



Corporate apologies are effective because reform signals are weighted more heavily than culpability signals

Matthew J. Hornsey^{a,*}, Cassandra M. Chapman^a, Stephen La Macchia^b, Jennifer Loakes^c

^a Business School, University of Queensland, Australia

^b Department of Marketing, Deakin University, Australia

^c Anglicare Southern Queensland, Australia

ARTICLE INFO

Keywords:

Apologies
Trust repair
Scandal
Organizational transgressions

ABSTRACT

We report two pre-registered experiments ($N = 1,410$) designed to provide the first examination of the relative weight consumers give the culpability and reform signals of corporate apologies. Participants read accusations that a company had used a morally dubious supplier. Compared to statements that denied responsibility, apologies increased perceptions of both culpability (that the organization was responsible for the transgression) and of reform (that the organization was unlikely to repeat the transgressions in the future). However, reform signals had stronger impacts on consumer trust and consumer support than culpability signals. Because of this, the net effect of the apology on trust and consumer intentions was generally positive relative to a no-responsibility message and a no-information control condition. Results suggest corporations embroiled in a public scandal will benefit overall from issuing a corporate apology, which should help restore consumer support.

1. Introduction

A trust violation is a situation where the trustee has failed to meet expectations of the trustor. Sometimes trust violations occur on a competence dimension; for example, organizations falling short of expectations about the quality of their products or customer service. Other times, trust violations occur on an integrity dimension: a transgression of commonly held ethical norms or a code of conduct acceptable to its stakeholders (Janowicz-Panjaitan & Krishnan, 2009; Mayer et al., 1995). Failures of integrity are inherently moral in nature, tend to be viewed as reflecting grievous and enduring deficiencies of character, and arouse greater negative affect in individuals compared to other types of violations (Gillespie & Dietz, 2009; Poppo & Schepker, 2010).

The consequences of trust violations for organizations can be severe. Negative publicity caused by a transgression can damage brand reputation (Dawar & Pillutla, 2000; Park & Lee, 2013; Pullig et al., 2006), increase brand vulnerability to competitors (Van Heerde et al., 2007), cause spill-over effects onto other similar brands (Seo et al., 2014; Yannopoulou et al., 2010), and decrease consumer trust (Coombs, 2007; Hornsey et al., 2021; Kramer & Lewicki, 2010). Given that organizations rely on consumers, rebuilding trust and consumer support will be of primary importance to organizations embroiled in scandals.

One pathway to repairing trust is to apologize. Although apologies can come in many different forms, in the current paper we define it as a verbal statement that includes the full range of apology components identified by Blum-Kulka and colleagues (1989): acknowledgement of fault, expression of remorse, expression of responsibility, a promise of forbearance, and an offer of repair. Apologies can be effective as a signal of reform, indicating that the organization is remorseful and unlikely to reoffend in the future. One downside of an apology, however, is that it can cement in people's minds the culpability of the organization; that is, the apology "seals in" the notion that the organization is in fact responsible for the integrity breach. This is not necessarily a problem when culpability is unambiguous: the organization is already known to be a guilty party and so there is no further reputational cost to admitting responsibility. In many cases, however, culpability is ambiguous and perceptions of culpability are a matter of subjective judgement. Grey areas exist when organizations are implicated in scandals for which they have limited ability to anticipate or control. In these situations, the reform signal of an apology might be outweighed by a countervailing culpability signal.

The current paper reports two experiments examining consumer responses to corporate apologies. As elaborated below, the current studies add to the literature on corporate apologies in three ways. First,

* Corresponding author at: Business School, Joyce Ackroyd Building, 37 Blair Drive, St Lucia, University of Queensland, 4072, Australia.

E-mail address: m.hornsey@uq.edu.au (M.J. Hornsey).

although theory points to two competing pathways in terms of how consumers might respond to a corporate apology, these pathways have not been simultaneously examined in the same design. Doing so helps examine the relative weight consumers give culpability and reform signals following an apology. Second, previous studies on corporate apologies have typically focused on contexts in which the culpability of the organization is beyond doubt. The paradigm used in the current studies focuses on a context in which the culpability of the organization is ambiguous which mirrors many real-world contexts in which corporations weigh up whether or not to issue an apology. Third, previous studies that have discussed the downsides of issuing apologies after integrity transgressions – although well-cited and frequently used to argue the downsides of issuing corporate apologies – have used paradigms that focus on apologies issued by individuals (“one-to-many” apologies; e.g., Ferrin et al., 2007; Kim et al., 2013; Kim et al., 2004). It is important, then, to re-visit the question of whether the same downsides emerge when apologies are issued by corporations to the public (“many-to-many” apologies). Filling these scientific gaps offers practical guidance to corporations in the midst of scandal, clarifying how consumers might respond when corporate apologies are issued after an integrity breach. In doing so, these studies also speak to several theoretical questions about the complex ways in which consumers respond to corporate apologies.

1.1. Literature review

Studies on apologies have traditionally been situated within the fields of service recovery (a subfield of marketing), management studies, and public relations / corporate reputation. The focus of these studies has traditionally been on the impact of apologies on the public, using outcome measures such as purchase intentions, consumer support, trust, and perceptions of corporate reputation.

The service recovery literature has typically used one of two paradigms: experimental studies (mostly based on hypothetical vignettes) and reflections on people’s experiences with making complaints in a service context. Apologies in this literature are “many-to-one” apologies, made by organizations to individual customers. Some of these studies have found limited effects of apologies on customer satisfaction or perceived fairness (Goodwin & Ross, 1992; Hoffman et al., 1995; de Ruyter & Wetzels, 2000). However, when comparing apologies with a no-apology or no-information baseline, the majority of studies have found positive effects of apologies: on perceptions of interactional justice (Smith et al., 1999), consumer satisfaction (Martin & Smart, 1994), consumer retention (Kelley et al., 1993), consumer trust (Utz et al., 2009), and repurchase intentions (Davidow, 2000; Liao, 2007).

Studies situated in the management literature typically examine individual apologies in an organizational context (“one-to-one” or “one-to-many” apologies). The most influential paradigm involved participants being asked to imagine they are managers in charge of hiring a new accountant. Participants then watched videos of what they were asked to imagine were interviews conducted by a hiring consultant. In the video, the prospective hire was accused of filing an incorrect tax return for a client in a previous job, a transgression that was framed as either accidental (a competence transgression) or intentional (an integrity transgression). The applicant then went on to confess and apologize, or they denied the allegations.

When the transgression was accidental, the applicant was evaluated more positively when they apologized than when they denied the accusation. When the transgression was intentional, however, the reverse was true: participants evaluated the applicant more positively in the denial than the apology condition (Ferrin et al., 2007; Kim et al., 2013; Kim et al., 2004). Indeed, for the integrity violation, an apology was no more effective than simply refusing to comment (Ferrin et al., 2007; Wooten, 2009). Furthermore, apologies that deflected blame (i.e., made an external attribution for the transgression) resulted in more positive evaluations than apologies that internalized blame (Kim et al.,

2006).

Other studies using slightly different paradigms found more qualified results. Bagdasarov et al. (2019) asked participants to imagine a scenario in which they were being reprimanded for a mistake that they suspected was caused by their boss. Evaluations of the boss were more positive when the boss denied the allegation (as opposed to apologizing for it), although this effect only emerged when the denial was delivered in an empathic way. In another study, participants read what they were led to believe were blog posts from a CEO who had been accused of transferring company funds into his personal bank account (van Laer & de Ruyter, 2010, Study 2). In this case, perceptions of integrity were greater in the denial than the apology condition, but the reverse was true when participants were asked to place themselves in the CEO’s shoes (an empathy induction).

Research in the public relations / corporate reputation literature tend to focus on the “many-to-many” apologies that are the topic of interest for this paper: apologies that are made by a corporation to the public. Some of these studies used hypothetical vignettes, although the majority used real corporate communications or scenarios that were written by researchers but presented to participants as real. Some of these studies focused on transgressions that could be considered competency-related but have such severe repercussions they assume a moral weight (e.g., air crashes brought on by poor oversight). Others were unambiguously integrity-related (e.g., allegations of racism, sexual harassment, environmental vandalism).

The results in this literature are mixed. Coombs and Schmidt (2000) found no reliable difference in corporate reputation between an apology and a blame-shifting condition in response to evidence of racism. In response to defective products causing illness and injury, Dardis and Haigh (2009) found a non-significant trend for apologies to be more effective than denials, while two other studies found denials less effective than admittance of guilt (although these concessions did not include an apology; Bradford & Garrett, 1995; Decker, 2012). Two studies examining responses to air crashes found that apologies were more effective than denials (McDonald et al., 2010) and shifting the blame (Lee, 2005). But Fuoli et al. (2017) found the opposite: In the face of allegations that a corporation had bribed foreign officials, denials outperformed apologies, even when the objective level of evidence for the company’s guilt was relatively high.

As can be seen above, the data tell a complex – and at times contradictory – story about the relative effectiveness of corporate apologies in response to integrity transgressions. In making sense of that complexity, it is important to keep two principles in mind.

First, it is not appropriate to draw conclusions about the relative effectiveness of apologies and denials when the transgression is presented to participants as a matter of fact. In some of the studies cited above, there was little reason for participants to doubt that the transgression was real: they were presented to participants as though they were incontrovertible facts. In these contexts, denials would seem unreasonable and unethical, which might help explain the very negative response to denials and defensive responses in some of the literature on corporate apologies. Studies that have typically found evidence in favor of denials have opened up ambiguity about the guilt of the transgressor (Bagdasarov et al., 2019; van Laer & de Ruyter, 2010; Ferrin et al., 2007; Fuoli et al., 2017; Kim et al., 2004; Kim et al., 2013). It should be noted, though, that only one of these papers – Fuoli et al. (2017) – manipulated the presence or absence of “many-to-many” corporate apologies, which means that the evidence base is surprisingly thin.

Second, conclusions drawn from “one-to-one” or “one-to-many” apologies cannot be extrapolated to the context of public, “many-to-many” apologies. Most studies that have found denial to be more effective than an apology have focused on allegations of poor integrity within an employee/employer relationship (Bagdasarov et al., 2019; van Laer & de Ruyter, 2010; Ferrin et al., 2007; Kim et al., 2006; Kim et al., 2004; Kim et al., 2013). Apologies that stem from an individual are qualitatively different – in theoretically important ways – from

apologies that stem from groups like corporations (Gillespie et al., 2021). One obvious difference is that, in individual contexts, the person making the apology is the person who committed the transgression. This one-to-one correspondence between transgressor and apologizer is not necessarily the case in corporate apology contexts, where the public face of the trust repair response may have had limited, distal, or even no link to the people who committed the transgression (Okimoto et al., 2019).

A related difference is that people are equipped to understand the interior world of an individual: it comes naturally to reflect on whether an individual is remorseful or has “changed”. Reform narratives around groups are more complex because they do not have a singular collective “mind”: How can one trust that a group has changed when the elements of that group comprise multiple shifting parts? (Koehn, 2013; Ohtsubo et al., 2020). The dangers in extrapolating from the interpersonal to the group-level context are made clear in the psychological research on forgiveness, which typically focuses on transgressions outside organizational or corporate contexts (but with some exceptions, see Hyodo & Bolton, 2021). Although apologies are extremely effective at winning over forgiveness in interpersonal, one-to-one contexts (Fehr et al., 2010), there is little evidence that they increase forgiveness in intergroup (many-to-many) contexts (Gillespie et al., 2021; Hornsey et al., 2015, 2017; Hornsey & Wohl, 2013; Philpot & Hornsey, 2008, 2011).

1.2. Theoretical framework

Apologies have been theorized to affect people’s perceptions of the offending organization in two ways: (1) by signalling reform and/or (2) by signalling culpability (summarized in Fig. 1). Below we outline the theoretical case for both the reform and the culpability pathways.

1.2.1. Reform pathway

Reconciliation after a transgression – whether between individuals or groups – involves a fundamental tension. On one hand, reconciliation can help restore a relationship that potentially confers psychological and material benefits (Fehr & Gelfand, 2012). On the other hand, reconciliation carries the risk of further exploitation: the events that led to the trust violation in the first place could repeat in the future. Apologies are considered pivotal in helping people negotiate this tension because they can signal that the offender is trying to reform; that is, they signal that the offender has changed in such a way that they are unlikely to repeat the offense.

From this perspective, apologies change people’s cognition about the

interior state of the individual or group that is apologizing (Gold & Weiner, 2000). For example, correspondent inference theory (Jones & Davis, 1965) argues that observers make inferences about other actors’ character traits based on their actions (e.g., aggressive actions lead to perceptions of an aggressive personality). As such, an offense threatens perceptions of the offender’s moral character. A subsequent apology, however, reinstates the offender’s status as a moral person and implies that they will not act immorally in the future. Having been reassured of this, receivers of the apology will be more likely to trust the transgressor and to engage with them in the future (in Fig. 1, this is represented by the positive pathway between perceived reform and consumer trust / support).

Others have drawn on Attribution Theory (Heider, 1958) to reach a similar conclusion (Dirks et al., 2009). Scholars propose that, after a trust failure, trustors undergo a cognitive reappraisal of their relationship with the trustee which may lead to over-constructed negative inferences about the motives, character, and competence of the trustee. The objective of the trust repair process is to overcome these negative expectations and to restore confident positive expectations about the trustee (Gillespie & Dietz, 2009; Kim et al., 2004). Specifically, an apology can alter attributions regarding the cause of the offense from a relatively stable cause (the faulty personality of the offender) to a less stable cause (an isolated act). The offense is also more likely to be attributed to causes that are uncontrollable and external to the offender, rather than controllable and internal to the offender. The offense is no longer the action of an immoral entity, but a moral entity that once did an immoral thing (Gibney & Roxstrom, 2001; Gold & Weiner, 2000). This notion – that apologies provide signals of reform that can lead to positive outcomes – is summarized in the top section of the conceptual model in Fig. 1.

In sum, apology scholars have drawn on both correspondent inference theory and attribution theory to make the case that apologies are effective because they help change people’s perceptions of the inner character of the apologizer and indicate that they have reformed. When applied to the context of corporate apologies, this leads to the following predictions:

H1a: *Perceptions of reform will be higher when people receive an organizational apology than when they receive no response or a response that denies responsibility.*

H1b: *Consumer support and consumer trust will be higher when people receive an organizational apology than when they receive no response or a response that denies responsibility.*

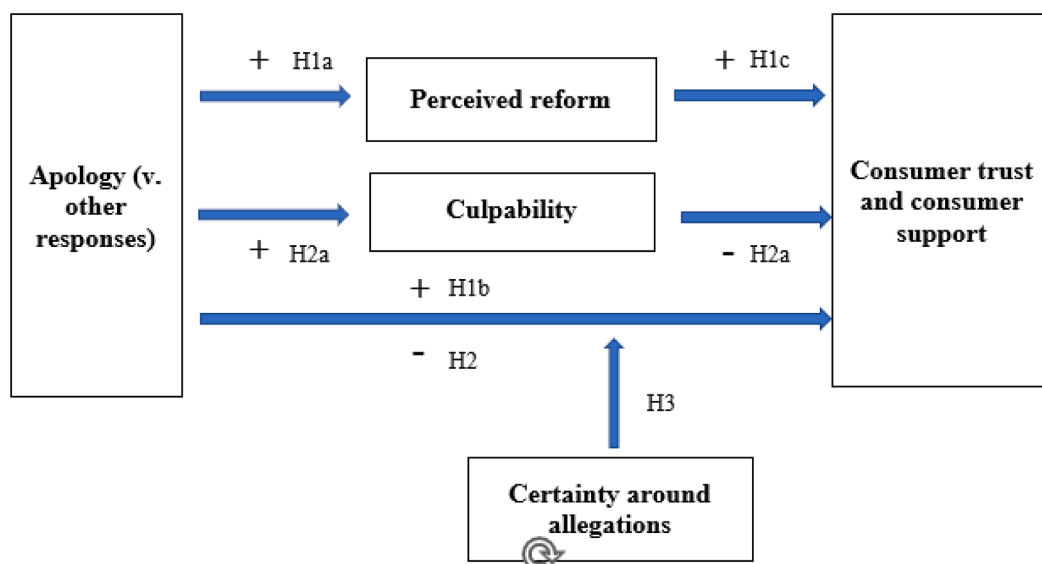


Fig. 1. Conceptual model summarizing how reform and culpability pathways might shape consumer responses to a corporate apology.

H1c: *Perceptions of reform will mediate the effects of apology described in H1b.*

1.2.2. Culpability pathway

Alternatively, some theorists have suggested that apologies may have negative consequences because they acknowledge culpability (i.e., that the apologizer is morally responsible for the transgression) whereas denials maintain ambiguity about responsibility. According to the bilateral model of trust repair (Kim et al., 2009), trustors go through a sequence of questions about whether a trustee deserves future engagement, the first of which is “Did the trustee commit the transgression?” From this perspective, apologies “seal in” culpability whereas denials have the potential of winning the benefit of the doubt. The bilateral model of trust repair makes the simple prediction that it is these perceptions of culpability that are the trigger for the potential negative consequences of an apology in terms of consumer perceptions (to the extent they are perceived to be guilty of the transgression, the consumer perceptions will be more negative). In Fig. 1, this is represented by the negative pathway between culpability and consumer trust / support.

It has also been theorized that consumers will attach more importance to culpability as opposed to reform signals in response to integrity transgressions (Kim et al., 2004). The reasoning is that a single act of dishonesty is generally considered a reliable signal of low integrity, and this character flaw is seen to be difficult to change. If so, the reform signals of the apology would be outweighed by the fact that the apology acknowledges responsibility for the transgression (Coombs et al., 2010; Ferrin et al., 2007; Kim et al., 2004; van Laer & de Ruyter, 2010). This notion – that apologies provide culpability signals that can lead to negative outcomes – is summarized in the bottom section of the conceptual model in Fig. 1.

In sum, drawing on the bilateral model of trust repair, one can argue that an apology impairs the ability of people to move beyond the gatekeeper question for whether a trustee deserves future engagement: “Did the trustee commit the transgression?” Because an apology incorporates an admission of responsibility, it could be that it reduces consumers’ support for the organization compared to when culpability was ambiguous. In the context of corporate apologies, this leads to the following predictions:

H2a: *Ratings of culpability will be higher when people receive an organizational apology than when they receive no response or a response that denies responsibility.*

H2b: *Consumer support and consumer trust will be lower when people receive an organizational apology than when they receive no response or a response that denies responsibility.*

H2c: *Perceptions of culpability will mediate the effects of apology described in H2b.*

1.3. Contributions of the current research

Speaking to a broad, interdisciplinary debate about the effectiveness of corporate apologies, the current research tests two theorized competing mechanisms through which apologies may affect consumer attitudes after an organizational transgression. In doing so, we contribute to the literature in three ways. First, we examine the reform and culpability pathways simultaneously, something that has not previously been done. Second, we do so in the context of ambiguous culpability, mirroring many real-world contexts in which corporations weigh up whether to issue an apology. Third, we specifically examine the context of corporations apologizing to the public (i.e., “many-to-many” apologies) rather than applying findings from “one-to-one” or “one-to-many” apologies to the “many-to-many” context. In doing so, the current research is poised to nuance understanding on the benefits and risks of corporate apologies, and provides concrete guidance to managers who are navigating their response options while weathering a scandal.

2. Study 1

Study 1 used experimental stimuli adapted from a transgression based on the real Rana Plaza building collapse in Bangladesh which resulted in the deaths of factory workers in the textile industry. At the time, many well-known retail brands had used manufacturers in Rana Plaza, and questions were asked about the extent to which they did so despite being aware of structural flaws in the building and poor working conditions. We presented participants with adapted versions of this case, changing the names of the brands involved to the fictional GlobalDress and Dosh Fashions to maintain experimental integrity. Here, the ambiguity around culpability revolved around whether GlobalDress should have known about (and addressed) their supplier’s integrity lapse.

Participants were then exposed to what they were led to believe was a real press release from GlobalDress in which they either apologized for their lack of oversight or took no responsibility. The no-responsibility message underscored the integrity of the company’s principles and values in a way that implicitly communicates lack of responsibility, a commonly used strategy in real-world contexts post-scandal (Kramer & Lewicki, 2010). We also included a second control condition in which there was no information about how the organization responded.

2.1. Method

Study 1 was preregistered on the Open Science Framework (OSF; <https://osf.io/df68e/>).

2.1.1. Participants and design

American participants ($N = 607$) were recruited by Prolific and participated in return for £1.20 (note that Prolific is a company based in the United Kingdom, so payment is converted from British currency). To conceal the true aims of the study, participants for this study (and for Study 2) were informed that the survey was about online shopping preferences. Thirteen participants failed an attention check (“To show that you are a human, please click ‘strongly agree’ to this question”) and eight further participants did not complete the survey. In line with the pre-registration, these participants were excluded from analysis, leaving a usable sample of 586 ($M_{\text{age}} = 33.72$, 51.2 % females). The experiment used a 3-level, between-groups design. All participants received information about a transgression and received either: (1) no response, (2) a no-responsibility response, or (3) an apology response.

2.1.2. Transgression

Participants were introduced to an organization - GlobalDress - which was described as an “online-only fashion store”. The introductory text described when the organization was established, the type of fashion products sold by the organization, its major competitor, and competitive strategy. After being introduced to GlobalDress, participants read about a news report that exposed GlobalDress’s use of a manufacturing supplier in Bangladesh called ‘Dosh Fashions’. The report identified abusive working conditions for Dosh Fashions’ factory workers, as well as a failure to respond to structural problems within the factory, which ultimately led to the deaths of employees. The report alleged that GlobalDress had maintained high levels of contact with Dosh Fashions but had not raised the poor factory conditions, suggesting a lapse in the integrity of their sourcing of merchandise.

2.1.3. Manipulation of response

Participants were randomly allocated into one of three conditions. In the no-responsibility condition, the response underscored GlobalDress’s commitment to ethical sourcing of merchandise and its compliance with relevant laws and regulations. At no point was there an acknowledgement of fault or an apology. The apology condition also emphasized GlobalDress’s commitment to ethical sourcing of merchandise but acknowledged a failure of diligence in the case of Dosh Fashions and explicitly apologized for it. The apology included an expression of

remorse and a promise to investigate the trust breach to ensure it would not happen again. In the no-response condition participants were directed immediately to the dependent measures. Full transcripts of the transgression and response can be found on the OSF (and the attached Appendix): <https://osf.io/df68e/>.

2.1.4. Measures

After reading the scripts, participants completed a manipulation check and four scales.

2.1.4.1. Manipulation check. After reading the organization's response, participants completed a manipulation check: "GlobalDress was apologetic" (1 = *strongly disagree*, 7 = *strongly agree*).

2.1.4.2. Consumer trust. Consumer trust exists when one party has confidence in the exchange partner's reliability and integrity, and is seen to be a fundamental precondition for a positive relationship between consumers and organizations (Sirdeshmukh et al., 2002). In the current studies, consumer trust was assessed using a 4-item measure. Participants rated whether they found the company to be "trustworthy", "honest", "irresponsible" (reverse coded), and "reliable" (1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = 0.88$).

2.1.4.3. Consumer support. Consumer support was included as a dependent measure because it is the closest proxy for the extent to which the organization's financial sustainability would be damaged by the transgression. To measure consumer support we used a 5-item measure adapted from Nakayachi and Watabe (2005). Some of these items referred directly to purchase intentions (e.g., "I would buy their products") while others drew on broader notions of consumer support (e.g., "If my family bought their products for me, I would use them"; 1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = 0.93$).

2.1.4.4. Perceived reform. Perceived reform was measured using two, negatively worded items: "A similar incident is likely to occur in GlobalDress in the future" and "I feel confident that GlobalDress will continue to have problems with misuse of company funds" (1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = 0.86$). Because these items were negatively worded, scores were reversed such that high scores indicate greater levels of reform.

2.1.4.5. Culpability. Culpability was measured using three items: "GlobalDress as a whole should be accountable for what happened", "GlobalDress as a whole shares blame for what happened", and "GlobalDress as a whole is partly responsible for what happened" (1 = *strongly disagree*, 7 = *strongly agree*; $\alpha = 0.79$).

2.2. Results

Means and standard deviations for all measured variables are summarized in Table 1. Confirming the effectiveness of the manipulation, between-groups ANOVAs revealed that participants in the apology condition reported GlobalDress to be significantly more apologetic than did those in the no-responsibility and no-response conditions, $F(2,583) = 326.85, p < .001, \eta_p^2 = 0.53$. Effects of Response were also found on all the dependent measures: trust, $F(2,583) = 38.58, p < .001, \eta_p^2 = 0.12$, consumer support, $F(2,583) = 22.87, p < .001, \eta_p^2 = 0.07$, perceived reform, $F(2,583) = 19.35, p < .001, \eta_p^2 = 0.06$, and culpability, $F(2,583) = 3.90, p = .021, \eta_p^2 = 0.01$.

As can be seen in Table 1, perceptions of culpability were higher in the apology condition than the no-responsibility condition, consistent with H2a. Despite this, the apology had a clear advantage over both the no-response and the no-responsibility conditions in terms of trust and consumer support, a pattern that is consistent with the reform pathway (H1b) and inconsistent with the culpability pathway (H2b). Consistent

Table 1
Means (and Standard Deviations) Across Conditions: Study 1.

	No response	No-responsibility response	Apology
Trust	2.19 _a (0.92)	2.57 _b (1.18)	3.19 _c (1.29)
Consumer support	2.62 _a (1.25)	2.82 _a (1.34)	3.51 _b (1.51)
Perceived reform	2.33 _a (1.05)	2.23 _a (1.06)	2.90 _b (1.28)
Culpability	5.87 _{ab} (1.09)	5.72 _a (1.16)	6.02 _b (0.94)
Apology manipulation check	2.05 _a (0.99)	2.81 _b (1.59)	5.33 _c (1.35)

Note. Means that do not share subscripts across rows are significantly different ($p < .05$).

with H1a, perceptions of reform were significantly higher in the apology condition than the other conditions.

To examine H1c and H2c – which focused on indirect effects – we used Model 4 of Preacher and Hayes' PROCESS macro to test for parallel mediation. Analyses were conducted using 5,000 bootstrapped samples and 95 % confidence intervals (CI). Results are summarized in Fig. 2. In these analyses, we dummy coded the Response condition to focus on two comparisons: (1) the apology condition versus the no-response control and (2) the apology condition versus the no-responsibility control. In each case, we also tested the pairwise contrasts of the indirect effects (i. e., contrasting the indirect effects of reform versus culpability).

Results when predicting trust can be found in Fig. 2. Note that, because trust and consumer support are highly correlated ($r = 0.73$), the effects on consumer support were very similar to those on trust. Thus, for the sake of economy, the full models for consumer support are illustrated in Figures on the OSF (<https://osf.io/df68e/>), although the key statistics for the indirect effects are reproduced below.

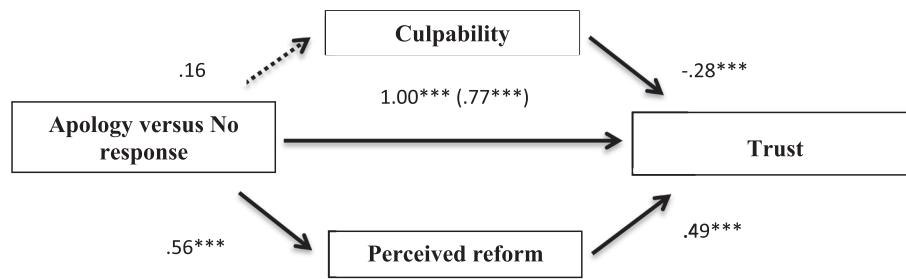
When comparing the apology condition with the no-response control, the indirect effect of the manipulation via perceived reform was significant for both trust, $b = 0.27, SE = 0.07, 95\%CI [0.148, 0.417]$, and consumer support, $b = 0.28, SE = 0.07, 95\%CI [0.155, 0.432]$. In contrast, the indirect effect via culpability was not significant for either trust, $b = -0.04, SE = 0.03, 95\%CI [-0.104, 0.014]$, or consumer support, $b = -0.04, SE = 0.03, 95\%CI [-0.107, 0.012]$. In the case of both trust, $b = 0.32, SE = 0.06, 95\%CI [0.198, 0.451]$, and consumer support, $b = 0.33, SE = 0.07, 95\%CI [0.203, 0.469]$, pairwise contrast of the strength of indirect effects revealed a significantly stronger effect through reform than through culpability. Overall, we found evidence for the reform pathway (H1c) and no evidence for the culpability pathway (H2c).

We then repeated the analyses but this time comparing the apology condition with the no-responsibility condition. In the case of trust, the indirect effect was significant via both culpability, $b = -0.08, SE = 0.03, 95\%CI [-0.156, -0.026]$, and perceived reform, $b = 0.32, SE = 0.07, 95\%CI [0.195, 0.470]$, although the indirect effect was significantly stronger in the latter case, $b = 0.41, SE = 0.06, 95\%CI [0.294, 0.537]$, indicating stronger support for H1c than H2c. The same pattern emerged for consumer support: the indirect effect was significant via both culpability, $b = -0.08, SE = 0.03, 95\%CI [-0.162, -0.026]$, and perceived reform, $b = 0.33, SE = 0.07, 95\%CI [0.196, 0.482]$, although the pairwise contrast of the two indirect effects confirmed the effect was stronger for perceived reform than for culpability, $b = 0.42, SE = 0.07, 95\%CI [0.300, 0.556]$.

2.3. Discussion

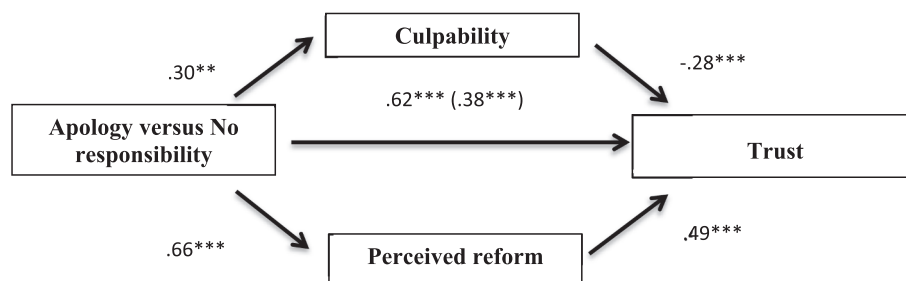
Study 1 tested two sets of competing predictions about the effects of a corporate apology on consumer trust and consumer support. One set of predictions presumed negative effects of an apology, mediated through

Indirect effect: $b = -.04, SE = .03, 95\% CI [-.104, .014]$



Indirect effect: $b = .27, SE = .07, 95\% CI [.148, .417]$

Indirect effect: $b = -.08, SE = .03, 95\% CI [-.156, -.026]$



Indirect effect: $b = .32, SE = .07, 95\% CI [.195, .470]$

Fig. 2. Study 1: Effect of apology on consumer trust via culpability and perceived reform. Unstandardized regression coefficients reported. Direct effect (after controlling for mediators) represented in parentheses ** $p < .01$, *** $p < .001$.

perceptions of culpability. The other set of predictions presumed positive effects of an apology, mediated through perceptions of reform.

Overall, Study 1 found consistent evidence for the latter effect: positive effects of an apology on consumer trust and consumer support, mediated through the perception that apologizing companies were more likely to have reformed. This notion is consistent with both correspondent inference theory and attribution theory, and is further reinforced by studies in the service recovery and corporate reputations fields showing positive effects of corporate apologies (e.g., Davidow, 2000; Lee, 2005; Liao, 2007; McDonald et al., 2010; Utz et al., 2009). This is not to say that apologies did not increase perceptions of culpability – they did – but that perceptions of culpability were weighted less heavily than perceptions of reform in terms of shaping consumer reactions. In sum, signals of reform were more important than culpability signals in terms of determining consumer trust in, and consumer support for, an organization after a transgression.

3. Study 2

Drawing on the bilateral model of trust repair, and reinforced by studies in the management literature on employee apologies, some theorists have argued that apologies can “seal in” culpability for an

integrity transgression, thus leading to lower levels of trust and consumer support (e.g., Ferrin et al., 2007; Kim et al., 2004). Study 1 examined this notion by simply measuring culpability and examining it as a mediator of the effects of an apology, but found no evidence for this presumed backfire effect in the corporate context.

To provide a different test of this argument, however, Study 2 added a second independent variable. In addition to manipulating the presence or absence of an apology, we also manipulated certainty around the allegations. The reasoning for this is that the mechanisms outlined in Hypotheses 2a – 2c presuppose that there is ambiguity around the allegations. Where there is ambiguity in the strength of the allegations, the no-responsibility response preserves a presumption of innocence, whereas the apology confirms culpability. Where there is already objective certainty around the allegation, however, it stands to reason that there will be less of a downside to apologising because there is less ambiguity about culpability.

Thus, in addition to the hypotheses and research questions outlined in Study 1, we examined a fourth component to the culpability pathway in Hypothesis 2.

H3: *The effects of an organizational apology on consumer support and consumer trust will be more negative when the certainty around the allegations is low than when certainty is high.*

In statistical terms, H3 implies an interaction between Response and Certainty. In contrast, from the perspective of the reform pathway (Hypotheses 1a through 1c) there is no reason to expect an interaction between Response and Certainty.

3.1. Method

Study 2 was pre-registered and can be found on the Open Science Framework (see <https://osf.io/df68e/>).

3.1.1. Participants and design

American participants (N = 802) were recruited through Prolific and participated in return for £1.20. Five participants failed the same attention check used in Study 1 and were excluded from analysis, as per the pre-registration plan. This left a usable sample of 797 (M_{age} = 36.31, 52.8 % males). The experiment used a 3 (Response: no response, no-responsibility response, apology response) x 2 (Certainty: low vs. high) between-groups design.

3.1.2. Procedure

Procedure was the same as used in Study 1, with one exception: we manipulated the level of certainty that the allegations against GlobalDress were grounded in fact. In the high certainty condition participants were told that documents “clearly show” that GlobalDress had been engaged with Desh Fashions without questioning the factory conditions. In the low certainty conditions the allegations were framed as “unconfirmed reports” and more suggestive language was used around the allegations (i.e., “the reports suggest” as compared to “the reports demonstrate”). Full text can be found on the OSF.

3.1.3. Measures

After reading the scripts, participants completed the same measures of trust (α = 0.88), consumer support (α = 0.92), perceived reform (α = 0.87), and culpability (α = 0.86) that were used in Study 1. We retained the manipulation check on Response used in Study 1 and added a manipulation check on Certainty: “The evidence against GlobalDress was strong” (1 = strongly disagree, 7 = strongly agree).

3.2. Results

We first conducted a series of 3 (Response: no response, no-responsibility response, apology response) x 2 (Certainty: low vs. high) between-groups ANOVAs. Means and standard deviations are summarized in Table 2.

Confirming effectiveness of the manipulation, participants in the apology condition (M = 5.29, SD = 1.24) reported GlobalDress to be more apologetic than did those in the no-responsibility (M = 2.77, SD = 1.63) and no-response conditions (M = 2.03, SD = 1.09), F(2,791) = 430.82, p < .001, η_p² = 0.52. This pattern was equally strong regardless of Certainty (Response x Certainty: F(2,791) = 0.00, p = .997, η_p² = 0.00). Confirming effectiveness of the Certainty manipulation, participants in the high certainty condition (M = 6.01, SD = 1.02) believed the evidence against GlobalDress was stronger than did participants in the low certainty condition (M = 5.51, SD = 1.28), F(1,791) = 38.41, p

< .001, η_p² = 0.05. This pattern was equally strong regardless of level of Response (Response x Certainty: F(2,791) = 0.06, p = .942, η_p² = 0.00).

Main effects of Response were found on all variables: trust, F(2,791) = 38.31, p < .001, η_p² = 0.09, consumer support, F(2,791) = 11.66, p < .001, η_p² = 0.03, perceived reform, F(2,791) = 33.48, p < .001, η_p² = 0.08, and culpability, F(2,791) = 11.17, p < .001, η_p² = 0.03. Consistent with H2a, Duncan’s posthoc tests revealed that perceptions of culpability were higher in the apology condition (M = 6.02, SD = 1.03) than the no-responsibility condition (M = 5.59, SD = 1.22). Levels of culpability in the no response condition (M = 5.90, SD = 1.00) did not significantly differ from either of the other conditions. Despite the relatively high perceptions of culpability in the apology condition, participants in the apology condition (M = 3.12, SD = 1.20) reported more trust in the organization than those in the no-responsibility conditions (M = 2.77, SD = 1.11) who in turn reported significantly higher trust than those in the no-response condition (M = 2.29, SD = 1.02). The apology (M = 3.30, SD = 1.41) was also more effective than no response (M = 2.76, SD = 1.31) in terms of consumer support, although in this case the ratings were not reliably different from the no-responsibility response (M = 3.20, SD = 1.44). In sum, there was partial support for H1b and no support for H2b. In line with the reform pathway (H1a), perceptions of reform were significantly higher in the apology condition (M = 3.14, SD = 1.39) than in either the no response (M = 2.37, SD = 1.08) or the no-responsibility conditions (M = 2.43, SD = 1.14).

Main effects of Certainty emerged on all the dependent measures: trust, F(1,791) = 9.27, p = .002, η_p² = 0.01, consumer support, F(1,791) = 11.89, p < .001, η_p² = 0.02, perceived reform, F(1,791) = 14.62, p < .001, η_p² = 0.02, and culpability, F(1,791) = 5.21, p = .023, η_p² = 0.01. When the certainty of the allegations was high, participants had lower trust in the organization (M = 2.61), lower consumer support (M = 2.92), lower ratings of perceived reform (M = 2.48) and higher perceptions of culpability (M = 5.92) than when the certainty of the allegations was low (Ms = 2.84, 3.25, 2.81, and 5.75, respectively). Of more relevance to the current research question, and inconsistent with H3, Certainty did not reliably interact with Response on any of the measures (all Fs < 2.78, all ps > 0.063).

We then conducted a series of parallel mediation analyses. Because Certainty did not interact with Condition we did not examine moderation analyses; instead, we used the same strategy as used in Study 1, except this time with the Certainty manipulation included as a covariate. The results for the effects on trust are summarized in Fig. 3. The correlations between trust and consumer support are high (r = 0.68) and so the patterns of effects across the two measures were similar. Consequently, the Figures summarizing the effects on consumer support are summarized on the OSF (<https://osf.io/df68e/>), although the key indirect effects are reproduced in text below.

The first set of analyses examined the mechanisms underpinning the difference between apology condition with the no-response condition. In line with Study 1, the indirect effect of the manipulation via perceived reform was significant for both trust, b = 0.32, SE = 0.05, 95 % CI [0.219, 0.433], and consumer support, b = 0.24, SE = 0.05, 95 % CI [0.156, 0.348]. In contrast, the indirect effect via culpability was not significant for either trust, b = -0.04, SE = 0.03, 95 % CI [-0.095, 0.015], or consumer support, b = -0.05, SE = 0.04, 95 % CI [-0.136, 0.022]. In

Table 2
Means (and Standard Deviations) Across Conditions: Study 2.

	Low Certainty			High Certainty		
	No response	No-responsibility	Apology	No response	No-responsibility	Apology
Trust	2.43(1.10)	2.91(1.15)	3.20(1.18)	2.14(0.91)	2.63(1.06)	3.05(1.22)
Consumer support	2.81(1.31)	3.52(1.44)	3.44(1.46)	2.72(1.32)	2.88(1.36)	3.17(1.35)
Perceived reform	2.52(1.01)	2.60(1.17)	3.31(1.40)	2.21(1.13)	2.28(1.10)	2.97(1.36)
Culpability	5.82(1.07)	5.47(1.27)	5.96(1.02)	5.98(0.92)	5.71(1.16)	6.09(1.04)
Apology manip check	2.17(1.18)	2.90(1.66)	5.42(1.17)	1.90(0.98)	2.65(1.59)	5.16(1.29)
Certainty manip check	5.62(1.15)	5.20(1.29)	5.73(1.35)	6.09(0.86)	5.74(1.19)	6.22(0.91)

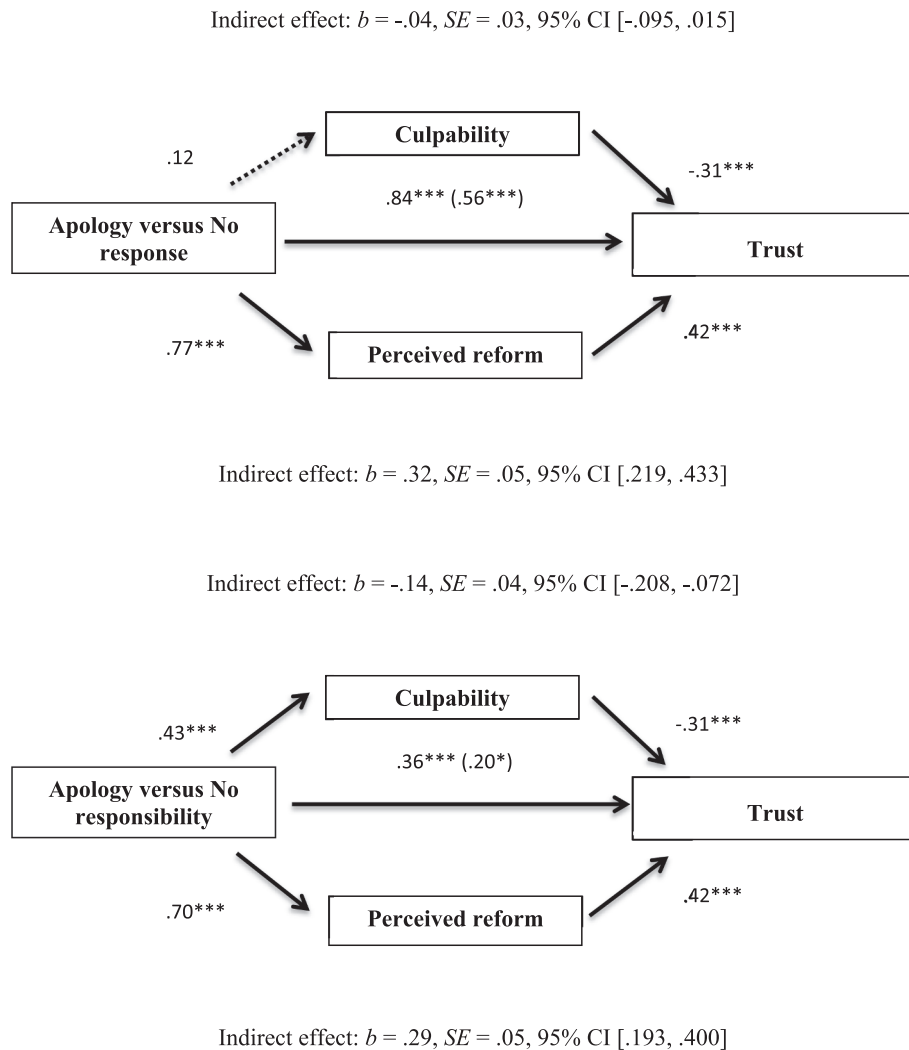


Fig. 3. Study 2: Effect of apology on consumer trust via culpability and perceived reform. Direct effect (after controlling for mediators) represented in parentheses * $p < .05$, *** $p < .001$.

both the case of trust, $b = 0.36, SE = 0.05, 95\% CI [0.260, 0.466]$, and consumer support, $b = 0.30, SE = 0.05, 95\% CI [0.192, 0.406]$, pairwise contrast revealed that the indirect effect was significantly stronger through perceived reform than through culpability.

We then repeated the analyses but this time comparing the apology condition with the no-responsibility condition. In the case of trust, the indirect effect was significant via both culpability, $b = -0.14, SE = 0.04, 95\% CI [-0.208, -0.072]$, and perceived reform, $b = 0.29, SE = 0.05, 95\% CI [0.193, 0.400]$, although pairwise contrasts revealed the indirect effect was significantly stronger in the latter case, $b = 0.43, SE = 0.05, 95\% CI [0.332, 0.530]$. The same was true for consumer support: the indirect effect emerged via both culpability, $b = -0.19, SE = 0.05, 95\% CI [-0.290, -0.099]$, and perceived reform, $b = 0.22, SE = 0.05, 95\% CI [0.135, 0.327]$, but pairwise comparisons revealed it was stronger for perceived reform than for culpability, $b = 0.41, SE = 0.05, 95\% CI [0.312, 0.520]$. In sum, we found evidence that the reform pathway (H1c) is stronger than the culpability pathway (H2c).

3.3. Discussion

The results of Study 2 dovetailed neatly with those of Study 1. Compared to other responses, an apology increased the perception that the organization was culpable for the transgression. Despite this, the apology had generally positive effects on consumer trust and consumer

support, effects that were reliably mediated through perceived reform. Similar to Study 1, there was less evidence that culpability perceptions were influential in shaping trust and consumer support after a transgression. As such, both studies reinforce notions drawing from attribution theory and correspondent inference theory that the effectiveness of apologies rests in their power to increase perceptions that the apologizer has reformed.

Interestingly, the effect of Response did not differ reliably depending on whether there was high or low certainty around the allegations. Inconsistent with H3, apologies out-performed other statements, and did so equally strongly regardless of whether there was strong or only suggestive evidence for the allegations. Combined with the relatively weak evidence for a culpability pathway, this finding is inconsistent with theorists who have argued that apologies can have negative effects (compared to no-responsibility statements) because the former “seal in” guilt whereas the latter preserve a benefit of the doubt.

4. General discussion

Integrity scandals – when poorly managed – can represent an existential threat to the future of an organization. There has been a great deal of academic attention paid to the question of what verbal strategies will best protect an organization from the reputational damage associated with an integrity transgression. The picture that has emerged from

this literature is somewhat confusing. Some studies suggest that an apology is the best way of protecting trust and consumer loyalty (Lee, 2005; McDonald et al., 2010). Others have suggested that an apology can be effective, but is not necessarily any more effective than other strategies that deny responsibility (Coombs & Schmidt, 2000; Dirks et al., 2011). Still others have argued that the guilt signals associated with apologizing makes them less effective than denials (Fuoli et al., 2017) and that this is particularly the case for integrity transgressions (Bagdasarov et al., 2019; Ferrin et al., 2007; Kim et al., 2004; Kim et al., 2013). Below, we summarize the conclusions of our studies, and reflect on those conclusions as a way of making sense of what appears to be contradictory messages in the literature.

Hypothesis 1a was that apologies would increase perceptions of reform. Consistent support was found for this hypothesis in both studies. Hypothesis 2a was that apologies would increase perceptions of culpability, and this hypothesis also received some support (i.e., when comparing apologies to no-responsibility responses, but not when comparing them to no response). In sum, the studies confirm both an upside and a downside of apologizing for an integrity transgression. The upside is that apologies send signals of reform; the downside is that they send culpability signals. These patterns converge neatly with previous research and are compatible with both theory and common sense.

A point of contest in the literature is the question of which signals will be weighted more heavily in shaping trust and consumer support: those relating to organizational reform or those relating to organizational culpability? Overall, our research indicated that cognitions about reform were more consequential in shaping trust and consumer support than were cognitions about culpability. Specifically, mediation analyses show a significant positive indirect path from apology to consumer responses, explained in part by perceptions of reform (consistent with H1c). This is consistent with trust repair theories that focus on the power of apologies to influence people's perceptions of the character of the apologizer, such as approaches drawing on attribution theory and correspondent inference theory. However, the equivalent pathways through the culpability signals were either not significant or relatively weak (providing little support for H2c). We therefore found no evidence that corporate apologies would backfire on the organization. Instead, the apology was more effective in restoring trust and consumer support than other responses. Study 2 confirmed that the performance of the apology was equally strong when the allegations against the company were grounded in strong evidence as when they were grounded in speculation.

Our conclusion – that apologies generally out-perform non-apologies in terms of restoring trust and consumer support after an integrity transgression – stands in contrast to several studies that suggest the opposite (Bagdasarov et al., 2019; Ferrin et al., 2007; Fuoli et al., 2017; Kim et al., 2004; Kim et al., 2013). We contend, however, that this would be a superficial interpretation, and that the apparent inconsistency is most likely due to the way the responses are operationalized in the literature. In the studies cited above, transgressors in the no-apology conditions deny that there is any truth in the allegations whatsoever. For example, in the studies by Fuoli et al. (2017) the company makes a bold declaration of innocence (“The facts will show that these allegations are groundless”) or they confess (“We are really sorry for what has happened”). In the paradigm used by Kim and colleagues (e.g., Ferrin et al., 2007; Kim et al., 2004; Kim et al., 2013), the accused either confesses and apologizes or they claim they were the victim of “bad office politics”. In that context, participants face a stark, dichotomous choice: either the target is innocent or they are lying.

In contrast, we located the trust breaches within the ethical “grey areas” within which many corporate scandals actually exist: contexts in which formally apologizing and taking no overt responsibility are both plausible rhetorical techniques. Specifically, we examined contexts in which the company was being held to account for the ethical breaches of a supplier. As in real life, the organization was not in a position to contest the events; they could not contest that the supplier's working

conditions were poor. What could be controlled, however, is whether or not they took collective responsibility for it. There are no clear, bright lines of truth – participants are not being asked to judge whether the company is “lying” – but rather they are being asked to judge where the company lies on an ambiguous continuum of collective responsibility. Under these conditions, we observed that the no-responsibility strategy was sometimes effective in increasing trust and consumer support, but always less so than an apology.

4.1. Theoretical implications

The literature on apologies is scattered across multiple disciplines; it is perhaps because of this that different theoretical perspectives have tended to operate in parallel to each other. Drawing on attribution theory and correspondent inference theory, some have argued that apologies are effective to the extent that they change people's assumptions about what resides in the hearts and minds of transgressors. From this perspective, an apology is a proxy for reform and positive change, one that leads victims and the broader public to reappraise their risk of being exploited in the future. On the other hand, some have argued that apologies send culpability signals that increase people's perceived exploitation risk. This latter argument does not feature in the interpersonal literature on forgiveness – nor does it feature heavily in the social psychology and political science research on intergroup apologies – but has gained traction in the management and public relations literatures.

Interestingly, however, the two competing predictions have not been examined in a systematic way: mechanisms are often inferred from the outcome of experimental effects on trust, without being actually measured and compared. A distinctive feature of our design is that we measured simultaneously both of the mechanisms that have been speculated to underpin responses to apologies: the reform signals and the culpability signals. This allowed us to directly assess the relative weighting of culpability and reform signals, offering a more nuanced insight into their role in shaping consumer trust and support.

Although our conclusions speak most directly to attributional accounts, we note that in our studies apologies still accounted for a large amount of variance in trust after accounting for perceived reform (see Figs. 2 and 3). This speaks to the fact that attributional accounts are just one subset of theoretical approaches to why apologies can have positive effects. Apologies may have additional positive effects on consumer trust and support, over and above what is explained by the way apologies signal reform and culpability. Operating in parallel to the attributional approach, the structural perspective focuses on the systems or formal structures that the violator may put in place to restore trust (Dirks et al., 2009). The apology may be seen as an implicit promise to make structural reforms. This allows consumers to form more predictable and positive expectations of the other party in the future, thereby facilitating the restoration of trust (Lewicki & Bunker, 1996; Tomlinson et al., 2004). In sum, we do not wish to argue that the effects of apologies in our studies are *reducible* to signals of reform; nor do we wish to imply that apologies are the only (or even the best) way to restore trust post-transgression (see Bottom et al., 2002; Coombs & Schmidt, 2010; for alternatives).

4.2. Managerial implications

If corporations face inaccurate or false accusations, they should deny them: this is the only fair and authentic response. If corporations are 100 % responsible for a transgression – and they know it – they should apologize: this is a moral obligation that lies outside cost-benefit concerns about whether an apology “works”. The current studies do not apply to these black-and-white contexts, but rather to the moral shades of grey that corporations frequently find themselves in, where responsibility lies on a continuum of ambiguity.

For corporations who are battling such scandals, a scan of the literature may lead to misgivings about whether apologizing is a wise choice.

Several literatures imply that benefits will be overwhelmed by the costs of admitting culpability, and that this is particularly going to be the case if the transgression revolves around integrity. The studies reported here suggest that there is no need for these misgivings. Interestingly, perceptions of culpability were relatively equal in the apology condition and the no-response condition. This suggests that, in the absence of any response, participants “defaulted to guilt” when weighing up allegations against the organization. This default response influences the cost-benefit ratio of issuing a corporate apology: if the public presumes culpability anyway, then there is not a great deal of reputational cost of apologizing.

Importantly, these culpability signals were weighted less in consumers’ mind than were the perceptions of reform that flowed on from a corporate apology. Compared to other corporate responses, apologies signalled to consumers that the organization had learned lessons and were unlikely to repeat similar transgressions going forward. This had downstream consequences in terms of improving consumers’ trust in the organization and their willingness to support the organization.

4.3. Limitations and future research

Confidence in our conclusions is enhanced by several design features. First, the events were presented to participants as real; not as fictional vignettes or scenarios as is the case in some studies on trust repair. Although there is something inherently contrived about discovering an integrity transgression in the context of a survey, we can be reassured that participants were responding in real ways to what were (ostensibly) real events. Like all other studies in this literature, however, we focused on attitudes and behavioral intentions rather than behaviors themselves. It remains to be seen whether responses would be different if participants had to “put their money where their mouth was”.

One limitation of the current studies is that we used a single scandal context: a case involving a morally dubious supplier in a textile industry. In strengthening the case for generalizability, it would be beneficial to examine effects outside the textile industry. Previous research in the service recovery literature has suggested that emotional responses to service recovery efforts can vary depending on the industry setting (Smith & Bolton, 2002), so care should be taken in extrapolating from the current results to other industry contexts. It has also been proposed that sectoral level contexts (e.g., non-profit sector versus commercial sector) can shape responses to trust violations (Gillespie et al., 2023) and trust repair efforts (Chapman et al., 2022,2023). Manipulating the sectoral context in which the transgression occurred would help unpack some of these subtleties.

Additional moderators of our effects might be uncovered by examining different types of apologies. Recent work, for example, has found differential effects on stock market returns based on types of apologies (Fan et al., 2023) and some work has suggested that there can be different responses among audiences depending on whether apologies are delivered exclusively through verbal means or are supplemented also be non-verbal, embodied forms of remorse (Hornsey et al., 2020; ten Brinke & Adams, 2015).

An additional avenue could be examining social media reactions to corporate apologies. Because the goal of the current studies was to disentangle competing psychological mechanisms in a quantitative experiment, the current studies focused on self-report indices of support and trust. However, future studies may benefit from examining consumer discourse “in the wild”, and recent advances in textual analysis may be sufficient to code for the competing mechanisms that framed the current study (i.e., themes of reform versus themes of culpability).

Finally, we note that our experimental design was conducted in quick-step sequences, all within the timeframe of a brief survey. Process models of forgiveness highlight that trust recovery is often a slow process, and that people go through a series of trust-sensitive stages in determining whether an individual or group can be trusted again. Designs that can take a truly temporal approach would make a valuable

addition to the literature.

4.4. Conclusions

In sum, the current two experiments show that the downsides of apologizing in terms of sending culpability signals are outweighed by the upside of apologies in terms of signalling reform. This is one of those pleasing situations where honor and profit motive converge: Not only is apologizing the “nice” thing to do, it is also the “smart” thing to do in terms of winning back trust and consumer support following a transgression.

Funding

This work was supported by the Australian Research Council (DP170103856).

CRedit authorship contribution statement

Matthew J. Hornsey: Writing – original draft, Funding acquisition, Formal analysis, Data curation, Conceptualization. **Cassandra M. Chapman:** Writing – review & editing, Project administration, Methodology, Formal analysis, Conceptualization. **Stephen La Macchia:** Writing – review & editing, Formal analysis, Data curation. **Jennifer Loakes:** Writing – review & editing, Methodology, Formal analysis, Data curation.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Acknowledgements

We thank Prof. Peter Kim for his thoughtful comments on a previous version of this manuscript.

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Prof. Matthew J. Hornsey is a Professor of Management at the University of Queensland, Australia, and Director of the Business Sustainability Initiative. He has published over 200 papers focusing primarily on social influence and trust-sensitive communication.

Assoc Prof. Cassandra M. Chapman holds a PhD in the psychology of charitable giving (University of Queensland) and is now an Associate Professor of Marketing and ARC DECRA Fellow, specialised in donor psychology and fundraising. Having come to academia with a background in nonprofit marketing, Cassandra’s research focuses on the psychology of charitable giving, trust in nonprofits, and public responses to charity scandals.

Dr. Stephen La Macchia received a PhD on trust perceptions at the University of Queensland and is now a postdoctoral fellow in the Department of Marketing, Deakin University, Australia.

Ms. Jennifer Loakes received a Masters of Organizational Psychology at the University of Queensland and now applies her insights into trust repair at Anglicare Southern Queensland.