Communication after an integrity-based trust violation: How organizational account giving affects trust

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A B S T R A C T
How can an organization repair trust through communication after an ethical failure? This study examines how trust is repaired after an integrity-based trust violation using three different accounts: apology, excuse, and refusal. In our approach, we rely on two strands of attribution theory, which suggest that different attributions for responsibility and credibility affect trust. An experiment with n = 368 was conducted to explore trust repair effectiveness of apology versus refusal and apology versus excuse after an integrity-based trust violation. Results revealed apology as a double-edged sword; it repairs trust more successfully than refusal and excuse because it is evaluated as more credible. However, it is less successful than refusal and excuse because it is evaluated as more responsible.

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“...It was wrong. I am sorry. I am disappointed, and I am also angry. There is absolutely no excuse for the behavior that was exhibited in those activities [...].” When Bob Diamond, former CEO of Barclays, was interviewed by the Treasury Committee of the UK parliament, he said “I am sorry” to apologize for several integrity-based trust violations (e.g., manipulations of the LIBOR-rates). Apologies are one possible response a company can choose to protect itself from threats on its perceived trustworthiness (Kim, Ferrin, Cooper, & Dirks, 2004). As an apology acknowledges responsibility for the trust violation, it is theorized that this could lower trust in the transgressor because, for the trusting party, apologies indicate the organization attributes the negative event to internal causes and deserves the blame (Scher & Darley, 1997). However, other scholars posit that if an apology is effective, trusting parties may alter attributions to more external and uncontrollable causes (Weiner, Graham, Peter, & Zmuidinas, 1991), which could distract attention from the transgressor and, thus, could repair trust.

The specific content of accounts may increase or decrease perceived trust in companies (Tomlinson & Mayer, 2009). Although research has underscored the importance of content, studies on the effectiveness of different accounts have found ambiguous results. For instance, while Huang (2008) found a positive effect of concessions, as an important component of apologies, on trust in his survey of communication managers, he could not find the effects of other accounts. Verhoeven, Van Hoof, Ter Keurs, and Van Vuuren (2012) could not show the effect of apologies on trust in their experimental setting. Furthermore, scholars have investigated account giving and trust repair on the individual level (Ferrin, Kim, Cooper, & Dirks, 2007; Kim, Dirks, Cooper, & Ferrin, 2006; Kim et al., 2004). Kim et al. (2004) found that denial is more effective than apology in an integrity-based trust violation and succeeding studies confirmed their results (Ferrin et al., 2007; Kim et al., 2006); however, Utz, Matzat, and Snijders (2009) could not replicate these results in their online-auction setting. Several reasons may explain mixed findings. First, an apology is a complex statement, and it is important to clearly distinguish between the different components of an apology and to evaluate their effectiveness in repairing trust (Lewicki & Polin, 2012; Scher & Darley, 1997). One component missing in these studies is the confirmation of the trustee that actions are taken to ensure that this kind of behavior will not happen again. This could be because of the individual setting of this...
research stream. Trust repair in organizations is not about individual failures but about fixing missing or ill-suited processes and procedures in the organization (Poppo & Schepker, 2010). For instance, Eberl, Geiger, and Aßlander (2015) identified tightening organizational rules as a means of repairing organizational trust after an integrity-based trust violation. Therefore, it seems essential to address this component in an apology for organizations.

Another reason for ambiguous results may be because the direct effects of accounts on trust are mediated by further cognitive processes of evaluators. The present study highlights two important mediating processes through which accounts affect trust. First, recent research suggests that responsibility affects trust (Lee, 2005; Verhoeven et al., 2012). Because accounts are directed on responsibility judgments, this could lead to an indirect effect of accounts through responsibility. In this study, responsibility is an ascription: social actors judge the responsibility of other social actors. If an organization is alleged to be corrupt, stakeholders will judge their responsibility. In addition, in case stakeholders judge the organization to be responsible for this integrity-based trust violation, severe consequences may follow. Second, scholars posit that credibility plays an important role in effective communication (Hovland, Janis, & Kelley, 1953; Utz et al., 2009). If this holds to be true for accounts, message credibility of accounts would affect trust through this mediating process. Therefore, this study examines how apologies, in contrast to the other two accounts, refusals and excuses, affect the stakeholders’ evaluation of trust after an integrity-based trust violation and investigates cognitive processes—judgment of responsibility and credibility—which bring about these effects. According to Weiner’s (1985) attribution theory and Kelley’s (1971, 1972) augmenting principle and discounting principle, we suggest that causal attributions explain these cognitive processes. Overall, we posit that apologies will be more effective in repairing trust than refusing or excusing the integrity-based trust violation.

Our study takes an external perspective that focuses on shaping the perceptions of stakeholders (Bundy, Pfarrer, Short, & Coombs, 2016). We especially focus on integrity trust, which is an important characteristic of company—stakeholder relationships (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). In this article, we contribute to the trust repair literature in three ways. First, research suggests that apologies to repair trust in organizations should incorporate actions to be taken in the future (Eberl et al., 2015). Thus, we investigate the effectiveness of apology that acknowledges responsibility and directly addresses substantive responses (Dirks, Kim, Ferrin, & Cooper, 2011), which strongly signal trustees’ willingness to not let the transgression happen again (Lewicki, Polin, & Lount, 2016). Second, we show the double-edged sword of apology. When assessing the effectiveness of trust repair after an integrity-based trust violation, we measure how an apology affects responsibility judgments and credibility judgments. Both judgments are seen as influential to the judgment of trust (Tomlinson & Mayer, 2009; Utz et al., 2009) and have not been studied in combination. Third, we introduce refusal as an account to the literature that evaluates the effectiveness of rhetorical tactics after an integrity-based trust violation. In a recent study, it was found that refusals are widely used by banks in the aftermath of the financial crisis to distract stakeholders from their profit drops (Brühl & Kury, 2016). Therefore, it seems promising to test their effectiveness for integrity-based trust violations.

This is done by assessing the mediating role of both of these processes and following calls for research, which assesses the mediating states of messages (O’Keefe, 2003; Valkenburg, Peter, & Walther, 2016). This should lead to insights about important cognitive processes that are embedded in judgments about trust.

1 Another notion of responsibility is discussed in the literature on corporate social responsibility, which deals with the moral obligations of business. A socially responsible manager takes those actions that are desirable for the society (Bowen, 1953); hence, there is a positive connotation with responsibility.

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