Examining the interplay of an organization's prior reputation, CEO's visibility, and immediate response to a crisis

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A B S T R A C T

In one of only a few crisis communication research studies taking a relational approach, examining the effects of a company's prior reputation in publics' responses to a given crisis situation, Lyons and Cameron (2004) found that both reputation and response profoundly affected publics' attitude and behavioral intentions toward an organization involved in a crisis situation, using hypothetical, fictitious organizations and crises. Using actual organizations and crises, our research team designed a 2 (reputation: good vs. bad) × 2 (crisis response: apologetic vs. defensive) × 2 (CEO visibility in immediate crisis response: visible vs. invisible) within-subjects experiment (N = 102) to examine the variances in stakeholders' attitudes and behavioral intentions toward a company after being exposed to online video that delivered a corporate crisis response. Findings were counter-intuitive: a defensive response to a crisis is as acceptable to crisis stakeholders as an apologetic response if the CEO is visible (or audible) in the response and if the pre-crisis company-stakeholder reputation is positive. Good reputation, defensive crisis response and CEO visibility in immediate response to a crisis resulted in the best stakeholder attitudes and purchase intentions.

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1. Introduction

Reputation management has been an important area in public relations research. How publics view the reputation of a company prior to, during, and after a crisis, often plays a pivotal role in how effectively a company responds to and recovers from the crisis. As Kanso, Levitt, and Nelson (2010) noted, in a crisis case study, “it may take people years to forgive and forget negative experiences and form more positive perceptions” (p. 374).

Reputation, as a key construct in relationship management literature, has often been studied as a measure of crisis response effectiveness (Fediuk, Pace, & Botero, 2010). However, as Fediuk, Coombs, and Botero (2010a) and Fediuk, Pace, et al. (2010) pointed out, prior reputation “is viewed as a critical factor that could shield the organization during a crisis event” (p. 229, citing Coombs & Halladay, 2006) and in the case of negative reputation, prior reputation “could increase perceptions of responsibility for the crisis event (stability of negative behavior)” (p. 229).

Crisis management practitioners commonly focus on the techniques for minimizing damage and helping management get past a crisis as expediently as possible. Tactical methods typically dominate the thinking of many crisis management practitioners, overshadowing the need to address ongoing relationships with key stakeholders in a meaningful and lasting...
way. A crisis situation, however, does provide an opportunity to assess the role of leadership communications and reputation management, both during and after a crisis.

One of the earliest relational studies examined the effects of prior reputation on publics’ responses to a given crisis situation instead of measuring reputation as a dependent variable. Lyon and Cameron (1999) conducted an experiment to examine the interplay between the approach used to respond to negative information and a corporation’s existing reputation. Using a 2 (good vs. bad reputation) × 2 (apologetic vs. defensive) design, they were able to conclude that reputation profoundly affected memory, attitude and behavioral intentions of participants. Conversely, response style was not particularly influential in participants’ cognitive, affective or behavioral measures: a bad reputation prior to the crisis resulted in further damage to a corporation’s reputation, even when its response was apologetic.

Lyon and Cameron advanced their prior research with another experiment in 2004 intended to sort out a “hypocrisy factor” that may have influenced their earlier study. They also sought to determine whether valence, absent in their earlier measures, would produce different results. They found that both reputation and response style did affect participants’ attitudes toward the companies studied, supporting their 1999 findings (2004). In this second study, they showed that the apologetic style of response in negative news coverage of a crisis also had significant positive effects on individuals’ attitudes, contradicting findings of their 1999 study (2004).

Both their 1999 and 2004 studies used hypothetical organizations; in discussing their findings in 2004, Lyon and Cameron suggested “future research using actual organizations with an established prior history would be a useful way of overcoming this problem... Do the findings from this study hold true when tested on real organizations...? What other factors (besides reputation and response style) do individuals rely on when making assessments about the companies?” (2004, p. 234). One of the factors, the role of the CEO in handling crises and conflicts, has been identified by researchers and practitioners (Alsop, 2004; Cancel, Cameron, Sallot, & Mitrook, 1997; Fombrun, 1996; Griffin, 2008; Murray & Shoehn, 1992), has yet to be fully explored in terms of how it exerts direct influence assessments of crisis handling effectiveness and how it might interact with other crisis factors such as corporate reputation and organizational crisis response.

To answer this call for future research integrating crisis communication and reputation management theoretical frameworks, a research team of four public relations educators and one senior public relations practitioner who heads his own reputation management firm designed an experiment to test the 2004 Lyon–Cameron findings with actual crises faced by real corporations. As Stacks (2010) notes, the next research step after a tightly controlled lab experiment (hypothetical situation) that tests theory is a field experiment (actual situation), where conditions are relaxed so that variables are still controlled but the artificiality of the environment is reduced. In addition to testing the Lyon–Cameron findings in actual crisis situations, researchers in this study added the variable of CEO visibility in a corporation’s immediate response to a crisis.

2. Literature review

2.1. Reputation

Public relations practitioners often are responsible for managing the strategic direction and maintenance of a company’s reputation. As Hipple (2005) notes, “As public relations practitioners, we have the skills and training that are vital to making a reputation management plan work... Public relations practitioners can help shape what is often a piecemeal approach into a purposeful reputation management process.” (p. 16)

Previous research in crisis communication has extensively examined the associations between public perceptions of crisis responsibility and reputation. For example, Coombs and Halladay’s (2002) SCCT explained how publics make an interpretation of a crisis event: attribution of greater amounts of crisis responsibility influences more negative crisis reputation. A company’s reputation is distinct from its image (the view of the company held by external stakeholders), or how a company wants to be viewed by stakeholders (Caudron, 1997; Davies, with Chun, DaSilva, & Roper, 2003; Lyons & Cameron, 1999; Pruzan, 2001). It is also different from a company’s identity: the internal view of the company, a snapshot of the company rather than the actual company (Center & Jackson, 1995; Davies et al., 2003; Lyons & Cameron, 1999).

Fombrun defines a reputation as “a perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to all of its key constituents when compared with other leading rivals” (Fombrun, 1996, p. 72). He developed a schematic diagram that shows six factors that together create an organization’s reputation: vision and leadership, social responsibility, emotional appeal, products and services, workplace environment and financial performance (Fombrun, Gandberg, & Sever, 2000). Morley describes reputation management as “the orchestration of discrete public relations initiatives designed to promote or protect the most important brand you own – your corporate reputation” (Morley, 1998, p. 10).

Gotsi and Wilson (2001) made serious efforts to come up with a composite definition after reviewing several scholarly definitions:

A corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experiences with the company, any other form of communication and symbolism that provides information about the firm’s actions and/or a comparison with the actions of other leading rivals. (p. 29)
Connecting the role of media to reputation, Deephouse (2000) developed the construct of “media reputation,” which highlights the role of media coverage on reputation formation. According to Deephouse (2000), the concept of media reputation is “a collective concept connecting the firm, media workers, stakeholders, sources of news about firms, and the readers of news” that “develops over time through a complex social process” (p. 1098).

Just as there are many ways of defining reputation, so are there many ways practitioners and scholars have sought to measure it. Fombrun, in his forward to the book Corporate Reputation and Competitiveness, says academic and practitioner interest in corporate reputations can, to some extent, be traced to the widespread visibility given to the topic by the development of various corporate rating schemes (Davies et al., 2003, p. xi). He mentions specifically Fortune magazine’s annual empirical survey of America’s most admired companies (which he said has spawned similar magazine-originated ratings in a half dozen other countries); social rating agencies like Kinder, Lydenberg and Domini; Davies’s Corporate Personality Scale, and the Reputation Quotient developed by the Reputation Institute and Harris Interactive and currently owned, administered and reported by Harris Interactive.

The Reputation Quotient of each company is determined by the six factors Fombrun included in his definition of reputation management (Fombrun et al., 2000). Because it has been administered on several continents with hundreds of thousands of people surveyed and thousands of companies measured, the Reputation Quotient is “a valid tool for gauging and analyzing how stakeholders think about companies” (Davies et al., 2003, p. xi). Thus, in our study, we adopted Reputation Quotient as the operationalization of corporate reputations because it reflects the complexity highlighted by Murphy (2010) as a network of perceivers – customers, media employees, other companies – rather than a linear or rational design.

Regarding the effects of corporate reputation on key stakeholder response measures such as attitudes toward the corporation and purchasing intentions, using hypothetical crisis scenarios, Lyon and Cameron (2004) proposed and found: (1) attitudes toward companies with a good reputation were better than were attitudes toward companies with a bad reputation; (2) purchasing intentions were more favorable for companies with good reputations than for companies with bad reputations. To test this pair of theoretical propositions and empirical finding in the context of real corporate crises, we propose:

H1.2. Attitudes toward companies with a good reputation would be better than would attitudes toward companies with a bad reputation.

H1.2. Purchasing intentions would be more favorable for companies with good reputations than for companies with bad reputation.

2.2. Crisis response strategy

As Lyon and Cameron (2004) noted, Ihlen (2002, p. 187) suggested that when responding in time of crisis, “reputation management may benefit from being informed by the rhetorical tradition of apologia.” Alsop agrees: “Defensive tactics are almost always damaging. It’s far better to be apologetic and willing to accept responsibility. . . The public wants to see a company take full responsibility for its actions and to show contrition” (2004, p. 260).

Public relations research abounds in crisis communication models to address specifically how an organization can defend itself (Allen & Caillouet, 1994; Benoit & Brinson, 1994; Coombs & Halladay, 1996; Coombs, 1995, 1998, 2000). This body of research has given scholars and practitioners models to determine the most appropriate crisis response on a continuum from accommodating/apologetic to defensive. The literature shows, however, that an apologetic response strategy is not always effective, and that there are differences in the effectiveness of self-defense efforts of individuals and companies (Hearit, 2001).

Taking a politician’s faux pas as a crisis situation, Sheldon and Salott (2009) found that apologizing was not found to be the most effective response when the politician was trying to convince the public to accept his/her account of the situation, think well of his/her character, and recognize his/her concern for others. Their findings are in line with Coombs’ (2004) notion that reputational threat in a faux pas requires a bolstering strategy when trying to protect reputation. Holtzhausen and Roberts (2009) also concluded that bolstering was the most effective image repair strategy while apologizing was not effective in generating balanced stories during crisis situations. Hearit (1995) explained that an organization’s effort to maintain its legitimacy requires both negative and positive communication. Negative communication includes disassociation strategies, which serve to distance organizations from their illegitimate behaviors. Positive communication strategies, on the other hand, refer to corrective action and demonstrating a commitment to the values that the organization violated. Thus, it would be critical yet challenging for an organization to decide whether to apologize or defend itself when developing crisis response strategies.

Coombs (1995) suggests that organizations with a history of poor performance that experience a crisis should respond with mortification, which most closely resembles the apologetic response style described by Lyon and Cameron (1999). That notion was at least partially contradicted by results from the 1999 research by Lyon and Cameron. Further, regarding the effects of corporate crisis response strategy on key stakeholder response measures such as attitudes toward the corporation and purchasing intentions, using hypothetical crisis scenarios, Lyon and Cameron (2004) proposed and found: (1) attitudes toward companies using an apologetic response in a news story were better than were attitudes toward companies using a defensive response; (2) purchasing intentions were more favorable toward companies using an apologetic response than
for companies using a defensive response. To test this pair of theoretical propositions and empirical finding in the context of real corporate crises, we propose:

**H2.1.** Attitudes toward companies using an apologetic response would be better than would attitudes toward companies using a defensive response.

**H2.2.** Purchasing intentions would be more favorable toward companies using an apologetic response than for companies using a defensive response.

2.3. *The role of the CEO in reputation management and crisis response*

Fombrun, founder of the Reputation Institute, acknowledged that there is disagreement over who should be held responsible for reputational gains and losses. “In the United States,” he wrote, “CEOs appear more willing to accept praise for gains but not for losses. At a recent presentation, for instance, General Electric’s well-known CEO Jack Welch admitted that he had never contemplated quitting over the scandal at GE’s Kidder Peabody subsidiary. Yet in all probability a Japanese CEO faced with the same profit-draining scandal would have resigned” (Fombrun, 1996, p. 398).

Alsop (2004) suggested that for CEOs, there is no escaping their link to company reputation. He noted a 2003 survey by Burson–Marsteller that found respondents believed that at least half of a company’s reputation is attributable to the CEO’s reputation, and quoted Leslie Gaines–Ross, chief knowledge and research officer at Burson–Marsteller, as saying, “As reputations rise and fall dramatically today, CEOs are the designated guardians and are expected to pass that reputation along to the next generation of leaders in even better condition than they received it” (Alsop, 2004, p. 12). Murray and Shohen (1992) suggest that having a CEO who takes clear and public command is a criterion for successfully surviving a corporate crisis.

Borrowing leadership concepts such as transformational leadership, transactional leadership, democratic leadership, and autocratic leadership (Bass, 1990), Hwang and Cameron (2008) found that if stakeholders strongly perceive a CEO as an autocratic or a transactional leader, they would likely expect, respectively, an advocating stance or neutrally ambiguous stance of the organization in a given crisis. Thus, we assume that people’s attitudes and behavior could be influenced by how a CEO is perceived in terms of promptness of responding to a crisis situation.

Griffin (2008) noted that frequently, when crisis/communication specialists try to persuade the CEO to take a few hours to conduct media interviews, “the response is sometimes: ‘My job is here, to steer the company through the crisis. If we get it right, the media will see the result and our reputation will be saved.’ This is well-intentioned and logical but wrong” (p. 85). Even when senior public relations and communication executives are very skilled in providing the corporate response in a crisis, “the chief executive officer (CEO) plays an important symbolic role as the spiritual and emotional leader of the organization and is sometimes ascribed heroic characteristics... communication is too important to be left solely” to communication professionals (Van Riel & Fombrun, 2007, p. 16). Therefore, we propose:

**H3.1.** Attitudes toward companies with CEOs present in immediate crisis response would be better than would attitudes toward companies without CEOs present.

**H3.2.** Purchasing intentions would be more favorable toward companies with CEOs present in immediate crisis response than for companies without CEOs present.

2.4. *Joint functions of reputation, crisis response and CEO in immediate crisis response*

In addition to main effects of crisis factors, interaction effects were proposed by Lyon and Cameron (2004): reputation and response type would interact such that the combination of bad reputation and defensive response would be markedly different from any other combinations of these two factors. However, this proposition was not supported by their findings due to the lack of significant results. To further test interaction effects, with the addition of CEO in immediate crisis response as a new factor, as well as to provide more in-depth insights for practitioners, we ask:

**RQ:** Which, if any, is the markedly best combination of reputation, crisis response, and CEO visibility in immediate crisis response?

3. Methods

The effects of reputation, crisis response and CEO’s presence in immediate crisis response were examined via a $2 \times 2 \times 2$ within-subjects design, meaning that each participant received each of the eight conditions for each of the three variables. The first factor was corporate reputation: good vs. bad. The second factor was crisis response type: apologetic vs. defensive. The third factor was CEO’s presence in immediate crisis response: visible vs. invisible.
Table 1
Crisis news scenarios.

<table>
<thead>
<tr>
<th>Organization names and crisis descriptions</th>
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<tbody>
<tr>
<td>Toyota</td>
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<tr>
<td>2009: Unintended acceleration issues with its vehicles caused an estimated 89 deaths.</td>
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<tr>
<td>British Petroleum</td>
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<tr>
<td>2010: Deepwater Horizon oil spill in the Gulf of Mexico.</td>
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<tr>
<td>Chrysler</td>
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<tr>
<td>2009: Request for a government bailout to avoid asset liquidation.</td>
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<tr>
<td>Google</td>
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<tr>
<td>2010: Response to privacy issues concerning storage of user information.</td>
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<tr>
<td>Bank of America</td>
</tr>
<tr>
<td>2009: US flags were removed from a bank branch by its manager prior to a parade for a deceased soldier.</td>
</tr>
<tr>
<td>Citigroup</td>
</tr>
<tr>
<td>2010: Response to raising its credit card interest rates prior to credit card reform being enacted targeting excessive fees.</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
</tr>
<tr>
<td>2010: The organization used a stealth recall of children’s medicine to avoid negative publicity.</td>
</tr>
<tr>
<td>Southwest Airlines</td>
</tr>
<tr>
<td>2010: Actor-director Kevin Smith was forced to purchase more than one seat due to his size and weight.</td>
</tr>
</tbody>
</table>

3.1. Stimuli development: crisis news videos

Lyon and Cameron (2004) recommended looking at real corporate crises for future research to overcome problems such as creating reputation through a single exposure that adds to the artificiality of an experimental environment. Thus, using actual companies enhances the ecological validity of the experimental design.

In order to develop the stimuli, we first identified a pool of corporations with good and bad reputations, based on the most recent Reputation Quotient survey, which was identified as “a valid tool for gauging and analyzing how stakeholders think about companies” (Davies et al., 2003, p. xi). Second, consulting crisis practitioners and educators’ professional experiences and opinions, we examined recent crises that had happened to these identified corporations.

From there, one of the researchers, whose professional background is in graphics and video production in addition to public relations, searched online and obtained original crisis news videos from major news networks. Video editing was conducted in the lab to ensure: (1) the condition combinations were reflected in each crisis news video; (2) possible confounding variables were minimized; and (3) the length of all videos is similar (ranging from 1 min to 1 min and 20 s). Videos were only cut at the beginning and end to minimize contextual alterations and to avoid unrealistic transitions.

To ensure that each scenario administered to subjects was clearly and consistently presented, a pilot test of 30 undergraduate college students was conducted in the format of a focus group discussion after showing two videos. Undergraduate students typically fall into the age range of individuals who are regarded as a potentially active public influencing an organization’s crisis communication strategies, particularly through social networking. The crisis scenarios and organizations were selected based on familiarity and relevance to the students who were the subjects of the study. Suggested changes were made and incorporated in the selection of the final experimental video scenarios, which were uploaded onto YouTube, in addition to formatting changes made to the survey instrument (Table 1).

3.2. Participants and procedure

A sample of college students (N = 102) from a large public Mid-Atlantic university was recruited to participate in and complete the experiment. Thirty percent of participants were male and 70 percent were female. The average age was 21 years.

Because this experiment used a within-subjects design exposing each participant to all combinations of the three independent variables, the individual served as his or her own control for individual differences, decreasing the need for a larger participant pool and accounting for extraneous variables such as IQ, interest and familiarity levels, and demographics. Therefore, the design focused on the relative effect of reputation, crisis response and CEO presence on the individual.

The experiment was administered in classrooms and on average took 50 min to complete. All participants watched all eight crisis news videos, which were presented in random order, in the classroom setting. The videos were shown by the instructor (one of the researchers) from the YouTube site set up for this study. YouTube videos were created due to the importance of new media in crisis communication. As Stephens and Malone (2010) mentioned, use of YouTube and other new media forms is “even more important for scholars to carefully examine how these Internet resources are being used” (p. 18) due to variety and availability of new media for publics to obtain information. Both before and after viewing each video, each student completed a print questionnaire. After watching all eight videos and completing all eight questionnaires, each individual finished the experiment session and received extra credit in the class in which they were enrolled.

3.3. Measures

Before watching each crisis news video, a short questionnaire on perceived reputation of a given company was completed by each participant. The survey items were adapted from Sung and Yang’s (2008). After watching each crisis video, the dependent variables for participants’ attitudes toward the company and behavioral intentions were measured by using two indexes in the questionnaire instrument, the items of which were adapted from Lyon and Cameron’s (2004) study. According to Fediuk, Coombs, et al. (2010), affective responses and outcomes, including future intentions, are important measures in terms of understanding crisis from a receiver perspective during and after organization crises.
The attitude toward a given company index (alpha = .96; M = 3.72, SD = 1.77) was comprised of four items, presented as statements for the participants to assess how friendly and likable each company was, as well as whether they like the ethical standards and management style of the company, after viewing the crisis news video. Each item was measured on a 7-point Likert-type scale where “1 = Strongly Disagree and 7 = Strongly Agree.”

The behavioral intention index (alpha = .93; M = 3.68, SD = 1.93) was composed of three items, presented for the participants to indicate their likelihood of purchasing products from [the company], recommending [the company’s] products to a friend, and requesting more information about a product of [the company], after viewing the crisis news video. Each item was measured on a 7-point Likert-type scale where “1 = Very Unlikely and 7 = Very Likely.”

3.4. Manipulation check

To validly manipulate the three independent variables, three manipulation check indexes were used to determine whether the participants perceived the crisis information form and source in the same direction as the stimuli being manipulated, using one-way ANOVAs.

First, corporate reputation (alpha = .93; M = 4.61, SD = 1.41) was measured, adapting from Sung and Yang’s (2008) study, right before participants watched each video, indicating their degree of agreement that [the company] (1) puts consumer care as the top priority; (2) looks like a company with strong prospects for future growth; (3) is well-managed; and (4) is socially responsible. Each item was measured on a 7-point Likert-type scale where “1 = Strongly Disagree and 7 = Strongly Agree.” An ANOVA found a significant difference between good reputation (M = 5.23, SD = 1.25) and bad reputation (M = 3.96, SD = 1.28) in the tests (F[1,812] = 206.41, p < .001, par. $\eta^2 = .20$).

Second, corporate crisis response (alpha = .82; M = 4.07, SD = 1.86) was comprised of three items, measured using a 7-point semantic-differential scale regarding [the company’s] response: (1) denial/apology; (2) defensive/accommodative; and (3) confrontational/collaborative. An ANOVA found a significant difference between apologetic response (M = 4.68, SD = 1.79) and defensive response (M = 3.44, SD = 1.73) in the tests (F[1,798] = 99.913, p < .001, par. $\eta^2 = .11$).

Third, CEO visibility (alpha = .99; M = 4.09, SD = 2.64) was comprised of three items, measured using a 7-point semantic-differential scale regarding the CEO of the company is: (1) invisible/visible; (2) not present/present; and (3) not there/right there. An ANOVA found a significant difference between CEO visible (M = 6.18, SD = 1.48) and CEO invisible (M = 2.01, SD = 1.74) in immediate crisis response in the tests (F[1,797] = 1330.30, p < .001, par. $\eta^2 = .63$). Therefore, all three manipulations were successful.

Repeated ANOVAs were used to examine the variances in attitude toward the company and behavioral intentions as a function of each independent variable as well as their interactions, if any.

4. Results

4.1. Main effects of corporate reputation

H1.1 proposed that attitudes toward companies with a good reputation prior to a crisis would be better than would attitudes toward companies with a bad reputation. Significant main effects of corporate reputation were detected (F[1,95] = 49.70, p < .001, par. $\eta^2 = .34$). Participants reported more positive attitudes toward companies with a good reputation (M = 4.02, SE = .07) than those with a bad reputation (M = 3.40, SE = .09). Thus, H1.1 was supported.

H1.2 proposed that purchasing intentions would be more favorable for companies with good reputations than for companies with bad reputations. Significant main effects of corporate reputation were detected (F[1,95] = 170.03, p < .001, par. $\eta^2 = .64$). Participants reported more favorable purchasing intentions toward companies with good reputations (M = 4.37, SE = .09) than those with bad reputations (M = 2.99, SE = .10). Thus, H1.2 was supported.

4.2. Main effects of crisis response

H2.1 proposed that attitudes toward companies using an apologetic response would be better than would attitudes toward companies using a defensive response. Significant main effects of crisis response were detected (F[1,95] = 4.29, p < .05, par. $\eta^2 = .04$). Participants reported more positive attitudes toward companies using apologetic crisis response (M = 3.60, SE = .09) than those using defensive response (M = 3.82, SE = .07). Thus, H2.1 was supported.

H2.2 proposed that purchasing intentions would be more favorable toward companies using an apologetic response than for companies using a defensive response. However, no significant main effects of crisis response were detected. Thus, H2.2 was not supported.

4.3. Main effects of CEO visibility in immediate crisis response

H3.1 proposed that attitudes toward companies with CEOs present in immediate crisis response would be better than would attitudes toward companies without CEOs present. Significant main effects of CEO visibility were detected (F[1,95] = 159.73, p < .001, par. $\eta^2 = .63$). Participants reported more positive attitudes toward companies with the CEOs
visible in immediate crisis response (M = 4.34, SE = .08) than those without CEOs visible (M = 3.09, SE = .08). Thus, H3.1 was supported.

H3.2 proposed that purchasing intentions would be more favorable toward companies with CEOs present in immediate crisis response than for companies without CEOs present. Significant main effects of CEO visibility were detected (F[1,95] = 109.46, p < .001, par. $\eta^2 = .54$). Participants reported more favorable purchasing intentions toward companies with their CEO visible in immediate crisis response (M = 4.24, SE = .09) than those without CEOs present in immediate crisis response (M = 3.12, SE = .09). Thus, H3.2 was supported.

4.4. Interaction effects

This study’s research question asked which, if any, is the best combination of reputation, crisis response, and CEO (in)visibility in immediate crisis response. Significant two-way and three-way interactions were detected. The best combinations are reported below:

First, both attitudes toward a company (F[1,95] = 165.32, p < .001, par. $\eta^2 = .64$) and purchasing behavioral intentions (F[1,95] = 62.73, p < .001, par. $\eta^2 = .40$) were markedly a function of the interactions between reputation and crisis response. Participants reported both the most positive attitudes (M = 4.69, SE = .10) and most positive purchasing behavioral intentions (M = 4.86, SE = .11) toward companies with a good reputation using a defensive crisis response.

Second, both attitudes toward a company (F[1,95] = 115.64, p < .001, par. $\eta^2 = .55$) and purchasing behavioral intentions (F[1,95] = 52.58, p < .001, par. $\eta^2 = .36$) were a function of the interactions between reputation and CEO visibility. Participants reported both the most positive attitudes (M = 5.07, SE = .10) and most favorable purchasing behavioral intentions toward companies with a good reputation and with a CEO visible in immediate crisis response (M = 4.86, SE = .11).

Third, both attitudes toward a company (F[1,95] = 159.37, p < .001, par. $\eta^2 = .63$) and purchasing behavioral intentions (F[1,95] = 80.72, p < .001, par. $\eta^2 = .46$) were a function of the interactions between crisis response and CEO visibility. Participants reported both the most positive attitudes (M = 4.98, SE = .09) and the most favorable purchasing behavioral intentions toward companies using a defensive response and with a CEO visible in immediate crisis response (M = 4.73, SE = .11).

Fourth, there were significant three-way interactions among reputation, crisis response and CEO visibility on both attitudes toward a company (F[1,95] = 34.37, p < .001, par. $\eta^2 = .27$) and purchasing behavioral intentions (F[1,95] = 9.20, p < .01, par. $\eta^2 = .69$). Participants reported both the most positive attitudes (M = 6.02, SE = .11) and the most favorable purchasing behavioral intentions toward companies with a good reputation, using defensive crisis response, and with a CEO visible in immediate crisis response (M = 6.08, SE = .13).

Therefore, good reputation, defensive crisis response and CEO visibility in immediate crisis response was the best combination when it comes to effective crisis communication, generating these most positive attitudes and most favorable behavioral intention.

5. Discussion

Our study replicated Lyon and Cameron’s (2004) design using actual organizations with established prior organization-public relational histories (i.e., corporate reputation) to measure how an organization responds to a crisis (whether apologetic or defensive). Inspired by recent corporate crisis incidents and traditional corporate leadership research, we also extended the Lyon–Cameron study by adding an additional factor, CEO visibility in immediate crisis response. Our findings provide a picture of the variances among corporate stakeholders’ attitudes and behavioral intentions toward a given company as a function of reputation, crisis response and CEO visibility. Given the popularity of the viewership of online news, especially among young audiences, our test used crisis news videos embedded in the medium of YouTube, addressing the need for crisis communication research to explore the role of social media in crisis communication (Jin & Liu, 2010).

Our main findings suggest that a defensive response to a crisis is as acceptable to crisis stakeholders as an apologetic response if the CEO is visible (or audible) in the response and if a company’s prior reputation is positive. Good prior reputation, defensive crisis response and CEO visibility in immediate response to a crisis resulted in the best stakeholder attitudes and purchase intentions.

These results might seem counter-intuitive to crisis researchers and practitioners. However, as Ulmer, Sellnow, and Seeger (2010) suggested for the future of crisis communication research, it is important for organizations to “learn from previous mistakes, establish favorable relationships with stakeholders, and most importantly, develop a history of ethical behavior if they are to capitalize on the opportunities inherent in crisis situations” (p. 696).

5.1. Corporate reputation and CEO as primary corporate assets in times of crisis

Our findings suggest that in communicating with stakeholders in a crisis situation, before designing the message and the method of delivery, companies need to configure the map of their prior reputation (good/bad) and the options of viable crisis responses (defensive/apologetic).

Good reputation is always most desirable regardless of any other factors. Coombs and Halliday (2001) found that an organization’s negative reputation prior to a crisis shows a “velcro effect”: “it attracts and snags additional reputational
damage” (p. 335) regardless of efforts to control the immediate news event. In fact, stakeholders prefer a company with a good reputation regardless of whether it is in crisis or not.

CEO visibility, the new factor we added to the crisis communication optimization equation, was found to be important. Everything else being equal, a company having its CEO present when the corporate crisis response is delivered is preferred by shareholders, indicated by higher scores of attitudes and purchasing intentions. This finding is in line with lessons from many crisis cases that suggest CEOs should have taken a more active role in dealing with a crisis, rather than letting the media take a frontline role. And it resonates with what Ulmer et al. (2010) emphasized regarding the role organizational leaders play in effective crisis handling. According to Ulmer et al. (2010), organizational leaders “may be uncomfortable fulfilling the rhetorical obligations of a crisis situation; however, the importance of such a response cannot be diminished” (p. 696).

Importantly, corporate reputation and CEO visibility can go hand in hand to amplify the positive effects. The two-way interaction effects we detected suggest that a good company with a human face of authority and responsibility (i.e., CEO) contributes to crisis damage control and reviving of the company after crisis. Though apologetic corporate response was preferred in general when it came to attitudes, our findings provide evidence in support of strategic and effective use of defensive responses, given a healthy pre-crisis company–stakeholder relationship and appropriate situational climate. In other words, if a company has a good reputation, when there is a choice and solid foundation, more defensive responses can be embraced by, and may even be preferred by, stakeholders, meaning they will continue liking the company and supporting its products. Interestingly, regardless of reputation, a company seems to improve credibility by just having its CEO present when the company is responding to a crisis at an immediate stage.

5.2. Best combination of crisis factors: the formula in the making

The significant three-way interactions reveal a result that needs further testing and validation before it can be generalized in corporate crisis communication practice. Our data suggest a counter-intuitive relationship among the three ingredients of good reputation, defensive crisis response and CEO visibility in immediate crisis response, to ensure the best stakeholder outcomes when it comes to liking and supporting the company. Perhaps this finding is an indication that when a company has a good reputation, it might be able to minimize damage to its reputation by using a more defensive crisis response (which surprisingly might be even more effective than an apologetic response) if the CEO plays a key role in credibly delivering the response. Perhaps the company with a positive reputation and a CEO willing to be visible in responding to a crisis has much more leverage to weigh and choose responses, including the option of choosing a defensive response. Especially in the era of social media, the presence or absence of a CEO can be communicated virally. Crisis managers could consider incorporating their CEO’s presence in the official messages their companies send out to respond to crises immediately and efficiently. All these implications provide support for the need Ulmer et al. (2010) identified for effective crisis communication: “a proactive response to crisis, even before a post-crisis investigation is completed” (p. 696).

5.3. Insights for practitioners

The research data demonstrate the interconnectedness of reputation, leadership and communication:

- The study supports the need for a CEO to play a visible leadership role during a crisis, a long-held tenet of crisis management, and suggests that during a crisis stakeholders are more likely to accept and even support a company with a prior positive reputation.
- Positive relationships between a company and its stakeholders plus a CEO who plays a visible leadership role during a crisis may allow for a more aggressive, yet defensive communications strategy during a crisis.
- Understanding and measuring stakeholder attitudes about a company and its CEO is valuable to developing and adjusting communication strategies, both during a crisis and in non-crisis times. This knowledge also allows communicators to tailor their messages to different stakeholders.
- The reputation of the CEO and the company are invaluable assets for crisis management, and building reputation equity is an ongoing process that is best done during non-crisis periods. As Bill Margaritas of FedEx said: “A positive reputation is like wind in your sails during good times, and a life preserver during bad times.”

5.4. Directions for future research

First, the hypothesis regarding the main effects of crisis response (whether apologetic or defensive) on purchasing behavioral intention was not supported based on our collected data, although crisis response indeed interacted with the other two factors. Future research needs to further explore the role of different types of crisis responses on stakeholders’ behavior-related indicators.

Second, other factors that influence crisis communication effectiveness need to be identified and analyzed in conjunction with reputation, crisis response and CEO visibility. In particular, our results suggest that whether a CEO is present in a company’s immediate crisis response has influential impacts on how stakeholders feel about the company. This result suggests more research is needed in understanding the strength and quality of corporate leadership styles of the CEO, the
dominant coalition and the PR department. Future studies may adopt different leadership styles such as transformational leadership, transactional leadership, democratic leadership, and autocratic leadership in order to provide more insight into how the role of CEO would affect stakeholders' evaluation of a given crisis.

Third, future research should expand the scope of this study not just to corporations but also the public sector, as well as replicating our design with multiple crisis news communication platforms. Cultural variables might play an important role. For instance, the recommendations on how to handle a crisis such as Toyota's recall might also depend on different preferred leadership styles in different cultures.

Last but not least, the use of crisis news videos, instead of written crisis news in most existing crisis studies, proved to be effective in simulating the way college students and young adults receive information about corporate crises. As Jin and Liu (2010) and Liu, Jin, Briones, and Kuch (in press) recommended in their social-mediated crisis communication (SMCC) model, the form and source of crisis information impact the effectiveness of an organization's crisis communication performance. We hope our study, as one of those piloting research projects that look at online videos (with graphics, sound, and motion), will provide insights and stimulate interest from both researchers and practitioners, and that this experiment will be replicated with publics of different and diverse demographics.

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References


