

## **Cognitive Processing of Crisis Communication: Effects of CSR and Crisis Response Strategies on Stakeholder Perceptions of a Racial Crisis Dynamics**

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*In order to provide a more refined understanding of crisis situations, especially crises resulting from race issues, the researchers identified crisis dynamic variables from existing literature (e.g., Coombs & Holladay, 2002) and connected these links in a model. The cognitive processing model of crisis communication investigates how pre-crisis corporate social responsibility (CSR) practice and different crisis-response strategies affect stakeholders' attributions of organizational responsibility, emotional response, organizational reputation, and supportive intention in the time of a crisis. An experiment was conducted as the primary research method. The significant findings include 1) direct effects of both positive CSR history and accommodative crisis-response on organizational reputation, which are mediated to stakeholders' supportive intentions, 2) interaction between CSR history and crisis-response on organizational responsibility, and 3) mediation of emotional response aroused by a crisis. Theoretical and practical implications are discussed.*

### **Introduction**

Organizations can ill afford the financial burdens caused by charges of racism. For instance, charges of racial discrimination forced Shoney's restaurant chain into paying a \$100 million settlement (Duke, 1993). Other companies, including Publix, Avis and US Airways, have found themselves embroiled in costly racial crises (Baker, 2001). Of even greater consequence, issues of race can cause significant damage to organizations' reputations among critical stakeholders (Baker, 2001).

Even though many organizations face problems and concerns involving racial issues, the racial crisis has not been given much attention by communication researchers. Little empirical research has been done to unpack the unique characteristics of a racial crisis. Several researchers have studied racial crises as a

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case study (e.g., Brinson & Benoit, 1999; Chin et al., 1998; Williams & Olaniran, 2002), while only few research empirically examined the effect of various strategies that were employed in a Texaco racial crisis (e.g., Coombs & Schmidt, 2000).

As Baker (2001) stressed, sound reputations are required to protect an organization against existing and potential confrontations with racial incidents. Many organizations invest their resources to build reputation through implementing diversity initiatives under the umbrella of corporate social responsibility (hereafter called "CSR") programs. However, little is known about how CSR practices actually help an organization in crisis situations.

To address this gap, the researchers propose the cognitive processing model of crisis communication in order to provide a more refined understanding of how people perceive crisis situations, especially crises resulting from race issues. The key purpose of this study is to contribute to the theoretical and practical body of knowledge in public relations by demonstrating links between key variables in crisis communications: 1) crisis-response strategy, 2) corporate social responsibility history, 3) crisis responsibility perceived by stakeholders, 4) organizational reputation, 5) emotional response aroused by a crisis, and 6) stakeholders' supportive intentions after a crisis.

## **Literature Review**

### *Definitions of Organizational Crisis*

Mitroff and Pearson (1993) defined an organizational crisis as an incident or event that poses a threat to the organization's reputation and viability. They included the personal, societal, and technical factors of crisis, and stated that a crisis could break down the basic assumptions that the society holds: values, beliefs, and social structures. In terms of an organization-stakeholder relational perspective, Marra (1992) pointed out stress, instability, and undermined relationships with stakeholders as characteristics of a crisis. Even though most definitions of a crisis focus on its financial impact, in fact, a crisis is a threat to the relationships between an organization and its stakeholders.

### *Situational Crisis Communication Theory (SCCT)*

Coombs and Holladay (2002) developed a model of situational crisis communication theory (hereafter called "SCCT") in order to conceptualize how stakeholders interpret a crisis. SCCT assumes that an organization's reputation is a valued resource that is threatened by crises. Therefore, the central focus of SCCT is to manage organizational reputation during a crisis, to assess the crisis situation, and to select a crisis-response that fits the crisis situation (Barton, 2001; Fombrun, 1996; Nakra, 2000). SCCT evolved from a number of studies including symbolic and relational management approaches that examine how a crisis shapes the selection of a crisis response and how crisis-response strategies affect organizational reputation (e.g., Bradford & Garrett, 1995; Coombs, 1999a; Coombs & Holladay, 1996, 2001; Coombs & Schmidt, 2000; Fediuk, 1999).

### *Attribution: Crisis Responsibility Perceived by Stakeholders*

Crisis responsibility is defined as the degree to which a stakeholder blames the organization for the crisis event (Coombs, 1998). In past research, attribution theory serves as a guide for linking crisis situations to crisis-response strategies (Coombs, 1995, 1998, 1999a, 1999b). Attributions are “perceptions of the causality or the perceived reasons for a particular event’s occurrence” (Weiner, 1985b, p.280). Attribution theory assumes that people make judgments about the causes of events. When an event is negative, unexpected, or important, people tend to engage in causal attribution processing (Weiner, 1986). Therefore, stakeholders will make causal attributions of organizational crises because crises are often negative, unexpected, and attention drawing (Winter & Steger, 1998).

People commonly think along three causal dimensions when making attributions (Coombs, 2004): 1) *stability* reflects whether the cause of the event happens frequently (stable) or infrequently (unstable); 2) *external control* indicates whether the event’s cause was controllable or uncontrollable by some other persons; and 3) *personal control* reflects whether the event’s cause was controllable or uncontrollable by the actor. *Locus*, a part of the third causal dimension, reflects the extent to which an event’s cause was located in the actor or in the situation. These three attribution dimensions help people judge attributions of personal responsibility. A person is held more responsible for an event when it is perceived as stable and when the person has high personal control and/or is under low external control. Likewise, similar patterns should hold true for attributions of crisis responsibility.

To choose an appropriate crisis-response, crisis managers need to assess the level of crisis responsibility. The crisis manager begins by identifying the crisis type, which is conceptualized as the frame that stakeholders use to interpret the event (Coombs & Holladay, 2002). Identifying the crisis type enables an initial assessment of the amount of crisis responsibility that stakeholders will attribute to a crisis situation. According to SCCT, adjustments are made to the initial assessment by considering two other factors: severity and performance history (Coombs & Holladay, 2002). Severity and performance history have proven to modify perceptions of crisis responsibility for some crisis types (Coombs, 1998; Coombs & Holladay, 1996, 2001, 2002).

#### *Crisis Type: A Racial Crisis*

Mitroff (1998) and other crisis management experts recommend clustering crisis types that can be managed in similar ways (Mitroff & Pearson, 1993). Crisis types vary by how much crisis responsibility stakeholders ascribe to an organization. Coombs (1995) applied Weiner’s (1986) attribution theory to develop a 2 by 2 (i.e., “internal-external” and “intentional-unintentional”) matrix that categorizes crises into four types: 1) accident – unintentional and internal; 2) transgression – intentional and internal; 3) faux pas – unintentional and external; and 4) terrorism – intentional and external. Coombs

and Holladay (2002) refined the crisis categorization by classifying various crisis types into three clusters, the victim cluster, the accidental cluster, and intentional cluster.

Coombs and Holladay (2001) affirmed that violating discrimination laws is an intentional crisis, one that produces strong attributions of crisis responsibility and represents a severe reputational threat. Past research has found that transgression crises, such as Texaco's legal violation<sup>1</sup>, create strong perceptions of personal control, which reflect controllability by the actor (Coombs & Holladay, 1996). Coombs and Schmidt (2000) evaluated the personal control score in the racial crisis context, and the result was consistent with past evaluations of organizational transgressions, indicating that respondents did view the Texaco crisis as a transgression crisis.

### *Crisis-Response Strategy*

Crisis communication represents the actual responses an organization uses to address a crisis (Coombs, 1999b, p. 121). Crisis communication is designed to minimize damage to the reputation of an organization (Fearn-Banks, 1996) and to reestablish institutional legitimacy (Hearit, 1994). Since an organization's choice of message affects both how people perceive a crisis and the image of the organization in crisis (Coombs & Holladay, 1996), the crisis-response is viewed as a symbolic resource (Coombs & Holladay, 2001).

Crisis communication research has gone through two stages, from identifying or analyzing (or both) crisis-response strategies in crisis cases (e.g., Allen & Caillouet, 1994, Benoit, 1995) to examining or identifying (or both) crisis situations for the selection of appropriate crisis-response strategies (e.g., Coombs & Holladay, 1996, 2001, 2002). A variety of researchers have examined how organizations respond to crises (e.g., Allen & Caillouet, 1994; Hearit, 1994, 1995; Hobbs, 1995; Marcus & Goodman, 1991). Coombs (1999b) integrated the works of Allen and Caillouet (1994) and Benoit (1995, 1997) to develop a model of crisis-response strategy.

Coombs (1998) grouped various crisis-response strategies into seven categories and placed them on a defensive-accommodative continuum. The responses on the defensive end of this continuum seek to protect an organization, whereas the responses on the accommodative end seek to address the victim's concerns. Arranged from defensive to accommodative, the seven categories are as follows: 1) *attack the accuser* involves aggressively denying claims of a crisis and argues for the punishment of the accuser; 2) *denial* claims that there is no crisis or that the organization is uninvolved in the crisis; 3) *excuse* admits the existence of a crisis but minimizes organizational responsibility for the crisis; 4) *justification* admits a crisis exists but downplays its severity; 5) *ingratiation* tries to create positive impressions of the organization by reminding stakeholders of past good works, associating the organization with positive qualities, or both; 6) *corrective action* attempts to repair crisis damage, prevent a repeat of the crisis, or both; and 7) *full apology* and *mortification* takes responsibility for the crisis (Coombs, 1998).

Instead of testing a wide array of crisis responses, this study tests those that have been frequently applied to racial crises in past research. As such, four crisis-response variables were chosen based on previous case studies (e.g., Brinson & Benoit, 1999; Williams & Olaniran, 2002) and an empirical study (Coombs & Schmidt, 2000) examining a racial crisis: 1) *attack the accuser*, 2) *shifting blame*, 3) *corrective action*, and 4) *mortification*. While these four strategies do not represent the best strategies for racial crises, examining those that have been frequently used in real-life situations is beneficial for finding theoretical explanations why and why not a certain strategy has worked and for providing feasible recommendations for future application of the strategy.

Crises involving racial issues present a unique set of circumstances. A racial crisis brings public and media attention and organizational responses are demanded and critiqued with a skeptical eye and ear. According to Baker (2001), a racial crisis will be most effectively handled through the strategy of apology. Because the element of race typically increases the volatility of the situation, how well an organization responds to racial crises is closely linked to its willingness to accept the existence of a racial problem and respond accordingly (Baker, 2001). In the eyes of stakeholders, good crisis-response reflects an organization's willingness to bear responsibility in a crisis, while bad crisis handling denotes that the organization fails to meet the standard of being a responsible organization (Lee, 2005). Therefore, the researchers propose the following hypothesis about the effect of crisis-response on perceived crisis responsibility:

H1: Participants will report greater attribution of crisis responsibility toward the company for using a more defensive crisis-response than an apologetic response.

An organization's reputation, "a collective assessment of a company's ability to provide valued outcomes to a representative group or stakeholders," (Fombrun, Gardberg, & Sever, 2000, p. 243) is a valuable resource that should be protected from the threats posed by a crisis (Barton, 2001). According to the attributes of organizational reputation that Bromley (1993) and Yang (2007a) extracted, it is difficult to make and keep up a good reputation or to repair a damaged one – a good reputation is easily lost or damaged. With regard to such fragile nature of organizational reputation, communication professionals are responsible for the maintenance of an organization's reputation during a crisis.

Organizational reputation is posited to be a function of an organization's crisis-response. It has been evidenced in interpersonal contexts that responses denoting an acceptance of responsibility have positive effects on impression, whereas denial of responsibility can elicit anger (Weiner, Graham, Peter, & Zmuidinas, 1991). Several studies in organizational contexts also pointed to similar positive effects of acceptance of responsibility on image and favorability (e.g., Coombs & Schmidt, 2000; Griffin, Babin, & Attaway, 1991).

H2: Participants will report more negative perceptions of organizational reputation when the company uses a more defensive crisis-response than an apologetic response.

### *Corporate Social Responsibility (CSR) History*

While the primary social responsibility of a company is economic (Carroll, 1979; Wood, 1991), it also has the responsibility to follow the legal and ethical standards considered appropriate by society. Thus, the corporate citizenship involves the “extent to which business assume the economic, legal, ethical and discretionary responsibilities imposed on them by their various stakeholders” (Maignan & Ferrell, 2001, p.459). While CSR practices can be extended to include community support, diversity, employee support, the environment, non-U.S. operations, and product manufacturing (Sen & Bhattacharya, 2001), for the purpose of this study, the researchers focus on CSR actions related to diversity issues.

There is evidence of a positive relationship between CSR practices and corporate image (David, Kline, & Dai, 2005). According to the Cone/Roper Cause Related Trends Report (Cone, inc., 1999), over 80 % of respondents reported that they have more positive images of companies who support causes they care about. Thus, CSR history, whether an organization has addressed CSR issues and implemented initiatives to support those causes, is a significant part of performance history of an organization.

The developing line of relational perspective argues for the consideration of performance history when developing an organization’s relational actions (Ledingham & Bruning, 1998). According to this perspective, a crisis is one event or interaction within a larger relationship between an organization and its stakeholders. Therefore, a crisis becomes part of that larger, ongoing relationship that can damage or be a threat to it (Coombs & Holladay, 2001).

The deflective power of a favorable relationship history can be explained by the halo effect. The halo effect states that previous reputation affects the acceptance and interpretation of new information (Coombs & Holladay, 2001). Once a positive view of a person or organization is established, people ignore information that contradicts the favorable reputation (Balzer & Sulsky, 1992; Nisbett & Wilson, 1977). Relationship history could be a reflection of an organization’s reputation (Coombs & Holladay, 2001).

Additionally, relationship history could be a form of stability, one of the predictors of causal attributions, and it may serve to reduce the negative consequences generated by a crisis (Coombs & Holladay, 2001). A favorable relationship history can act as a buffer against crisis damage (Coombs & Holladay, 2001, p.324). When there is a favorable relationship history, stakeholders see a crisis as one misstep for an organization. However, the crisis becomes just another example of bad behavior for an organization if there is an unfavorable relationship history. Since crisis responsibility is the focal causal attribution, if relationship history is related to the stability dimension, it

also should have a strong connection to crisis responsibility (Coombs & Holladay, 2001). As previously explained, CSR history is considered as a relational performance of an organization. Thus, a bad CSR history might intensify the judgment of crisis responsibility and further damage organizational reputation.

H3: A bad CSR history will lead to more negative perceptions of crisis responsibility.

H4: A bad CSR history will lead to more negative perceptions of organizational reputation.

### *Interaction between Crisis-Response and CSR History*

Research on crisis-response strategies suggests that crisis managers must not view response in a vacuum, devoid of prior information, but rather must employ a relational perspective to understanding crisis episodes (Lyon & Cameron, 2004). It would be naïve to believe that a corporate apology in response to a crisis situation would work well in all situations (Tyler, 1997). Communication research as well as psychology suggests that people's original impressions are often "self sealing." That is, once an attribution is made, people tend to select information that is consistent with that initial judgment (Bodenhausen, 1998). This concept not only emphasizes the potential influence of previous CSR practices on subsequent information processing, but it also calls into question the possible impact any particular response strategy might have if the organization has established a good CSR history.

Lyon and Cameron (1999) found an interaction between prior reputation and response strategy for investing intention. Yet, the interaction effects of the two factors ran counter to common wisdom, and corporations with a bad reputation prior to a crisis were further damaged by use of an apologetic response style. There were no significant interaction effects for previous reputation as a function of crisis-response in Lyon and Cameron's 2004 study.

The first research question is posed to examine the interplay between the two independent variables, crisis-response and CSR history. Due to a lack of existing research examining this interaction, there is a dearth of empirical data to determine how previous CSR practices will impact the effectiveness of crisis communication.

RQ1: How will CSR history influence the effectiveness of crisis-response on stakeholders' judgments of crisis responsibility?

### *Mediation of Organizational Reputation*

Behavioral intention is "the intention to perform a particular behavior, a plan to put behavior into effect." (Perloff, 2003, p.92) According to the theory of reasoned action (Fishbein & Ajzen, 1975; Sheppard, Hartwick, & Warshaw, 1988), behavioral intentions are the immediate antecedent of actual behavior. Despite its implications for protecting

an organization's bottom line during a crisis, supportive behavioral intention has not been frequently examined in previous crisis research, except for the several empirical studies (e.g., Coombs, 1999; Lyon & Cameron, 2004; Lee, 2005).

Supportive intention has been believed to be a function of organizational reputation; the more favorable the organizational reputation, the more likely a person is to report supportive behavior. Past research has found such relationships (e.g., Coombs, 1998, 1999a). Lee (2005) found that participants' degree of trust in the organization has a significant direct effect on consumption intention. The path between organizational reputation and supportive intention yielded the strongest effect among all paths in the study (Lee, 2005). In addition, Coombs and Schmidt (2000) confirmed that such relationships are consistent in a racial crisis.

Based on these grounds, this study proposes the second research question to examine the mediation effect of organizational reputation between crisis responsibility and supportive intention. According to the situational crisis communication theory (SCCT), the crisis responsibility–organizational reputation relationship is at the center of the dynamic. Referencing Weiner's (1996) findings – in the interpersonal context – that judgment of responsibility precedes other reactions, Coombs and Holladay (2002) found that a moderate correlation existed between crisis responsibility and organizational reputation in all three crisis clusters: the victim, the accidental, and intentional clusters. Coombs and Holladay (2001) found that supportive intention's relationship with crisis responsibility drops 42 % when controlling for organizational reputation.

Other mediation effects of organizational reputation (i.e., two independent variables → organizational reputation → supportive intention; emotional response → organizational reputation → supportive intention) are included in the second research question.

RQ 2: Does organizational reputation mediate the effects of crisis-response, CSR history, crisis responsibility, and emotional response on supportive intention?

### *Mediation of Emotional Response*

Generally, emotions are viewed as internal, mental states representing evaluative, valenced reactions to events, agents or objects that vary in intensity (Ortony, Clore, & Collins, 1988). Investigating stakeholders' emotional responses is a fundamental part of understanding the individual experiences encountered in a crisis. Thus, this study proposes emotional response as an important factor influencing stakeholders' crisis evaluation processes.

Little empirical research has been done to reveal the effect of stakeholders' emotional responses in a crisis situation. In the interpersonal context, Weiner (1985a) has emphasized that causal attributions affect emotions generated by such events. Also, Dillard and Peck (2000) pointed out that anger is directed toward the person or thing that produced the anger because emotion itself is focused on its cause. This notion can

be applied to a crisis context, as people usually engage in cognitive processes to attribute the responsibility of the crisis to the person or organization that produced their anger. Indeed, Cho and Gower (2006) found that the emotional response to a corporate transgression case is positively correlated with the blame and responsibility directed toward the company. Thus, this study proposes a causal relationship between the attributions of responsibility and emotional response.

H5: Participants who attribute a greater amount of crisis responsibility to the organization will show a more intense emotional response to the crisis.

In persuasion research, emotions are associated with motivational action tendencies that can be aroused if the central theme of the emotion is brought to the fore (Lazarus, 1991). This action tendency is related to physiological changes, which in turn influence future perceptions, cognitions, and behaviors, in accordance with the goal set by the action tendency (e.g., Arnold, 1960; Frijda, 1986; Izard, 1977; Lazarus, 1991; Roseman, 1984). Based on the theoretical arguments, this study examines emotions as a frame for stakeholders' crisis evaluation processes which guide decision-making and then influence attitudes toward the issue and toward the organization in crisis (Dillard & Peck, 2000). It is likely that if a crisis evokes emotions (e.g., anger, sadness, or empathy), participants may exhibit greater attitude change and ultimately behavior change toward the organization in crisis.

H6: Participants who report a greater amount of negative emotional response will show more negative perceptions of organizational reputation.

H7: Participants who report a greater amount of negative emotional response will show more negative supportive intentions.

Research question 3 is posed to examine the mediation of emotional response in the crisis context. According to Weiner (1985a) and Weiner et al. (1987), emotional response generated by causal attributions of a crisis generates negative views of persons/organizations and affects future interactions with the persons/organizations involved. It has been evidenced that greater attributions of responsibility lead to stronger feelings of anger and more negative views of people and organizations (Weiner et al., 1987). Thus:

RQ 3: Does emotional response aroused by a crisis mediate the effect of crisis responsibility on organizational reputation and supportive intentions?

Hypotheses and research questions are visualized in Figure 1 as a path model.

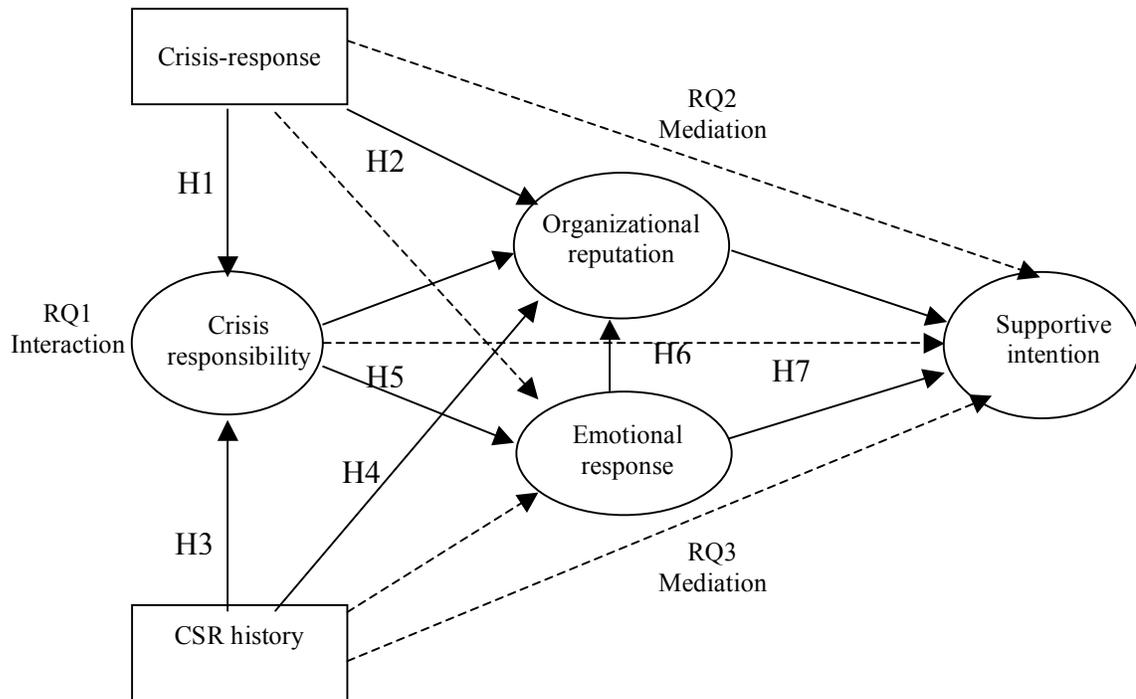


Figure 1. A theoretical model with hypothesis notation.

Note. Circles represent latent variables, rectangles represent measured variables. Absence of a line connecting variables implies lack of a hypothesized direct effect.

## Method

A 2 (CSR history: Good vs. Bad) by 4 (Crisis-response strategy: Attack the accuser, Shifting blame, Corrective action, and Mortification) between-subjects design was employed, meaning that each participant received only one of the eight different conditions.

## Participants

Participants were 207 students at a large private university in the United States. All students participated in this study voluntarily, but some of the students received extra credit for completing the questionnaire. Although students are not the typical targets for crisis communication, selecting college students, especially those whose majors are in communications related fields, was appropriate for several reasons: 1) they are and will continue to be stakeholders for many organizations; 2) they are both media consumers and critics. The research design of this study required participants to read several news articles and to engage in evaluative and analytic processes which communications students have experience with. In fact, previous crisis communications research has found no differences in responses between student populations and non-student populations (Coombs, 1999a).

### *Procedure*

The experiment was conducted exclusively on the Web. Participants who agreed to participate in this study were asked to sign up for the experiment by writing their email addresses. Each participant received an email invitation which was linked to a randomly assigned experimental condition on the Web.

The order of the experiment materials was: cover page, consent form, demographic information questions, first stimulus, first copy of survey instrument, second stimulus, and second copy of survey instrument. Each respondent was asked to read the first stimulus before filling out the first survey instrument and, likewise, read the second stimulus and then complete the second copy of the survey instrument. Experimental administration required approximately 10 minutes.

### *Stimulus Material and Instrumentation*

Mock newspaper reports of eight different racial discrimination incident scenarios were created with different combinations of CSR history and crisis-response strategies. Newspapers are one of the primary sources of stakeholders' information about crises. Indeed, Carroll and McCombs (2003) argued that most people receive information about corporations through indirect experiences such as the news media. Thus, the use of newspaper articles as a stimulus matches well with how stakeholders generally encounter a crisis.

*A racial crisis case.* Denny's restaurant's racial discrimination incident in 1997 was chosen as a sample for writing the crisis case for this study. The Denny's incident is relevant to this study because 1) the case is old enough not to be familiar to the study participants, and 2) racial discrimination is the most common type of crisis that involves racial issues. In the incident, six Asian-American university students claimed that they were denied service at one of the chain's restaurants, shoved out by two security guards, and then beaten up by a mob of white customers as the Denny's guards stood by. The core elements of the stimulus news story were derived from the real news reports about the incident. However, the scenario used a fictional name to prevent prejudice about the company. The crisis case was written in newswire style, and headlines were included to summarize the situation.

*Corporate social responsibility (CSR) history.* Two fictitious CSR history paragraphs were written: good and bad. CSR history is manipulated as to whether the company has implemented initiatives to foster diversity in terms of enhancement of relationships with stakeholders. For example, the good CSR history scenario includes indications that the company has clearly and vigorously enforced policies against discrimination in the workplace. Also, the good CSR history company has wider antidiscrimination goals, such as expanding economic access for minority firms and increasing the positive impact its investments can have in the minority community.

*Crisis-response strategy.* As previously mentioned, the four crisis-response variables were chosen based on previous studies evaluating racial crises (e.g., Brinson & Benoit, 1999; Coombs & Schmidt, 2000; Williams & Olaniran, 2002). Mortification includes actions such as the chairman issuing an apology and the company taking responsibility for the incident. Corrective action involves a promise of disciplinary actions and expanding diversity learning at the company. Shifting blame separates the company and its policies from the “bad” employees by noting that the discriminatory behaviors are not representative of the company. Attack the accuser refuses responsibility for the incident and blames the students who claim that they were discriminated against by the company.

*Crisis responsibility.* Crisis responsibility was measured with 5-item scale on a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree): three items adopted from Griffin, Babin, and Darden’s (1992) work on responsibility and blame, and two items from Cho and Gower (2006). Previous crisis research used the 3-item Blame scale (Griffin et al., 1992), with Cronbach’s alphas ranging from .80 to .91 (Coombs, 1998, 1999a; Coombs & Holladay, 2001, 2002). In this study, the three items yielded low reliability in pretest, thus the wordings were improved and two more items were added from Cho and Gower’s (2006) scale to better clarify the measurement items: “I think the company should be blamed,” and “I think the company is responsible for the event.”

*Emotional response.* Scholars who argue for the existence of a set of basic emotions list five distinctive affective states, including happiness, anger, fear, sadness, and disgust (e.g., Ekman, 1992; Oatley, 1992). Other researchers define emotions more broadly by including feelings such as hope, pride, challenge, and interest (Frijda, 1986). While emotions may be analyzed along a variety of dimensions, for the purpose of this study, the researchers focused on measuring the intensity of the four affects that are most likely to be aroused by a crisis: perceived seriousness, empathy for victims, and feeling terrible toward or saddened by a crisis. Referencing the scale used by Cho and Gower (2006), the intensity of the negative affect was assessed through four single-item measures on a 7-point scale ranging from 1 (strongly agree) to 7 (strongly disagree).

*Organizational reputation.* It is preferable to identify key dimensions and to have stakeholders evaluate each dimension for measuring organizational reputation (Denbow & Culbertson, 1985). Therefore, the Reputation Quotient, the most popular measure for corporations (Fombrun, 1996; Winkleman, 1999), was used to measure organizational reputation on a 7-point scale ranging from 1 (strongly agree) to 7 (strongly disagree).

Reputation Quotient (Fombrun et al., 2000) assesses how a representative group of stakeholders perceive six underlying dimensions of reputation: emotional appeal, products and services, financial performance, vision and leadership, workplace environment, and social responsibility. Only the three dimensions that are relevant to this study were used: emotional appeal, workplace environment, and social responsibility. Three other dimensions—products and services, financial performance,

and vision and leadership—were excluded due to a lack of information given in an experimental condition.

*Supportive intention.* Previous crisis research has measured potential supportive behavior (Coombs, 1999) and behavioral intention (Lyon & Cameron, 2004) with a list of actions an organization might ask stakeholders to perform that would support the organization (Coombs, 1999, p.133) and their likelihood of doing each of the following: investing in the company, purchasing the company's product, recommending the company's products to a friend, and requesting more information about the product (Lyon & Cameron, 2004). This study uses the scale adopted from Zeithaml et al. (1996) for measuring participants' supportive intentions. The scale includes word-of-mouth communication intentions (3 items), purchase intentions (3 items), price sensitivity (3 items), and complaining behavior (3 items). However, the price sensitivity dimension was excluded in this study because the researchers considered it not relevant to the family restaurant case. Each item was accompanied by a 7-point likelihood scale (1=not at all likely, and 7= extremely likely).

#### *Reliability of Measurement Instruments*

Cronbach's alpha was calculated to examine the reliability of each index of both independent and dependent variables. The reliability of organizational reputation was the highest ( $\alpha = .92$ ) among all other indexes, followed by emotional response ( $\alpha = .90$ ), supportive intention ( $\alpha = .89$ ), crisis responsibility ( $\alpha = .86$ ), and CSR history ( $\alpha = .84$ ). Thus, all the measures that constituted each of indexes were high enough to be used as reliable measures of each theoretical construct.

## **Results**

Of the 207 participants, 66.2 % ( $n = 137$ ) were women and 33.8 % ( $n = 70$ ) were men. The respondents ranged in age from 19 to 59 years ( $M = 24$ ,  $SD = 5.1$ ). Of the respondents, 68.9% ( $n = 146$ ) were White, 11.1 % ( $n = 23$ ) were Asian/ Pacific Islander, 9.7 % ( $n = 20$ ) were Black, and 4.8% ( $n = 10$ ) were Hispanic. As shown in Table 1, each scenario had at least 22 respondents, which exceeds the minimum of 15 per condition required for analysis of variance (ANOVA) analyses (Morgan & Griego, 1998).

Table 1: *Experimental Conditions and Number of Respondents*

<i>Scenario</i>	<i>N</i>
1. Good CSR history & Attack the accuser	25
2. Good CSR history & Shifting blame	23
3. Good CSR history & Corrective action	22
4. Good CSR history & Mortification	27
5. Bad CSR history & Attack the accuser	30
6. Bad CSR history & Shifting blame	28
7. Bad CSR history & Corrective action	26
8. Bad CSR history & Mortification	26

### Manipulation Checks

*Corporate social responsibility (CSR) history.* A one-way ANOVA was performed to assess the manipulation of CSR history. After being exposed to the news article about the company's social responsibility, participants were asked to answer five questions measuring CSR history. Participants assigned to the good CSR history condition rated a mean of 4.75 ( $SD = .94$ ), while counterparts in a bad history condition rated a mean of 3.01 ( $SD = .92$ ),  $F(1, 206) = 179.09$ ,  $p < .001$ . Table 2 presents the results of the one-way ANOVA analysis.

Table 2: *Manipulation Check and Reliability for CSR History*

Item	CSR History				F	df	$\alpha$
	Good		Bad				
	M	SD	M	SD			
CSR History(5 items)	4.75	.94	3.01	.92	179.09***	1, 206	.84

Note. \*\*\* $p < .001$

*Crisis-response strategy.* Referencing the manipulation check items that Coombs and Schmidt (2000) designed, six items were used to test if respondents recognized the defining characteristic of the crisis-response strategy being used in a particular scenario. Overall, participants did perceive each scenario as intended.

The four one-way ANOVAs revealed significant differences for each of the four scenarios all significant at  $p < .001$ : attack the accuser,  $F(3, 207) = 57.63$ ; shifting blame,  $F(3, 207) = 61.65$ ; corrective action,  $F(3, 207) = 50.38$ ; mortification,  $F(3, 206) = 93.46$  for "accepted responsibility,"  $F(3, 206) = 53.10$  for "apologized." For each item, the post hoc analysis identified each scenario as having the highest mean score and as being significantly larger than the means of the other scenarios.

In addition, participants' perceived degrees of the company's acceptance of responsibility were measured on a 7-point semantic differential scale ranging from 1 (denial) to 7 (apology). Using a one-way ANOVA, a significant difference was found among the scenarios,  $F(3, 207) = 107.91$ ,  $p < .001$ . Participants perceived attack the accuser as the most defensive and mortification as the most apologetic response as intended.

Table 3: Manipulation Check for Crisis-Response Strategy

Variable	Crisis-Response Strategy								F	df
	Attack the Accuser		Shifting Blame		Corrective Action		Mortification			
	M	SD	M	SD	M	SD	M	SD		
Blame for allegation	5.49	1.59	2.67	1.49	2.52	1.32	2.30	1.38	57.63***	3, 207
Few bad employees	2.42	1.60	6.21	1.05	4.64	1.74	3.19	1.73	61.65***	3, 207
Made changes	1.76	.94	2.31	1.27	4.58	1.41	3.34	1.33	50.39***	3, 207
Apologized	1.53	.90	2.16	1.64	2.63	1.76	2.63	1.76	53.10***	3, 206
Accepted responsibility	1.51	.84	2.06	1.33	3.02	1.54	5.43	1.46	93.46***	3, 206
Denial or apology?	1.43	.81	2.45	.99	3.48	1.24	5.17	1.38	107.91***	3, 207

Note. Measures are based on a 7-point scale, with 4 indicating neutrality of evaluations.

\*\*\* $p < .001$

#### Effects of Manipulated Variables: Tests of Hypotheses 1 to 4

A series of one-way ANOVAs and a post hoc analysis were performed to examine H1 to H4. It was predicted that a more defensive response and a bad CSR history would result in a higher degree of crisis responsibility and lower organizational reputation. The results revealed a significant difference among the response strategies on organizational reputation,  $F(3, 201) = 4.52, p = .004$ . Due to the equality of variance, the Dunnett C post hoc test was performed. Respondents rated higher organizational reputation for the mortification condition ( $M = 2.85, SD = .96$ ) than other conditions such as attack the accuser ( $M = 2.19, SD = .83$ ) and shifting blame ( $M = 2.38, SD = .96$ ), but not significantly higher than the condition of corrective action ( $M = 2.46, SD = 1.04$ ).

Table 4: Crisis Responsibility and Organizational Reputation by Crisis-Response Strategy

Variable	Crisis-Response Strategy								F	df
	Attack the Accuser		Shifting Blame		Corrective Action		Mortification			
	M	SD	M	SD	M	SD	M	SD		
CR <sup>a</sup> (5 items)	4.87	1.09	4.83	1.20	5.02	.97	5.03	1.24	.43	3, 206
OR <sup>b</sup> (9 items)	2.19	.83	2.38	.96	2.46	1.04	2.85	.96	4.52**	3, 201

Note. <sup>a</sup>CR = Crisis responsibility. <sup>b</sup>OR = Organizational reputation. The dependent measures show the average of items on a 7-point scale, with higher values indicating higher perceived crisis responsibility and more favorable organizational reputation.

\*\* $p < .01$

In addition, participants in the condition of good CSR history ( $M = 2.76, SD = .92$ ) had a higher organizational reputation score than those in the bad CSR history ( $M = 2.17, SD = .92$ ),  $F(1, 201) = 21.12, p < .001$ . However, no significant difference was

found for crisis responsibility. Thus, H2 and H4 were supported, while H1 and H3 were not supported.

Table 5: *Crisis Responsibility and Organizational Reputation by CSR History*

Variables	CSR History				F	df
	Good		Bad			
	M	SD	M	SD		
CR <sup>a</sup> (5 items)	4.83	1.08	5.04	1.17	1.86	1, 206
OR <sup>b</sup> (9 items)	2.76	.92	2.17	.92	21.12***	1, 201

Note. <sup>a</sup>CR = Crisis responsibility. <sup>b</sup>OR = Organizational reputation. The dependent measures show the average of items on a 7-point scale, with higher values indicating higher perceived crisis responsibility and more favorable organizational reputation.

\*\*\* $p < .001$

#### *Interaction between Crisis-Response and CSR History: Test of Research Question 1*

The interaction effect between manipulated variables was analyzed using a 2 x 4 MANOVA. While the results revealed no significant main effects for either CSR history or crisis-response strategy, the interaction effect was found significant at .047.

Crisis-response strategies were looked at distinctively to examine which strategy was most likely to be influenced by CSR history. To this end, the data was split by crisis-response, and a series of one-way analyses of variance (ANOVAs) were performed for each crisis-response condition separately. The corrective action condition identified a significant effect of CSR history on crisis responsibility,  $F(1, 47) = 6.51$ ,  $p = .01$ , partial  $\eta^2 = .12$ ,  $power = .71$ . The result discovered that the bad CSR group ( $M = 5.33$ ) was perceived as having significantly greater attributions of crisis responsibility than the good CSR group ( $M = 4.65$ ) when they were exposed to corrective action. There was no significant difference for other crisis-response strategies.

Table 6: The Effects of CSR History and Crisis-response on Crisis Responsibility

Source	MS	df	F	$\eta_p^2$	Power
CSR History	1.30	1	1.07 (ns)	.006	.18
Crisis-response strategy	.30	3	.25 (ns)	.004	.10
CSRH x CRS	3.28	3	2.70*	.04	.65

Note. R squared = .05 (Adj. R squared = .02). \*  $p < .05$ ; CSRH = Corporate social responsibility history, CRS = Crisis-response strategy. The dependent measure of crisis responsibility shows the average of five items on a 7-point scale, with higher values indicating higher attribution of responsibility.

Table 7: The Effect of CSR History on Crisis Responsibility in each Crisis-Response Condition

Condition	CSR History				df	F	$\eta_p^2$	Power
	Good		Bad					
	M	SD	M	SD				
Attack the Accuser	4.85	1.07	4.89	1.13	1, 55	.01	.000	.05
Shifting Blame	4.61	1.21	5.08	1.16	1, 50	1.98	.039	.28
Corrective Action	4.65	.91	5.33	.92	1, 47	6.51*	.12	.71
Mortification	5.16	1.05	4.89	1.44	1, 53	.62	.012	.12

Note. \*  $p \leq .01$

*Structural Equation Modeling: Tests of Hypotheses 5 through 7*

One purpose of this study was to integrate the causal relationships between the variables that are considered to be involved in the stakeholders' cognitive processing of crisis communication. Thus, structural equation model (SEM) was used to empirically test theoretically derived paths in the proposed model. To analyze the proposed model, AMOS 6.0 was used, and parameters were estimated by maximum likelihood (ML) method.

*Confirmatory factor analysis.* The researchers followed a two-step process of latent path modeling. In the measurement phase, an initial confirmatory factor analysis (CFA) was conducted by imposing all factors in the proposed model to covary. In the initial measurement model, the standardized regression weight of complaining behavior, an indicator for supportive intention, was .18. Thus, the indicator was excluded in SEM analysis. The measurement model without complaining behavior fit satisfactorily; the researchers did not further revise the model.

All correlations between latent variables in the hypothesized CFA model were significant at least at the .001 level (See Table 8).

Table 8: Correlations and Descriptive Statistic of Latent Variables

Variable	1	2	3	4	$M^a$	SD	$\alpha$
1. CR <sup>b</sup> (5 items)		.28	-.42	-.41	4.94	1.13	.86
2. ER (4 items)			-.39	-.47	6.10	1.03	.90
3. OR (9 items)				.79	2.46	.97	.92
4. SI (6 items)					2.32	.90	.89

Note. All correlations are significant at least at .001 level. <sup>a</sup>All measurement items are 7-point scales and summative composites of items were averaged. <sup>b</sup>CR = Crisis responsibility; ER = Emotional response; OR = Organizational reputation; SI = Supportive intention.

As presented in Table 9, the data-model indexes at the measurement phase indicate the measurement model is a valid model:  $CFI = .944$ ,  $RMSEA = .084$ . Even though the chi-square value (177.04,  $df = 71$ ,  $p < .001$ ) suggests that the measurement model does not adequately fit the data, the chi-square value is often problematic because it is sensitive to sample size (Bentler, 1990; Bollen, 1989). Thus, the

researchers consider the measurement model of this study a reasonable explanation of the covariances in the data set. In terms of a data-model fit in the structural model, this study found the proposed model can be retained as a valid model. The proposed structural equation model yielded the following data-model fits: *Chi-Square/df* = 2.24, *CFI* = .942, and *RMSEA* = .077.

Table 9: *Goodness-of-Fit Indices of the Proposed Model (N=207)*

<i>Model</i>	<i>df</i>	$\chi^2$	$\chi^2/df$	<i>CFI</i>	<i>RMSEA</i>
Model 1: CFA model	71	177.04***	2.49	.944	.084
Model 2: Structural model	91	203.73***	2.24	.942	.077

*Note.* CFI= Comparative fit index; RMSEA= Root mean square error of approximation;

\*\*\* $p < .001$

*Direct effects.* There are 14 paths that explain the mediators (i.e., crisis responsibility, emotional response, and organizational reputation) and the dependent variable (supportive intentions). Among the seven significant direct effects in the proposed model, crisis responsibility was a significant predictor for emotional response ( $H5$ ,  $\beta = .27$ ,  $b = .21$ ,  $S.E. = .06$ ,  $p < .001$ ). In addition, emotional response was a significant predictor of both organizational reputation ( $H6$ ,  $\beta = -.31$ ,  $b = -.34$ ,  $S.E. = .07$ ,  $p < .001$ ) and supportive intentions ( $H7$ ,  $\beta = -.16$ ,  $b = -.18$ ,  $S.E. = .05$ ,  $p = .007$ ). Thus, the hypotheses 5 through 7 were supported. Table 10 presents the results of direct effects in the proposed model.

Table 10: *Direct Effects of the Proposed Model (N = 207)*

<i>Independent factor</i>	<i>Dependent factor</i>	<i>H</i>	<i>B</i>	<i>S.E.</i>	<i>z</i>	$\beta$	<i>p</i>
CRS	CR	H1	.08	.08	1.08	.08	.28
CRS	OR	H2	.28	.05	5.22	.31	***
CSRH	CR	H3	-.22	.18	-1.22	-.09	.22
CSRH	OR	H4	.60	.12	4.94	.29	***
CR	OR		-.29	.06	-5.01	-.34	***
OR	SI		.75	.08	9.11	.72	***
CR	ER	H5	.21	.06	3.43	.27	***
ER	OR	H6	-.34	.07	-4.66	-.31	***
ER	SI	H7	-.18	.05	-2.68	-.16	.007

*Note.* CRS = Crisis response strategy; CSRH = Corporate social responsibility history; OR = Organizational reputation; SI = Supportive intention; CR = Crisis responsibility; ER = Emotional response. The structural equations can be expressed as follows:

1) Supportive Intentions=  $\beta_1$ \*CSR History +  $\beta_2$ \*Crisis-Response +  $\beta_3$ \*Crisis Responsibility +  $\beta_4$ \* Emotional Response +  $\beta_5$ \*Organizational Reputation +  $D$

2) Organizational Reputation=  $\beta_1$ \*CSR History +  $\beta_2$ \*Crisis-Response +  $\beta_3$ \*Crisis Responsibility +  $\beta_4$ \* Emotional Response+  $D$

3) Emotional Response=  $\beta_1$ \*CSR History +  $\beta_2$ \*Crisis-Response +  $\beta_3$ \*Crisis Responsibility+  $D$

4) Crisis Responsibility=  $\beta_1$ \*CSR History +  $\beta_2$ \*Crisis-Response +  $D$

\*\*\* $p < .001$

*Mediation Effects: Tests of Research Question 2 and 3*

The mediation tests were used for examining whether the mediators in the path model carry the influence of an independent variable to a dependent variable. Following Baron and Kenny Steps, Sobel z scores were used for statistical decisions.<sup>2</sup>

*Mediation of organizational reputation.* In the proposed model, organizational reputation mediates the effects of the two independent variables (i.e., CSR history and crisis-response) and two other mediators (i.e., crisis responsibility and emotional response) on supportive intentions. Organizational reputation positively mediated the effect of CSR history on supportive intention (Sobel z statistic = 4.41,  $p < .001$ ). And the final  $\beta$  coefficient of the effect of CSR history on supportive intentions was .01, suggesting that this mediation effect was very strong. In addition, organizational reputation significantly mediated the effects of crisis-response, crisis responsibility, and emotional response on supportive intentions. All Sobel z statistics were significant at the .001 level:  $z = 4.81$  for crisis-response;  $z = -4.30$  for crisis responsibility; and  $z = -4.31$  for emotional response. Table 11 presents the results of mediation tests.

Table 11: *Mediation Effect of Organizational Reputation*

Mediation Steps	IV	Mediator	DV	B	S.E.	$\beta$	Z	p
1	CSRH	→ OR		.60	.12	.29		***
2		OR	→ SI	.75	.08	.72		***
3	CSRH	→ OR	→ SI			.21	4.41	***
1	CRS	→ OR		.28	.05	.31		***
2		OR	→ SI	.75	.08	.72		***
3	CRS	→ OR	→ SI			.22	4.81	***
1	CR	→ OR		-.29	.06	-.34		***
2		OR	→ SI	.75	.08	.72		***
3	CR	→ OR	→ SI			-.25	-4.30	***
1	ER	→ OR		-.34	.07	-.31		***
2		OR	→ SI	.75	.08	.72		***
3	ER	→ OR	→ SI			-.22	-4.31	***

Note. CRS = Crisis response strategy; CSRH = Corporate social responsibility history; OR = Organizational reputation; SI = Supportive intention; CR = Crisis responsibility; ER = Emotional response; Following Baron and Kenny Steps, Sobel z scores were used for statistical decisions; \*\*\*  $p < .001$

*Mediation of emotional response.* Emotional response was found to mediate the effect of crisis responsibility on both organizational reputation and supportive intentions. Emotional response negatively mediates the effect of crisis responsibility on organizational reputation (Sobel z statistic = -2.84,  $p = .005$ ). Also, emotional response negatively mediates the effect of crisis responsibility on supportive intentions (Sobel z value = -2.50,  $p = .01$ ).

Table 12: Mediation Effect of Emotional Response

Mediation Steps	IV	Mediator	DV	B	S.E.	$\beta$	Z	p
1	CR	→ ER		.21	.06	.27		***
2		ER	→ OR	-.34	.07	-.31		***
3	CR	→ ER	→ OR			-.08	-2.84	**
1	CR	→ ER		.21	.06	.27		***
2		ER	→ SI	-.18	.05	-.16		.007
3	CR	→ ER	→ SI			-.04	-2.50	*

Note. OR = Organizational reputation; SI = Supportive intention; CR = Crisis responsibility; ER = Emotional response; Following Baron and Kenny Steps, Sobel z scores were used for statistical decisions; \*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$

Figure 2 visualizes the results of crisis communication processing model. Discussion

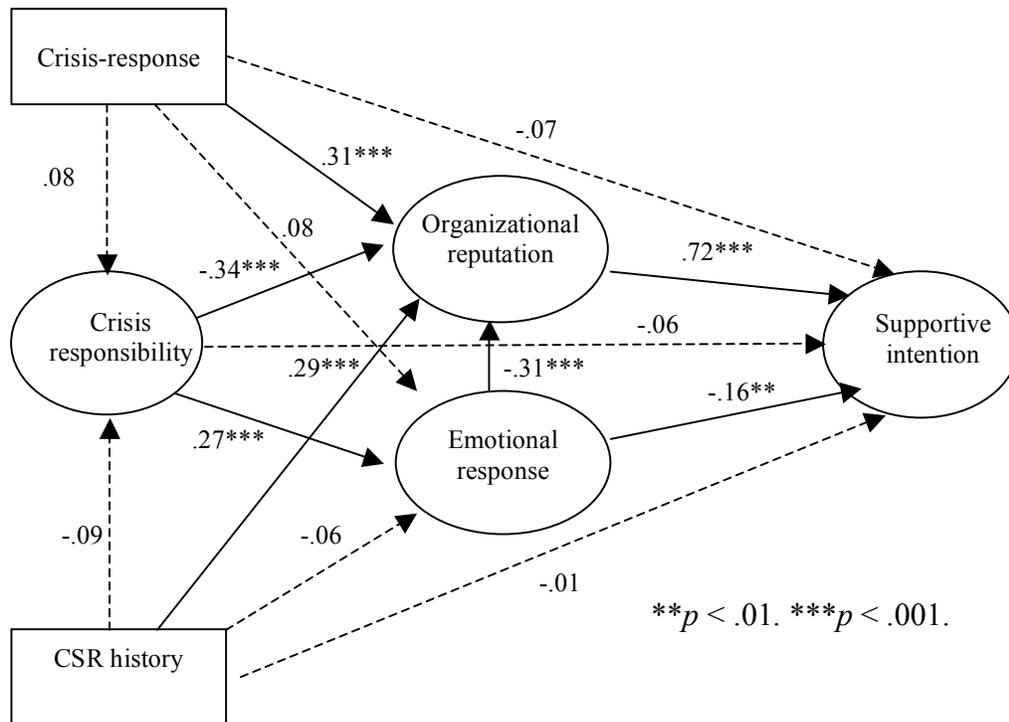


Figure 2. Results of path model for stakeholders' crisis evaluation processes. Note. Paths of  $p$  value stronger than .01 are in bold arrow; covariances between exogenous variables, indicators for latent variables and errors for the indicators are excluded from the figure.

Combining the results from this study with others, based on the situational crisis communication theory (SCCT) or symbolic approach, affords the opportunity to refine the modeling of the stakeholders' cognitive processing of crisis communication.

Both CSR history and crisis-response significantly affected organizational reputation, reinforcing the conventional wisdom that those elements play an important

role in judgment formation following a crisis. The causal path between crisis-response and organizational reputation supports previous crisis studies (Lyon & Cameron, 1999, 2004; Lee, 2005), demonstrating the importance of crisis-response strategy in the retention of a favorable organizational reputation. It is possible that stakeholders consider an apologetic response to be good crisis-handling, while they consider a defensive response to be bad crisis-handling. It has been evidenced in the interpersonal context that responses denoting an acceptance of responsibility create a positive impression (Weiner et al., 1991). Several studies (Coombs & Schmidt, 2000; Griffin et al., 1991) in the organizational context pointed out similar positive effects of accepting responsibility on image and favorability.

The significant effect of CSR history on organizational reputation reinforces the results of previous crisis studies based on relational approach (e.g., Coombs & Holladay, 2001; Lyon & Cameron, 2004). The relational approach suggests the value of the “halo effect,” which refers to the influence of previous reputation on the acceptance and interpretation of new information (Coombs & Holladay, 2001). The results of this study supported such propositions, and a company that has proven to be a shining star of social responsibility was afforded the benefit of the doubt in a time of crisis. This lends evidence for the “halo effect” where the halo of a favorable pre-crisis performance history may lessen the damage from the crisis itself.

Based on the significant interaction between CSR history and crisis-response on crisis responsibility, this study is against viewing crisis-responses in a vacuum devoid of information about prior organization history. Crisis managers should factor performance history into their evaluation of the crisis situation and subsequent selection of a crisis response strategy. One noteworthy discussion point was found when the response strategies were analyzed distinctively: participants rated significantly higher crisis responsibility to a company that has a bad CSR history than a good one when exposed to the corrective action strategy. This might indicate that stakeholders find an organization with a bad performance history less credible or sincere when it announces that it will take actions to rectify and prevent future wrongdoings. Lyon and Cameron (1999) also suggested that participants were less likely to invest in a company with a bad reputation that issued an apologetic response, because they found the company less credible or sincere when it apologized.

Previous studies indicate that corrective actions tend to be effective in the re-legitimization process (Benoit & Brinson, 1994; Benoit & Czerwinski, 1997; Hearit, 1995; Sellnow, 1994). However, in terms of the effect on crisis responsibility, this was not the case when an organization had a bad CSR history. Corrective action seems to increase audiences’ attribution of responsibility when they perceive the company’s bad CSR history. Clearly, future study is needed to illuminate this unsolved interplay of CSR history and crisis-response on crisis responsibility.

One of the most important findings of this study was the significant mediation effect of organizational reputation. Even though crisis-response and CSR history do not alter a stakeholder’s supportive intentions directly, if an organization’s reputation is

damaged, then the supportive intentions will be affected. The path between organizational reputation and supportive intentions yielded the strongest magnitude of effect among all the paths in the proposed model, which indicates that an organization's reputation is a valuable resource that should be protected from the threats posed by a crisis (Barton, 2001).

This study found interesting results in examining the role of emotions in a crisis situation. The attribution of responsibility was a good predictor of emotional response, reinforcing Weiner et al. (1987) which suggests that greater attributions of responsibility would lead to stronger feelings of anger. Considering the nature of emotion that is focused on the cause of anger (Dillard & Peck, 2000), attributions of responsibility could be a direct triggering stimulus to stakeholders' emotional response generated by a crisis.

Moreover, the significant mediation of emotional response suggests that one crisis event could have detrimental effects on both stakeholders' perceptions of organizational reputation and supportive intentions if mediated by negative emotions. Persuasion scholars have long recognized that emotions affect attitude and behavioral change (e.g., Mitchell, 2000, 2001; Nabi, 1999, 2002). Functional emotion theory (Izard, 1993) provides an explanatory frame for understanding the role of emotions in stakeholders' evaluation of a crisis. According to this theory, emotions operate as basic information processing systems as well as signaling the mobilization of psychological and physiological resources. In this study, negative emotions aroused by a crisis further damaged organizational reputation and stakeholders' supportive intentions.

Neither the effects of crisis-response nor the effects of CSR history on crisis responsibility were corroborated. One possibility could be that the crisis-response is not the direct "triggering" stimulus to a participant's judgment of organizational responsibility, especially for the racial crisis category. Since a racial crisis produces a high degree of organizational responsibility (Coombs, 1995; Coombs & Holladay, 2002), it is possible that a racial crisis does not provide participants with greater variance of perception toward crisis responsibility than other crisis types. It is noteworthy that the effect of crisis-response on crisis responsibility was supported when tested with an airplane crash case (Lee, 2005).

The lack of influence of CSR history on judgments of crisis responsibility might indicate that the element of stability is not an effective causal attribution dimension for a racial crisis. While people commonly use three causal dimensions when making attributions (Coombs, 2004), there is no confirmation that each causal dimension results in the same effect size when making an attribution. Even though a person knows that the crisis is a first time violation (i.e., unstable), he or she could attribute high responsibility to the organization if he or she thinks it has high personal control and/or low external control, because personal or external control are stronger causal attribution dimensions than stability. It is possible that the strong perceptions of personal control discounted the effect of stability. Collapsing the personal control variable with crisis responsibility in Coombs and Holladay (2002) might indicate the strong effect of personal control over other causal dimensions. Supporting this proposition, the effect

size of relationship history on crisis responsibility was *small* in Coombs and Holladay's study (2001), which indicates that stability is not the most useful explanatory frame for the crisis situation.

Lastly, this study has taken a first step toward illuminating the theoretical constructs that lead to stakeholders' supportive intentions after experiencing a crisis event. Supportive intention has not been frequently examined in the previous crisis research, despite its implication on protecting an organization's "bottom line" in a crisis situation. This study revealed how crisis factors could lead to an organization's reputational and financial damage by showing that communication occurs through a series of steps including cognition, affect, and behavior (Berelson, 1996; Lavidge & Steiner, 1961; McGuire, 1986; Severin & Tankard, 2001). As several communication scholars have emphasized (e.g., Ray, 1973; Chaffee & Roser, 1986), attitude is a reasoned product of perception, and it is a reliable predictor of behavior.

### **Implications**

To effectively explain public relations' value, practitioners need to have not only appropriate measures of public relations' effect, but also clear evidence of its positive influence on an organization's revenue. In this sense, the path connecting CSR history and crisis response → organizational reputation → supportive intentions might be attractive for professionals because the path reinforces a viable role of public relations in crisis management.

The results of this study have practical implications for dealing with a racially oriented crisis. No real difference between any of four strategies (attack the accuser, shifting blame, corrective action, and mortification) on crisis responsibility was corroborated, whereas significant differences were found for a set of two social-oriented outcomes (i.e., organizational reputation and supportive intentions). This indicates an organization can get the same benefit from using any of four strategies in terms of stakeholders' attributions of responsibility. However, those four responses could generate significantly different results for protecting organizational reputation and retaining supportive intentions.

A company in crisis usually cannot avoid the issue of possible conflict between public relations and legal viewpoints. Even though mortification is often recommended for dealing with transgressions in public relations practice, lawyers do not prefer this strategy because it places the organization in legal jeopardy (Benoit, 1995; Coombs, 1995). Yet, as Marra (1998) stated, "organizations that allow attorneys, personnel or financial specialists to determine communication policy during a crisis may survive later battles in a court of law, but often fail miserably in the court of public opinion." (p. 8)

This study provides empirical evidences that a defensive response might have a detrimental effect on the organization's reputation. According to the results of this study, it is possible that a damaged reputation can also harm stakeholders' supportive intentions, including not only their own purchase intentions but also word-of-mouth

communication intentions, which could have an incremental effect on other stakeholders. Thus, crisis managers should consider the consequences of using a certain response strategy, including its potential for financial, social, and reputational damage.

### **Limitations and Suggestions for Future Studies**

Considering that the essence of an organization-public relationship is in its interactive cultivation over time (Yang, 2007b), research based on fictitious stories might have limited theoretical and empirical implications. Although having participants actually experience the crisis might provide for a better manipulation, it is also true that most people learn about organizations through media and have their perceptions of organizations shaped by news coverage (Carroll & McCombs, 2003; Deephouse, 2000). The researchers chose to focus on the later phenomenon. Written history is how most stakeholders experience an organization if they are not tightly connected to the organization. In future crisis research, it would be meaningful to compare the results of ongoing relationships to the artificial presentation of performance history.

In order to better understand the interplay between crisis-response and CSR history, the connection between performance history and source credibility/sincerity needs to be explored. If good reputation/performance history is found to increase message credibility in evaluating a crisis, this will provide a useful explanatory frame for understanding the interaction between crisis-response and CSR history.

While this study identified emotional response as an important factor that affects stakeholders' attitudes and behavior change, the role of emotions in a crisis situation is worthy of further investigation. Probing emotional response in future studies might bring a new framework for fine-tuning crisis communication to a specific public. Referencing the Anger Activism Model (Turner, 2007), levels of anger and efficacy can be used to formulate distinct groups, which will show differences in behaviors.

### **End Note**

1. In late 1996, reports broke of secret tape recording that revealed racist language used by top executives and plans to destroy evidence related to a racial discrimination lawsuit pending against Texaco. The tape reportedly contained many racial epithets being used by three Texaco executives along with their plans to destroy evidence.

2. Formulae for the test was drawn from MacKinnon and Dwyer (1994):  $z\text{-value} = a*b/\text{SQRT}(b^2*S_a^2+a^2*S_b^2)$ , where  $a$  = unstandardized regression coefficient for the association between independent variable and mediator,  $b$  = raw coefficient for the association between the mediator and the dependent variable,  $S_a$  = standard error of  $a$ , and  $S_b$  = standard error of  $b$ .

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## **APPENDIX A: Copies of News Stories**

### **1. Corporate Social Responsibility (CSR) History**

#### **1) Good CSR history**

##### **CIRRUS, THE SHINING STAR OF SOCIAL RESPONSIBILITY**

Cirrus Inc., a leading family restaurant, is known to be a shining star of social responsibility. The company is as dedicated to making a difference as making profits. The company has been known for clear and vigorously enforced policies against discrimination in the workplace. It is committed to providing a work environment that reflects an understanding of diversity, and is free from all forms of discrimination, intimidation and harassment. Cirrus Inc. has excellent statistics with respect to women and minorities who are moving up in the company.

A prominent member of Business for Social Responsibility, Cirrus Inc. has wider antidiscrimination goals. Over the past five years, the company has been trying to broaden economic access to Cirrus for minority owned firms. The company has implemented extensive internal and external communication audits, focusing on how it could have a positive impact on the minority community with its investments. It has used this formal communication to make decisions impacting the company's relationships with communities, customers and employees. This company is considered as a leading force for corporate good—committed to social responsibility and ethical trade as an integral part of business.

#### **2) Bad CSR history**

##### **CIRRUS, THE TARNISHED STAR OF SOCIAL RESPONSIBILITY**

Cirrus, known as a leading family restaurant, has been facing public scrutiny due to continuous accusations of discrimination, intimidation and harassment in the workplace. Repeated union disputes and charges of racism have plagued Cirrus for the past decade. The company recently settled out of court in a New York-based class action suit claiming employment discrimination. In the past five years, Cirrus' women and minority employees' complaints about difficulties in moving up in the company have dramatically increased. Thus, the U.S. Department of Justice recommended the company to reinforce its antidiscrimination policies.

Minority owned firms have complained that they have very narrow economic access to Cirrus' business and are unfairly treated compared to other firms. Even though Cirrus' profits are mainly generated from surrounding minority communities, the company has never donated or invested in the communities. It even ignored the call to donate for rebuilding a community center that collapsed due to the huge snowstorm last winter.

## 2. Crisis Scenario

### STUDENTS ACCUSE CIRRUS INC. OF BIAS

NY, July 15---Seven University students filed a racial discrimination lawsuit claiming that in the early morning hours of July 10, they were denied seating by a restaurant hostess, ejected by the restaurant manager and then jeered, racially insulted and physically attacked by 10 or more white youths who came out of the restaurant.

Naomi Kusada of Mahwah, N.J., said she and the rest of her group, five other Asian-Americans and one white, waited 30 minutes for a table, and after other parties who came in after them were seated, one of the group said to an employee, "You know this is ridiculous." The manager then ordered security guards to escort the group out of the restaurant. The students' lawyer, Jennifer R. OuYang said, in the parking lot, the students were beaten by another group of patrons while two security guards – off-duty deputies with the Onondaga County Sheriff's Department – looked on and did nothing. Two of the students were knocked unconscious, OuYang said.

Tom Lizardo, 24, of Watchung, N.J., was one of the students who were knocked unconscious. Lizardo, who is of Filipino descent, spent the next day in a hospital and said he had nightmares about the attack. "I don't think the company could do enough to erase the effects that it had or to justify the incident," Lizardo said.

Kusada broke down in tears as she recalled what happened. "It may be naive to ask for an end to racism . . . but this is for real and if allowed to continue we are all in danger," she said.

## 3. Crisis Response Strategy

### GOV'T TAKES STUDENTS' SIDES

*Agency finding of 'reasonable cause' may lend credence to students' claims of race discrimination.*

NY, July 23--Seven Asian-American students who filed a complaint against Cirrus restaurant for alleged racial discrimination has received a boost from the federal agency investigating the case.

After an investigation, the New York Department of Human Rights found "reasonable cause to believe that violations have occurred." While the agency doesn't determine the outcome of the case, its finding is significant. "A probable-cause finding does put pressure on Cirrus Inc. to resolve a case," said attorney Vere Aleksander, who isn't connected with the case.

No arrests were made after the incident. Ms. OuYang, the students' lawyer, said her clients were pleased with the agency's findings but were continuing to press the Syracuse district attorney, William J. Fitzpatrick, to make arrests.

#### 1) Attack the Accuser

Cirrus Inc. denied the allegation today and issued a statement claiming that it will not tolerate being the target of an abuse of the legal system. "Cirrus is frequently the target of such an abuse of our legal system," said Mason Kistler, president and chief executive of Cirrus Inc. "The truth is that this was a frivolous lawsuit and a disturbing example of unscrupulous plaintiffs and their attorneys trying to take advantage of our court system through lies and deception."

#### 2) Shifting Blame

Mason Kistler, president and chief executive of Cirrus, issued a statement claiming that the alleged discrimination happened at a franchise owned by an independent company. "Cirrus does not tolerate discrimination of any kind," said Kistler. "No matter how good our policies are, they are only as good as the people that implement them."

In the statement, Kistler emphasized that the actions of a few bad employees in the Syracuse chain store are not representative of Cirrus. He said, "In any organization of 27,000 people worldwide, there is bound to be, unfortunately, people with unacceptable attitudes toward race, gender and religion."

#### 3) Corrective Action

Mason Kistler, president and chief executive of Cirrus, issued a statement that the company will take steps to root out racial discrimination within Cirrus.

"We are going to take steps immediately within the company to see to it that every individual who works for us understands that that kind of behavior is not tolerated within Cirrus," said Kistler. In addition to communicating and enforcing its policies of fairness and equality, the company will develop video training programs for all Cirrus employees, containing public notification of Cirrus' non-discrimination policies, as well as hire an administrator to keep records of the plan and its progress.

#### 4) Mortification

Cirrus Inc. apologized for the incident today, and its president issued a statement regretting the students' treatment. In the statement, Mason Kistler, president and chief executive of Cirrus, said the company wants to offer an apology to its customers and fellow employees who were rightly offended by the incident.

"I am both ashamed and outraged that such a thing happened," said Kistler. "The company will take responsibility for the incident and will do everything in our power to heal the painful wounds that the incident have inflicted on all of us."

## APPENDIX B: Manipulation Check Item

<i>Variable (Lable)</i>	<i>Item</i>
CSR History (CSRH)	<ul style="list-style-type: none"><li>• This company does not especially enjoy giving me aid (R)</li><li>• This company is very concerned about my welfare</li><li>• I feel that this company takes advantage of people who are vulnerable (R)</li><li>• I think that this company succeeds by stepping on me (R)</li><li>• This company helps me without expecting anything in return</li></ul>
Crisis Response Strategy (CRS)	
1. Attack the accuser	<ul style="list-style-type: none"><li>• The company blamed the students of false allegation</li></ul>
2. Shifting blame	<ul style="list-style-type: none"><li>• The company indicated a few bad employees were responsibility for the problem</li></ul>
3. Corrective action	<ul style="list-style-type: none"><li>• After the crisis, the company took action to make changes in its procedures</li></ul>
4. Mortification	<ul style="list-style-type: none"><li>• The company said it accepted responsibility for the crisis</li><li>• The company Chairman apologized for the incident</li></ul>
5. Acceptance of crisis responsibility	<ul style="list-style-type: none"><li>• The company's response to news story more resembled a denial or an apology</li></ul>

**APPENDIX C: Measurement Item**

<i>Variable (Label)</i>	<i>Item</i>
Emotional Response (ER)	<ul style="list-style-type: none"> <li>• I felt the event was very serious</li> <li>• I felt the event was terrible</li> <li>• I felt empathy for the people who are discriminated</li> <li>• I felt the event was sad</li> </ul>
Crisis Responsibility (CR)	<ul style="list-style-type: none"> <li>• I think the company should be blamed</li> <li>• I think the company should hold responsible for the crisis</li> <li>• Circumstances are responsible for the crisis, not the company (R)</li> <li>• The blame for the crisis lies with the company</li> <li>• The blame for the crisis lies in the circumstances, not the company (R)</li> </ul>
Organizational Reputation (OR)	
1) Emotional Appeal	<ul style="list-style-type: none"> <li>• I have a good feeling about the company</li> <li>• I admire and respect the company</li> <li>• I trust this company</li> </ul>
2) Social Responsibility	<ul style="list-style-type: none"> <li>• The company supports good causes</li> <li>• The company is an environmentally responsible company</li> <li>• The company maintains high standards in the way it treats people</li> </ul>
3) Work Environment	<ul style="list-style-type: none"> <li>• The company is well managed</li> <li>• The company looks like a good company to work for</li> <li>• The company looks like it has good employees</li> </ul>
Supportive Intention (SI)	
1) Word-of-mouth Communication Intention	<ul style="list-style-type: none"> <li>• Say positive things about the company to other people</li> <li>• Recommend the company to someone who seeks your advice</li> <li>• Encourage friends and relatives to do business with the company</li> </ul>
2) Purchase Intention	<ul style="list-style-type: none"> <li>• Consider the company your first choice to buy/use services</li> <li>• Do more business with the company in the next few years.</li> <li>• Do less business with the company in the next few years (R)</li> </ul>
3) Complaining Behavior	<ul style="list-style-type: none"> <li>• Switch to a competitor if you experience a problem with the company's service (R)</li> <li>• Complain to other customers if you experience a problem</li> </ul>

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with the company's service (R)

- Complain to external agencies, such as the Better Business Bureau, if you experience a problem with the company's service (R)

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*Note.* Items identifies with (R) are reverse scored.