

## Academic Research

# Protecting Organization Reputations During a Crisis: The Development and Application of Situational Crisis Communication Theory

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### ABSTRACT

*Crisis managers benefit from understanding how crisis communication can be used to protect reputational assets during a crisis. Situational Crisis Communication Theory (SCCT) offers a framework for understanding this dynamic. SCCT provides a mechanism for anticipating how stakeholders will react to a crisis in terms of the reputational threat posed by the crisis. Moreover, SCCT projects how people will react to the crisis response strategies used to manage the crisis. From its empirical research emerges a set of evidence-based crisis communication guidelines. The development of SCCT is discussed along with the presentation of its guidelines for crisis communication. Corporate Reputation Review (2007) 10, 163–176. doi:10.1057/palgrave.crr.1550049*

**KEYWORDS:** *crisis communication; crisis management; reputation*

### INTRODUCTION

Crises are taken as a threat to the organizational reputation. Crises damage the reputation and such changes can affect how stakeholders interact with the organization (Barton, 2001; Dowling, 2002). Post-crisis communication can be used to repair the reputation and/or prevent reputational damage (Coombs and Holladay, 2005). The field of crisis communication is dominated by case studies. The end result is

that we know precious little about how stakeholders react to crises or to the crisis response strategies used to manage crises (Ahluwalia *et al.*, 2000; Dawar and Pillutla, 2000; Dean, 2004). Crisis management needs evidence-based crisis communication guidance. Evidence-based guidance for decision making in a crisis must be supported by scientific evidence from empirical research rather than personal preference and unscientific experience (Rousseau, 2006).

Situational Crisis Communication Theory (SCCT) provides an evidence-based framework for understanding how to maximize the reputational protection afforded by post-crisis communication. Research using SCCT relies on experimental methods rather than case studies. SCCT identifies how key facets of the crisis situation influence attributions about the crisis and the reputations held by stakeholders. In turn, understanding how stakeholders will respond to the crisis informs the post-crisis communication. The empirical research from SCCT provides a set of guidelines for how crisis managers can use crisis response strategies to protect a reputation from the ravages of a crisis. This paper is the initial detailed presentation of SCCT and its recommendations for crisis communication. The discussion of SCCT begins by unpacking the reputational threat of a crisis and then moves to the explication



of SCCT and its application to reputation protection during a crisis.

### **CRISIS AS A REPUTATIONAL THREAT**

A reputation is an aggregate evaluation stakeholders make about how well an organization is meeting stakeholder expectations based on its past behaviors (Wartick, 1992). The term 'organization' is used here instead of corporation because SCCT is applicable to variety of organizational forms and the term 'corporation' implies a specific type of for-profit organization. As evaluations, reputations are favorable and/or unfavorable. Stakeholders are any group that can affect or be affected by the behavior of an organization (Agle *et al.*, 1999; Bryson, 2004). Reputations are widely recognized as a valuable, intangible asset. Reputational assets can attract customers, generate investment interest, improve financial performance, attract top-employee talent, increase the return on assets, create a competitive advantage and garner positive comments from financial analysts (Carmeli and Tishler, 2005; Davies *et al.*, 2003; Fombrun and Gardberg, 2000; Fombrun and van Riel, 2004).

### **The Formation of Reputations**

A reputation develops through the information stakeholders receive about the organization (Fombrun and van Riel, 2004). Stakeholders receive information through interactions with an organization, mediated reports about an organization (including the news media and advertising) and second-hand information from other people (eg, word of mouth and weblogs). Most of the information stakeholders collect about organizations is derived from the news media. That is why media coverage is an important feature of reputation management (Carroll, 2004; Carroll and McCombs, 2003; Meijer, 2004). Second-hand information from social media on the internet, such as weblogs or blogs, is critical for some crises. Kryptonite, the bicycle lock makers and Edelman

Public Relations' fake, supportive blogs for Wal-mart are examples of crises that transpired primarily online rather than in the news media.

Because reputations are evaluative, some point of comparison is required. Stakeholders compare what they know about an organization to some standard to determine whether or not an organization meets their expectations for how an organization should behave. A failure to meet expectations, an expectation gap, is problematic for organizations (Reichart, 2003). Reputations are based in large part on how stakeholders evaluate an organization's ability to meet their expectations for treating stakeholders.

### **Threat Posed by Crises**

A crisis is a sudden and unexpected event that threatens to disrupt an organization's operations and poses both a financial and a reputational threat. Crises can harm stakeholders physically, emotionally and/or financially. A wide array of stakeholders are adversely affected by a crisis including community members, employees, customers, suppliers and stockholders. Crises threaten to damage reputations because a crisis gives people reasons to think badly of the organization. Again, the news media and the internet play a critical role. Most stakeholders will learn about a crisis from news reports. In a smaller number of crises, stakeholders learn about crises through online social media. The exceptions would be victims or potential victims who are more likely to experience the crisis or to be informed directly by the organization about the crisis. If a reputation shifts from favorable to unfavorable, stakeholders can change how they interact with an organization. Clearly, the benefits of a favorable reputation noted earlier may be lost. Furthermore, stakeholders may sever ties to the organization and/or spread negative word of mouth about the organization.

The field of crisis management is cognizant of the value of reputations. One

manifestation of this concern is the notion of reputational capital. Reputational capital is an organization's 'stock of perceptual and social assets – the quality of the relationship it has established with stakeholders and the regard in which the company and brand is held' (Fombrun and van Riel, 2004: 32). Organizations accumulate reputational capital over time. Some writers use the metaphor of a bank account (Alsop, 2004; Dowling, 2002). A crisis will inflict some reputational damage – reputational capital is lost. A favorable prior (pre-crisis) reputation is a buffer against the reputational capital lost during a crisis. An organization with a more favorable prior reputation will still have a stronger post-crisis reputation because it has more reputational capital to spend than an organization with an unfavorable or neutral prior reputation. As a result, a favorable prior reputation means an organization suffers less and rebounds more quickly. Fombrun and van Riel (2004) report that a number of event-based studies found support for the reputational capital effect when examining stock prices (eg, Gregory, 1998; Knight and Pretty, 1999).

### **Ethical Responsibilities for a Crisis Response**

The first priority in any crisis is to protect stakeholders from harm, not to protect the reputation. Instructing information tells stakeholders what they must do to protect themselves from the *physical* threat of a crisis. Examples would be telling consumers not to eat contaminated foods or warning sirens alerting people to a chemical release and the need to shelter in place. Instructing information can be delivered directly to stakeholders (eg, sirens) or through the news media (eg, recall alerts).

Adapting information helps people to cope with the *psychological* threat from the crisis (Sturges, 1994). A crisis creates a need for information. The uncertainty of a crisis produces stress for stakeholders. To cope with

this psychological stress, stakeholders need information about what had just happened. Furthermore, stakeholders want to know what is being done to protect them from similar crises in the future – what corrective actions are being taken. Corrective actions reassure stakeholders that they are safe thereby reducing their psychological stress (Sellnow *et al.*, 1998). A final component of adjusting information is an expression of concern for the victims. Expressions of concern are expected by stakeholders and recommended by crisis experts but are not admissions of guilt (Fuchs-Burnett, 2002; Patel and Reinsch, 2003).

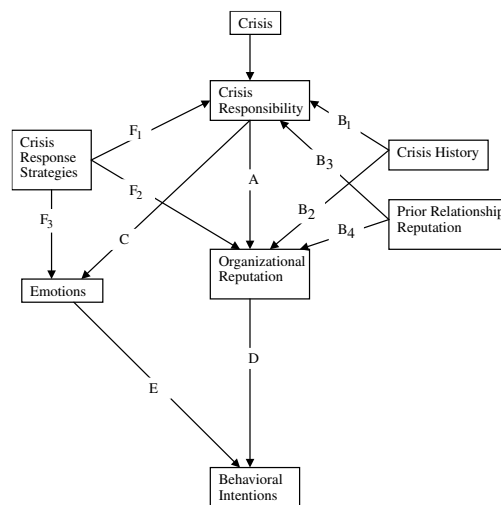
It would be irresponsible to begin crisis communication by focusing on the organization's reputation. To be ethical, crisis managers must begin their efforts by using communication to address the physical and psychological concerns of the victims. It is only after this foundation is established that crisis managers should turn their attentions to reputational assets. SCCT provides guidance when crisis managers have met their initial obligations and are prepared to address reputational assets.

### **SITUATIONAL CRISIS COMMUNICATION THEORY**

To explain SCCT, a series of propositions are presented to identify the key variables and relationships in the theory. The discussion of the propositions is guided by Figure 1 and informed by research designed to test various aspects of SCCT. A short explanation of Attribution Theory is provided followed by an exploration of SCCT.

#### **SCCT's Attribution Theory Roots**

Attribution Theory posits that people search for the causes of events (make attributions), especially those that are negative and unexpected (Weiner, 1985; Weiner 1986, 2006). A person attributes responsibility for an event and will experience an emotional reaction to the event. Anger and sympathy



**Figure 1:** Crisis situation model of SCCT

are the core emotions in Attribution Theory. The attributions of responsibility and emotions can serve as motivations for action. Behavioral responses are negative when a person is judged responsible and anger is evoked. Behavioral responses are positive when a person is judged not to be responsible and sympathy is evoked (Weiner, 2006).

SCCT is informed by Attribution Theory. Attribution Theory provides the rationale for the relationship between many of the variables used in SCCT. SCCT extends upon this Attribution Theory base to predict the reputational threat presented by a crisis and to prescribe crisis response strategies designed to protect reputational assets. The crisis is the negative event that leads stakeholders to assess crisis responsibility. Was the crisis a result of situational factors or something the organization could control? Indeed, extant research forges a link between Attribution Theory and crises (eg, Bradford and Garrett, 1995; Coombs, 1995; Härtel *et al.*, 1998; Jorgensen, 1994, 1996; Mowen, 1980; Stockmyer, 1996). Stakeholder attributions of crisis responsibility have affective and behavioral consequences for an organization (Coombs and Holladay, 2005; McDonald

and Härtel, 2000). If the organization is deemed responsible, the reputation suffers and stakeholders become angry. In turn, stakeholders may sever connections to the organization and/or create negative word of mouth. Management has a vested interest in preventing either of these two negative outcomes.

### Factors That Shape the Reputational Threat

SCCT posits that by understanding the crisis situation, the crisis manager can determine which crisis response strategy or strategies will maximize reputational protection. SCCT centers on the crisis manager examining the crisis situation in order to assess the level of the reputational threat level presented by a crisis. The threat is the amount of damage a crisis could inflict on the organization's reputation if no action is taken. Three factors in the crisis situation shape the reputational threat: (1) initial crisis responsibility, (2) crisis history and (3) prior relational reputation.

Initial crisis responsibility is a function of stakeholder attributions of personal control for the crisis by the organization – how much stakeholders believe organizational actions caused the crisis (Coombs, 1995). Research has consistently demonstrated that increased attributions of crisis responsibility by stakeholders produce lower reputational scores among those same stakeholders. The reputational threat to an organization increases as stakeholders' attributions of crisis responsibility to the organization intensifies (Coombs, 1998; Coombs and Holladay, 1996, 2002, 2004). The initial crisis assessment is based upon the crisis type. The crisis type is how the crisis is being framed.

The framing research in mass communication serves to illuminate the rationale behind crisis types as crisis frames. In general, frames are concerned about salience or emphasis and operate on two related levels: frames in communication and frames in

thought (Druckman, 2001). Frames in communication involve the way (words, phrases, images, etc) that information is presented in a message. For instance, the media naturally feature certain aspects of a problem or situation in a story (Yioutas and Segvic, 2003). Frames in thought involve the cognitive structures (such as scripts or schema) people utilize when interpreting information (Druckman, 2001). Frames in communication help to shape frames in thought. The way a message is framed shapes how people define problems, causes of problems, attributions of responsibility and solutions to problems (Cooper, 2002). The mass communication research demonstrates that how the media frame issues affects political judgments. Frames stress certain facts or values making them salient when individuals make decisions (Joslyn, 2003).

The framing effect occurs when a communicator selects certain factors to emphasize. The people who receive the message will focus their attentions on those factors when forming their opinions and making judgments (Druckman, 2001). Crisis types are a form of frame. Each crisis type features certain aspects of the crisis. These cues indicate how stakeholders should interpret a crisis (Coombs and Holladay, 2002). A crisis manager tries to establish or shape the crisis frame by emphasizing certain cues. The cues include whether or not some external agent or force caused the crisis, whether the crisis was a result of accidental or intentional actions by members of the organization and whether the cause of the crisis was technical or human error. It does matter if stakeholders view the event as an accident, sabotage or criminal negligence. The crisis types or frame determines how much stakeholders attribute responsibility for the crisis to the organization.

SCCT research has identified three crisis clusters based upon attributions of crisis responsibility by crisis type: (1) the victim cluster has very weak attributions of crisis

responsibility (natural disasters, workplace violence, product tampering and rumor) and the organization is viewed as a victim of the event; (2) the accidental cluster has minimal attributions of crisis responsibility (technical-error accident, technical-error product harm and challenge) and the event is considered unintentional or uncontrollable by the organization and (3) the intentional cluster has very strong attributions of crisis responsibility (human-error accident, human-error product harm and organizational misdeed) and the event is considered purposeful (Coombs and Holladay, 2002). Table 1 provides a short definition of these crises. The definitions reflect the crisis cues that are made salient in the crisis frame (refer to Coombs and Holladay (2002) for a more detailed discussion of the crisis types).

Crisis history is whether or not an organization has had a similar crisis in the past. According to Attribution Theory, a history of crises suggests an organization has an ongoing problem that needs to be addressed (Kelley and Michela, 1980; Martinko *et al.*, 2004). Prior relational reputation is how well or poorly an organization has or is perceived to have treated stakeholders in other contexts. Prior relational reputation is unfavorable if the organization has a history of treating stakeholders badly (Porritt, 2005). An unfavorable prior relational reputation suggests an organization shows little consideration for stakeholders across a number of domains, not just in this crisis.

Crisis history and prior relational reputation have both a direct and indirect effect on the reputational threat posed by the crisis. Either a history of crises or an unfavorable prior relational reputation intensifies attributions of crisis responsibility thereby indirectly affecting the reputational threat. Moreover, the two factors have a direct effect on the reputational threat that is separate from crisis responsibility (Coombs, 2004a,b).

**Table 1: SCCT crisis types by crisis clusters**

Victim cluster: In these crisis types, the organization is also a victim of the crisis.

(Weak attributions of crisis responsibility = Mild reputational threat)

*Natural disaster:* Acts of nature damage an organization such as an earthquake.

*Rumor:* False and damaging information about an organization is being circulated.

*Workplace violence:* Current or former employee attacks current employees onsite.

*Product tampering/Malevolence:* External agent causes damage to an organization.

Accidental cluster: In these crisis types, the organizational actions leading to the crisis were unintentional.

(Minimal attributions of crisis responsibility = Moderate reputational threat)

*Challenges:* Stakeholders claim an organization is operating in an inappropriate manner.

*Technical-error accidents:* A technology or equipment failure causes an industrial accident.

*Technical-error product harm:* A technology or equipment failure causes a product to be recalled.

Preventable cluster: In these crisis types, the organization knowingly placed people at risk, took inappropriate actions or violated a law/regulation.

(Strong attributions of crisis responsibility = Severe reputational threat)

*Human-error accidents:* Human error causes an industrial accident.

*Human-error product harm:* Human error causes a product to be recalled.

*Organizational misdeed with no injuries:* Stakeholders are deceived without injury.

*Organizational misdeed management misconduct:* Laws or regulations are violated by management.

*Organizational misdeed with injuries:* Stakeholders are placed at risk by management and injuries occur.

### Steps in Evaluating the Reputational Threat of a Crisis

Crisis managers follow a two-step process when using these three factors to assess the reputational threat. The first step in assessing the reputational threat is to determine the initial crisis responsibility attached to a crisis. SCCT posits that each crisis type generates specific and predictable levels of crisis responsibility—attributions of organizational responsibility for the crisis. Furthermore, crisis types are grouped into three clusters that produce similar levels of crisis responsibility: victim cluster, accidental cluster and intentional cluster. By identifying the crisis type, the crisis manager can anticipate how much crisis responsibility stakeholders will attribute to the organization at the onset of the crisis thereby establishing the initial crisis responsibility level. The Crisis Responsibility—

Organizational Reputation Proposition, represented by arrow A in the model illustrated in Figure 1, states that as stakeholders attribute greater crisis responsibility to the organization, their perceptions of the organizational reputation will decline. This link had to be verified if SCCT is to have any value. Research has established that crisis responsibility is negatively related to organizational reputation (Coombs and Holladay, 1996, 2001).

The second step in assessing the reputational threat involves crisis history and prior relationship reputation, the two intensifying factors. Crisis history and an unfavorable prior relationship reputation serve to increase the initial assessment of the reputational threat. A victim crisis generates the same reputational threat as an accident crisis when there is a history of crises and/or an

unfavorable prior relationship reputation. Similarly, the presence of intensifying factors results in accident crises creating the same reputational threat as an intentional crisis (Coombs and Holladay, 2001, 2004).

Two propositions explain how the intensifying factors can alter the initial reputational threat. The Crisis History Proposition, represented by arrows  $B_1$  and  $B_2$  in the model, states that an organization that experienced a similar crisis in the past is attributed greater crisis responsibility and suffers more direct and indirect reputational damage than an organization with no history of crises. The Prior Relationship Reputation Proposition, represented by arrows  $B_3$  and  $B_4$  in the model, states an organization that treated stakeholders badly in the past is attributed greater crisis responsibility and suffers more direct and indirect reputational damage than an organization with a neutral or positive relationship reputation. Research supports the belief that both crisis history and an unfavorable prior relationship reputation intensifies attributions of crisis responsibility and have a direct effect on reputations (Coombs, 2004a,b; Coombs and Holladay, 2001). The Crisis History and Prior Relationship Reputation Propositions illuminate how situation factors can amplify the reputational threat of a crisis and alter the nature of the crisis.

Crisis responsibility triggers affective reactions as well as being a reputational threat. Emotions operate on a parallel track to reputation and affect behavior intentions as well. Increased attributions of crisis responsibility generate stronger feelings of anger and in some extreme cases *schadenfreude* (drawing pleasure from the pain of others) toward the organization while reducing feelings of sympathy for the organization (Coombs and Holladay, 2005). The Crisis Responsibility–Affect Proposition, represented by arrow C in the model, argues that as crisis responsibility strengthens, feelings of anger and *schadenfreude* intensify and feelings of sympathy

lessen. Negative emotions can cause stakeholders to lash out at an organization (engage in negative word of mouth) or to sever interactions with the organization (Coombs and Holladay, 2004).

Ultimately, the model needs to connect the effects of a crisis to behavior intention. If crises altered reputations and create affect but did not impact behavioral intentions, there would be no reason to worry about the effects of crises. The Organizational Reputation–Behavior Intention Proposition, represented by arrow D in the model, posits that the more negative the reputation, the less likely stakeholders are to report behavioral intentions that are supportive of an organization (eg, using products or services). Hence, the reputational damage inflicted by a crisis has implications for the interactions between the organization and its stakeholders. After a crisis, customers can stop buying products or community members may no longer support the organization. Research demonstrates that the post-crisis reputation is related to behavioral intentions such as purchase intention and support for an organization (Coombs and Holladay, 2001; Siomkos and Kurzbard, 1994). The relationship is important because changes in the reputation will have behavioral ramifications.

The Affect–Behavioral Intention Proposition, represented by arrow E in the model, believes the stronger the feelings of negative affect (anger and *schadenfreude*), the less likely stakeholders are to report behavioral intentions that are supportive of an organization and will be more likely to engage in negative word of mouth. Research has shown limited support for this proposition (Coombs and Holladay, 2004; Jorgensen, 1996; Rudolph *et al.*, 2004). Crisis responsibility can impact behavioral intentions through emotions as well as through reputation. While reputation and emotions are closely related, that connection is largely explained by the shared connection to crisis responsibility.



### Crisis Response Strategies

Crisis response strategies are used to repair the reputation, to reduce negative affect and to prevent negative behavioral intentions. Crisis response strategies, what management says and does after a crisis, have been studied extensively in management (eg, Bradford and Garrett, 1995; Marcus and Goodman, 1991; Siomkos and Shrivastava, 1993) and communication (eg, Allen and Caillouet, 1994; Benoit, 1995). A researcher cannot hope to craft the one, perfect list of crisis response strategies. What can be created is a list of useful crisis response strategies. SCCT demands a theoretical link between crisis situations and crisis response strategies. Logically, we cannot match crisis response strategies to the reputational threat of a crisis if there is no conceptual connection between the two. Responsibility provides the conceptual link in SCCT. The evaluation of

the reputational threat (the situation) is largely a function of crisis responsibility.

Responsibility requires accountability and the organization must answer for its actions (Weiner, 2006). The crisis response strategies are the organization's answer. SCCT's list of crisis response strategies is built around the perceived acceptance of responsibility for a crisis embodied in the response. As crisis response strategies become more accommodative, show greater concern for victims, stakeholders perceive the organization as taking greater responsibility for the crisis (Coombs and Holladay, 2004, 2005). Table 2 defines the primary and supplemental crisis response strategies used in SCCT. Previous research found that the primary SCCT crisis response strategies form three groups based upon perceptions of accepting responsibility for a crisis: (1) denial, (2) diminish and (3) rebuild (Coombs, 2006).

**Table 2: SCCT crisis response strategies**

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*Primary crisis response strategies*

Deny crisis response strategies

*Attack the accuser:* Crisis manager confronts the person or group claiming something is wrong with the organization.

*Denial:* Crisis manager asserts that there is no crisis.

*Scapegoat:* Crisis manager blames some person or group outside of the organization for the crisis.

Diminish crisis response strategies

*Excuse:* Crisis manager minimizes organizational responsibility by denying intent to do harm and/or claiming inability to control the events that triggered the crisis.

*Justification:* Crisis manager minimizes the perceived damage caused by the crisis.

Rebuild crisis response strategies

*Compensation:* Crisis manager offers money or other gifts to victims.

*Apology:* Crisis manager indicates the organization takes full responsibility for the crisis and asks stakeholders for forgiveness.

*Secondary crisis response strategies*

Bolstering crisis response strategies

*Reminder:* Tell stakeholders about the past good works of the organization.

*Ingratiation:* Crisis manager praises stakeholders and/or reminds them of past good works by the organization.

*Victimage:* Crisis managers remind stakeholders that the organization is a victim of the crisis too.

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### How Crisis Response Strategies Protect against Negative Reactions to a Crisis

SCCT holds that communication affects people's perceptions in a crisis. The words used and action taken by management affect how people perceive the organization and/or the crisis. In turn, those perceptions shape evaluations of the organizational reputation as well as stakeholders' emotional response toward and future interactions with the organization (Nerb and Spada, 1997). SCCT shares this belief in the power of communication with Image Restoration Theory (Benoit, 1995). Image Restoration Theory is a descriptive system used to analyze crisis cases. The focal point is identifying which crisis response strategies were used in the case and drawing speculative conclusions about the utility of the crisis response strategies. I use the term speculative because these are case studies, not empirical tests of hypotheses. As other critics have noted, case studies limit our understanding of how people respond to crises and crisis response strategies. Moreover, Image Restoration Theory offers no conceptual links between the crisis response strategies and elements of the crisis situation. SCCT draws upon the crisis response strategies articulated in Image Restoration Theory by integrating those strategies into a system that predicts how stakeholders should react to the crisis and the crisis response strategies used to manage the crisis.

Crisis response strategies have three objectives relative to protecting reputations: (1) shape attributions of the crisis, (2) change perceptions of the organization in crisis and (3) reduce the negative affect generated by the crisis (Coombs, 1995). These three objectives all support the larger goal of reputation protection and are represented by arrows  $F_1$ ,  $F_2$ , and  $F_3$  in the model. Crisis managers may pursue any combination of these three objectives with their responses.

As noted earlier, a crisis event is framed as being a specific crisis type. Crisis managers

use the crisis response strategies to establish a frame or to reinforce an existing frame. In most cases, the news media is the final arbitrator of the crisis frames. The frames used in the news media reports are the frames that most stakeholders will experience and adopt. That is why it is critical that crisis managers present 'their side of the story' to the news media. One exception would be crises that transpire predominantly online. For online crises, people posting crisis-related information to the internet provide the frames. The people who post to the internet about crises include the crisis managers, influential bloggers, critics of the organization and crisis victims.

Deny strategies seek to establish a crisis frame. Deny strategies attempt to remove any connection between the organization and the crisis. If the organization is not involved in a crisis, it will not suffer any damage from the event. In rumor and challenge crises, managers need to argue that there is no 'real' crisis. Managers deny the truth to the rumor or refute the charges of immoral conduct. If stakeholders, including the news media, accept the no crisis frame of denial, the organization is spared any reputational harm.

The diminish crisis response strategies argue that a crisis is not as bad as people think or that the organization lacked control over the crisis. If crisis managers lessen an organization's connection to the crisis and/or have people view the crisis less negatively, the harmful effects of the crisis are reduced. Managers need solid evidence to support these claims and even then might fail. Failure occurs when the news media or, in the case of online-oriented crises, people posting messages reject the crisis manager's frame and continue using a different frame. Stakeholders will be given competing frames and will select the frame provided by the source they find most credible. Diminish strategies are most effective when reinforcing existing crisis frames. Excuse strategies, lack



of intent and/or volition can be used to re-affirm a crisis situation as residing in the accidental cluster. The value in reinforcing such a frame is that an accidental crisis is much easier and less expensive to manage than an intentional crisis (Coombs and Holladay, 2002, 2004).

To change perceptions of the organization in crisis, managers present new, positive information about the organization and/or remind stakeholders of past good works by the organization. The key is to offset the negatives from the crisis with current or past good works. Rebuild strategies are the main avenue for generating new reputational assets. Rebuild strategies attempt to improve the organization's reputation by offering material and/or symbolic forms of aid to victims. The crisis managers say and do things to benefit stakeholders and thereby take positive actions to offset the crisis. Offering compensation or a full apology both are positive reputational actions. The rebuild strategies are used for crises that present a severe reputational threat such as intentional crises or accidental crises coupled with a crisis history and/or unfavorable prior relationship reputation.

Bolstering offers a minimal opportunity to develop reputational assets. Managers who have had positive relationships with stakeholders can draw upon that goodwill to help protect the organizational reputation, praise stakeholders for their efforts during the crisis as a means of improving relationships with them or draw sympathy from being a victim of the crisis. Praising stakeholders generates some goodwill and being cast as the victim evokes sympathy for the organization. Reminder, another bolstering strategy, uses past good works to counter-balance the current negatives from the crisis. The reminder strategy demands that there are good past works from which to draw. All bolstering strategies are best used as supplements to the three primary strategies and adjusting information.

A crisis will create negative affect, especially the intentional crisis cluster. Stakeholders become angry and may even enjoy seeing the organization suffer. Deny eliminates negative affect if people accept there is no crisis. Adjusting information and rebuild strategies are the most effective ways to reduce negative affect. Part of adjusting information is the expression of concern for victims. Expressions of concern themselves help to reduce negative affect. Expressing concern for victims (adjusting information) and reinforcing this compassion through compensation and/or a full apology serve to blunt feelings of anger (Coombs and Holladay, 2005). A crisis can also evoke sympathy for the organization. The victim-age strategy serves to reinforce the belief that the organization deserves sympathy.

## Review

SCCT holds that as the reputational threat and negative affect increases (both of which are functions of situational factors), crisis managers should utilize crisis response strategies with the requisite level of accepting crisis responsibility. Table 3 provides a summary of the SCCT recommendations for the use of crisis response strategies.

It would be easy to conclude that the safest crisis response would be the rebuild strategies because they address victims so well. Rebuild strategies are, however, not always the preferred response. The more accommodative the strategy, the more expensive it is for the organization (Cohen, 1999; Patel and Reinsch, 2003; Stockmyer, 1996). Research has demonstrated that using overly accommodative strategies produces no greater reputational benefits than those prescribed by SCCT. For instance, using a full apology in an accidental crisis provides no greater reputational benefit than an excuse strategy with adjusting information. Management pays more for the response but does not see an increased yield in reputation protection (Coombs and Holladay, 1996,

**Table 3: SCCT crisis response strategy guidelines**

1. Informing and adjusting information alone can be enough when crises have minimal attributions of crisis responsibility (victim crises), no history of similar crises and a neutral or positive prior relationship reputation.
2. Victimhood can be used as part of the response for workplace violence, product tampering, natural disasters and rumors.
3. Diminish crisis response strategies should be used for crises with minimal attributions of crisis responsibility (victim crises) coupled with a history of similar crises and/or negative prior relationship reputation.
4. Diminish crisis response strategies should be used for crises with low attributions of crisis responsibility (accident crises), which have no history of similar crises, and a neutral or positive prior relationship reputation.
5. Rebuild crisis response strategies should be used for crises with low attributions of crisis responsibility (accident crises), coupled with a history of similar crises and/or negative prior relationship reputation.
6. Rebuild crisis response strategies should be used for crises with strong attributions of crisis responsibility (preventable crises) regardless of crisis history or prior relationship reputation.
7. The deny posture crisis response strategies should be used for rumor and challenge crises, when possible.
8. Maintain consistency in crisis response strategies. Mixing deny crisis response strategies with either the diminish or rebuild strategies will erode the effectiveness of the overall response.

2004). Moreover, using overly accommodating strategies when unnecessary actually can worsen the situation. Stakeholders begin to think the crisis must be worse than they thought if the organization is responding so aggressively (Siomkos and Kurzbard, 1994).

### BOUNDARY CONDITIONS

The guidelines provided by SCCT are affected by the constraints surrounding the crisis situation. Financial resources are the dominant constraint. Financial constraints, for example, impact the strategy selection (Tyler, 1997). If an organization cannot afford a particular crisis response, they can opt for the next best but less-expensive strategy. SCCT is used to determine which crisis response strategies would be 'the next best'. A crisis manager, for instance, may have to use an excuse strategy rather than the recommended apology strategy. SCCT helps the crisis manager understand his/her options. The crisis manager will realize that the use of a lesser strategy will reduce the

reputational repair effectiveness of the crisis response.

As noted earlier, most stakeholders will learn about a crisis from the news media. Hence, how the news media frame (define) the crisis is an important consideration. Research from agenda setting and reputation (Carroll, 2004) suggest that the stakeholders will adopt the media's frame for the crisis. A crisis manager may find it difficult to change the media's frame for the crisis and be forced to manage within that crisis frame. The same dynamic holds true when a crisis is based online. In these cases, people posting the information on the internet help to establish the crisis frame. If the media coverage or internet discussion provides no clear frame, the crisis manager will have an easier time establishing his/her own frame.

### SUMMARY

Ethics recommend that the physical and psychological needs of the stakeholders be the top priority in a crisis. Once stakeholder



needs are addressed, crisis managers can turn their attention to other demands such as the organization's reputation. Crises represent a distinct source of reputational threat. SCCT is offered as an alternative to case studies for understanding how to protect reputational assets during a crisis. The crisis type, crisis history and prior relationship reputation allow managers to anticipate how stakeholders will perceive and react to the crisis and the organization in crisis. Understanding these reactions allows the crisis manager to anticipate the level of reputational threat a crisis poses. Research has verified the way crisis types, crisis history and prior relationship history shape stakeholder reactions.

In turn, these stakeholder perceptions suggest which crisis response strategy or strategies will best serve to protect the organization's reputation. Again, research has established how the crisis response strategies will affect stakeholder perceptions and the impact on reputational assets. Because reputations shape how stakeholders interact with organizations, protecting the reputation yields behavioral benefits as well. SCCT models the crisis situation and provides an evidence-based set of guidelines for using crisis response strategies that can benefit crisis managers and their organizations.

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