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Corporate Crisis Communication: Examining the Interplay of Reputation and Crisis Response Strategies

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Abstract

This experiment study used a 2×3 between-subjects design to assess two factors in crisis communication and reputation management—prior corporate reputation (good and bad) and crisis response strategies (apology, sympathy, and compensation)—on an organization facing high crisis responsibility. Results indicate that stakeholders prefer apology to compensation response strategies. Organizations with a prior good reputation have better postcrisis reviews than those with a prior bad reputation. Crisis managers facing crises that generate high attribution of crisis responsibility and anger are advised to rely on apology rather than compensation strategy. It would also be advantageous for an organization with prior good reputation to highlight its past achievements when responding to a crisis.

Corporations, just like politicians and celebrities, are constantly in the public eye and often find themselves in crisis situations. At stake when a corporation is faced with a crisis is its reputation. Corporate

reputation can affect a wide range of issues from stock values to employee morale (Hearit, 2001; Lyon & Cameron, 2004). It is thus important that when a crisis strikes, the organization employs appropriate crisis response strategies with a view to minimizing the impact of the crisis and protecting organizational reputation.

Research has shown that what an organization says and does after a crisis—crisis response strategies—goes a long way toward protecting organizational reputation (Coombs & Holladay, 1996, 2008). Most postcrisis communication research, however, has relied on case study methods, and although case studies offer valuable descriptive data, they “offer little insight into how stakeholders actually respond to crisis response strategies” (Coombs & Holladay, 2008, p. 252). Case studies also offer minimal theoretical understanding of crisis communication (Dawar & Pillutla, 2000; Dean, 2004).

Over the last decade, crisis communication research has begun to use experimental design methods geared toward assessing the public’s perception of crisis response strategies (Arpan & Roskos-Ewoldsen, 2005; Dean, 2004). Coombs (2007) urged communication researchers to go beyond the speculation of case studies based on media reports to create evidence-based crisis communication. The current study used an experimental design to investigate the effects of three crisis response strategies (apology, compensation, and sympathy) and precrisis reputation on the organization’s postcrisis reputation, anger toward the organization, and negative word-of-mouth intention about the organization.

In a related experimental study involving the manipulation of four response strategies (apology, compensation, sympathy, and information) for an actual chemical explosion at Marcus Oil, Coombs and Holladay (2008) found that there were no significant differences between sympathy, compensation, and apology conditions on company reputation. The lack of significance between the three crisis response strategies could be traced to the nature of the study—an industrial accident where no cause had been determined and the public was less angry about the accident (Coombs & Holladay, 2008). Consequently, Coombs and Holladay (2008) suggested that “it is possible that different results could be found if the attributions of crisis responsibility and anger are high” (p. 255).

The current study sought to extend crisis communication research by manipulating sympathy, compensation, and apology response

strategies for a fictitious organization facing high attributions of crisis responsibility and high public anger as recommended by Coombs and Holladay (2008). This study sheds light on how various crisis response strategies for an organization facing high attributions of crisis responsibility and high public anger interact with organizational prior reputation. Results from this study will help organizations facing high attributions of crisis responsibility and public anger understand the type of crisis response strategies to use. The use of experimental method to test the applicability of crisis response strategies provides empirical evidence that aids in the building of crisis communication theory.

The potential impact that each of the three crisis response strategies (apology, compensation, and sympathy) would have on various publics such as victims of the crisis, negotiators for victims, lawyers, lobby groups, and the society at large is worth noting. It would be valuable for the relevant publics and the society in general to understand the nature of each crisis response strategy, the context under which each is conveyed, and the extent to which the strategy is capable of minimizing the impact of the crisis in their lives.

Because apology is one of the most used, demanded, complex, and controversial strategies, it would be necessary for the relevant publics and the society to understand the differences between a partial and full apology. A partial apology is usually “an expression of concern and regret,” whereas a full apology acknowledges the crisis, accepts responsibility, and provides an explanation of what the organization will do to make sure the crisis does not happen again (Coombs, 2015, p. 148).

A partial apology is often used to protect the organization from legal liability, whereas a full apology is and should be used on crises that are preventable in nature, such as human-error accidents and organizational faults (Coombs, 2015). The organizational publics and other members of the society value apology because it acknowledges that social norms were disrupted, shows respect to the victims, and is the first step toward the rebuilding of relationships between the organization and the victims of the crisis (Coombs, 2015; De Cremer, Pillutla, & Folmer, 2011).

Like apology, compensation is a rebuilding or accommodative response strategy that should also be used on crises that are preventable in nature. Members of the society who happen to be victims of

a preventable crisis are likely to have a strong case for compensation from the organization involved. According to Coombs (2015), the use of compensation response strategy is a sign that the organization is taking responsibility for the crisis. In most cases, compensation involves the organization providing money or other gifts to the victims. The sympathy response strategy is used when the organization wants to express concern to the victims of a crisis. Like compensation, the sympathy strategy is regarded as honorable and effective in restoring positive perceptions toward the organization because it portrays the organization as sympathetic and taking responsibility for the crisis (Coombs & Schmidt, 2000).

With a better understanding of the nature of each of the three crisis response strategies and the situation in which each of them is used, organizational publics, victims, and society in general would be in a better position to hold the responsible organization=individual accountable, and as a result demand a fitting apology or negotiate for compensation to minimize the impact of the crisis on the victims and other affected members of the society.

Using the theoretical frameworks of reputation management and situational crisis communication theory (SCCT), the next section of this article reviews some existing literature on organizational reputation and crisis response strategies.

Literature Review

Corporate Reputation

Because of their ability to communicate to various publics about the nature of an organization, public relations practitioners are responsible for the building and maintenance of a company's reputation (Wilcox, Ault, Agee, & Cameron, 2000). Coombs (2000) defined the reputation of an organization in terms of relational history, which is related to the expectation of stakeholders. Delivering on stakeholders' expectations can include customer service, media transparency, and community involvement.

Frombrun and Van Riel (1997) defined corporate reputation as a collective representation of a company's past actions to deliver valuable outcomes to stakeholders. Sims (2009) noted that reputation is

formed by the perceptions that people have about an organization based upon their prior experiences. Weigelt and Camerer (1988) conceptualized corporate reputation in terms of actions that can be attributed to an organization's past actions. According to these conceptualizations, corporate reputation is to some extent based on the past actions of an organization.

Some studies on corporate reputation have also raised the question of the time it takes for reputation to build and how it should be measured. Caruana (1997) argued that to assess the "effectiveness of activities undertaken" by a corporation, there is a need for an instrument that "enables the measurement of corporate reputation over time" (p. 114). Nguyen and Leblanc (2001) agreed that reputation "needs many good transactions over time" (p. 229).

Doorley and Garcia (2011) argued that a good reputation has both intangible and tangible benefits. Intangible benefits—a good feeling about the organization by its customers, employees, and consumer advocates—have the potential of translating into tangible benefits such as an organization attracting better candidates, paying less for supplies, increased profitability, and gaining free press (Doorley & Garcia, 2011). Although a good reputation enhances the perception of an organization as a stable and reliable entity to invest in among potential shareholders, a bad reputation makes it harder for an organization to attract investors and to get financing (Aula & Mantere, 2008).

Although crisis managers believe that prior good corporate reputation can benefit an organization during a crisis, there is a dearth of empirical evidence that can support this proposition (Coombs & Holladay, 2006). Dowling (2002) noted,

To date there are few published scientific studies of how a crisis (adversely) affects a company's images and reputations. Much of what (we think) we know is opinion based rather than well researched. For example, many managers believe that a good corporate reputation acts as a type of insurance policy the first time the company faces a serious crisis. (p. 252)

Using crisis scenarios of organizations facing negative publicity stemming from claims of sexual harassment and a potentially lethal toxic spill into a river, Lyon and Cameron (2004) found that there were better attitudes toward companies with prior good reputation than companies with prior bad reputation. More empirical evidence

is, however, required to offer guidance to crisis managers on how to protect a reputation from the ravages of a crisis (Coombs, 2007; Rousseau, 2006). The following hypothesis is proposed:

H1: An organization with a prior good reputation will have a better post-crisis reputation evaluation than when that organization has a prior bad reputation.

Because crises are unpredictable and negative, they tend to provoke attributions of responsibility, and attribution theory, a social-psychological theory, has sought to explain how human beings make sense of events (Coombs, 2015; Weiner, 1986, 2006). Attribution theory posits that when an event occurs, particularly a negative one, people will try to establish why the event happened. The attributions of responsibility determine how a member of the public feels and behaves toward the organization (Coombs, 2015).

Society attributes responsibility for events based on limited evidence with the blame being directed at the person or organization involved in the incident (internal) or environmental (external) factors (Coombs, 2010). Weiner (1986) argued that the attributions of internal or external responsibility play a key role in determining emotional and behavioral reactions to the organization or individual involved in a crisis. Behavioral actions are negative when a person or organization is judged responsible for the event, whereas behavioral actions are positive when a person or organization is judged not responsible for the event (Weiner, 2006).

Core emotional responses emerging from a crisis include anger and negative word of mouth among affective reactions (Coombs & Holladay, 2008). Anger from stakeholders can ruin the organization-stakeholder relationships, and it can also lead stakeholders to say bad things about the organization to people they know (Coombs & Holladay, 2007; Jorgensen, 1996; Stockmyer, 1996). Word of mouth is valued by organizations because, although positive word of mouth is a powerful persuasion, negative word of mouth has been shown to have stronger consequences on consumer evaluations of organizations (Laczniak, DeCarlo, & Ramaswami, 2001).

Because anger and word of mouth are important emotional responses that could emerge from a crisis event, more empirical evidence is required to establish whether prior reputation has an impact

on crisis emotional reaction outcomes such as anger and word of mouth. The following hypotheses are proposed:

H2: An organization with a prior good reputation will experience less public anger than an organization with prior bad reputation.

H3: An organization with a prior good reputation will experience lower intentions of negative word-of-mouth than an organization with prior bad reputation.

Crisis Response Strategies

SCCT builds upon attribution theory to predict the reputational threat posed by a crisis and to recommend the crisis response strategies that would most appropriately protect the reputation of an organization (Coombs, 2007). By understanding the crisis situation, a crisis manager can determine the crisis response strategies that will protect the reputation of the organization. SCCT posits that the potential reputational damage emerging from a crisis is a function of crisis responsibility. Crisis responsibility, the extent to which the public attributes the cause of the crisis, is in turn a function of the crisis type and severity of the damage (Coombs, 2006).

SCCT further posits that the choice of crisis response strategies should be influenced by crisis type. The choice of crisis response strategies can be achieved by matching crisis clusters—victim, accidental, and preventable—to the appropriate response options—denial, diminish (e.g., excuse and justification), and deal option (e.g., concern, compensation, sympathy, and apology; Coombs, 1995). Crisis responsibility in the victim cluster is “very low and there is little violation of societal norms” to use denial (Coombs, 2006, p. 249).

There is, however, high crisis responsibility for crises falling under the accidental cluster, and therefore the diminish response option should be used. Coombs (2006) noted that within the accidental cluster “stakeholders are open to influence on attributions of the crisis because the threat is minimal” (p. 249). In the preventable cluster, crises produce “very strong” attributions of crisis responsibility and the deal response options should be used. Strong attributions of crisis responsibility represent serious violation of societal norms, thus placing

organizational reputation on the line. The crisis in the current study falls within the preventable cluster as the stimuli purposely draw attention to the high organizational responsibility and preventable nature of the crisis.

Benoit (1995), Benoit and Drew (1997), and Coombs and Holladay (2008) noted that researchers have overemphasized the use of apology= mortification as the best crisis response for any type of crisis. The use of an apology involves the organization accepting full responsibility for the crisis and asking for forgiveness (Benoit & Drew, 1997). Fuchs-Bernett (2002), Patel and Reinsch (2003), and Tyler (1997) noted that accepting responsibility is the highlight of an apology and makes it the most expensive apologetic device financially for a corporation.

When an organization issues an apology, it opens itself to lawsuits and economic consequences because the apology is used in court as evidence to win lawsuits against the corporation (Coombs & Holladay, 2008). Rather than use apology, which might be costly for the organization, Coombs and Holladay (2008) argued that there are other equally effective but potentially less expensive apologetic devices that a corporation could use to protect its reputation.

There are two potentially less expensive strategies, compensation and sympathy, which are seen as similarly effective to apology because they focus on the victims' needs and serve to create public perception that the organization is taking responsibility for the crisis (Coombs & Holladay, 2008). Both referred to as highly accommodative strategies, the sympathy response expresses concern for the victims, whereas compensation offers victims something, such as financial help, to offset the suffering (Coombs, 2006; Fediuk, 2002).

Coombs and Holladay (2008) found that the three crisis response strategies— sympathy, compensation, and apology—produced the same amounts of anger and word-of-mouth intention outcomes. The lack of differences in the amounts of anger and word-of-mouth intentions produced between the response strategies could be attributed to the nature of the study—an industrial accident where no cause had been determined and the public was less angry about the accident (Coombs & Holladay, 2008).

Lyon and Cameron (2004), however, found that companies that issued an apology were more likable and viewed as more ethical and prosocial than companies that issued a defensive response. Because

most victims want an apology, one can posit that an organization that uses apology will experience less anger and negative word of mouth from its publics. Research suggests that many victims want an apology, but as Coombs and Holladay (2008) pointed out, more research is needed to compare apology to other victim-centered responses, such as compensation and sympathy.

In the current study, there is a high attribution of crisis responsibility on the organization and a high level of public anger that should be created by the crisis in which 116 lives were lost. The results from the following main effect hypotheses will provide additional empirical evidence on whether there are any differences between apology, compensation, and sympathy on postcrisis reputation, anger, and negative word-of-mouth intention for organizations facing high crisis responsibility.

H4: An organization that uses apology will have better postcrisis reputation evaluation than the organization that uses either compensation or sympathy.

H5: An organization that uses apology will experience less public anger than the organization that uses either compensation or sympathy.

H6: An organization that uses apology will experience lower intentions of negative word of mouth than the organization that uses either compensation or sympathy.

The belief that prior reputation can help an organization during a crisis not only raises the question of the potential power that previous reputations have on subsequent information judgment but also the possible interaction between response strategies and prior good or bad reputations. Research is lacking on how previous reputations and relationships between the organization and its stakeholders can affect crisis management and specifically, the choice of crisis response to use during a crisis. Lyon and Cameron (2004) proposed interaction effects between reputation and response type, but no significant results were found.

Exploring whether there are any interaction effects between crisis response strategies and prior reputation on postcrisis reputation, anger, and negative word-of-mouth intention would extend crisis communication research, which suggests that we should not view response

strategy in a vacuum devoid of other variables such as prior reputation. The following three research questions are posed:

RQ1: What, if any, is the best combination of prior reputation and response strategy on postcrisis reputation?

RQ2: What, if any, is the best combination of prior reputation and response strategy on anger toward the organization?

RQ3: What, if any, is the best combination of prior reputation and response strategy on negative word-of-mouth intention toward the organization?

Methods

Participants

Participants were from a convenience sample of 230 undergraduate students enrolled in mass communication classes at a large public university in South Central United States. About 66% ($n = 152$) of the participants were female, and they ranged in age from 18 to 40 years old ($M = 21.47$, $SD = 2.28$). In terms of classification, .4% ($n = 1$) was a freshman, 10.4% ($n = 24$) were sophomores, 27.8% ($n = 64$) were juniors, and 61.3% ($n = 141$) were seniors. About 2.6% ($n = 6$) were Asian=Pacific Islander, 3.9% ($n = 9$) were Black=African American, 14% ($n = 34$) were Hispanic=Latino, 78.3% ($n = 180$) were White=Caucasian, and .4% ($n = 1$) did not indicate their race.

Design Materials and Procedure

The study used a 2×3 between-subjects design to assess two factors in crisis communication and reputation management—prior corporate reputation (good and bad) and crisis response strategies (apology, sympathy, and compensation)—on an organization facing high crisis responsibility.

Respondents in the main study were randomized into one of the six conditions and assigned to read a one-page story of a fictitious airline experiencing high attribution of crisis responsibility following the crash of one of its passenger planes and then fill out an immediate posttest questionnaire. Participants' stories were identical except for

the prior reputation passage (manipulated to indicate that the airline had either a good or bad prior reputation) and the crisis responsibility passage (manipulated to demonstrate an apology, sympathy, or compensation response by the airline). (See Appendix A for an example story and Appendix B for the crisis response strategy manipulations.)

Two graduate students with a background in journalism were used to cross-check the stories for the Associated Press writing style. A pretest was then conducted with a randomly selected group of 60 undergraduate Mass Communication students similar to the ones who took part in the main study. The researchers visited three undergraduate classes and randomly distributed the stimuli articles and manipulation checks to student participants. Participants in the pretest group correctly identified the prior reputation (good or bad) and crisis response strategies (apology, sympathy, and compensation) conditions. Participants for the pretest were also able to indicate that the story reflected a strong attribution of crisis responsibility on the airline.

To ensure high attribution of crisis responsibility on the part of the airline, the story was manipulated to indicate that the airline had failed to schedule the ill-fated plane for routine checks on its fuel tanks leading to an accident in which 116 people had died. The story quoted findings from preliminary investigations into the accident stating that the ill-fated plane was overdue for routine checks on its fuel tanks and that the accident had been caused by multiple fuel tank discrepancies.

The research was conducted in a classroom setting. Participants received a packet containing directions, a print news story, and a posttest questionnaire. In addition, they were verbally instructed to carefully read the news story before proceeding to the questions that followed. The entire process took about 15 minutes.

Measures

Condition Manipulation Check for Prior Reputation (Good or Bad)

To ensure participants perceived the prior reputation as intended (dependent upon their condition assignment), participants' impression of the reputation of the airline prior to the accident was evaluated by asking participants to indicate, "Overall, my impression of this organization's prior reputation (before the crash) is." Participants recorded their responses on a 7-point semantic differential scale of three items

ranging from 1 (*very unfavorable*) to 7 (*very favorable*); 1 (*negative*) to 7 (*positive*); and 1 (*disreputable*) to 7 (*reputable*), which were averaged into a composite scale.

Respondents in the prior good reputation conditions should rate prior reputation as significantly more positive compared to respondents in the prior bad reputation conditions. An independent-samples t-test showed there were significant differences between prior good and bad corporate reputation with prior good reputation being more favorable, ($M = 5.07, SD = 1.30$) than prior bad reputation, ($M = 3.33, SD = 1.10$), $t(227) = -10.97, p < .001$). Thus, the manipulation of prior reputation was successful.

Condition Manipulation Checks for Crisis Response Strategy (Apology, Sympathy, or Compensation)

Every participant answered a series of three items to assess whether they noticed the airline's crisis response strategy, which is necessary to ensure they read the article and that the manipulation they received was successful. The item for apology stated, "Based on the article you read, it is accurate to say that the airline is accepting responsibility and offering an apology to the families of those who perished in the accident." The item for compensation asked, "Based on the article you read, it is accurate to say that the airline is offering compensation to the families of those who perished in the accident." The item for sympathy stated, "Based on the article you read, it is accurate to say that the airline is offering its sympathies to the families of those who perished in the accident." All items were measured on a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). Each item was treated as a separate dependent variable in analysis as they each measured agreement with a separate response strategy and could not be combined.

Three one-way analyses of variance were run to check the manipulation of the three crisis response strategies (each strategy item was a dependent variable for that condition's manipulation check). Results supported successful manipulations for all three strategies—compensation, $F(2, 227) = 157.4, p < .001$; sympathy, $F(2, 227) = 16.76, p < .001$; and apology, $F(2, 226) = 6.86, p < .05$ —with respondents within a condition being significantly more likely to identify the correct manipulation strategy compared to respondents outside of that condition.

Postcrisis Reputation

The postcrisis organizational reputation was measured using a five-item version of Coombs and Holliday's (2008, 2009) Organizational Reputation Scale. One of the items read, "I do not Trust the organization to tell the truth about this incident." The items were measured using a 7-point Likert type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). In Coombs and Holliday's (2008, 2009) studies, the measure had a reliability coefficient alpha of .84. The scale was also reliable for this study ($\alpha = .80$, $M = 3.87$, $SD = 1.15$). In addition, a factor analysis using minimum likelihood extraction and a varimax rotation was conducted to further support the reliability of this adapted scale. The initial extraction showed a single factor that explained 55.94% of the variance (eigenvalue = 2.80) with factor loadings ranging from .61 to .74.

Anger

Anger toward the organization was measured using a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). The scale, which was also adapted from Coombs and Holliday's (2008, 2009) studies, had three items, and one read, "I feel annoyed toward Expeditious Airline for what happened." In the Coombs and Holliday (2008, 2009) studies, the scale had reliability coefficient alphas of .88 (2008) and .82 (2009). The scale was also reliable for this study ($\alpha = .76$, $M = 4.95$, $SD = 1.31$). In addition, a factor analysis using maximum likelihood extraction and a varimax rotation was conducted to further support the reliability of this adapted scale. The initial extraction showed a single factor that explained 67.09% of the variance (eigenvalue = 2.01) with factor loadings ranging from .65 to .82.

Word-of-mouth Intention

Negative word-of-mouth intention was measured using three items anchored on a 7-point Likert-type scale ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). An example of one of the items is "I would encourage friends or relatives not to fly Expeditious Airlines." In Coombs and Holliday's (2008, 2009) studies, the scale had reliability coefficient alphas of .76 (2008) and .71 (2009). The scale was also reliable for this study ($\alpha = .77$, $M = 5.23$, $SD = 1.24$). In addition, a factor analysis using maximum likelihood extraction and a varimax rotation was conducted to further support the reliability of this

adapted scale. The initial extraction showed a single factor that explained 68.81% of the variance (eigenvalue = 2.06) with factor loadings ranging from .62 to .95.

Results

Reliabilities

The three reliability coefficients for the dependent measures in this study represented acceptable ($\geq .7$) to good ($\geq .8$) reliability scores (George & Mallery, 2003). One of the adapted scales, negative word-of-mouth intentions, had a higher reliability than the original scale, and the other two adaptations had lower reliabilities, although still within acceptable ranges and consistent with the variation exhibited in other studies using these scales. These differences may be due to the adaption of these scales to a different organization, Expeditious Airlines, which perhaps resulted in small variations in how the individual items relate to each other.

Main Effects of Prior Reputation

H1 stated that an organization with prior good reputation will have a better postcrisis reputation evaluation than when that organization has a prior bad reputation. Table 1 presents results of postcrisis reputation. Significant main effects of corporate reputation were detected, $F(1, 224) = 51.64, p < .001$. Results indicated that a prior good reputation resulted in a higher postcrisis reputation ($M = 4.37, SD = .95$) than prior bad reputation ($M = 3.39, SD = 1.12$). Thus, H1 was supported.

We also examined whether an organization with prior good reputation would experience less public anger than an organization with prior bad reputation. Table 2 presents results of anger by prior reputation. Significant main effects of corporate reputation were found, $F(1, 223) = 10.11, p < .05$. Results indicated that prior bad reputation elicited more anger ($M = 5.22, SD = 1.26$) than prior good reputation ($M = 4.68, SD = 1.31$). H2 was thus supported.

H3 stated that an organization with prior good reputation would experience lower intentions of negative word of mouth than an

Table 1. Analysis of Variance for Postcrisis Reputation by Prior Reputation and Crisis Response Strategies

<i>Source</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Total	238.06	224	1.06		
Prior reputation	54.88	1	53.88	51.64	< .001
Crisis response strategies	7.39	2	3.7	3.48	< .05
Prior Reputation×Crisis Response Strategies	.98	2	.49	.46	> .05

SS = Sum of Squares; MS = Mean of the Squares

Table 2. Analysis of Variance for Anger by Prior Reputation and Crisis Response Strategies

<i>Source</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Total	324.73	223	1.46		
Prior reputation	14.72	1	14.72	10.11	< .05
Crisis response strategies	16.40	2	8.20	5.63	< .05
Prior Reputation×Crisis Response Strategies	10.10	2	5.10	3.47	< .05

SS = Sum of Squares; MS = Mean of the Squares

Table 3. Analysis of Variance For Negative Word-Of-Mouth Intention by Prior Reputation and Crisis Response Strategies

<i>Source</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Total	309.79	224	1.38		
Prior reputation	38.39	1	38.39	27.76	< .001
Crisis response strategies	1.20	2	.60	.43	> .05
Prior Reputation×Crisis Response Strategies	.42	2	.21	.15	> .05

SS = Sum of Squares; MS = Mean of the Squares

organization with prior bad reputation. Table 3 presents results of negative word of mouth by prior reputation. Significant main effects of corporate reputation were detected, $F(1, 224) = 27.76, p < .001$. Results indicated that an organization with prior bad reputation is more likely to experience intentions of negative word of mouth ($M = 5.64, SD = 1.18$) than an organization with prior good reputation ($M = 4.82, SD = 1.16$). H3 was supported.

Main Effects of Crisis Response Strategy H4 proposed that an organization that uses apology will have better post-crisis reputation evaluation than when the organization uses either compensation or sympathy. Table 1 shows results of postcrisis reputation by crisis response

strategy. Results showed significant differences between apology, sympathy, and compensation, $F(2, 224) = 3.48, p < .05$, with apology being rated the highest ($M = 4.08, SD = .99$) followed by sympathy ($M = 3.89, SD = 1.20$) and compensation ($M = 3.66, SD = 1.21$). Post hoc analysis showed the differences were between apology and compensation, such that when the airline responded with an apology it had a more positive postcrisis reputation than when it responded to the crisis by using a compensation strategy. H4 was thus supported through the significant difference between apology and compensation, but no differences were found between apology and sympathy.

H5 proposed that an organization that uses apology will experience less public anger than when the organization uses either compensation or sympathy. Table 2 shows results of anger by crisis response strategy. Results showed there were significant differences between apology, sympathy, and compensation on anger, $F(2, 223) = 5.63, p < .05$, with compensation being rated the highest ($M = 5.30, SD = 1.09$) followed by sympathy ($M = 4.90, SD = 1.24$) and apology ($M = 4.67, SD = 1.51$). Post hoc analysis showed the differences were between apology and compensation, such that when the airline responded with an apology, it was likely to elicit less anger than when it responded using a compensation strategy. H5 was supported through the significant difference between apology and compensation, but no differences were found between apology and sympathy. H6 proposed that an organization that uses apology will experience less negative word-of-mouth intention than when the organization uses either compensation or sympathy. No significant main effects of crisis response on negative word-of-mouth intention were detected. H6 was not supported.

Interaction Effects

Interactions effects between the two factors (prior reputation and response strategy) were investigated. RQ1 asked what, if any, is the best combination of prior reputation and response strategy on postcrisis reputation; no significant interactions were found. Interactions, however, were detected for the RQ2 that asked what, if any, is the best combination of prior reputation and response strategy on anger toward the organization. Results showed there was an interaction effect between response strategy and prior reputation on anger, $F(2, 223) = 3.47, p < .05$, such that for the organization with prior good reputation,

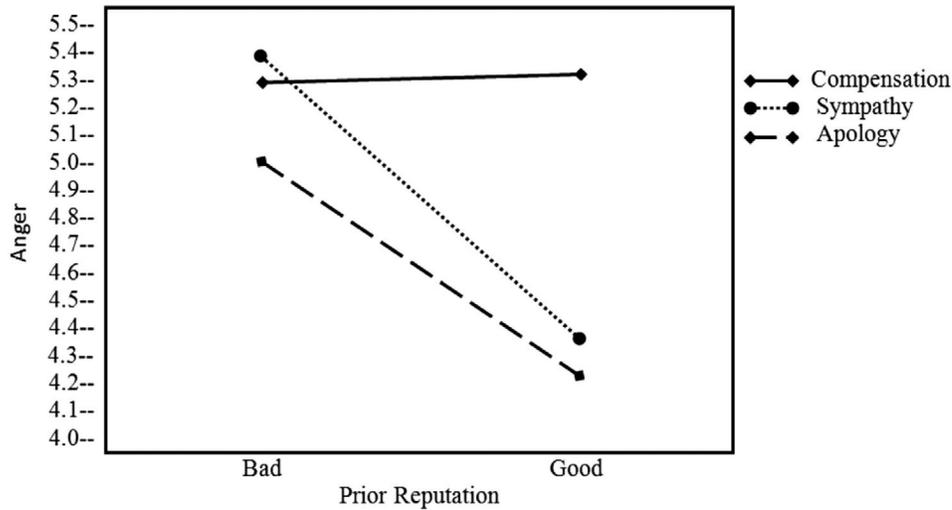


Figure 1. Interaction between response strategy and prior reputation on anger.

compensation ($M = 5.30$, $SD = 1.18$) produced more anger than apology ($M = 4.30$, $SD = 1.48$). Figure 1 shows the interaction effect between prior reputation and response strategy on anger. The interaction effect, however, disappeared for prior bad reputation condition with all of the response strategies eliciting strong anger responses (apology, $M = 5.00$, $SD = 1.48$; sympathy, $M = 5.38$, $SD = 1.25$; compensation, $M = 5.28$, $SD = 1.01$). RQ3 asked, what, if any, is the best combination of prior reputation and response strategy on word-of-mouth intentions; no significant interactions were detected.

Discussion

This study examined the effects of three crisis response strategies (sympathy, compensation, and apology) and prior reputation (good and bad) on the organization's postcrisis reputation, anger toward the organization, and negative word-of-mouth intention about the organization. The study extended Coombs and Holladay (2008) research by examining crisis communication and reputation management for an organization facing high crisis responsibility.

The findings provide insights on corporate stakeholders' attitudes toward an organization as a function of prior reputation and choice of crisis response strategy. Results indicate that stakeholders prefer

apology over compensation response strategies for an organization facing high crisis responsibility. Corporate stakeholders are more likely to get angry toward an organization that compensates victims following a crisis than when it offers an apology. The results also suggest that stakeholders are more likely to positively evaluate an organization that uses an apology than an organization that employs a compensation strategy. Crisis managers facing crises that generate high attribution of crisis responsibility and anger are thus advised to consider using apology rather than compensation response strategy.

The findings also suggest that organizations with a prior good reputation have better postcrisis reviews than those with a prior bad reputation, often regardless of the organization's crisis response strategy. Organizations with prior good reputation will have less public anger and less negative word-of-mouth intention following a crisis than organizations with prior bad reputation. The significance of prior good reputation for an organization highlights the need for precrisis public relations to build a strong positive precrisis reputation.

This study suggests an interaction between crisis response strategies and prior reputation on stakeholders' anger toward the organization. Results show that for the organization with prior good reputation, compensation strategy produced more anger than apology strategy. This finding perhaps points to the sensitive nature of monetary compensation that an organization with prior good reputation can extend to victims of a crisis. The elicitation of more anger for an organization that uses compensation may be indicative of stakeholders' aversion to compensating lost lives with money.

Results of this study also offer suggestions on some of the issues that key publics such as the victims of a crisis, negotiators for the victims, consumers, and members of the society in general should know when faced with a crisis of high attributions toward any organization. First, there is a need to understand that an organization=individual involved in a crisis of high attributions should own up to the mistake and take full responsibility for the crisis. In addition, the organization involved in this type of crisis should either offer an apology or compensation, or a combination of both in a timely effort to minimize the impact of the crisis on the victims.

The victims, negotiators for the victims, consumers, and society in general should also be able to differentiate between a partial apology and full apology because these two strategies serve different purposes,

yielding different impacts on the victims and other publics. Although a full apology involves the organization acknowledging the crisis, taking full responsibility for the crisis, and stating what the organization will do to avert future crises, a partial apology entails an expression of concern and regret and is geared toward protecting the organization from legal liability (Coombs, 2015).

Theoretical Implications

Findings from this study provide several theoretical implications for the field of public relations and strategic communications. First, results of this study support extant literature of reputation management that states that an organization with prior good reputation will enjoy a stronger postcrisis reputation. Because a crisis inflicts damage on an organization's reputation, a favorable prior reputation can act as insurance against the reputational capital lost by the organization following a crisis. Although the findings in this study support the idea that prior good reputation can help an organization recover quickly from a crisis, and prior bad reputation may hinder quick recovery, it is important to note that prior reputation alone does not dictate crisis recovery.

Second, this study contributes to attribution theory with new evidence that shows that emotion and behavior such as anger and negative word-of-mouth intention, which emerge from attributions of crisis responsibility, are a function of other variables such as prior organizational reputation. Findings show that emotional responses such as anger and behavioral intentions such as spreading negative word of mouth are greater for an organization with prior bad reputation than the one with prior good reputation. These findings show that outcomes of attribution of crisis responsibility must be viewed in the context of other organizational factors such as prior reputation.

In addition, results show that outcomes of attribution of crisis responsibility, such as anger toward the organization, are a function of the crisis response strategies that are used by the organization. An organization that uses apology will experience less anger from stakeholders than an organization that uses compensation strategy. These findings further point to the significance of not assessing the outcomes of attributions of crisis responsibility in a vacuum.

Finally, results of an interaction between crisis response strategy and prior reputation on anger offer new additional empirical evidence on the conceptual links between crisis response strategies and elements of crisis situation. The existence of a conceptual link between crisis response strategy and crisis situation is a key tenet of SCCT.

According to SCCT, crisis responsibility is a function of crisis type and severity of damage, whereas the choice of crisis response strategy is in turn a function of crisis type. Results of an interaction between crisis response strategy and prior reputation on anger, which showed compensation strategy producing more anger than apology for an organization with prior good reputation, offer crucial supporting empirical evidence to SCCT's contention on the existence of conceptual links between the elements of crisis situation (crisis responsibility, crisis history, and prior relational reputation) and crisis response strategies.

Limitations and Future Research

One of the key limitations of this study touches on the one-time measurement of corporate reputation. As literature shows, corporate reputation is formed through the accumulation of perceptions over time of the people who interact with the organization. As this study was done with a fictitious organization, it was not possible for participants to have formed perceptions about the organization over time; however, future research should focus on assessing corporate reputation over time through advanced measurement techniques and in selecting the organization under study.

The other limitation of this study is that it used a fictitious airline to examine crisis communication and reputation management for an organization facing high crisis responsibility. A different outcome may have been obtained had this study been done with real events and organizations. In addition, different results may have been obtained had this study been conducted using actual victims of a crisis instead of nonvictims. Future research could make use of real victims as opposed to nonvictims and establish whether results would be different.

Another limitation might be the use of a student sample. The use of a convenience sample of students majoring in communication may also be seen as a limitation. Presumably, research participants with communication backgrounds may have had higher familiarity with the research topic and their speculation into the purpose of the

experiment could have brought error into the study. Future research should also attempt to improve external validity by using samples selected from the wider population and not student samples.

The current study used traditional print media to report on the organization's crisis response. Future research should also explore the role of social media and multimedia in crisis situations. It is possible that the communication delivery mode impacts how a crisis response is processed by the target public.

Based on anecdotal evidence in trade publications to the effect that the timing of issuing an apology, sympathy, or compensation would perhaps make a difference in how stakeholders evaluate postcrisis reputation, future research should incorporate the time variable to determine whether there will be any differences between an apology that is delivered immediately following a crisis and an apology that is offered at a later date. Another future direction may be to examine the combined effects of more than one crisis response strategy (e.g., organization responds with an apology and compensation). Although the between-subjects conditions for response strategy do not allow for an examination of combined strategy effects, it may be an important practical and theoretical question to study in future research.

This study did not make use of all possible dependent variables that could have possibly been included in such a study and future studies should endeavor to incorporate other dependent variables. Dependent variables such as intentions to fly, credibility, and account acceptance (how participants feel about the crisis response offered by the organization) can be considered in future studies. In addition, besides anger and negative word of mouth, there are many other potential reactions that can emerge from societal members as a sign of their dissatisfaction with an organization involved in a crisis, such as boycotting, advocacy against their practices, which were not the focus of this article but may be important to study in the future.

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Appendix A

Airline probed in Italian plane crash

Saturday, May 8, 2010 | 9:33PM ET

The Associated Press

A preliminary investigative report into the cause of last week's plane crash in Perugia, Italy blames the airline for failing to schedule the ill-fated aircraft for the requisite service and maintenance checks.

The airline, Expeditious Airline, is scheduled to launch domestic flights in the United States in late 2012. Its maiden U.S. flight from Dallas to New York scheduled for December 10, 2012, is fully booked.

The investigations conducted by the Italian Civil Aviation Authority in collaboration with the U.S. National Transportation Safety Board and Boeing experts from the United States established that the plane was overdue for routine checks on its fuel tanks.

"We were able to establish that the plane had flown for four months without service checks on its fuel tanks. As standard procedure, the tanks must be serviced after every two weeks" the report read in part. The report points to multiple fuel tank discrepancies that could include fuel leakage and sealant deterioration.

The Expeditious Airline plane crashed approximately two minutes after take-off killing all 116 people on board. The London bound Boeing 737-800 had passengers from 12 nations, most of them tourists who had travelled to the artistic city of Perugia for holiday.

Among those on board were 43 Americans, 22 Britons, 10 Australians, five Brazilians, and eight Nigerians. An eye witness said "the plane fell head first and its nose was buried on the ground." The jet disintegrated on impact.

Expeditious Airline is considered one of Italy's safest airlines. This is the airline's first crash since it was established 45 years ago in 1965. It has won Italy's coveted Airline of the Year award seven times.

In a statement to the media, Expeditious Airline's Chief Executive officer Mercello Cassani offered an apology to the families and relatives of the deceased: "We at Expeditious Airlines accept responsibility for the air crash. We apologize and hope those who have been affected by the incident can forgive us."

Appendix B: The Three Crisis Response Strategy Manipulations

- Sympathy:** “We at Expeditious Airlines are deeply saddened by this incident. The safety of our passengers, employees and stakeholders is of utmost importance to us. Our thoughts and prayers go out to those affected by this incident.”
- Compensation:** “We at Expeditious Airlines will pay for the needs of the families and relatives of the victims of this crash during this time of mourning. To compensate for the loss, an agreement will be reached soon with the negotiating parties on the amount to be paid to those who lost their loved ones.”
- Apology:** “We at Expeditious Airlines accept responsibility for the air crash. We apologize and hope those who have been affected by the incident can forgive us.”