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The role of formal and informal institutional pressures in local gatekeepers' responses to international product recalls.

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ABSTRACT

Product recalls are omnipresent and unavoidable in the global marketplace. Despite the financial losses, brand equity damage, and the hazard to consumer health they impose there is little multidisciplinary international research on the phenomenon. A growing number of studies are investigating the impacts of product harm crises and the recalls and providing valuable implications, but little has been done to address the determinants of organisational behaviour and decision making during the product recall.

The purpose of this thesis is to conduct an investigation into the role of local New Zealand gatekeepers and their interaction with international brands during an international product recall. I also investigate the institutional environment in which these firms operate in, and the influence it subjects to their product recall strategies and processes. Because of the lack of empirical research on international product recalls in the extant literature, a qualitative interpretative methodology based on semi-structured interviews is employed.

Findings suggest that in the event of a potential product harm crisis leading to product recall in New Zealand, home country regulatory institutions take a collaborative approach with focal firms involved in the recall process. The gatekeeper orientation towards the customer, environmental institutional pressures (coercive and normative), and gatekeeper risk avoidance influence the gatekeeper to initiate preventative recalls. Furthermore, in face of a potential product harm crises, where the local gatekeeper is the dominant organisation, coercive institutional pressure to initiate a preventative recall is exerted towards the partnering international brand. In a severe international product harm crisis leading to product recall, normative institutional pressures encourage the local gatekeeper to initiate preventative product recalls and alongside the international brand, undertake proactive recall strategies. Whereas in ambiguous recall situations, mimetic institutional pressures encourage the local gatekeeper to initiate preventative product recalls and alongside the international brand undertake proactive recall strategies. I propose that in environments of weak formal institutions, informal institutional pressures play a greater role on gatekeeper and international brand recall strategies and processes. Traceability and supply chain knowledge are found to be vital in effective international product recalls.

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"Dyfal donc a dyrr y garreg"

- Welsh proverb -

TABLE OF CONTENTS

CHAPTER 1 – INTRODUCTION

1.1 Background

Product harm crises are now omnipresent in the global marketplace with incidents wide-ranging and in the public eye, recent examples range from car radiators and tyres to unhygienic food products. "Growing complexity of products, more stringent product safety legislation, and more demanding customers, product-harm crises are expected to occur ever more frequently" which can critically lead to substantial negative consequences (Kathleen Cleeren, Harald J Van Heerde, & Marnik G Dekimpe, 2013). Often consequently to product harm crises are product recalls in which the defective product(s) are retrieved from the shelves and withdrawn from all distribution channels. Product recalls carry the potential to be damaging to brand and stock equity, tarnishing firm reputation and quality perceptions leading to market share losses (Chen, Ganesan, & Liu, 2009; Hora, Bapuji, & Roth, 2011; Ketchen, Wowak, & Craighead, 2014). Due to the increased frequency of product recalls and the growing complexity of global supply chains managing product recalls are becoming an increasing priority for many firms.

Prior literature has conducted conceptual and empirical studies in the domains of organisational crises (Pearson & Clair, 1998; Shrivastava, 1993) and product harm crises leading (Dawar & Pillutla, 2000; Siomkos & Kurzbard, 1994) product recalls (Chen et al., 2009; Hora et al., 2011). However, inadequate integration and limited cross-disciplinary studies have been conducted, especially considering the psychological, social-political, and technological-structural domains inherently captured in crises phenomena (Pearson & Clair, 1998). I suggest that in today's business climate, the next logical step is the inclusion of international and cross-cultural studies.

This thesis attempts to explain the role of key actors, such as the international brand and the local gatekeeper, in an international product recall. The interaction between these actors and how their recall strategies and processes are influenced by the institutional environment is also investigated. Thus, this thesis aims to address the barely touched-upon international aspect in the presently under-researched area of the product recall phenomenon, utilising key insights on institutional factors in crisis situations. The international aspects that this thesis explores are particularly valuable given that supply

chains and brand presence are becoming increasingly global. As firms/brands continue to expand to overseas markets, evaluating how institutional differences and various intangible international factors is particularly fruitful not only to international business literature but to crisis management, strategic management, and supply chain management research.

Prior literature has explored product harm crises and product recalls from the perspective of the supplier or manufacturer as the main focal firm, yet there is little literature examining recalls from the standpoint of a market distributor, retailer, or other market-related actors. These perspectives would be particularly interesting because they are often the interface between the product (including the product defect/hazard) and the consumer (and their attribution of culpability). This research will depart from the conventional wisdom introducing the gatekeeper perspective to product harm crises scenarios. The Gatekeeper perspective is useful as it provides an insight to comprehensively understanding and evaluating intermediary roles of actors in a market which is particularly relevant given international contexts often mandate intermediary operators to bridge home and host countries (Gao, Knight, Yang, & Ballantyne, 2014; H Gao, M Ren, J Zhang, & R Sun, 2016; J. W. Spencer & A., 2003).

Moreover, the research will leverage the institution-based view which provides a rich framework to base our understanding of the formal and informal institutions which govern firm and individual behaviour in home and host countries.

1.2 Research objectives

The primary objective of this thesis is to investigate the role of international brands and local gatekeepers in international product recalls, paying particular attention to how these supply chain entities navigate the international and institutional landscape. Product recalls are on the rise and are an inevitable part of conducting business (Berman, 1999; Roth, Tsay, Pullman, & Gray, 2008).

With growing globalisation and more internationally sourced products, supply chains are increasingly complex, and products are reaching markets institutionally different from their home country origin (Manuj & Mentzer, 2008). However, despite product harm crises damaging brand equity and potentially having a negative impact on consumer

wellbeing, there is barely any international product recall literature, surprisingly even across multiple scholarly disciplines.

In order to garner a holistic view of international product recalls, it was necessary that this thesis was built upon real-world data and experiences. Furthermore, to differentiate characteristics of an international product recall from a purely domestic recall it was also critical that this thesis utilised theoretical standpoints that could encompass host and home country nuances however tacit and intangible these may be. Therefore, the main objectives of this research are:

    i.   Grow an understanding of international product recalls that encompasses home and host country factors, and allows the development of related propositions

    ii.   Examine the roles of formal and informal institutions on international product recalls

    iii.   Investigate the roles of local gatekeepers and international brands in an international product recall

1.3 Structure of the study

Following this introduction, the study summarises and reviews product recall literature across multiple disciplines in Chapter 2. Chapter 3 then introduces and reviews the gatekeeper perspective as a contribution towards the product recall domain. Next, Chapter 4 the presents the means of addressing the research question by introducing the institution-based view. Chapter 5 contains the research methodology. It details the sample, interview process, and the analytical technique used in this study. Chapter 6 follows with the interview data results and analysis. The interview findings are discussed in Chapter 7. Finally, the study concludes in Chapter 8 with the research, policy, and managerial implications, the limitations of the study, and the suggestions for the future direction of international product recall research.

CHAPTER 2 – PRODUCT RECALL LITERATURE

This chapter reviews the current state of product recall literature across multiple disciplines, such as in the fields of crisis management, operating management, marketing, supply chain management, and international business.

2.1 International crisis management

An organisation's reputation is an important asset despite not being reported in financial reports (Ashcroft, 1997). Damage to an organisation's reputation can reasonably be extrapolated to substantial financial damage that may threaten firm survival (Coombs & Holladay, 1996). Therefore, successful crisis management and the response strategies involved can protect firm reputation. Crisis management provides firms with an organised response to crises which in turn allows an organisation to continue its daily operations (Darling, 1994). Particularly challenging is the way in which crisis management is handled between countries, in domestic markets, and even between firms (Eliasson & Kreuter, 2001; Khodarahmi, 2009).

What defines a crisis in international business is dependent on numerous variables, such as: the nature of the event, the importance of the issue to national and foreign governments and policy, the impact on other firms and industries, the impact on individuals and their interpretation of events, and firm capabilities and response actions (Darling, 1994). However, each crisis is unique and comes with their own difficulties and challenges. Thus, this thesis delves into the domain of product-harm crises and in particular the product recall phenomenon.

2.1.1 Product-harm crises

"Product-harm crises are discrete, well-publicized occurrences wherein products are found to be defective or dangerous" (Dawar & Pillutla, 2000, p.215). Furthermore, product-harm crises are commonplace in today's global market. Prominent examples from the past two decades include contaminated Coca-Cola in Belgium, salmonella poisoning in peanut butter in the United States, and an industry-wide melamine adulteration in infant milk powder in China. These crises can have a hefty impact on the affected companies,

others in the industry, and society overall (Darling, 1994). Product harm crises can affect the entire product category or a subset of the category and often prompt product recalls. These can be on a voluntary basis or forced upon the affected organisation(s) by government regulators (involuntary/mandatory recall).

Product-harm crises are of particular interest to academic researchers and practitioners as they are "omnipresent in today's marketplace" (Kathleen Cleeren et al., 2013, p. 58). These crises can destroy carefully nurtured brand equity leading to massive losses in revenue and market-share, and therefore need to be addressed and understood (Chen et al., 2009; K. Cleeren, H. J. Van Heerde, & M. G. Dekimpe, 2013; Thirumalai & Sinha, 2011). Furthermore, product-harm crises are phenomena that often transcend national borders and can wreak havoc in international markets. International brands and multinational enterprises (MNEs) now serve consumers in worldwide markets through complex supply chains (Houlihan, 1985). Product harm crises are akin to dropping a stone in water, the ripples will be felt across the pond.

Finding prompt solutions for diffusing market-share attrition is "one of the most pressing problems faced by business leaders in the midst of a wrenching product-harm crisis" (Siomkos & Kurzbard, 1994, p. 30). From the analysis of these conventional imperatives, a new understanding of product-harm crises is called for as an over-reliance on "conventional wisdom… may actually increase difficulties rather than abate them" (Siomkos & Kurzbard, 1994, p.40). The degree of managerial success is emphasised on the recognition and flexibility in responding to subtleties in crisis variance that "may well mean the difference between a crisis overcome and one that has exceeded its initial boundaries" (Siomkos & Kurzbard, 1994, p. 41).

Moreover, academic research thus far has mostly focused on identifying either the ill effects of product-harm crises or the corporate-level strategies in product-harm crises (Van Heerde, Helsen, & Dekimpe, 2007; Xie & Keh, 2016). However, in comparison, the effects and strategies of product-harm crises on firms within related industries, product categories, and country of origin are far from comprehensively researched. An issue and clear gap in product harm crises literature is the lack of sufficient use of theoretical perspectives that account for international firms and actors. Furthermore, despite international incidents being studied - such as the Matell product recall of 2007 in which over 21 million toys recalled, the majority were supplied from China (Anwar, 2014) - the

studies rarely provide perspectives that can encompass and explain home and host country institutions and tend to be locked within a domestic context. Given that global supply chains are becoming increasingly commonplace in today's business world, institutional and cultural influences on supply chain members in product harm crises are in dire need of research.

2.2 Introduction to product recalls

A product recall is a process of retrieving and replacing sub-standard or defective products for consumers (Dawar & Pillutla, 2000). When a company issues a recall, the company or manufacturer absorbs the cost of replacing and fixing defective products. For large companies, the costs of repairing, replacing, or refunding faulty merchandise can accumulate to multi-billion dollar losses (Nath, 2015). The company liable for the cost of the recall is often under contention and may be subject to litigation. For example, following a 2013 precautionary recall by New Zealand dairy company Fonterra, lab tests identified *Clostridium botulinum* possibly contaminating infant formula and sports drinks, which was discovered to be a false alarm, French food giant Danone cancelled supply agreements and launched a $980 million NZD lawsuit against the dairy co-op. A point of contention was Fonterra's liability was limited to $32 million NZD in its supply agreement with a mere contingent liability of $14 million for recall. An international arbitration tribunal ordered Fonterra to pay $183 million to Danone (Reuters, 2014; Underhill & Smith, 2017).

Recently, car manufacturers Toyota (TM), General Motors (GM), Honda (HMC), and Volkswagen (VW) have suffered the embarrassing consequences of product recalls (Nath, 2015). Not only affecting automobile industries, product recalls have also occurred in the food, medicine, and consumer electronics industries. Small companies, especially those without robust cash flow and brand recognition cannot survive the financial losses and brand degradation accompanying a product recall (Nath, 2015). Large companies are more likely to survive the short-term losses and may avoid long-term financial and brand equity consequences with effective crisis management (Nath, 2015). Furthermore, firms having to recall a product is a growing trend. In 2016, "CPSC staff completed 428 cooperative recalls (100 percent voluntary) of products that either violated mandatory standards or were defective and presented a substantial risk of injury to the public" (United States Consumer Product Safety Commission, 2016).

2.2.1 Precursors to product recalls

Product recall precursors are an emergent topic in strategic crisis management. Product recall precursors generally encompass scholarly areas such as process compliance, statistical process control, and total quality management which primarily concentrate on product quality, and sits within the domain of corporate risk aversion which focuses on avoidance of general liabilities and dangers that may lead to product quality failures (K. D. Wowak & Boone, 2015).

Marcus (1989, p. 233) investigated the efficacy of the market as an instrument of social control following such "dubious corporate behaviours as bribery, fraud, and the production of hazardous products". Following examination of the production of defective automobiles, the punishment of abnormal stock market returns was deemed largely insufficient to deter management from releasing defective products to market. A. J. Wowak, Mannor, and Wowak (2015) suggest that as shareholder and CEO interests in stock options can differ, higher stock options pay encourages a lack of caution in CEOs which manifests in a higher incidence of product safety problems. CEO characteristics such as tenure and founder status may dampen this relationship whereas CEO compensation may lead to higher probability of firms experiencing product recalls. Thirumalai and Sinha (2011) investigate three key issues regarding product recalls. The study empirically explores whether the financial implications as consequence of recalls are a severe enough deterrent to potentially realising defected or dangerous medical devices to the market. The study finds that on the whole market penalties for recalls and poor product quality are not severe. The magnitude of financial consequences is dependent on 'product scope, sales, growth prospects, and the capital structure of a firm' (Thirumalai & Sinha, 2011). The authors imply a learning effect as the likelihood of medical device recalls decreases with prior recall experience.

Contracts established between firms may impact product quality, leading to product recalls. As companies increasingly outsource product design and manufacturing activities to other supply chain members, improving product end-quality is an imperative that transcends a single firms' (in-house) capabilities. In interfirm relationships, to induce quality improvement efforts product recall costs can be shared between the manufacturer and a supplier (Chao, Iravani, & Savaskan, 2009). Chao et al. (2009) consider cost sharing

based on selective root cause analysis and partial cost sharing based on complete root cause analysis. The developed menu of contracts, with information asymmetry accounted for (where the quality of supplier's product is not revealed to the manufacturer), are shown to lower manufacturer cost and improve product quality. Product safety related traceability is another vital business function in supplying consistent quality products. However, traceability decisions are often made apart from routine operations management decisions. In an attempt to address this duality, Wang, Li, O'brien, and Li (2010) provided an integrated optimisation model that incorporates product safety-related traceability with operations management processes to improve traceability and manufacturing performance while minimising product quality risk factors.

Despite institutional environments and their associated punitive responses being researched in precursors to product recalls it remains an under-researched area. Market efficacy as a means of deterring dubious behaviour has been researched, yet what punitive measures, such as legal costs and government sanctions, are sufficient in deterring such behaviour are unclear. Furthermore, whether these punishments or contractual agreements are uniform across all industries or differ across industries remains an unknown. Any country level, or international institutional precursors to product recalls, are far as this researcher is aware, untouched.

2.2.2 Impact of product recall events

Van Heerde et al. (2007) find that product recalls induce a loss in baselines sales, reduced effectiveness of organisational marketing instruments, and amplified sensitivity to rival firms marketing activity. The study addresses the need to adequately quantify the impact of product harm crises on relevant marketing metrics such as sales and market share. The study provides a very disaggregate portrayal of the post-recall situation in that there is a differentiation between the incumbent organisations, recognised benefits from competitor misfortunes, differential performance implications, and the most importantly the primary finding, an induced loss in baseline sales (Van Heerde et al., 2007). These are potentially more informative to the business practitioner than aggregate indicators.

Following in a similar vein, Rubel, Naik, and Srinivasan (2011) investigate the impact of product recalls on optimal advertising. Key findings are that envisioning of a possible crisis changes managers' rate of time preference. In particular, it is suggested that

forward-looking managers anticipating a loss in baseline sales and/or long-term profitability should alter their pre-crisis advertising decision despite a crisis affecting post-crisis parameters (Rubel et al., 2011). However, the empirical findings of compensatory effects in a parametric shift (i.e following the crisis, advertisement effectiveness increases but carryover effect decreases - or vice versa) juxtapose and disagree with findings of uniform attenuation reported by Van Heerde et al. (2007). Such contradicting findings emphasise the scant empirical literature on the impact of product recall crises (Rubel et al., 2011). However, the differing results are likely to stem from the different product recall category examined – infrequent purchase - (cars) versus frequent purchase- incidence (peanut butter).

Y. Zhao, Zhao, and Helsen (2011) develop a model building on a standard consumer behaviour model. The authors relax constraints applying to consumer uncertainty allowing situations that require consumers to update their beliefs and firm perceptions as found in a product-harm crisis phenomenon. Findings include brand equity acting fundamentally as a "buffer" against negative publicity caused by the product recall, and strong brand reputation being able to more effectively survive a product-harm crisis (Y. Zhao et al., 2011, p. 266). The findings suggest that a proactive approach to recall remedy would be beneficial following a product recall. International and cross-cultural determinants or cross-cultural consumer responsiveness are not found in the study however, they are addressed as a future research direction in need of study.

Haunschild and Rhee (2004) explore the role of volition in organisational learning in voluntary and involuntary recalls. The authors found that voluntary recalls result in increased learning in comparison to mandated recalls; where learning is measured as a reduction in subsequent involuntary recalls. This is primarily due to shallower learning processes in voluntary recalls. Volition is significant for learning as autonomy increases commitment and problem-solving. While external mandates may lead to a better understanding of problems and help circumvent organisation inertia, they also tend to encourage defensive actions that are potentially detrimental to firms (Haunschild & Rhee, 2004). In continuation, Kalaignanam, Kushwaha, and Eilert (2013) consider whether firms learn from product recalls. The direct effect of product recalls on future recall frequency and their indirect effect on future product reliability are investigated. The findings suggest that the greater the recall magnitude, the greater the learning and the fewer and less severe product recalls realised in future. This effect is found to be partially

mediated by future changes in product reliability. In addition, the authors suggest a positive relationship between recall magnitude and future product reliability with particular implications for firms with shared product assets and brands of perceived (prior) high quality.

X. Zhao, Li, and Flynn (2013) delve into international aspects of a product recall by exploring the phenomena in a Chinese context. The study finds that Chinese firms congruent to Western firms experience abnormal stock returns. However, the authors imply that as the phenomena are fairly new in China, Chinese firms experience greater financial losses than Western firms. The authors also suggest that in the Chinese food industry passive recall strategies received more negative stock market reactions than proactive recall strategies.

2.2.3 Product recall process

The product recall process relies heavily on a successful strategy to effectively detect and remove the defective (etc) products from the supply chain. Despite being the "lynchpin to success", product recall process literature still remains underexplored and is considered a "black box" subject (K. D. Wowak & Boone, 2015, p.63). The product recall process is wide-ranging, demanding extensive communication and participation along supply chains and is very costly in both time and money.

Chen et al. (2009) propose that firms can utilise different types of recall processes and strategies, such as adopting a proactive, reactive, or passive recall strategy. Contrary to conventional expectations, the authors find that proactive recall strategies have a greater negative effect on firm value in comparison to more passive strategies, regardless of firm and product characteristics. It is suggested that the stock market construes proactive strategies as an indication of considerable financial losses (Chen et al., 2009). Furthermore, according to Chen et al. (2009), proactive recall processes can signal, primarily to the stock market, that the product harm crisis is particularly severe and requires rapid rectification to avoid substantial financial losses. These findings are contrary to previous literature such as studies by Dawar and Pillutla (2000) and Siomkos and Kurzbard (1994). The authors suggest information asymmetry between the organisation and the stock market. Proactive strategies act as proxies for substantial

financial losses to the stock market/investors, explaining the negative relation between firm value and proactive recall.

Hora et al. (2011, p. 766) suggest that the literature has shifted focus from "why products are recalled to why it takes so long to recall' a product. The research empirically finds that the time to recall is dependent on recall strategies (proactive vs. reactive), the source of defect (manufacturing defect vs design flaw), and the position of the firm recalling in the supply chain (manufacturer, distributor, retailer). Emphasis on external failure costs is apparent, such as the costs of meeting legal liability and repairing damage to firm reputation (Hora et al., 2011). Although product recalls can be damaging to the firm it also provides opportunities for learning. Ketchen et al. (2014) move away from the traditional viewpoint of recalls as monolithic by introducing four types or recalls which are paired with resource scenarios. The recall types are categorised as; Precise Recall; Overkill Recall; Cascading Recall; Incomplete Recall (Ketchen et al., 2014).

"International supply chains are complex, dynamic systems that are subject to large time-lags and variability in delivery" (Prater, Biehl, & Smith, 2001, p. 826). Complexity may arise from physical distances and/or institutional distances. Geographically distant markets usually increase transportation and order lead times and decrease the reliability of demand forecasts and production schedules (Stank & Crum, 1997). Supply chain agility, uncertainty, exposure, and complexity are in contention in an international supply chain. The extent of geographic areas covered by the supply chain; the political areas and borders crossed; transportation modes, number, and speed; technical infrastructure and its adoption; and random occurrences such as natural disasters can increase supply chain vulnerability and decrease agility (Prater et al., 2001). Product recalls are often associated with the globalisation of supply chains. Transaction cost economics suggests supply chain complexity will increase with globalisation and result in supply chain management difficulties (Denis, Denis, & Yost, 2002). Steven, Dong, and Corsi (2014) examine outsourcing, offshore outsourcing to foreign suppliers, completely offshoring production, and decisions to consolidate supply bases in product recall scenarios. The findings offer that offshore outsourcing has a greater impact on recalls than offshoring without outsourcing and outsourcing domestically has the least influence. Furthermore, the findings also indicate that outsourcing to a leaner supplier base may lead to fewer recalls at low levels of outsourcing however at high levels of outsourcing it may "exacerbate the impact of outsourcing on recalls" (Steven et al., 2014, p.241).

Due to growing product variety, shortening product life cycles, and increasingly difficult quality management, traceability capabilities are vital to the recall process (Van Iwaarden & Van der Wiele, 2012). Traceability capabilities, such as modern computerised traceability systems, can provide both qualitative and quantitative benefits along the supply chain, manufacturing operations and inventory and logistics activities and aide the recall process (Alfaro & Rábade, 2009). Van Iwaarden and Van der Wiele (2012) suggest the use of interactive quality control systems to counteract product proliferation and manufacturing complexity and to improve overall traceability capabilities. Furthermore, transparency and network complexity have a direct relationship with the traceability of adverse events and firms' product recall processes. The type of supply network structure (linear versus complex) are associated with barriers to traceability (Skilton & Robinson, 2009). Therefore, in international supply chains, which are generally more complex networks, having an effective interaction that facilitates knowledge between home and host country would be paramount to maintain traceability capabilities.

2.2.4 Firm strategy influence on the post-recall outcome

As product recalls announcements have been contributed to negative abnormal returns, Davidson and Worrell (1992) extend on prior research investigating firm strategy influence on the post-recall outcome. The research finds that firms that replace the product or refund the purchase price suffer greater negative abnormal returns than where firms opt to examine and repair products. Of further interest is that there is only limited evidence that government ordered recalls (mandatory) produce more negative returns than voluntary recalls (Davidson & Worrell, 1992).

Dawar and Pillutla (2000) experimentally find that an organisations' crisis management strategy influences its brand equity. The paper utilises the expectations-evidence framework over three separate studies which when taken wholly present internal and external validity. The study finds that consumers' interpretation of consumer response evidence is moderated by their prior expectations about the firm (Dawar & Pillutla, 2000). Of particular relevance is that organisational response strategies are distinguished as dichotomous, in this case being "unambiguous support" versus "stonewalling" (Dawar & Pillutla, 2000, p. 217). From a managerial and business practitioner perspective developing an understanding of consumer expectations is vital to comprehend and predict

the effects of product-harm crises on brand equity, for example, identical responses could have massively different effects on firm equity depending on consumers' prior expectation.

In a similar manner, addressing a business practitioner audience, Laufer and Coombs (2006) introduce attribution theory as means of explaining the role of corporate reputation and consumer-based cues in company strategic response to a product-harm crisis. The attribution theory perspective is based to a considerable extent on the work of Weiner (1986) and though grounded in psychological theory it has recently been translated to business literature hypothesis following strong support for its predictions (Robbennolt, 2000). Of interest to international business is the cross-cultural perspective and propositions based on national level factors the article suggests (e.g. countries with high ranking uncertainty avoidance may be more threatened by ambiguous product harm crises) (Laufer & Coombs, 2006). Building on concepts expressed by Siomkos and Kurzbard (1994), the article emphasises the differing suitability of "super effort strategy" and "voluntary recall strategy". Mostly disregarding concepts of denial and forced compliance, the authors funnel and direct more attention towards the pivotal decision between the emphasised strategies as the appropriate response following attributions of blame (Laufer & Coombs, 2006). The national level factors suggest that the nation's institutional environment influence the consumer's attribution of blame.

Consistent with Laufer and Coombs (2006), the theoretical position taken by Klein and Dawar (2004) is also grounded in attribution theory. However, the authors here utilise consumer attributions and non-market strategy in a product-harm crisis context. Klein and Dawar (2004) find that a valence-based asymmetry is suggested as a negative corporate social responsibility (CSR) image has a greater influence on attributions than a positive CSR image. Furthermore, it is found that CSR impacts firm evaluations for all consumers, but only comes into play when consumers value CSR issues as important. It is only for these consumers that attributions act as a mediator.

To counter the reduced effectiveness of their marketing instruments, increased cross sensitivity to rival firms' marketing-mix activities, and the decreased cross-impact of their marketing-mix instruments on the sales of competitors' products, firms must significantly increase their investment in advertising after a recall (Van Heerde et al., 2007). Furthermore, the greater the wrongdoing by the firm the more negative media coverage

experienced (Zavyalova, Pfarrer, Reger, & Shapiro, 2012). In addition, the 'tenor of media coverage' surrounding the focal firm is more negative if other firms in its industry recall products, suggesting negative spillover effects. Technical actions and strategies by firms post recall reduce negative media attention of their own wrongdoing. Ceremonial actions can amplify this effect but in contrast are more effective in diminishing the negative effects of industry wrongdoing in media coverage. The authors find support for a negative spillover effect, the "tenor of media coverage" surrounding the focal firm is more negative if other firms in its industry recall products (Zavyalova et al., 2012).

Kathleen Cleeren et al. (2013) extend on these prior findings, suggesting that the damaging effects of a product recall such as market-share and reputational losses can spill-over to nonaffected firms within the same industry or product category when perceived to be guilty by associated. The authors evaluate the effects of post crises advertising and price adjustments strategies on the change in consumers' brand share and category purchases. The findings suggest that firms consider both the extent of negative publicity attributed to the recall and the extent of responsibility the firms must accept for the recall when choosing post recall advertising and pricing strategies (Kathleen Cleeren et al., 2013). Reputational loss spill-over suggests that nonaffected firms are also subjected to similar institutional pressures as the focal firm. Product harm crises and the resulting product recalls can have detrimental effects on multiple firms in the supply chain. Effects may be felt way downstream, with retailers facing consumer backlash on recalled products sold at their store – far away from the international brand or country of origin (Hora et al., 2011). Of course, these ill effects may be fiscally accounted for, or covered by contract or insurance, but there may also be deterioration in inter-firm relationships and loss of good-will.

2.2.5 Determinants of recall remedy

Given the international contexts and multi-national distribution chains in play in a multitude of product harm crises and recalls, little has been done in the literature to address these significant determinants. Ahmad, Pesch, and Gulati (2015) attempt to shed light on product recall crisis implications on the whole distribution chain. A framework is proposed detailing a means of coordination across international supply chain actors; including regulatory agencies, retailers, and manufacturers (Ahmad et al., 2015). However, despite broaching a gap in the literature in need of study, the article does little

more than suggest that a "proactive" approach from all parties would be best practice. The recommendations that more independent auditors and regulatory agencies would be a welcome addition suggests the need for increased research into institutional aspects of the recall remedy process.

Xia Liu, Yong, and Ting (2016) bring a novel perspective to the literature by introducing not only the trade-off between remedy cost and consumer harm but also the additional impact of the CEO's personal incentives on product recall. Xia Liu et al. (2016, p.79) offer that beyond the basic obligation that product recalls are a means to ensure that the implicated products are not attainable by the consumer, "whether a more complete remedy is provided to consumers is influenced by the companies' incentives and goals". The incentives and goals of companies would be heavily influenced by the institutional environment they operate in. Therefore, the preferred choice of remedy is likely to differ across international/country institutions.

2.3 Chapter summary

To conclude, a clear gap in the literature exists, despite the omnipresent nature of product recalls and the implications they have on the firm. Barely any research has examined the recall remedy in detail or provided a comprehensive picture of the recall remedy. An increasing number of studies are investigating the impacts of product harm crises and recalls and providing valuable implications, but little has been done to address the determinants of organisational behaviour and decision making during the product recall. International contexts and concepts that encompass multinational dimensions remain underdeveloped although literature uses data from recalls in the firm home and host country and utilising global distribution channels. The consensus derived from most product recall-based literature is that organisational strategies are distinguished as dichotomous, being either more or less responsive in nature.

Extant literature has predominantly focused on the consumer, such as examining attributions of blame and purchasing intention following a recall, or on the manufacturer/supplier as the focal firm, such as addressing the financial implication of recalls and the restitution intention. However, an evident void exists in the recall literature. Intermediary supply chain entities and those that bridge home and host countries are not accounted for.

CHAPTER 3 – GATEKEEPER PERSPECTIVE

There are abundant "different disciplinary voices, talking in different languages to different issues and audiences" (Shrivastava, 1993, p.33) regarding the organisational crises topic (of which product harm crises are a part of). Pearson and Clair (1998) make a call to arms, arguing the need for a multidisciplinary approach to organisational crises research. The proposition of multidisciplinary approaches that reflect psychological, social-political, and technological-structural concepts should in my view be updated to include multi-national and cross-cultural approaches to reflect modern business practice. Supply chain management scholars also make the call for multidisciplinary and multi-level theorisation that capture real-world phenomena (Carter, Meschnig, & Kaufmann, 2015).

For my thesis, I propose to depart from the conventional wisdom by applying the gatekeeper perspective to a product-recall crisis. The gatekeeper perspective is extremely suitable as it's inherently international and may provide managerial implications that can transcend firm industries and product categories. One of the apparent themes in the prior product recall literature is the need to address complex supply chains that transcend home and host countries and how said supply chain entities operate in the international environment. Investigating the role of the gatekeeper and of the international brand attempts to address the need for multi-level theorisation in international supply chain management.

3.1 The Gatekeeper perspective

The gatekeeper perspective is particularly relevant to International Business Research where international actors must communicate across borders and transfer knowledge from home to host country and vice versa. This is especially true between countries with high institutional distance or those culturally different from the typical Western markets that research most often concerns. The New Zealand context in which this research is based is also well suited for the gatekeeper perspective as while it shares many cultural similarities to other Western and Commonwealth countries it proves to be a very hard market for international brands to find a footing. This is primarily down to the relatively small market size that is monopolised by local/national companies. Therefore,

gatekeepers play a fundamental role in granting international brand entrance to the market. Furthermore, local market gatekeepers aid international brands in maintaining a market presence by relaying consumer feedback and preferences to the international brands. Without gatekeepers, geographically and culturally distant markets would remain worlds apart.

Gatekeeper theory relies heavily on the view that markets are interconnected networks of exchange relationships as found in the network perspective (Håkansson & Ford, 2002). The gatekeeper perspective generally builds on the network view by emphasising the value of intermediaries in the connection of two physically distant network contexts (Guercini & Runfola, 2010). Importantly, the relationship between any two firms should not be perceived as an isolated dyad due to the evolving nature of dyadic relationships which are often influenced by other connected relationships (Håkansson & Ford, 2002). The literature on the gatekeeper perspective nonetheless has been approached from several angles.

3.1.1 Structural hole/boundary spanning

The literature identifies that gatekeepers and boundary spanners are fundamentally synonymous, often holding positions that can be understood as structural holes. Organisational boundary spanners facilitate information exchange between the firm and the external environment, resolve inter-organisational conflict, and in general play a fundamental role in facilitating interactions within the organisation, or across organisational boundaries (H Gao et al., 2016). T. J. Allen's (1977, p.420) definition of gatekeepers as "individuals who maintain consistent, ongoing contact outside their organizations, who understand the way in which outsiders differ in their perspective from their own organizational colleagues, and who are able to translate between the two systems" expresses the close nature between boundary spanning and the gatekeeper.

R S Burt (1992) defines structural holes as a relationship of nonredundancy between two contacts that provide entrepreneurial opportunities for information access, timing, referrals, and control with the hole as a buffer. To capitalise on the aforementioned opportunities, gatekeepers and structural actors must be people skilled in interpersonal bridges to span structural holes (H Gao et al., 2016). Fitting within the logic of structural

holes, Xiao and Tsui (2007) extend that business interactions set off an interactive process boundary spanning actions of numerous different networks among business actors.

Gao et al. (2014) explored how structural hole gatekeepers facilitate the development of relationships between out-group members and in-group members in an intercultural business environment. The study finds that without coordination and facilitation of relational gatekeepers, the trust, commitment and reciprocal arrangements between business network insiders and outsiders cannot be conveniently established. The paper differs from traditional gatekeeping theoretical assertions that gatekeeping is about information control (T. J. Allen, 1977; T. J. Allen, Tushman, & Lee, 1979); "instead it is the 'assured' reciprocity by the gatekeepers that underlies the information control (Gao et al., 2014, p.318). Fundamentally the study finds reciprocity as an entrepreneurial opportunity for gatekeepers, rather than the dated view of reciprocity as "structural arthritis" (Ronald S. Burt, 2000). The emphasis on trust building and the need for the firm–gatekeeper relations to be reciprocal provides a strong basis for theoretical contribution.

H. Gao, M. Ren, J. Zhang, and R. Sun (2016) find that small and medium-sized exporters are compelled to develop a network entry strategy to access a new foreign market. The study presents "brokered insidership" as the key outcome of network gatekeeping in foreign market entry by exporters. This newly presented network concept combines and integrates a key belief that structural hole position holders control the passage and processes of information and interactions between members from otherwise disengaged groups (R S Burt, 1992) – with network insidership perspective of market entry (J Johanson & J E Vahlne, 2009). It is suggested to managers to evaluate risk and commitment, initially support the gatekeeper without reservation to build network capability, build particularistic trust for network insidership, and finally avoid over-reliance on the gatekeeper (H Gao et al., 2016).

3.1.2 Knowledge broker

Further literature expands that gatekeepers are knowledge brokers. As knowledge brokers, global gatekeepers "absorb knowledge from foreign firms and convey it to domestic firms" whereas in comparison global representatives "absorb knowledge from domestic organizations and convey it to foreign firms" (J W Spencer, 2003, p.432). Spencer (2003)

elaborates that global gatekeepers mediate the flow of technological knowledge from one firm to another by appropriating knowledge, thus guiding foreign country knowledge to national innovation systems.

Spencer (2003) diverges from the traditional standpoint (established in Allen, 1977) that the "gatekeeper" and "representative" relied on individual expert reputation inside and outside of the organisations, which allotted them in positions to act as knowledge brokers. The paper suggests that the "constructs of global gatekeepers… can serve as valuable ways of considering the global diffusion of technological knowledge" (J W Spencer, 2003, p.438). The organisation can act as a global knowledge broker by "absorbing knowledge from firms in one country and passing it on to firms in another" (J W Spencer, 2003, p.438). Thus, the integral international nature of the gatekeeper is born. Moreover, it further specifies that national institutional structures and firm-specific attributes influence the development of business and knowledge diffusion networks (J W Spencer, 2003).

The seminal paper by Johanson and Vahlne (2009) set the wheels in motion towards a broader business network context. It is argued that from the business environment has evolved from the neoclassical market of independent suppliers and customers to an environmental web of relationships – a network. Network outsidership is the new (more so than physic distance) root of uncertainty. Network insidership status allows firm access to privileged knowledge, access to information, trust, and commitment within the network that are not available to those outside the network. Trust-building and knowledge creation are key change mechanisms in the revised model (J Johanson & J E Vahlne, 2009).

The importance of network intermediaries is emphasised in O'Gorman, & Evers (2011) paper. They argue that the network intermediary plays an imperative role in information mediation in complex networks. The intermediary is especially fundamental in developing a firm's export capacity by acting as a resource provider in identifying host and home country opportunities and customers, facilitating introductions and relations with international customers, and providing foreign market knowledge (O'Gorman & Evers, 2011).

3.1.3 Consumer choice

The following literature approached the gatekeeper through the "Consumer Choice" lens as aptly coined by B. Sternquist (1994). The term relates to the relatively small number of gatekeepers that make the decisions on behalf of importation and distribution firms that supply an immense number of end consumers. The literature finds that the members of a network have the ultimate say on the range of products available for the customer to choose from are the gatekeepers. In this case, the gatekeepers are the channel distributors, particularly industrial buyers and other retailers (Knight, Holdsworth, & Mather, 2007a). The literature borrows from Ettenson & Wagner (1986) that these retail buyers can be regarded as a subset of Industrial buyers. Industrial buyers can generally be "considered 'expert consumers', uniquely qualified to assess product quality and desirability" (B Sternquist, 1994, p.171). Hingley (2005) further extends that such industrial buyers have sheth 1973 significant positions of power within the distribution channel, and therefore will be making decisions on behalf of a vast number of end consumers. Knight, Holdsworth, & Mather (2007a) suggest the gatekeeper purchasing criteria is pointedly different from the consumer. Conversely, Sheth (1973, p.56), which is often cited, finds that analogous to consumer behaviour, industrial buyers "often decide on factors other than rational or realistic criteria". Insch (2003, p.292) extends on this viewpoint by stating that industrial buyers are "no more rational in making purchase decisions than consumers" although said gatekeepers follow more formalised buying procedures.

This "Consumer Choice", approach, especially in Knight, Holdsworth, and Mather (2007a, 2007b) have been successful in identifying the "what" in gatekeeper perspective. For example, factors relating to confidence, trust, integrity, and reliability are all determinants in gatekeeper decisions/actions (Knight & Gao, 2009). The literature suggests that as gatekeeper livelihood depends on accurately anticipating consumer demands that decisions are made on the basis of minimising perceived risk (Knight, Holdsworth & Maher, 2007b; Knight & Gao, 2009).

3.2 Chapter summary

The gatekeeper construct encompasses much more than just the traditional roles of importers, industrial buyers, or distributors and the economic ideals that their decision making is based upon (Gao et al., 2014). These are included in the gatekeeper role but as are bridging the gap between far-flung and culturally different network members, understanding host country institutional environments, and mediating said knowledge

back to home country companies. In this reviewer's opinion, a general issue in much of the literature is that more often than not in the view of the gatekeeper is oversimplified. When viewed from the neo-classical perspective the gatekeeper is viewed merely in an importer-distributor role and the network/relational aspects are ignored. The reverse of the coin is also true; when viewed from a network theory perspective, the theory is used to explain the phenomenon that may be better viewed from another angle, such as the resource-based view.

Where the gatekeeper construct is most relevant is in seemingly complex and global supply chains. Modern globalised and international supply chains are generally more and vulnerable than the traditional domestic supply chains (Prater et al., 2001) studied in product recall literature. A difficulty in complex supply chains is identifying who does what or who holds certain knowledge, whether it be regarding a product or market and so on; the gatekeeper perspective clarifies this grey area by not being limited to the position or title of a supply chain entity but rather their role in transcending gaps between home and host country companies. The gatekeeper perspective is many-faceted however, research has predominantly has focused on the "what", rather than the "why" and "how". This may be a testament to the early stages of the domain.

CHAPTER 4 – RESEARCH DIRECTION

Prior product recall research has rarely touched upon the international aspects or acknowledged that the context is influential (Suchman, 1995; Suddaby & Greenwood, 2005). Introducing the institutional based-view may provide the product recall literature with a theoretical basis that can elaborate on home and host country environments and the organisations that operate within them. The institution-based view is a vital theoretical lens in the International Business arsenal as it recognises context as influential (Estrin, Ionascu, & Meyer, 2007; Peng, Wang, & Jiang, 2008). Furthermore, the research stream emphasises that organisations involved in international transactions and dealings encounter environmental complexity (Dikova, Sahib, & Van Witteloostuijn, 2010).

Historically, the institution based view has had at its core the focus on "why organisations engage in activities engage in activities that are legitimate in the symbolic realm rather than the material one; why organisations adopt behaviours that conform to normative demands but conflict with rational attainment of economic goals or how purely technical or productive objects becomes infused with meaning and significance far beyond their utility value" (J. R. Lincoln, 1995).

This thesis attempts to cultivate an understanding of international product recalls that encompasses home and host country factors. The gatekeeper perspective previously examined contributes towards closing the gap of addressing multilevel supply chain entity roles in product recall literature. Furthermore, the inherent international nature of the gatekeeper role in bridging international structural holes alludes to implications not found by traditional supply chains entities. Examining the influence of formal and informal institutions on international product recalls would contribute a great deal to understanding home and host country factors in recall situations. The role of formal and informal institutional pressures in local gatekeepers' responses to international product recalls should adequately address the research objectives.

4.1 The institution-based view

North (1990, pg.3), defined institutions as "the humanly devised constraints that structure human interaction", frequently coined the "rules of the game". The environmental complexity varies in accordance with firms' ability to navigate and decipher the rules of

the game, which is often facilitated by host country actors such as partners and gatekeepers. The institutional environment delivers rule-like social expectations and norms for fitting organisational structures, operations, behaviours, and practices (P. DiMaggio & Powell, 1983; Heugens & Lander, 2009; Meyer & Rowan, 1977; Scott, 1995; Zucker, 1987).

Slightly diverging from old institutionalism, which essentially views institutions as purely formal structures, neo-institutionalism forms the definition that political institutions are the "formal or informal procedures, routines, norms and conventions embedded in the organizational structure of the polity or political economy" (Hall & Taylor, 1996, p.938). The interplay between institutions and organisations as well as the associated specific societal contextual institutionalisation are emphasised by the institution-based view (North, 1990). Conforming to the expectations and norms, or *institutional pressures* is crucial for firms to maintain legitimacy, and therefore ensure access to important and scarce resources. This "legitimacy-based approach" asserts that institutions exert significant pressures on firms and individuals, which directly influences their choices and behaviour. Therefore, when a firm is deciding on its recall strategy, it will obtain information regarding institutional expectations and norms, apply the information to evaluate the potential costs and benefits of said recall strategy, and position itself best to avoid uncertainties (P. J. DiMaggio & Powell, 1991).

4.1.1 Institutional pressures

Institutional pressures emanate from the institutional environment and influence firms to adopt shared notions and routines. These similar notions, routines, and practices are adopted in a process called "institutional isomorphism" (P. DiMaggio & Powell, 1983). Institutional isomorphism reflects that the primary factors that organisations must consider are other organisations in their surrounding environment. Institutional theory posits that organisations may base their decisions on one or more of the following institutional pressures: they may experience pressure from other organisations which they are dependent upon; they may mimic other organisations (within their sector or product category) that are perceived to be successful; they may experience pressure from professional associations establishing a cognitive base and legitimation for the autonomy of the industry (P. J. DiMaggio & Powell, 1991). The institutional pressures are described as follows:

Normative pressures allude to the institutional pressures emanated from collective expectations to comply with norms and what constitutes appropriate behaviour, and therefore deemed legitimate conduct within an organisational sector (P. DiMaggio & Powell, 1983; Heugens & Lander, 2009). *Mimetic pressures* are those experienced by the firm to model itself after other organisations in its organisational sector when faced with uncertainty over goals, technologies, means-ends relationships, etcetera (P. DiMaggio & Powell, 1983; Heugens & Lander, 2009). *Coercive pressures* are conformist pressures originating from political influences exerted by other organisations upon which it depends for critical resources or from institutions upholding the cultural expectations of the society in which its organisational sector functions (P. J. DiMaggio & Powell, 1991; Heugens & Lander, 2009; Teo, Wei, & Benbasat, 2003).

4.1.2 Formal and informal institutions

National institutional frameworks differ along formal and informal dimensions (North, 1990). Accordingly, institutional arrangements implemented by firms also vary along formal and informal aspects (Dunning & Lundan, 2008). International business scholars typically analyse the impact of distance used the broad theoretical concept of "psychic distance", which is the totality of factors preventing the flow of information from and to the market which, among other facets covers differences in language, education, business practices, and culture and industrial development (J. Johanson & J. E. Vahlne, 2009; Vahlne & Johanson, 2017).

An institutional framework consists of formal and informal institutions which govern firm and individual behaviour. Richard Scott (1995) further specified that institutions consist of three supporting pillars; the regulatory, normative and cognitive pillars. Formal institutions are broadly made up of laws, regulations, and rules. The regulatory pillar refers to the coercive power of governments. This regulative dimension lays out the "ground rules" for conducting business, resembling the home country laws and regulations and the extent to which these rules are effectively monitored and enforced (Ionascu, Meyer, & Erstin, 2004; Scott, 1995).

Informal institutions also play a core role in institutional theory, especially emphasising societal level influences (Peng et al., 2008). While formal institutions are relatively

transparent, informal institutions are made up of norms and cognition which are more difficult to comprehend. Cultural knowledge, especially about other cultures, is often tacit and demands intensive cross-cultural communication to grasp (Boyacigiller, Goodman, & Phillips, 2004). Informal rules and norms are significant moderators on economic behaviour, in particular on the transfer and management of knowledge (Michailova & Hutchings, 2006). The normative pillar refers to how the values, beliefs and actions of other relevant actors influence the behaviour of local individuals and firms. Values express what is preferred or desirable, while "norms specify how things should be done and therefore delineate what a society perceives as accepted behaviour" (Estrin et al., 2007, p.18). The cognitive pillar refers to the frames, routines and scripts used by individuals within a society to perceive and assign meaning to a phenomenon. These cognitive frames determine what information is retained, processed, organised, and interpreted (Scott, 1995).

CHAPTER 5 – RESEARCH DESIGN

The following chapter concerns the methods used to explore the research objectives advanced in chapter 1. It details the interpretivist process and other procedures that constitute this qualitative study. In particular, the initial product recall screening process, the sample details, the interview process, and the subsequent analysis are presented in this chapter.

5.1 Methodology

Overall, this research belongs under the qualitative interpretivist paradigm. Qualitative research's main concern is in studying subjects in their natural environment, and to attempt to interpret or explain phenomena in terms of the meanings individuals or firms attach to them (Denzin, 2005). Qualitative research is by and large subjective rather than objective in nature. Thus, this research is indeed based on the subjective perceptions of individuals within international brands, local gatekeepers, and other relevant parties, and involves reflecting on their understanding of international product recall phenomena.

Interpretive research's core mantra "is not with establishing relations of cause and effect… but with exploring the ways that people make sense of their social worlds and how they express these understandings through language, sound, imagery, personal style and social rituals" (Deacon, 2007, pg. 5). Researchers can derive rich and meaningful insights from qualitative methods and identify new variables, relationships, or phenomena to study (Collis & Hussey, 2013). Collis and Hussey (2013, p.106) suggest that in interpretive research "the researcher's aim is to gain full access to the knowledge and meaning of those involved in the phenomenon" ensuring validity. However, interpretive research does not demand such high reliability as positivistic studies as the findings themselves are interpreted accordingly dependent on researcher (Collis & Hussey, 2013). Due to interpretative nature of this research, the gatekeeper perspective and institution-based view were studied prior to the interviews, however, no propositions or conceptual development was attempted as findings and implications should emerge from the data.

Suddaby (2010, p.16) argues that institutional theory has "largely failed to retain methodologies that are consistent with their need to attend to meanings systems, symbols,

myths and the processes by which organisations interpret their institutional environments". "Methodologically, if we are to take seriously the ideational aspects of institutions, we need to move, however slightly, away from strictly positivist research and incorporate interpretivist methods that pay serious attention to the subjective ways in which actors experience institutions" (Suddaby, 2010, p.16).

As there is little guidance in the extant literature on international product recalls, the aim of this research was to garner a breadth of knowledge on international product recalls and the gatekeeper role, institutional insights, and a deep understanding of the international recall strategies of firms operating in New Zealand's institutional environment. Key informants were selected from two positions along the supply chain to obtain a holistic perspective of international product recalls in New Zealand; the international brand recalling in the host country and the home country gatekeeper.

5.1.1 Initial Screening of Product Recalls in New Zealand

Initially, New Zealand product recall data from the past five years was compiled from the public facing recall websites hosted by the Ministry of Business, Innovation and Employment (MBIE) – which also includes recalls attached to NZ Transport Agency (NZTA) and the Ministry of Health (MOH) - and the Ministry of Primary Industries (MPI) for food-related recalls. These recalls were compiled into a matrix and cross-checked with the corresponding recall websites internationally (e.g. CPSC, PSA, PHAC) to determine whether products were recalled in other international markets and to which extent the products were recalled.

Information from the target companies (e.g., from their websites, media releases, recall notices, customer service) from both sides of the product-to-market process was compiled and analysed regarding the type, nature, and suitability of product recalls. Products that were solely sold or exclusive to New Zealand consumers were excluded. The severity of the recalled products was determined following FDA recall classification guidelines as seen below (Food and Drug Administration, 2009). Any Class I recalls that had resulted in the death of consumers were removed from the compiled lists as companies may be reluctant to talk about these sensitive issues. Recall type was determined following guidelines in Ketchen et al. (2014). Food and Grocery recalls resulting from minor issues such as not being compliant with NZ labelling practices, containing undeclared

ingredients (e.g. gluten or nuts), or similar were largely omitted from the compiled list. It also detailed which retailers and suppliers distributed the products in New Zealand and whether the recalls were still ongoing. The objective of satisfying such constraints was to ensure the validity of the research.

TABLE 1 - FDA RECALL CLASSIFICATION

Class I recall:	A situation in which there is a reasonable probability that the use of or exposure to a violative product will cause serious adverse health consequences or death.
Class II recall:	A situation in which use of or exposure to a violative product may cause temporary or medically reversible adverse health consequences or where the probability of serious adverse health consequences is remote.
Class III recall:	A situation in which use of or exposure to a violative product is not likely to cause adverse health consequences.
Market withdrawal:	Occurs when a product has a minor violation that would not be subject to FDA legal action. The firm removes the product from the market or corrects the violation. For example, a product removed from the market due to tampering, without evidence of manufacturing or distribution problems, would be a market withdrawal.
Medical device safety alert:	Issued in situations where a medical device may present an unreasonable risk of substantial harm. In some case, these situations also are considered recalls.

- FDA (Food and Drug Administration, 2009)

5.1.2 Sample

From the initial product recall screening, the sample was further narrowed down. A two-prong approach was taken to identifying the local Gatekeeper and the international brands. As recalled products could potentially be distributed by multiple local gatekeepers, the chosen companies were purposely selected for being generally the largest industry buyer or retailer in their market sector as well as providing other select products from international and domestic brands. This was to ensure the gatekeepers satisfied the

consumer choice criteria as identified in the literature. Furthermore, where applicable local gatekeepers that also had an international presence were chosen. Such as a food and grocery retailer operating in Australia and New Zealand. Business practitioners that have worked in various international markets were targeted to allow broader institutional insights. The more international experience, the more likely to have an appreciation of institutional nuances and differences between home and the host country.

International brands were selected as being headquartered outside of New Zealand with their product/s available in a minimum of two international markets (including New Zealand). The international brands for the sample satisfied the definition of MNE as provided by Dunning (1977); being incorporated in one country which produces or sells goods or services in various countries and that their worldwide activities are centrally controlled by the parent companies.

Creswell (2013) states that purposive sampling may be anywhere between 5 and 50 respondents. However, according to Myers and Newman (2007) rather than the number of interviews being of greatest importance, it is making sure that the people interviewed 'represent various voices'. Once the point of saturation has been reached and no new insights are being discovered in the interviews, then no other interviews need to be conducted (Myers and Newman, 2009). Furthermore, purposive sampling is most applicable when studying facets of a culture not known to all its members. In every culture, there are certain individuals or experts who are much more knowledgeable than the layperson when it comes to certain cultural domains (D. T. Campbell, 1955; Tremblay, 1957; Zelditch Jr, 1962). Expert elicitation requires a narrow focus on individuals with specific expertise from who information can be garnered (Firmino & Droguett, 2015). Expert elicitation is particularly suitable during exploratory phases of research as key informants are observant and insightful individuals who can share their knowledge (D. T. Campbell, 1955). In this case in both the local gatekeeping companies and international brands, the recall experts had to be identified.

5.1.3 Interview Process

The empirical data for use of this study were gathered by means of a semi-structured interview process. The semi-structured nature of questioning allowed the practitioners to respond freely, expressively and in their own wording. Data was collected from a total of

11 interviews over 7 informants. The interviews were conducted over the period from November 2017 to March 2018. In order to overcome potential interview difficulties, the dramaturgical model of the interview was used (Hermanns, 2004; Myers & Newman, 2007)

The initial step was to reach out to the practitioners through adequate corporate communication channels. Initially, contact was made over the telephone to establish whether there was an interest in participation in the research. Once interest was expressed follow-up emails were sent to organise a meeting and provide the initial questioning framework. Three of the seven interviews were conducted on a face-to-face basis, whereas the others were conducted over the phone. The interviews were standardised to take approximately an hour, however actual interview lengths ranged from 50 minutes to 90 minutes. The standardised approach guarantees dependability and repeatability (Sinkovics, Penz, & Ghauri, 2008). Generally, the longer interviews were due to discussing supporting documents or due to work-related interruptions. Furthermore, since the questions in themselves were open-ended and each recall circumstance has a degree of uniqueness, the information supplied by the interviewees were not curtailed in any way. Informants were encouraged to talk about all their product recall experiences and not only their international recall experience. The additional information and supporting documentation voluntarily provided by the interviewees greatly contributed to the richness of data and aided in avoiding any cognitive bias of the recall scenarios.

Prior to the interview, permission was expressly asked to record audio of the interview to provide the material for transcription and for later correspondence for accuracy checks. On completion of transcription, interviewees received a copy of their transcript if desired. The electronic files of the sound recordings and interview transcriptions for the interview are stored in a password protected file on my computer (with backups on my password protected cloud storage), and the hard copies of the transcriptions are stored in a locked drawer which only I have access to. Follow-up interviews were conducted with four of the seven respondents (GATEKEEPER 1, 2, & 3, and INTERNATIONAL BRAND 2). The follow-up interviews were all conducted over the phone and consisted some more specific questions that had arisen after analysis of the prior interviews. The follow-up interview lengths ranged from 10 to 30 minutes and allowed deep insights following comparison to other interview findings.

TABLE 2 – INTERVIEW INFORMANTS

Firm	Informant's Corporate Title	Company Profile
GATEKEEPER 1	Semi-structured interview and follow-up interview with: • *National Compliance and Food Safety Manager*	• *One of New Zealand's largest supermarket chains* • *Workforce consists of 18,000+ employees* • *Australian wholly owned subsidiary*
GATEKEEPER 2	Semi-structured interview and follow-up interview with: • *Head of Stakeholder Engagement and Public Policy*	• *New Zealand's largest operating retail group* • *Workforce consists of 12,000+ employees*
GATEKEEPER 3	Semi-structured interview (face-to-face) and follow-up interview with: • *Chief Executive Officer* • *General Manager*	• *Family owned business* • *Importer and exporter of frozen fruit products*
INTERNATIONAL BRAND 1	Semi-structured interview with: • *Quality Assurance Manager*	• *Headquartered in Australia* • *Operates in homeware sector* • *Majority of products manufactured in South East Asia* • *Workforce consists of 7,500+ employees*
INTERNATIONAL BRAND 2	Semi-structured interview and follow-up interview with: • *Sales Director* Archival records: Quality Assurance Audit Documents, Product Recall Procedure Documents	• *Headquartered in the United Kingdom* • *Operates in food and grocery sector* • *Majority of products manufactured in China* • *Workforce consists of 1,200+ employees*

Firm	Informant's Corporate Title	Company Profile
ORGANISATION 1	Semi-structured interview (face-to-face) with: • *Product Recall Manager* Archival records: Template Recall Procedure Document 2018, MPI Recall Guidance Material 2015, FSANZ Food Industry Recall Protocol 2014	• *A not-for-profit association dedicated to the development and implementation of global standards to improve the efficiency and visibility of supply chains globally* • *Provides the most widely used supply chain standards system in the world*
GOVERNMENT 1	Semi-structured interview (face-to-face) with: • *Senior Product Safety Analyst* Archival records: NZS ISO 10377: 2017	• *A government agency responsible for protecting the public health by assuring the safety, efficacy and security of the…*

5.2 Analytical Method

The following details the analytical technique used to interpret the interviews. The chapter concludes with analytical issues and justifications.

5.2.1 Thematic Analysis

The first phase, as identified in the guidelines provided by Braun and Clarke (2006) for conducting effective thematic analysis is the 'familiarizing' of data. This step provides the 'bedrock' of the analysis; the immersion into the data provides the 'depth and breadth' of understanding needed to complete a comprehensive analysis (Braun & Clarke, 2006). Often the most time-consuming aspect of this phase (and rightly so) is the transcription of verbal data., suggests preliminary analysis occurs during the transcription process. Rigorous attention must be paid to maintaining the 'true' meaning of the verbal account, that is to transcribe objectively and accurately (Braun & Clarke, 2006). Therefore, I took further notes during playback of the interviews, in order to aid in identifying themes and true meaning. Following secondary note taking, all the interviews were transcribed verbatim by an independent professional service and then rechecked and verified by myself. Furthermore, interviewees received copies of their transcription on completion if they so desired.

In a sense phase two runs concurrently with the first, or at least with a slight overlap. Once data was comprehensively familiarised, initial codes were generated and any ideas of themes in phase one developed. The reduction of the amount of data is a necessary step which requires the researcher to accurately sort, categorize, prioritize, and interrelate data according to emerging schemes of interpretation (Lindlof & Taylor, 2011). Coding these concepts identifies 'a feature of the data (semantic content or latent' that is of relevance to the analyst (Braun & Clarke, 2006). In this case, the software N*Vivo was used to methodically code the data, further it allowed extracts to be coded as 'child nodes' which provided a systematic approach to visualise macro and micro-themes. Since qualitative research and transcription tends to consist of numerous pages, organising the data cohesively is an important step. The software application again helped in this manner. Once all data was coded the analysis refocused to examine the themes at a broad level. In

this vein, the analysis software aided the thematic identification process by providing visual guides such as mind-maps to better illustrate relationships between codes. These visualisations are relevant as they provide early insight into whether the analysis is understandable and will contribute managerial implications of use.

The fourth stage in the model provided by Braun and Clarke (2006) recommended reviewing the themes and refining candidate themes. The was examined in relation to the coded extracts, the themes were then further analysed across the entire data set. The final phase proceeded only once themes had been clarified and fully developed. Themes are fully realised once they are defined and named as themes should have clear 'scope and content' that's concise enough to describable 'in a couple of sentences'(Braun & Clarke, 2006). The emergent themes were as follows: *New Zealand institutional environment, formal and informal institutional pressures, the gatekeeper role, international product recall characteristics, and recall capabilities.*

5.2.2 Analytical Issues and Justification

The greatest challenge faced by this research was finding participants that not only fitted the criteria established by the sample conditions but also finding those willing to discuss what is to many firms, a sensitive subject matter. The vast majority of companies contacted in the research process were reluctant to talk about their recall processes, in particular when recalls had not been fully concluded.

Expert elicitation as a means of purposeful sampling is a process of selecting information-rich cases from individuals with specific expertise. To ensure a holistic perspective, maximum variation was used within the sample conditions. That is the selected informants represented a wide range of variation in the dimension of interest; international product recalls. The informants were encouraged to discuss all their recall experience and history, not only the international recall within the last five years (which qualified them for the sample). The selected firms varied in size and scope (e.g. large gatekeeper of physical goods versus smaller gatekeeper of food products), and supply chain position (gatekeeper versus international brand), which allowed a richer understanding of how recalls unfold across a wide range of products (Y. S. Lincoln & Guba, 1985). Data triangulation was used as much as possible; data was gathered from the interviews, documents were collected from informants that could supply archival

records/supplementary information, and various news media and other secondary documents regarding New Zealand and international recalls were gathered and analysed. Triangulation aims to overcome limitations of using any single source of data and to establish contrast validity (McCutcheon & Meredith, 1993), therefore, obtaining a more holistic understanding or international product recalls. Constant comparison of data across informants over time led to new meanings being discovered from the data and largely directed the follow-up interviews.

The semi-structured interview method does have several potential pitfalls, namely; artificiality, level of entry, the ambiguity of language, and Hawthorne effects (Fontana & Frey, 2000; Hermanns, 2004; Myers & Newman, 2007). However, having an awareness of the aforementioned pitfalls and following the dramaturgical model ensures powerful data gathering (Myers, 2013). A critique of the dramaturgical model by Fine and Manning (2003) in (Myers, 2013) suggests the dramaturgical model as treating the world as one in which 'people, whether individually or in groups, pursue their own ends in a cynical disregard for others'. That is, the interviewer can become an actor with 'a set of performance masks hiding a manipulative and cynical self' to manipulate the interviewee into disclosing important information. To encourage rather than manipulate, the interviews adhered to strict ethical principles (Myers & Newman, 2007).

As suggested by Sinkovics, Penz and Ghauri (2008), a formalised and software-based procedure was undertaken to ensure 'trustworthiness and encompass issues such as credibility, dependability, transferability and confirmability'. Textual interview data can be better substantiated and interpreted by peers through software as a level of 'objectivity, neutrality and the separation of subject and object' is achieved (Westwood, 2006).

Thematic analysis has somewhat of a mixed reputation within academic literature. Described as 'poorly demarcated, rarely acknowledged, yet widely used qualitative method' (Braun & Clarke, 2006) in part because of not being explicitly named or defined. Furthermore, due to the fairly broad nature of thematic analysis, it is often claimed as other analytical methods or 'not identified as any particular method at all' (Meehan, Vermeer, and Windsor 2000 in Braun & Clarke, 2006). However thematic analysis is a suitable approach to qualitative analysis if done correctly. It delivers an 'accessible and theoretically flexible approach', can generate unanticipated findings and now be a useful tool to narrow down scope (Braun & Clarke, 2006). Braun and Clarke's (2006) guidelines

provide a rigorous, deliberate and intuitive method of purposely undergoing thematic analysis. Sinkovics, Penz and Ghauri (2008) promote following a 'general methodological road map' as a means to 'facilitate the evaluation of empirical grounding and credibility'. As each analytical method have their own pitfalls, acknowledgement of shortcomings allows the researcher to avoid an unconvincing analysis. The overall process of thematic analysis complements the interpretive approach taken in this research.

CHAPTER 6 – RESULTS AND ANALYSIS

This chapter presents and analyses the interview findings and provides propositions derived from the findings and literature. Verbatim excerpts from interviews are included where suitable.

> *"A lot of these situations have a different outcome depending on the response of the country as a whole and the authorities within it."*
> - INTERNATIONAL BRAND 2

6.1 New Zealand country profile

From the analysis, understanding New Zealand's institutional environment was clearly conducive to international product recall success. Each interview contained institutional insights specific to New Zealand, alluding to the prominent influence that institutions have on product recall strategies and processes. The institutional environment at a national level generally encompasses the constitutional structure, the operation of political and judicial processes, the civil society and culture, and the market and trade.

New Zealand is a Commonwealth realm and a parliamentary democracy. New Zealand gained its independence from the United Kingdom in 1907. "Over the past 40 years, New Zealand has transformed from an agrarian economy dependent on concessionary British market access to a more industrialised, free market economy that can compete globally" (Central Intelligence Agency, 2018). Growing New Zealand's network of free trade agreements is a top foreign priority (Rinne & Fairweather, 2011). New Zealand was the second country to ratify the Trans-Pacific Partnership (TPP) in May 2017, and following the United States' withdrawal from the agreement, remains in the modified agreement – the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – with 10 other countries. As of 2017 estimated GDP (purchasing power parity) is $185.7 billion (USD), exports totalled $37.35 billion in exports, 19.4% to China, 17.1% to Australia, 10.9% to the US, and $38.74 billion in imports, 19.9% to China, 12.6% to Australia, 11.3% to the US (Central Intelligence Agency, 2018). New Zealand ranks first in the ease of doing business rank, meaning the regulatory environment is highly conducive to the starting and operation of a local firm (The World Bank, 2017).

"New Zealand society has sort of progressed over the years. If we go back to, I guess, the late 60's or 70's, or the early the 70's, when New Zealand was basically an agrarian socialist country, and all the powers with the government, and then when the industry was deregulated and stalled all those processes, and local trade lines were taken out of play, the power went to the manufacturers, and then over time with the introduction of scanning - because that gave a lot more knowledge on what people were buying, and inventory controls, and rate of sales, and so forth - it gave the power to the retailers. But today, mainly driven by the advent of social media, and I'm being over simplistic when I'm telling this little journey, but today the power is all with the consumer; and so, you have to respect where society is at, to a large degree, and really understand those implications, and how they affect those brand recalls, trust in a brand, and so forth."

\- GATEKEEPER 2

6.1.1 Formal Institutions

Formal institutions are broadly made up of laws, regulations, and rules. The regulatory pillar refers to the coercive power of governments. This regulative dimension lays out the "ground rules" for conducting business, resembling the home country laws and regulations and the extent to which these "rules are effectively monitored and enforced" (Ionascu, Meyer, & Erstin, 2004). J. L. Campbell (2007) suggests that in an institutional environment with "strong and well-enforced" laws and regulations in place that guarantees responsible corporate behaviour, firms are more likely to do so, especially when regulations and enforcement capacities were developed with input from firms and other relevant stakeholders.

Product safety in New Zealand is predominately governed by the Fair Trading Act 1986 (FTA) and the Consumer Guarantees Act (CGA), alongside various secondary legislation and tertiary instruments such as standards prescribed by the aforementioned Acts. Moreover, depending on the type of product (recalled), other regulations, standards, and specialist statutes may be applicable, such as the Food Act 2014 and the Medicines Act 1981. However, there are "no generally applicable requirements as such for the

traceability of products to facilitate recalls". Although, under the FTA all relevant products subjected to a voluntary recall must be described in sufficient detail to be readily identifiable (by the consumer) (Miller & Gapes, 2017).

> *"We'll talk them through the process to make it quite a lot easier and they're less resistant to doing it once you've talked them through what they need to do and what it means for them in terms of process and being able to recover things. That's generally the way we operate. It's usually in a reasonably proactive, sort of cooperative manner until you hit a point of resistance I suppose. It's all about trying to get the messaging right and out to the public. The management of the actual recall is theirs. We ask for some progress reporting to see how things are progressing over time; whether they've done anything else to communicate a recall and how that's sort of affected the recall itself."*
> - GOVERNMENT 1

Numerous factors determine the most appropriate course of actions in a voluntary recall situation, including but not limited to; "the type of product, the nature of the defect or hazard, the extent of the risk of injury or potential injury by reasonably foreseeable use or misuse of the product, the number and extent of injuries involving the product, whether or not the goods comply with product safety standard, distribution details (i.e., the quantity of units sold to New Zealand consumers or distributors), the normal life of the product (before it is, for example, consumed or discarded), and how much time has elapsed since the product was supplied" (Miller & Gapes, 2017). Furthermore, manufacturers, distributors, and suppliers should also take into consideration whether the same product has been recalled overseas.

> *"The whole premise of recalls that we work for is about risk mitigation. There's not really a punitive side…*
> *…It's about encouraging consumer behaviour because whilst you can compel a supplier to do a recall and push them down that road; there's no way really of impelling or making a consumer take back goods they've legally purchased and things like that…*
> *…The way we work with suppliers in our space is that most of them self-initiate a recall so it's all done on a voluntary basis. Or if we've come*

across issues we'll work with them to describe the process and work with them to actually manage the best way to go. Ultimately it could be a compulsory recall if they're not moving down that direction. So, there is a big stick in there being a compulsory recall under the Fair Trading Act"

- GOVERNMENT 1

In New Zealand's regulatory environment, in the event of a potential product harm crisis leading to product recall, regulatory institutions take a collaborative approach with focal firms involved in the recall process, with *relatively* little punitive action if the recall isn't handled adequately. The government agencies will especially take interest in those firms that are new to product recalls. However, responses to crises vary drastically. Responses range from absolute denial, where a company simply denies any responsibility for a defective or hazardous product, to super-effort/proactive/preventative recall strategies (dependent on preferred terminology). In circumstances of absolute denial in which the firm is found culpable a mandatory recall is likely to be enforced and the firm subject to litigation.

"Brand and reputational damage used to be more of a resistance point but it's becoming less. I think it's a changing mind set. If you try and sweep something under the rug and it gets out; you get bitten more in the media. The downside to that is much bigger than coming out and saying, "We've made a mistake," and putting it right. That's a much easier message to sell now. That's the one we almost promote."

- GOVERNMENT 1

Hora et al. (2011) found that the closer the proximity the supply chain entity is to the consumer, the more likely a preventive (versus reactive) recall strategy is utilised. A preventive recall strategy infers firms conduct thorough quality assurance checks, and hence discover a hazardous/defective product on the market and initiate recall before consumer harm is reported. A reactive recall strategy is initiated following reports of products on the market causing consumer harm (Chen et al., 2009; Hora et al., 2011; Siomkos & Kurzbard, 1994).

Proposition 1a: In a strong regulatory institutional environment with well-enforced state regulations in place, in event of a potential product harm crisis, coercive pressures will influence the gatekeeper to initiate a preventative recall.

Proposition 1b: In a strong regulatory institutional environment with well-enforced state regulations in place, in event of a potential product harm crisis, coercive pressures will influence the international brand to initiate a preventative recall.

In low-income host countries with weak regulatory institutions, "normative pressures may assume a more dominant role" (J T Campbell, L Eden, & A R Miller, 2012, p.101). Campbell et al (2012) imply that in these situations the notion of what food for society is relative, therefore host-country actors may embrace activities that have legitimacy within their society but are unsatisfactory to outsiders. In this case, I propose that the international brand would pursue a reactive recall strategy here as preventative recall can signal culpability and result in more expensive recalls and shareholder wealth erosion (Chen et al., 2009). However, due to the consumer choice aspect of the gatekeeper and the closer supply chain proximity to the consumer, a preventative recall strategy would be pursued.

Proposition 2: In a weak regulatory environment, in event of a potential product harm crises, normative pressures of informal institutions will have a greater influence on firms' recall strategies than the coercive pressures of formal institutions.

Proposition 2a: In a weak regulatory institutional environment, in event of a potential product harm crisis, normative pressures will influence the international brand to conduct a reactive recall.

Proposition 2b: In a weak regulatory institutional environment, in event of a potential product harm crisis, normative pressures will influence the gatekeeper to initiate a preventative recall.

6.1.2 Informal Institutions

Firms are paramount in the institutional isomorphic processes of their supply chains "through the coordination and collaboration of their business processes with obligations". Isomorphism ensues in the "structures, interactions, practices, and dominion of the firms participating in supply chains, where the parties join forces to manage their logistical activities" (Lai, Wong, & Cheng, 2006, p.94). When firms face environmental or organisational constraints and conditions of uncertainty, they attempt to deal with them in a rational manner resulting in structural changes leading to institutional isomorphism (P. DiMaggio & Powell, 1983). Rationalisation effects the organisational structures, strategies, and practices of partner firms in a supply chain. Therefore, I suggest that due to institutional isomorphism, partnering firms in a supply chain, the international brand and local gatekeeper, will conduct homogenous recall practices.

Normative pressures refer to the institutional pressures that originate from collective expectations within organisational contexts of what constitutes appropriate, and thus legitimate, behaviour (P. DiMaggio & Powell, 1983; Heugens & Lander, 2009; Scott, 1995). Through inter-organisational channels, these expectations are transferred and gradually become shared norms (Liu, Ke, Wei, Gu, & Chen, 2010). Firms in a supply chain are subject to the norms, standards, and expectations to attain effective coordination (Lai et al., 2006). The shared norms are usually latent and informal. They encourage firm "attitudes toward the maintenance of relationship networks and curtail behaviours that promote individual goals" (Heide & John, 1992, p.34). Conforming to shared norms maintains the procedural legitimacy. Furthermore, the prevalence of the practice in the field reinforces the related norms which to exuding normative pressures on firms and persuades them to adopt the prevailing practice (John, Cannon, & Pouder, 2001).

Coinciding with the normative pillar, Campbell (2007) proposes that firms are more likely to behave in a socially responsible manner if a system of well-organized and effective industrial self-regulation is in place. Industry self-regulation is the process whereby an organisation regulates its own adherence to legal, ethical, or safety standards and procedures. Industry self-regulation can be a valuable complement to state policies. Effective industry self-regulation is dependent on the strength of the commitment by participants, the extent to which participants adhere to said commitments, and the penalties for not adhering to the commitments (OECD, 2015). Industry self-regulation

tends to exist in conditions in which the externally imposed costs from not undertaking self-regulation are high (Gupta & Lad, 1983).

> *"We've got some of the bigger retailers that do things regularly, so they've got their own systems and processes in place. They've just sort of married those up to what we need to be able to see what they're doing. They're quite a lot easier to deal with once they've put them into the internal systems. They know what the expectation is, how to run it; so, things actually get quite a lot easier and smoother with the larger firms. With a higher quantity of products, you're more likely to get recalls over time because things do go wrong no matter what sort of systems they have in place around product safety in general. Their policy insurance plays a big role in actually maintaining safety."*

- GOVERNMENT 1

In respect to industry self-regulation, the effectiveness of ensuring truthful behaviour is somewhat dependent on the capacity of various stakeholders to monitor the corporations in the industry. Industry self-regulation effectiveness may be increased in institutions with the perceived threat of the regulative branch or if the regulative branch provides support for this mode of industrial governance. In an institutional environment where normative standards, such as industry protocols for such product harm crises are established, the gatekeeper and the international brand will most likely take this route to minimise reputational risk to the organisation in the eyes of other industry players.

Proposition 3a: In a weak regulatory institutional environment with a system of effective self-regulation, in event of a potential product harm crisis, normative pressures will influence the international brand to conduct a preventative recall.

Proposition 3b: In a weak regulatory institutional environment with a system of effective self-regulation, in event of a potential product harm crisis, normative pressures will influence the gatekeeper to initiate a preventative recall.

Demonstrating normative pressures, GATEKEEPER 2 elaborates on how useful life expectancy is interpreted beyond what is required by warranty agreements. The

gatekeepers, and others in the industry like them, adhere to the norms, the unwritten rules guiding what is considered the appropriate response. Norms vary according to the environment, situation, and culture in which they are found (J. T. Campbell, L. Eden, & A. R. Miller, 2012). In this scenario, the gatekeeper's cognitive processing has framed the norm as the suitable ethical response. Ethical responsibilities represent the practices expected (or prohibited) of firms despite not being codified in law. These standards, norms, and expectations reflect the concern and interests that various stakeholders have in the firm. Ethical perceptions and individual sentiment are highly influenced by societal values. Given similar settings, individuals are likely to respond differently due to the institutions, culture, and the society they have been moulded by (Lu, Rose, & Blodgett, 1999).

"Although products may well be outside of its warranty, that becomes irrelevant, if the product has not met what is deemed to be its useful life expectancy. I'll give you an example. Technological products, such as a laptop, may have a two-year warranty with a supplier, which means that if it goes wrong, the supplier either repairs or replaces it, or authorises refunding of it, but when that warranty runs out after two years, there is the usual life expectancy.

Usual life expectancy comes into play, and in that particular situation of a laptop, is around four years; so, a consumer should be able to realistically expect to get four years' worth of use of the laptop; and so, if it fails year three, we would go back to discuss with the supplier, and unless the products actually been mistreated in the form of having coffee spilt all over it, or been dropped from a height, or something like that, that has caused something to fail, there's normally enough leeway with us talking to the buyer, to actually get a refund, replacement, or the product fixed through the supplier, free of charge to the customer. So, that's where sort of ethics come into play."

- GATEKEEPER 2

The upsurge of media publicity in recent decades has brought a multitude of product-harm warnings to public discernment and scrutiny, therefore firms' public relation

management can play a critical role in protecting brand equity (Pennings, Wansink, & Meulenberg, 2002).

"I remember being at work off-site a couple of years ago, and we listened to the radio on the bus and hearing a popular radio station – something like MoreFM or the Edge – discussing the amount of food and grocery recalls within a week, and it was about four… I think there's a natural interest in this. I don't know if that's specific to New Zealand, but when you've got a much smaller country, and it could be a neighbour or a friend that's got this particular product, versus someone in another state, it's going to be more captivating, it's going to be more relevant. So, again, I don't know if New Zealand has got any cultural predispositions to look at recalls differently to any other country. But, certainly, size makes it more realistic and makes it a lot closer.

I couldn't believe that some popular radio station at 6.00pm were talking about four recalls that had happened in food and grocery in one week. So, there's an appetite… That's why disasters are at the front of the news, right? We're naturally interested in knowing what's gone wrong."
– ORGANISATION 1

The media's primary role is to report and increase awareness of the product recall to the consumer. In that manner, recall notices are published in newspapers and made available online. Informing the public is a priority for both the international brand and gatekeeper – or anyone else involved in the recall for that matter. Public notification is especially essential in recalls that involve severe consumer hazard, such as food safety risks. Recall advertisements and/or media releases along with the point of sale notifications are generally a legal requirement.

However, the media also has an unintentional side effect; it may result in greater brand equity damage or result in spillover effects to other brands or firms within the same product category. The publication of a recall and the product harm crises is useful in creating consumer awareness and therefore more products returned (or other suitable restitution) and consumer hazard containment, but in conjunction with awareness is the potential for increased attribution of culpability. The media exerts institutional pressures

on firms in an international recall situation. As provided by P. J. DiMaggio and Powell (1991, 154-56), "the greater the extent to which an organizational field is dependent upon a single (or several similar) source(s) of support for vital resources, the higher the level of isomorphism". Additionally, P. J. DiMaggio and Powell (1991) suggest that the greater the degree of structuration of a field, the greater the isomorphism. Structuration are fields with "stable and broadly acknowledged centres, peripheries, and status orders" - a description true of the media (Sparrow, 2006, p.150). Besides being a governing institution, the media also constitute a social and cultural institution and influences how the public perceives its political environment. "The words, pictures, and phrases of the media, their decisions on what, where, and when to publicize, and the frames they use for audiences to understand and assimilate the news make the media a (dominant) cultural institution", one that "inculcates and perpetuates" specific views of a nation and its national identity (Sparrow, 2006, p.151).

> *"Now, the ability to take the panic out of the general public depends to a large extent on how good your handling of the media is. Some companies will have a certain goodwill perhaps with the public which will allow them to get the message across and would have allowed them to have them I think in the Fonterra case to reassure people…*
>
> *…There's a section of the media that is looking to find these sorts of cases and least get them out there in the public domain, and in some cases even exaggerate them. That just means you have to be doubly vigilant in your own production to feel comfortable that what you're supplying is in the top of the class in regarding the nature of the product."*
> – INTERNATIONAL BRAND 2

Furthermore, as the media has the prerogative to sell a story, firms should be of wary media attention in an international product recall. Firms may receive negative attention during a recall that could result in reputational damage, the culpability of blame, and shareholder wealth erosion. J. L. Campbell (2007) suggests that the media acts as a watchdog, keeping the public and government officials informed about corporate activity and behaviour. GATEKEEPER 3 suggested that while product country of origin didn't change their (the gatekeeper) recall processes, it was widely sensationalised in the media. Ahmed and d'Astous (2008) suggest that country of origin effect is predisposed to

familiarity with a country, concepts of ethnocentrism, the level of industrialisation of a country, and consumer animosity. The familiarity with a country is largely made up of experiences, such as those with a product from the focal country, personal experience in the country such as through living there or travel, knowledge about the country, and political beliefs. Familiarity with country positively enhances perceptions of the country of origin (Laufer, Gillespie, & Silvera, 2009). Therefore, the institutional environment along the cognitive dimension has implications supporting perceived quality consciousness and quality production in the relevant country of origin.

6.2 Gatekeeper role in an international product recall

The gatekeeper may be the first supply chain entity alerted to potential product hazard. As emphasised by GATEKEEPER 2, being consumer-facing means most units are returned to the gatekeeper. Sales data is collated and percentage return on sales are monitored. When a certain threshold is reached, the product will be withdrawn from sale and undergo a forensic investigation into whether there is any legitimate reason for increased returns, this "may or may not include the supplier". Diagnosing the defect or contamination may be difficult. Once the defect is determined the scope of the recall can be identified and the recall initiated.

At this point, the hazardous product(s) must be located. INTERNATIONAL BRAND 1 & 2 stressed the importance of gatekeepers in locating products once they had entered New Zealand (in the supply chain or in the hands of consumers). The international brand's product monitoring processes/schemes and supply chain knowledge often do not extend beyond the gatekeeper. Some gatekeepers and retailers have tools such as consumer loyalty programmes which can be utilised to locate defective products, leading to an effective product recall.

In an international product recall it is imperative that firms can effectively distribute warning communications throughout the supply chain. Unlike in domestic supply chains, in which communication is inter-organisational and intra-organisational, must also transcend national borders. INTERNATIONAL BRAND 1 & 2 noted they typically rely on their local gatekeepers to communicate and distribute warning information to end consumers and institutional bodies during an international product recall. Furthermore, GATEKEEPER 2 stated consumer concerns are voiced back upstream to the brand

alongside recall progress reporting. Once the product leaves the supply chain, the ability to execute the recall is severely hindered. ORGANISATION 1, GOVERNMENT 1, and GATEKEEPER 3 emphasised the need the need to have traceability capabilities which were regularly updated.

6.2.1 Gatekeeper characteristics

From the analysis of the interviews, gatekeepers in an international product recall exhibited characteristics highly influenced by their institutional environment and key stakeholders.

> *"Again, it's still about our own company reputation, even though it may not be our brand. We're the interface between the brand and the customer. So, they need to trust that in all cases we will do the right thing."*
> - GATEKEEPER 1

Consistent with the extant literature, the gatekeeper as a knowledge broker was identified as a key role (Gorman & Evers, 2011; J. Johanson & J. E. Vahlne, 2009; J. W. Spencer & A., 2003) in an international product recall. Information regarding quality assurance and consumer preferences are relayed upstream to the international brand. They absorb knowledge of the New Zealand institutional environment and convey it to the international brands. It's imperative that the gatekeeper has thorough understanding of the product, the supply chain, and the strategic intent of the international brand.

> *"We take a lot of time to also understand our suppliers' strategy, and then we also share our strategy with them; so, that we then come up with, I guess, a joint strategic intent for the supply of products, and we recognise this in order for them to be an efficient and effective supplier of goods to us."*
> - GATEKEEPER 2

Gatekeeper livelihood depends on making decisions based on minimal perceived risk to the consumer (Knight & Gao, 2009; Knight, Holdsworth & Maher, 2007b). GATEKEEPER 1, 2, & 3, agreed, stating that the number one priority in a product recall scenario was consumer safety and the removal of product hazard from the market.

Gatekeepers are primarily concerned with the welfare of consumers in their home country. However, gatekeepers are also reluctant to risk damaging the relationship with international brands and suppliers. The gatekeeper views the relationship with the international brand as a partnership.

> *"We respect our suppliers, and we actually require them to also respect us; and so, if that's part of our work ethic, we're actually working together, because we take a lot of time to understand the culture and the nature of the business that we're partnering with; we treat it as a partnership…*
>
> *… we work on very much a partnership platform, which is a much easier way to do work, and also it brings that understanding of the role in the supply chain, knowing that we can't do everything ourselves."*
> - GATEKEEPER 1

6.2.2 Gatekeeper initiated recall

Gatekeepers may perceive initiating preventive recalls as a socially responsible response by ensuring consumer safety from a product hazard. On the other hand, delaying the initiation of the recall may protect relational ties with the international brand, allowing the brand's own quality assurance protocols to determine whether a recall is necessary. Waiting for the international brand to determine the cause of defect before initiating a recall may avoid admittance of guilt/culpability and avoid future recall and liability costs.

Coercive institutional isomorphism originates from political influence and legitimacy (P. J. DiMaggio & Powell, 1991; Lai et al., 2006). However, the coercive pressures are not limited to the regulatory institutions. When powerful channel members favour certain recall processes or strategies, the member may coercively push its partners to adopt them. The dependent firm perceives coercive pressures which emphasise the asymmetry of power and then better realise the consequences of adopting or not adopting the recall processes or strategy. Going against the powerful firm's requirements may endanger the dependent's firm's survival because of its dependence on the powerful partner (Liu et al., 2010). Thus, the dependent firm tends to comply with the powerful partner's request to adopt the certain recall processes or strategies.

In the case of a gatekeeper-initiated recall, the gatekeeper is likely to ask their trading partner, the international brand, to also deploy a preventive recall strategy. As the local gatekeeper is the entry point to the market and holds the institutional knowledge being an "expert consumer", the dependent firm relies heavily on their partnership to survive in the market and will comply with the direct imposition to conduct a preventive recall. The international brand, being dependent on the gatekeeper is willing to adopt a proactive recall strategy to demonstrate its commitment to the trading relationship, securing its conformance to legitimacy.

> *"I mean, as we're a major retailer in New Zealand, obviously our opinion does carry a lot of weight; we need to be careful we don't abuse it. So, that's why I would not, if you like, take that conversation over; I would recommend them to the regulator. Most people, they recognise, because this is what we do and once you discuss the issues, they go, 'oh yeah, you're probably right'."*
> - GATEKEEPER 1

The adopting firm may require technical assistance from the dominant firm and relevant professional associations/institutions (Lai et al., 2006), especially if they have little or no recall experience as confirmed by GOVERNMENT 1 and ORGANISATION 1. The consumer choice aspect of the gatekeeper (Knight et al., 2007a; B. Sternquist, 1994) suggests, that being the dominant firm the gatekeeper would willingly provide technical support and share its recall experience to ensure effective recall and to remove the product from consumers as fluidly as possible.

> *"So, we assisted them quite substantially, because we had sold somewhere in the vicinity of about 40 or 50 percent of either the nationally available brands, or our own private label. So, we worked alongside them with the details of the recall and provided them with some guidelines on how to put a contact centre in place, to ensure that customer issues were resolved expediently, and so forth."*
> - GATEKEEPER 2

A key construct of coercive institutional pressure is relative power (Bjorkman & Lu, 2001). Both GATEKEEPER 1 and 2 are sizeable players in their respective markets and

have considerable bargaining power; whereas GATEKEEPER 3 is a family owned company that is comparatively much smaller. In a recent (2015) product harm crisis which resulted in an extensive product recall of a similar product that shared the same country of origin as that of the product GATEKEEPER 3 imports, the gatekeeper suggested a preventive recall that was rebuffed primarily due to power disparity – the manufacturer being a larger firm.

> *"In our business, the most serious situation is where public health is potentially under threat. This has come about with a competing brands' product where allegations had been made where virus was found on raw material. These situations have been accelerated because it was reported into the media to avoid all imported frozen berries so that a whole country of origin was under suspicion. We asked our supplier whether we should also recall but we were reassured that there was no need."*
> – GATEKEEPER 3

Contextual finding:

Gatekeeper orientation towards the consumer, environmental institutional pressures (coercive and normative), and gatekeeper risk avoidance influence the gatekeeper to initiate a preventative recall. Furthermore, in face of a potential product harm crises, where the local gatekeeper is the dominant organisation, coercive institutional pressure to initiate a preventative recall is exerted towards the partnering international brand.

Proposition 4: In face of a potential product harm crises, where the gatekeeper is the dominant organisation, the institutional coercive pressure to initiate a preventative recall is exerted towards partnering firms.

6.2.3 Interaction with institutions

> *"So, there's a lot of, I guess, high degree interaction between the government and major retailers today, and particularly through the lobbying bodies of the associations such as New Zealand Business, Retail New Zealand, and so forth."*
> -   *GATEKEEPER 3*

The interaction between the local gatekeepers and the institutions surfaced from the data analysis as another portion of the gatekeeper role in international recalls. Gatekeepers have the cultural knowledge and understanding of the home country that can only be acquired by operating in such institutional environments for an extended time. Therefore, gatekeepers interact with the institutions to attempt to influence a beneficial environment for the firm to operate and recall products effectively in. Considering the partnership relationship that the gatekeeper has with the international brand, the gatekeeper is likely to promote mutually beneficial regulative conditions.

> *"We've got a good working relationship with MBIE [Ministry of Business, Innovation and Employment], and they're the keepers of the Fair Trading Act, and keepers of the Commerce Act, and everything else; and, if we see stuff that's happening that doesn't work with legislation, we will contact them, and we'll talk it through and say, 'This part of the Act, really doesn't work today, because,' and, we can get into sort of some robust discussion with them. But we can't collude with other retailers, because that then gets us into trouble with the Commerce Act, and so we can actually be heavily fined for collusion.*
>
> *We can use lobbying bodies, like Retail New Zealand and so forth, as the front person, representatives industry body, representing most of retail in New Zealand, to actually have some change and management processes put in place with MBIE; and similarly, if MBIE are looking to change legislation themselves, they will, through Retail New Zealand, seek input from major retailers such as ourselves, and that's something that falls into my bucket."*
> - GATEKEEPER 2

The greater the institutional distance between the international brand's home country and the host country market in which the recall is in process, the greater the reliance on the gatekeeper to liaise with institutional bodies. For example, in China, the network gatekeeper is in a far more suitable position (than a foreign firm) to converse with institutional bodies or state officials due to Guanxi insider-ship (Gao et al., 2014). A network outsider, without any pre-established guanxi ties, would have little hope of having such robust conversations with state officials and institutional bodies that may

encourage change. Campbell (2007) suggests that firms are more likely to exhibit responsible corporate behaviour in environments with strong and well-enforced regulatory institutions, especially when regulations and enforcement capacities were developed with input from firms and other relevant stakeholders.

6.3 Recall characteristics

Each recall is unique and has its own individual characteristics. However, there are nuances that differ international recalls to those that are purely domestic. Increasingly, large multinational firms, in a bid to simultaneously provide local responsiveness and global integration, are developing complex, differentiated network structures (Nohria & Gulati, 1997). Such network structures transcend home and host country markets and are subject to their institutional pressures. Network actors, such as gatekeepers that bridge structural holes facilitate knowledge transfer and play a key role in international product recalls. Firm structures and management processes are growing increasingly complex in response to environmental complexities (Prater et al., 2001). In regard to their supply chain structure, large manufacturing firms imply that they are "hostage to complexity" (Davis, 1993, p.35-36). Supply chain agility, uncertainty, exposure, and complexity are in contention in an international supply chain. The extent of geographic areas covered by the supply chain; the political areas and borders crossed; transportation modes, number, and speed; technical infrastructure and its adoption; and random occurrences such as natural disasters can increase supply chain vulnerability and decrease agility (Prater et al., 2001).

6.3.1 Severity

Possibly the most intuitive product recall factor is the severity of the product harm crisis itself and the resulting impact on consumer well-being. Product harm crisis severity is a frequently studied variable in crisis management and product recall literature. Crisis severity is the extent of harm or injury caused to the consumer and can range from low to high (severity) (Vassilikopoulou, Lepetsos, Siomkos, & Chatzipanagiotou, 2009). Various industries and organisations use different ways to categorise degrees of severity; this thesis followed the guidelines provided by the FDA, as seen in **Table 1.** Serious product recalls, such as Class I recalls leading to severe injuries, sickness, and death, result only in negative connotations for the firms involved.

This research found that with international recalls, the more severe the extent of harm, the costlier the recall financially and in terms of brand equity (GATEKEEPER 2, GATEKEEPER 3, INTERNATIONAL BRAND 1). This accords with extant literature that severe recalls result in negative effects on consumer behaviour, attitudes, and perceptions towards the focal firm (Hora et al., 2011; Mowen, 1979). Shareholders have similar negative reactions, with severe recalls inflicting shareholder equity erosion across multiple industries (Pruitt & Peterson, 1986; Pruitt, Reilly, & Hoffer, 1986; Thomsen & McKenzie, 2001). Increased severity evokes adverse publicity for the focal firm and its brands and is subjected to an increase in product liability claims (Hora et al., 2011) – the fall in sales figures may also be fortified by the institutional pressures of the media, as discussed previously. The severity of the product harm crisis is also an intrinsic consumer cue to assign blame to firms in an ambiguous crisis (Laufer & Coombs, 2006; Laufer, Gillespie, & Silvera, 2009). In comparison, less severe recalls may actually lead to firms earning reputational favour where the consumers and others in the supply chain interpret minor recalls as an enhancement in quality assurance processes etc. Furthermore, low severity recalls provide opportunities for effective (managerial) control to be demonstrated by managers (Salancik & Meindl, 1984).

> *"It does really make you sit up and take notice when such a large-scale recall takes place, but if they hadn't of issued a recall and it was found that there was botulism [Referring to Fonterra 2013 Scandal] it could have been much worse…*
>
> *… Obviously, they had some issues with testing, but we would have triggered a recall too if we had received positive test results from our QA"*
> - *GATEKEEPER 3*

Extant literature suggests that recalls that are initiated and conducted quickly would also be synonymous to admitting guilt, which in turn leads to adverse consequences such as shareholder value erosion and negative consumer reactions. Related constructs, proactive recalls (Chen et al., 2009) and super effort recalls (Siomkos & Kurzbard, 1994) are also suggested to lead to shareholder wealth erosion. Findings from this research, however, suggest that in face of severe international product harm crisis, New Zealand gatekeepers show no reluctance or hesitation in initiating and conducting quick product recalls (GATEKEEPER 1, 2, 3, & INTERNATIONAL BRAND 1).

"I think that most importers in New Zealand are looking to avoid trouble. That's completely natural of course, but if that means taking product off the shelves and having the supplier to pay for it's a less problematic stance to take for them than standing up and saying we're comfortable with practices and defend the product."

- *INTERNATIONAL BRAND 1*

Contextual finding: In a severe international product harm crisis leading to product recall, normative institutional pressures encourage the local gatekeeper to initiate preventative product recalls and alongside the international brand, undertake proactive recall strategies.

Proposition 5: In a severe international product harm crisis leading to product recall, normative institutional pressures encourage the focal firm to pursue recall strategies that are perceived as legitimate in severe international product recalls.

6.3.2 Ambiguity

The ambiguity of cause embodies an important factor that can influence crisis decision-making and strategy formulation. Ambiguity refers to the "amount, type, reliability, and unanimity of information" (Ellsberg, 1961, p.657) in an event. Ambiguity and product harm crises often go hand in hand and therefore product recalls are often instigated in ambiguous circumstances. The 'culpable party' for a product-harm crisis is not always apparent, this is especially true when the crisis is initially reported in the media (Laufer & Coombs, 2006, p.380). Furthermore, "culpability is increasingly ambiguous in incipient product-harm crises" (Laufer et al., 2009, p.190). Recalls are ambiguous when either the culpable party cannot be identified, or the cause of the product hazard cannot be identified. Moreover, recalls can also be ambiguous as the crisis hazard may be from a product defect, from consumer mishandling, or from external effect somewhere along the supply chain.

On the whole, managers tend to avoid ambiguous decision making (Becker & Brownson, 1964). Furthermore, managers tend to avoid decision making altogether under ambiguous circumstances (Mosakowski, 1997). The ambiguity of cause, therefore, leads to firms and managers avoiding decisions that directly assign responsibility or culpability for the

product harm crisis event. A recall, while protecting the consumer, inadvertently acts as a signal that a firm has delivered a defective (etc) product. Accepting blame or responsibility for a product-harm crisis can result in stakeholder wealth erosion as investors perceive brand equity damage, reputational damage, litigation and punitive regulatory costs (L. P. Allen, Comolli, & Heumann, 2008; Davidson & Worrell, 1992). Firms offering a high restitution or compensation may also signal to consumers and shareholders that they are the culpable party in an ambiguous crisis and they accept the responsibility this crisis. The conditions of uncertainty lead to delayed decision making (Mosakowski, 1997). Extending this logic, recall-timing decisions are likely to be affected by the uncertainty of culpability and cause in an ambiguous international recall. Committing to a recall again signals the acceptance of responsibility for the crisis. Therefore, firms may delay the decision to recall until the reliability and completeness of information is increased – rather than recalling immediately on a whim.

> *"Of course, we look over our own procedures and analyse what went well and what we could have done better [following a recall]. So, we try to develop a 'best practice' so to speak. We also keep an eye out for what others have done; analysing how they manage their recalls and public relations. So, we learn from our own experiences and take what we can from others"*
> - *INTERNATIONAL BRAND 1*

Mimetic institutional pressure is the force of uncertainty that encourages the imitation of practices (Lai et al., 2006). The convenient access to the product recall practices of partnering gatekeeper and international brands, the recognition of critical success factors which likely stem from prior recall experience, and the dissemination of product recall knowledge encourage intentional or unintentional imitation of recall practices. Firms are inclined to model themselves on similar organisations in their field that they perceive to be legitimate or successful (P. DiMaggio & Powell, 1983; Heugens & Lander, 2009; Scott, 1995). In face of an ambiguous product harm crises leading to a recall, firms acquire legitimacy by imitating and adopting the recall strategies and practices that have been proven to be successful for similar or partnering firms. The ambiguity resulting in the reluctance for managerial and firm decision making is likely eased by firms merely deciding to imitate what others have done in similar recall conditions.

Contextual finding: In an ambiguous international product harm crisis leading to product recall, mimetic institutional pressures encourage the local gatekeeper to initiate preventative product recalls and alongside the international brand undertake proactive recall strategies.

Proposition 6: In an ambiguous international product harm crisis leading to product recall, mimetic institutional pressures encourage firms to undertake recall strategies modelled after other firms in the same industry or product category that are/were perceived as successful and legitimate.

6.4 Recall capabilities

> *"We work closely with the ACCC. It's a regulator group where we go and discuss issues that are emerging in Australia and put the New Zealand context into that as well and learn from what's happening there. With the global market, we see the same products. The local manufacturing of products per country doesn't really happen anymore. A lot of stuff is sourced from China and can be multiply branded as well. You've got things where you get the same issue across several different brands of product. Essentially when you track it back; they are the same product; the same manufacturer rebranded or made slightly differently but still may have the same inherent issue."*
> - GOVERNMENT 1

6.4.1 Supply chain knowledge and traceability

Firms must build sufficient capabilities and resources to successfully manage product recalls and their associated risks. Two primary intangible capabilities were found to be of key importance in an international product recall. For international product recalls to be effectively executed, comprehensive supply chain knowledge and traceability are fundamental constituents. Although supply chain knowledge and traceability are separate capabilities they are complementary characteristics and are most often found in conjunction. However, being on a continuum, a firm may have high or low levels of each. International supply chain knowledge and traceability allows

Supply chain knowledge encompasses product knowledge, product movement, and supply chain partners. Supply chain knowledge is information regarding the product within and between nodes in the supply chain and is therefore quintessential in an effective recall. INTERNATIONAL BRAND 1 emphasised that it was of critical importance for the Gatekeeper to also have comprehensive knowledge of their (the brand's) product and processes. Knowledge regarding the product is extremely important during international product recalls.

> *"One of the key problems that we sort of have, is that there's always been a strong emphasis on one-up one-down. I know where I got my product from, I know where I sold it to. But you do not have everyone operating, especially in large supply chains, using the same sort of traceability systems; at which point everyone keys in or everyone scans in and you can see what the supply chain looks like. So, you get stuck with these situations where literally if it's gone through 20 hands to get somewhere you talk to the person one down, and so forth, and so forth, and so forth. So, it does take a long time."*

- ORGANISATION 1

Traceability refers to the knowledge about which nodes a product has flowed through to reach its current location (a systematic and sequential approach to tracking product movement). Firms are legally required to have a minimum of "one-up one-down" stepwise knowledge of the supply chain. Traceability is severely diminished the more complex the supply chain, especially between cross-border nodes (Marucheck, Greis, Mena, & Cai, 2011).

Proposition 7a: Increased traceability and supply chain knowledge lead to greater efficiency in international product recalls.

Proposition 7b: Increased traceability and supply chain knowledge lead to preventative international product recalls.

CHAPTER 7 – DISCUSSION

This chapter discusses the overall findings from the analysis. Empirical generalisations are provided that are applicable to a range of institutional environments.

Legitimacy is a long-term cognitive process of institutionalisation through which an organisation becomes embedded in taken-for-granted assumptions (Suddaby, 2010; Suddaby & Greenwood, 2005). Legitimacy affects not only how people act toward organisations, but also how they perceive and understand them (Suchman, 1995). Organisations that are not bestowed legitimacy are therefore more susceptible to claims that they are negligent, irrational or unnecessary (J. R. Lincoln, 1995). The study of product harm crises and the resulting recalls are well deserved of examination as the response to such a crisis is a point where legitimacy can be earned or lost based on a small number of strategic decisions. The institution-based view sheds light on why firms make such decisions based on internal and external factors in their organisational environment.

New Zealand's regulatory environment promotes firms involved in product recalls to conduct preventative recalls where possible. The regulatory environment is well-enforced and takes a high degree of involvement where firms lack recall experience. It is proposed that strong regulatory institutional environments with well-enforced state regulations in place exude coercive pressures towards firms involved in product-harm crises to initiate a preventative recall strategy. In comparison, it is proposed that in weak regulatory environments with little-enforced regulations that normative pressures influence focal firms' recall strategy to a greater degree. However, the consumer orientation of the gatekeeper suggests they are likely to initiate preventative recall strategies in accordance with normative pressures.

Other informal institutional pressures include the media. The media may milk a negative situation for all its worth. Such crises situation makes interesting reading on slow news days and the media has the prerogative to sell. However, the media attention may not necessarily be brand specific. Attention may be brought to product characteristics and whole industries, such as country of origin and mode of manufacture. Therefore, negative media attention may lead to spill-over effects across product categories, industries, and country of origin. Effective public relations management is necessary in international product recalls. However, firms must be wary not to fuel the fire and present too many

opportunities for the media to influence perceptions of culpability in ambiguous circumstance.

Findings also suggest that recalls may be initiated by along various entities and states of the international supply chain. This includes the own gatekeeper quality assurance procedures detecting defective and hazardous products. It is proposed that gatekeeper orientation towards the customer, environmental institutional pressures (coercive and normative), and gatekeeper risk avoidance influence the gatekeeper to initiate a preventative recall. Moreover, in face of a potential product harm crises, where the local gatekeeper demonstrates high relative power, coercive institutional pressure to initiate a preventative recall is exerted towards the partnering international brand.

Recall characteristics and firms' recall capabilities also play a role in international product recalls. In severe product harm crises with high chances of consumer hazard, in New Zealand, gatekeepers are suggested to take the 'common response'. That is, normative institutional pressures encourage the gatekeeper to initiate a preventative product recall where possible. Both the gatekeeper and international brand will then conduct proactive recall strategies which are likely to be timely and include incentives for consumer restitution (Dawar & Pillutla, 2000). In ambiguous circumstances, in a response to crises uncertainty, it is proposed that focal firms in an international product recall will undertake recall strategies modelled after other similar firms what are perceived as successful and legitimate. Traceability and supply chain knowledge are intangible recall capabilities which increase international recall effectiveness in all circumstances. Gatekeepers play a key role in facilitating supply chain knowledge to other partnering entities. International brands rely on gatekeepers in areas that their supply chain knowledge is lacking. Local gatekeepers are responsible for locating products within New Zealand and distributing warning communications to the regulatory agencies, other local supply chain entities, and the end consumer. Furthermore, they broker institutional knowledge and product recall monitoring upstream to the international brand.

CHAPTER 8 - CONCLUSION

This chapter presents a summary of the managerial, academic and policy implications derived from this thesis, the direction of future research, and finally, concluding thoughts.

8.1 Implications

My study makes three primary contributions to the product recall literature by introducing the institution-based view, the gatekeeper perspective, and addressing the international nature of the phenomenon. Institutional pressures are found to influence firm recall strategy decisions of both the gatekeeper and international brand. The gatekeeper perspective provided insight into the international nuances of product recalls in multi-national supply chains.

From a managerial perspective, this thesis provides valuable insights into international product recalls. In particular, institutional insights suggest that firms look to achieve what is deemed as an appropriate recall response. External factors and institutions, and the way in which firms perceive them, influence the internal organisations within the firm. Occasionally, leading firms undergo product recall strategies that are counterproductive to firm financial performance. Moreover, the role of informal institutional pressures, such as the actions of similar firms and the response of the media may influence the choice of recall strategy. It is suggested that firms may implement the normative 'common response' in severe recalls to be perceived as legitimate. In ambiguous circumstances, firms may be inclined to mimic successful recall strategies that similar firms have conducted in the past to maintain legitimacy.

Gatekeepers play an important part in international recalls. Not only do they transfer knowledge between consumers and the supply chain, up and downstream, but interact with institutions on behalf of international brands. The capabilities of traceability and supply chain knowledge are particularly important in a product recall, especially due to the complex nature of international supply chains. Firms may want to dedicate more resources towards understanding and developing these intangible capabilities to improve recall effectiveness should a product-harm crisis arise

The findings from this study have implications for regulatory and policy-making agencies. The state agencies provide guidelines and suggested protocols on the major steps in the overarching product recall process. Institutional theory suggests that coercive and normative pressures influence product recall strategy decisions. Knowing this may lead to regulatory reform where necessary, such as introducing mandatory incident reporting or mandatory recall progress reporting (neither of which are currently covered in New Zealand legislation). However, if regulatory institutions do not wish to, or do not have the capacity to intervene directly, investing in normative institutions such as industry associations to encourage increased industry (associative) self-regulation may be an option.

Finally, state traceability requirements only mandate one-up, one-down supply chain knowledge. Consequently, the state government may want to incorporate regulative requirements that necessitate a certain level of supply chain knowledge, especially where supply chains transcend national borders. Given the complementary relation between these recall capabilities, traceability levels would also probably be improved.

8.2 Limitations

The findings of this thesis provide insight into international product recalls and establishes the groundwork for future research, but the limitations of this study are clear. Firstly, the purposive sample was constrained by conditions such as firms needing experience of an international recall in the last five years, leaving only a select few firms that could satisfy such conditions in New Zealand. However, as expert elicitation allows for deep insights from individuals in certain cultural domains (D. T. Campbell, 1955; Tremblay, 1957; Zelditch Jr, 1962) with specific expertise (Firmino & Droguett, 2015) and it was deemed data saturation was reached within the sample conditions; it is not a limitation unique to this study, rather to those that are exploratory in nature.

The generalisability of the study may be limited because of the research setting. This research included both product and food recalls in an attempt to cover all basis and develop a breadth of knowledge. Further, since this research predominately concerned international product recalls, the supply chain structure is likely to differ from purely domestic ones. However, these days a huge number of products in developed nations are manufactured outside of the home country, despite product recall literature for the most part ignoring international factors. Therefore, it is difficult to speculate whether the

findings will be generalisable to other industries or countries as supply chain issues vary accordingly. The introduction of the institution-based view will hopefully somewhat alleviate this concern.

Although interviews provide rich data, they are susceptible to natural human biases (Alvesson, 2003; Berg, 2004). Face-to-face interviews can influence informants to present socially desirable responses, whereas telephone interviews remove this potential bias but miss out on observation of nonverbal channels of communication (Berg, 2004). This thesis utilised both face-to-face and telephone interviews as was convenient for the informants. As this research was interpretative in nature, the opportunity to test propositions was limited. Propositions were neither confirmed or debunked which while being a limitation, provides good starting prospect for future research.

8.3 Future Research

While it may be possible to conduct such multidisciplinary research to examine international crisis phenomenon, future studies may be better served to conduct multiple investigations that are focused on specific research questions utilising a single theoretical lens. Exemplar research questions could concern firm institutional difference and time to recall. However, multidisciplinary research is needed in this area to explore different explanations and challenge core assumptions on which most product recall research relies.

There is further investigation needed on the influence of institutions and the pressures they present on firm product recall strategy decisions. Research in weak regulatory environments would be particularly interesting and present fruitful findings.

Future research could investigate mitigation approaches in international product recalls. That is, the strategic action to mitigate the tangible and intangible impacts of product recalls. Key areas in need of study may be mitigation of the direct impacts of international product recalls on guilty firms. Furthermore, the spillover effects and collateral damage on bystander firms, whether they be in the same product category, industry, or even country, is underexplored.

8.4 Conclusion

In conclusion, this study is a multidisciplinary, multilevel theorising of a real-world phenomenon; the international product recall. The research addresses the call for product recall studies that encompasses home and host country factors and stimulates future research in international (product harm) crisis management, a juvenile yet thriving area of research.

This study is of importance to product recall literature which is void of the international theorising. It is of practical purpose as real-world data was interpreted, allowing the development of empirical generalisations. Despite its preliminary nature, by investigating the role of local gatekeepers and international brands international product recall, this research highlights the influence home and host country institution has on recall strategy. Formal and informal institutional pressures are identified to influence product recall strategy and processes.

I can only hope my research has contributed to the product recall literature in a meaningful way. The research acts as a stepping stone towards further research in the international crisis management landscape.

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