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When should organizations apologize in times of crises?

Examining how the timing of apologies, prior reputation and procedural justice influence stakeholders’ perceptions, attitudes and behavioral responses

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From the bottom of our hearts, Thank You.
Abstract

When an organization commits a transgression, its stakeholders would expect the organization to respond and offer an account to its actions. Issuing an apology is one such response. The question remains: In times of crisis, especially one when the organization is seen to be at fault, when should the organization apologize? To explore this, the authors have developed a framework called the Apology Alignment Model. This model first contextualize apology in a crisis life cycle. The consequential impact of the timing of the utterance of apology is explored by borrowing insights from procedural justice (Ha & Jang, 2009) and prior organizational reputation (Coombs & Holladay, 1996). The model was empirically tested in an experimental context where data was obtained from students from a large research-intensive university. Our findings show that prompt apologies in an early phase, along with high prior reputation and high procedural justice in place result in the most favorable stakeholders’ perceptions, attitudes and behavioural responses; and significant interaction effects between the independent variables provided meaningful information for practitioners to effectively understand the potential consequences of their response.
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Chapter 1: Introduction

In the current era of “meta-apology” (Frandsen & Johansen, 2010, p.350), where sorry, which had been the hardest word to say for fear of legal liability (Patel & Reinsch, 2003), is now more commonly used, there is increasing need to discern and distinguish between organizations’ apologies. This study examined how the timing of apologies by organizations, in the context of health crises, could have corresponding effects on stakeholder perceptions, attitudes and behavioral responses.

Previous image repair literature, “arguably the dominant paradigm for crisis communication” (Ulmer, Sellnow & Seeeger, 2007, p.130), have widely attempted to determine the appropriate image repair strategies (Benoit, 1997; Coombs, 1995, 1998; Hearit, 1997, 2006), the appropriate channels of image mediation (Caldiero, Taylor, & Ungureanu, 2009) and requirements of a spokesperson (Lucero, Tan & Pang, 2009) to aid crisis recovery efforts in the various crisis contexts. However, few, if any, have elaborated on the question of when, that is, the transient effect of time and its salience in affecting all forms of communication strategies. The few studies that mentioned timeliness such as Texaco’s “immediate” (Brinson & Benoit, 1999, p.503) response to the public, Dow Corning’s “phase three” (Brinson & Benoit, 1996, p.39) apology five-and-a half month into the crisis and USS Greeneville’s captain Waddle’s “late actions in offering any type of apology” (Drumheller & Benoit, 2004, p.181) to the families of victims were mostly case studies which highlighted timeliness of the response in a way particularistic to the original crisis context. There is a gap in crisis literature that qualifies when exactly in the crisis timeline is considered timely and what characterizes the different phases in a crisis timeline across crisis contexts.

Hence, the study attempts to address the limitations in existing literature by providing longitudinal (time-based) recommendations for crisis management, in particular, the strategy
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of apology. Arguably, while most communication strategies requires a sensitivity to its particular context or situation (Coombs & Holladay, 2002) this study would be one of the first attempts at clarifying the relationship of timing of organizational response and consequence on stakeholders’ perceptions, attitudes and behavioral responses based on its execution in relation to the progression of crisis phases.

To do so, we developed a framework called the Apology Alignment Model, which serves to give time-based recommendations for the use of apology. Borrowing insights from Wilcox and Cameron’s (2009) conflict management life cycle, which postulates four progressive phases (proactive-strategic-reactive-recovery) in the study of crisis events, and Vasterman’s (2005) media-hype stages, which explains the concentration of media and stakeholder attention during a crisis, the Apology Alignment Model prescribes the study of timeliness in a crisis through four sequential phases: strategic, early reactive, late reactive and recovery. The consequential impact of the timing of the utterance of apology is explored by borrowing insights from procedural justice (Ha & Jang, 2009) and organizational prior reputation (Coombs & Holladay, 1996). Procedural justice describes the perceived fairness of how procedures are enacted in a transaction or in a relationship, as well as the outcome. Organizational prior reputation (Coombs & Holladay, 2001) describes the pre-crisis relationship between the organization and its public. Both the organization’s prior reputation and the public perceived procedural justice could potentially shape consequential effects of communication strategies on stakeholders’ perceptions, attitudes and behavioral responses.

In response to Coombs and Schmidt (2000) call towards more predicative value and casual inferences in crisis literature in clarifying how stakeholders respond to image restoration strategies (Coombs, 2007; Coombs & Holladay, 2008; Coombs & Schmidt, 2000)
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the study empirically examines the importance of timeliness, procedural justice and prior reputation through an experiment using the Apology Alignment Model.

The study offers five key insights of academic significance and practical implications:

First, examining timeliness. Arguably, this study is the first in the field to structurally examine the concept of timeliness according to sequential crises attributes and empirically verify the effects of timing of an organization response based on stakeholders’ perceptions, attitudes and behavioral responses. The study illuminates the often-overlooked effect of timing in crisis response, particularly through the framework from the Apology Alignment Model, uncovering new caveats towards a more comprehensive inquiry of crisis strategies.

Second, examining the interaction effects of time, procedural justice and prior reputation. Past literature has addressed the importance of demonstrating procedural justice in relating with stakeholders and accounting for prior reputation in communication efforts, but has yet to explore these concepts in unison. The presence of significant three-way interaction effect between these variables signals possible dynamics and clarifies the conceptual relationship of these concepts that has never yet been explored within the same study.

Third, understanding the risk of apology in the late reactive phase. The study established that immediacy, that is apologizing at an earlier phase, would benefit the organization. This was consistent with previous literature that prescribes apologizing at first instance (Hearit & Borden, 2006). However, studies have also shown the apologies are often deferred to a later stage, such as in the case of Merrill Lynch, where its use of apology was deemed “late and weak”, undermined by earlier use of defensive strategies (Hearit & Brown, 2004). Furthermore, this study also uncovered that the most risky phase to apology is in the late reactive phase which triggers a backlash from the stakeholders such that the same
apologetic response and/or evidence of procedural justice could result in disappointing outcome for the organization, in particular with regards to negative word-of-mouth behavior.

Fourth, examining differentiated effect on reputation. The study found that prior reputation effects, such as the halo and velcro effect (Coombs & Holladay, 2001; 2006) worked differently across crisis phases. The halo effect describes the shielding from reputational damage from having a favorable prior reputation whereas the velcro effect describes the disadvantaged standing of an organization with unfavorable reputation when dealing with stakeholders in a crisis. In particular, the halo effect is found to diminish while the velcro effect amplifies across the phases till the crisis reaches the late reactive phase, where stakeholders’ perceptions and attitudes towards the organization were found to be most unfavorable. Therefore the study is extension of previous conceptual models of reputation effect and in particular demonstrates differentiated reputation effects along the phases.

Fifth, examining ways to pre-empt stakeholder backlash. For practitioners, the study aims to unearth when an apology should be made. Intuitively, an apology issued at first instance, exhibiting high procedural justice from an organization with high prior reputation would be the most persuasive in terms of stakeholders’ perception. Slowness in issuing an apologetic response could cumulate in stakeholder backlash, most strongly felt in the late reactive phase. However in practice, for certain organizations, there could be factors, which proscribe an immediate apology such as legal liabilities or organization culture. Therefore for an organization that chooses to issue an apology at the late reactive, it needs to be prepared for the possibility of strong stakeholder backlash, resulting in stakeholders criticizing the organization, even when high procedural justice and/or high prior reputation is perceived. In terms of crisis preparedness, the study is instructive towards dealing with backlash that could surface based on the timing of the organizations apologetic response.
Chapter 2: Literature Review

2.1 The Role of Apology

When an organization commits a transgression, its stakeholders would expect the organization to respond and offer an account to its actions. Issuing an apology is one such response. To apologize is to acknowledge fault as well as express regret to what has occurred (Simpson & Weiner, 1989). In other words, apologies acknowledge guilt and responsibility, as well as to ask for forgiveness. Benoit and Pang (2008) argued that it is the “morally correct action” (p.254). Apology can also help diffuse stakeholder anger and hostility (Hearit, 1994), serve as a face-saving strategy (Goffman, 1971) and “would change the way they (stakeholders) see the wrongful action carried out by the apologist” (Frandsen & Johansen, 2010, p.354). Hearit and Borden (2006) concluded that from an ethical perspective, apologetic discourse should bring about reconciliation, in which it should be “truthful, sincere, timely, voluntary, address all stakeholders, and contextually appropriate” (p.64), they also argued that for apologies to be effective, they should be uttered in a timely manner, as soon as the organization recognizes the offensive act.

According to Hearit (2006), the use of apology as an organization response is a long and complicated process. Benoit (1995) referred to apology as mortification, one of the five image restoration strategies, in which the organization asks for forgiveness, having acknowledged guilt and responsibility. Studies suggest that mortification (Coombs, 1995) was the most frequently used message strategy by organizations during a crisis, equally across crisis type and/or stakeholders involved (Stephens, Malone, & Bailey, 2005). Hearit (2006) proposed that in contexts where liability concerns do not prohibit organizations from taking full and public responsibility, organizations should apologize and assume full apology to diffuse public anger and hostility.
Frandsen and Johansen (2010) introduced the concept of a “meta-apology,” in which an apology is given not for what has been done wrong, but rather to restore the sociocultural order, reducing or mitigating negative effects the act might have caused (p.350). In a globalizing context, it has been found that “serial apologies” are playing an increasingly essential role in apology literature (Frandsen & Johansen, 2010, p.358).

The effect of an apology is varied, and is impacted by the organization’s legal liability. Patel and Reinsch (2003) found that there are at least four effects a corporate apology can bring about: “shaping a corporation’s reputation, forgiveness and private resolution, and as evidence for the plaintiff” (p.15). An apology has close links to corporate reputation as it can aid stakeholders to discern the moral and ethical standing of the organization. Thus it is of great importance (Von Kalinowski & Leggett, 1993). Lyon and Cameron (2004) found that “the apologetic style of response had significant positive effects on attitude towards the company” after a crisis (p.230).

While the literature recognizes the importance of apologizing (Kim, Avergy, & Lariscy, 2009; Pace, Fediuk, & Botero, 2010) after a transgression as a way for the organization to save and protect its reputation (Coombs & Holladay, 2008; Pace, Fediuk & Botero, 2010), few, if any, have examined the appropriate time, i.e., at which point of the crisis should the apology be issued in order to optimize its effectiveness and, consequently, how that affects the organization’s reputation and stakeholder relationship. For instance, would it be wise for the organization to apologize at the first hint of a transgression?

The importance of timeliness for the issue of an apology response is evident in both crisis and service recovery literature. Hearit (2006) has found that while the issue of an apology can appear to be straightforward and “be performed as soon as the offender recognizes the offense”, there are consequences to apologizing too early (p.66). While most
organizations struggle to deal with slowness in reply, any apology that is too prompt will bring about its own set of doubts and problems from the stakeholders’ perspective. In assessing the effectiveness of an apology response, it must also be understood that timing in itself might create “new wounds” if not delivered at the right time of the crisis to the relevant stakeholders (Frandsen & Johansen, 2010, p.355). In the case of slowness, Hearit (2006) has found that a late apology is more effective than having no apology. The result of a late apology is likely to be due to the apologist having gone through a “moral learning curve” (p.75). However, delaying an apology can make apologies seem “less sincere due to their consistent failure to admit responsibility” (Drumheller & Benoit, 2004, p.179), and undermine image repair efforts regardless of how appropriate such response was to the situation.

There has yet to be a clear structural outline given with regard to aligning an apology at the right moment in the crisis (Hearit, 2006). While some studies on image repair strategies have examined case studies according to chronological crisis phases (Brinson & Benoit, 1996; Brinson & Benoit, 1999; Low, Varughese & Pang, 2011) these phases are primarily organized according the unique crisis context at that point of time, and the differentiated image repair strategies adopted by the organization. This study proposes a unifying model to examine image repair strategies, in particular the use of mortification or apology, based on general characteristics of the proceedings of crises. The timing of issuing an apology response could be a key determinant in understanding the effectiveness of the apology response.

2.2 Apology Alignment Model: Development of a New Model

As the literature is scant in addressing the issue of timing, the authors have developed a model to address the gap. The Apology Alignment Model was developed by integrating Wilcox and Cameron’s (2009) conflict life cycle and Vasterman’s (2005) media-hype theory.
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The Conflict Management Life Cycle suggests that crises happen in four progressive stages - proactive, strategic, reactive, and recovery (Wilcox & Cameron, 2009). The cycle shows the “big picture” of conflict management, and is further divided into four phases. Laid out on a time continuum, each phase has its unique characteristics with techniques that public relations practitioners can utilise to deal with conflict. For example, the proactive phase calls for environment scanning and issues management, while in the strategic phase, issues could have evolved into conflicts and calls for conflict positioning. The crisis reaches its peak in the reactive phase, and effective crisis management and communication to the stakeholders become imperative (Wilcox & Cameron, 2009). Finally, in the recovery phase, strategies mainly focus on repairing image and reputation. These characteristics and strategies have been integrated into the phases below (Strategic Phase A, Early Reactive Phase B, Late Reactive Phase C and Recovery Phase D).

The media-hype theory (Vasterman, 2005) proposes that media attention in a crisis follows several sequential stages, lasting about three weeks, and draws observation about media and public behaviour during these stages. Media-hype is defined by news waves triggered by a significant key event, which carries on “enlarged by the self-reinforcing processes within the news production of the media” (Vasterman, 2005, p.515). Sharp rises in news stories are a result of news making, instead of reporting of events of the coverage of social responses triggered by the media. Criterion for media-hype to exist include the “materialisation of news wave”, “existence of a key event”, “reporting of comparable incidents” and interaction of “media and social actors” in reporting (Vasterman, 2005, p.515-516). During a media-hype, positive feedback loops can be also observed in which reporting is fuelled by information to generate further news coverage. Practitioners should examine these criterions to predict likely media activities in a crisis.
This study takes reference from these theoretical frameworks, and proposes a unifying crises model capturing the different phases of a crisis and differentiated media attention. The model will be used to examine the importance of apology timing, situated amongst four phases. These four phases would facilitate better examination of the concept of timeliness in crises, and in particular the use of an apology response. Characteristics observed during these phases include the stages of the crisis life cycle, stages of media-hype, pack journalism, victim/social responses and expert responses.

The characteristics of the four different phases are delineated below:

**Strategic Phase A** - The crisis could be building up to media coverage. In this phase, the organization develops an awareness of their misdeeds, but the media has yet to report or discover it. Organization engage in environment scanning and subsequently issues tracking, a systematic and focused approach, in order to halt the development of the issue into a crisis or to prevent it from getting out of hand. The organization also engages in issues management, a proactive approach, and there should be a high-risk assessment of the misdeed triggering a crisis. (Wilcox & Cameron, 2009) The “trigger event” (Wien & Elmelund-Præstekær, 2009, p.187), that is when the media propels the misdeed into the public’s consciousness, marks the end of the strategic phase and moves the crisis into the reactive phase of the conflict management life cycle (Wilcox & Cameron, 2009).

**Early Reactive Phase B** - This phase is said to be one that requires immediate attention and action by public relations or corporate communications officers (Wilcox & Cameron, 2009). It is characterized by the development of a “news theme” (Vasterman, 2005, p.514) in which newsmakers bring together a number of similar events and categorize them under a generalised broad topic. Consequently, news threshold will be lowered in order to let reports run concurrently with the central news theme. Due to the fact that reporting is highly
based on what the other media competitors consider newsworthy, this leads to a copycat style of reporting in which there is “pressure on every news desk to join the pack” (Vasterman, 2005, p.514). Any similar or related past incidents at this time will be given renewed attention in the press. Authorities and experts start getting involved in the crisis but withhold official comments till investigations are completed. It is aligned with the strategic phase of the conflict management cycle in which three strategies may be deployed – risk communication, in which threats are communicated to prevent “personal injuries, health problems and environmental damage”, conflict positioning, which strategically positions the organisation to get ready for events such as litigation, boycott or any range of events that public opinion is likely to trigger and lastly the development of a crisis management plan tailor made for the issue at hand (Wilcox & Cameron, p.255).

Late Reactive Phase C – This phase is still within the reactive phase of the conflict management cycle. “Interactive media momentum” (Vasterman, 2005, p.515) is observed, due to the crisis event attracting the attention and interest of the public, thus generating responses from various official or non-official sources on the media. The information from these sources feeds the news wave and solidifies the perceived newsworthiness of the theme; with that, the crisis reaches a peak. At this stage the public is typically more proactive and, consequently, the organization more reactive (Vasterman, 2005). There will gradually be a saturation of media reports that marks the turning point into recovery. Practitioners should utilise techniques to enable smooth negotiation or arbitration to resolve the conflict. However, some practitioners could likely be embroiled in litigation public relations, with “publicity efforts in support of legal actions or trials” if necessary (Wilcox & Cameron, 2009).

Recovery Phase D - In this phase, there is a general decline in media attention. Based on the conflict management life cycle, this period would be in the recovery stage (Wilcox &
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Cameron, 2009). Media attention has dwindled and the organization strives to return to normalcy. The downward spiral of media attention continues until the topic ceases to exist (Vasterman, 2005). Stakeholders would have emerged from the crisis with higher awareness of the crisis and the organization, and holds reinforced or reformed perceptions of the organization. Subsequently, the organization engages in post-crisis learning.

In summary, phases A to D form the framework for the study which combines the stages of a conflict management life cycle and the media-hype theory. Despite the four distinct phases elaborated above, it is essential to bear in mind that the divisions between each phase may overlap since they are ascribed to certain observed characteristics.

Figure 1: The Apology Alignment Model

Therefore, this study seeks to examine the efficacy of an apology response based on the timing it was issued through an experimental study to clarify the causal relationship between the timeliness of response and the effects on stakeholders’ perceptions, attitudes and behavioral responses. While past literature stressed the importance of a “timely” apology, no academic study has yet specified or explored when exactly is considered timely. Hearit and
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Borden (2006) suggested an apologetic response should be uttered immediately after the organization recognizes the offensive act. Hence, this study posits that the immediacy in timeliness of the apologetic response is positively correlated to its effectiveness.

2.3 Impact on Apology: Stakeholders’ Perceptions, Attitudes and Behavioral Responses

With regards to assessing the consequences of an apology response, this study proposes the usage of three clusters - perceptions, attitudes and behavioral responses - to examine the consequential impacts on stakeholder response. This study investigates the effects of the organization’s response on stakeholders’ perceptions through these two dimensions: reputation, spokesperson credibility; attitudes in these three dimensions: trust, relationship commitment, attitude towards organization; and the behavioral response through: negative word of mouth. Variables under each cluster were labeled as such following analysis of specific literature based on perception, attitude and behavioral responses.

According to Coombs (1995), one of the primary objectives of crisis management is to maintain or restore an organization’s image. Fombrun and Van Riel (1997) defined corporate reputation as a “collective representation of a firm’s past actions and results that describes the firm’s ability to deliver valued outcomes to multiple stakeholders” (p.10), and is a gauge of the firm’s standing in the eyes of its stakeholders. Lyon and Cameron (1999) found that reputation is “so powerful that individuals may make unfounded attributions about other aspects of an organization based on reputation” (p.176). Similarly, Fombrun (1996) suggests that reputation is valuable because it creates a mental bond and “informs us about what products to buy, what company to work for or what stocks to invest in,” (p.4). Notably, the concept of reputation, though implying a sense of permanence, is hardly immutable. Benoit and Brinson (1999) found that in a crisis, an organization’s reputation is influenced by the response of the organization and through the words and actions of its representatives, and
reputation is important because it “is a core element of legitimacy” (p.369), or the organization’s livelihood (Metzler, 2001). Therefore during a crisis, a key determinant of stakeholders’ perceptions would be its consequential reputation, and hence this study has labeled reputation under the ‘perceptions’ cluster.

Corporate reputation is assessed through the Reputation Quotient scale (Fombrun, Gardberg & Sever, 2000). The Reputation Quotient scale studies six dimensions of emotional appeal, product and services, vision and leadership, workplace environment, social and environmental responsibility, and financial performance (Fombrun, Gardberg & Sever, 2000).

Another determinant of stakeholders’ perceptions is the perceived spokesperson credibility, which is defined as one of the corporate image dimensions that can affect brand equity and relate to reputation, and have the three dimensions of corporate expertise, trustworthiness and likeability of the spokesperson (Keller, 1998, 2000). Since these dimensions is measured based on the how the stakeholders view the spokesperson and the organization, perceived spokesperson credibility has been labeled under the ‘perceptions’ cluster.

Trust is defined as “the belief that a partner’s words are reliable, and a party will fulfill his/her obligations in the relationship (Schurr & Ozanne, 1995), whereas Morgan and Hunt (1994) used the term “integrity” that one can confidently rely on. Trust has been posited as one of the major determinants of relationship commitment. Moorman, Zaltman and Deshpande (1992) defined commitment as an enduring desire to maintain a valued relationship. Commitment measures the likelihood of stakeholders’ loyalty and is usual for predicting future behavioral response (Morgan & Hunt, 1994) and whether the organization and its stakeholders believe the relationship is worth investing time and effort to maintain (Hon & Grunig, 1999). Ledingham and Bruning (1998) found that dimensions of trust and
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commitment were a strong indication of the quality of organization-public relationship. Furthermore, attitude towards brand is defined as “consumers' overall evaluations of a brand (but here got brand though)” and is essential as it “forms the basis for consumer behavior (e.g., brand choice)” (Tronvoll, 2007). However, as this study is not studying brand, instead focusing on the organization dimension. Thus this has been adapted and extrapolated to reflect stakeholder attitudes towards the organization. Therefore trust, relationship commitment and attitude towards organization have been chosen as key determinants to reflect the stakeholders’ attitudes towards the organization, and have been labeled under the ‘attitudes’ cluster.

A significant unfavorable behavioral response employed by stakeholders is engaging in negative word-of-mouth with their friends and families. Tronvoll (2007) found that when problems are dealt with immediately, negative word-of-mouth can be prevented and “can contribute to the continuation of the relationship between the service provider and the customer” (p.614). Negative word-of-mouth makes up the final cluster of ‘behavioral responses’.

H1: When the organization issues an apology in an earlier crisis phase, it will enjoy more positive impacts on: (a) reputation (b) spokesperson credibility (c) trust (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when it issues an apology in a later phase.

2.4 Perceived Fairness: Tenets of Procedural Justice

The justice theory has been used extensively as a framework for the effectiveness of service recovery (Smith, Bolton & Wagner, 1999; Sparks & McColl-Kennedy, 1998; Tax, Brown & Chandrashekar, 1998). Customers’ level of satisfaction and their future behavioral intentions depend on the perceived level of fairness in which they have been
served, i.e. whether they feel that justice has been executed. According to the justice theory framework, there are three perspectives to which justice is perceived: distributive justice, procedural justice and interactional justice. Distributive justice refers to the perceived equity of resources received versus resources provided, procedural justice refers to the perceived fairness of how procedures are enacted in a transaction or a relationship, and interactional justice refers to the fairness of the interpersonal treatment received during the enactment of procedures (Greenberg, 1987).

Procedural justice has been chosen as the area of research due to its relevance to communication strategies in a crisis event. This form of justice generally includes formal policies and structural considerations, such as waiting time, responsiveness and flexibility (Clemmer, 1993; McColl-Kennedy & Sparks, 2003). Notably, the image of an organization is not only shaped by the words and discourse, but also actions and behavior of relevant actors (Benoit, 1997). Formal procedures are the principal mechanisms by which organizations promote just outcomes and provide redress to victims, and common experiences with respect to such procedures can create a perception of a procedural justice climate (Colquitt, Noe, & Jackson, 2002; Naumann & Bennett, 2000).

Previous studies have found that procedural justice poses a dominant role in explaining customer satisfaction in service recovery, with the greatest direct effect on satisfaction (Smith et al., 1999; Sparks & McColl-Kennedy, 1998; Tax et al., 1998). An experiment conducted by Aquino, Tripp and Bies (2006) showed that procedural justice serves as a moderator on the effects of organizational variables on the victim’s revenge, forgiveness, reconciliation, or avoidance behaviors. When perceptions of procedural justice climate were high, victims were less likely to endorse vengeance (Aquino et al, 2006).
When Should Organizations Apologize in Times of Crises?

Therefore, in investigating the effectiveness of the apology response along crisis phases, it is both important and relevant to account for the possible moderating influence of perceived procedural justice from the stakeholders’ perspective. The level of procedural justice perceived is posited to be positively correlated with the effectiveness of an apologetic response through all four crisis phases.

H2: When stakeholders perceive higher levels of procedural justice, the organization will enjoy more positive impacts on: (a) reputation (b) spokesperson credibility (c) trust (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when they perceive lower levels of procedural justice.

2.5 Contextual Factor: Role of Prior Reputation

Prior reputation (Coombs & Holladay, 1996) describes the pre-crisis relationship between the organization and its public. It consists of an organization’s performance and crisis history. According to Coombs, an organization’s prior reputation can shape perceptions of the crisis and the organization in crisis (Coombs & Holladay, 2001) and, consequently, the post-crisis reputation of an organization. Boulding (1979) suggested that a favorable prior reputation acts as a buffer against crisis damage. Conversely, an unfavorable prior reputation might intensify the negative feelings generated by the crisis and hinder stakeholders’ receptivity to the organization’s response.

Coombs and Holladay (2001; 2006) studied the effects and termed the possible reputation shielding effect from having favorable prior relationship the ‘halo effect’ and the negative effect from having an unfavorable prior relationship the ‘velcro effect’, which “attracts and snags additional reputational damage” (Coombs & Holladay, 2001, p.335). Lyon and Cameron (1999; 2004) found that prior reputation profoundly affected stakeholders
and was a better predictor of attitudes and behavioral intention as compared to the organization’s response. In particular, the study found that organizations with bad prior reputations were further damaged by an apology. A good prior reputation has also been found to strengthen source credibility and reduce the “hypocrisy” (Lyon & Cameron, 1999, p.231) factor, which impedes stakeholders’ acceptance of an apology.

This study aims to contribute to previous studies on prior reputation and the effect of response strategies with regards to the immediacy of the apology response and its effects on stakeholders’ perceptions, attitudes and behavioral responses. Based on previous studies, prior reputation is posited to be positively correlated to the effectiveness of the apologetic response made by the transgressor.

H3: When the organization has a more favorable prior reputation, it will enjoy more positive impacts on: (a) reputation (b) spokesperson credibility (c) trust (d) relationship commitment (e) attitude towards organization; and less negative impacts from (f) negative word-of mouth as compared to when it has a less favorable prior reputation.

Even though previous literature discussed the individual effect of timing, procedural justice and prior reputation, there has yet been a study examining the possible two way or three way interaction effects on these variables. This is especially since timing was an underexplored dimension of crisis communication. Arguably in crises, an organization’s response with respect to the above mentioned variables are considered collectively by the stakeholders and therefore, identify such possible interaction effects would facilitated a more holistic understanding of the efficacy of different apologetic response along the variables studied. However, due to the lack of previous conceptual theorization linking these variables and studies examining the collective effect of these variables, the authors decided to take an exploratory approach examining the relationship between these three variables with the
When Should Organizations Apologize in Times of Crises?

following research question:

*RQ1: Across the four crisis phases, how do crisis phase, prior reputation and level of procedural justice interact to influence stakeholders’ perceptions of (a) reputation, (b) spokesperson credibility, stakeholders’ attitudes of (c) trust, (d) relationship commitment, (e) attitude towards organization, and stakeholders’ behavioral response of (f) negative word-of-mouth, towards the organization?*
Chapter 3: Method

3.1 Research Design: Experiment

Data was obtained through an experimental design involving students (N = 328) in a large research-intensive university. The independent variables tested were (1) the timing of issuance of the apology response (Phases A-D), and the contingent factors of (2) procedural justice (High Procedural Justice-Low Procedural Justice) and (3) prior reputation (High Reputation-Low Reputation).

An experimental research allowed the manipulation of independent variables within a control setting, to give clarification of correlation and causality. The research design called for 16 conditions and pre-tests (See Appendix A for experimental set-up). We selected the use of laboratory experiments that enabled the control of independent, and dependent variables and eliminated noise from irrelevant variables, thus allowing findings reflected from data to be accurately compared via groups. Subjects were randomly assigned to conditions, allowing fair administration of the experiments (Baum, Newman, Weinman, West & McManus, 1997).

Prior to the experiments, pre-tests were carried out to test the validity of the manipulated stimuli. The different manipulations of high procedural justice, low procedural justice, high prior reputation and low prior reputation were tested and proven to be statistically significant. Nanyang Technological University’s Institutional Review Board (IRB) examined the experiment questionnaire and consent forms, along with information about the research, before experiments were conducted.

Recruitment commenced one month prior to the experiment. Participants were required to be at least 21 years of age and were properly briefed about the experimental procedures. The proportion of males vs. females was almost equal, with 46.8 percent of the
participants being male, and 53.2 percent being female. As participants were both undergraduate and graduate students from the university, the age range was 21-35 with the median age being 22 years old. The experiment included students from eight different nationalities including Malaysians, Indonesian, Sri Lankans, Vietnamese, Myanmar, Cambodian, Tanzanian and Indians, aside from Singaporeans. Representation from each of the four colleges in Nanyang Technological University was secured for the experiment. Participants were randomly assigned to research conditions. Since the experiments required a controlled environment, it was conducted in the university premises. Each session took place in a location with individual computer stations.

After a briefing regarding the experiment procedures, in which participants were told that there were two parts of the experiment to be finished in one sitting, participants first read a one-page profile of a fictitious company. The profile would either be based on a high reputation condition or a low reputation one, depending on the experiment condition that they had been assigned to. Next, they would answer questions to assess the prior reputation of the organization. Subsequently, participants were exposed to up to four phases of the public health crisis scenario (i.e. Phase A to Phase D), depending on the experiment condition they had been assigned to, through a slideshow. The slideshow presented the proceedings of the scenarios in audio form that were accompanied with visual summaries of the main points of each crisis phase. Each participant had an individual station with a computer monitor and a pair of headphones. This was designed carefully so that the participants would concentrate better on the crisis phases, which they were exposed to in both audio and visual formats. Following the exposure to the crisis phase(s), the participants then read the organization’s response through a written press statement, formatted with elements such as a proper company letterhead and spokesperson signature, to ensure realism and veracity of the
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stimulus. The organization response had been manipulated to either contain high or low procedural justice, and the participants’ exposure to the manipulation depended on the experiment condition they had been assigned to. This marked the end of part one of the experiment.

Part two of the experiment required participants to complete a final questionnaire assessing their perceptions towards the company’s reputation in its handling of the crisis, attitudes towards the company, behavioral intentions to continue a relationship with the company, as well as their demographics. Throughout the experiment, the researchers kept a close watch on participants to ensure that the procedures were adhered to.

Participants were properly debriefed at the end of the experiment on the objectives and rationale of the experiment and experiment procedures. A token of $7 was given at the end of the experiment to each participant.

3.2 Stimulus Materials

Two fictitious company profiles were developed based on the reputational criteria set forth by Fombrun and Shanley (1990) and Fortune’s Annual America’s the Most Admired Company (AMAC) surveys, which highlight eight key attributes of reputation: (1) Financial soundness; (2) Long-term investment value; (3) Use of corporate assets; (4) Innovativeness; (5) Quality of the company’s management; (6) Quality of its products and services; (7) Ability to attract, develop and keep talented people; and (8) Acknowledgement of social responsibility (Fortune 2000). Material was also adapted from the reputational summaries of Lyon and Cameron (2004). One was about a company with a high reputation, and the other was of the same company but with a low reputation.

A fictional crisis scenario was designed based on the characteristics of the Apology Alignment Model. The fictional scenario was a public health crisis, in which fault was highly
attributed to the company. The scenario was described in four chronological phases to show a linear development of the crisis as time passes, and was written in news reporting style.

Two versions of the company apology response to the crisis were crafted, one in which the company responded in a manner following a high procedural justice, and the other following low procedural justice. The responses were adapted from Wirtz and Lwin (2009), and were written in such a way that each could accompany the crisis at any phase.

3.3 Manipulation Check

To determine whether the experimental manipulations were effective, in particular between high and low reputation, and high and low procedural justice, a paired-sample \(t\)-test was performed after the pre-tests. Participants were asked to rate their perceptions of the company, using a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), after reading the two fictitious company profile. A paired-sample \(t\)-test found a significant difference between the high and low reputations (high reputation 3.43, low reputation 2.25, \(t = 9.70, p<.05\)).

Company responses to the crisis were manipulated using either high or low procedural justice criteria as adapted from Wirtz and Lwin (2009). Participants were asked to rate, using a Likert scale ranging from 1 (Strongly Disagree) and 5 (Strongly Agree), their perceptions of the company response after being exposed to the crisis scenario(s). Using a Paired-Sample \(t\)-test, a significant difference was found between the high and low procedural justice responses (high procedural justice 3.39, low procedural justice 2.35, \(t = 7.31, p<.05\)).

A panel of four public relations experts with extensive public relations experience reviewed the scenarios to ensure realism, veracity and plausibility of the flow of events in each of the four phases. Based on their assessment, manipulations for the three main variables were deemed to be realistic.
3.4 Dependent Variables

This study involved six dependent variables: corporate reputation, spokesperson’s credibility, trust, relationship commitment, attitudes towards organization and negative word of mouth. All scale items used a seven-point Likert scale (1 = strongly disagree, 7 = strong agree) in its measurement. Table 1 shows the scales used. (For the full questionnaire please refer to Appendix E)

Fombrun et. al’s (2000) reputation quotient scale was employed for the measurement of corporate reputation ($\alpha = 0.916$). Reputation quotient measures corporate reputation in terms of six key attributes: (1) Emotional appeal, (2) Products and services, (3) Vision and leadership, (4) Workplace environment, (5) Social and environmental responsibility and (6) Financial performance. Spokesperson’s credibility ($\alpha = 0.925$) was measured using scale items from Kirmani (1997). Trust ($\alpha = 0.954$) and relationship commitment ($\alpha = 0.937$) were measured using multi-item seven-point likert scale questions adapted from Crosby, Evans and Cowles. (1990), Morgan and Hunt (1994), Swan, Trawick, Rink and Roberts, (1988), Mowday, Porter and Steers (1982) and Bettencourt (1997). Lastly, attitude towards organization ($\alpha = 0.936$) was measured using scale items adapted from Putrevu and Lord’s (1994) study measuring attitudes towards brand. Negative word of mouth ($\alpha = 0.866$) was measured using scale items adapted from Blodgett, Hill & Tax (1997).
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<table>
<thead>
<tr>
<th>Construct</th>
<th>Item Code/Scale Item</th>
<th>Cronbach’s Alpha</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Reputation</td>
<td>CR1: I have a good feeling about Hasmex</td>
<td>0.916</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>CR2: I admire and respect Hasmex</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR3: I trust Hasmex</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CR4: Hasmex stands behind its products and services</td>
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<td></td>
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<tr>
<td></td>
<td>CR5: Hasmex is an environmentally responsible company</td>
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<td></td>
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<tr>
<td></td>
<td>CR6: Hasmex maintains a high standard in the way it treats people.</td>
<td></td>
<td></td>
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<tr>
<td>Source: Fombrun et. al. (2000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spokesperson credibility</td>
<td>SC1: I think the CEO is trustworthy</td>
<td>0.925</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>SC2: I think the CEO is competent</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SC3: I think the CEO is honest</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>SC4: I think the CEO has my interests at heart</td>
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<td></td>
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<tr>
<td>Source: Kirmani (1997)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Trust</td>
<td>T1: Hasmex can be relied on to keep their promises</td>
<td>0.954</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>T2: Hasmex is sincere in their actions</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>T3: I feel at ease when dealing with Hasmex</td>
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<tr>
<td></td>
<td>T4: Hasmex can be trusted at all times</td>
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<td></td>
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<tr>
<td></td>
<td>T5: Hasmex can be counted on to do what’s right</td>
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<tr>
<td></td>
<td>T6: Hasmex has high integrity</td>
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<td></td>
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<td></td>
<td>T7: Hasmex puts their customers’ interests before their own</td>
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<td></td>
<td>T8: Hasmex is a responsible company</td>
<td></td>
<td></td>
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<td></td>
<td>T9: Hasmex treats people like me fairly and justly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship Commitment</td>
<td>RC1: I am committed to maintain a relationship with Hasmex</td>
<td>0.937</td>
<td>8</td>
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<tr>
<td></td>
<td>RC2: A relationship with Hasmex is important</td>
<td></td>
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<td></td>
<td>RC3: I plan to maintain a relationship with Hasmex</td>
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<td></td>
<td>RC4: I care about my relationship with Hasmex</td>
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<td></td>
<td>RC5: I’m proud to tell others about using Hasmex’s products</td>
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<td></td>
<td>RC6: Hasmex is the best brand for milk products</td>
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<td></td>
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<td></td>
<td>RC7: I intend to continue buying Hasmex’s products</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>RC8: I am willing to put in effort to help Hasmex succeed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude towards Organization</td>
<td>AO1: I would purchase their products</td>
<td>0.936</td>
<td>3</td>
</tr>
<tr>
<td>Source: Putrevu &amp; Lord (1994)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative word-of-mouth</td>
<td>NW1: I am likely to warn my friends and relatives to not buy Hasmex’s products</td>
<td>0.866</td>
<td>3</td>
</tr>
<tr>
<td>Source: Blodgett, Hill &amp; Tax (1997)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NW2: I would complain to my friends and relatives to stop buying Hasmex’s products</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NW3: I would make sure to tell my friends and relatives to stop buying Hasmex’s products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter 4: Results

Foremost, the data was checked to ensure that measure scales used were reliable and sound. Thereafter, we employed statistical methods and tests to examine and answer our research hypotheses and research question.

4.1 Factor Analysis and Reliability Analysis

Factor analysis was administered to filter out weak scale items, in order to increase reliability of measure scales. Cronbach’s $\alpha$ reliability test was then conducted on the remaining questionnaire items for each measure scale. All the measure scales attained an acceptable $\alpha$ score, greater than 0.70. Refer to Table 1 for the summaries of the retained measures, scale items and their respective $\alpha$ scores and loadings.

4.2 Assessment of Research Hypotheses and Question

A 2 x 4 x 2 between-subjects analysis of variance (ANOVA) was conducted on the dependent variables – stakeholder perceptions towards the organization (reputation, and spokesperson credibility), stakeholder attitudes towards the organization (trust, relationship commitment, and attitude towards organization), and stakeholder behavior towards the organization (negative word-of-mouth behavior). One significant three-way interaction and one significant two-way interaction between prior reputation and timing, on two of the dependent variables were found. The summary of ANOVA results is shown in Table 2. The following section will detail how each hypothesis and research question was assessed.
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4.3 Main Effects of Crisis Phase, Procedural Justice and Prior Reputation on Stakeholder Perceptions, Attitudes and Behavioral Responses

Hypothesis 1 posited when the organization issues an apology in an earlier phase, it would enjoy positive impacts on (a) reputation, (b) spokesperson credibility, (c) trust, (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when it issues an apology in a later phase. Specifically, it sought to determine the main effect of timing of apology on our dependent variables. Table 2 shows the ANOVA results, and there were significant main effects for crisis phase on reputation, F(3, 327) = 3.01; trust, F(3, 327) = 5.61; relationship commitment, F(3, 327) = 4.91; attitude towards organization, F(3, 327) = 2.25; and negative word-of-mouth behavior, F(3, 327) = 3.54. Hence, H1(b) was rejected as there were no significant main effects on spokesperson credibility. We proceeded to examine the significant main effects in Figures 2.1, 2.2 and 2.3.
As illustrated in Figures 2.1, 2.2 and 2.3, the late reactive phase was perceived to be the worst phase for issuing an apology based on the dependent variables measured. In this phase, the organization was perceived to be the least reputable \((M = 2.67)\), and the least
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trustworthy (M = 2.84). Stakeholders’ levels of relationship commitment (M = 2.21), and attitude towards organization (M = 2.05) were the lowest, while negative word-of-mouth behavior was the highest (M = 5.35). The differences in means between the strategic and late reactive phases have been confirmed to be statistically significant by t-tests for reputation (t = 2.65), trust (t = 3.82), relationship commitment (t = 3.36), attitude towards organization (t = 2.18), and negative word-of-mouth behavior (t = -2.33), p<.05. For stakeholder perceptions, H1(a) predicted that an apology delivered in an earlier phase allows the organization to enjoy more positive impacts on its reputation, and this is supported by the t-test. For stakeholder attitudes, H1(c) predicted that an apology delivered in an earlier phase will allow the organization to enjoy more positive impacts on its trustworthiness, H1(d) predicted that an apology delivered in an earlier phase will allow the organization to enjoy more positive impacts on the stakeholder relationship commitment, and H1(e) predicted that an apology delivered in an earlier phase will allow the organization to enjoy more positive impacts on the stakeholder attitude towards the organization. From the t-tests, H1(c), H1(d) and H1(e) are supported. For stakeholder behavior, H1(f) predicted that an apology delivered with more immediacy will allow the organization to enjoy less negative impacts from stakeholder negative word-of-mouth behavior, and is supported by the t-test. However, the least favorable phase was found to be the late reactive phase rather than the recovery phase; the effect of timeliness of an apology was not found to be linear. Therefore, H1(a), (c), (d), (e), and (f) are supported by our findings, in that apologizing in an earlier phase, i.e. the strategic or early reactive phase would be beneficial to the organization as compared to a later phase, but H1(b) is not.

Hypothesis 2 posited when stakeholders perceive higher levels of procedural justice, the organization will enjoy more positive impacts on: (a) reputation (b) spokesperson
credibility (c) trust (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when they perceive lower levels of procedural justice. Specifically, it sought to determine the main effect of procedural justice on our dependent variables. Table 2 shows that there were significant main effects for procedural justice on reputation, $F(1, 327) = 45.83$; spokesperson credibility, $F(1, 327) = 69.40$; trust, $F(1, 327) = 70.72$; relationship commitment, $F(1, 327) = 22.55$; attitude towards organization, $F(1, 327) = 28.89$; and negative word-of-mouth behavior, $F(1, 327) = 18.52$. These are further examined in Figures 3.1, 3.2 and 3.3.

**Figure 3.1: Main Effects of Procedural Justice on Perceptions (H2)**

![Figure 3.1](image1)

**Figure 3.2: Main Effects of Procedural Justice on Attitudes (H2)**

![Figure 3.2](image2)
When Should Organizations Apologize in Times of Crises?

Figures 3.1, 3.2, and 3.3 show the relationships between procedural justice and positive stakeholder perceptions and behavioral responses. The organization with high procedural justice suffered less reputational damage (M = 3.40) after the crisis, was perceived to have a more credible spokesperson (M = 4.47), was perceived to be more trustworthy (M = 3.76), had a more positive stakeholder commitment to a relationship with the organization (M = 2.55), had a more positive stakeholder attitude towards the organization (M = 2.55), and resulted in lower stakeholder negative word-of-mouth behavior (M = 4.81). On the other hand, the organization with low procedural justice suffered greater reputational damage (M = 2.53), was perceived to have a less credible spokesperson (M = 3.34), was perceived to be less trustworthy (M = 2.69), had a less positive stakeholder attitude towards the organization (M = 1.93), had a less positive stakeholder commitment to a relationship with the organization (M = 2.17), and resulted in higher stakeholder negative word-of-mouth behavior (M = 5.34). The differences in means between low procedural justice and high procedural justice were found to be statistically significant for reputation ($t = -6.77$), spokesperson credibility ($t = -8.33$), trust ($t = -8.41$), relationship commitment ($t = -4.75$), attitude towards organization ($t = -5.38$), and negative word-of-mouth ($t = 4.30$), $p<.05$. For stakeholder perceptions, H2(a) predicted that an organization with perceived higher procedural justice will enjoy more positive impacts
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on its reputation, and H2(b) predicted that an organization with perceived higher procedural justice will enjoy more positive impacts on its spokesperson credibility. From the t-tests, H2(a) and H2(b) are supported. For stakeholder attitudes, H2(c) predicted that when stakeholders perceive higher procedural justice, the organization will enjoy more positive impacts on its trustworthiness, H2(d) predicted that when stakeholders perceive higher procedural justice, the organization will enjoy more positive impacts on the stakeholder relationship commitment, and H2(e) predicted that when stakeholders perceive higher procedural justice, the organization will enjoy more positive impacts on the stakeholder attitude towards the organization. H2(c), (d), and (e) are also supported. For stakeholder behavior, H2(f) predicted that an organization with perceived higher procedural justice will enjoy less negative impacts from stakeholder negative word-of-mouth behavior, and from the t-test, this is supported. Hence, H2 was proven to be true, in that when stakeholders perceive higher procedural justice, the organization will enjoy more positive impacts on: (a) reputation, (b) spokesperson credibility, (c) trust, (d) relationship commitment, (e) attitude towards organization, and less negative impact from (f) negative word-of-mouth as compared to when they perceive lower procedural justice.

Hypothesis 3 posited that when the organization has a more favorable prior reputation, it would enjoy more positive impacts on: (a) reputation (b) spokesperson credibility (c) trust (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when it has a less favorable prior reputation. Specifically, it sought to determine the main effect of prior reputation on our dependent variables. Table 2 shows that there were significant main effects for prior reputation on resultant reputation, F(1, 327) = 45.88; spokesperson credibility, F(1, 327) = 15.38; trust, F(1, 327) = 31.26; relationship commitment, F(1, 327) = 53.59; attitude towards organization, F(1,
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327) = 48.69; and negative word-of-mouth behavior, F(1, 327) = 20.74. These are further examined in Figures 4.1, 4.2, and 4.3.

**Figure 4.1: Main Effects of Prior Reputation on Perceptions (H3)**

**Figure 4.2: Main Effects of Prior Reputation on Attitudes (H3)**

**Figure 4.3: Main Effects of Prior Reputation on Behavior (H3)**
Figures 4.1, 4.2, and 4.3 show the relationships between prior reputation and resultant reputation. The organization with favorable prior reputation suffered less reputational damage (M = 3.40), was perceived to have a more credible spokesperson (M = 4.19), was perceived to be more trustworthy (M = 3.60), had a more positive stakeholder commitment to the organization (M = 2.84), had a more positive stakeholder attitude towards the organization (M = 2.63), and resulted in lower stakeholder negative word-of-mouth behavior (M = 4.79). On the other hand, the organization with unfavorable prior reputation suffered greater reputational damage (M = 2.53), was perceived to have a less credible spokesperson (M = 3.61), was perceived to be less trustworthy (M = 2.85), had a less positive stakeholder commitment to a relationship (M = 2.04), had a less positive stakeholder attitude towards the organization (M = 1.84), and resulted in greater stakeholder negative word-of-mouth behavior (M = 5.36). The differences in means between low prior reputation and high prior reputation were found to be statistically significant for reputation (t = -6.77), spokesperson credibility (t = -3.92), trust (t = -5.59), relationship commitment (t = -7.32), attitude towards organization (t = -6.98), and negative word-of-mouth (t = 4.55), p<.05. For stakeholder perceptions, H3(a) predicted that an organization with favorable prior reputation will enjoy more positive impacts on its reputation, and H3(b) predicted that an organization with favorable prior reputation will enjoy more positive impacts on its spokesperson credibility. From the t-tests, H3(a) and (b) are supported. For stakeholder attitudes, H3(c) predicted that when an organization is perceived to have a favorable prior reputation, it will enjoy more positive impacts on its trustworthiness, H3(d) predicted that when an organization is perceived to have a favorable prior reputation, it will enjoy more positive impacts on its stakeholder relationship commitment, and H3(e) predicted that when an organization is perceived to have a favorable prior reputation, it will enjoy more positive impacts on its stakeholder attitude towards the
organization. From the t-tests, H3(c), (d), and (e) are supported. For stakeholder behavior, H3(f) predicted that an organization perceived to have a favorable prior reputation will enjoy less negative impacts from stakeholder negative word-of-mouth behavior, and from the t-test it is supported. Hence H3 was proven to be true, in that when an organization has a favorable prior reputation before the crisis, it will enjoy more positive impacts on: (a) reputation, (b) spokesperson credibility, (c) trust, (d) relationship commitment, and (e) attitude towards organization, and less negative impacts from (f) negative word-of-mouth as compared to when it has an unfavorable prior reputation.

4.4 **Interaction Effects of Crisis Phase, Procedural Justice and Prior Reputation on Stakeholder Perceptions, Attitudes and Behavioral Responses**

Our research question was interested in exploring how the three independent variables, prior reputation, crisis phase, and procedural justice, influence the consumer responses towards the organization after the crisis response. Specifically, it examined the interaction effect of prior reputation, crisis phase, and procedural justice on the stakeholders’ cognitive, attitudinal and behavioral responses. From the ANOVA analysis in Table 2, there are no significant three-way interactions between prior reputation, crisis phase, and procedural justice for (a) reputation, (b) spokesperson credibility, (c) trust, (d) relationship commitment, and (e) attitude towards organization. A significant three-way interaction was found for (f) negative word-of-mouth behavior only, (F = 3.29, p<.05). This is further examined in Figure 5.
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Figure 5: Prior Reputation, Crisis Phase, and Procedural Justice Interaction on Negative Word-of-Mouth (RQ1)

Figure 5 shows the relationship of prior reputation and procedural justice over crisis phases. In the strategic phase, an organization with low prior reputation and low procedural justice (M = 5.85) caused stakeholders to engage in increased negative word-of-mouth behavior as compared to if they exhibit high procedural justice (M = 4.46), p<.05. Stakeholders would also engage in increased negative word-of-mouth behavior for an organization with high prior reputation and exhibiting low procedural justice (M = 4.83) than when giving a crisis response with high procedural justice (M = 4.48), p<.05. This shows that for both the reputation conditions, a crisis response with low procedural justice would arise in increased negative word-of-mouth behavior, as compared to one with high procedural justice.

The same trend could be seen in the early reactive phase, where an organization with low prior reputation and low procedural justice (M = 5.35) caused stakeholders to engage in increased negative word-of-mouth as compared to when high procedural justice was
perceived (M = 4.73), p<.05. Stakeholders would also engage in increased negative word-of-mouth behavior for an organization with high prior reputation and low procedural justice (M = 4.88) than if high procedural justice was perceived (M = 4.35). This shows that for both the favorable and unfavorable prior reputation organizations, a crisis response with low procedural justice would arise in increased negative word-of-mouth behavior, as compared to a response with high procedural justice.

However, in the late reactive phase, the results showed a shift, in that an organization with low prior reputation and exhibiting high procedural justice (M = 5.56) caused stakeholders to engage in increased negative word-of-mouth behavior as compared to if it exhibited low procedural justice (M = 5.44), p<.05. For organizations with high prior reputation, stakeholders would also engage in increased negative word-of-mouth behavior when low procedural justice is perceived (M = 5.67) as compared to when high procedural justice is perceived (M = 4.72). The difference in means between a high reputation organization with low procedural justice response and a high reputation organization with high procedural justice response was statistically significant, p<.05, in the late reactive phase. In addition, contrary to the trend in previous phases, when low procedural justice is perceived, an organization with high prior reputation had increased stakeholder negative word-of-mouth behavior, as compared to an organization with low prior reputation. A pairwise comparison also showed that for an organization with an unfavorable prior reputation and employing a response with high procedural justice, the differences in means for negative word-of-mouth were statistically significant between the late reactive phase and the strategic phase (t = 1.10), and the late reactive phase and the early reactive phase (t = 0.83), p<.05. For an organization with favorable prior reputation and employing a response with low procedural justice, the differences in means for negative word-of-mouth were statistically significant between the
late reactive phase and the strategic phase ($t = 0.84$), and the late reactive phase and the early reactive phase ($t = 0.79$), $p<0.5$.

In the recovery phase, the results returned to the trend identified in the first two phases. An organization with unfavorable prior reputation caused stakeholders to engage in increased negative word-of-mouth behavior after giving a crisis response with low procedural justice ($M = 5.90$) than when giving a crisis response with high procedural justice ($M = 5.41$), $p<.05$. Stakeholders would also engage in increased negative word-of-mouth behavior for an organization with favorable prior reputation that had given a crisis response with low procedural justice ($M = 4.89$) than a crisis response with high procedural justice ($M = 4.56$). This shows that for both reputation conditions, a crisis response with low procedural justice would arise in increased negative word-of-mouth behavior among stakeholders, as compared to a response with high procedural justice. A pairwise comparison showed that for an organization with favorable prior reputation and employing a response with low procedural justice, the difference in means for negative word-of-mouth was statistically significant between the recovery phase and the late reactive phase ($t = -0.78$), $p<.05$.

Interestingly our ANOVA results in Table 2 also show a marginally significant two-way interaction effect between prior reputation and crisis phase on spokesperson credibility ($F = 2.51$, $p<.1$), and hence we decided to examine this interaction effect. This is further examined in Figure 6.
Figure 6: Prior Reputation and Crisis Phase Interaction on Spokesperson Credibility

At each of the four crisis phases, stakeholders would perceive the spokesperson more credible for an organization with favorable prior reputation than for an organization with unfavorable prior reputation, and that difference is statistically significant ($t = 0.56$), $p<.05$. For the organization with unfavorable prior reputation, spokesperson credibility decreased the later the apology was given. In the strategic phase, an organization with low prior reputation caused stakeholders to perceive the spokesperson as less credible ($M = 3.84$) than an organization with high prior reputation ($M = 4.32$). In the early reactive phase, spokesperson credibility decreased for both the high reputation organization and the low reputation organization. However, the high prior reputation organization ($M = 4.24$) still performed better than the low prior reputation organization ($M = 3.78$). This downward trend of the spokesperson credibility continued for both reputation conditions into the late reactive phase. Stakeholders perceived the spokesperson from the low reputation organization as less credible ($M = 3.72$) than the spokesperson from the high reputation organization ($M = 3.90$). However, while the downward trend continued in the recovery phase for the organization with the unfavorable prior reputation, spokesperson credibility rebounded for the organization with the favorable prior reputation. In the recovery phase, stakeholders perceived the spokesperson of the high reputation organization to be more credible ($M = 4.27$) as compared to the
spokesperson of the low reputation organization (M = 3.14). A pairwise comparison showed that the differences in means of spokesperson credibility for the low reputation organization were significant between the recovery phase and the strategic phase ($t = -0.70$), the recovery phase and the early reactive phase ($t = -0.64$), and the recovery phase and the late reactive phase ($t = -0.58$), $p<.05$. 
Table 3: Summary of Findings

<table>
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<th>Cluster</th>
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<th>Findings</th>
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<td>Earlier Phase &gt; Later Phase</td>
</tr>
<tr>
<td>H2 (a), (b)</td>
<td>Perception</td>
<td>High PJ &gt; Low PJ</td>
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<td>H3 (a), (b)</td>
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<td>High Rep &gt; Low Rep</td>
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<tr>
<td>H1 (c), (d), (e)</td>
<td>Attitude</td>
<td>Earlier Phase &gt; Later Phase</td>
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<td>RQ1</td>
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</table>

The study sets out to understand the effects of timing, perceived procedural justice and prior reputation of the organization and its possible interaction(s) on stakeholders’ perceptions, attitudes and behaviors. The Apology Alignment Model was utilized as a framework to study timeliness of the organization’s apology. Main effects were found on all three independent variables studied, and led to the following observations. In addition, the presence of interaction effects between the independent variables allowed a deeper understanding of the relationship between these variables.
5.1 The benefits of high procedural justice and favorable prior reputation

Procedural Justice. As posited in Hypothesis 2, when the stakeholders perceived high procedural justice, the organization performed significantly better in the dimensions of consequential reputation, trust, relationship commitment and attitude towards organization. Stakeholders were also less likely to criticize the organization, and perceived higher credibility towards the spokesperson as compared to when low procedural justice was perceived. The study found the difference between the procedural justice conditions to be statistically significant for all main effects detected (p<.05). This is consistent with previous literature, which suggests that procedural justice is a key determinant in stakeholder satisfaction and, in turn, behavioral response (Aquino et al, 2006; Ha & Jang, 2009). Therefore an organization should strive to exhibit high procedural justice in their response to stakeholders.

Prior Reputation. As posited in Hypothesis 3, an organization with favorable prior reputation performed significantly better in the dimensions of consequential reputation, trust, relationship commitment and attitude towards organization. Stakeholders were also less likely to criticize the organization and this led to perceived higher credibility towards the spokesperson as compared to when the organization had an unfavorable prior reputation. The study found the difference between the reputation conditions to be statistically significant for all main effects detected (p<.05). This finding is consistent with previous research and an organization with favorable prior reputation does have an advantage when reacting to crises (Lyon & Cameron, 1999; Coombs & Holladay, 2001). For organizations with low reputation, responding with timeliness and procedural justice is therefore even more crucial.
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5.2 The consequence of apologizing late – Strategic to Late Reactive

As posited in Hypothesis 1, an apology issued at the earlier stages of the crisis (strategic or early reactive phases) performed significantly better in the dimensions of consequential reputation, trust, relationship commitment and attitude towards organization. Stakeholders were also less likely to criticize the organization when the apology was issued at the earlier stages as compared to the later stages of the crisis (late reactive or recovery phases). The study found that the difference between the strategic phase and the late reactive phase is statistically significant for all main effects observed (p<.05).

In the strategic phase, stakeholders had the most positive reactions towards dimensions of reputation, spokesperson credibility, trust, relationship commitment, attitude towards organization and propensity towards negative word-of-mouth. This could be attributed to the lack of media reports, as mainstream media has yet to get wind of the crisis, and media momentum has yet to start (Vasterman, 2005).

An early apology, in the strategic or early reactive phases, can also be considered by organizations. While it might incur legal liability, it also has an “equal, or even greater potential to make a positive contribution to an apologist’s legal strategy” (Patel & Reinsch, 2003, p.10). While the issuing of an apology in the early stages, especially in the strategic phase before the misdeed is reported, may sound counter-intuitive, it is supported by literature. Arpan and Roskos-Ewoldsen (2005) studied the practice of stealing thunder, which is the “admission of a weakness (most likely, but not necessarily, a mistake or failure) before that weakness is announced by the news media or another interested party” (p.427). Their study found that such early self-disclosure actually enhanced organization credibility, and therefore the recommendation of immediacy when issuing apology does have some theoretical basis.
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On the contrary, the late reactive phase was found to be the most risky phase for an apology to be issued based on the all dependent variables measured, where the apologetic response performed the worst relative to other phases. Therefore, organizations should avoid issuing an apology in this phase or be prepared for the possible backlash from the stakeholders if immediacy in response is not possible. The researchers suggest this could be due to situational factors such as the momentum of media reports, which increases perceived crisis responsibility, impacts stakeholder’s perception and ultimately brings about the lowest point in the late reactive phase (Coombs & Holladay, 2001).

In the late reactive phase, media reports intensified to a point of “interactive media momentum” which dominates the stakeholder’s senses (Vasterman, 2005, p.515). “Interactive media momentum” describes when media reports peak due to involvement of “statements from official sources and interest groups” that use the media platform to “promote their view or announce actions,” feeding the news wave (Vasterman, 2005, p.515). Thus, this strengthens the newsworthiness of the crisis and apology. These characteristics are reflected in the late reactive phase of the Apology Alignment Model. Reports in late reactive phase include both “source generated” and “media generated” reports such as “features, opinions and marginal references to news theme,” driven largely by social actors (Vasterman, 2005, p.521). In addition, the involvement of experts and government authorities in the crisis intensifies the influx of media reports, reinforces the credibility of such reports, and creates a climate of intense media and public scrutiny on the crisis event.

Stakeholders’ perceptions of the organization became less favorable through the phases and dipped to an all-time low in the late reactive phase, where increased media reports attributed higher crisis responsibility to the organization. Coombs and Holladay (2001) found that attribution of crisis responsibility tends to sway stakeholder’s perception of the
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organization and, as it intensifies, it leads to potential support of stakeholders dropping. The attribution of crisis responsibility could be due to situational factors in a crisis, which, in the late reactive phase could surface due to the involvement of experts and government authorities.

Adverse reactions towards the organization are cultivated through media reports in various phases, which affect their perceptions of crisis situation. This is found to affect stakeholders’ feelings and behaviors (Weiner, Perry, & Magnusson, 1988). Therefore when stakeholders are excessively exposed to the crisis, which plays up on organization’s responsibility, the organization suffers from intensified reputation damage. This results in the apology being unable to placate the stakeholders at this phase (Coombs & Holladay, 2001) and therefore rendered ineffective.

At the peak of the crisis, when crisis responsibility was being attributed to the organization, there was also a stronger likelihood of anger, rather than sympathy, being directed at the organization. As with the late reactive phase, it is evident that the fault attribution, courtesy of the media momentum, led to a possibility of reduced support of stakeholders (Weiner, Graham, Peter, & Zmuidinas, 1991).

Despite the change of stakeholder response to an apology at the peak of the crisis, the authors argue that organizations should not shy away from apologizing, as it would likely improve the situation later in the recovery stage. Hearit (2006) has found that a late apology is more effective than having no apology. While stakeholders might no longer be pacified by acts that the organization does, it does not mean it should stop responding, as the inaction might aggravate its standing with its stakeholders.

The study has shown that despite the stakeholder backlash in the late reactive phase, it is possible for organizations to recover goodwill in the recovery phase of the crisis. Thus,
practitioners should continue to strive to upkeep good crisis management for the benefit of a possible rebound in the next crisis phase - the recovery phase.

5.3 Rebound towards prior perception – Recovery

Results showed that preconceived notions of stakeholders played a part in the acceptance of apology from the organization. The two-way interaction found on the dependent variable of spokesperson credibility suggested that the trend of the dip in the late reactive phase does not apply equally across prior reputation conditions. While the general declining trend was observed in both reputation conditions in the first three phases, towards the recovery phase, a difference in trend was observed across reputation conditions. For high reputation, credibility recovered from the dip in the late reactive phase, consistent with the general trend observed. However, in the low reputation condition, credibility sharply declined and the organization performed worse at the recovery phase than in the late reactive phase.

Two social psychology theories, cognitive dissonance and self-fulfilling prophecy, could aid the explanation of this observed trend. Vraga (2011) states “dissonance causes uncomfortable arousal, creating a motivational need to resolve the inconsistency” (p.690). For organizations with high prior reputation, such dissonance could result in the rebound towards favorable perception of the organization during the recovery phase, as stakeholders would desire to retain their original perception. Stakeholders might also engage in motivated reasoning, in which information can be discarded or retained to “match their previous position” (Vraga, 2011, p.694). Another way stakeholders come to terms with their original standpoint of the organization is to review its procedures in place before, during and after the crisis. These factors could explain why the high reputation organizations regained credibility in the recovery phase while low reputation organizations continued suffering a further slump.
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It is thus important for low reputation organization to give a timely response as they have more to lose from the failure to be timely, as compared to high reputation organizations.

Similarly, self-fulfilling prophecy lends support to this explanation. Coined by Merton (1948), it states that, “Men respond not only to the objective features of a situation, but also, and at times primarily, to the meaning this situation has for them. And once they have assigned some meaning to the situation, their consequent behavior and some of the consequences of that behavior are determined by the ascribed meaning” (p.174). In this instance, the stakeholders hold on to their pre-defined notion of a high reputation organization, especially since the media attention has eased, and therefore recovering high spokesperson credibility, whereas for a low reputation organization, these prior unfavorable notions of the organization support the decline, and spokesperson credibility continues to suffer.

Therefore, the two-way interaction observed between prior reputation and timing could be an indication of how the effect of timing is differentiated across reputation conditions. The cognitive behaviors of the stakeholders have been predetermined from their first impression of the company, and “public definitions of a situation (prophecies or predictions) become an integral part of the situation and this affect subsequent developments. This is said to be “peculiar to human affairs”, which a crisis with many human touch points is categorized as (Merton, 1948, p.175). A high reputation organization could therefore recover from the decline in the recovery phase whereas low reputation organization will continue to be damaged the later their apology is issued. Such a reading accounted for the effects of prior reputation and preconceived notions of the stakeholders, allowing a deeper understanding of how timing affects their perception of an apologetic response.
5.4 A divergent observation – Stakeholders’ tendency to criticize the organization

The study also found a three-way interaction between timing, prior reputation and procedural justice on the behavioral response of negative word of mouth. While behavioral responses are not commonly explored empirically in crisis literature, it is emerging as an important topic with the increased usage of social media tools by stakeholders during a crisis (Taylor & Perry, 2005). The proliferation of social media has allowed stakeholders to share insights, experiences, and opinions with one another without qualms, and organizations are therefore more susceptible to negative word-of-mouth which can potentially damage an organization’s reputational assets in times of crisis (Coombs, 2012). Hence, this interaction effect on the negative word-of-mouth is important in shedding light on how organizations can predict and in turn, better manage their apologetic response.

When comparing across reputation conditions when low procedural justice is perceived, the study found evidence of the halo effect (Coombs & Holladay, 2001) for organizations with high prior reputation. The halo effect protects the high prior reputation group from negative behavioral responses in spite of low procedural justice in the strategic and early reactive phases. However, the halo effect was observed to be diminishing in its extent from the strategic to the early reactive phase.

Interestingly, this study found that when timing, prior reputation and level of procedural justice interact, there is a possible tipping over effect in the late reactive phase which diverges from the general trend previously identified. At the late reactive phase, a higher propensity for stakeholders to badmouth the organization to their family and friends was observed for a high reputation organization than a low reputation organization, when low procedural justice is perceived. In addition, for low reputation organizations, high level of
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procedural justice, contrary to previous trends, led to a higher propensity for stakeholders to badmouth the organizations as compared to when low procedural justice was perceived.

Coombs (2012) argued that perception is the key, and crises can occur when “stakeholders fail to perceive that the organization is meeting expectations” (p.60). We suggest that at this phase, the mismatch of expectations, and the organization’s delayed and untimely response surfaces perceived hypocrisy where their actions do not match up to their reputation and fall short of the stakeholders’ expectations. In the study, the stakeholders expected an organization with high reputation to instigate responses with a high level of procedural justice. Therefore when the organization delivered an unsatisfactory response that falls short of their expectations, the stakeholders, as a result of their anger, employed aggressive coping strategies (Choi & Lin, 2009) possibly resulting in the observed backlash towards the organization despite their high prior reputation.

For high reputation organizations, results show that with high procedural justice in the recovery phase, stakeholders’ perceptions rebound, and they are less likely to spread negative word-of-mouth. This is consistent with the previously observed trend across reputation groups and lends further support to the idea of stakeholders’ resistance towards experiencing cognitive dissonance. This rebound should be utilized by high reputation organizations to renew or reinvent their image, where the organization “sheds its previous image and rebuilds a new image by reconstituting what it stands for to its stakeholders” (Pang, 2011, p.347), to realign their image with their stakeholders’ expectations.

For low reputation organizations, the velcro effect is evident throughout all four crisis phases, and is the most potent during the late reactive phase, where the organization suffered additional reputational damage due to its prior unfavorable reputation. While the effects weaken slightly in the recovery phase, organizations are still unable to recover goodwill from
their stakeholders. The grave consequences of a late apology is further demonstrated by the diminishing protective effects of procedural justice on the organizations with low reputation as seen in Figure 5 above, suggesting that even with high levels of procedural justice in place, stakeholders are still likely to criticize the organization due to the late apology. Hence, low reputation organizations should prioritize immediacy in their apology while striving to demonstrate high levels of procedural justice in their response, so as to reduce the negative behavioral response from its stakeholders.

This differentiated shielding effect between organizations with high and low reputations makes it imperative for practitioners to consider the timing of their apology regardless of whether they are high or low reputation organizations. In addition, organizations have to be prepared for unexpected stakeholders’ behavioral responses, which surfaced in the late reactive phase, as posited by the Apology Alignment Model.

By examining the significant interaction effects of timing of apology, prior reputation and the level of procedural justice on consumer’s behavioral response of negative word-of-mouth, this study has taken the first step in clarifying the complexities involved in consumer’s behavioral response, further contributing to current crisis literature.
Chapter 6: Conclusion and Limitations

The study has arguably pioneered the study of timing in organization apology through the development of the Apology Alignment Model. The importance of timeliness, procedural justice, and prior reputation in organization apology has been empirically proven and the results aim to shed new understanding of stakeholders’ response based on time phases while being cognizant of the importance of prior reputation and procedural justice. By understanding the effects of an apology at different phases of a crisis, practitioners would be better equipped for making decisions prioritizing the organization-stakeholder relationship. In particular, when an organization decides to apologize:

1) Respond at first instance with high procedural justice and establish high prior reputation.
2) Be prepared for the consequences of slowness in response, in particular in the late reactive phase where there is strong backlash from the stakeholders.
3) Understand that delaying an apology works against reputation effects and the perception of procedural justice to the disadvantage of the organization.

While the study attempts to understand the implications of timing, procedural justice, prior reputation and its interaction(s) on stakeholders’ reactions in an organization’s apology, in practice the generalizability of these findings could be limited by actual organizational and stakeholder characteristics and crisis situation. During the development of a crisis, other situational variables could surface, complicating the understanding of timing as delineated by the phases in the Apology Alignment Model. Application of the findings thus requires a better understanding of stakeholder mindset, for instance, at the late reactive phase that perpetuates the backlash against good practices. In that regard, further studies could include post-experiment qualitative inquiry that permits deeper clarification of the cognitive, affective and conative processes in response to an organization’s apology.
Further to our study on timeliness, another potential area for research includes the typology of the apology issued, in particular the content and delivery of the response. More research can examine how would the concept of “meta-apology” or “serial apology” (Frandsen & Johansen, 2010, p.350), commonly seen in organization response at present, influence the importance of timeliness, procedural justice and prior reputation. Future studies could also look into the domain of interactional justice, an element of the justice theory that deals with fairness of the interpersonal treatment that people receive during the enactment of procedures (Greenberg, 1987). The communication medium employed, both traditional and online, employed in issuing the response, could also provide further insights for practitioners in better engaging their stakeholders.

The study is conducted in an Asian high context culture where society puts heavy weight on forming closer relationships, with emphasis on forming social hierarchies and individualized self-control (Hall, 1976). However, the majority of image literature used in the study was primarily from a low context culture, America, where individuals are less involved with other members of the society (Hall, 1976). This can result in the differing interpretation of the effectiveness of the timing of apology. A high context culture tends to be more forgiving as the basis of it was built on strong relationships (Hall, 1976). Therefore, further research using the same framework in the western demographics would clarify the role of culture in understanding timeliness of organizational response.

All in all, the Apology Alignment Model holds promise by providing a stepping-stone into an area of crisis management that is highly pertinent but relatively unexplored. We hope academics and practitioners alike will be able to utilize our findings, and use the model to further explore other variables and strengthen the model beyond what it is today.
References


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Appendices

Appendix A: Experimental Set-Up

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Appendix B1: Company Profile (High Reputation)

Founded in 2000, Hasmex International Limited is a dairy company based in Malaysia. Hasmex is a regional manufacturer and distributor of recombined non-dairy and dairy products such as milk, cheeses, creams, sweets and other milk derivatives used in food components and ingredients.

Hasmex is a reputable company, employing up to 5,000 employees and has 5 production plants operating in Malaysia and Australia. The CEO of Hasmex, Mr. James Goh, is well known in the industry and has been with Hasmex for the last eight years. Hasmex has also been known for its low employee turnover rates.

Hasmex is considered a leading force for corporate good—committed to social responsibility and ethical trade as an integral part of business. It has been featured as one of Money magazine’s Top 100 High Performance/Low Risk Companies for the past 5 years.

Currently, investor confidence in the industry is high for Hasmex. Hasmex is a recipient of many industry awards, such as the AVA’s Food Safety Excellence Award. Hasmex’s products follow stringent industry regulations and are all ISO 9002 certified.
Appendix B2: Company Profile (Low Reputation)

Founded in 2000, Hasmex International Limited is a dairy company based in Malaysia. Hasmex is a regional manufacturer and distributor of recombined non-dairy and dairy products such as milk, cheeses, creams, sweets and other milk derivatives used in food components and ingredients.

Hasmex employs up to 200 employees and its sole production plant operates in Pahang, Malaysia. The recently appointed new CEO of Hasmex, Mr. James Goh, took over leadership of the company, after a series of leadership reshuffling. Hasmex has also been known for its high employee turnover rates and poor environmental record. It faces tremendous public scrutiny.

Currently, investor confidence in the industry is low for Hasmex. In a recent nationwide survey, only 3% of leading investors and creditors would recommend investing in Hasmex. Hasmex’s products follow stringent industry regulations but some are not ISO 9002 certified.
Appendix C1: Phase A - Strategic

An online forum, Healthcare Singapore!, is abuzz with the discussion over a complaint letter to Hasmex by Mdm Tan, a concerned parent. Her 4-month old baby has been warded in Changi Hospital’s Intensive Care Unit. She has alleged that the milk products from Hasmex led to her baby’s hospitalisation, as Hasmex’s milk powder is her child’s main diet after she had stopped breastfeeding him. The baby does not consume milk products from other brands and is unable to take solid food at his age. The milk powder has led to Mdm Tan’s baby having diarrhoea, and traces of blood were found in his urine, which is a symptom of melamine poisoning. Parents and other consumers are rallying together on online forums such as hardware.com and the Flowerpot Community to pledge support for Mdm Tan. More mothers have stepped forward with claims that their babies are suffering from the same symptoms. The online community is aghast and calls for Hasmex’s products to be taken off shelves. Many have indicated that they would boycott Hasmex’s products.
Appendix C2: Phase B – Early Reactive

An online forum, Healthcare Singapore!, is abuzz with the discussion over a complaint letter to Hasmex by Mdm Tan, a concerned parent. Her 4-month old baby has been warded in Changi Hospital’s Intensive Care Unit. She has alleged that the milk products from Hasmex led to her baby’s hospitalisation, as Hasmex’s milk powder is her child’s main diet after she had stopped breastfeeding him. The baby does not consume milk products from other brands and is unable to take solid food at his age. The milk powder has led to Mdm Tan’s baby having diarrhoea, and traces of blood were found in his urine, which is a symptom of melamine poisoning. Parents and other consumers are rallying together on online forums such as hardware.com and the Flowerpot Community to pledge support for Mdm Tan. More mothers have stepped forward with claims that their babies are suffering from the same symptoms. The online community is aghast and calls for Hasmex’s products to be taken off shelves. Many have indicated that they would boycott Hasmex’s products.

Three days later, The Straits Times picks up on the online discussions and reports it on their front page with the headline: “Mother claims Hasmex milk is killing her baby”. Channel News Asia’s Prime Time Morning also reports on the issue. Subsequently, The Straits Times follows up its report by investigating Hasmex’s previous track records, constituent ingredient sources and manufacturing practices. Many mothers were also interviewed for their opinions of possible risk factors of consuming Hasmex’s products. The media also makes references to previous food poisoning reports, comparing Hasmex to China’s Sanlu milk powder food poisoning case in 2008, which killed young children. The New Paper runs stories on the incident with the headline: “Milk is killing my baby!” on its front page. The general public is also concerned about the possible risk of consuming other Hasmex products such as yogurt
and cookies. Government agencies such as the Health Sciences Authority (HSA), Agri-Food & Veterinary Authority of Singapore (AVA), and the Ministry of Health (MOH) have stepped in to investigate but investigation results have yet to be released to the media.
Appendix C3: Phase C – Late Reactive

An online forum, Healthcare Singapore!, is abuzz with the discussion over a complaint letter to Hasmex by Mdm Tan, a concerned parent. Her 4-month old baby has been warded in Changi Hospital’s Intensive Care Unit. She has alleged that the milk products from Hasmex led to her baby’s hospitalisation, as Hasmex’s milk powder is her child’s main diet after she had stopped breastfeeding him. The baby does not consume milk products from other brands and is unable to take solid food at his age. The milk powder has led to Mdm Tan’s baby having diarrhoea, and traces of blood were found in his urine, which is a symptom of melamine poisoning. Parents and other consumers are rallying together on online forums such as hardware.com and the Flowerpot Community to pledge support for Mdm Tan. More mothers have stepped forward with claims that their babies are suffering from the same symptoms. The online community is aghast and calls for Hasmex’s products to be taken off shelves. Many have indicated that they would boycott Hasmex’s products.

Three days later, The Straits Times picks up on the online discussions and reports it on their front page with the headline: “Mother claims Hasmex milk is killing her baby”. Channel News Asia’s Prime Time Morning also reports on the issue. Subsequently, The Straits Times follows up its report by investigating Hasmex’s previous track records, constituent ingredient sources and manufacturing practices. Many mothers were also interviewed for their opinions of possible risk factors of consuming Hasmex’s products. The media also makes references to previous food poisoning reports, comparing Hasmex to China’s Sanlu milk powder food poisoning case in 2008, which killed young children. The New Paper runs stories on the incident with the headline: “Milk is killing my baby!” on its front page. The general public is also concerned about the possible risk of consuming other Hasmex products such as yogurt.
When Should Organizations Apologize in Times of Crises?

and cookies. Government agencies such as the Health Sciences Authority (HSA), Agri-Food & Veterinary Authority of Singapore (AVA), and the Ministry of Health (MOH) have stepped in to investigate but investigation results have yet to be released to the media.

In the following week, Hasmex is still being heatedly discussed among Singaporeans, and especially in the parenting communities. The Straits Times’ forum pages are filled with letters of concern from parents and the general public. A prominent health expert, Dr Vincent Chan, contributes an article on milk-product safety in The Straits Times’ Mind Your Body section. Consumers warn against Hasmex’s products on STOMP and other social networking sites, sparking further outrage on the lack of responsibility and mistakes of Hasmex. After investigations, government agencies such as AVA, HSA and MOH issued a joint statement; that melamine has been identified as the compound found in Hasmex’s milk powder and that it was responsible for the child’s hospitalisation. The agencies responded to media and public queries, and said that an estimated 20,000 babies were on the Hasmex formula. The agencies advise parents to dispose of any Hasmex products immediately. Health researcher, Dr Angela De Silva, gives an interview to the CNA on the harmful effects of melamine. More people visit hospitals to get their babies checked for melamine poisoning. The public continues writing aggressively to the media and Hasmex, demanding for an apology.
Appendix C4: Phase D – Recovery Phase

An online forum, Healthcare Singapore!, is abuzz with the discussion over a complaint letter to Hasmex by Mdm Tan, a concerned parent. Her 4-month old baby has been warded in Changi Hospital’s Intensive Care Unit. She has alleged that the milk products from Hasmex led to her baby’s hospitalisation, as Hasmex’s milk powder is her child’s main diet after she had stopped breastfeeding him. The baby does not consume milk products from other brands and is unable to take solid food at his age. The milk powder has led to Mdm Tan’s baby having diarrhoea, and traces of blood were found in his urine, which is a symptom of melamine poisoning. Parents and other consumers are rallying together on online forums such as hardware.com and the Flowerpot Community to pledge support for Mdm Tan. More mothers have stepped forward with claims that their babies are suffering from the same symptoms. The online community is aghast and calls for Hasmex’s products to be taken off shelves. Many have indicated that they would boycott Hasmex’s products.

Three days later, The Straits Times picks up on the online discussions and reports it on their front page with the headline: “Mother claims Hasmex milk is killing her baby”. Channel News Asia’s Prime Time Morning also reports on the issue. Subsequently, The Straits Times follows up its report by investigating Hasmex’s previous track records, constituent ingredient sources and manufacturing practices. Many mothers were also interviewed for their opinions of possible risk factors of consuming Hasmex’s products. The media also makes references to previous food poisoning reports, comparing Hasmex to China’s Sanlu milk powder food poisoning case in 2008, which killed young children. The New Paper runs stories on the incident with the headline: “Milk is killing my baby!” on its front page. The general public is also concerned about the possible risk of consuming other Hasmex products such as yogurt.
When Should Organizations Apologize in Times of Crises?

and cookies. Government agencies such as the Health Sciences Authority (HSA), Agri-Food & Veterinary Authority of Singapore (AVA), and the Ministry of Health (MOH) have stepped in to investigate but investigation results have yet to be released to the media.

In the following week, Hasmex is still being heatedly discussed among Singaporeans, and especially in the parenting communities. The Straits Times’ forum pages are filled with letters of concern from parents and the general public. A prominent health expert, Dr Vincent Chan, contributes an article on milk-product safety in The Straits Times’ Mind Your Body section. Consumers warn against Hasmex’s products on STOMP and other social networking sites, sparking further outrage on the lack of responsibility and mistakes of Hasmex. After investigations, government agencies such as AVA, HSA and MOH issued a joint statement; that melamine has been identified as the compound found in Hasmex’s milk powder and that it was responsible for the child’s hospitalisation. The agencies responded to media and public queries, and said that an estimated 20,000 babies were on the Hasmex formula. The agencies advise parents to dispose of any Hasmex products immediately. Health researcher, Dr Angela De Silva, gives an interview to the CNA on the harmful effects of melamine. More people visit hospitals to get their babies checked for melamine poisoning. The public continues writing aggressively to the media and Hasmex, demanding for an apology.

Three weeks after the first media reports on Hasmex, the media frenzy has subsided. There have been no further reports of victims of melamine poisoning. The Straits Times ran their last story of this health crisis; an article about Hasmex’s negligence during their manufacturing processes. AVA announces that all other milk powder brands in Singapore have passed the test for melamine and are safe for consumption. Hasmex’s milk powder will not be returning to the shelves until further notice. Supermarkets ran promotions on milk products to encourage repurchase. All other Hasmex milk product derivatives, such as cheese,
When Should Organizations Apologize in Times of Crises?

cookies and yogurt, saw a decrease in sales. A Straits Times’ poll showed that consumers are now more cautious when buying milk products.
We apologize that this has happened and we will do everything to help everyone who has been affected.

Hasmex is initiating a full product recall on all our milk products and derivatives. We are taking this action out of an abundance of caution, and will be working closely with the Ministry of Health (MOH) and Agri-Food and Veterinary Authority of Singapore (AVA) to produce health advisories to address this.

We would like to strongly advise consumers who have purchased these products not to consume them. Instead, we are asking that consumers return these products to their local grocer for a full refund.

We invite consumers with questions or concerns to contact Hasmex Consumer Services at 1-800-6868-688, a 24-hour hotline dedicated to take your queries or visit our web site at www.hasmex.com.

Consumers who have already consumed Hasmex products can choose to seek free consultation at any of the Hasmex appointed clinics included in the attached list.

Once again, on behalf of the company, I offer our unreserved apology.

Mr. James Goh
CEO
Hasmex International Limited
Appendix D2: Company Apology (Low Procedural Justice)

HASMEX INTERNATIONAL LIMITED

We apologize that this has happened and we will do everything to help everyone who has been affected.

We will issue more information on what consumers can do at a later notice. Any queries can be directed to Hasmex_customer_service@Hasmex.com.

Once again, on behalf of the company, I offer our unreserved apology.

Mr. James Goh
CEO
Hasmex International Limited
Appendix E: Questionnaire

Instructions

To help us understand how you feel after the Hasmex crisis, please complete this questionnaire. All information provided in the questionnaire will only be used for academic research and is strictly confidential.

Section A

Please circle the number that best indicates the extent to which you agree or disagree with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>a) I have a good feeling about Hasmex Int. Ltd.</td>
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<td>b) I admire and respect Hasmex.</td>
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<td>c) I trust Hasmex.</td>
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<td>d) Hasmex stands behind its products and services.</td>
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<td>e) Hasmex develops innovative products and services.</td>
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<td>f) Hasmex offers high quality products and services.</td>
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<td>g) Hasmex offers products and services that are good value for money.</td>
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<td>h) Hasmex has excellent leadership.</td>
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<td>i) Hasmex has a clear vision of its future.</td>
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<td>j) Hasmex recognizes and takes advantage of market opportunities.</td>
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<td>k) Hasmex is well managed.</td>
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<td>l) Hasmex looks like a good company to work for.</td>
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<td>m) Hasmex looks like a company that would have good employees.</td>
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<td>n) Hasmex supports good causes.</td>
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<td>o) Hasmex is an environmentally responsible company.</td>
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<td>p) Hasmex maintains a high standard in the way it treats people.</td>
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<td>q) Hasmex has a strong record of profitability.</td>
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<td>r) Hasmex looks like a low risk investment.</td>
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<td>s) Hasmex tends to outperform its competitors.</td>
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<td>t) Hasmex looks like a company with strong prospects for future growth.</td>
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## Section B

Please circle the number that **best** indicates the extent to which you agree or disagree with the following statements.

I would describe Hasmex Int. Ltd. as:

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<th>Somewhat Disagree</th>
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**Section C**

**Imagine you are a current consumer of Hasmex.**

Please circle the number that best indicates the extent to which you agree or disagree with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tr>
<td>Hasmex can be relied on to keep their promises.</td>
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<td>Hasmex is sincere in their actions.</td>
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<td>I feel at ease when dealing with Hasmex.</td>
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<td>Hasmex can be trusted at all times.</td>
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<td>Hasmex can be counted on to do what is right.</td>
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<td>Hasmex has high integrity.</td>
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<td>Hasmex puts their customer’s interests before their own.</td>
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<td>Hasmex is a responsible company.</td>
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<td>Hasmex treats people like me fairly and justly.</td>
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<td>I am committed to maintain a relationship with Hasmex.</td>
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<td>A relationship with Hasmex is important.</td>
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<tr>
<td>I plan to maintain a relationship with Hasmex.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I care about my relationship with Hasmex.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I’m proud to tell others about using Hasmex’s products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Hasmex is the best brand for milk products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I intend to continue buying Hasmex’s milk products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I am willing to put in effort to help Hasmex succeed.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
### Section D

As a consumer, please indicate your attitude and response towards Hasmex after the series of events.

Please circle the number that best indicates the extent to which you agree or disagree with the following statements.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would purchase their products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Buying their product is a good decision.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Hasmex’s products are of high quality.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I am likely to warn my friends and relatives to not buy Hasmex’s products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would complain to my friends and relatives about Hasmex’s products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would make sure to tell my friends and relatives to stop buying Hasmex’s products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would complain to a consumer agency about Hasmex.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would write a letter to the local newspaper about my experience.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would report to a consumer agency so that they can warn other consumers.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I am likely to buy Hasmex’s products in the future.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I would continue buying Hasmex’s products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I am likely to consume Hasmex’s products in the future.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
Section E

Please circle the number that best represents your attitude towards Hasmex Int. Ltd.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that Hasmex Int. Ltd. is to be blamed for the crisis.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I feel that Hasmex is responsible for the crisis.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I feel that Hasmex is at fault for this crisis.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

Section F

Please circle that number that best indicates the extent you agree or disagree with the following statements regarding the response from Hasmex Int. Ltd.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Somewhat disagree</th>
<th>Neutral</th>
<th>Somewhat agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The information in the press release is credible</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>The information in the press release is accurate</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>The information in the press release is believable.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

Please circle that number that best indicates the extent you agree or disagree with the following statements regarding the spokesperson that issued the press statement from Hasmex Int. Ltd.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Somewhat disagree</th>
<th>Neutral</th>
<th>Somewhat agree</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I think the CEO is trustworthy.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I think the CEO is competent.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I think the CEO is honest.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
# Section G

Please circle the number that **best** indicates the extent you agree or disagree with the following statements as a description of your general attitude towards people.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that most professionals are very good at what they do.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Most professionals are very knowledgeable in their chosen field.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>A majority of professional people are competent in their area of expertise.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I usually trust people until they give me a reason not to trust them.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I generally give people the benefit of the doubt when I first meet them.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>My typical approach is to trust new acquaintances until they prove I should not trust them.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
Section H

Please circle that number that best indicates the extent of how much you agree or disagree with the following statements about the types of products Hasmex produces. (i.e. Milk, milk powder and other milk derivative products such as yogurt, cheese, cookies, sweets)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have a lot of experience with such products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Compared to an average person, I would say that I’m highly knowledgeable about this product category.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I’m familiar with this product category.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Compared to other types of products, these types of products are important to me.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>I am not interested in these type of products.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>When I buy a brand from this product category, I choose very carefully.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

Section I

Please circle the number that best indicates the extent to which you agree or disagree with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat Disagree</th>
<th>Neutral</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hasmex Int. Ltd. has fair procedures and policies to resolve the situation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Hasmex Int. Ltd. has a high reputation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>The apology by Hasmex was issued in the early stages of the crisis.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>
The apology by Hasmex was issued in the late stages of the crisis.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
</table>

**Section J**

For a usual school day (Monday to Friday), how many hours per day do you spend:

A: Watching television  
   hours

B: Reading newspapers  
   hours

C: Watching online content (E.g. Youtube)  
   hours

D: Social networking (E.g. Facebook, Twitter)  
   hours

E: Visiting online news portals (E.g. Yahoo! News, AsiaOne)  
   hours

For a usual weekend day (Saturday and Sunday), how many hours per day do you spend:

A: Watching television  
   hours

B: Reading newspapers  
   hours

C: Watching online content (E.g. Youtube)  
   hours

D: Social networking (E.g. Facebook, Twitter)  
   hours

E: Visiting online news portals (E.g. Yahoo! News, AsiaOne)  
   hours

**Section K**

Age: ______

Gender: [ ] Male  [ ] Female
When Should Organizations Apologize in Times of Crises?

School:  ☐ College of Engineering  ☐ College of Humanities, Arts and Social Science
☐ College of Science  ☐ Nanyang Business School

Nationality:  ☐ Singaporean  ☐ Permanent Resident
☐ Others, please specify: ________________

What type of residence do you live in?
☐ 2 Room HDB Flat  ☐ 3 Room HDB Flat  ☐ 4 Room HDB Flat  ☐ 5 Room HDB Flat
☐ Private Apartment  ☐ Landed Property  ☐ Others

What is your race?
☐ Chinese  ☐ Indian  ☐ Malay  ☐ Eurasian
☐ Others, please specify: ________________
Appendix F: Informed Consent

Nanyang Technological University

Informed Consent

Please read this consent agreement carefully. You must be 21 years old or older to participate.

Purpose of the research:
The purpose of this research is to study how people solve problems. This research is being conducted under the supervision of Dr. May O. Lwin, Associate Professor of Wee Kim Wee School of Communication and Information at the Nanyang Technological University.

What you will do in this study:
You will be exposed to a scenario, and following which, complete a questionnaire. This should take about 30 minutes.

Risks:
There are no anticipated risks, beyond those encountered in daily life, associated with participating in this study.

Compensation:
The study will take under 30 minutes to complete. You will receive S$7 for participating in this study. At the end of the study, you will receive an explanation of the study and the hypotheses. We hope that you will learn a little bit about how behavioral research is conducted.

Voluntary Withdrawal:
Your participation in this study is completely voluntary, and you may withdraw from the study at any time without penalty. However, it is important to us that you answer as many questions as possible. Your decision to participate, decline, or withdraw participation will have no effect on your status or relationship with the Nanyang Technological University.

Confidentiality:
Your participation in this study will remain confidential, and your identity will not be stored with your data. Results of this study may be presented at conferences and/or published in books, journals, and/or in the popular media.

Further Information:
If you have questions about the study or your rights as a participant in this study, please contact us at Hasmex.fyp@gmail.com.

Agreement:
The purpose and nature of this research have been sufficiently explained and I agree to participate in this study. I understand that I am free to withdraw at any time without incurring any penalty. I understand that I will receive a copy of this form to take with me.

Signature:_________________________________ Date:_______________________
Name (print):________________________________________

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Appendix G: Debrief Information Sheet

Nanyang Technological University

Debrief Information Sheet

Dear participant,

Thank you very much for your participation, the time and effort you put in is deeply appreciated. We are conducting this experiment as part of our final year project.

The objective of the experiment that you have just participated in was to determine the effects of timeliness of apology by the organization. For each experiment, we have prepared four different scenarios of time, while varying the level of reputation and procedural justice of the organization. You were exposed to one such scenario, and an organization with high/low reputation and high/low procedural justice.

Your response to the organization’s apology was measured through the questionnaire you completed after being exposed to the scenario. The rationale behind our experiment is to study which phase would the apology be most effective and could result in the most positive response towards the organization.

The organization in the experiment is a hypothetical company, and should not be associated with the existing organizations in Singapore.

Thank you again for participating and providing us with the data for our project. Please be assured that the data collected from this experiment is strictly confidential, and will not be traced back to you.

If you have any further questions regarding this study or any concerns about your participation, please feel free to contact us at Hasmex.fyp@gmail.com.

END