



Carnival Cruise: The crashing of the Costa Concordia

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Rachel Hojnacki

[rhojnacki@ufl.edu](mailto:rhojnacki@ufl.edu)

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## Executive Summary

On January 13, 2012, the Costa Concordia crashed off of the coast of Italy, near the island of Giglio, killing 32 people. Captain Francesco Schettino directed the ship on an unauthorized route and hit a rock; this caused the ship to capsize. The passengers of the ship were given misleading messages and not immediately informed of the danger. Along with receiving misleading messages, passengers were also not properly trained in cruise ship safety tactics.

There were many public relations missteps throughout the days following the crash. First, Carnival put the blame for the crash on Captain Schettino and did not apologize for their part in the crash. They also approached the survivors with unfair settlements and hid behind a ticketing contract so that they legal action by the passengers would be less effective. Micky Arison, Carnival's CEO was highly criticized for his statements to the public about the crash. The survivors, people of Giglio and others were expecting him to visit the site of the accident and express his apologies in a way they felt was sincere but he did not.

As the case of the Costa Concordia is related to the safety of passengers a social responsibility plan needs to be adopted by Carnival and its subsidiaries that helps to improve safety of cruise ships. Included in this plan are: research on the current state of the safety of cruise ships and the public's perception of cruise ship safety, publishing a safety report, and improving the standards of safety and training of staff. These should be applied not only to Carnival and their subsidiaries but also industry-wide as the crashing of the Costa Concordia affected the entire cruising industry.

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## Ethical Event

On January 13, 2012, the Costa Concordia, a Carnival cruise ship, capsized off of the coast of Italy after hitting a rock and ripping a 160-foot hole in the side of the boat (Rayment, Gray, Henry & Nikkah, 2012). This happened because Captain Francesco Schettino directed the crew to sail close to shore and wave to the people on the island of Giglio. The captain was criticized with wanting to show off his new ship to the people on the island of Giglio, which was why he decided to deviate from the approved route and sailed close to the shore (Pianigiani & Cowell, 2012).

While on the unauthorized route the Costa Concordia hit a rock and took on a lot of water. This would not have been as hazardous if the boat would have been in deeper waters but because the boat hit the rock in twenty feet of water the bulkhead technology failed (Rayment, Gray, Henry & Nikkah, 2012). Had the water been at least twenty-six feet deep, the bulkhead technology would have worked and water would have spread out evenly on the bottom of the ship, but instead the boat began capsizing. The capsizing of a ship this large is extremely dangerous to the passengers and the worst-case scenario (Erlanger, 2012).

Immediately following the crash an announcement was broadcasted to the passengers and staff aboard the ship that there was an electrical failure and that everything was under control. Although this was partly true, and there was an electrical failure, the Costa Concordia had also hit a rock, and everything was not under control. This was not the only communication that was incorrect from the Captain and those steering the ship. Both the coast guard and Costa cruises main offices contacted the ship shortly after the accident and were told that nothing was wrong (Pianigiani & Gladstone, 2012).

The passengers and staff were finally informed of what was actually happening on the ship. Unfortunately, not all of the passengers were properly trained in the safety procedures. There is a twenty-four hour window, from when a passenger boards the ship to when they are required to walk-through the safety procedures. There were 4,000 people aboard the ship, 700 of these people had boarded the ship that evening and were scheduled to learn the safety procedures the next day (Higgins, 2012). Along with passengers being uninformed, it was reported that the staff was untrained and unprepared so they were unable to help passengers appropriately and direct them to safety.

Finally, the crew placed a mayday signal to the coast guard fifty minutes after the Costa Concordia hit the rock. The person responding to the mayday signal was shocked to find out that Captain Schettino had already left the ship. The Captain was asking the respondent questions he would have known had he still been aboard the Costa Concordia (Pianigiani & Cowell, 2012)

There were many things that took place throughout the next few days that added to the public relations issues throughout the case. The final count of those missing or dead was thirty-two people. Italian officials arrested Captain Schettino and charged him with manslaughter and abandoning ship, finally placing him under house arrest. The CEO of Carnival, Micky Arrison, was also highly criticized for his response to the disaster. The settlements offered to those who survived the crash seemed unsatisfactory to many and because of this multiple survivors decided to sue Carnival and file lawsuits against them.

Even though the Costa Concordia was a ship belonging to Costa cruises, owned by Carnival cruises, the crash was an event that affected the entire cruising industry. Carnival's stock dropped in the days following the crash. This was not Carnival's only

financial loss as there was about a \$90-million loss from the decommissioning of the Costa Concordia, as well as the loss of business following the crash (Tovrov, 2012). The loss of business was not just a concern for Carnival and their subsidiaries, but for the entire cruising industry. Future passengers saw a cruise ship crashing, the name of the ship and the owners did not really matter, the idea of being on a ship that might crash in the middle of the ocean and being stranded was their main take away. This perspective was not harmful to just Carnival but to the entire cruising industry as well.

## Public Relations Ethical Issues

Throughout the days following the crash of the Costa Concordia many events took place that caused a public relations controversy. The first of these began with the arrest of Captain Schettino by Italian officials. This led to Carnival placing the blame for the crash on Captain Schettino, and suspending him from operating their ships (Pianigiani & Gladstone, 2012). Carnival claimed that the entire incident was “human error” because the reason the ship was not following its authorized route was the captain's decision. It was also suggested that Carnival was criticizing Captain Schettino harshly so that they could avoid being considered liable for the event. As it is stated in some international agreements, the owner of the ship has a limited liability because they are not aboard or operating the vessel (Schwartz, 2012). There is some criticism about this because in today's technological environment with the ability to track ships electronically and the ability to be in constant contact, the owners of the ship cannot necessarily claim that they had no idea about what was taking place on the ship and what decisions were being made (Schwartz, 2012).

By blaming Captain Schettino for the Costa Concordia crash, the organization was violating the Public Relation Society of America's (PRSA) code of ethics. They were specifically not following the loyalty value. By blaming the captain, Carnival was not being very loyal or faithful to one of their employees. Based on their decision to blame the captain, future and current employees of Carnival or their subsidiaries could see this as their employer not being supportive of them. Causing this public to either leave Carnival and its subsidiaries for different employment or to just simply not apply at all.

The CEO, Micky Arison was highly criticized for how he handled his apology. Many people wondered why Arison was unable to make an appearance on the island of Giglio.

Passengers' bodies were still being discovered in the wreckage and the people of Giglio who were affected by the crash were waiting for a personal apology (Day, 2012). The corporate public relations statement that was issued by Arison was not enough for many people, and they considered his response insincere.

One of the provisions of the PRSA code of ethics is free flow of information. The response of Carnival's CEO was not conducive to this provision. Arison was unable to create a meaningful relationship with their publics throughout this event because they didn't believe that there was any integrity in his messages.

The settlement that Carnival offered to the survivors of the event was also questionable. The survivors of the crash were offered \$14,600 plus the refund of all travel expenses (Pianigiani, 2012). Many people did not think this was appropriate and attempted to file lawsuits against Carnival and Costa in hopes of achieving about \$165,000 per passenger (Pianigiani, 2012). Those hoping to file against Carnival have a hard road ahead of them, the ticketing contract all of the passengers agreed to when they purchased their tickets is clearly worded in Carnival's favor. This issue of the settlement and lawsuits filed is a breach of fairness in the professional values section of the PRSA code of ethics. After an event like this previous rules may not always apply and the way that Carnival treated the public in relation to the lawsuits filed and settlements offered was not balanced fairly.



## Ethical Theories: In practice and recommendations

Throughout this event Carnival seemed to be practicing two different ethical theories, egoism and deontology. Egoism can be defined as enlightened self-interest (Gower, 2008). According to Gower, egoism views the corporation separately, and the organization operates in its own self-interest not caring about the effects of its actions on others. When Carnival chose to blame Captain Schettino for the crash of the Costa Concordia they were clearly taking an egoism perspective. They were only concerned with what taking responsibility would do for the organization, not for their employee whom they had hired and trained.

Deontology is considered a means based ethics. This means that things are right or wrong, regardless of the consequences, with clear rules about what is or is not ethical behavior (Gower, 2008). This ethical theory can be found in the lawsuits that were filed and Carnival's insistence that the cases are to be filed in Italian courts, per the ticketing contracts. The ticketing contracts also spell out the amount of money that would be given to passengers in the event of a disaster. These examples are all very rules based, although in this situation the decisions made because of the rules previously set up are not entirely ethical.

After examining the case of the Costa Concordia and Carnival's reaction to the events it seems that communitarianism and dialogic or discourse ethics are two theories that should have been applied by Carnival. These two theories would have helped Carnival to have a better public relations outcome with their publics than the one that they experienced.

Communitarianism focuses on the community and how individuals are tied to each other (Gower, 2008). This would have been a better approach in how Carnival dealt with who was at fault for the accident. By taking a communitarian approach, Carnival would have apologized for their part in the incident, and the actions of the captain. They had hired and trained the captain, and by taking partial responsibility as well as informing the public about the future plans they have to better train the people they have hired could have helped them win the favor of the public. Carnival should have also practiced communitarianism towards the passengers who were aboard the ship. The way that Carnival approached the survivors of the crash, the families who lost relatives, and the people on the island of Giglio in the days following the incident, affected their reputation among these groups. A communitarianism approach would have helped keep Carnival's reputation intact among the groups previously mentioned, but because of the approach Carnival chose many do not trust or believe in Carnival like they had before.

The way that Arrison expressed his apologies to the community should have been done according to the dialogic or discourse ethical approach. This theory focuses strongly on the dialogue that is used, focusing on individuals treating each other with openness and respect (Gower, 2008). If Arrison had expressed his concern for the situation in a more appropriate way, the public would not have been as upset by his actions. They also would not have had the opinion that he did not care about the sinking of the Costa Concordia's effect on others. Treating publics with openness and respect in dialogue is a much better approach, especially in a crisis event where lives have been lost.

## Social Responsibility Program

The problems that Carnival faced throughout this case could have been avoided if they had better safety precautions in place, for both their passengers and staff. For this reason, Carnival should begin a social responsibility program focused on the safety of cruise ships. The main goal of their social responsibility program, that Carnival needs to remember throughout the entire campaign, is that they are trying to reassure the public of the safety of cruise ships, specifically the trust in the Carnival cruise line and their subsidiaries.

The first thing that Carnival should do to begin the social responsibility campaign is to sponsor research industry wide on the safety of cruise ships, as well as the public's perceptions about cruise ship safety. This research will be useful to Carnival in many ways. First, Carnival will be able to judge the success of their campaign when they do follow-up research, to see if the public's perception of cruise ship safety has been changed by the initiatives they have put in place. It is also important for Carnival to understand how well their staff is performing and implementing safety measures aboard their ship so that they know what to improve on. If Carnival does not begin with research on where the safety of their cruise line stands in their industry or among the opinions of their stakeholders the plans that they choose to implement could have a negative impact on the cruising industry. This research should be made available to all of the cruise companies. Carnival not only needs to improve their reputation among their stakeholders but also among the other organizations within their industry because their mistake hurt the entire cruising industry. Sharing their research on people's perception of cruise ship safety can help to improve their reputation among the other cruise organizations.

Although the research on safety is important there are a few things that Carnival should do to improve safety regardless of what their research tells them. The twenty-four hour window that the ship has to take passengers through safety drills needs to be changed. Twenty-four hours is too much time for something to go wrong, and uninformed passengers is a danger that can easily be avoided. The safety drill should be administered before the cruise ship leaves port, similar to how flight attendants inform passengers of what to do in the event of a crash before the plane is in the air. If passengers join the ship after it has already been cruising similar to what happened on the Costa Concordia, there should be protocols set up that send the late arrivals through the same training that the rest of the ship received. Small group sessions can be set up and staff should be prepared to give safety briefings throughout the duration of the cruise.

Carnival should also publish an annual safety report. This report should have information on the training of their staff, including the training provided when employees are hired, ongoing training, and evaluations of how the employees are doing in their safety training throughout the year. A quarterly or bi-annual check of the ships and their working parts should be introduced and included in the safety report. Although people are a major cause of safety being threatened in this situation, in other situations the parts of a ship may threaten the safety of passengers more than the knowledge of the crew stationed on it. The annual safety report should be made available for everyone on their website. Also, to create awareness of the report Carnival should e-mail it to past cruise passengers and send a link to it after new passengers buy their tickets if it has already been published for that year. This way they are showing their passengers that they are working on improving their safety and making their ships as safe as possible for the trip that they are about to take.

Evaluating their social responsibility plan in regards to safety is an extremely important step. If Carnival does not know the impact that their social responsibility plan has it is not helpful to them in regards to their reputation or business plan. The first step in evaluation should be to judge the cognitive change in the public. This can be achieved by mimicking the research that started the safety campaign. Specifically by, comparing the publics' answers to the questions on their opinion of safety.

It is also important to evaluate the attitudinal and behavioral changes in the public after the campaign. The cruise line itself can show changes in it's behavior by the standards of safety they put in place. For example, changing the 24-hour window of time they have to perform the safety demonstrations to performing the safety demonstration immediately following boarding before the ship leaves port.

Changing attitude and behavior will be harder to judge in the public and the passengers that Carnival is trying to attract. Comparing the amount of cruise bookings that have taken place in a time period before and after the social responsibility plan has been put in place can help to see if talking about and changing the safety of the cruise ship industry has helped to change the behavior about cruises. In this case their behavior is judged by booking a cruise.

The magnitude of the crashing of the Costa Concordia is hard to come back from. There were 32 lives lost and clear mistakes made throughout this tragedy. Changing the attitudes and behaviors of the public will take more than one small social responsibility plan, but Carnival proving to the public that they have become the safe organization that they need to be in the cruising industry.

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