder, and it is essential to acknowledge communication from stakeholders to get the stakeholders' acceptance in a heated crisis.

Lastly, honesty is essential in a crisis as dishonesty is fertile soil for crises to escalate even further.

## CONTENT OF THE CRISIS RESPONSE

According to Coombs, (2015) content of the crisis response can be divided into (1) *Instructing Information* (2) *Adjusting Information*, and (3) *Reputation management* (Coombs, 2015, p. 139).

*Instruction of information* represents what the corporation is going to do in crisis situation. Instruction of information is particularly necessary in cases of physical harm, but Coombs, (2015) also describe a second type of instructing information suggesting that a corporation should inform about how a crisis affects business operations (Coombs, 2015, p. 141). Accordingly, Coombs, (2015) suggests that corporations inform about what they will do to maintain business operations and/or restore business as usual.

*Adjusting information* is about showing compassion to stakeholders. Coombs, (2015) claim that stakeholders have a basic need to know what happened in the crisis, as they need to be reassured. He refers to it as: the *what, when, where, why*, and how of the crisis (Coombs, 2015, p. 142). Furthermore, there is an underlying wish to know what is being done to prevent a similar crisis from happening again. The criterion for success in adjusting information is for crisis manager to show compassion and express their concern towards victims and/or nonvictims. However, expression of compassion does not mean that corporation take on responsibility for the crisis (Coombs, 2015, p. 143).

*Reputation management* is the last factor to consider when dealing with the content of the crisis communication. The purpose with reputation management is to use communication as a strategic tool to repair and protect a corporation's image and reputation (Coombs, 2015, p. 144). However, the question is when and how to use different communication response strategies. According to Coombs, (2015) attribution theory is a useful framework when connecting crisis context and crisis response (Coombs, 2015, p. 144). His SCCT emerge from the attribution theory. The SCCT is guidance and recommendation for when to use different response strategies and is based on the assumption that people attribute responsibility to certain negative and unexpected events. The reputation management is as such the foundation for Coombs' SCCT.

## COOMBS SITUATIONAL CRISIS COMMUNICATION THEORY

### CRISIS TYPES

Coombs', (2015) Situational Crisis Communication Theory (SCCT) operates with three factors to assess the threat against reputation: (1) Crisis type, (2) crisis history and (3) prior reputation (Coombs, 2014, p. 150). A contextualization consisting of two steps evaluates the three factors.

The first phase identifies the crisis type and frames the crisis. Coombs, (2015) suggest that crises can be clustered into (1) victim, (2) accidental and (3) intentional groupings. The clusters are organized according to the level of crisis responsibility. Stronger attributions of crisis responsibility produce greater reputational damage whereas a weaker attribution of crisis responsibility decreases the reputational damage.

The next step evaluates the crisis history and prior reputation. If the corporation has a history of similar crises, it is very likely that the crisis will worsen the reputation even more as a string of crises can intensify people's perception of the corporation

The corporations' reputation is also important to counter in, like a bad reputation before the crisis potentially can cause an even bigger damage to the corporation. Coombs, (2015) defines it as the *Velcro effect* hence prior negative reputation stick to the corporation and thus potentially worsens a crisis.

When the threat against reputation is assessed, it is possible to choose between the right response strategies.

### CRISIS RESPONSE STRATEGIES

Based on an assessment of how big a threat the crisis constitute to the corporation the SCCT provide recommendations for response strategies that can help eliminate the threat. The crisis response strategies represent the actual response a corporation uses in a crisis to minimize the reputational damage.

SCCT organizes crisis response strategies according to the purpose of the overall response. Accordingly, corporations can either change people's perception of a crisis or their perception of the corporation under attack.

Coombs, (2015) categorizes the crisis response strategies in four postures that are classified according to their behavioral strategies.

#### PRIMARY STRATEGIES

*The denial posture:* The purpose is to remove each connection between the crisis and the corporation. A corporation will not be affected by a crisis if not involved or responsible for the crisis.

The denial strategies include:

- Attacking the accuser
- Denial
- Scapegoating

Attacking the accuser is when a crisis manager attacks the person accusing the corporation of wrongdoings. The attack includes threats of lawsuits or other sanctions against the people who claim a crisis exists (Coombs, 2015, p. 145).

Denial is when the attacked corporation denies that a crisis exists. Sometimes the corporation even offers an explanation as to why it is not a crisis (Coombs, 2015, p. 145).

Scapegoating is the last of Coombs', (2015) denial strategies. The strategy blames other people or institutions for wrongdoings (Coombs, 2015, p. 145).

*The diminishment posture:* The purpose is to reduce attribution of organizational control of the crisis or the adverse effect of the crisis. If the attribution of power is considered less harmful, the threat against the reputation will reduce.

The diminishment strategies include:

- Excusing
- Justification

Excusing is used when a corporation tries to minimize the corporation's responsibility for the crisis (Coombs, 2015, p. 145). It includes denying intentional harm doing and claiming loss of control of the crisis.

Justification is an attempt to minimize the perceived damage that is associated with the crisis (Coombs, 2015, p. 145). Justification can include claiming that there is no damage or the damage is minimal or it can include stating that the victims got what they deserved.

*The rebuilding posture:* The purpose is to improve the corporation's reputation by flattering stakeholders.

The rebuilding strategies include:

- Compensation
- Apology

Compensation is when a corporation provide gifts or money to the victims (Coombs, 2015, p. 145).

Apology is when a corporation take full responsibility for the crisis and asks for forgiveness (Coombs, 2015, p. 145).

## SECONDARY STRATEGIES

*The bolstering posture:* The purpose is to build a connection between the corporation and stakeholders. Coombs, (2015) recommend that the strategies be used as a supplement to the primary strategies for the separate use of bolstering strategies can make a corporation seem too egocentric.

The bolstering strategies include:

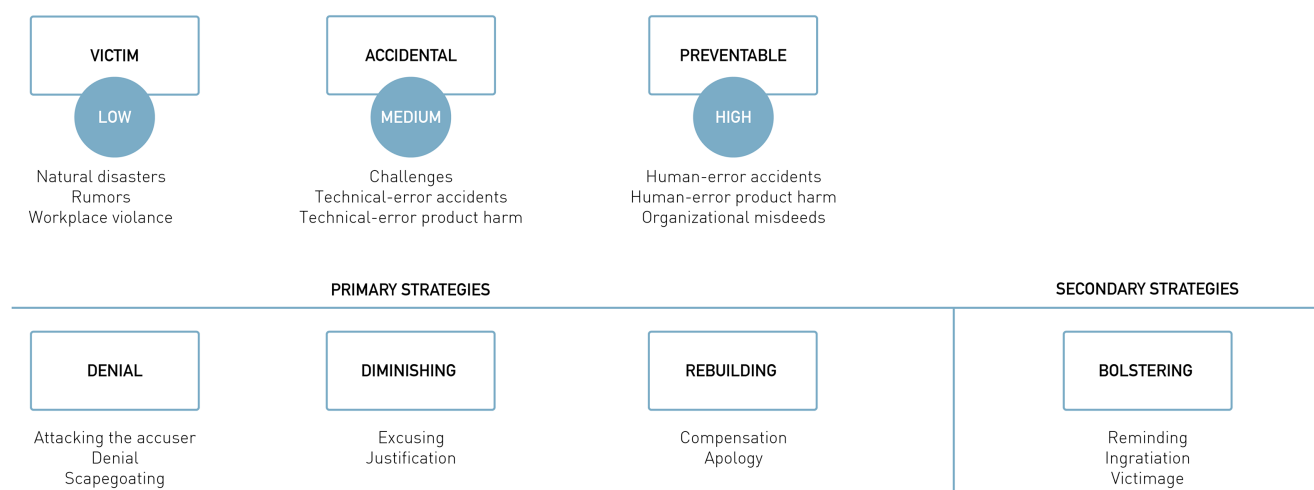
- Reminding
- Ingratiation
- Victimage

Reminding strategies are used when corporations inform about their previous good work (Coombs, 2015, p. 145).

Ingratiation is used when corporation wishes to flatter the receiver and thereby gain goodwill (Coombs, 2015, p. 145).

Lastly, Victimage is used when corporations wishes to portray themselves as victims of the crisis (Coombs, 2015, p. 145).

The model below points out in which context different response strategies should be used. Furthermore it illustrates under which circumstances a crisis has a high -, medium or low attribution of responsibility.



Model 5. Own creation. Based on Coombs' SCCT

## CRITIQUE OF COOMBS' SCCT

Crises are complex sizes and dynamic in nature thus they are not always easy to box into categories. Each situation and context will be different and provide different outcomes leading to different answers regarding how to handle crisis communication. Accordingly, there are no real interfaces in communication and thus crisis response strategies might overlap each other in some cases.

## BANKING ETHICS

The following chapter will present two articles elaborating on ethics in the banking sector. To understand the crisis, how it appeared, evolved and was responded to from different actors; we need to take a better look at our contemporary society. In other words, to better grasp the points and relevance of the communication theories applied in my thesis, I also need to account for and discuss in which context they appear.

Charles F. Green, former Deputy Group Chief Executive of National Westminster Bank, has written the article Business Ethics in Banking (Green, 1989). The article points out the importance of ethical behavior in the banking sector thus it is reliant on government, customers, shareholders, staff and community. Green, (1989) describes how the attention and expectations towards corporate ethical behavior will increase in time. The

complexities in society will bring new issues for corporations, and banks in particular. Technology has made the foundation for making a lucrative competitive advantage but it has also opened up for new risks that potentially could harm corporations if not behaving in an ethical manner. Green, (1989) points out the fact that “*the perceived ethics of a company affects its reputation*”.

The article emphasizes the necessity for banks to consider their stakeholders. Green, (1989) points out the fact that banks should not forget the responsibility they have towards their customers, as they are the very heart of the business. Awareness of the interdependence between a bank and its stakeholders is the key to succeed in being perceived as an ethical bank. The criterion for success is based on an acknowledgement that a corporation, and bank in Green's, (1989) case, is an accountable moral agent. The commitment to society will keep on evolving and the expectations and demands from stakeholders and society will keep on developing. Thus banks must not neglect their responsibility towards society and stakeholders.

## ETHICS OF JUSTICE AND CARE

In a previous chapter about crisis communication an organizational crisis is defined as perceptions of unpredictable events that can threaten stakeholders expectations and can negatively impact the reputation of the corporation. Conventional theories within crisis communication strive to reach universal solutions on how to manage crises. In the attempt theorists regarding precrisis stages, ongoing crisis stages, and lastly postcrisis stages have developed rhetorical and context dependent recommendations concerning how to communicate. Despite a growing awareness and anticipation of morale and ethical corporations, the practice of ethical corporate crisis management have received limited attention (Simola, 2003).

Sheldene Simola's, (2003) article *Ethics of Justice and Care in Corporate Crisis Management* contributes to discuss the role of ethics in crisis management. She distinguishes between two branches of ethic approaches: (1) *Ethics of Justice* and (2) *Ethics of Care*.

The two ethical communication approaches strive to organize people's moral habitus in organizations. People are morally responsible and as such this responsibility is ether

expressed through *Ethics of Justice* or *Ethics of Care*. Justice is about respecting others such as a corporations stakeholders and care is about relationships, solicitude and humanity. As such management can either express an ethical habitus with an ethics of justice or ethics of care approach. The question then is if the stakeholders perceive the actions as ethical and appropriate in relation to the implications of a crisis.

Furthermore, ethics of justice can be divided into stages. The stages organize different stages of how people justify themselves. According to Simola, (2003), ethic of justice can be measured by using psychologist Lawrence Kohlberg's model of morale reasoning. The model is a scale divided in six stages.

The stages are as follows: (1) *Pre-conventional*, (2) *Conventional*, (3) *postconventional*.

The pre-conventional stage is about consequences for the individual. Simola, (2003) refers to this as the least mature level, as managers are tend to be more responsive to punishment, and thus will try to avoid getting caught in a misdeed. They will lack a sense of responsibility and will justify themselves accordingly.

The Conventional stage is about adhering to rules and regulations. The management performing in this stage will have a sense of responsibility that is dependent on the framework of legality. The Post-conventional stage is an expression of moral resolutions. This stage is an ethical substructure that is not described in formal or conventional laws and norms. The post-conventional stage differ from the former two, as management will have a high sense of responsibility, this may be rooted in humanity, social responsibility, and a sense of responsibility for community.

## **ANALYSIS**

### **A COMPARATIVE CRISIS COMMUNICATION ANALYSIS**

The previous chapter presented theories that are applied in the analysis of this thesis. In the following section, I will conduct a comparative analysis of Nordea's crisis communication and prevalent, contemporary theory within crisis communication. Accordingly, I will apply the American scientist Timothy W. Coombs Situational Crisis Communication Theory to uncover how Nordea attempted to restore their reputation and image during the crisis.



## Nordea in trouble

Organizational crises are deducted from the relationship between a corporation and its stakeholders and hit when a breach of trust emerges between the counterparts (Coombs, 2014, p. 3). As stated earlier a crisis is determined by stakeholder's perception of the situation and whether or not they consider it to be a crisis. If stakeholders perceive a situation as a crisis, they will react accordingly, and thus corporations must acknowledge that a crisis has hit.

3<sup>rd</sup> of April 2016 Denmark's Radio (DR) broadcasts a documentary "*Det store skattelæk* " and Politiken publishes an article, both accusing Nordea of contributing to tax evading business helping customers set up so-called shadow companies and off-shore constructions. The accusations hit hard due to the degree of amoral and unethical standards and because of normativity in society designating tax evasion as impermissible (Green, 1989, p. 631). The harsh accusations against Nordea give evidence that they are in a crisis that they should be taking very seriously and act upon.

## What did Nordea's crisis communication hope to accomplish?

Nordea's crisis communication strategy should reflect the purpose of their crisis communication (Coombs, 2015, p. 136). As stated earlier in the thesis Nordea's mission is to deliver returns with responsibility, and their goal should, therefore, include being perceived as a responsible bank that acts up to their vision and mission. From the beginning of the crisis it is clear that is how they want to be perceived:

*"Our tax advice policy and ethical standard are clear"* (Appendix 1). Furthermore, they claim that: *"already at the end of 2009, Nordea International Private Banking in Luxembourg took proactive measures beyond the requirements to secure all customers' holdings, and incomes on their accounts were reported to the tax authorities"* (Appendix 1).

The two quotes express a wish to be perceived as a responsible bank, and as such, it is argued that it is Nordea's goal to minimize the risk of not being perceived as a responsible bank.

Furthermore, they keep referring to the fact that they have kept within the thin white line. Thus they try to justify themselves by holding on to the fact that they did not do anything

illegal. Accordingly, it is also argued that they are trying to be perceived as a bank that does business within the framework of legality.

### Nordea's target audiences for Crisis Response Strategies

It is always important to identify and scan the receiver of a message when communicating a message and information. As mentioned in the chapter Theory Framework, Coombs divides target audience into *victims* and *nonvictims* (Coombs, 2015, p. 138). In this case it is relevant to consider both. Coombs define victims as someone who suffered physical harm, psychological harm, property damage, or financial loss from the crisis (Coombs, 2015, p. 138). It can be argued that fellow citizens in Denmark have suffered a financial loss as some citizens have evaded taxes. Nordea has either turned a blind eye or in worst case helped with tax evasion. The taxes that illegitimately were not paid in Denmark are as such taken from their fellow citizens in Denmark and as such there is a financial loss. However, it is debatable whether fellow citizens can be defined as direct victims as they will never really see the money that ended up in tax havens. This will be further discussed in the following Discussion chapter.

Furthermore, Nordea's target audience is *voyeurs* and *potential victims*. Nordea's voyeurs are NGO's such as Amnesty International that was Nordea's customer up until recently when they made a decision to shift banks on ethical grounds (Ritzau, 2017). The decision is made a year after the crisis and imply that Nordea did not consider the value of convincing and communicating a sincere crisis communication to victims and nonvictims of the crisis.

### Nordea's crisis response form

As stated earlier Coombs recommend that corporations inform stakeholders about the crisis and address how they are going to handle the crisis (Coombs, 2015, p. 129).

### Be Quick

When a crisis hit Coombs recommends being quick, consistent and open (Coombs, 2015, p. 130). By Coombs framework, Nordea responded promptly to DR's documentary "*Det store*

*skattelæk*” and Politiken’s article. In a press release first published in the afternoon on April 3<sup>rd</sup>, 2016, Nordea respond to DR and Politiken's accusations concerning tax havens, shadow companies and offshore business (Appendix 1). The press release is published before the news media reveal their stories to the public which means that Nordea new about the revelations beforehand.

Later within Coombs’ recommended *golden hour*, a renewed version of the press release is published on Nordea’s Facebook and their web page (Coombs, 2015, p. 131). The press release deny the accusations and informs about factual circumstances including that they already had implemented regulatory measures to control tax evasion and deficiencies in connection to offshore companies (Appendix 2).

### *Speak with one voice*

Coombs recommend speaking with one voice when dealing with a crisis (Coombs, 2015, p. 133). The term does not imply that only one representative can deliver the message to the public it merely suggests that the message and information provided is consistent and clear. The art is to coordinate organizational spokesmen and representatives to speak with one voice.

Nordea does not seem to follow Coombs’ principle of speaking with one voice. From the beginning of the crisis they demonstrate an inconsistency in their crisis response implying internal discrepancy on how and what to communicate to the public. In the press releases from April 3<sup>rd</sup> Nordea denies all allegations of helping customers channel money to tax havens: “*We adhere all rules and regulations in this area*” and in a renewed version published on April 4<sup>th</sup> Nordea’s choice of words are slightly different: “*Nordea strongly denounces tax evasion*”. The press comment from April 3<sup>rd</sup> is an unconditional denial whereas the press release from April 4<sup>th</sup> expresses an opinion about tax evasion. However, both comments deny to some degree involvement in the tax evading misdeeds the difference is in the level of denial.

Head of Private Banking, Nordea Thorben Sander (Sander) also claim Nordea’s innocence in an interview with DR broadcasted in the compromising documentary “*Det store skattelæk*” on April 3<sup>rd</sup>. At the exact same time, Politiken publishes an article with comments from Nordea’s Head of communication Jonas Torp (Torp). Torp imply that he does not dare to say whether or not Nordea has been used for tax evading business

(Hansen, 2016a). Sander and Torp's statements show internal discrepancy about how and what to communicate to the public. Moreover, the press release published the day after on April 4<sup>th</sup> also contradicts Torp's statements by claiming that: *"Our tax advice policy and ethical standard are clear: we do not encourage or facilitate tax schemes of our customers that are regarded as tax evasion. We help our customers to pay the tax they should by reporting to the authorities"* (Appendix 2). At this stage Torp is not able to say if Nordea has been implicated in tax evading business while Sander and the press release and press comment claim innocence.

Furthermore, Torp states in an interview with Politiken brought on Monday 4<sup>th</sup> of April that Nordea manages some administrative tasks for their customers in relation to the law firm Mossack Fonesca and that the service is no different than other services they provide for customers (Hansen, 2016b). Later that same day, CEO and president Casper von Koskull (Koskull) announces to Swedish television that Nordea will terminate all collaboration with Nordea and that they regret they did not implement precautionary measures before 2009 (Blichert, 2016). Torp's statement tries to justify Nordea's collaboration with Mossack Fonesca by diminishing the collaboration's extend whereas Koskull's statement settle with the collaboration altogether. The statements come with short intervals indicating a limited internal communication about response strategies.

Furthermore, there is discrepancy between the fact that Nordea plea their innocence and simultaneously initiating an internal investigation suggesting that they might have some responsibility for the crisis (Appendix 2).

The lesson learned is that it is difficult to communicate externally when the internal communication and expectations is out of step. Overall Nordea's response strategy show signs of misalignment, discrepancy and confusion and one is tempted in assuming that Nordea representatives did not know themselves what was up and down in the case.

### **Be open**

As earlier stated in the theory frame openness means availability to the media, willingness to disclose information and honesty (Coombs, 2015, p. 134).

As mentioned earlier Nordea respond in a timely fashion to the medias accusation. Firstly, Sander gives an interview to DR's documentary "Det store skattelæk". Secondly, press releases inform about the situation from Nordea's perspective. Lastly, Torp and Koskull

comment on the situation in interviews to different news media. Accordingly, it is argued that Nordea act according to Coombs recommendation about being available to the media. Furthermore, Nordea seem to be informative. In an interview with Koskull he states that: *“We will be open and transparent in this case”* (Ulveman, 2016). Accordingly, Nordea expresses a wish to be as informative as possible. However, in the beginning of the crisis they mainly respond to the information they are presented to and at some points it even seems like they appreciate the information they are presented to by the media: *“If new things show up that indicate that things have not been alright then I will welcome it”* (Secher, 2016).

Accordingly, it is argued that they balance the struggle between the legal perspective for limited disclosure and the public relations perspective for full disclosure well to begin with (Coombs, 2015).

The crisis shows no implications of Nordea being dishonest. However, they are reluctant with proactively bringing information into play. According to Coombs it is rarely neither possible nor advisable to give full disclosure and thus it is argued that it is not expected of them to bring new information into play if not requested (Coombs, 2015, p. 135). Legal obligations and company policies are as a starting point solid foundation for limited disclosure but they should address information that already is accessible in the public domain.

However, when findings, concerning the Russian management in Nordea channeling millions of kroners in to tax havens, is uncovered, they plea to limited disclosure as they claim that information about customers and employees are confidential and secured by company policy (Hansen, 2016d). Nordea comments: *“Our management in Russia has confirmed that all information has been reported to the Russian tax authorities”* (Hansen, 2016d).

### Content of Nordea’s crisis response

Coombs suggest that the content of crisis communication be subject to evaluation and preparation as clear communication is essential in a crisis (Coombs, 2015, p. 139). Furthermore, Coombs divides content into three categories. In the following section

Nordea's crisis response content will be analyzed by looking in to: *Instructing information, adjusting information and reputation management*.

Nordea responds to Coombs recommendations by instructing information to their stakeholders. In their press releases from respectively April 4<sup>th</sup> 2016, June 17<sup>th</sup> 2016 and July 20<sup>th</sup> 2016 they inform stakeholders about factual circumstances concerning how to restore business as usual. In the press release from June 17<sup>th</sup>, they claim that their compliance department will grow in order to restore issues concerning AML and KYC (Appendix 4). In the press release from July 20<sup>th</sup>, Koskull list a number of initiatives to address the deficiencies that appeared after the investigation of Nordea Private Banking (Appendix 5).

Furthermore, Coombs suggest to adjust information so that stakeholders know the *what, when, where, why, and how* of the crisis (Coombs, 2015, p. 142). A *corrective action* is recommended so that the stakeholders know what is being done to prevent a similar crisis from happening again. Nordea inform about such corrective actions in their press release from June 17<sup>th</sup>. They claim that their compliance department is expected to grow in the attempt to eliminate deficiencies within the KYC and AML areas.

Furthermore, adjusting of information include expressing compassion and sympathy for the *victims, nonvictims* and *voyeurs* of the crisis. DR's interview with Sander broadcasted on April 3<sup>rd</sup> 2016 show no signs of compassion or sympathy towards their stakeholders. According to an article on K-Forum, Sander's performance was as a deterrent to others (Kforum, 2016). He shows no compassion for the situation as he is grinning fatuously throughout the interview. Furthermore, the interview does not leave an impression that Nordea is aware of the magnitude of the crisis and the public's anger towards them as Sander make room for a joke about illegitimate actions (Kforum, 2016).

However, it seems they learn from their mistake as they hereafter change tune to a more compassionate approach. The day after the DR documentary Torp states in an interview with TV 2 News that: *"Today, of course, I wish we had made that decision before. It would have been better for our bank, for our customers and society"* (Ida Andersen, 2016). However, it is argued that Nordea does not comply with they

Nordea seem to be challenged regarding reputation management. It seems as if they have had a problem understanding when to use a certain strategy in the crisis situation. A thorough analysis of the stakeholder's attribution of responsibility will be conducted in the following chapters. However, at this point in the thesis it is argued that Nordea did not consider their stakeholder's attribution of responsibility to the magnitude that is required when considering the content of the crisis responses.

### Nordea's credibility and prior reputation

A crisis occurs when stakeholders question a corporation's actions in a given situation (Coombs, 2015, p. 152). Accordingly, it is up to the stakeholders to decide whether they believe the information that is available to them or not and so trustworthiness is Nordea's goodwill towards their stakeholders (Coombs, 2015, p. 151). In this connection, Coombs claims that during a moral crisis, stakeholders support what is most believable or credible and thus it is beneficial for Nordea if they have a portion of their stakeholders' goodwill storage in the "bank" (Coombs, 2015, p. 153).

According to Coombs, credibility is composed of expertise and trustworthiness (Coombs, 2015, p. 151). Expertise means how much the corporation knows and how competent they appear to be. Expertise can be juxtaposed to control and according to Coombs control includes having accurate and complete information about the crisis and disseminate knowledge in credible manner (Coombs, 2015, p. 152).

Similarly trustworthiness is consistent with compassion (Coombs, 2015, p. 152). Moreover, Coombs claim that *"a trustworthy corporation is truthful and ethical and considers how its actions will affect its stakeholders"* (Coombs, 2015, p. 151).

Nordea's actions are questioned by a string of news media. The apparent reason for doubting Nordea is the hard evidence that ICIJ sat on, documenting that Nordea was particularly implicated in helping customers construct offshore businesses. Nordea's changing statements during the first period of the crisis indicate internal confusion and lack of control. Nordea's lacking effectiveness and confusion indicate a limited knowledge about the crisis' circumstances and the information that ICIJ had.

Furthermore, Nordea prospers by their mission to deliver returns with responsibility making them far more vulnerable to the media's accusations as they are a matter of moral

and ethical opinions (Nordea, 2017). However, the leaked documents say differently, as they question Nordea's ethical stance. Accordingly, this creates a gap between the their stakeholders' expectations and Nordea's actions ultimately resulting in a breach of trust and a decrease in their credibility.

According to Politiken, Nordea was given a record high fine on 30 million Swedish kroner in 2013 and the maximum fine on 50 million Swedish kroner in 2015 by the Swedish FSA (Hansen, 2016f). The fines are results of investigations showing that Nordea did not follow regulations regarding anti-money laundering (KYC). Furthermore, the Danish FSA conducted a similar investigation in June 2015 also demanding higher standards and efficiency levels on compliance areas within ALM and KYC (Appendix 4). It is argued that previous warnings and fines from respectively Swedish and Danish FSAs are fertile soil for a bad reputation. Nevertheless, Nordea has had positive experience dealing with precarious situations in the past. They were one of the only banks who came out of the financial crisis in 2008 with a redeemed reputation. Consequently, this might have resulted in little public awareness about the bank's doings hereafter, and also taking into consideration that other major banks in Denmark, such as Danske Bank, has suffered significant crises.

Nordea's decreasing credibility and prior reputation is relevant to analyze as both play a significant role when preparing a crisis communication strategy. The reason for this is the fact that stakeholders attribute responsibility to a crisis in proportion to a corporation's credibility and prior reputation. Their low credibility makes it harder for Nordea to communicate believable information as Coombs claim that stakeholders are more likely to believe corporation's side of the story if they are credible (Coombs, 2015, p. 154). Low credibility towards their stakeholders including media can worsen their reputation as crises blazing up in media are considered as top news. Consequently, stakeholders question Nordea's credibility and role in the Panama-Papers case as they are disposed to support what is most believable and creditable to them (Coombs, 2015, p. 153).

Furthermore, a good prior reputation is beneficial in a crisis situation. A good reputation can function as a shield to protect the corporation from damage (Coombs, 2015, p. 154). Nordea's reputation has been stagnant and without any alarming wheeling. According to an article in Berlingske Business Nordea's reputation has been spotless up until now (Lønstrup, 2016). However, the fact that they were given warnings from respectively the



Swedish FSA and the Danish FSA a year before the crisis might give marks on a spotless reputation. The warnings ultimately resulted in a fine from the Swedish FSA. Nordea's low credibility and prior reputation is, therefore, a general indicator of a higher crisis responsibility.

The following section will analyze the level of attribution of responsibility by taking a closer look at the context in which the crisis enroll.

## Coombs' Situational Crisis Communication Theory

### Nordea's reputational threat

The previous chapter accounted for Nordea's credibility and previous reputation and forms the basis of the following chapter which purpose is to assess Nordea's reputational threat. Before analyzing Nordea's crisis communication strategies, the current chapter will take a closer look at chosen elements of the context a crisis enroll. The components include *crisis type*, *crisis history*, and *prior reputation*. These elements should all be considered when framing the actual crisis response.

The leaked Panama-Papers exposed Nordea's extensive role in helping some of their customers set up offshore structures in tax havens. The documents indicated Nordea was playing an active role in the matter as they assumedly collaborated with Mossack Fonesca and was responsible for some administrative tasks for their customers. According to experts, the concept of offshore structures has a limited legitimacy. They are only legitimate in very complex cases, and they are often considered more suspicious than actually having a legitimate purpose. It can be questioned to what extent Nordea new about the offshore structures used for tax evading business, but it is argued that a large, transnational bank and well-reputed bank as Nordea should question the purpose of these offshore structures. The fact that they also had clear policies concerning AML and KYC should also reflect knowledge about the sensitive matter of dealing with offshore structures.

Accordingly, Nordea's crisis type can be characterized as an organizational misdeed. However, it is also relevant to assess intensifying factors such as crisis history and prior reputation in order to determine Nordea's attribution of responsibility with the purpose of measuring their reputational threat. According to Coombs a string of prior and similar

crises will intensify the reputational threat in the current crisis. Nordea does not have a history of having experienced such crises. In fact they came out of the financial crisis in 2008 and 2009 without severe damage on their reputation (Lønstrup, 2016). In continuation, Nordea's prior reputation is considered a small to moderate threat. As touched upon in the previous chapter they came out of the financial crisis making ends meet (Lønstrup, 2016). However, warnings and fines given by the Swedish and Danish FSA only a few years before the crisis may have dented their image a bit, but it is questionable how big an effect the warnings and fines has had on the public as no crisis had started yet. Nevertheless it can be argued that the financial sector's reputation also has had an effect on Nordea's reputation. Ever since the financial crisis, banks have struggled to repair their image. According to an article in Berlingske Business the financial sector's image can be juxtaposed to the tobacco industry: *"Banks must realize that the media and the media's audience today regard banks with the same doubts and negativity previously seen only in the coverage of the tobacco industry and cancer as well as the fears of radioactivity in connection with emissions from nuclear power stations"* (Rode, 2013).

Professor in Corporate Communication, Cees Van Riel, describes how sector images can influence a corporate image as corporate images will create an overall mosaic of images that can be juxtaposed to a sector image as: *"images at different levels influence each other"* (van Riel, 1995, p. 75). Consequently, the financial sector's bad reputation can therefore influence Nordea's image and reputation.

Taking the crisis type and the intensifying factors such as the financial sector's image into consideration Nordea is placed in Coombs' preventable cluster as stakeholders' causal attribution will go towards a high crisis responsibility (Coombs, 2014, p. 150).

However, one thing is what the theories tell us. Another thing is how corporations actually perceive the context the crisis arises in and how they actually act towards the crisis.

### Nordea's crisis response strategies

The previous chapter provided a fundamental analysis of Nordea's reputational threat. The following chapter will conduct a thorough analysis of Nordea's crisis responses in a given period. The analysis's purpose is to get a deeper understanding of their strategic crisis communication choices.

Before analyzing Nordea's crisis response strategies, I will present a timeline over the bank's communication. The timeline is illustrated below, in a table, provide information about when specific statements from Nordea are communicated, to what media the information is given, and what dates the information is published. Accordingly, it works as an overview of Nordea's different response strategies. It should be noted that the chosen responses are a relative selection of a wide array of published statements and thus the range of information is a product of my perception of the crisis.

		DENIAL	DIMINISHING	REBUILDING	BOLSTERING
<u>April 3rd 2016</u>	Press release	Denial			Reminding
	DR1 dokumentar "Det store skattelæk" Thorben Sander	Denial	Justification		Reminding Ingratiation
<u>April 4th 2016</u>	Politiken Jonas Torp	Scapegoating	Justification		Reminding
	Facebook post	Denial	Justification		
	Press release Casper von Koskull	Denial	Excusing		
	TV2 News article Jonas Torp		Excusing		
	TV2 News article Casper von Koskull	Scapegoating	Justification		
<u>April 5th 2016</u>	Politiken Casper von Koskull	Scapegoating	Justification		
<u>April 7th 2016</u>	Berlingske Business Jonas Torp	Scapegoating Denial	Justification Excusing		Victimage
	Press meeting in Stockholm Casper von Koskull Snorre Storset	Scapegoating Denial	Justification Excusing		
<u>April 13th 2016</u>	Jyllandsposten Bank manager Torben Laustsen	Scapegoating Denial	Justification		Victimage
<u>May 10th 2016</u>	Nordea press release			Compensation	
<u>June 5th 2016</u>	Politiken Email from Nordea	Denial			
<u>July 20th 2016</u>	Nordea press release	Denial		Apology	Reminding

Model 6. Own creation based on Coombs' response strategies

Crisis response strategies both include verbal aspects and nonverbal aspects directed towards the crisis (Coombs, 2014, p. 144). Coombs, (2015) divides the crisis response strategies into *accounts* that are statements or action used to explain a particular behavior in a crisis. The purpose with accounts and as such crisis response strategies is to mitigate and repair reputational damage from a crisis.

Coombs' SCCT organizes response strategies by determining whether the communication intends to change perceptions of the crisis or the organization in crisis (Coombs, 2014, p. 146). I will analyze Nordea's crisis response using the SCCT to evaluate whether they managed to handle the crisis following their stakeholder's expectations.

Nordea's first statements are particularly important to the overall crisis communication effort as Coombs, (2015) claims that first impressions are important as they contribute to stakeholders' perception of the corporation's communication performance effort (Coombs, 2014, p. 130). The chapter is a chronological analysis of Nordea's crisis responses.

#### **April 3rd, 2016:**

##### **"Nordea adhere all rules and regulations in this area."**

Nordea initially responds to the crisis with a press release claiming that they follow all rules and regulations concerning tax legislation: *"Nordea adheres all rules and regulations in this area"* (Appendix 1). According to Coombs Nordea's statement adheres to the denial postures thus the statement is a denial strategy as they more or less refute claims that a crisis exists: *"We do not encourage or contribute to tax-related structures that are considered as tax evasion"* (Appendix 1). Furthermore, they apply a bolstering posture in the form of a reminding response strategy. They claim that they: *"At the end of 2009 Nordea International Private Banking in Luxembourg began to take proactive measures that were more extensive than both rules and regulations together with the sector's standards to prevent abuse for tax evasion"* (Appendix 1). The asset for using a reminding strategy is the addition of positive information about Nordea. In the statement, they claim that they already took the precautionary measures to avoid being used for tax

evading business. Nordea's crisis response indicates a wish to remove any connection between the crisis and themselves.

Sander first responds to the accusations in an interview with DR. The interview was broadcasted in the documentary "Det store skattelæk" on April 3<sup>rd</sup>. Sander dismisses all allegations concerning Nordea helping customers set up offshore structures and perpetrating tax evasion.

*"Everything we in Nordea take part in is within the framework of the law and within our ethical guidelines"* (Secher, 2016). According to Coombs, Sanders statement in the interview can also be considered a denial response strategy. The response is unmistakable as Sander uses a "stay on message" strategy to prove his point. The interview leaves an impression of statements being rehearsed and thus less credible to the stakeholders.

Furthermore, Sander also uses a bolstering posture again reminding of the precautionary measures implemented ultimo 2009.

However, the interview with Sander does not only have character as a denial posture with attribution of bolstering. It is argued that he also uses a diminishment posture in the form of a justifying strategy as he tries to justify the bank's behavior by promising to act if it turns out that there is a problem: *"If new things show up that indicate that things have not been alright then I will welcome it. Then we must take note of that, and we will take it seriously. As a bank, we must endure being examined. It seems as if there is a serious matter to be investigated. If you have anything that suggests we are involved, then we need to investigate it and defend it"* (Secher, 2016). Furthermore, he applies yet another bolstering strategy in the form of ingratiation as he welcomes new information about dissatisfactory circumstances.

All in all, the interview shows signs of two primary response strategies namely denial and diminishment and secondary strategies such as reminding and ingratiation.

## April 4th, 2016

### "Service like so many others."

Politiken publishes an article on April 4<sup>th</sup> featuring an interview with Torp. The article reveals that there has been an intense correspondence between Nordea and Mossack Fonesca that indicates a well-established collaboration between the two counterparts. Torp admits to Nordea administrating some tasks for customers concerning Mossack Fonesca

and states that it is a *"service like so many others"* (Hansen, 2016b). However, he adds that they do not have a formal collaboration. The statement looks like a diminishing strategy justifying their actions by saying that the service related to Mossack Fonesca is not different from other services they provide their customers.

Torp also uses a bolstering strategy by reminding once again about the precautionary measures implemented in 2009: *"At the end of 2009 we decided Nordea to start asking questions to our customers so we were sure that our customers pay the tax they should"* (Hansen, 2016b). When asked if it means that everything has been in order about Panama corporations and taxes since 2009 Torp answers, *"No I have never said that. I stated that in 2009 we initiated a line of initiatives that gradually over the years have given us a better feeling that everything was as it should be and today we are confident that everything is, as it should be"* (Hansen, 2016b). The statement can be considered as a diminishment strategy in the form of justification as he first claims that they are sure their customers pay taxes. However, the justification is quickly exposed in being empty as he subsequently says that he is not sure whether or not they do. He contradicts himself when trying to diminish the problem by displaying something as categorical that finally becomes less categorical when he changes statement right after.

Furthermore, he explains that: *"It shows that Mossack Fonseca has understood the message that Nordea does not want to use Panama companies for tax evasion. We are glad that MF has understood that"* (Hansen, 2016b). Torp's statement has a scapegoating nature to it as he dismisses Nordea's role in constructing the so-called shadow companies and simultaneously imply that Mossack Fonesca is the generator for this type of business.

All in all, the interview illustrates a simultaneous use of many different crisis response strategies. According to Coombs mixing response, strategies should be limited to a few combinations. A combination of denial and diminishment strategies or denial and rebuilding strategies is contrary and thus a limitation (Coombs, 2015, p. 150). It seems as if Torp use all means available to defend Nordea's reputation from public attack as he uses a diminishing strategy while denying contemporary tax evading action by using a scapegoating strategy and lastly he uses a bolstering strategy by reminding about proactive measures going beyond the requirements. Overall the interview shows more signs of trying to diminish the crisis than actually denying it.

### **"We have started an internal investigation "**

Monday April 4<sup>th</sup> late morning, Nordea post a renewed press release on their Facebook commenting on the latest accusations. The Facebook post included a comment claiming that they will review their procedures to make sure everything is complied with (Appendix 6, Facebook post). It is argued that an investigation is an act of a diminishing posture. Initiating an investigation might imply that Nordea is acknowledging some part in the crisis even though they are holding on to denial postures claiming that they are not responsible. As such they are sustaining a denial strategy and at the same time trying to diminish the extent of the crisis by announcing that they will initiate an investigation.

By Monday afternoon Nordea withholds a denial strategy but in a renewed press release CEO and president Casper von Koskull (Koskull) further comments on the accusations: *"...we are sorry that we did not have the procedures in place earlier"* (Appendix 2). The press release commenting on the accusations from the media differ from the original published the day before as Koskull's comment adds a sense of acknowledgment concerning responsibility. Nordea now acknowledges that they should have implemented proactive measures from an earlier stage. However, the press release still withholds a denial strategy but also try to diminish the extent of the crisis by excusing that they did not initiate the procedures at an earlier stage.

Nordea's Danish spokesman Torp second Koskull's comment in an interview with TV2 news saying that: *"Today I wish we had made that decision before. It would have been better for our bank, for our customers and society"* (Ida Andersen, 2016). Torp's statement is a diminishment strategy as he acknowledges some degree of responsibility and like Koskull tries to excuse the circumstances by saying that they should have started procedures earlier.



**"We will stop collaboration with Mossack Fonesca because of what I have heard in the last ten days"**

Monday evening the tune changes. TV 2 News write that Koskull in an interview with the Swedish television channel SVT, announces that all future collaboration with Mossack Fonesca will be terminated: *"We will stop collaboration with Mossack Fonesca because of what I have heard in the last ten days"* (Blichert, 2016). The statement takes form as a diminishment strategy as Koskull tries to justify Nordea's behavior by taking action. Breaking all collaboration with Mossack Fonesca indicate that they are taking action and doing something about the situation and thus acting by Coombs recommendations about taking action to address the crisis (Coombs, 2014, p. 129). Simultaneously they are dissociating from Mossack Fonesca and thus making them scapegoat. By dissociating Nordea rises above the Mossack Fonesca and thus justifies themselves. Accordingly, the statement is a diminishment strategy in the form of a justification and simultaneously a denial strategy in the form of scapegoating. Hence Koskull uses two primary response strategies to plead his cause.

**April 5<sup>th</sup>, 2016**

**"We must record the fact that the company is in a gray zone where Nordea does not want to be"**

Torp seconds Koskull's termination statement in an article brought in Politiken: *"We have reviewed everything earlier, so we have been sure everything was alright. But with the things we have seen in the media about relations between Mossack Fonesca and some of their customers, we must record the fact that the company is in a gray zone where Nordea does not want to be"* (Hansen, 2016c). The statement is a combination of a denial strategy using scapegoating to place responsibility on Mossack Fonesca while also diminishing the crisis as they justify themselves by pointing towards Mossack Fonesca. With his comment, he is implying that Mossack Fonesca soiled Nordea.

April 7<sup>th</sup>, 2016

**“We have to make sure that they comply with rules and pay taxes but it is a vast area used by all who operate in this industry”**

Thursday, April 7<sup>th</sup> Nordea in Stockholm hosts a press meeting. Representatives at the press meeting are respectively Koskull, Head of Wealth Management Snorre Storset (Storset) and Head of Wholesale Banking Erik Ekman. The press meeting's purpose is to comment on the recent media reporting. The three representatives are put to the test, and a lot of explaining is required. Especially after the Swedish TV program *Uppdragsgranskning* the night before revealed how Nordea assumedly lent money to a Russian construction project in Moscow where the money was transferred to tax haven for a Kazakh oligarch and going around Russia (Olsen, 2016b). The mounting pressure on Nordea calls for desperate measures in top management and Koskull comment that: *“We have to make sure that they comply with rules and pay taxes but it is a vast area used by all who operate in this industry”* (Olsen, 2016b). He uses a scapegoat denial strategy as he starts pulling down other banks. Furthermore, he diminishes Nordea's role in the crisis by raising Nordea above the other banks.

Koskull adds that: *“We will be transparent in this case”* (Ulveman, 2016). This statement also falls under the category diminishment strategy as he justifies Nordea by saying that they will be open in this case and that nothing will be swept under the carpet.

Storset is also allotted time for speaking: *“We never recommend our customers to set up an offshore company. But we have helped with administrative tasks in this regard if the customer has wanted it”* (Olsen, 2016b). The statement is an explicit denial in the form of a scapegoating strategy. Storset also tries to remove focus from the bank using a dangerous move attributing guilt to some of their customers.

Koskull confirms ones again that collaboration with anyone that is border on will terminate: *“If we are associated with someone who operates in a gray zone, we will terminate the collaboration”* (Olsen, 2016b). The statement is a diminishment strategy as he tries to justify Nordea by leaving an impression that they act responsibly by terminating all collaborations that are implicated in unethical business.

Koskull also expresses disappointment during the press meeting reinforcing a minimal responsibility for the crisis: *"I am disappointed and before I can feel ashamed I need to make head or tail of this"* (Olsen, 2016b). The statement is a diminishment strategy with a justifying character thus the statement indicates that he is not aware of all details and therefore he is not able to give any answers as to if he feels remorse.

### **"We do not want to be associated with such a company"**

In an interview with Berlingske Business Torp uses a denial strategy *"We only knew about it from the journalists, and they only told us little"* (Olsen, 2016a). Furthermore, the interview shows signs of diminishment postures by excusing and justifying the dating-back of loan documents as if Nordea has not contributed. Torp also uses scapegoating about Mossack Fonseca and accentuates the fact that the company talked openly about tax evasion. Interestingly, he mainly notes, that it is a problem that there is an open communication about tax evasion as if it did not mean anything if it was concealed (Olsen, 2016a).

The interview also shows attempts to excuse their actions by denying any intention to harm: *"we do not want to participate,"* and thus the statement is placed itself in Coombs' diminishment posture by implying that Nordea's business ethics is at a higher level (Coombs, 2015, p. 145). Again, the interview shows signs of some denial about the degree of collaboration formalization and yet also a diminishment in the form of justification, because Nordea assumedly had refused a formalized collaboration previously. But in reality, it seems to be a substantial collaboration, and thus the interview takes form as a semantic discussion about when something formalizes. It is likely that no formal agreement existed about which customers should be referred to Mossack Fonesca. If that was the criterion, it might be maintained that there was no formalized agreement about collaboration.

Torp also uses diminishment and justification about customers. He implies that it was the customer's responsibility to pay taxes and that they had just assisted with some routine banking transactions. He adds that: *"already a few days ago"* they said that they could not contribute to this kind of business (Olsen, 2016a). The statement has character as if it is going back for years. A justifying attempt to make it sound as if actions had been achieved a long time ago. He continues claiming that the reason they could not help was that *"it*

*was just too cloudy for every day that passed"* (Olsen, 2016a). Accordingly, he implies that the cloudiness came from external sources such as the media. As such he uses a justification and attempts to victimize Nordea because they had only helped with some banking transactions. The message is that Nordea is unfairly dragged down by the press and come dubious customers, and the same goes for the press that has swirled up a lot of dirt. This way he is scapegoating both groups. All in all, the interview with Torp leaves an impression that Nordea is a victim of both Mossack Fonesca and their customers' actions. However, they see it as their obligation to clean up the mess mainly created by others, thereby demonstrating Nordea's responsible attitude.

### April 13<sup>th</sup> 2016

During the Danish Parliaments hearing, Nordea's bank manager Torben Laustsen (Laustsen) acknowledges that they should have done more to fight tax evasion and that they should have initiated proactive measures earlier (Jørgensen, 2016). Furthermore, he dissociates from the deeds and claims they will investigate whether there is hold of the accusations. Thereby Coombs', (2015) denial strategy together with a diminishment strategy in the form of a justification is once again put to use (Coombs, 2015, p. 145). Once again it is stated that Nordea does not want to be used for tax evading businesses.

Furthermore, Laustsen state that Nordea has initiated an internal investigation in Luxembourg. In case there are mistakes and deficiencies in the system the bank will make precautionary measures (Jørgensen, 2016).

Torben Laustsen justifies the bank's passivity about the customers' tax evasion by claiming that it previously was not their task to secure that the customers paid the tax they were obliged to (Jørgensen, 2016). In accordance, he mentions that the claim first came later. By arguing that, Laustsen abdicate responsibility for the actions and simultaneously making the customers scapegoat.

Laustsen also maintains that Nordea initiated precautionary measures in 2009 so they could specify information about their customers on the authorities request but also express regret that they did not implement the anti tax evading business from an earlier point (Jørgensen, 2016). Again, justifying Nordea by sticking to the 2009 implementations and

thus using Coombs', (2015) diminishment strategy (Coombs, 2015, p. 145). In continuation, he adds that they suffered from customer attrition as a consequence clearing out in the bank's activities. The ladder is an attempt to gain the public's affection, as he uses Coombs', (2015) bolstering strategy making them look like a victim of the events.

### May 10<sup>th</sup> 2016

On May 10<sup>th</sup> a press release is published on Nordea's web page. The press release is an announcement of the new Head of Group Compliance and member of Group Executive Management (Appendix 3). It is argued that the press release is a contribution to some degree of a rebuilding of Nordea's reputation as they try to comply with their stakeholders by using a corrective action that will leave the impression that the situation is under control (Coombs, 2015, p. 142). The press release also appears to have a diminishment posture as it can be argued that the action of hiring a new Head of Group Compliance is an attempt to justify one's actions.

### June 5<sup>th</sup>, 2016

**“Our management in Russia has confirmed that all information has been reported to the Russian tax authorities”**

On June 5<sup>th</sup> Politiken brings an article revealing new findings that suggest that Nordea management in Russia is implicated in money laundering (Hansen, 2016e). Specifically, the accusations concern the revelation of an executive vice president in Nordea's bank in Russia asking a Nordea colleague to date-back loan documents making them look one and a half year older than the case. The purpose was unmistakably channeling 7,4 million kroner from an anonymous shadow company into Russia around the authorities (Hansen, 2016e).

What makes the case even more precarious is the fact that Koskull held the chairmanship in Russia during the time of the happenings.

The new accusations breed new questions. However, Nordea seem to keep quite while waiting for the results of their internal investigation. According to an article brought in Politiken Nordea replies the new accusations in an email: *“Our management in Russia has confirmed that all information has been reported to the Russian tax authorities”* (Hansen,

2016d). The statement is a denial strategy claiming that everything is within rules and regulations as information has been passed on to the Russian authorities.

With the new revelations, a new communication strategy is put to use. Nordea suddenly keeps quiet and does not wish to inform why Koskull left the chairmanship and nor do they want to give an interview about the Russian executive vice president. However, they inform that: *"Nordea no longer employs the mentioned person and we neither can nor will comment on individual customer relationships or personal relationships with former employees"* (Hansen, 2016d). According to Coombs, (2015), the statement is a limited disclosure as they plead to legal obligations as information about individual customers and former employees might be covered by privacy laws or involve company policies (Coombs, 2015, p. 135). Coombs, (2015) recommend a balancing between limited disclosure and full disclosure. It is important to do the equation on how much you can disclose. The key is to say as little as possible yet reveals everything the corporation know about the crisis (Coombs, 2015, p. 134).

## July 20<sup>th</sup> 2016

**"However, I'm disappointed that the investigation shows that the implementation was insufficient. That is not acceptable"**

On the 20<sup>th</sup> of July, a press release commenting on the report regarding the investigation of Nordea Private Banking is sent out to the public (Appendix 5).

The press release once again remind of the 2009 regulations going beyond what was market practice or required by law at the time of the implementation and is as such a bolstering strategy.

Koskull, however, expresses his concern about the regulations not being effectuated:

*"However, I'm disappointed that the investigation shows that the implementation was insufficient. That is not acceptable"* (Appendix 5). It is argued that the statement is an attempt to rebuild their reputation by expressing some sort of regret and remorse that their implementation were insufficient.

However, he is content with the fact that the investigation did not show evidence that employees in Nordea proactively contributed to tax evasion. This is considered a sort of

denial, as he claims that Nordea did not actively contribute to channeling money into tax havens.

Lastly, he recognizes on behalf of the bank that Nordea must go beyond the letter of the law and meet expectations from stakeholders to gain trust and withhold a *raison d'être*. To do so a list of initiatives has been made suggesting some sort of rebuilding strategy.

The press release shows that Nordea does not fully acknowledge responsibility for contributing to tax evading business. However, it is argued that they are also trying to rebuild their reputation as the investigation in itself and the measures that are taken to address the findings of the inquiry are "*designed to offset the adverse effects of the crisis*" (Coombs, 2015, p. 147).

### Sub-conclusion

Nordea's choice of Coombs', (2015) crisis response strategies and the inconsistent use of different response strategies testify an internal misalignment and confusion concerning what strategy they should choose in order to conform to the established expectations. It is estimated that Nordea's response does not live up to the responsibility that the stakeholders ascribe to them. By the previous crisis response analysis, the balance of evidence suggests that Nordea failed in evaluating their reputational threat. The analysis of the reputational threat suggests that Nordea has a high crisis responsibility. However, Nordea's choice of crisis responses indicates that they did not perceive it as such. According to Coombs, (2015) it is only suggested that the corporation use denial- and diminishment strategies when the corporation is in a crisis with none or a low attribution of crisis responsibility. Furthermore, the reminding strategy is not regarded as an effective strategy in response to preventable and severe crises such as the crisis in this case. Coombs, (2015) also recommend that the victimage strategy only be used when the corporation is a victim of the crisis and thus not in Nordea's case.

The simultaneous use of various primary response strategies makes Nordea's crisis responses seem contradictory. Coombs, (2015) suggest that denial postures be not used simultaneously with diminishment postures and rebuilding postures, thus they are contradictory in nature. Denial postures claim innocence, diminishing postures claim limited responsibility for the crisis and lastly rebuilding postures take full responsibility.

The previous analysis shows use of all of the mentioned strategies and as such Nordea's communication seem inconsistent and misaligned. It illustrates a confused bank trying to defend them tooth and nail by desperately grasping out for more or less random solutions from the toolbox that might weather the storm. Consequently, it is argued that Nordea did not live up to the stakeholder's attribution of responsibility.

## IMPLICATIONS

The leak of the Panama Papers primo April 2016 and Nordea's crisis management during the first four months of the crisis has resulted in serious implications for the bank.

To begin with, the leak of the increminating documents has fanned the flames in a heated debate concerning banks legitimacy in society. Whether it is the document's revealing nature of banks contributing to tax evasion or it is Nordea's poor crisis communication or a combination of both, that has led to an increasing customer attrition and a rebuked business is hard to say. However, it is argued that a causal connection between the crisis and customer attrition is a plausible reasoning.

Reality seems to hit hard as Nordea are bleeding customers at the moment (Iversen & Brahm, 2017). In the wake of the Panama-Papers crisis Nordea has experienced a serious increase in customer attrition. According to Nordea's annual results from 2016 they had lost 25.000 customers ultimo 2016 (Johannesson & Ritzau, 2017). Nordea's disclosure of the information came in the light of speculations flourishing in the media claiming that 40.000 customers had left the bank by the end of 2016. Furthermore, an opinion survey conducted by Voxmeter in August 2017 shows that 15.000 Danish customers has left the bank and 372.000 Danish customers are contemplating leaving the bank aswell (Iversen & Brahm, 2017). The customer defections is a symptom of a decreasing customer satisfaction (Johannesson & Ritzau, 2017). Peter Lybecker says to Berlingske Business:

*"Everyone knows we have been challenged on customer satisfaction. We are working hard to get back on track and get better customer satisfaction but it is a long hard slog"* (Kailay, 2017).

The increasing customer attrition is an indication that Nordea's image is suffering from the crisis and an image and reputation decrease that can take years to rebuild. Accordingly, it does not benefit Nordea that financial service companies' popularity is in decline. Hence



sector image can influence corporate image (van Riel, 1995). According to Voxmeter, the Danish supplier of consultancy services and public opinion polls, we see a broad decline in the popularity of financial service companies, perhaps most notably in retail banks. Including a score for the favorability of individual retail banks. Notably, favorability scores for four out of the six banks plunged, with Nordea scoring the lowest. Danske Bank and Jydske Bank have also experienced an increase within the last year. This shift may harken back to the financial crisis of 2008/09 where it seems significant distrust was born for financial institutions. It is also likely the result of greater transparency in the age of digitalization.

However, for Nordea it is an ethical deroute that is rooted in the Panama-Papers, money laundering and offshore structures.

The NGO, Amnesty International Denmark, have followed the example and left the bank a year after in April 2017. The dismissing of Nordea was based on its breach of ethical and morale obligations to society *“Its one of the important reasons to change. We must live up to the principles we advocate for”* (Ritzau, 2017). Furthermore, general secretary in Amnesty Denmark, Trine Christensen (Christensen) state that:

*“We review all our suppliers to ensure that we also act ethically in action. Here the banking sector is important because many in the industry argue ethics more than they live on”* (Ritzau, 2017).

The statement is clear. So is the action. Amnesty International shifted bank from Nordea to Merkur Bank. In addition the message from Christensen implied window-dressing and confirming a narrative about banks being the big bad wolf in society.

As such the discussion concerning Nordea’s customer attrition keeps turning back to problems regarding image and reputation. As portrayed in the comparative analysis their stakeholders looked upon Nordea’s actions as morally and ethically wrong. Hereafter followed a crisis management that according to the previous analysis deserved a medal for inconsistency and crisis responses that did not align with the stakeholders-, victims- and nonvictim’s expectations.

The following chapter will discuss how Nordea failed to fulfill their stakeholder’s expectations in the crisis.

## THEORETICAL DISCUSSION

The previous chapter outlined the implications of the crisis and identified two important issues that are inseparably linked and that Nordea should take serious and act upon in order to regain a *raison d'être*. As argued earlier, the increasing customer attrition is in fact a casual consequence of a tarnished image and reputation released by the Panama-Papers crisis.

Crisis communication is not just a matter of choosing the right strategy. It is about choosing the right strategy in the given context. Communication should be substantial; meaning that context, such as knowing your business, your customers, ethical stance and weaknesses is essential to practice good crisis communication.

As the analysis shows, there is a discrepancy between the stakeholder's attribution of responsibility and the responsibility level Nordea attribute to themselves. This was expressed through their choices of crisis communication responses. The analysis showed that Nordea treated the crisis as if they had a low attribution of crisis responsibility. This was expressed through their choice of a persistent denial strategy. Also it showed that Nordea was not consistent in their choices of responses implying an internal confusion about how to handle the crisis. It is possible that Nordea did not do a thorough analysis of their target audience and how the victims and nonvictims perceived the content of the crisis. The message of Nordea's communication, claiming that they adhere to all rules and regulations and reminding of their 2009 implementations, and the ignorant tone that is expressed in the Interview with Sander imply otherwise. It is questionable whether Nordea actually considered how the public perceives the crisis. However, it is argued that this is an important factor to counter in, as Coombs claim that it is the perception of stakeholders that defines an event as a crisis (Coombs, 2015, p. 3). From a social constructivist perspective, an individual, or in this case Nordea are bound to create their reality through different experiences in lifetime. However, it is argued that Nordea must try to put themselves in the stakeholder's shoes in order to repair damage, as a crisis exists as a consequence of stakeholder's perception of reality.

Some of the issues Nordea are experiencing concerning customer satisfaction indicates that the power configuration between corporation and customer has become more symmetrical. This means that the customer has become a key player for the banks.

Danske Bank is a great example of a bank that understood the value of customer satisfaction and customer awareness. That might even be the reason why they have been able to rise after their many crises. They have tried to transform their way of thinking and doing business completely. However, they as well as Nordea are limited, as they need to make a profit. This way, doing business as a bank has changed and is still developing. An example of a change is the fact that customer can change bank easier than ever before. We now see the logic from the telecoms industry flourish in to the bank industry. As such technology has opened up for multiple opportunities while at the same time creating challenges for banks, as they are more vulnerable to loosing customers. It only takes a push on a button. This development means that they have to focus on maintaining their customers on price while focusing on exercising good customer service.

However, as stated in the analysis *content of Nordea's crisis response*, Nordea does not emphasize the importance of showing compassion for their stakeholders, and the stakeholder's perception of the crisis. The reason for this may be that they did not listen to their stakeholders. It is argued that Nordea should have asked what in fact they were being criticized for. What were the charges against them? This would have probably resulted in a whole different crisis response. However, Nordea insisted on denying any wrongdoings using legal and fact-based arguments that did not appeal to the public. The media coverage of the crisis and the public's statements talked about ethical standards and violations against a moral and ethical benchmark, ingrained in normativity in society. Accordingly, it is argued that the public does not care that Nordea has a modest legal base for their actions. To them it is a matter of moral and ethical questions going beyond legal authority and that is rooted in a higher normative level of what is perceived as socially acceptable in the contemporary society. Furthermore, a lack of compassion and sympathy towards the stakeholders substantiates the narrative about banks being the big bad wolf in society (Rode, 2013).

The analysis of Nordea's crisis communication imply that that they did not see the new imperatives in society suggesting that you need to be tidy and have ethical standards incorporated in the core business. Legitimacy and social responsibility has permanently become more important to corporations and also to banks. An ecological wave, suggesting that, ethics have become a hygienic factor for corporations in order to gain legitimacy in society, has washed in and will continue to challenge corporations until they acknowledge

the importance of ethical decision-making. Green, (1989, p. 634) states in this connection that:

*“As we look to the future, we have to remember that a company, like an individual, is an accountable moral agent. And I believe our commitment to ethical behaviour has to be continuous if we are to manage in the longer term”.*

If a bank has adverse ethics, then it is highly possible that customers will not do business with them. Accordingly, that is what Nordea is experiencing, and thus it is argued that they did not see this movement, suggesting an ethics of business. Even though it appears from their sustainability report from 2016, that they had established a Business Ethics and Value Committee (Nordea, 2015, p. 4).

Simola, (2003) discusses the ethical approach in corporate crisis management. The field has received limited attention, and as such the article has its limits in elucidating how corporations and crisis management should approach crises with an ethical mindset. Nevertheless it is argued that her conversation concerning *Ethics of Justice* and *Ethics of Care* can contribute with new perspectives on how to deal with some of the issues Nordea experienced during the crisis.

The ethical approach is about the moral habitus of those responsible in the corporation. They have a responsibility that can either be expressed through *justice* or *care*. Justice is about respect for others including Nordea's customers and other stakeholders. Care is about a personal relation and solicitude. Accordingly, the idea with ethics of justice and ethics of care is that crisis management can influence the crisis development through ethical values or the lack of it (Simola, 2003). In Nordea's situation ethics of justice is a more applicable approach in their corporate crisis communication. Consequently, Nordea should question whether the crisis management has respect for the stakeholders and if their actions reflect an ethical habitus that the public can perceive as appropriate in relation to the implications of the crisis.

Specifically, Simola refer to the psychologist Kohlberg's *theory on morale reasoning* when elaborating on the ethics of justice approach (Simola, 2003, p. 352). Kohlberg's three stages identify different ways in which people can justify actions. The model is originally applicable on individuals, however Simola, (2003) uses the model in a corporate context to explain ethical approaches to communication.

Pre-conventional stages are about consequences for the individual person (Simola, 2003, p. 353). Conventional moral decisions comply with legislation and norms in society, and post-conventional moral decisions additionally have an ethical substructure that cannot be formulated in laws or conventional norms, hence it is about humanity, social responsibility, charity, and responsibility to community (Simola, 2003, p. 353). It is argued that Nordea is in the conventional stage, and that they are lacking ethical substructure. The reason for this is the fact that they have strived to measure up to legislation, however noted that they exploited legal loopholes by helping customers set up offshore structures. Nevertheless, a visible and substantial ethical substructure is not salient in this case, even though an internal investigation was initiated and that they hired an external law firm to do the investigation. Simola, (2003) argues that the ability to demonstrate impartiality and to reason in the abstract is considered characteristics of fairness in crisis management. However, Nordea could have done more to meet the customers at eye level to reach a post-conventional level. Actively approaching the customers during the crisis and trying to understand the customers by asking what they expect from their bank and what could be done differently. Engaging the customers could benefit Nordea and make the customers feel appreciated and valuable.

It may also be argued that a pre-conventional level for some employees is present. The argument is grounded in the fact that management in Nordea might have known about the offshore businesses being used for tax evasion. This however is hypothetical and may never be answered, but in this case it is argued that some of the management must have known what was going on.

If Nordea was to place themselves in a post-conventional level it could have consequences for their business, as they have competitors that may not have the same high ideals concerning ethical stances and moreover it is not even sure that the customers will hold on to the ideals concerning ethics as the business might be better in the bank next door.

NGO's are examples of organization that can fully live up to the principles of a post-conventional level, but it is argued that there is a tendency and it might even be a trend pointing towards a post-conventional ethic of justice approach.

In the previous chapter the implications of the crisis was accounted for. It explained how not only private customers are fleeing the bank, but also NGO's such as Amnesty Denmark

has dismissed the bank because of ethical stances. General secretary Christensen state that:

*“We review all our suppliers to ensure that we also act ethically in action. Here the banking sector is important because many in the industry argue ethics more than they live on”* (Ritzau, 2017).

The statement is clear. So is the action. Amnesty International shifted bank from Nordea to Merkur Bank. The final straw was the revelation that Nordea had been used to launder a three-digit multi million sum in the Baltic. According to Christensen members and other significant shareholders of Amnesty International Denmark have directed attention to the ethical conflict of being a banking customer in a bank that is involved in money laundering. In addition, the message from Christensen implied window-dressing, comprehending a divergence between rhetoric and reality, and is confirming a narrative about banks being the big bad wolf in society. The statement from Christensen could indicate that stakeholders are demanding more from corporations than the hollow sound of CSR. Paulet, Parnaudeau, & Relano, (2015) agree, arguing that the practice of CSR is merely used by banks as window-dressing and that it questions the pertinence of the concept of CSR. In Nordea’s sustainability report from 2015 they prospers by responsible investments and in their CEO statement Koskull writes that: *“We are strengthening our compliance culture and bolstering our efforts to combat financial crime”* (Nordea, 2015, p. 4). Furthermore, he ensures that policies within compliance areas are clear and that they are applied on a daily basis:

*“We have established a Business Ethics and Values Committee to instill a strong group wide culture that fosters high ethical and professional standards and ensures policies clearly guide decision-making and conduct in daily business. We see this as crucial to our business sustainability and long-term value”* (Nordea, 2015, p. 4). Long-term value to whom? In continuation of the argument that CSR have become an empty shell, it is reasonable to question whether Nordea’s sustainability program works as a Biedermeier trying to portray a glossier picture of reality. It is argued that environmental aspects of corporations and as such CSR should go beyond minimum legal compliance. The pipe dream being that corporations focus on finding new ways of contributing to society in parallel with the focus on contributing to the sake of profit and value maximization. However, Nordea’s ambiguity lies in the fact that they prospers by claiming being ethical and responsible and then reality hits with the leaked Panama-Papers saying otherwise.

Paulet et al., (2015) Argue that banks should focus more on what they do, and try to explain how they do it, rather than focusing on what they say.

CSR must sting deeper than a string of public promises from corporations. To succeed in implementing and incorporating successful CSR it is, therefore, necessary to do CSR that is morally and ethically aligned with norms in society.

Paulet et al., (2015) suggests “*Going beyond the CSR logic*”. The article explains how banks have reacted differently to a new business environment that is created as a consequence of the financial crisis in 2008. They divide banks in *conventional banks* and *ethical banks*. Nordea is placed in the conventional bank category C (Paulet et al., 2015, p. 204). Paulet et al., (2015) explain how category C and B under conventional banks are above all profit-maximizing institutions. However, points out Nordea as a bank reputed for being committed to society in terms of CSR but with a profit oriented approach (Paulet et al., 2015, p. 205). According to Paulet et al., (2015), ethical banks are the only banks that have achieved to go beyond CSR. Merkur Bank is an example of such a bank having high ethical standards. A distinction between the two bank categories is that ethical banks are less prepared to take risks, furthermore they avoid investing in complex cases that involve great risk (Paulet et al., 2015, p. 201). Paulet et al., (2015) also points out the fact that conventional banks only have one bottom line that is screening financial performance whereas ethical banks have three bottom lines. The question is whether a bank such as Nordea can reform their business model in the attempt to go beyond CSR. This would inquire a decent balance between profit maximization and ethical practices. This is easier said than done, thus Nordea is accountable for a lucrative business and still have responsibility towards shareholders by providing a positive bottom line. Nevertheless, shareholders also have an interest in seeing their bank behave in an ethical manner (Green, 1989, p. 633).

Paulet et al.,( 2015) also recommend structural modifications of a banks business model in order to become more ethical. As such the focus should be moved from strategic moves to structural changes. It can be argued that Nordea should in fact focus more on their structural changes in order to actually walk the talk.

By using a denial strategy Nordea is not responding to the ethical matters of helping some customers construct offshore businesses with the purpose of hiding money in tax havens.

Coombs' framework helps make sense of ambiguous contexts. However, by nature it glosses over contextual intricacies. The framework can merely serve as a tool for understanding the circumstances, but there is always more to it than a framework. Too much information results in ambiguity that in consequence will lead to imperfect understanding of a given situation. The theory helps make sense of the Panama-Papers crisis, but by nature cannot give a comprehensive understanding of the matter at hand. For this reason, after applying theory to come to a rough knowledge of what happened, contextual circumstances need to be analyzed more deeply. As such it is difficult to say whether Nordea's crisis response can be put into boxes as Coombs recommend. There are a lot of different factors to consider and that should be considered. Thus a clean denial strategy may not be recommended, as they also have to maintain a lucrative business. Nevertheless it would be beneficial for Nordea to answer to the ethical questions at stand. Using an ethics of justice approach when dealing with a crisis could do this. Lastly it is argued that a crisis like the one Nordea was/is experiencing can be a great opportunity for an organization to bring their values and business ethics up to a higher level. This way Nordea has obtained a great opportunity to raise the foundation of the bank activities to a higher level.



## CONCLUSION

This thesis's result is based on a social constructivist approach, and thus the findings of the examination are a product of my selection of specific empirics and focus of context. As such the thesis' results and conclusion is a product of my perception of the case and as such not a definite truth.

Nordea's crisis communication was analyzed with Dr. W. Timothy Coombs' crisis communication theory, Situational Crisis Communication Theory. His framework is contextual and thus he is occupied with the idea that crisis responses should reflect the crisis situation.

The analysis of Nordea's crisis communication showed that they did not succeed in making an appropriate crisis communication. The findings showed use of denial strategies, throughout the given time period, in the form of denial and scapegoating. Moreover a use of diminishment strategies such as justification and excusing was represented during the time period. To the end of the developing crisis the findings show a small indication of rebuilding strategies, and lastly they applied the bolstering strategies reminding, ingratiation and victimage in correlation with the other primary strategies. The use of all three primary strategies at the same time and over a short amount of time is never appropriate. Accordingly, Nordea's communication became contradictory in nature. Nordea's circumstances also indicated a high attribution of responsibility. Accordingly, they should have acted according to Coombs, (2015) and employed a strategy that was consistent with their stakeholder's attribution of responsibility.

In order for Nordea to succeed with their crisis communication and repair the damaged image and reputation, an ethical dimension of communication and an ethical approach to the banking industry is discussed. The discussion portrayed an ethical wave in society suggesting new undertakings for a bank such as Nordea. Thus Nordea's crisis communication suggests that they did not see a change in society demanding more ethical business practices. The discussion also argues that Nordea was not fully capable of giving an unconditional apology. This was due to the fact that they have to retain a competitive advantage and provide a positive financial bottom line. Furthermore the discussion presents ideas and solutions on how Nordea and the financial sector should approach

crises in a complex and contemporary society. Accordingly it shows how crisis management can benefit from using an ethics of justice approach in a crisis and thereby strives to minimize the damaging effects of a crisis. Moreover it is suggested that Nordea and banks in general go beyond CSR as the phenomenon tend to be an act of window-dressing rather than a substantial and honest affair. Accordingly, Nordea and conventional banks in general should reform their business model with the purpose of focusing more on structural changes rather than strategic change, for instance by initiatives to improve customer relations, with the purpose of elevating the bar of ethical standards. This would contribute to reestablish credibility and customer relations.

## **FUTURE IMPLICATIONS**

This thesis engaged in a case study of the Nordea Panama-Papers crisis initiating in April 2016. The case study examined how Nordea handled their crisis communication, within the first four months, and how they should set to work, using communicative practices in order to repair a tarnished reputation and secure their legitimacy and *raison d'être*. The examinations were made on the basis of scientific articles, articles from online news magazines and theoretical books. This secured a fundamental knowledge concerning Nordea and their stakeholder's perception of the crisis. However, this thesis is a cut corner of wide array of perspectives to examine the case.

The case could also have been examined from the notion that crisis types are dynamic. Crises can change over time or potentially become *dobbelt* crises, depending on the perception of a crisis. A crisis may, therefore, have a great attribution of responsibility, to begin with, but as the crisis progresses and as a two-way communication between corporation and stakeholder evolves, the crisis type can change character to a crisis with a moderate crisis responsibility. An example of this could be if there are circumstances that made the focus of Nordea's crisis change because there are new revelations that show others involved. Another example may be lawsuits or investigations that put the crises on standby because the surrounding world is waiting for results and because publicity is not at its highest in the media or on social media. However, the company must be aware that

the crisis type can change back to a crisis with a strong attribution of responsibility again, when the results of the investigation appear or when a court suit has been delivered.

When a company has made their crisis communication, it is sent to different stakeholders such as media and customers, etc.. Crisis communication is based on the corporation's circumstances and what the corporation knows. When a message has been externally communicated to the stakeholders, a reaction is expected. The stakeholders' responses then create new information for the company that it can use to reevaluate the crisis communication for the development of new communication strategies. This process illustrates a circular movement where the corporation shifts between transmitting information and transforming communication in proportion to the surroundings and stakeholders. Stakeholder communication during a crisis is important to evaluate and assess what kind of communication is suitable. As such case study could also have focused on stakeholder theory and other communication frameworks such as Frandsen and Johansen, as they work with a multi vocal access and not only focus on the corporation's communication but also consider the stakeholders' voice. As such it is suggested that a thorough stakeholder examination could open up to new findings.

This case study found that the Nordea Panama-Papers crisis was an organizational crisis. However, as it is established that crises are dynamic, and that they have the potential of becoming a dobbelt crisis the case could also have been further examined. This thesis established that Nordea's reputation has suffered during the crisis. This was also expressed through communication on social media. As such it could be interesting to examine how and if the crisis evolved further on social media. The critique concerning Nordea's crisis management could mean that the Panama-Papers crisis develops from being a crisis concerning morale and ethical questions about tax evasion, offshore structures and money laundering to a shit storm and dobbelt crisis on social media, criticizing Nordea's handling of the crisis. The question then arises if Nordea would benefit differently from using another crisis response strategy.

## LITTERATUR LIST

- Andersen, I. (2013). *Den Skinbarlige Virkelighed - vidensproduktion i samfundsvidenskaberne* (5th ed.). Frederiksberg C: Samfundslitteratur.
- Andersen, I. (2016, April 4). Nordea-talsmand erkender: - Vi skulle have reageret før. *TV 2 News*. Retrieved from <http://nyheder.tv2.dk/business/2016-04-04-nordea-talsmand-erkender-vi-skulle-have-reageret-foer>
- Atkinson, L. (2015). Good Corporate Citizenship: Predictors of Support for Corporate Social Justice as an Element of Sustainable Citizenship Norms in Europe. *International Journal of Communication*, 9, 3223–3244.
- Blichert, J. (2016, April 4). Nordea dropper samarbejde med omstridt advokatfirma i Panama. *TV 2 Nyheder*. Retrieved from <http://nyheder.tv2.dk/business/2016-04-04-nordea-dropper-samarbejde-med-omstridt-advokatfirma-i-panama>
- Bryman, A. (2012). *Social Research Methods* (4th ed.). Oxford University Press.
- Coombs, T. (2014). *Ongoing Crisis Communication. Planning, managing, and responding* (4.). London: SAGE Publications.
- Coombs, T. (2015). *Ongoing Crisis Communication. Planning, managing, and responding* (4.). London: SAGE Publications.
- Flyvbjerg, B. (2006). Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2), 219–245. <https://doi.org/10.1177/1077800405284363>
- Green, C. F. (1989). Business Ethics in Banking. *Journal of Business Ethics*, 8(8), 631–634. Retrieved from <http://rdcu.be/vntj>
- Hansen, J. (2016a, April 3). Nordea står bag skattelyselskaber. *Politiken*. Retrieved from [http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/art5617550/Nordea-staar-bag-skattelyselskaber](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/art5617550/Nordea-staar-bag-skattelyselskaber)

- Hansen, J. (2016b, April 4). Nordea: Vi lader os ikke bruge til skattesnyd. *Politiken* . Retrieved from  
[http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/art5617545/Nordea-Vi-lader-os-ikke-bruge-til-skattesnyd](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/art5617545/Nordea-Vi-lader-os-ikke-bruge-til-skattesnyd)
- Hansen, J. (2016c, April 5). Nordea kulegraver alle off-shore forretninger. *Politiken*. Retrieved from  
[http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/art5617744/Nordea-kulegraver-alle-offshore-forretninger](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/art5617744/Nordea-kulegraver-alle-offshore-forretninger)
- Hansen, J. (2016d, June 5). Panama papers: Nordea-direktør smuglede millioner ud af skattely. *Politiken*. Retrieved from  
[http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/art5624718/Panama-papers-Nordea-direktør-smuglede-millioner-ud-af-skattely](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/art5624718/Panama-papers-Nordea-direktør-smuglede-millioner-ud-af-skattely)
- Hansen, J. (2016e, June 6). Nordea har igennem flere år ikke efterlevet hvidvaskreglerne. *Politiken*. Retrieved from  
[http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/article5624737.ece](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/article5624737.ece)
- Hansen, J. (2016f, June 17). Meldt for hvidvask: Finanstilsynet sparker til liggende Nordea. *Politiken*. Retrieved from  
[http://politiken.dk/oekonomi/fokus\\_oekonomi/panama\\_papers/art5626424/Meldt-for-hvidvask-Finanstilsynet-sparker-til-liggende-Nordea](http://politiken.dk/oekonomi/fokus_oekonomi/panama_papers/art5626424/Meldt-for-hvidvask-Finanstilsynet-sparker-til-liggende-Nordea)
- Hermann, C. (1963). Some Consequences of Crisis Which Limit the Viability of Organizations. *Administrative Science Quarterly*, 8(1), 61–82. Retrieved from [http://www.jstor.org/esc-web.lib.cbs.dk/stable/2390887?sid=primo&origin=crossref&seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/esc-web.lib.cbs.dk/stable/2390887?sid=primo&origin=crossref&seq=1#page_scan_tab_contents)
- Horn, U. (2015). Nordea-formand: Europa er i deep shit og folk er idioter. *Børsen Finans*.

Retrieved from [http://finans.borsen.dk/artikel/1/303652/nordea-formand\\_europa\\_er\\_i\\_deep\\_shit\\_og\\_folk\\_er\\_idioter.html](http://finans.borsen.dk/artikel/1/303652/nordea-formand_europa_er_i_deep_shit_og_folk_er_idioter.html)

Iversen, C., & Brahm, K. (2017, August 24). Nordea bløder kunder i "skræmmende" omfang: 15.000 kunder har forladt banken og 372.000 overvejer at følge trop. *Finans*. Retrieved from <http://finans.dk/finans2/ECE9810985/nordea-bloeder-kunder-i-skraemmende-omfang-15000-kunder-har-forladt-banken-og-372000-overvejer-at-foelge-trop/?ctxref=ext>

Johannesson, T., & Ritzau. (2017, January 27). 25.000 kunder har sagt farvel til Nordea i 2016. *Børsen*. Retrieved from [http://finans.borsen.dk/artikel/1/338951/25000\\_kunder\\_har\\_sagt\\_farvel\\_til\\_nordea\\_i\\_2016.html](http://finans.borsen.dk/artikel/1/338951/25000_kunder_har_sagt_farvel_til_nordea_i_2016.html)

Jørgensen, S. A. (2016, April 13). Nordea-direktør: Vi burde have kæmpet imod skattely tidligere. *Jyllands-Posten*. Retrieved from <http://jyllands-posten.dk/politik/ECE8580320/nordeadirektoer-vi-burde-have-kaempet-imod-skattely-tidligere/>

Kailay, S. S. (2017, April 27). Berlingske Business. *Berlingske Business*. Retrieved from <http://www.business.dk/finans/nordea-mister-fortsat-kunder-i-danmark>

Kforum, R. (2016, April 6). Grin ikke smørret i en DR-dokumentar om skattefusk. *Kforum*. Retrieved from <http://www.kommunikationsforum.dk/artikler/Nordea-Private-banking-forklarer-Panama-skandalen-for-den-undrende-befolning>

Lønstrup, A. (2016, June 9). Nordea og Nykredit på kæmpe nedtur. *Berlingske Business*. Retrieved from <http://www.business.dk/oekonomi/nordea-og-nykredit-paa-kaempe-nedtur>

- Nordea. (2015). *Sustainability report 2015*. Retrieved from <https://www.nordea.com/Images/34-102713/Nordea-Sustainability-Report-2015.pdf>
- Nordea. (2017). Mission and Vision. Retrieved from <https://www.nordea.com/da/vores-serviceydelser/kapitalforvaltning/om-asset-management/mission-and-values/>
- Olsen, S. M. (2016a, April 7). Det blev simpelthen for grumset, for hver dag der gik. *Berlingske Business*. Retrieved from <http://www.business.dk/finans/det-blev-simpelthen-for-grumset-for-hver-dag-der-gik>
- Olsen, S. M. (2016b, April 7). Nordea-top efter Panama-læk: Andre banker gør det - og kunderne ønskede det. *Berlingske Business*. Retrieved from <http://www.business.dk/finans/nordea-top-efter-panama-laek-andre-banker-goer-det-og-kunderne-oenskede-det>
- Paulet, E., Parnaudeau, M., & Relano, F. (2015). Banking with Ethics: Strategic Moves and Structural Changes of the Banking Industry in the Aftermath of the Subprime Mortgage Crisis. *Journal of Business Ethics*, 131(1), 199–207. <https://doi.org/10.1007/s10551-014-2274-9>
- Rasborg, K., Olsen, P. B., & Fuglsang, L. (2014). *Videnskabsteori i samfundsvidenskaberne - På tværs af fagkulturer og paradigmer* (3rd ed.). Frederiksberg : Samfundslitteratur.
- Ritzau. (2017, April 30). Etik får Amnesty til at fyre Nordea som bankforbindelse. *Berlingske Business*. Retrieved from <http://www.business.dk/finans/etik-faar-amnesty-til-at-fyre-nordea-som-bankforbindelse>
- Rode, E. O. (2013, January 22). Bankernes image på niveau med tobaksindustriens. *Berlingske Business*. Retrieved from <http://www.business.dk/finans/bankernes-image-paa-niveau-med-tobaksindustrien>
- Secher, M. (2016, April 5). Her er Nordeas mange skiftende forklaringer om Panama-firma. *TV*

2 *Nyheder*. Retrieved from <http://nyheder.tv2.dk/business/2016-04-05-her-er-nordeas-mange-skiftende-forklaringer-om-panama-firma>

Simola, S. (2003). Ethics of Justice and Care in Corporate Crisis Management. *Journal of Business Ethics*, 46(4), 351–361.

Ulveman, M. (2016). Nordea-top gentager forsvar i Panama-skandale. Retrieved April 10, 2017, from <http://www.business.dk/finans/nordea-top-gentager-forsvar-i-panama-skandale>

van Riel, C. B. M. (1995). *Principles of Corporate Communication*. London: Pearson Education Limited.