An Examination of the Effectiveness of Crisis Response Strategies for Repairing Competence and Integrity Violations

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Product-harm crises, which are connected to defective or dangerous products, are perceived as the most common threats to a company. Product harm crises can distort long standing favorable equality perceptions, tarnish a company's reputation, cause major revenue and market-share losses, lead to costly product recalls, and devastate a carefully nurtured brand equity. However, in spite of the devastating impact of product-harm crises, little systematic research exists to asses its marketing consequences.

So, the purpose of this study is to investigate how Koreans react to the crisis response in the aftermath of different crises(competence violation vs. integrity violation) and inspire additional research in crisis communication. This study has three main findings which run counter to the assumptions of Kim et al.(2007). Namely, the current study expands on the research of Kim et al. (2004, 2007) by examining how companies repair customers' trust and corporate attitude after crises.

Different from previous studies, this study assumes that apology for an integrity-based crisis is the most appropriate way to repair consumer trust and corporate attitude. As for competence-based crisis, similarly, apology for competence-based crisis can be more successful repairing consumer trust and corporate attitude. Concerning silence strategy, remaining silent dose not admit or deny guilt right away, but instead of asking the perceiver to withhold judgment, suggesting that, silence could be expected to be superior to apology but inferior to denial. Finally, apology for competence violation will be expected to bemore effective than apology for integrity violation. Research conceptual model was as follows:

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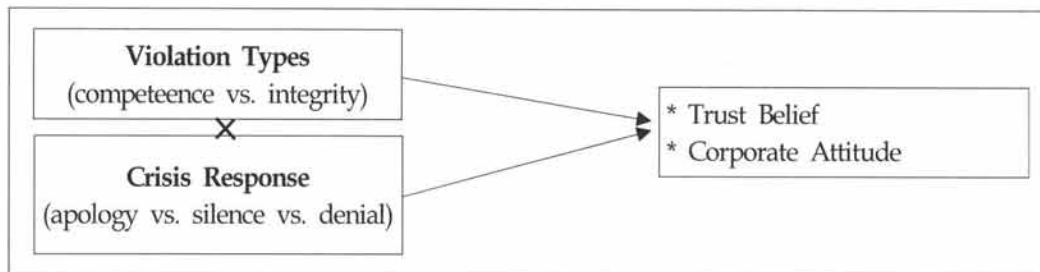
According to the results, apology is found to be the most effective strategy to repair corporate attitude no matter the crisis is perceived as a violation of competence or integrity. Second, company may consider keeping silent as a desirable response because they does not admit nor deny responsibility but ask the public to withhold judgment. However, the result of this study shows that, in the overall crisis situations, silence strategy did not differ significantly from the denial strategy, which suggested that the public wants explanation instead of uncertainty. Third, there was the interaction effect between crisis type and crisis response strategies. In this study, apology is more effective for the competence violated situation in terms of regaining consumer trust and repairing their attitude toward company, while the apology's effectiveness is lower for the integrity-violated situation.

More specifically, when the crisis is perceived due to company's lack of ability(competence violation), consumer's trust belief and attitude toward the company is more easily to repair when the company issued a sincere apology. Damaged product is perceived less intentional so participants are more likely to give the company second chance when they apology to the public. By contrast, exaggerated advertisement(integrity violation) is perceived intentionally and thus makes participants angrier toward the accused company. Although apology is perceived as the most effective strategy, when issuing apology, it also means the company admitted their intention. Therefore, in this kind of crisis situation, trust repair needs not only a sincere apology but additional efforts.

Key words: crisis response strategies, competence violation, integrity violation

I. Introduction

Crisis communication has received considerable attention in recent years since most of the crises cannot be prevented, but once mishandle, may bring a great loss for a company or even threaten the survival of a company(Arpan and Pompper, 2003). The most common consequences of crises are decrease in sales, market share, and widespread negative publicity. Negative publicity can then in turn affects consumers'

attitude, beliefs and future purchases(Griffin et al., 1991).

However, many companies cannot react fast enough to keep up and then create significant negative consequences. As such reasons, developing well-defined crisis communication plan is crucial for any company. If the organization is able to react appropriate to a crisis and take a proactive stance in its communications, then the organization has a better chance of protecting itself and saving its reputation(Argenti, 2006; Gonzalez-Herrero and Smith, 2010, Park et al. 2011).

Although the necessity of crisis communication was emphasized over and over again, crises still occur frequent and remain unresolved. Many companies do not believe a crisis will happen to them since nothing bad has ever happened before. Consequently, when a crisis hits, those companies are woefully unprepared.

Numerous researchers have proposed that crisis communication is essential for the organization's long-term management and marketing studies have adopted "*Attribution Theory*" as a strong conceptual foundation for evaluating the effects of crisis communication strategies (Coombs, 1998; Coombs and Holladay, 1996; Jin, 2009; Lee, 2004).

The majority of research on crisis communication attempt to figure out 'who' to blame for crisis, while few researches focus on 'what' is exactly violated during crisis. With the consideration in mind, this study is aiming to address the types of 'trust-violation' during crisis. Trust is suggested as a valuable source since it is a prerequisite for building customer relationship and consequently facilitating purchase intention (Bhattacharya and Sen, 2003; Vlachos et al., 2009). Therefore, how to recover consumer trust immediately and effectively is the top priority for companies which have been damaged from crises.

Trust violation, drawn from Kim et al.(2004), can be divided into two groups: competence-based or integrity based violation. Kim et al. (2004) indicate that, as a response to an integrity violation, denial was significantly more effective than apology. By contrast, as a response to a competence violation, apology was significantly more effective than denial.

However, it was focused on interpersonal relationship but not B2C relationship. Additionally, it is too assertive to conclude which strategy can be the best strategy without consideration of different culture norm. Americans seems to be individualistic, whereas Koreans are collectivist and strongly influenced by Confucianism which emphasizes in ethics and morality. When crisis is considered to be a problem with integrity, denial would still be the best response for Korean consumers? Or they might expect some sincere apology from the organization? For answering this question, this study aims to expand Kim et al.(2004, 2007) research by exploring whether the original assumptions would result in same way when applying for Korean

culture context.

Ⅱ. Literature Review

2.1 Crisis and Crisis attribution

Most of the crisis cannot be prevented. And no matter how robust the crisis prevention systems put in place, the risk of crisis can never be completely eliminated. Moreover, the increasing complexity of products, more demanding customers and more vigilant media are making crises more visible(Klein and Dawar, 2004). At this time, role of responding strategies becomes very important. With the right strategy, companies can minimize negative impacts causing from crisis.

Besides, crises are unexpected situations and the cause of the crisis is not always obvious; therefore, blame must be attributed to 'someone'(Brown and White, 2011). As Weiner(1980) noted that, customers engage in 'spontaneous causal thinking' particularly in cases of unexpected and negative events when they are trying to analyze why the failure occurred. Weiner(1986) suggested that the 'stability' and 'controllability' of the cause are also included in individual's explanation of outcomes. To be specific, Weiner conceptualized three causal dimensions of cause attribution: (1) the locus of the behavior, which reflects whether the event's

cause is located in the actor(internal) or in the situation(external), (2) the stability of the behavior, which reflects whether the event happen frequently or infrequently, and (3) the controllability of the behavior, which reflects whether the cause is controllable by the actor or others.

Coombs(1995) attempted to simplify previous works and proposed two dimensions to explain crisis attribution: (1) external control, (2) personal control/ locus of causality. External control, which is the same as previous work, refers to whether the outcome of a specific event is caused by other person. What is notable is that, Coombs combined personal control and locus into the same dimension. Also, Lee(2004) proposed a comprehensive model of casual attribution by simplified it into two categories: internal and external. Lee suggested that individuals who perceived an incident was caused with internal locus(e.g. organization) may also regard it as controllable. While those who perceived an incident was caused with external locus may consider it was uncontrollable by the organization.

Although several studies developed the dimension of casual attribution in different point of view, the outcome of the causal attribution was the same, that is, the perceptions of causality will lead to an assignment of responsibility, and greater attributions of responsibility lead to stronger feelings of negative emotions. (Weiner et al., 1988). If individuals attribute

the crisis was caused by organization, perceived it had happened before or believed that it could have influenced or prevented a crisis from occurring, they will likely to attribute more responsibility toward the organization and feel angry rather than feel sympathy with them (Coombs and Holladay, 1996).

2.2 Trust and Trust Repair

Numerous research have proposed that trust is an important concept for understanding interpersonal behavior, economic exchange and social stability (Hosmer, 1995). By far, trust has various definitions depend on a number of different contexts especially in the context of interpersonal relationship management. With respect to interpersonal trust, trust was defined as an expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group could be relied on and suggested that a generalized expectancy of trust or distrust can be an important determinant of behavior(Rotter, 1967; Rotter et al., 1972). Bok(1978) also stated that when trust is destroyed, societies falter and collapse.

The interpersonal literature on trust appears to be focusing on superior/subordinate relationship. Butler and Cantrell(1984) demonstrated superior/subordinate relationship and defined trust in terms of four dimensions: integrity, competence consistency, loyalty and openness. Drawing on

previous work of trust Kim et al.(2004) separated trust into two processes: trust belief and trust intention. According to Kim et al.(2004), competence and integrity are two of the most important qualities for determining trust belief.

In marketing research, trust was widely applied in the context of B2B marketing which emphasized in supplier-buyer relationship. For example, Mayer et al.(1995) proposed three factors of trust: ability, benevolence and integrity. According to Mayer et al.(1995), supplier has ability suggests that it is able to provide a quality product in a timely fashion. If the supplier is perceived as benevolent, it will have a strong desire to serve this particular buyer's needs. And the supplier has integrity suggests that it will fulfill agreements as promised. If the perception of each of these factors increases, willingness to take a risk in the relationship will increase likewise.

Research concerning trust has been developed robust in this field, but there are limited literatures directly focusing on trust in the field of consumer behavior. Recently, Xie and Peng (2009, p574) proposed three dimensions of trust depending on the contrast of B2C marketing. In Xie and Peng's research, competence was defined as "the ability to realize promises, which developed when the organization holds adequate knowledge, expertise, skills, leadership, and other characteristics in related domain, benevolence was defined as "a sincere concern for customers' interests and the motivation to do

good for them", and integrity was considered as" the adherence to a set of sound principles." Xie and Peng(2009) then demonstrated how the trust repair strategies influence these three dimensions of trust and, in turns, influence consumer's purchase intention, recommendation and new product trial.

It has been demonstrated that whether to trust someone is one of the most difficult decisions in the interpersonal relationship. However, compared to that, it is more difficult to decide whether to trust someone once the trust toward he/she has been violated. Mayer et al. (2007) stated that trust repair is an appropriate topic and promises to add valuable insight into the process by which trust development can move forward after trust has been damaged. They also suggested that, in order to repair trust, we have to first understand which component of trust was damaged(how attribution are made when trust was damaged) and then make different responses to repair trust.

Kim et al.(2006, 2007) and Kim et al.(2004) contributed a number of trust repair research in the field of interpersonal relationship. They used the same experimental setting in a serious of research by asking colleague students to play a role of manager and ask the students to make a decision about hiring an accountant who had misfield a tax return with a prior employer. In Kim et al. (2004)'s research, they found that the effectiveness of the response type would depend on whether the trust viola-

tion is attributed to matters of competence or integrity.

2.3 Schematic Model of Dispositional Attribution

Kim et al.(2004) drew on a schematic model of dispositional attribution, which suggest that people might differently weigh positive vs. negative information about competence and integrity. According to Reeder and Brewer(1979), the hierarchically restrictive assumes that dispositional classifications at the upper extreme of a unipolar attribute continuum are not behaviorally restricted, whereas dispositions at the lower extreme of the continuum are behaviorally restricted. This hierarchically restrictive schema was then used in the case of attribution of ability and immorality.

Concerning attributes of integrity, highly dishonest person is expected to behave dishonest or honest depend on their specific incentives. On the contrast, honest person is expected to behave honest under any circumstance. For example(drawing on Reeder and Brewer(1979) and Kim et al.(2007), when someone told a lie, people would intuitively think that is because that person is dishonest. On the other hand, when someone obeyed traffic lights, people would not particular think that is because that person is a dishonest or honest person because dishonest person might obey traffic light to avoid getting fine. To sum up, people weigh negative in-

formation much more than positive information about integrity.

Concerning attributes of competence, someone with high competence is expected to perform excellent or poor depending on motivation or task demands. However, person with low competence is expected to only achieve poor performance corresponding with their ability level. Therefore, when someone achieved higher performance, people might perceive that is because that person is very competent. On the contrast, when someone achieved lower performance, people might not particular think that is because the person lacks of skill or ability. As an example drawing on Kim et al. (2007), when a baseball player hit a home run, people might believe that is due to his high skills of baseball. However, when a baseball player was struck out, people would not interpret that was due to someone's incapability but was an anomaly or an incident.

Results of Kim et al.(2004) are summarized as below:
- Competence-based violation(Apology 〉 denial)
  - * It is more effective to apologize for competence violation because people may be willing to believe that was an incident and likely to believe someone would show competence in the future.
- Integrity-based violation(Denial 〉 apology)
  - * Apologizing for integrity violation would

again confirm someone lacks integrity because people intuitively believe that the dishonest behavior is only exhibited by those who do not have.

In Kim et al.(2007) study, they further examined the effectiveness of reticence in comparison to apology and denial for repairing competence and integrity violations. Although reticence neither admit nor deny the responsibility, but it fails to disconfirm its guilt, which is emphasized in the matter of competence violation. And it also fails to provide immediate information that the accused party would seek corrective action in the future, which is much focused in the matter of integrity violation. Thus, it is suggested that across violation types, reticence is less effective than the superior response(denial in integrity violation and apology in competence violation) but not significantly ineffective than inferior response(apology in integrity violation and denial in competence violation).

When the trust violation concerning with a matter of integrity, individual tent to weigh negative information(guilt) heavily than positive information(redemption). Thus, perceiver would first believe that the accused party is guilty instead of carefully evaluating whether it is true or not. At this point, denial is considered to be the most effective way to repair trust because it provides a clear statement that the perceiver's belief is not correct. However,

the effectiveness of reticence is perceived to be similar to apology because they both fail to disconfirm the guilt and leave the perceiver with the same belief that someone is guilty.

On the other hand, individual tend to weigh positive information(redemption) heavily than negative information(guilt) when trust violation was related to competence. It is suggested that the perceivers pay much attention on whether the accused party can be relied on in a trustworthy manner in the future. At this point, apology is more effective than denial and reticence because apology implies of taking the responsibility for the violation and conveys that they will seek redemption and correct their behavior in the future. However, denial and reticence are both less effective than apology because they both fail to provide clear statements that they are willing to take responsibility and seek any corrective action in the future. These assumptions were supported by Kim et al.(2007) empirical study.

Results of Kim et al. (2007) are summarized as below:
- ○ Competence-based violation (apology ⟩ denial = reticence)
  - ＊ Individuals weigh the information about redemption heavily rather than guilt.
  - ＊ The effectiveness of reticence is similar to denial because they both fail to provide clear statements that they are willing to take responsibility and seek any

corrective action in the future.
- ○ Integrity-based violation (denial ⟩ apology = reticence)
  - ＊ Individuals weigh the information about guilt heavily rather than redemption.
  - ＊ The effectiveness of reticence is similar to apology because they both fail to disconfirm the guilt and leave the perceiver with the same belief that someone is guilty.

2.4 Crisis Response Strategy

Crisis responses are defined as the efforts made by the organization to reestablish institutional legitimacy through the reduction, or elimination of reputational damage(Boyd, 2000; Coombs and Holladay, 1996; Hearit, 1994). Reviewing the past crisis situations, Benoit(1995) and Allen and Caillouet(1994) found over 30 different possible crisis response strategies that have been used in the past. Based on the cases analysis, Benoit(1995) developed 'Image Restoration Theory' and proposed five response strategies for repairing organization's reputation: denial, evasion of responsibility, reducing offensiveness of the event, corrective action and mortification. Denial strategy argues that the organization did not do anything wrong(simple denial), or was not the cause of the crisis(shift the blame to others). When using evasion of the responsibility as an image restoration strategy, they can use provocation strategy or defeasibility strat-

egy, claim it was an accident or state that it was a good intention.

The organization may also do efforts to reduce offensiveness of the crisis and convince stakeholders that the damage is less threatening. They can use bolstering strategy by discussing previous good deeds; minimization strategy by stating that the crisis is not that serious as stakeholder thought; transcendence strategy by stressing that the act is not as offensive as other similar ones; attacking the accuser strategy to reduce the accuser's credibility; compensation strategy by offering monetary or non-monetary reparation to the victims. When using corrective action as an image restoration strategy, organization offers a plan to solve the problem or prevent the future crisis. When using mortification strategy, the organization issues a sincere apology and asks for forgiveness.

However, Image Restoration Theory(Benoit, 1995) was developed from cases studies but lacked empirical evidences. Also, it did not consider the perception of crisis responsibility(crisis attribution). Coombs(1998) then made a link between crisis response strategies with the perception of crisis responsibility, determining seven categories of response strategy options: attack, denial, excuse, justification, ingratiation, full apology and corrective action. It is suggested that when the organization is perceived with strong attribution of crisis responsibility, accommodative posture such as corrective action and full apology are more effective to repair damaged reputation. When the organization is perceived with weak attribution of crisis responsibility, defensive posture such as attack the accuser or denial accusation are more effective to restore reputation.

Finally, Coombs and Holladay(2002) synthesized prior works on crisis communication and developed 'Situational Crisis Communication Theory(SCCT)'. SCCT is different from prior research because it integrates response strategies into a system and investigates which crisis response strategy should be applied in a specific crisis situation based on attribution theory. It suggested that overreaction can worsen the situation because stakeholders mat begin to think the crisis must be worse than they thought(Coombs, 2007). SCCT divides crisis type into three clusters: (1) victim cluster, (2) accidental cluster, and (3) preventable cluster. Victim cluster is defined as crises with very low attribution of crisis responsibility, which contains natural disaster, rumor, product tampering, and workplace violence. Accidental cluster is defined as crises that produce little attribution of crisis responsibility, which contains challenges, technical-error accident, and technical-error product recall. Preventable cluster is defined as crisis that produce strong attributions of crisis responsibility, which contains human-error product recalls, human-error accidents, and organizational misdeeds.

Coombs(2007) then divided crisis response strategies into three groups: (1) denial strat-

egies, (2) diminish strategies, and (3) rebuild strategies. Denial strategies either claim that no crisis exists or insist that the organization has no responsibility for the crisis. This group includes strategies such as attacking the accuser(confront with the accuser), simple denial(claims no crisis exists), and scapegoating (blame someone outside the organization). Diminish strategy includes the strategies that arguing a crisis is not as bad as stakeholder think(Justification), or denying their intention to trigger a crisis(excuse). Rebuilding strategies attempt to improve the organization' reputation by offering monetary or non-monetary aids to the victims or apology to the victims and ask for forgiveness.

Except from the response strategies discussed before, 'no comment' or 'silence strategy' was also commonly used in real crisis situations. Previous studies have different opinion on the effectiveness of silence strategy. Menon et al.(1999) and Griffin et al.(1991) suggested that denial and no comment generally has negative effects, while Lee(2004) found that when the organization used a 'no comment strategy', it generated more trust toward the organization and received less responsibility. This result was also supported by McDonald et al.(2010), they demonstrated that "no comment" received the lowest perceived responsibility, and this strategy was second only to confession(e.g., compassion, apology) for mitigating anger and increasing sympathy, loyalty and positive attitude.

2.5 Culture in Crisis Communication and Culture Difference in Apology

Previous research on crisis communication was developed on studies of western society. However, organizational response strategies that work in one country may not be successful on another due to culture difference(Hofstede, 1991). He suggested that the U.S is a highly individualistic society and relatively loose bonds with others, whereas South Korea is a highly collective society which emphasizes on the group harmony. Previous studies explained that South Korea's collectivism is symbolized as the concept of 'Cheong' and 'We-ness'.

Choi(2000) demonstrates that Cheong is the fundamental basic for relationship among Koreans. Cheong can be defined as a feeling of attachment to a person and a spiritual tie as a consequence of a long-term contact of intimacy, affection and self-sacrifice for the other person(Berkowitz and Lee, 2004; Lee, 1994). This emotional bond makes people think nor "You" or "I" but "We-ness". We-ness means a strong feeling of "our - group" spirit and makes people perceive other's wrongdoing less negatively and thus they are willing to give them support or showing sympathy(Choi, 2000; Lee, 1994). Seen from this regards, making a sincere apology might be effective in collective society as a crisis response.

Even though it may be cross-culturally universal to apology when an offence occurs or a

norm seems violated, apologies could be perceived differently from culture to culture(Barnlund and Yoshioka, 1990; Sugimoto, 1997; Tanaka et al., 2000). There may be distinct cultural difference in how, when, why apologies are used. Using one's own cultural lens to response to conflict in a different culture may actually escalate conflict rather than reduce it.

For example, Japanese prefer more direct forms of apologies than do Americans. And Americans tends to explaining their acts rather than admitting their mistake(Barnlund and Yoshioka, 1990). An apology in the U.S may contain both admission of fault as well as an expression of regret. For Japanese, however, an apology is conceptualized somewhat differently, which was defined as a person's recognition of a burden suffered by the target(Oki, 1993). It is consistent with another previous research, which suggests that Japanese tend to understand apology as a way to alleviate interpersonal stress associated with damaged relationship(Takagi, 2006).

Barnlund and Yoshioka(1990) suggested that this cross-cultural difference stems from Americans' preference for positive self-expression and Japanese's emphasis on harmonious relationship with others. Another cross-cultural study also shows that Japanese have stronger expectations that offenders apologize than do Americans (Sugimoto, 1997). Such research has shown that the functions of apologies in Japanese culture can differ from those in American culture. Although Korean culture is not identical to Japanese culture, compared to U.S. culture, both Japanese and Korean cultures tend to de-emphasize individualistic tendencies(Oyserman et al., 2002), score higher on social anxiety (Gudykunst et al., 1987) and lower on assertiveness(Thompson and Klopf, 1991).

2.6 Research Questions

1. Does Koreans accept organization's denial for integrity-violated crisis?
   - ○ Kim et al.(2004) suggested that (1) apology is better than denial and reticence strategies under competence-based crisis; and (2) denial is better than apology and reticence strategies under integrity-based crisis.
   - ○ However, when a crisis is considered as a violation of integrity, Koreans might expect sincere apologies from the company due to (1) their emphasis on group harmony, especially 'Cheong', which make Korean perceive other's wrongdoing less negatively(as discussed earlier).

2. Is remaining silent superior or inferior to denial?
   - ○ Prior research suggested that denial is superior to silence under competence-based crisis; while silence is not significantly different form denial under integrity-based crisis.
   - ○ However, remaining silent might be a

desirable response than denial because they does not admit nor deny responsibility but ask the public to withhold judgment. Lee(2004) also found that being silent can actually be a meaningful strategy to repair trust in Eastern society.

3. What is the effectiveness of apology between two crisis types?
   ○ Although the researcher assumes that apology will be the most effective strategy to repair trust regardless of crisis type, the effectiveness of apology might be different based on crisis type. Apology for competence violation can be expected more effective than for integrity violation because complying with moral standards and ethical conduct are much emphasized in their society.

Ⅲ. Research Hypothesis

The purpose of this study is to examine the effects of response strategies (apology, silence, denial) for repairing attitude toward company in the aftermath of competence and integrity violations.

Different from previous studies, this study assumes that apology for an integrity-based crisis is the most appropriate way to repair consumer trust and attitude toward company. As for competence-based crisis, similarly, apology for competence-based crisis can be more successful repairing consumer trust and attitude toward company. Concerning silence strategy, remaining silent dose not admit or deny guilt right away, but instead of asking the perceiver to withhold judgment, suggesting that, silence could be expected to be superior to apology but inferior to denial. Finally, apology for competence violation will be expected to be more effective than apology for integrity violation.

H1: When a crisis concerns a matter of integrity, there will be significant differences in trust belief and attitude toward company among three response strategies(denial/silence/apology).

H1a: When a crisis concerns a matter of integrity, apology strategy can repair consumers' (1) trust belief, (2) attitude toward company more successfully than denial or silence strategy.

H2: When a crisis concerns a matter of competence, there will be significant differences in trust belief and attitude toward company among three response strategies(denial/silence/apology).

H2a: When a crisis concerns a matter of competence, apology strategy can repair consumers' (1) trust belief, (2) attitude toward company more successfully than denial or silence strategy.

H3: Across two crisis types, silence will be inferior to apology strategy but superior to denial strategy.

H4: The effectiveness of apology differs depending on the crisis type(integrity vs. competence).

H4a: Apology for competence violation will be more effective than apology for integrity violation.

IV. Methodology

4.1 Research Design

This study implemented a 2(violation type: competence vs. integrity) X 3(response strategy: apology, silence, denial) between subjects design. A fictitious food industry(Brand name: ABC Co., Ltd) was used to avoid confounding effect of consumer's existing relationships with real brands. And the food industry was selected because (1) food-crises occur frequent these years, and (2) consumers show high interest in this product category regardless of age and gender difference.

4.2 Participants and Procedure

There are 192 Korean respondents participated in this study(male 59% vs. female 41%).

Participants include 165 undergraduate or graduate students in Seoul and 27 private workers. Participants were randomly assigned to one of the six conditions which include information about a fictional food company and a recent incident. Next steps were taken to prepare measurement items in this study. First, the news article and information about the food industry was written referring to Korean journalism style(newspaper article).

The violation type was framed as either being dishonest(using exaggerated advertisement to promote new instant noodle brand 'Premium Raman') or lack of technical competence(Larvae were found in ABC's top-selling brand 'potato chips'). The food company(ABC Co., Ltd) was then reported to deny their fault, keep quiet or apologize for the incident. Then participants were asked to answer a question concerning key construct in this study for manipulation check: 'why does _____ get blamed, followed by the version developed by Kim et al.(2004). After that, participants were given an information describing how the company reacts to the specific crisis in terms of denial, keeping silent or apology and then answer a question: what was _____'s response to this incident?' which is also for manipulation checks. Finally, participants are asked to answer a series of questions concerning their trust belief and attitude toward the focal company and provided their personal information.

4.3 Experimental Materials

The crisis type was refer to real food-related incidents happened in South Korea. Nongshim, one of the biggest processed food manufacturers in South Korea, was facing big challenges during its product-harm crisis in the period of 2008 through 2012. In 2008, a substance believed to be a part of mouse head was found in its shrimp snack, which was arguably South Korea' biggest food safety crisis that has ever happened before. Nongshim apologized to the public at that time but seems to have little effect to re-establish their image due to frequent incident happened later. In 2010, larvae was found in it shrimp snack and later found in their 'Yukgaejang' instant cup noodle. These incidents can be referred to the company's lack of quality control ability. Two years later, Nongshim was embroiled in deceptive advertisement of its latest product "Shin Ramyun Black" in mid – April 2012. Nonghim got blamed because they falsified nutritional contents to make products sound 'healthy'. As a result, Nongshim was fined 155 million won by the Fair Trade Commission. What is noticeable here is that this incident was not caused by their incompetence of producing high-quality product but due to their dishonest behavior. These cases can be linked to Kim and colleague's definition of competence and integrity in their earlier research(Kim et al., 2004). Therefore, in the present study, incident concerning larvae found in snacks was chose to stand for competence-related crisis, and exaggerated advertisement was chose to stand for integrity-related crisis.

4.3.1 Violation Type

The crisis was framed as either a matter of competence violation or integrity violation. In the competence-related crisis, the fictional company (ABC Co., Ltd) was reported to be found substances(larvae) in their top-selling product (potato chips) by a consumer. At the beginning of the news article, participants were told that a consumer uploaded the photo of one damaged product to a well-known online community and soon spread over the internet. Then statements of the consumer was used, 'We were having a family gathering at that time. When I opened the package, I found a number of bugs, assumed to be larvae, squirming around in the potato chips,' 'No matter how this incident happened; I will never buy another ABC product again.' At the end of the article, ABC was described that they are facing a crisis of trust from their customers.

In the integrity-related crisis, fictional company name(ABC Co., Ltd) was the same as competence-related condition so that it can be compared with each other later. At the beginning of the news, participants were told that ABC launched a new instant noodle brand 'Premium Ramyun', which is twice expensive as its other noodles. ABC claimed its new

product as 'a bowl of noodles as nutritious as Korean-style beef soup(seolleongtang).' However, consumers complained that the only difference was the price and questioned over its exaggerated description. After that, one renowned research institution verified that ABC did exaggerated for the nutritional value of 'Premium Ramyun,' saying that, 'The proportions of carbohydrates and Protein in this noodle are less than half the real beef soup, while the amount of fat and sodium are much higher than recommended daily intake.' At the end of the article, participants were told that consumers expressed anger toward ABC, considering the company is making a mockery of them.

4.3.2 Violation Response

After trust-violation was mentioned in a newspaper article, ABC was then reported in terms of deny, remain silence, or apologize for the incident.

(1) Response for Competence Violation
In the condition of apologizing for the incident, company spokesman apologized in terms of admitting their fault and promised to never let it happen again. In the condition of keeping silent, company was reported that they did not say anything yet. And in the condition of denial, company spokesman doubted the reality of the photo claimed by a consumer and denied the incident was their fault.

(2) Response for Integrity Violation
In the condition of apologizing for the incident, company spokesman apologized in terms of admitting that they provided false information to their customers and promised to never let it happen again. In the condition of keeping silent, company was reported that they did not say anything yet. And in the condition of denial, company spokesman denied the incident was their fault in terms of .insisting the beef soup used by research institution was different from their beef-soup.

4.4 Manipulation Checks

Participants are asked to answer two manipulation check question, which was designed to make sure whether participants recognized the experimental conditions to which they were assigned. The first question assessed whether they recognized the nature of the violation. After reading the news material, participants were asked, 'Why does ABC get blamed?' Choices were 'ABC lacks of ability to produce high quality products and control product quality,' 'ABC is telling lies in order to make a profit.' The second question assess whether participants recognized the company's response to the incident. They were asked, 'What was ABC's response to this incident?' Choices were 'ABC denied the incident was their fault,' 'ABC keeps quiet about the incident,' 'ABC admitted it was their fault and apologized'(see p.64 &

p.66). After finishing two manipulation check questions, participants started to answer a series of dependent measures.

4.5 Dependent Measure

4.5.1 Trust Belief

In this study, trust belief was focusing on the relationship between company and its customers, rather than one individual anticipating the outcome of the behavior of another individual. Therefore, drawing on Xie and Peng(2009), the present research defines consumer trust as a concept comprising both consumers' overall trust beliefs toward the company and their behavioral intention to continue a relationship trustingly. Trust repair was defined as activities aimed at making consumer's trust more positive after the appearance of negative publicity(or crisis).

(1) Trust Belief - Perceived Competence

In the measurement of company's competence, three items were modified as bellows: "I feel very confident about ABC company's production techniques and quality control abilities," "I feel ABC is very capable of meeting customer's needs," and "I believe ABC company has much knowledge in production and quality control techniques," Participants rated these items on a 7-point Likert scale(1= strongly disagree, 7= strongly agree).

(2) Trust Belief — Perceived Integrity

In the measurement of company's integrity, three items were adapted from Kim et al. (2004). "I believe ABC company has a good value system," "I believe sound principles guide ABC company's behavior," and "I believe ABC company has a great deal of integrity," Participants rated these items on a 7-point Likert scale(1= strongly disagree, 7= strongly agree).

4.5.2 Attitude toward Company

Attitude toward company was measured using three-items(Dawar and Pillutla, 2000). Three semantic differential scales were used as follows: "ABC company is favorable," "ABC is a good company," "I have positive feeling toward ABC company." Participants rated these items on a 7-point Likert scale(1= strongly disagree, 7= strongly agree).

V. Analysis and Results

5.1 Manipulation Checks

Two manipulations checks questions were used to assess whether the participants recognized the nature of the violation and the response. Question 1 was intended to make sure that participants recognize the nature of violation, and Question 2 was intended to make sure

whether participants recognize the company's response correctly. Among 220 participants, 203 participants answered the first question correctly(correct rate: 92.3%), and 210 participants answered the second question correctly (correct rate: 95%). Among all participants, 192 participants correctly answer the two questions with correct rate of 87.3%, which revealed that the manipulations were successful. After deducting 28 invalid questionnaires from the total questionnaires, the numbers of valid questionnaires were 192.

5.2 Reliability Checks

The reliability analysis produced Cronbach's α =.969 for perceived integrity; α=.919 for perceived competence; α=.918 for attitude toward company. This result indicated that the measures exhibited satisfactory internal consistency because scales that have Cronbach's α above .70 are considered to have adequate internal reliability(Nunnally, 1994).

5.3 Hypothesis Test

To test Hypothesis 1, 2 and 3, we conducted ANOVA to examine the two crises type separately and find out the most effective crisis response strategy within three groups. ANOVA only tests for an overall difference among three groups(denial vs. silence vs. apology) but did not guarantee that every pair of the group is

also significant different. In order to confirm the all possible pair of group difference(e.g., group 1 vs. group 2, group 2 vs. group 3, group 3 vs. group 1, etc.); post hoc test of ANOVA was conducted.

Hypothesis 1 stated that when a crisis concerns a matter of integrity, there will be significant differences in trust belief and attitude toward company among three response strategies. The result of ANOVA indicates a significant difference in the trust belief {denial=2.37 vs. silence=2.42 vs. apology=3.85; $F(2, 89) =$ 48.644, $p < .001$} and attitude toward company {denial=2.21 vs. silence=2.45 vs. apology=3.66; $F(2, 89) = 25.926$, $p < .001$}. Thus, hypothesis 1 was supported.

Hypothesis 2a proposed that when a crisis concerns a matter of integrity, apology strategy can repair (1) consumers' trust belief (2) attitude toward company more successfully than denial or silence strategy. As a result of post hoc test of ANOVA, when a crisis is perceived with a violation of integrity, participants indicated the company with apology response more trustworthy(M=3.85) than silence strategy(M=2.42) and denial strategy(M=2.37).

In the measures of attitude (see 〈Table 1〉), participants rated companies issuing apology strategy more favorably(M=3.66) than issuing silence strategy(M=2.45) or denial strategy (M=2.32). For the dependent measure of behavioral intention, participant were more likely to purchase and recommend the product to

others when the company implemented apology strategy(M=3.76) than silence strategy(M= 2.43) and denial strategy(M=2.32).

In order to confirm the mean difference among groups is significant differently, comparison of each pair of three response strategies was conducted. As illustrated in ⟨Table 1⟩, for each dependent measure, the mean difference between apology strategy and denial strategy (p⟨.001) and the mean difference between apology strategy and silence strategy(p⟨.001) are both statistically significant. This result supported Hypothesis 1a.

Hypothesis 2 stated that when a crisis concerns a matter of competence, there will be significant differences in trust belief and attitude toward company among three response strategies. The result of ANOVA indicates a significant difference in the trust belief {denial =1.98 vs. silence=2.11 vs. apology=4.57; F(2, 97)=145.16 p⟨.001} and attitude toward company{denial=1.82 vs. silence=2.09 vs. apology =4.52; F(2, 97)=87.332, p⟨.001}. Thus, hypothesis 3 was supported.

Hypothesis 3a proposed that when a crisis concerns a matter of competence, apology strategy can repair (1) consumers' trust belief, (2) attitude toward company more successfully than denial or silence strategy. As a result of post hoc test of ANOVA, when a crisis is perceived with a violation of competence, participants indicated the company with apology response more competent(M=3.90) than silence strategy (M=2.02) and denial strategy(M=1.85). Participants also indicated the company with apology response more honest(M=5.25) than silence strategy (M=2.11) and denial strategy(M=2.21).

In the trust belief(composed of competence and integrity), participants indicated the company with apology response more trustworthy (M=4.57) than silence strategy(M=2.11) and denial strategy(M=1.98). In the attitude toward company, participants rated companies issuing apology strategy more favorably(M= 4.52) than issuing silence strategy(M= 2.09) or denial strategy(M=1.82).

In order to confirm whether the mean difference among groups is significant differently,

⟨Table 1⟩ Post Hoc Test for Integrity-Violated Crisis

Dependent variable	Response (I) -(J)	Mean (I) -(J)	Mean Difference(I-J)	Std. Error	Sig.
Trust Belief	Denial − Silence	2.37 − 2.42	-.05806	.17181	.954
	Denial − Apology	2.37 − 3.85	-1.48817	.17181	.000
	Silence −Apology	2.42 − 3.85	-1.43011	.17040	.000
Attitude	Denial − Silence	2.21 − 2.45	-.24050	.21586	.540
	Denial − Apology	2.21 − 3.66	-1.44480	.21586	.000
	Silence − Apology	2.45 − 3.66	-1.20430	.21408	.000

comparison of each pair of response strategies was conducted. As illustrated in 〈Table 2〉, for each dependent measure, the mean difference between apology strategy and denial strategy(p < .001) and the mean difference between apology strategy and silence strategy(p < .001) are statistically significant. This result supported Hypothesis 2a.

Hypothesis 3 stated that across two crisis types, silence will be inferior to apology strategy but not superior to denial. According to the results of post hoc test of ANOVA from two crisis types, it has been demonstrated that, for each dependent measure, participant ranked the highest score with apology strategy and

ranked the lowest score with denial strategy. However, for each dependent measure, the mean difference between silence strategy and denial strategy is not statistically significant regardless of crisis type(see 〈Table 1〉 and 〈Table 2〉). That is, participants perceived the two strategies similar to each other. Therefore, Hypothesis 3 was rejected.

To test Hypothesis 4, we conducted MANOVA to examine the effectiveness of two independent variables on the dependent variables. 〈Table 3〉 contains MANOVA results for testing both the interaction and main effect of independent variables. Consequently, there was a statistically significant main effect of crisis type on

〈Table 2〉 Post Hoc Test for Competence-Violated Crisis

Dependent variable	Response (I) -(J)	Mean (I) -(J)	Mean Difference(I-J)	Std. Error	Sig.
Trust Belief	Denial—Silence	1.98 — 2.11	-.13295	.17035	.738
	Denial—Apology	1.98 — 4.57	-2.59091	.17162	.000
	Silence—Apology	2.11 — 4.57	-2.45796	.17035	.000
Attitude	Denial—Silence	1.83 — 2.09	-.25995	.22300	.509
	Denial—Apology	1.83 — 4.52	-2.68687	.22466	.000
	Silence—Apology	2.09 — 4.52	-2.42692	.22300	.000

〈Table 3〉 The Results of Multivariate Tests

	Statistical Tests	Value	F	Hypothesis df	Error df	Sig.	Partial η^2
Crisis Type (A)	Wilks' Lambda	.596	31.012	4	183	.000	.404
Crisis Response (B)	Wilks' Lambda	.315	35.710	8	366	.000	.438
A × B	Wilks' Lambda	.817	4.871	8	366	.000	.096

overall dependent variables{F(4, 183) =13.74, p < .0001; Wilk's λ=.596, partial η^2 =.404}, and main effect of response strategies were also found significantly{F(8, 366) =35.71, p < .001; Wilk's λ=.315, partial η^2 =.438}. Moreover, interaction effect between crisis type and response strategies also showed statistical significant{F(8, 366) =4.871, p < .001; Wilk's λ =.817, partial η^2 =.096}. This result confirmed the joint effect of two independent variables, which illustrated that the difference between groups(denial, silence and apology) on crisis response varies depending on the groups of the second independent variable(competence violation, integrity violation).

Since multivariate effects are statistical significant, univariate analyses of variance for each dependent variable was then conducted as follow-up tests. As illustrated in ⟨Table 4⟩, the univariate analyses of variance indicated a sig-

nificant interaction effect for trust belief {F (2,186) =12.927, p < .001, partial η^2 =.101] and attitude {F(2, 186) =18.871, p < .001, partial η^2 =.101}. However, the interaction effect for behavioral intention was found non-significant {F(2,186) =2.427, p=.091, partial η^2 =.122}. This follow-up test confirmed the joint effect of two independent variables on consumer's trust belief and attitude toward company.

Interaction effects can also be identified graphically. The most common graphical means is to create line chart depicting pairs of independent variables. It is suggested that significant interaction effects are represented by nonparallel lines(with parallel lines denoting no interaction effect). If the lines depart from parallel but never cross in a significant amount, then the interaction is considered ordinal. By contrast, if the lines cross to the degree that in at least one instance the relative ordering of the

⟨Table 4⟩ Univariate Tests (Between-Subjects Effects)

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2
Crisis type(A)	Trust	.002	1	.002	.003	.954	.000
	Attitude	.068	1	.068	.088	.767	.000
Crisis response(B)	Trust	169.198	2	59.483	85.550	.000	.660
	Attitude	162.152	2	81.076	104.717	.000	.530
A × B	Trust	12.120	2	6.060	12.927	.000	.122
	Attitude	16.176	2	8.088	10.446	.000	.101
Error	Trust	87.194	186	.469			
	Attitude	144.008	186	.774			
Total	Trust	1869.667	192				
	Attitude	1822.667	192				

lines is reversed, then the interaction is considered disordinal.

As we can see in 〈Figure 1: the left side〉, the interaction effect is found significant on trust belief(composed of perceived competence and integrity). Apology strategy has a marked difference between two lines(representing the two crisis types) than the other responses between two lines. It should be noted that the two lines crossed when the company issued the apology strategy for repairing consumer's trust belief.

In order to examine whether the average score of trust belief is significantly different when using apology between two crisis situations, t-test was conducted. As a result, the mean difference between apology for competence violation($M=4.57$) and apology for integrity violation($M=3.85$) is statistically significant($t=4.002$, $p<.001$). It can be interpreted that consumer perceived the company that issued the apology strategy more trustworthy in the competence-related crisis relative to the integrity-violated crisis.

As illustrated in 〈Figure 1: the right side〉, apology strategy has a marked difference between two lines(representing the two crisis types) than the other responses between two lines. That is, the difference between the two crisis types, can be shown to differ(interact) based on how company responded to the crisis. However, it should be noted that the two lines crossed when the company issued the apology strategy for repairing consumer's attitude. To examine whether the average score of trust belief is significantly different when using apology between two crisis situations, t-test was conducted. Consequently, the mean difference between apology for competence violation($M=4.52$) and apology for integrity violation($M=3.66$) is statistically significant($t=4.042$, $p<.001$). It can be interpreted that consumer perceived the company that issued the apology strategy more favorable in the competence-related crisis relative to the integrity-violated crisis.

Consequentially, it seems reasonable to conclude that apology strategy repair consumer's trust and attitude more successfully in the

〈Figure 1〉 Interaction effect
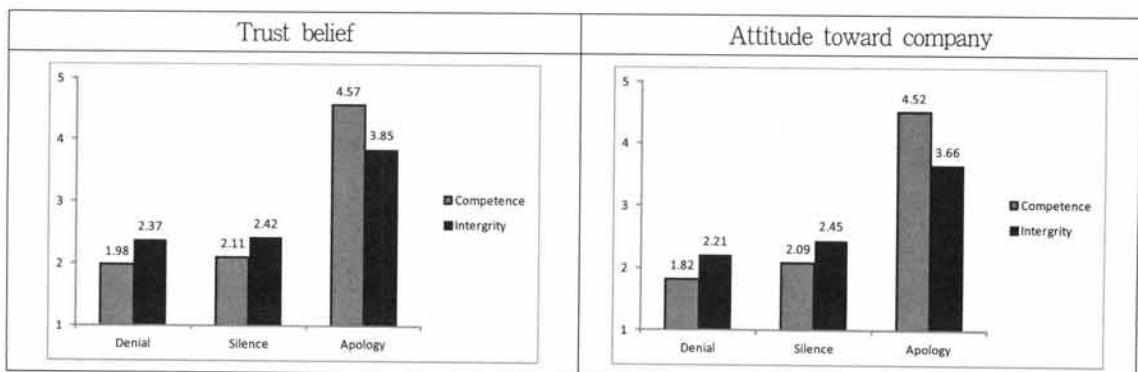
competence-violated crisis. Therefore, H4a was supported.

VI. Conclusion

The purpose of this study is to investigate how Koreans react to the crisis response in the aftermath of different crises(competence violation vs. integrity violation) and inspire additional research in crisis communication.

This study has three main findings which run counter to the assumptions of Kim et al. (2007). First of all, it differs from Kim et al. (2007), apology is found to be the most effective strategy to repair consumer's trust and attitude toward company no matter the crisis is perceived as a violation of competence or integrity. Second, company may consider keeping silent as a desirable response because they does not admit nor deny responsibility but ask the public to withhold judgment. However, the result of this study shows that, in the overall crisis situations, silence strategy did not differ significantly from the denial strategy, which suggested that the public wants explanation instead of uncertainty. Third, we found the interaction effect between crisis type and crisis response strategies in the dependent measure of trust belief and attitude, which means that the effectiveness of crisis response strategy differs depending on the crisis type. In this study,

apology is more effective for the competence violated situation in terms of regaining consumer trust and repairing their attitude toward company, while the apology's effectiveness is lower for the integrity-violated situation.

More specifically, when the crisis is perceived due to company's lack of ability(competence violation), consumer's trust belief and attitude toward the company is more easily to repair when the company issued a sincere apology. Damaged product is perceived less intentional so participants are more likely to give the company second chance when they apology to the public. By contrast, exaggerated advertisement(integrity violation) is perceived intentionally and thus makes participants angrier toward the accused company. Although apology is perceived as the most effective strategy, when issuing apology, it also means the company admitted their intention. Therefore, in this kind of crisis situation, trust repair needs not only a sincere apology but additional efforts.

To sum up, this paper shows that (1) regardless of crisis type, issuing a sincere apology is better than denying all responsibility or remaining silent. (2) Keeping silent is not superior to denial because it seems irresponsible and lacks sincerity. (3) Apology is more effective for competence violation than integrity-violated situation in terms of restoring consumer trust belief and attitude toward company.

This study has a few limitations that provide potential directions for further research. First,

most samples are students and it limits the generalization of the results. To improve the external validity of these finding, actual consumers in various settings should be used in future studies. Second, the fictional company provides some advantage for theory testing by excluding the pre-existing brand preference and attitude toward real company, but the tradeoff is that it limited the external validity of the results. Third, this study did not consider the influence of the span of time. Dependent measure could be taken again at a later time period to see if 'time' influence perceptions of each variable(e.g., Is crisis outcome permanent or will be smoothen by time.).

Finally, this is the first study to empirically demonstrate the effectiveness of company's trust repair strategies basing on Asian culture context. Results from this study suggest that apology is the most appropriate strategy for both integrity and competence violation; moreover, apology seems more effective to repair competence violation. However, this finding remains questions of 'why Asians perceive company's apology so important in the aftermath of crisis?' More empirical evidence is needed to support the study's findings. Also, it would be interesting to apply the same framework to different cultural context which offers the possibility of wide cross-cultural comparisons.

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