

EXAMINING THE EFFECTIVENESS OF CEO APOLOGY AS A CRISIS RESPONSE  
STRATEGY, ACCORDING TO MEDIA CHANNELS AND APOLOGY STRATEGIES

By

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To my beloved family

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## TABLE OF CONTENTS

	<u>page</u>
ACKNOWLEDGMENTS.....	4
LIST OF TABLES.....	7
LIST OF FIGURES.....	8
ABSTRACT .....	9
CHAPTER	
1 INTRODUCTION .....	10
2 LITERATURE REVIEW .....	18
2.1 Principles of Apology .....	18
2.2 Social Presence Theory.....	19
2.3 Situational Crisis Communication Theory .....	21
2.4 Apology Strategy as a Post-crisis Response Strategy.....	22
2.5 Crisis Communication and Emergent Media .....	24
2.6 Public Apology and Emergent Media.....	25
2.7 Chief Executive Office (CEO) Apology as a Crisis Response Strategy to Rescue Corporate Reputation .....	27
2.8 Maeil Dairies Baby Milk Powder Crisis in South Korea, 2011 .....	30
2.9 Research Questions .....	32
3 METHOD .....	34
3.1 Design and Materials .....	34
3.2 Procedures .....	35
3.3 Participants .....	35
3.4 Manipulation Check .....	35
3.5 Scales Used and Reliability Analysis .....	36
3.5.1 Message Acceptance .....	36
3.5.2 Post-Crisis Corporate Reputation .....	36
4 RESULTS .....	40
4.1 Sample Characteristics .....	40
4.2 Research Questions .....	40
5 DISCUSSION AND CONCLUSION .....	54
5.1 Summary of Results.....	54
5.1.1 Video vs. Print and Emerging Media vs. Traditional Media .....	54

5.1.2 Media Channel Matters More Than Message Strategy .....	55
5.2 Implications .....	55
5.3 Limitations and Future Research .....	56

APPENDIX

A QUESTIONNAIRE .....	58
Korean Version .....	58
English Version .....	62
B EXPERIMENTAL STIMULI .....	66
LIST OF REFERENCES .....	68
BIOGRAPHICAL SKETCH .....	73

## LIST OF TABLES

<u>Table</u>	<u>page</u>
2-1 Cases of CEO apology video.....	33
3-1 Message acceptance.....	37
3-2 The reputation quotient (RQ).....	38
3-3 Cronbach’s alpha coefficient for dependent variables .....	39
3-4 Inter-item correlation for dependent variables .....	39
4-1 Means and standard deviations for message acceptance as an apology strategies and media .....	43
4-2 Analysis of variance for message acceptance by media type .....	44
4-3 Means and standard deviations for message acceptance as an apology strategies and media .....	45
4-4 Analysis of variance for message acceptance by media type and apology strategies.....	46
4-5 Means and standard deviations for reputation quotient (RQ) as an apology strategies and media .....	47
4-6 Analysis of variance for reputation quotient by media type.....	47
4-7 Means and standard deviations for reputation quotient (RQ) as an apology strategies and media .....	48
4-8 Analysis of Variance for reputation quotient by media type and apology strategies.....	48
4-9 Analysis of variance for reputation quotient by groups of six combinations of media type x apology strategies and one no-apology condition .....	49
4-10 Analysis of variance simple contrasts of groups for post-crisis corporate reputation .....	49

## LIST OF FIGURES

<u>Figure</u>	<u>page</u>
4-1 Mean plot for RQ1a .....	50
4-2 Mean plot for RQ1a .....	50
4-3 Mean plot for RQ1a .....	51
4-4 Mean plot for RQ1b .....	51
4-5 Mean plot for RQ1b .....	52
4-6 Mean plot for RQ1b .....	52
4-7 Mean plot for RQ2a .....	53
4-8 Mean plot for RQ2b .....	53

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By

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This study investigates the effects of media channels and strategies of CEO apology on message acceptance and corporate reputation. The experiment design was a 2 (media channel: YouTube versus newspaper) x 3 (apology strategy: apology or compensation versus sympathy) factorial design to find the interactive effects of the media type and strategies of CEO apology. The results showed that CEO apology using YouTube media has a greater influence on offering effective message credibility and building post-crisis corporate reputation. This study finding suggests that CEOs would be better off adopting a YouTube media channel for CEO apology.

## CHAPTER 1 INTRODUCTION

An apology is a universal way to address and manage conflicts among people, organizations, societies, and even nations. Goffman (1971) defined an apology as: “a gesture through which an individual splits himself into two parts, the part that is guilty of an offense and the part that dissociates itself from the delict and affirms a belief in the offended rule” (p. 113). In the past, powerful people did whatever they wanted, sometimes without consequences. It was normal that the strong people used their power and the weak accepted it without any resistance.

In the classic film, *She wore a yellow ribbon* (1949), John Wayne starring as Captain Brittle said, “Never apologize. It’s a sign of weakness.” Moreover, in 1871, Benjamin Disraeli, Prime Minister of the United Kingdom, said, “Apologies only account for that which they do not alter.” People view an apology negatively. Do twenty-first century leaders have the same idea about apology as that of leaders of the nineteenth century? This has been shown via political figures (Mills, 2003). According to Mills’ article, President Kennedy did not apologize for the failed the Bay of Pigs invasion of Cuba in 1961 and mentioned, “[t]here’s an old saying that victory has a hundred fathers and defeat is an orphan” at a news conference, instead (cited in Mills, 2003, p. 115). President Reagan took a similar position to avoid apologizing the Iran-Contra scandal. Even though the evidence that the U.S. government aided the Iran by selling arms secretly was revealed, he “insisted on defending his administration’s aims and, like Kennedy, neutralized the most damaging attacks on him” (p. 115). They choose a way to diminish their responsibility for mistakes rather than to admit and make a full apology for their failure.

It considered human nature that leaders accustomed to power and success feel reluctant to apologize. This is because apologizing means admitting their mistakes and accepting their responsibility (Blanchard & McBride, 2003). And thus, they become afraid of the possibility that apologizing will make a bad situation even worse, like following lawsuit and economic loss (Tedlow, 2010). This is true that many leaders still overestimate the negative aspects of apology (e.g., the possibility of lawsuits and loss of face) while underestimating positive benefits (e.g., conflict resolution and improving relations) (Kellerman, 2006).

However, these attitudes about an apology are changing and developing as modern society become more complex. We have seen many leaders who stepped up to the camera on television and apologized to an angry public. Kellerman concluded, “[A] good apology will yield better results than a bad one” after various case studies on leaders’ public apologies (2006, p. 81). It means that the public perception that leaders’ apology is risky is a misconception.

So, why do most people apologize? In psychology, many scholars have found that people need to apologize for someone who suffers from others’ mistakes to ask forgiveness (Govier & Verwoerd, 2002; Tavuchis, 1991; Weiner, Graham, Peter, & Zmuidinas, 1991). They also found that an apology has power to heal the victims’ negative feelings, which is important in rebuilding relationships and asking for forgiveness. They consider apology as a bridge to link transgressors’ mistakes and victims’ forgiveness (Govier & Verwoerd, 2002; Tavuchis, 1991; Weiner, Graham, Peter, & Zmuidinas, 1991). Apology is a process of obtaining forgiveness from victims after a mistake. People plead for forgiveness despite wounded pride because the relationship

between people will last. The public is a potential customer for companies, and they are voters that politicians ask for support. So their forgiveness must be sought after wrongdoing to keep and develop their relationship. Tavuchis (1991) said, “[T]he remorseful admission of wrongdoing is converted into a gift that is accepted and reciprocated by forgiveness, our world is transformed in a way that can only be described as miraculous” (p. 8).

At this point, I have doubt why leaders’ public apologies have been especially remarkable? Kellerman (2006) said, “[T]he question of whether leaders should apologize publicly has never been more urgent” (p. 74). Recently, scholars have started to pay attention to the importance of apology. Kador (2009) suggested some reasons why apologies are on the rise: the global community, the development of digital technologies such as cameras in cell phones and the video-sharing web sites such as YouTube, and the failure of our leaders, who are selfish individuals. However, one more critical reason needs to be: The need for social responsibility and ethics of an organization and its leaders is rising. Corporate social responsibility (CSR) has not previously been a big issue. It has evolved from the duty to return a company’s profit to society to the environmental responsibility to reduce CO2 emissions. As an organization’s responsibility is becoming important, the possibility of apology is rising. In other words, taking more responsibility means leaders have more possibilities to apologize publicly when they do not carry it out well.

Accordingly, the growth of SNS has forced communication experts to think about new, cost-effective communication strategies during economic crisis. In this context, SNS is a cost effective communication strategy tool for public relations practitioners in

the rising possible media channels for communication. Its biggest challenge is that users can create and spread contents easily, which can be a double-edged sword in crisis communication because SNS can be effective to respond in a crisis while creating crisis at the same time (Holtz, Havens, & Johnson, 2009; Scott, 2010). In Coombs' recent article about apologia and crisis communication, they found apology research for crisis communication has focused on three categories: content, source, and timing.

Content articles compared the crisis response strategies and found the effectiveness of apology (Goodwin & Ross, 1992; Hargie, Stapleton, & Tourish, 2010; Lucero, Kwang, & Pang, 2009). Source articles emphasize the importance of leaders' public apology source in a crisis situation. Kellerman (2006) emphasized that the CEO needs to be the spokesperson in a crisis because stakeholders consider that person to be responsible for the crisis. Timing research considered when leaders need to step forward to apologize (Kellerman, 2006; Lucero, Kwang, & Pang, 2009; Tomlinson, Dineen, & Lewicki, 2004).

A number of content articles concluded that an effective apology must be sincere (Kador, 2009; Lazare, 2004; Tucker, Turner, Barling, & Reid, 2006). In May of 2009, KFC announced a free chicken meal coupon promoted on Oprah, but it was failed because of a problem with the web site and miscommunication with the stores, the KFC president, Rodger Eaton, posted a YouTube apology video (David, 2009). However, he denied that the issue arose because the new menu was so popular instead of offering a full apology; thus, it did not appeal to customers. After the apology, public opinion plummeted. This shows that even SNS, which is an effective tool for apology, can be useless if the apology is not sincere.

Frandsen and Johansen (2010) proposed ethical standards for the manner of apology as a crisis response strategy:

- truthful
- sincere
- voluntary
- timely
- It must address all stakeholders
- It must be performed in an appropriate context (Hearit, 2006, p. 64).

*Source: Frandsen & Johansen (2010, p. 354)*

They also recommended ethical standards for the content of an apology.

- Explicitly acknowledge wrongdoing
- Fully accept responsibility
- Express regret
- Identify with injured stakeholders
- Ask for forgiveness
- Seek reconciliation with injured stakeholders
- Fully disclose information related to the offense
- Provide an explanation that addresses legitimate expectations of the stakeholders
- Offer to perform an appropriate corrective action
- Offer appropriate compensation (Hearit, 2006, p. 69).

*Source: Frandsen & Johansen (2010, p. 355)*

However, there is no empathy as a standard for apology. Victims' position can be changed when they are in offenders' shoes (e.g., company, politicians, doctors and so on) and try to understand them. If offenders do not appeal to empathy, apology cannot lead to forgiveness (Kador, 2009; Lazare, 2004; Tucker, Turner, Barling, & Reid, 2006).

One recent trend is companies using social media, particularly YouTube, to apologize to their customers effectively and as a key tool in crisis management. In South Korea, for the first time, the CEO of a food company, Maeil Dairies, apologized on YouTube because of an incident of food contamination. On March 4, 2011, staphylococcus aureus, a bacterium that can cause food poisoning, was found in

Absolute Step 2, this company's baby milk powder product. Customers who bought Maeil Dairies' products requested refunds, but the company rejected these requests and limited the refunds to the product that were found to be contaminated. As customers' complaints grew more severe, it turned out that the China Food and Drug Association (CFDA) found nitrite in Baby Well, a baby milk powder product made by Maeil Dairies, which had been exported to China. These products were ordered destroyed on February 28, 2011. After this emergency, Dongwook Choi, the CEO of Maeil Dairies, posted a YouTube video to apologize to irate customers (Lim, 2011).

Many studies have shown that apology is an effective strategy for corporate crisis response (Goodwin & Ross, 1992; Hargie, Stapleton, & Tourish, 2010; Lucero, Kwang, & Pang, 2009). In addition, many public relations practitioners have said that telling the truth is the first and foremost way to respond to a corporate crisis (Callison, 2001). However, there is little research on tools for crisis response strategy. While crisis communication managers and scholars have focused on the SNS for crisis response strategy and CEO apology has been frequently conducted via SNS for a few years, more research is needed on the SNS as leaders' public apology tools.

One recent study researched CEO apology via Twitter (Park, Kim, Cha, & Jeong, 2011). They assessed how Twitter users, whether followers or non-followers, responded to the public apology of a famous CEO, the grandson of Samsung's founder in South Korea. This research is based on a case study and used "a Korean version of the LIWC (Linguistic Inquiry and Word Count) sentiment tool, K-LIWC, which is a transparent text analysis program that counts words in psychologically meaningful categories (e.g.,

happy, angry)” (Park, Kim, Cha, & Jeong, 2011, p. 302). The CEO’s apology via Twitter had clear benefits and was applied to followers more effectively than non-followers.

Until the nineteenth century, an apology was a sign of weakness. However, the advancement of social networks has led to an age in which an organization’s mistake can be more easily exposed than ever before (Burgess & Klæbe, 2009). Thus, apologies are becoming more appropriate and necessary (Frantz & Bennis, 2005; Lucero et al., 2009).

As a leader’s apology increases in significance, emergent digital media such as YouTube, Facebook, and others offer instant channels for corporate apologies. In particular, emergent media can be effective when a CEO apologizes to target or involved publics. Since 2007, CEOs’ YouTube apology videos have been posted in the United States and enabled corporations to recover damaged reputations (Kador, 2009). The reason emergent media have created new demands on crisis communication is related to its rapid response to the crisis (Simon, 2009). Simon suggested that organizations need to build infrastructure, such as a video channel to connect with its key publics, as a kind of crisis preparedness strategy (2009). In South Korea, CEOs have published apologies in newspapers many times, but apologizing via a YouTube video is a recent phenomenon. In fact, in South Korea most CEOs have tended to avoid apologizing in person or on television, corporate videos, and/or online media sources.

Even though public apologies are occurring more frequently, making an apology is still difficult to everyone, especially leaders. Why is it so difficult for CEOs to apologize? One of the goals of this research is to prove the benefits of CEO apologies by

examining which media channel—newspapers or YouTube videos—makes CEO apologies more effective in South Korea. To do so, this study examines how public perceive the Maeil Dairies' release of the apology on both YouTube and in newspapers. It also investigates how the relationship between the company and the public may have been affected. Another goal is to measure how public perceive the first CEO YouTube apology video in South Korea. This study suggests three significant elements. First, by studying the phenomena of CEO apologies, this study hopes to establish the growing importance of CEO apology. Second, this study clarifies the effectiveness of social network services (SNS) versus traditional media as a channel for CEO apologies. Last but not least, the results of this study will be concomitantly helpful for public relations practitioners to convince their clients, especially CEOs, to use public apology when the need arises with an effective strategy. The research about the effects of crisis communication on public perceptions and reactions to crisis response strategies would be valuable to crisis managers. Hopefully, crisis managers can use this research results as guidelines for CEO Youtube apology.

## CHAPTER 2 LITERATURE REVIEW

### 2.1 Principles of Apology

Since when did scholars start researching the apology? It might be hard to know the time exactly. In the past decade, there has been considerable popular and scholarly literature on apology, across various academic fields including philosophy, political science, sociology, medicine, communications and law. Much of the literature on apology starts from Goffman's (1971) definition of apology as a social function, based on speech act theory (Austin, 1962) and politeness theory (Brown and Levinson, 1987). Goffman (1971) defined an apology as "a gesture through which an individual splits himself into two parts, the part that is guilty of an offense and the part that dissociates itself from the act and affirms a belief in the offended rule" (p. 113). In turn, Goffman distinguished transgressors from victims to describe the definition of an apology. Darby and Schlenker (1982) defined two main features of apology: "admissions of blameworthiness" and "regret for an undesirable event" (p. 742). The statement of responsibility for mistakes means that the transgressor recognizes the 'social norms' that have been broken, and thus they will prevent doing the same transgression in the future. Politeness theory worked by Brown and Levinson (1978) defined an apology as the redress of 'face-threatening acts'. The emphasis on 'face' derived from Goffman (1959)'s work which conceptualized an apology as the admission of the positive value and the meaning of 'face', at this point, is important for their expression of self-respect. However, Mills (2003) contradicted and conceptualized apologies as "complex negotiations between interactants over status and over who is seen to be in the right, which cannot simply be analyzed as reparations for face-threat" (p. 61).

In addition to the admission of responsibility, an ideal and paradigmatic apology should consist of illocutionary force indicating device (IFID) to express feeling such as remorse or regret (Harris et al., 2006). The lack of information about the emotional state of the transgressor diminish the effectiveness of the apology and negative emotion is a sign of backlash of the apology. Remorse can change the hearer's negative image and reputation of the transgressor. (Heise & Thomas, 1989).

Recent popular and scholarly attention has been drawn to the importance of apologies. The following titles of several books published in the United States reflect the popular attention: "On Apology" (Lazare, 2004), "Effective Apology" (Kador, 2009), "I was wrong: the meaning of apologies" (Smith, 2008), "The age of apology: facing up to the past" (Gibney, 2008). Lazare (2004) explains apologies by referring to emotions like shame, guilt and humiliation. He also brings up two interesting questions: "Are apologies on the rise?" and "Why have apologies grown in importance?" (Lazare, 2004, p.16). Smith also talks as "a transitional age for apologies" in his book (Smith, 2008, p.1). It shows apologies are used and remarked in a wide range of academic field.

## **2.2 Social Presence Theory**

One of the purposes of this study is to compare the effectiveness of media channels in the context of a leader's apology. The fundamental idea is that seeing leaders apologizing in person is more effective than writing an apology letter. Social presence means the degree of awareness of other people (Biocca & Nowak, 2001). Short, Williams, and Christie (1976), who first proposed the social presence theory, suggested that social presence "varies between different media . . . affects the nature of the interaction . . . [and] interacts with the purpose of the interaction to influence the medium chosen by the individual who wishes to communicate" (p. 65). Social presence

varies according to different media and “is the degree to which a medium allows the use to feel socially present in a situation that is mediated via technology” (Zaphiris & Ang, 2010, p.9).

Social presence can be related to “the intimacy (interpersonal vs. mediated) and immediacy (asynchronous vs. synchronous) of the medium” (Kaplan & Haenlein, 2010, p.61). To be specific, an interpersonal conversation between two communicators (e.g., face-to-face discussion) will generate higher social presence than mediated communication (e.g., telephone). At the same time, synchronous communication (e.g., live chat) generates higher social presence than asynchronous (e.g., e-mail) (Kaplan & Haenlein, 2010).

In the early research on social presence, computer-mediated communication showed an extremely low degree of social presence compared to face-to-face because it was difficult to convey visual and nonverbal cues such as facial expressions and posture. Rice (1993) applied social presence theory to compare seven different media; face-to-face is ranked highest, followed by telephone, meetings, desktop video and videoconferencing, voice mail, text, and electronic mail—which is last due to the lack of visual cues.

However, the development of the Internet and social media has affected this result. Today, people can get instant feedback on social networking sites by using a smart phone and can also see nonverbal cues by using a camera on a computer or cell phone even though there is no face-to-face communication. Consequently, based on the emergence of social networking sites and smart phones, using interactive video and multimedia interface implies higher degrees of social presence than using text-based

media (Zaphiris & Ang, 2010). Based on this theory, I assume that YouTube creates a higher social presence and thus generates a more positive effect on CEO apology than using a newspaper.

### **2.3 Situational Crisis Communication Theory**

Situational Crisis Communication Theory demonstrates how “a crisis might shape the selection of crisis response strategies and/or the effect of crisis response strategies on organizational reputation” (Coombs, 2004, p. 269). The theory suggests that practitioners identify how much crisis responsibility an organization attributes and match an appropriate strategy to the degree of responsibility. Fundamentally, it was inspired by Weiner’s Attribution Theory. Weiner believed that people possess a need to “search for causes of an event” (Weiner, 1986). Coombs (2007) mentioned a link between a crisis and Attribution Theory because “the attributions stakeholders make about crisis responsibility have affective and behavioral consequences for an organization” (p. 136).

Coombs (2007) described three types of crises: victim, accidental, and intentional cluster, factors that shape how stakeholders perceive the crisis situation. If an organization is in charge of victims such as in the wake of natural disasters, it faces minimal crisis responsibility. If an organization is in charge of a preventable crisis such as man-made accidents, it has a strong crisis responsibility. Stakeholders, in turn, decide how much the organization is related to the crisis according to the degree of its responsibility. In sum, Coombs (2007) pointed out that “As the reputational threat and negative affect increases, crisis managers should utilize crisis response strategies with the requisite level of accepting crisis responsibility” (p. 138).

## **2.4 Apology Strategy as a Post-crisis Response Strategy**

In this research, Benoit's (Benoit, 1995, 1997, 2004; Benoit & Brinson, 1994) image repair strategies and Coombs' (1995, 1999, 2004, 2007) situational crisis communication strategies used the most in crisis communication research are based on the crisis situation.

Hearit (2006) suggested that companies need to consider situational features to make an appropriate apology as a crisis response strategy. To be more specific, crisis communication research is applied to contingency theory because most crises are under a conflict situation (Cameron, Pang, & Jin, 2008). Researchers suggested that crisis communication managers set a strategy according to the threat type (internal or external) and threat duration (long term or short term) in a crisis situation (Hwang & Cameron, 2008; Jin & Cameron, 2007).

Diers (2007) also categorized three crisis typologies: organizational transgressions, organizational events, and events/actions outside of the organization locus and control. First, organizational transgressions are considered crises attributable to the organization and represented as intentional or unintentional crisis events. Organizational events are crises that possibly originated from the organization's 'locus of control.' Such crises may or may not negatively affect the organization's target public. Events/actions outside of the organization's locus of control may mean that the organization is not culpable, but the resultant impact can cause crises that the organization must manage.

Post-crisis communication is divided into three strategies: instructing information, adjusting information, and reputation building (Sturges, 1994). Instructing information will protect stakeholders from the crisis. "Descriptions of events and warnings to shelter-

in-place or to evacuate an area” can be examples (Coombs, 2007, p. 60). Adjusting will alleviate crisis victims psychologically, represented as taking actions to prevent a repetition of the crisis and conveying sympathy for victims (Sellnow, Ulmer, & Snyder, 1998). Reputation building considers potential reputation threats from the crisis (Coombs & Holladay, 2008), and strategies range in their amount of accommodation (Coombs, 1999). A low accommodative strategy contains denial and scapegoating, a moderate accommodative strategy involves excusing and justification, and a high accommodative strategy covers compensation and apology (Benoit, 1995; Coombs, 1999). To be specific, compensation consists of monetary gifts or services and apology accepts responsibility and asks for forgiveness.

Additionally, bolstering is considered a secondary crisis response strategy (Coombs, 2007). Bolstering is used to remind audiences of the good they used to possess. It can be categorized in three ways: reminders, ingratiation, and victimage. A reminder recalls to stakeholders’ minds the past good images of the organization. Ingratiation is when a crisis communication manager praises the past good deeds accomplished by the organization. Victimage is used to convince stakeholders that the organization is a victim as well. Coombs (2007) noted that “all bolstering strategies are best used as supplements to the three primary strategies and adjusting information” (p. 172). Therefore, a bolstering crisis response posture is considered not a separate strategy but supplemental to other response strategies.

The character of an apology can be divided into two categories: full and partial. A full apology is when an apologizer accepts full responsibility and asks for forgiveness for a crisis. On the other hand, a partial apology is represented as just regret instead of a

formal apology and concern for victims (Kellerman, 2006). Based on this, Coombs and Holladay (2008) suggested three apology strategies (e.g., Apology, compensation, sympathy) as a post-crisis response strategy in their study. They said that an apology is defined as the accepting responsibility of the organization for their wrongdoing. According to this, the sympathy and compensation response can be added to this definition. Therefore, this study will use the three apology strategies (e.g., apology/full responsibility, sympathy and compensation) and test the effectiveness between these three strategies and media types.

## **2.5 Crisis Communication and Emergent Media**

The rapid emergence of Social Network Sites (SNS) allows not only accelerating information spreads but also managing widespread communication.

Kaplan and Haenlein (2010) distinguished SNS from other online media by mentioning that SNS is based on “User-Generated Content (UGC).” They detailed how SNS do not only “allow individuals to meet strangers, but rather that they enable users to articulate and make visible their social networks” (p. 211). In terms of crisis communication, SNS users can generate content that contains skeptical views or negative positions on an organization, which can lead to a crisis situation. Moreover, Coombs (2008) emphasized the development of knowledge about SNS crisis communications and said to crisis managers that it is time to consider SNS tools such as blogs, podcasts, and videos.

Most crisis managers consider a “quick response” as the most-important point for crisis response. However, information-spreading speed via SNS is sometimes faster than traditional media. For example, when a US Airways Flight landed safely in the Hudson River, pictures taken by the public were posted on Twitter first. Among SNS

tools, Twitter is rising quickly because of its retweeting speed. A recent study of Twitter showed that “any retweeted tweet is to reach an average of 1,000 users no matter what the number of followers is of the original tweet” (Kwak, Lee, Park, & Moon, 2010, p. 600). They also found that “once retweeted, a tweet gets retweeted almost instantly on the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> hops away from the source, signifying fast diffusion of information after the 1<sup>st</sup> retweet” (2010, p. 600).

## **2.6 Public Apology and Emergent Media**

In recent years, leaders have apologized for past events in which their countries were involved. It means that there has been intense pressure around the world for leaders to offer public apologies. In this atmosphere, CEOs of corporations cannot avoid apologizing in public for their companies' wrongdoings. Hearit (2005) pointed out that since the 1990s, the frequency of corporate public apology has increased as companies attempt to maintain and recover their reputations from blame. He listed three factors that have spurred this phenomenon: 1) the success of various social movements in the 1960s, 2) the triumph of consumerism, and 3) corporations' attempts to recoup their investments. The case of Intel is considered to be representative of corporate public apologies. In 1994, Intel ran large institutional advertisements in many newspapers around the world apologizing to consumers for its flawed chip. Intel's CEO said, “we at Intel wish to sincerely apologize for our handling of the recently publicized Pentium processor flaw” (Horowitz, 1994, ¶. 13). Then, in the new century, corporations began using new methods to apologize. In 2007, Jet Blue Airlines' CEO appeared in a television commercial to apologize for flight delays due to a climate disaster (Neeleman, 2007). That same year, United Airlines chose the same method to apologize for its flight cancellations due to a labor dispute with its pilots. United's chairman said in a TV

commercial, “[t]his summer thousands of people had their travel plans disrupted while flying United Airlines. If you were one of them, I want to apologize personally on behalf of United” (United Airlines Commercial - Jim Goodwin apology, 2007). Soon after, the heads of Ford and Bridgestone/Firestone embarked on apology campaigns as a result of tire failures. In television and newspaper advocacy advertisements, the president and CEO of Ford “personally” guaranteed that Ford would not rest until every recalled tire was replaced. At Bridgestone/Firestone, CEO Masatoshi Ono was even more apologetic, appearing before a congressional committee and announcing, “I come before you, to apologize to you the American people” (Adams, 2007, ¶. 3). Table 2-1 shows the cases of CEO apology video.

As the CEO apology video has become popular as a channel to resolve a crisis, Simon (2009) suggested three elements that a successful video should contain. First of all, it is mandatory that the message and the video recording be produced by professionals. A spokesperson should look into the camera without any hesitation and speak in an authentic voice. Finding an effective way to distribute the CEO’s apology video is also essential. Posting the content to social network sites such as Twitter and Facebook is easy, and this method will quickly reach many viewers. Lastly, measuring the public’s response to the video must be accomplished by counting the number of video hits or websites links. Simon (2009) emphasized that corporations need to prepare an apology video and a media channel as a crisis response strategy.

Coombs (2012), the originator of the Situational Crisis Communication Theory (SCCT), mentioned the popularity of CEO YouTube apology in his latest edition. He said that the need for CEOs to employ YouTube as a way to apologize is increasing and

that the comments of stakeholders are also important. He also highlighted that a CEO's attitude and messages on YouTube must look "genuine and sincere" (Coombs, 2012, p. 96).

### **2.7 Chief Executive Office (CEO) Apology as a Crisis Response Strategy to Rescue Corporate Reputation**

Apologies have been considered one tactic for reputation management (Benoit, 1995). In this context, if the spokesperson is a leader, it has a huge meaning. Kellerman (2006) said that a leader's apology is totally different from an individual's apology because it represents "not only ... their own behavior but also ... that of their followers" and stakeholders (p. 73). It is true that the leader has a significant role as a symbol for his or her organization. However, some recent research about leaders' apologies argued that their apologies also create conflict and debate (i.e., they backfire) if they do not seem to be sincere (Harris et al., 2006; Tucker, Turner, Barling, Reid, & Elving, 2006).

Every corporation faces the possibility of unexpected crises and thus needs to prepare response strategies. Consequently, Coombs (1998) suggested crisis response strategies: (1) attack the accuser, (2) denial, (3) scapegoat, (4) excuse, (5) justification, (6) compensation, and (7) apology for crisis managers to set proper response strategies after crisis and repair its damaged reputation. Among these crisis response strategies, apology has been examined in scholarly researches as a most effective way to diminish public's anger, rebuild credibility and reputation of a corporation (Benoit, 1995; Bradford & Garrett, 1995; Dean, 2004; Fukuno & Ohbuchi, 1998; Ohbuchi, Kameda & Agarie, 1989).

When an organization faces crisis, it causes not only financial but reputational and credible risks (Coombs 2007; Heath 1997). Reputation and credibility of a corporation are considerably regarded as valuable resources as much as finance of a company (Coombs 2007; Heath 1997). Coombs (2007) supported “reputations are based in large part on how stakeholders evaluate an organization’s ability to meet their expectations for treating stakeholders” (p. 164). Moreover, credibility sources must be included for crisis response strategy to encourage positive result after crisis (Heath 1997). He highlighted “A company suffering a crisis must be able to tell a credible story, one that has factual fidelity that can withstand the scrutiny of reporters, governmental investigators, and concerned citizens” (Heath, 1997, p. 319). In turn, restoring corporate reputation and credibility after crisis follows positive crisis outcome.

When a catastrophe occurs, crisis communication managers need to pay attention to the safety of stakeholders first and then consider the possible damage to the company’s reputation and strategies to repair it. A corporate apology is currently considered to be an important role to manage and repair a damaged corporate reputation (Coombs, Frandsen, Holladay, & Johansen, 2011). Furthermore, stakeholders want to know what corrective actions are conducted as a crisis response then they feel reassured by corrective actions (Sellnow, Ulmer, & Snider, 1998).

Coombs et al. (2011) defined corporate apology as “a communicative effort to defend the corporation against reputation/character attacks” (p. 338). The predominant focus of the crisis communication research is on reputation management efforts. They specifically mentioned that reducing negative emotions lowers the reputation threat posed by the crisis and the likelihood of negative word-of-mouth while it increases

purchase intention. In addition, the corporate reputation can be damaged by a crisis, which also can be repaired by an apology. In such a situation, the CEO as a spokesperson can play a strategic role to assert leadership and convince the public. Therefore, organizations should decide on one key spokesperson to speak with one voice (Wilson & Patterson, 1987). Kellerman (2006) emphasized that the CEO should be the spokesperson in a crisis because stakeholders consider that person to be responsible for the crisis. CEO apology has become a pivotal strategy for crisis response, but it needs to be developed as not only a practical strategy but as a theoretical base (Coombs et al., 2011).

Hearit (1997, 1999, 2001, 2006; Hearit & Brown, 2004) has gradually developed research on corporate apologia for a crisis. He suggested that an ethical apologia has six traits: truthful, sincere, timely, voluntary, addresses all stakeholders, and has an appropriate context. First of all, a truthful apology should be characterized by “a disclosure of useful information and not omit key facts” (Hearit, 2006, p. 65). Second, a sincere apology must be based on “a good-faith effort,” have an adequate operational and communicative performance, and ‘true desire of apologists.’ Third, apology needs to be “performed as soon as the offender recognizes the offense” (Hearit, 2006, p. 66). Fourth, “it must be performed without actual or anticipated coercion” (p. 67). Fifth, “a truly ethical apologetic response must speak to the concerns and interests of all parties who have been offended” (p. 68). Lastly, apologists need to carefully consider the site, location, or medium they will employ. The forum needs to be easily accessible to all stakeholders.

## **2.8 Maeil Dairies Baby Milk Powder Crisis in South Korea, 2011**

Maeil Dairies' baby milk powder crisis and its CEO YouTube apology video is considered as a case and scenario for this experimental study. On March 4, 2011, news report said staphylococcus aureus, which can cause food poisoning, was found in the baby milk powder brand 'Premium Plus-2' produced by Maeil Dairies Co., Ltd., expiration date August 5, 2012. After the news produced, consumers demanded refunds from the headquarters but they were rejected and limited the refunds to the products that were found to be contaminated.

Three weeks later, on March 24, Lee, Nak Yon who is in the Democratic Party and a member of the committee of Public Health and Social Welfare revealed that the product 'Special formula for dietary management of accurate diarrhea Babywell' (China export name: Geumjeonyeomjak Ingpuan, 300g, canned type), produced by Maeil Dairies Co., Ltd. was found to contain nitrite and ordered to be discarded by the Metrology Inspectorate in Yeontai, China, which is inquired into the data submitted by the Korea Food & Drug Administration (Yoo, 2011).

After all, Choi Dong Wook, CEO of Maeil Dairies Co.,Ltd., publicly apologized, "I am deeply sorry to worry all of you regarding the report on the Premium Plus-2 Step Baby Milk Powder" and posted the apology on company's official website and YouTube. He retorted that government's report is wrong. "After the news about the detection of the staphylococcus virus, we demanded 11 authorized inspection agencies perform a second investigation. No viruses were found in 6 out of 36 canned products including "Premium Plus-2" investigated by Gyonggido Livestock and Veterinary Service," said Mr. Choi (Lim, 2011).

Meanwhile, the director of the National Veterinary Research and Quarantine Service (NVRQ), Lee Juho, expressed displeasure at Maeil's reaction. "Maeil Dairies Co., Ltd. should accept the government's findings," said Mr. Lee. A concerned investigator from the Surveillance Department of NVRQ found the virus in the Premium Plus-2 milk powder through testing methods approved by the livestock hygiene laws. On March 9 and 10, a concerned representative from Maeil visited the laboratory, listening to the detailed explanations regarding the inspection, and checked everything carefully, demonstrating the transparency of the inspection results, submitting the complete report on March 15.

NVRQ, a qualified microbiological testing authority conforming to the Food Examination Performance Assessment Scheme (FEPAS) adopted by the U.K government, did extensive and stringent tests, using the authorized testing procedures according to the livestock hygiene laws, reporting the results through an in-depth reviewing process. According to NVRQ's report, 'Premium Plus-2 (expiration date Aug.05, 2012.)' was produced in the Pyeongtaek factory, one of Maeil Dairies Co., Ltd factories, with a total production volume of 49,774 cans (39,819.2kg). 12,060 cans out of the total were stored in the manufacturing facilities, with the remaining 37,714 cans distributed nationwide.

Finally, last April 4 and 5, Maeil had public meetings in Busan and Pyeongtaek, inviting 15 consumers, with a final meeting in Seoul on Oct. 8, 2011. The CEO Choi Dong Wook invited 20 parents who are using Maeil's products and had a CEO Invitation Consumer Meeting. Chief and director of Nutrition Science and Research for Maeil, Jeong Jia (Pediatrics nutrition specialist and medical doctor) clarified that the

staphylococcus aureus was found in the baby powder milk 'Premium Plus-2 (expiration date Aug. 5, 2012)' by NVRQ. Mr. Choi continuously answered "I am sorry to worry you about this issue" to every question asked of him by consumers. "I will spare no effort to produce safer food with this as an incentive," added Mr. Choi. "This time I became painfully aware of the importance of responding to customers' concerns. I know you still feel uneasy even though we added more telephone lines due to a lot of telephone inquiries. Again, I'm so sorry and I will try not to cause trouble again. I will show our all efforts to mothers through fostering specialists for customer response and diversified research and unstinting investment," promised Mr. Choi.

## **2.9 Research Questions**

The foregoing literature review suggests the following research questions.

- RQ1a: Between YouTube and a newspaper, which media channel is more likely to yield effective message acceptance (credibility/persuasiveness/truthfulness) for a CEO apology?
- RQ1b: Between YouTube and a newspaper, which media channel using the apology strategies (apology/compensation/sympathy) is more likely to yield effective message acceptance (credibility/persuasiveness/truthfulness) for a CEO apology?
- RQ2a: Between YouTube and a newspaper, which media channel is more likely to be effective at building post-crisis corporate reputation for a CEO apology?
- RQ2b: Between YouTube and a newspaper, which media channel using the apology strategies (apology/compensation/sympathy) is more likely to be effective at building post-crisis corporate reputation for a CEO apology?
- RQ3: Between YouTube and a newspaper, which media channel using the apology strategies (apology/compensation/sympathy) is more likely to be effective at building post-crisis corporate reputation for a CEO apology compared to the no apology condition?

Table 2-1. Cases of CEO apology video

Company	Crisis Case	Spokesperson	Video Posted	Date of Hitting Crisis	Date of posting apology video
JetBlue Airways	Flight delays from snow storm	David Neeleman (CEO)	Television commercial	February 14, 2007	February 19, 2007
United Airlines	Cancel flights due to labor dispute	Jim Goodwin (Chief Executive)	Television commercial	June 20, 2007	December 20, 2007
Mattel	Toy safety violations and recall	Bob Eckert (Chairman & CEO)	Official website	August 2, 2007	August 14, 2007
Domino Pizza	Two of kitchen staffs deliberately contaminated the pizzas and posted the video on Youtube	Patrick Doyle (President, Domino's USA)	YouTube	April 13, 2009	April 18, 2009
Eurostar	Passengers trapped for hours because Eurotunnel hitted out over train breakdowns	Richard Brown (Chief Executive)	YouTube	December 18, 2009	December 19, 2009
Toyota, U.S.A	Auto recall	Jim Lentz (President and COO)	YouTube	January 21, 2010	February 1, 2010
KLM Airline	Late response to the unprecedented ash crisis in Europe	Peter Hartman (President and CEO)	YouTube	April 14, 2010	April 19, 2010
BP	The gulf spill crisis	Tony Hayward (CEO)	YouTube	April 20, 2010	June 3, 2010

## CHAPTER 3 METHOD

### 3.1 Design and Materials

A 2 (media: YouTube and a newspaper) x 3 (apology strategy: apology, compensation, and sympathy) factorial design was used to investigate the research questions. The experimental study used is an empirical analysis of a case study. It tested a real condition of the apology by the CEO of Maeil Dairy via YouTube for the baby milk powder crisis in South Korea. First, the YouTube apology video was edited according to the strategies, creating the first stimuli using the apology strategy (duration: 1 min), the second using the compensation strategy (duration: 1 min 5 s), and the third using the sympathy strategy (duration: 58 s). To measure the effect of the CEO apology via a newspaper, the material was manipulated using the same script as the YouTube apology in order to avoid any possible effects from different dialogic communication message intentions. In sum, the same script using to the different apology strategies was presented via YouTube and a newspaper. Lastly, no apology condition was added as a control group. In addition to this, no apology condition was added as a control group. To be specific, no apology condition provided a sentence that 'CEO did not make any apologies on this crisis.' From this material, seven different scenarios using the actual message of the apology by Maeil Dairy's CEO were constructed. Each scenario used the same news article that describes the crisis situation facing Maeil Dairy and provides both a subjective view and factual information about the situation. Based on the news article, the actual and manipulated responses to the Maeil Dairy CEO's apology via YouTube and a newspaper were examined.

### **3.2 Procedures**

The survey was conducted online with Qualtrics-web based survey software. First, participants were provided with a consent form and a cover page with directions. Then, they were shown the print news story which describes the crisis situation without revealing the name of the newspaper. Participants were instructed to read one of seven scenarios randomly distributed among them. After reading the scenario, respondents were required to fill out the questionnaire. To check for media type manipulation, a question of the media type given to participants was included.

### **3.3 Participants**

This study population was individual adult Internet users (18 years old or older) and members of online communities who did not have any knowledge about this crisis. Specifically, the study population was composed of South Korean Internet users who belonged to various communities in two major portal websites, Naver.com, the leading portal site in South Korea which handles 77 percent of all Web searches, and Daum.net, which accounts for 11 percent of Web searches (Choe, 2009). With seven experimental conditions, the study needed at least 140 participants divided among seven cells of at least 20 participants each. The actual number of all participants were The average number of participants in each cell

### **3.4 Manipulation Check**

To check for media type manipulation, a question regarding the media type given to participants was included. To be specific, after the respondents watched one of the manipulated media channels—YouTube and a newspaper—and then they answered which media channel faced. Among 131 respondents without 20 respondents in a control group, 11 respondents who got incorrect answers about selecting the media

channel they watched as a stimulus were eliminated based on the manipulation check question. Therefore, the remaining 140 including 20 control group respondents were used for further data analysis.

### **3.5 Scales Used and Reliability Analysis**

This study had two fundamental objectives. First, it measured public message acceptance of a CEO apology issued through different media and employing different apology strategies (RQ1). This study also investigated post-crisis corporate reputation following a CEO apology issued through different media and employing different apology strategies (RQ2).

#### **3.5.1 Message Acceptance**

The questions posed for RQ1 were based on the criteria of message acceptance (Table 3-1) identified by Lee, Kim, and Son (2010): credibility, persuasiveness, and truthfulness using the seven-point Likert scale. The Cronbach's alphas for message credibility, persuasiveness, and truthfulness were .870, .876, and .935 (Table 3-3 and Table 3-4).

#### **3.5.2 Post-Crisis Corporate Reputation**

RQ2 and RQ3 were conducted according to the reputation quotient scale (RQ, Table 3-2) developed by Fombrun, Gardberg, and Sever (2000). Coombs et al. (2011) highlighted that "the research about the effects of crisis communication on stakeholder perceptions and reactions to crisis response strategies is valuable to crisis managers. Crisis managers can use the research results as guidelines" (p. 338). All questionnaire items used the seven-point Likert scale ranging from 1 = "Strongly disagree" to 7 = "Strongly agree."

The reliability coefficient (Cronbach's alpha) was .916 for reputation quotient scale, respectively (Table 3-3 and Table 3-4).

Table 3-1. Message acceptance

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Credibility	I can trust this message
	This message has convinced me
	This message has increased my sympathy
Persuasiveness	This message is persuasive
	This message is objective
	I can understand this message very well
Truthfulness	This message is truthful
	This message seems to admit and seek to correct faults
	This message seems to have sincerity

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Adapted from Lee, H., Kim, S. & Son, S. (2010). The effects of ingratiation strategy during corporate crisis. *Korean Academic Society for Public Relations*. 14(1), pp. 5-32.

Table 3-2. The reputation quotient (RQ)

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Emotional Appeal	<p>I have a good feeling about this company</p> <p>I admire and respect this company</p> <p>I trust this company</p>
Products and Services	<p>Stands behind its products and services</p> <p>Develops innovative products and services</p> <p>Offers high-quality products and services</p> <p>Offers products and services that are a good value for the money</p>
Vision and Leadership	<p>Has excellent leadership</p> <p>Has a clear vision for its future</p> <p>Recognizes and takes advantage of market opportunities</p>
Workplace Environment	<p>Is well-managed</p> <p>Looks like a good company to work for</p> <p>Looks like a company that would have good employees</p>
Social and Environmental Responsibility	<p>Supports good causes</p> <p>Is environmentally responsible</p> <p>Maintains high standards in the way it treats people</p>
Financial Performance	<p>Has a strong record of profitability</p> <p>Looks like a low-risk investment</p> <p>Tends to outperform its competitors</p> <p>Looks like a company with strong prospects for future growth</p>

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Adapted from Fombrun, C. J. (2000). The reputation quotient: A multi-stakeholder measure of corporate reputation. *The Journal of Brand Management*, 7(4), 241.

Table 3-3. Cronbach's alpha coefficient for dependent variables

		M	SD	Cronbach's alpha
Message Acceptance	Credibility	3.43	1.36	0.870
	Persuasiveness	3.48	1.22	0.876
	Truthfulness	3.36	1.44	0.863
Reputation Quotient		3.79	0.89	0.916

Note.  $p < .001$

Table 3-4. Inter-item correlation for dependent variables

	Credibility	Persuasiveness	Truthfulness	RQ
Credibility	1.000			
Persuasiveness	.749	1.000		
Truthfulness	.842	.774	1.000	
RQ	.644	.712	.685	1.000

Note.  $p < .001$

## CHAPTER 4 RESULTS

### 4.1 Sample Characteristics

The sample consisted of 140 online survey respondents. Participants' ages ranged from 21 to 57 years,  $M = 30.87, SD = 8.21$ ; 76 (54.3%) were 20 to 29 years old, 43 (30.7%) were 30 to 39 years old, 14 (10%) were 40 to 49 years old, and 7 (5%) were 50 to 59 years old. Of these participants, 57.1% ( $n = 80$ ) were male, and 42.9% ( $n = 60$ ) were female. In terms of education, 71 (50.7%) of the respondents had or were working on a bachelor's degree, 56 (40%) had a graduate degree (master's or PhD), 11 (7.9%) were high school graduates, and 2 (1.4%) had finished just middle school. The participants had varied vocations; 68 (48.6%) were current undergraduate or graduate students, 28 (20%) were office workers, 20 (14.3%) expert officials, 8 (5.7%) others, 6 (4.3%) service and sales persons, 4 (2.85%) business owners, 4 (2.85%) housewives, and 2 (1.4%) farmers and engineers.

### 4.2 Research Questions

RQ1a examined the effects of the two media types (YouTube/newspaper) on the message acceptance variables (apology/sympathy/compensation). The results of the one-way MANOVA discovered a significant main effect for media type for credibility ( $F(1, 118) = 5.212, p = .024, \eta^2 = .042$ ) but not for persuasiveness ( $F(1, 118) = .766, p = .383, \eta^2 = .006$ ) or truthfulness ( $F(1, 118) = 1.348, p = .248, \eta^2 = .011$ ). Respondents to the YouTube video condition reported more favorable credibility scores ( $M = 3.71$ ) than those to the newspaper condition ( $M = 3.15$ ). See Table 4-1 and 4-2 for statistical test results and means. Graphical representations are depicted in Figure 4-1, 4-2, and 4-3.

RQ1b evaluated the effects of the two types of media (YouTube/newspaper) and apology message strategies (apology/sympathy/compensation) on the each message acceptance variables (credibility/persuasiveness/truthfulness). 2x3 between-subjects multivariate analysis of variance (MANOVA) was performed on three dependent variables: message credibility, persuasiveness, and truthfulness. The results of the MANOVA revealed a significant main effect for media type for credibility ( $F(2, 114) = 5.175, p = .025, \text{partial } \eta^2 = .043$ ) but not for persuasiveness ( $F(2, 114) = .768, p = .383, \text{partial } \eta^2 = .007$ ) or truthfulness ( $F(2, 114) = 1.308, p = .255, \text{partial } \eta^2 = .011$ ). On the other hand, there was no significant main effect for apology strategy for credibility ( $F(2, 114) = .270, p = .764, \text{partial } \eta^2 = .005$ ), persuasiveness ( $F(2, 114) = .883, p = .416, \text{partial } \eta^2 = .015$ ), or truthfulness ( $F(2, 114) = .034, p = .966, \text{partial } \eta^2 = .001$ ), and the interaction effect between media type and apology strategies was not statistically significant for any of the three message acceptance variables ( $F(2, 114) = .270, p = .764, \text{partial } \eta^2 = .005$ ). See Table 4-3 and 4-4 for statistical test results and means. Graphical representations are depicted in Figure 4-4, 4-5, and 4-6.

RQ2a asked how CEO apologies using different media channels affect the way people react to the post-crisis corporate reputation. Using one-way ANOVAs, the result showed a significant main effect for media type on corporate reputation ( $F(1, 118) = 2.437, p = .033, \text{partial } \eta^2 = .039$ ). Corporate reputation levels were significantly higher for the CEO apology on YouTube ( $M = 3.97$ ) than for the newspaper apology ( $M = 3.62$ ). See Table 4-5 and 4-6 for statistical test results and means. Graphical representations are depicted in Figure 4-7.

RQ2b was answered using two-way ANOVAs on one dependent variable. This question asked how CEO apologies using different media channels and apology strategies affect the way people react to the post-crisis corporate reputation. The result showed a significant main effect for media type on corporate reputation ( $F(2, 114) = 4.657, p = .033, \text{partial } \eta^2 = .039$ ). However, neither the main effect for apology strategies in post-crisis corporate reputation ( $F(2, 114) = .081, p = .922, \text{partial } \eta^2 = .001$ ) nor the interaction effect between media type and apology strategies on corporate reputation were statistically significant ( $F(2, 114) = .160, p = .852, \text{partial } \eta^2 = .003$ ). See Table 4-7 and 4-8 for statistical test results and means. Graphical representations are depicted in Figure 4-8.

RQ3 suggested drawing a contrast that compares each of the apology condition groups (e.g., six combinations of media channels and apology strategies and one no-apology condition) because they tell us whether or not the apologies had an effect on the post-crisis corporate reputation. Comparing six combinations of media channels and apology strategies to the no-apology condition, the ANOVA contrast results showed that there are significant differences in corporate reputation ( $F(6, 133) = .729, p < .001$ ). Therefore, genuine group differences exist. See Table 4-9 and 4-10 for statistical test results and means

Table 4-1. Means and standard deviations for message acceptance as an apology strategies and media

Message Acceptance	Media Channel	M	SD	N
Credibility	YouTube	3.71	1.38	60
	Newspaper	3.15	1.28	60
Persuasiveness	YouTube	3.57	1.22	60
	Newspaper	3.38	1.21	60
Truthfulness	YouTube	3.52	1.47	60
	Newspaper	3.21	1.41	60

Table 4-2. Analysis of variance for message acceptance by media type

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Message Credibility						
Corrected Model	9.269 <sup>c</sup>	1	9.269	5.212	.024	.042
Media Channel	9.269	1	9.269	5.212	.024	.042
Error	209.821	118	1.778			
Total	1629.026	120				
Corrected Total	219.090	119				
Message Truthfulness						
Corrected Model	2.801 <sup>a</sup>	1	2.801	1.348	.248	.011
Media Channel	2.801	1	2.801	1.348	.248	.011
Error	245.198	118	2.078			
Total	1605.889	120				
Corrected Total	247.999	119				
Message Persuasiveness						
Corrected Model	1.134 <sup>b</sup>	1	1.134	.766	.383	.006
Media Channel	1.134	1	1.134	.766	.383	.006
Error	174.791	118	1.481			
Total	1625.000	120				
Corrected Total	175.925	119				

R Squared = .011 (Adjusted R Squared = .003)<sub>a</sub>

R Squared = .006 (Adjusted R Squared = -.002)<sub>b</sub>

R Squared = .042 (Adjusted R Squared = .034)<sub>c</sub>

Note. \* $p < .01$ , \*\*  $p < .001$

Table 4-3. Means and standard deviations for message acceptance as an apology strategies and media

Msg Acceptance	YouTube			Newspaper			Total		
	n	M	S.D.	n	M	S.D.	n	M	S.D.
<b>Credibility</b>									
Apology	20	3.97	1.44	20	3.13	1.42	40	3.53	1.47
Compensation	20	3.80	1.37	20	2.87	1.12	40	3.31	1.31
Sympathy	20	3.50	1.35	20	3.45	1.29	40	3.45	1.31
<b>Persuasiveness</b>									
Apology	20	3.57	1.29	20	3.33	1.27	40	3.45	1.27
Compensation	20	3.62	1.20	20	3.00	1.31	40	3.31	1.28
Sympathy	20	3.53	1.24	20	3.80	.96	40	3.67	1.10
<b>Truthfulness</b>									
Apology	20	3.60	1.46	20	3.15	1.28	40	3.38	1.37
Compensation	20	3.52	1.41	20	3.12	1.55	40	3.32	1.48
Sympathy	20	3.43	1.62	20	3.37	1.44	40	3.40	1.52

Table 4-4. Analysis of variance for message acceptance by media type and apology strategies

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Message Credibility						
Corrected Model	16.672 <sup>c</sup>	5	3.334	1.862	.106	.075
Media Channel	11.011	1	11.011	6.148	.015	.051
Apology Strategy	.968	2	.484	.270	.764	.005
Media * Strategy	4.694	2	2.347	1.310	.274	.022
Error	204.160	114	1.791			
Total	1651.410	120				
Corrected Total	220.832	119				
Message Persuasiveness						
Corrected Model	7.664 <sup>b</sup>	5	1.533	1.038	.399	.044
Media Channel	1449.075	1	1449.075	981.775	.000	.896
Apology Strategy	2.606	2	1.303	.883	.416	.015
Media * Strategy	3.924	2	1.962	1.329	.269	.023
Error	168.261	114	1.476			
Total	1605.889	120				
Corrected Total	247.999	119				
Message Truthfulness						
Corrected Model	3.816 <sup>a</sup>	5	.763	.356	.877	.015
Media Channel	2.801	1	2.801	1.308	.255	.011
Apology Strategy	.146	2	.073	.034	.966	.001
Media * Strategy	.869	2	.434	.203	.817	.004
Error	244.183	114	2.142			
Total	1605.889	120				
Corrected Total	247.999	119				

a. R Squared = .015 (Adjusted R Squared = -.028)

b. R Squared = .044 (Adjusted R Squared = .002)

c. R Squared = .075 (Adjusted R Squared = .035)

Note. \* $p < .01$ , \*\* $p < .001$

Table 4-5. Means and standard deviations for reputation quotient (RQ) as an apology strategies and media

	Media Channel	M	SD	N
Reputation Quotient	YouTube	3.9675	.86665	60
	Newspaper	3.6167	.88742	60

Table 4-6. Analysis of variance for reputation quotient by media type

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Corrected Model	3.693 <sup>a</sup>	1	3.693	4.800	.030	.039
Media Channel	3.693	1	3.693	4.800	.030	.039
Error	90.777	118	.769			
Total	1820.058	120				
Corrected Total	94.470	119				

a. R Squared = .039 (Adjusted R Squared = .031)

Table 4-7. Means and standard deviations for reputation quotient (RQ) as an apology strategies and media

DV	YouTube			Newspaper			Total		
	n	M	S.D.	n	M	S.D.	n	M	S.D.
Reputation Quotient									
Apology	20	4.03	1.14	20	3.56	.94	40	3.79	1.06
Compensation	20	3.92	.62	20	3.59	.89	40	3.75	.77
Sympathy	20	3.96	.79	20	3.71	.88	40	3.83	.83

Table 4-8. Analysis of Variance for reputation quotient by media type and apology strategies

Source	SS	df	MS	F	Sig.	Partial Eta Squared
Corrected Model	4.075 <sup>a</sup>	5	.815	1.028	.405	.043
Media Channel	3.693	1	3.693	4.657	.033	.039
Apology Strategy	.128	2	.064	.081	.922	.001
Media * Strategy	.254	2	.127	.160	.852	.003
Error	90.395	114	.793			
Total	1820.058	120				
Corrected Total	94.470	119				

a. R Squared = .043 (Adjusted R Squared = .001)

Note. \* $p < .01$ , \*\*  $p < .001$

Table 4-9. Analysis of variance for reputation quotient by groups of six combinations of media type x apology strategies and one no-apology condition

Source	SS	df	MS	F	Sig.
Corrected Model	28.232 <sup>a</sup>	6	4.705	5.991	.000
Groups	1837.151	1	1837.151	2338.978	.000**
Error	28.232	6	4.705	5.991	.000
Total	104.465	133	.785		
Corrected Total	1969.848	140			

a. R squared = .213 (adjusted R squared = .177)

Note. \* $p < .01$ , \*\*  $p < .001$

Table 4-10. Analysis of variance simple contrasts of groups for post-crisis corporate reputation

Groups	Std. Error	Sig.
YouTube*Apology vs. No Apology	.280	.000**
YouTube*Compensation vs. No Apology	.280	.000**
YouTube*Sympathy vs. No Apology	.280	.000**
Newspaper*Apology vs. No Apology	.280	.001*
Newspaper*Compensation vs. No Apology	.280	.001*
Newspaper*Sympathy vs. No Apology	.280	.001*

Note. \* $p < .01$ , \*\*  $p < .001$

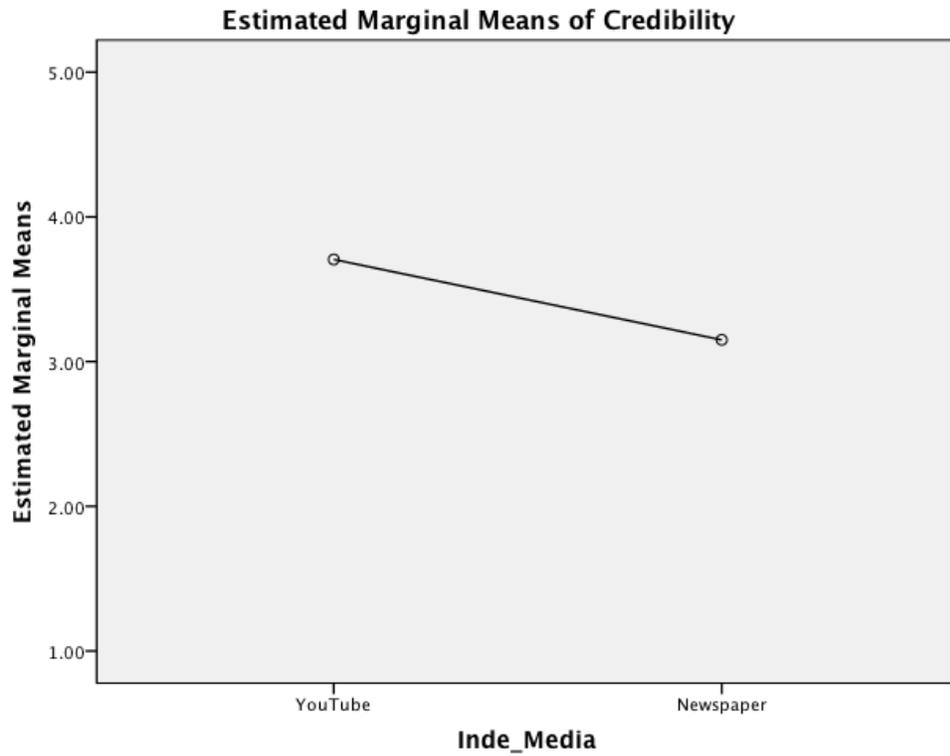


Figure 4-1. Mean plot for RQ1a

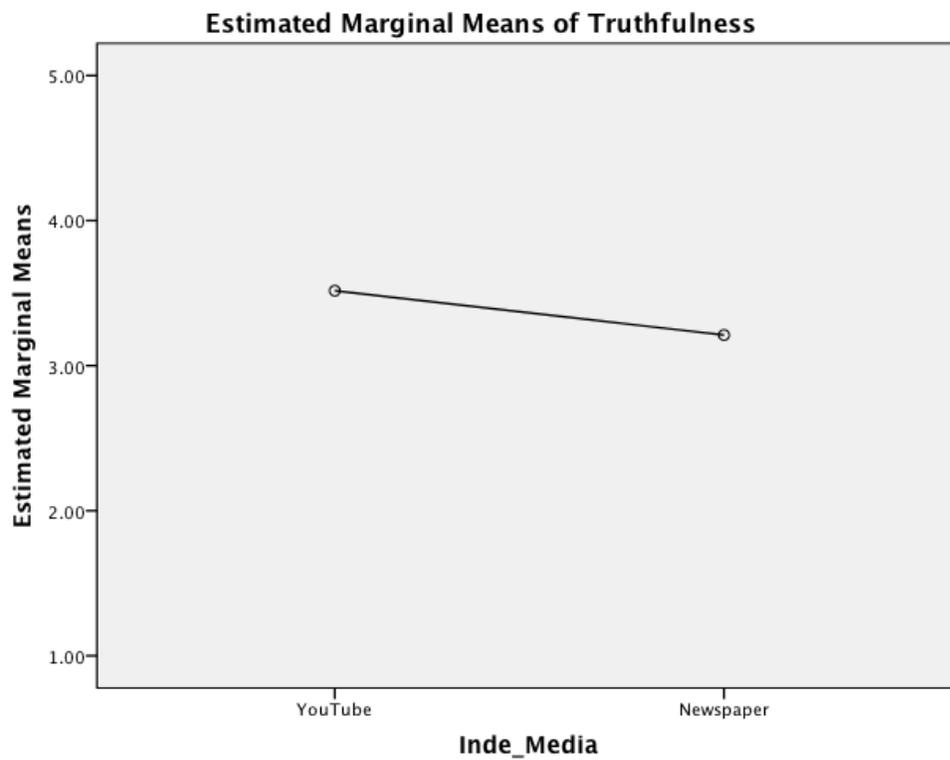


Figure 4-2. Mean plot for RQ1a

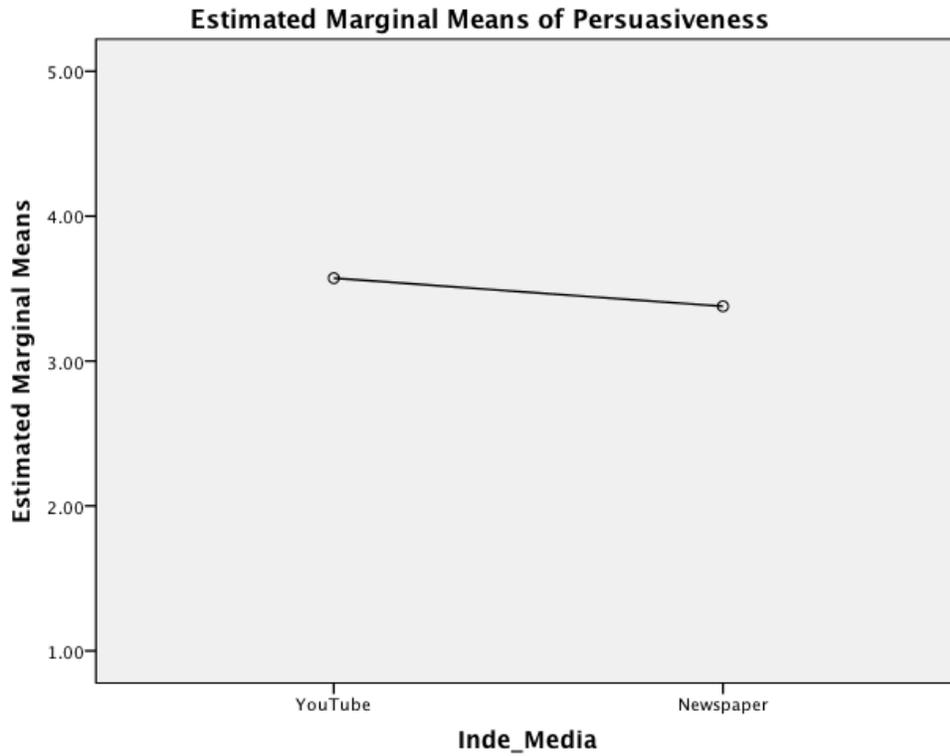


Figure 4-3. Mean plot for RQ1a

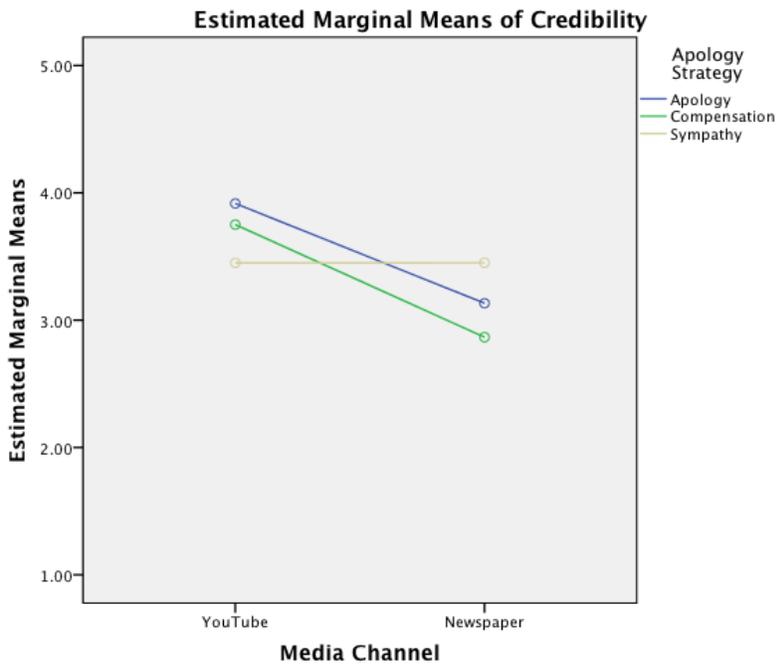


Figure 4-4. Mean plot for RQ1b

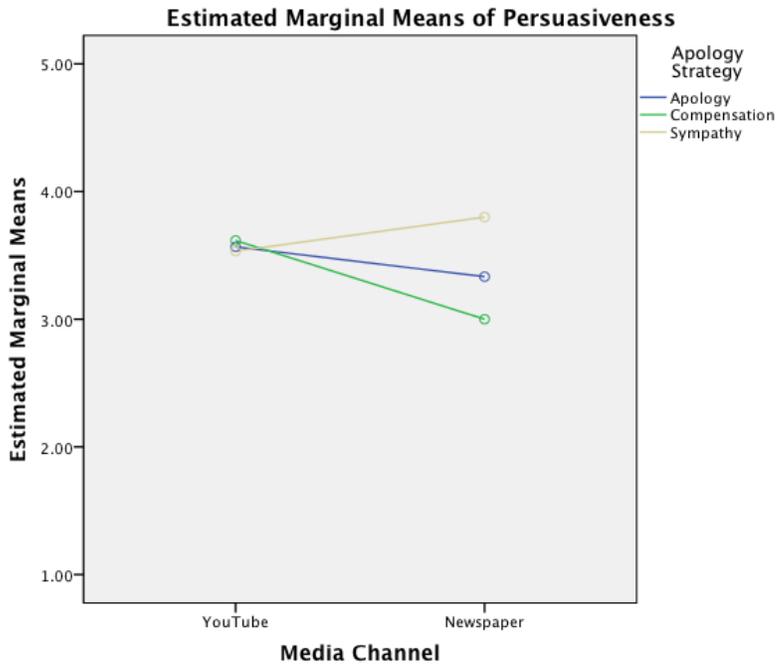


Figure 4-5. Mean plot for RQ1b

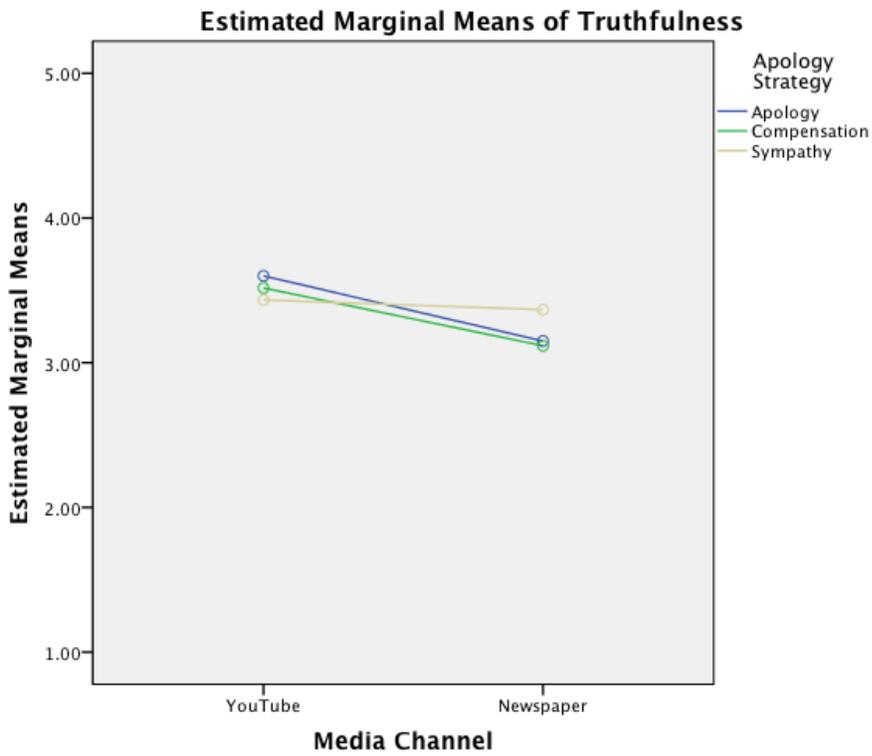


Figure 4-6. Mean plot for RQ1b

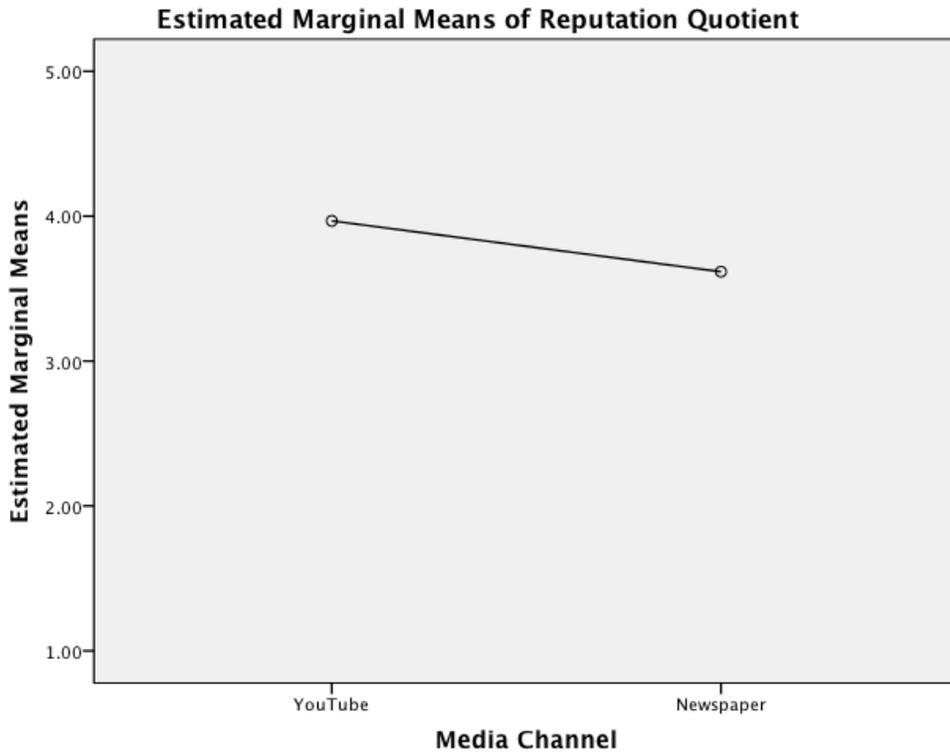


Figure 4-7. Mean plot for RQ2a

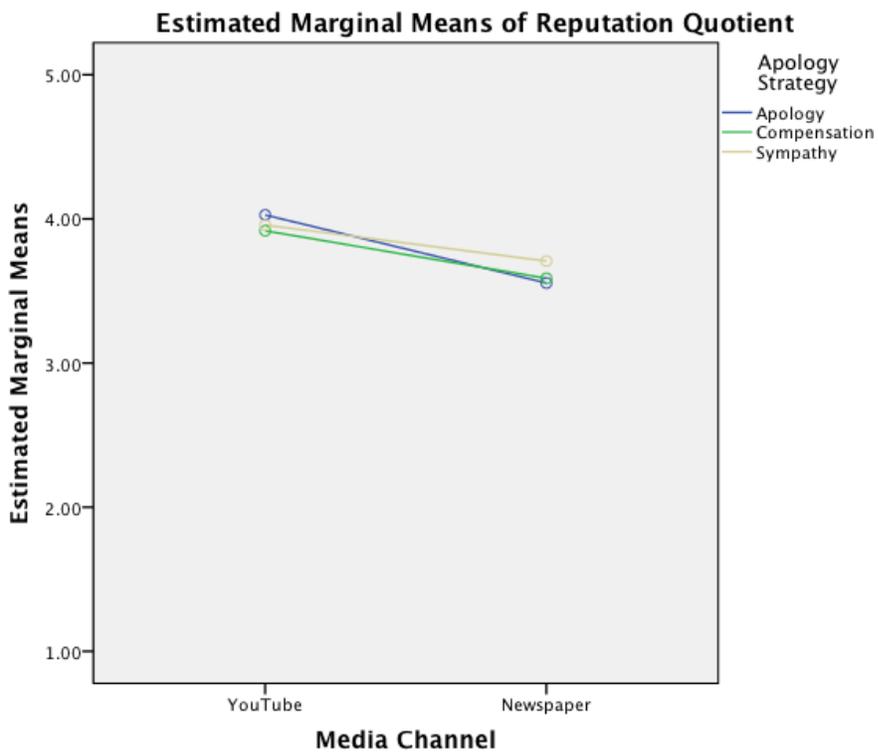


Figure 4-8. Mean plot for RQ2b

## CHAPTER 5 DISCUSSION AND CONCLUSION

This study focused on the effects of media channel selection (YouTube/newspaper) and three different apology strategies (apology/compensation/sympathy) on CEO apologies. While some studies have researched the effectiveness of different types of media, spokespeople, and strategies, these elements have not been connected in a single study of CEO apologies issued in different media channels. Additionally, there is little research about the effectiveness of CEO apologies issued via emerging media such as Facebook and Twitter in comparison to traditional media. The findings give meaningful insights into the comparative effectiveness of different media channels for CEO apologies: (a) video vs. print media and (b) emerging media vs. traditional media.

### **5.1 Summary of Results**

#### **5.1.1 Video vs. Print and Emerging Media vs. Traditional Media**

Comparisons of YouTube video and newspapers as mediums for CEO apologies can be done from two different angles: video vs. print media and emerging media vs. traditional media. Based on the social presence theory, this study found that a CEO stepping up to the camera in a YouTube video to apologize in person more effectively built message credibility and post-crisis corporate reputation than writing an apology in a newspaper. In contrast to prior findings by Coombs and Holladay (2009) that print media yielded more positive reputation levels than video, the video condition (YouTube) resulted in more positive reputation levels than the print media condition.

With regards to message acceptance, YouTube as an emergent media is more effective than newspapers as traditional media at generating message credibility and restoring post-crisis corporate reputation. Surprisingly, people accept higher message

credibility from YouTube than from a newspaper, contrary to a popular belief that messages spread by social media build less credibility than messages in traditional newspapers which are more reliable and neutral news sources. Therefore, for a CEO to apologize successfully, it might be important to issue an apology on YouTube as well as in a newspaper.

### **5.1.2 Media Channel Matters More Than Message Strategy**

This study found that using a CEO as a spokesperson in a YouTube apology strongly affected public acceptance of the message's credibility, which indicates that CEOs are perceived as more credible and, therefore, are more effective at eliciting acceptance of the apology's credibility when they appear in videos. None of the three apology strategies alone produced a significant effect on message acceptance and post-crisis corporate reputation. It appears that all of these three apology strategies produce similar effects. This finding suggests that any of these strategies can communicate that a corporation apologizes for wrongdoing. The media channel turned out to be a more influential factor in determining the effectiveness of a CEO apology than the particular apology strategy. This finding indicates that corporations considering CEO apologies should put more weight on selecting the appropriate media channel than on their apology strategy.

## **5.2 Implications**

This study contributes to the knowledge of the practice of crisis communications. Many scholars and practitioners think that a real crisis is the best method to learn crisis communication, so this study used an actual crisis as experimental stimuli to examine a potential significant relationship between the effectiveness of different media channels in CEO apologies. The findings confirmed that YouTube has greater influence than

traditional print media on the message credibility of a CEO apology and its ability to build corporate reputation. Therefore, crisis managers should pay more attention to using YouTube for CEO apologies and strategically consider their media choice in light of media use by their target audience. As well, it might be helpful for crisis managers to convince their clients, especially CEOs, to adopt YouTube as a medium for issuing apologies.

### **5.3 Limitations and Future Research**

This study had several limitations, including the nature of the crisis being examined. The Maeil Dairy CEO's YouTube apology did not offer direct monetary compensation to victims, so the stimulus for a compensation strategy might not be strong in comparison to other apology strategies such as apology and sympathy. Different results might be found if the attributions of compensation strategy were strong.

Additionally, the use of an existing, real-life CEO apology on YouTube made it impossible to set the exact amount of time for each YouTube video stimuli. In addition, the majority of respondents were male, and this may have biased their perceptions about CEO apology. If future research explores public's perception using a random sampling method, the results could have more external validity. It also can provide the possible outcomes by including additional crisis strategies such as bolstering, denial, and so on.

Finally, this study was conducted online with Qualtrics software and not in a restricted laboratory setting, which could reduce the external validity of this research.

This research examines the effects of media channel selection on CEO apologies only in South Korea. Although the importance of CEO apologies is growing, many researchers and practitioners still have doubts about it. Crises are increasingly

becoming worldwide due to the globalization of businesses and the development of social media, but little research has been done on the international aspects of crisis communication and CEO apologies. Future research should focus not just on the media effect of CEO apologies, but also on how effectively different media channels spread the message. In addition to this, the influence of the media channels and apology strategies and their sequence on the impact of a CEO apology must be investigated extensively in future research.

APPENDIX A  
QUESTIONNAIRE

Korean Version

설문지

Section 1. Message Acceptance

다음은 미디어 종류 (유튜브, 신문)에 따른 CEO의 사과 메시지에 대해 당신이 이 메시지를 어떻게 수용하는지에 대한 질문입니다. 각 질문을 읽고, 일치하는 곳의 숫자를 (1~7) 체크해 주시기 바랍니다.

	전혀 동의하지 않는다	동의하지 않는다	다소 동의하지 않는다	보통이다	다소 동의한다	동의한 다	절대적 으로 동의한 다
나는 이 사과 메시지를 신뢰한다고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지로 부터 확신을 얻는다고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지로 부터 공감을 얻는다고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지가 설득적이라고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지를 잘 이해했다고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지가 객관적이라고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지의 내용이 진실하다고 생각한다	1	2	3	4	5	6	7
나는 이 사과 메시지의 내용이 잘못을 인정하고 고치려 하는 것 같다고 생각한다	1	2	3	4	5	6	7

Section 2. Corporate reputation

다음은 매일유업의 CEO 사과에 대한 기업의 평판에 관한 귀하의 생각을 묻는 질문입니다. 각 질문 내용을 읽고 일치하는 곳의 숫자를 (1~7) 체크해 주시기 바랍니다.

	전혀 동의하지 않는다	동의하지 않는다	다소 동의하지 않는다	보통이다	다소 동의한다	동의한 다	절대적 으로 동의한 다

나는 이 회사가 시장 잠재력을 가지고 있다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 뛰어난 리더십을 가지고 있다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 미래에 대한 명확한 비전이 있다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 좋은 명분을 지원한다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 환경에 대한 책임을 다하는 회사라고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 지역 사회에 책임을 다하고 좋은 대우를 하는 회사라고 생각한다	1	2	3	4	5	6	7
나는 이 기업에 호감을 가지고 있다	1	2	3	4	5	6	7
나는 이 기업을 좋아하고 존경한다	1	2	3	4	5	6	7
나는 이 기업을 신뢰한다	1	2	3	4	5	6	7
나는 이 회사가 좋은 품질과 서비스를 제공한다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 혁신적인 제품 및 서비스를 개발한다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 좋은 가치를 지닌 서비스와 제품을 제공한다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 자신의 제품과 서비스를 믿는다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 잘 관리된다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 일하기에 좋은 회사로 보인다	1	2	3	4	5	6	7

나는 이 회사가 좋은 직원들이 있다고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 경쟁업체를 능가할 것이라고 생각한다	1	2	3	4	5	6	7
나는 이 회사가 과거의 수익성이 있다고 생각한다	1	2	3	4	5	6	7
나는 이 회사의 투자리스크가 낮아 보인다고 생각한다	1	2	3	4	5	6	7
나는 이 회사로부터 미래성장을 위한 강한 전망이 엿보여진다고 생각한다	1	2	3	4	5	6	7

**Section 3. 인구 통계학적 질문 (끝으로 귀하의 일반적인 사항에 대한 질문입니다.)**

1. 귀하는 태어난 해는 언제 입니까? \_\_\_\_\_

2. 귀하의 성별은 무엇입니까?       남자     여자

3. 귀하의 최종 학력은 무엇입니까? 현재 학위 취득중에 있다면 이전 학력을 기술해 주시기 바랍니다.

- 중학교 졸업
- 고등학교 졸업
- 대학교 재학
- 대학교 졸업
- 석사 (과정/학위)
- 박사 (과정/학위)

4. 귀하의 직업은 무엇입니까?

- 공무원
- 기능, 생산직
- 농업, 어업
- 서비스, 영업직
- 일반 사무직
- 자영업
- 전문직
- 주부
- 학생
- 기타 (            )

5. 귀하의 월 평균 소득은 얼마입니까?

- 100 만원 이하
- 101~200 만원
- 201~300 만원
- 301~400 만원
- 401 만원 이상

지금까지 귀하께서 응답해 주신 설문지 내용은 해당 연구의 소중한 자료로 활용될 예정입니다. 귀한 시간 내주셔서 마지막 까지 정성껏 응답해 주신 노고에 깊은 감사 드립니다.

## English Version

### Section 1. Message Acceptance

Regarding the messages of a CEO apology through different types of media, please indicate your level of agreement or disagreement with each statement about how you accept the messages of CEO apology.

	Strongly disagree	disagree	Somewh at disagree	neutral	Somewh at agree	agree	Strongly agree
I believe I can trust this message	1	2	3	4	5	6	7
I believe this message have convinced me	1	2	3	4	5	6	7
I believe this message have sympathized me	1	2	3	4	5	6	7
I believe this message is persuasive	1	2	3	4	5	6	7
I believe I can understand this message very well	1	2	3	4	5	6	7
I believe this message is truthful	1	2	3	4	5	6	7
I believe this message seems to admit and to correct faults	1	2	3	4	5	6	7
I believe this message seems to admit and to correct faults	1	2	3	4	5	6	7

### Section 2. Corporate reputation

In this section, I ask how you feel about Maeil Dairies' reputation after CEO apology as a crisis response strategy. 20 statements are listed below. Please identify your level of agreement or disagreement with each statement.

	Strongly disagree	disagree	Somewh at disagree	neutral	Somewh at agree	agree	Strongly agree
I believe this corporation takes advantage of market opportunities	1	2	3	4	5	6	7

I believe that the corporation has excellent leadership	1	2	3	4	5	6	7
I believe that the corporation has clear vision for the future	1	2	3	4	5	6	7
I believe that the corporation supports good causes	1	2	3	4	5	6	7
I believe that this is an environmentally responsible company	1	2	3	4	5	6	7
I believe that the corporation is responsible in the community	1	2	3	4	5	6	7
I feel good about company	1	2	3	4	5	6	7
I believe that the corporation inspires admiration and respect	1	2	3	4	5	6	7
I feel that the corporation inspires trust	1	2	3	4	5	6	7
I believe that the corporation offers high quality products and/or services	1	2	3	4	5	6	7
I believe that the products and/or services of this company are innovative	1	2	3	4	5	6	7
I believe that the corporation provides good value for money	1	2	3	4	5	6	7
I believe that the corporation stands behind its products and/or services	1	2	3	4	5	6	7
I believe that the corporation rewards employees fairly	1	2	3	4	5	6	7
I believe that this looks like a good company to work for	1	2	3	4	5	6	7
I believe that the corporation has good employees	1	2	3	4	5	6	7
I believe that the corporation outperforms competitors	1	2	3	4	5	6	7

I believe that the corporation has record of bring profitable	1	2	3	4	5	6	7
I believe that the corporation is low risk investment	1	2	3	4	5	6	7
I believe that the corporation's growth prospects	1	2	3	4	5	6	7

### Section 3. Demographic information

1. In what year were you born? \_\_\_\_\_

2. What is your gender?       Male       Female

3. What is your highest level of school you have completed? If currently enrolled, mark the previous grade or highest degree received.

- No schooling completed
- Nursery school to 12<sup>th</sup> grade (no diploma)
- High school graduate
- Bachelor's degree (e.g., BA or BS)
- Master's degree (e.g., MA, MS, or MBA)
- Professional degree (e.g., MD or JD)
- Doctoral degree (e.g., PhD or EdD)

4. What is your occupation?

- Employed for wages
- Self-employed
- Out of work and looking for work
- Out of work but not currently looking for work
- A homemaker
- A student
- Retired
- Unable to work

5. What is your average income level?

- Less than \$10,000
- \$10,000 to \$29,999
- \$30,000 to \$49,999
- \$50,000 to \$69,999
- \$70,000 to \$89,999
- \$90,000 to \$109,999
- \$110,000 to \$129,999
- \$130,000 or more

Thank you so much for your participation!

APPENDIX B  
EXPERIMENTAL STIMULI

Stimuli 1: Media (YouTube, Newspaper) X Apology strategy (Apology-Full responsibility)

Dear all customers,

I am CEO Choi Dong Wook of Maeil Dairies Co.,Ltd.

(Apology- Full Responsibility strategy)

I am deeply sorry for causing you distress, regarding the news report of Premium Plus-2 Step.

We will re-emerge as a more humble company that you can trust, sparing no efforts to make you proud. We humbly request your encouragement and support.  
Thank you.

Stimuli 2: Media (YouTube, Newspaper) X Apology strategy (Compensation)

Dear all customers,

I am CEO Choi Dong Wook of Maeil Dairies Co.,Ltd.

(Compensation strategy)

We, Maeil Dairies Co.,Ltd, are trying our utmost to relieve your concern. If you still have any problem with our powdered milk products, please call our customer center. Our counselors will be with you and try to find solution.

We will re-emerge as a more humble company that you can trust, sparing no efforts to make you proud. We humbly request your encouragement and support.  
Thank you.

Stimuli 3: Media (YouTube, Newspaper) X Apology strategy (Sympathy)

Dear all customers,

I am CEO Choi Dong Wook of Maeil Dairies Co.,Ltd.

I am deeply sorry for causing you distress, regarding the news report of Premium Plus-2 Step.

(Sympathy)

Most of all, it pains me and our staff greatly so much to imagine all mothers frightened at the unexpected news and feel sorry for their kids.

We will re-emerge as a more humble company that you can trust, sparing no efforts to make you proud. We humbly request your encouragement and support.  
Thank you.

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