

WEATHERING THE STORM: THE GOVERNANCE OF REPUTATION PRE- AND POST-CRISIS PERSPECTIVES ON CORPORATE ETHICS

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DOI: <https://doi.org/10.5281/zenodo.21389375>

Received	Accepted	Published
01 January 2026	17 March 2026	31 March 2026

ABSTRACT

An organization's reputation can suffer from serious and prolonged effects in the event of a crisis. These crises occur when an unforeseen incident or action that compromises the reputation of an organisation results in negative public reactions, loss of confidence and financial damage. This research examines the effects of a crisis, an unforeseen event which can disrupt the operation of an organisation, on consumer perceptions and on the resulting reputational damage to the organisation. In particular, it considers the impact of an organization's pre-crisis reputation (both positive and negative) on the magnitude of reputational harm arising from a crisis. The results indicate that organizations with good status before the crisis experience less reputation damage than organizations with bad status before the crisis. People will turn to their first impression of the organisation, so if the organisation has a positive reputation before the crisis, then they will be less likely to blame it during the crisis. Moreover, this research suggests that a positive pre-crisis reputation can help organizations to manage the negative aftermath of a crisis by decreasing the amount of bad press and outside allegations that may result from it.

Keywords: Organizational crisis, Pre-crisis reputation, Halo effect, Attributions of responsibility. Reputation loss, Negative publicity

1. INTRODUCTION

Public managers at all levels focus on building a reputation that grants them greater autonomy and shields them from adverse external scrutiny (De Boer, 2023; Carpenter, 2001; Rourke, 1984; Wilson, 1989). Given that the media and the general public are critical audiences, managing crises and responding to public concerns are essential responsibilities for public organizations (Akbar, 2025). News outlets are quick to report on instances of poor government performance, from little mishaps to significant scandals, in ways that influence the opinions of the public. This is so that government agencies may develop and

implement public policies in a complex political environment with a wide range of stakeholders, such as elected politicians, interest groups, the media, policy experts, and regular residents.

Public administration is interdependent in democracies. Thus, to govern effectively, you must overcome three major challenges: how to keep people on board with your agency and its initiatives; how to navigate treacherous waters (enemies and potentially disaffected supporters); and how to strike a wise balance between consistency and flexibility. Public managers need reputational capital to handle these issues. An organization's reputation is its constituents'

opinions (Carpenter, 2010; Fombrun, 1996). Company reputations require two-way engagement with customers (Fombrun C., 1996). Several audiences' perceptions about a company's skill, ethics, history, and purpose make up its reputation (Tursunbayeva et al, 2022). Organizational reputations rarely offer bureaucratic organizations a straightforward solution to overcome all three governance challenges.

An unexpected crisis can disrupt an organization's operations and severely impact consumer perceptions and performance. Strategic communication between public organizations and managers can lessen a crisis's reputational risk. Organizational crises can ruin one's reputation (Coombs, 2007; Dutta, 2011; Falkheimer, 2006). Crisis and reputation management specialists say a crisis threatens an organization's reputation (Barton, 2001; Davies, 2001). In times of crisis, experts also say a good reputation is valuable (Alsop, 2004; Davies, 2001; Dowling, 2012; Fombrun & van Riel, 2003). Positive reputations are like reputation bank accounts. A corporation with high reputational capital can lose or spend money during a crisis, and with a good reputation (Dowling, 2012; Fombrun & van Riel, 2003). A strong financial condition may protect an organization's reputation during distress (Ulmer, 2001). Despite its intuitive attractiveness, the halo effect has yet to be proven (Klein, 2004). This study utilizes experiments to elucidate the halo effect and its potential to safeguard an organization during a crisis. There has been limited research on how individuals and various groups develop opinions about reputations. Proxy data, such as newspaper or online coverage of agencies, has been used to measure reputation, assuming that these sources correctly reflect public opinion. Pakistan, with its large population and diverse cultural, ideological, and geographical backgrounds, studying bureaucratic reputation from the citizens' perspective is crucial. Pakistan's public sector institutions are intriguing since they often serve specific populations or geographical areas, therefore, their reputations may be influenced by common ideals or interests.

This study investigates the audience-oriented approach, drawing upon theories from the literature on crises. The study specifically focuses on the varying reactions of citizens to crises. The Attribution Situational Crisis Theory, in conjunction with the Halo and Horn effects, presents a viable methodology for predicting shifts in individuals' assessments of reputation. Empirical analysis in this study is based on data collected from randomized vignette trials. The vignettes' narratives, which depict the challenges faced by federal agencies, are grounded in factual news accounts. The study enlisted a sample of roughly 300 Pakistani individuals aged 18 years and above, utilizing the Bureaucratic Reputation Scale as a research tool (Lee, 2019). Furthermore, previous research in communication studies, which has predominantly concentrated on private entities, can be rendered more robust by giving greater attention to public organizations in research environments. The study aims to utilize frameworks within the context of public administration to examine the impact of individuals' attributions of responsibility for crises on their evaluations of reputation. Additionally, the study seeks to provide insights to public managers on how to effectively manage public perceptions during crises through the use of appropriate messaging.

Within the framework of crisis communication theories, this research investigates the reception of a public organization's crisis-related strategic communications. Mainly aims to explore the potential impact of a company's reputation before a crisis on its ability to mitigate damage to its image during the crisis. In this article, we look at how a person's reputation before a crisis might act as a buffer. Previous studies have shown that companies with a strong reputation before a crisis are likelier to keep that reputation after the crisis (Coombs W. T., 2001).

The paper is organized in the following order. Section 2 explained the literature review, and Section 3 presents the methodology. Section 4 discusses the results, and the final section 5 concludes the paper.

2. Theoretical Background

The idea of bureaucratic reputation and the process that results in reputation management in the public sector have been making their way into the field of public administration over the past few years (Irfan & Sami, 2021; Waeraas, 2012; Waeraas, 2015). Because they must explain to various publics "what the organization is," public relations professionals are in charge of managing the development and preservation of a company's reputation (Wilcox, 2000). A company's reputation has an influence on different factors, including staff morale and stock prices (Harinuridin, 2023; Hearit, 2001; Lerbinger, 1997; Lyon, 2002). According to Carpenter (2001;2010), a public organization's reputation can be described as a set of ideas about its capabilities, obligations, and responsibilities that are shared by a variety of audiences, including citizens. The importance of bureaucratic reputation in influencing public organizations' behavior and determining their power and effectiveness has drawn increasing scholarly attention in the field of public administration (Carpenter, 2010; Maor, 2011; Sulitzeanu-Kenan, 2019). According to this research, government organizations work to maintain a positive public image by employing techniques including transferring responsibility (Gilad et al., 2013).

According to Walker (2010), reputations can possess a valence or direction, positive or negative. Furthermore, Fombrun (2012) posits that reputation can be construed as a group evaluation of an entity's appeal to a specific set of stakeholders. The present investigation centers on the assessment of the "favorability" of government agencies from the perspective of citizens, and this concept constitutes a crucial element of our research. According to Carpenter (2010), the concepts of bureaucratic reputation within the realm of public administration refer to a collection of symbolic convictions regarding the distinct or distinguishable abilities, functions, and responsibilities of organizations, which are ingrained in networks of observers. Carpenter's research has generated a substantial body of literature on the significance of reputation in the public domain, primarily examining the interplay

between administration and politics (Carpenter, 2001; Carpenter, 2010; Maor, 2011; Roberts, 2006). According to Carpenter (2001), scholars argue that agencies can gain bureaucratic autonomy and power within a democratic government system by acquiring positive reputations, which lend them legitimacy. Further investigation has been conducted in this domain regarding the impact of reputation on the conduct of governmental entities. The literature suggests that reputation has an impact on administrative decisions, network collaboration, and bureaucratic performance, as evidenced by several studies (Busuioc, 2016; Gilad et al., 2013; Ingold and Leifeld, 2014; Krause & Douglas, 2005; Maor et al., 2012; Maor & Sulitzeanu-Kenan, 2013; Moynihan, 2012). The results of these studies suggest that public entities endeavor to uphold a favorable public perception by augmenting their operational efficacy and implementing tactics that minimize culpability. The results indicate that organizations put efforts into regulating their image to enhance their sway within policy networks. Moore (2015) demonstrated that organizations can still achieve success despite a negative public image resulting from widely publicized scandals, as evidenced by the performance of the US Department of Veterans Affairs (VA).

2.1 Pre-Crisis Positive Reputations

Stakeholder evaluation is a process that assesses the reputation of an organization. Let us now discuss reputations, encompassing both positive and negative perceptions. Reputations are highly regarded as intangible assets. Reputational assets have been linked to significant outcomes, including customer attraction, investment interest, recruitment of top employees, employee motivation, job satisfaction, positive media coverage, value creation, and favourable comments from financial analysts (Alsop, 2004; Davies et al, 2003; Roberts& Dowling, 2002; Fombrun & van Riel, 2003). A reputation is formed through the interaction between stakeholders and the organization (Fombrun & van Riel, 2003). Reputations are established with favorable contact, and get damaged with a negative

reputation (Xia et.al, 2023). Investing capital in reputation facilitates the process of building reputation. Reputation is also a way of communication in interactions between stakeholders and organisations (Ajayi et.al, 2021; Roberts & Dowling, 2002; Fombrun & van Riel, 2003). Engaging in constructive stakeholder engagement helps to establish a positive reputation. Withdrawals from an account are unfavorable transactions.

2.1.2 Audience-Based Reputation

When social network and social cognition perspectives are considered, we present relevant observations about agency-audience relationships. Prior knowledge, goals, mental frameworks, heuristics, distraction, motivation, emotion, and others are used when they do so. Ultimately, questions arise about what the audience will remember about the agency, what information will be hidden (Durand & Gouvard, 2022; Najmi, 2013), and how audiences' attitudes and judgements are shaped by information. However, bureaucratic agency audience descriptions and perceptions vary and may alter over time. Agency "sight" is mostly inferred, assumed, or felt and may change by time, culture, and subculture (Carpenter & Krause, 2012). Examining audiences' history, major personalities, relationships, motives, goals, intents, and plans is necessary to consider the "social" and "psychological." These elements influence audience communication, interaction, and social reality understanding (e.g., attribution and attitude formation). Audiences wonder what causes agency actions, and vice versa. They may do this directly or through institutional intermediaries like the media, specialized organizations, or other audiences.

2.1.3 Dissecting the Phenomenon of the 'Halo Effect' in Crisis Management

Both the Halo and Velcro effects, first described by Thorndike in 1920, show how bias induced by one measure can permeate subsequent assessments of a variable's value. Both outcomes rest on the hypothesis that audiences' preexisting reputation judgements affect who they hold

accountable during times of crisis. Having a strong reputation can provide a protective shield against the negative impacts of crises, according to the Halo effect. However, the Velcro effect shows that a negative reputation has a multiplicative effect, so that people who have formed negative opinions in the past are more likely to blame others for a crisis and be affected by it (Coombs & Holladay, 2006). Both of these hypotheses suggest that a person's reputation benefits from a positive reputation and suffers more from a negative one.

2.1.4 Relationship between Crisis-Induced Reputation Loss and Pre-existing Reputation

The correlation between past reputation and crisis communication perception is a significant factor (Zhang & Nekmat, 2024; Lyon & Cameron, 2004). Individuals' pre-existing reputation evaluations influence their attitude to an organization's crisis communication. The Velcro effect implies that during times of crisis, people tend to attach a disproportionate degree of blame to firms with a bad image because they believe such acts to be more purposeful. The Halo effect (Coombs, 2010) proposes that during crises, individuals attach less culpability to firms with favorable prior reputations and regard such catastrophes as less purposeful. The assumptions of the Attribution Crisis Theory are used in this study to connect crisis responses with pre-existing reputation ratings. It specifically contends that individuals with favorable pre-crisis reputation evaluations are more likely to adopt a successful strategic response when they acknowledge organizational responsibility for crises (Coombs, 2007). When compared to negative preconceptions, good preconceptions can lead to a lower attribution of blame for the crisis to entities. To be more specific, adopting organizational accountability for crises is the best method for those who have negative historical evaluations of crises.

According to psychological studies, people tend to combine their overall impressions of a person or thing into their appraisals of its specific characteristics, a phenomenon known as "the halo effect" (Thorndike, 1920). Coombs and Holladay (2006) observed the application of this technique

to crisis-affected organizations. A positive pre-existing reputation can serve as a safeguard against potential reputational harm during a crisis. Expectancy Confirmation Theory explains the concept that people interpret contradictory information in ways that match their prior expectations. This idea, which was originally devised to account for people's perceptions regarding social issues, proposes that people try to prevent cognitive dissonance by reconciling any contradictory information with their pre-existing expectations. Several studies have documented this behavior (Coombs & Holladay, 2006; Edwards & Smith, 1996; Traut-Mattausch et al, 2004). According to Perloff (2010), individuals may attempt to control cognitive dissonance caused by crisis-related revelations about institutions they support. Individuals who have a favorable image of a crisis-affected organization may selectively attend to the organization's positive features while ignoring any bad information about the crisis, according to Coombs and Holladay (2006). Individuals can resolve cognitive dissonance using this strategy, according to Festinger's (1957) hypothesis; utilizing the information processing strategy can help minimize the negative impact of crises on reputation. Furthermore, it allows stakeholders to overlook the crisis to some extent while maintaining their initial positive view of the concerned business (Coombs & Holladay, 2001, 2006). Consequently, an organization that has a favorable reputation before a crisis is more likely to sustain less reputational damage than an enterprise with a negative pre-crisis reputation.

The objective of the present study is to ascertain whether pre-crisis reputation serves as a more effective protective factor against reputational harm by examining the extent to which it influences the degree of reputational damage that occurs in the aftermath of a crisis. The primary objective of this essay is to ascertain whether a prior reputation serves as a protective barrier against reputational harm in the event of a crisis.

H₁: The Public judges an agency's reputation based on its past reputation.

H_{1a}: The public's reputation judgments will be less negative when they view the organizations' prior reputations as favorable.

H_{1b}: The public's reputation judgments will be less negative when they view the organizations' prior reputations as unfavorable

2.2 Crisis Events and Organizational Reputation

Crisis incidents can impair operations and even destroy an organization (Klein & Todesco, 2021; Barton, 2001; Coombs, 1999). According to Barton (2001) and Davies et al. (2003), a crisis is often seen as a threat to one's reputation. However, it is generally believed that a good reputation may protect and help restore a company's image during a crisis. A company's reputation capital is its prior reputation. During a crisis, crisis managers feel that a good reputation will help an organization. Dowling (2002) stated, "There are few published scientific studies of how a crisis (adversely) affects a company's images or reputations." Most of what we know is based on opinion, not research. For instance, many managers assume that a good corporate reputation protects against the first major catastrophe. According to research and articles by experts and practitioners, it is believed that an organization's reputation serves as a safeguard during times of crisis.

Since there is little empirical evidence to support the perceived worth of prior reputation, both literatures must be considered. Both sources affect crisis management thought, with practitioner/popular publications adding interesting anecdotes to academic studies. Because management knows it will spend it, an organization generates reputation capital. An organization's reputation will suffer during a crisis. According to Alsop (2004), organizations create "reputation capital" to weather storms. It's like starting an emergency fund. Reputation recovers faster after crises. Crisis will harm reputation: A crisis or other unpleasant event will undoubtedly damage a company's reputation (Alsop, 2004).

One factor that affects how people perceive crises is their pre-existing opinions about organisations, as studied by Fombrun and van Riel (2003). Crisis reputations are based on two assumptions.

Organizations' reputations are vital, and crises endanger them. The second is that "... the balance of reputation capital an organization has in its account" preserves reputational assets during the crisis (Coombs & Holladay, 2006). Reputations defend public agencies from political attacks (Carpenter, 2002). The literature agrees that an organization's reputation protects it from reputational challenges (Coombs & Holladay, 2006). The second hypothesis is based on these assumptions and examines how crisis types affect organizational reputations.

H₂: The public's perceptions of organizations' reputations will change depending on the sort of crisis

H_{2a}: The presence of negative publicity cases will result in less negative public perceptions.

H_{2b}: The absence of negative publicity cases will result in less negative public perceptions.

2.3 Responsibility's mediating influence

People tend to look for causes of events they witness, according to attribution theory (Kelley, 1973). Consumers blame crisis actors because crises are bad (Coombs, 2007; Dean, 2004). Consumers blame the crisis-hit company and may use pre-crisis organizational reputation to impute culpability (Coombs, 2007; Klein & Dawar, 2004; Kelley, 1973). According to expectancy confirmation theory (Edwards & Smith, 1996),

the extent to which consumers assign culpability to a crisis-stricken organization is contingent upon their prior expectations of the organization. Consequently, consumers may conclude that the crisis-stricken organization is not to blame due to their optimistic expectations regarding an organization with a favorable pre-crisis reputation (Coombs, 2007; Traut-Mattausch et al., 2004). The post-crisis reputation of the organizations will be influenced by these attributions (Coombs, 2007; Coombs & Holladay, 1996). Pre-crisis reputation influences attributions of culpability, and post-crisis reputation affects attributions.

Initially, stakeholders tend to assign less blame to organizations that have a positive reputation before a crisis or a history of positive relationships. On the other hand, if an organization has a negative reputation before a crisis, consumers tend to hold the corporation responsible (Griffin, 1991). The crisis would thus be perceived as yet another example of company misconduct (Coombs & Holladay, 2001). Additionally, the way a company manages accountability can have a significant impact on how stakeholders perceive its reputation after a crisis (Coombs & Holladay, 1996; Coombs, 2007; Klein & Dawar, 2004). However, there is no available research that directly compares the effects of different management styles. This paper explores the impact of reputation changes on the way responsibility is assigned. Specifically,



Figure 2.1: Hypothesized model, Pre-reputation is linked to reputational loss through organizational responsibility.

H₃: Attribution responsibility mediates the influence of pre-crisis reputation on crisis-related reputation loss.

2.4 Leveraging Positive Pre-Crisis Reputation to Navigate Through Negative Publicity

A good reputation can protect against crisis occurrences and unwanted press. When media and government openly accuse companies of wrongdoing, corporate reputations might suffer (Vanhamme & Grobbsen, 2009). Adverse information regarding a corporation has the potential to diminish its reputation and erode public trust, consequently leading to a decline in public support (Kim, Carvalho, & Cooksey, 2007). However, a good pre-crisis reputation may mitigate such unfavorable exposure. According to Edwards and Smith (1996), the theory of expectancy confirmation states that when companies that are well-liked by consumers face negative publicity and allegations of misconduct, it contradicts the consumers' initial expectations. Therefore, they suppress their cognitive dissonance. Consumers strive to restore their cognitive balance by discounting or disregarding external information that accuses the organization (Coombs & Holladay, 2006). Thus, unfavorable publicity following a crisis may not damage an organization's pre-crisis reputation. However, negative exposure can ruin pre-crisis reputations. Fourthly, examine how much an organization's

pre-crisis reputation protects it against crisis occurrences and unfavorable press.

H₄: An organization with a poor pre-crisis reputation will experience more additional reputation loss than an organization with a favorable pre-crisis reputation

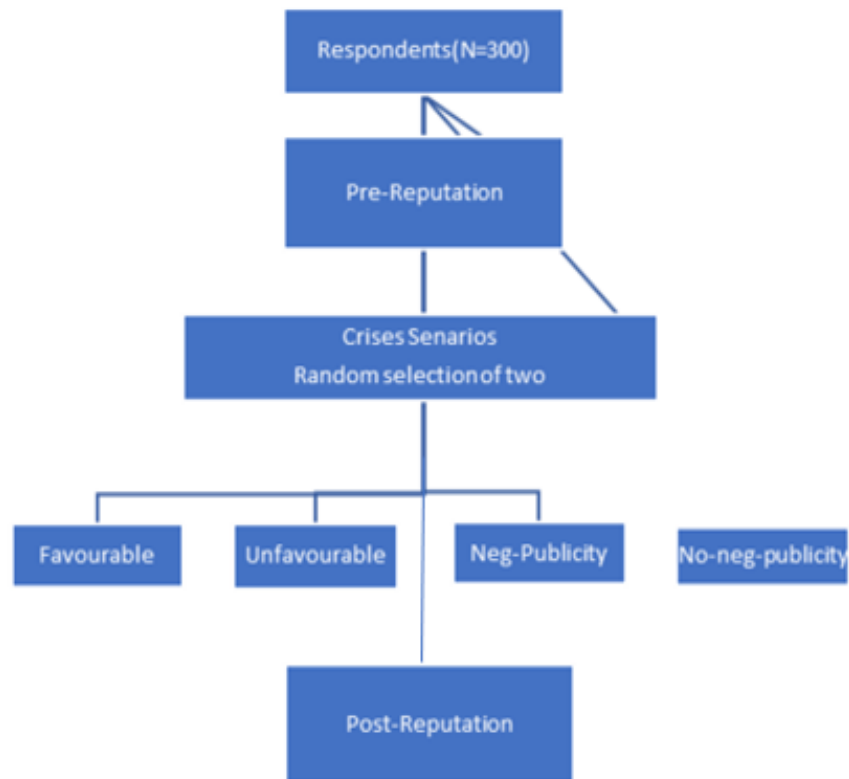
H₅: The organization's image has significantly improved when compared to its prior crisis reputation

3. METHODS AND DATA

3.1 Design and stimuli

Case studies have been widely utilized in research on crisis communication. Nevertheless, case studies may not provide the most optimal method for establishing a causal relationship between independent variables (such as pre-crisis reputation) and dependent variables (such as reputation loss) (Coombs, 2007). This study utilizes experimental research methods to investigate the causal connections between pre-crisis reputation and the subsequent loss of reputation following a crisis. The aim is to contribute to the existing body of crisis communication research by incorporating experimental approaches, as suggested by Rowland and Jerome (2004), and to enhance theoretical understanding in this area. The hypotheses were evaluated using a 2-by-2 factorial experimental design. These independent variables were influenced by four crises.

Figure 3.1: Experimental flowchart



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This study examines audience-oriented crisis communication theories, particularly how citizens react. The Attribution Situational Crisis Theory with Halo and Horn effects can forecast citizens' reputation evaluations. Randomized vignette trials inform this study's empirical analysis. News reports inspired the vignettes' government agency crises. The vignettes feature news items about low-profile federal agency disasters. These designs work for these reasons. First, media coverage is one of the main ways the public judge's organizations (Coombs, 2007). Second, this study examines the pros and cons of using vignettes with existing federal agencies and cases, such as increasing face validity, but also creating noise due to respondents' prior experience or spillover effects across focal organizations (Willems et al., 2019). Third, the vignettes feature everyday agency cases. This study examines crisis responses, thus, the design works.

The media coverage of Pakistan Post Services highlights crisis situations. The sources of information were Dawn, The Express Tribune, Daily Pakistan, Daily Times, and Pakistan Today. In order to mitigate the potential influence of source bias, news providers anonymize their sources. Articles are modified solely for the purpose of research. The appendix of the document includes Table A1, which comprises the wordings of the various scenarios.

3.2 Participants and procedure

The study involved a sample of 300 participants. A convenience sample of Pakistani citizens, consisting of approximately 300 adults aged 18 years and above, was included in the study. The sample comprised of 42% males and 58% females, with an age range of 18-71 years. The study's participants were selected from a database comprising various organizations such as universities, schools, and users of Pakistan post

service. They were contacted via email and invited to take part in the research. Furthermore, participants were instructed to disseminate the email to their acquaintances as a means of broadening the sample size via snowball sampling. The participants were sent an electronic mail that included a hyperlink, directing them to an internet-based survey. Each participant was randomly assigned to one of the two experimental conditions that involved. Although this study's ultimate sample size is 300, because each respondent is given two treatments at random, the total number of observations (N) is 600.

The disclosure of the crisis. Subsequently, 50% of the participants were exposed to external negative publicity from a third-party entity, namely the Public Prosecutor, regarding the crisis-stricken organization and its associated negative occurrences. Subsequently, participants completed the survey instrument. The participants in the study were volunteers and did not receive any form of compensation for their involvement. As shown in Figure 2, respondents are asked to rate the reputation of federal agencies, including the Pakistan Post Service. After demographic questions and a reputation pre-measure, participants are shown a vignette of an agency crisis and the agency's response. Then, participants take the agency's reputation assessment. After the first round, participants are randomly allocated a vignette of an agency issue and a matching treatment. Participants rate the agency's reputation afterward. Although the sample size is 300, each responder is randomly assigned to receive two treatments, resulting in 600 observations. To reduce type II error and increase inferential statistical power, two treatments are given to a single responder (Barlow & Hayes, 1979; Goulet & Cousineau, 2019). Factorial vignettes, also known as within-subjects or repeated-measures studies, are common in conjoint experiments (Bansak et al., 2021; Jasso, 2006).

3.3 Outcome measure

The Bureaucratic Reputation Scale (Lee & Van Ryzin, 2019; Lee, D, 2022) is assessed both before and after therapy. Five items are rated using a five-

point Likert scale, ranging from "strongly disagree" to "strongly agree." The item wordings can be found in Table A2 in the appendix. The hypotheses of this study's outcomes can be tested by utilizing a design that considers both within-subject and between-subject factors. Eliminates variations between individuals to enhance effectiveness. Pre- and post-reputation indicators are calculated by taking the average of multiple-item scales. Reputation loss is determined by the evaluations made before and after a certain action or treatment. The study analyzed reputation both before and after a crisis in half of the scenarios. Reputation loss can be calculated by subtracting the post-crisis reputation from the pre-crisis reputation.

The organizational responsibility was measured using a two-item scale developed by Griffen, Babin, and Darden (1992), with a high reliability coefficient of .87. Items wording is given in the table A3 in appendix. The level of accountability attributed to the organization for these events was assessed using a Five-point Likert scale, ranging from 1 to 5.

3.4 Estimation strategies

The interaction effects of individuals' antecedent reputation evaluations, as hypothesized by hypotheses H_{1a} and H1 b, are examined in this study using pre-established reputation ratings. A median split divides pre-measured scores into two categories. Respondents below the quantile's 50th percentile are considered bad prior reputation. People above the 50th percentile are in the positive prior reputation category. The sample contrasts groups with favorable and negative reputations. Hypothesis one was tested by comparing the mean reputation loss of the organization with a good pre-crisis reputation to the one with a bad one.

The study examines how pre-crisis reputation and unfavorable publicity affect reputation loss after an organizational crisis using a consistent approach. H₂, H_{2a}, and H_{2b} should be examined using two-way ANOVA. This statistical method is beneficial for assessing the interaction effects of two categorical factors and a quantitative outcome

in experimental settings (Seltman, 2018; Van Ryzin, 2020).

Thirdly Preacher and Hayes (2004) mediation analysis were applied to the H₃ hypothesis. Hayes (2009) estimated a 99% confidence interval using 5000 bootstrap samples. A non-zero confidence interval shows mediation and a significant indirect effect. attributions of organizational crisis culpability mediate the association between pre-crisis reputation (unfavorable versus favorable) and reputation loss in this model.

This study also explores how an organization's pre-crisis reputation affects its crisis reputation damage. It suggests that a company with a negative pre-crisis reputation will lose more reputation than one with a favorable one. One-way ANOVA is useful for such cases, especially when testing the fourth hypothesis. The study used a paired t-test to compare pre-existing and subsequent reputation to assess if the organization's image has improved statistically.

4. Results

An independent-samples t-test was conducted to compare the mean reputation loss between organizations with favorable and unfavorable pre-crisis reputations, testing hypothesis one (H1). The results strongly support H1a, indicating that organizations with a favorable pre-crisis reputation experience significantly less reputational loss ($M = -.65$, $SD = .40$) compared to those with an unfavorable pre-crisis reputation ($M = -.10$, $SD = .20$; $t(298) = 14.9$, $p = 0.00$). These findings confirm that while both favorable and unfavorable responses can mitigate reputation loss, the effect of having an unfavorable pre-crisis reputation is particularly significant ($p = 0.00$). This underscores the critical importance of maintaining a positive reputation before a crisis occurs to minimize the potential damage to an organization's reputation.

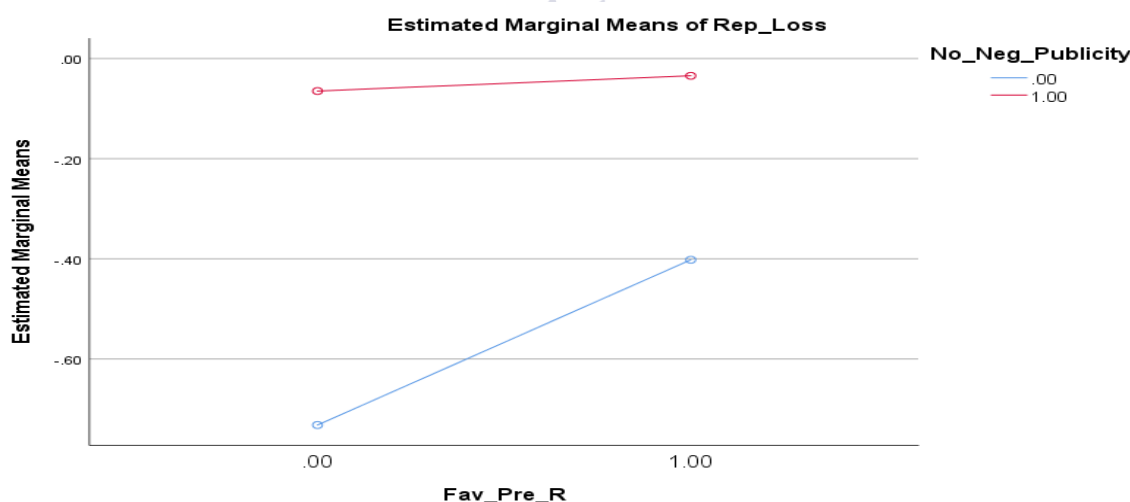


Figure 4.1: An independent-samples t-test compared the mean reputation loss between the favorable versus unfavorable pre-crisis reputations

A univariate two-way ANOVA (general linear model) was conducted to examine the effects of pre-crisis reputation and negative publicity on reputation loss during an organizational crisis (Figure 3). The results indicate significant interactions between these factors. The Levine test yielded a value of 19.93 ($F = 11.79$, $p = 0.001$, partial $\eta^2 = .038$), demonstrating that the presence of negative publicity significantly affects

reputation loss. Specifically, organizations exposed to negative publicity experienced a mean reputation loss of $-.03$ ($SD = .15$) compared to a mean loss of $-.67$ ($SD = .35$) in the absence of negative publicity ($p = 0.00$). This provides some support for H2b. Further analysis using two independent-samples t-tests revealed that the impact of post-crisis negative publicity is contingent upon the organization's pre-crisis

reputation. For organizations with an unfavorable pre-crisis reputation, subsequent negative publicity significantly exacerbates post-crisis reputation loss ($M = -0.73$, $SD = .36$) compared to cases with no follow-up negative publicity ($M = -0.06$, $SD = .12$; $t(106) = 2.12$, $p = .036$). Conversely, for organizations with a favorable pre-crisis reputation, negative publicity following a crisis disclosure does not significantly affect reputation

loss. The mean reputation loss in the presence of negative publicity was -0.40 ($SD = .09$) compared to -0.03 ($SD = .15$) in its absence ($t(110) = 0.53$, $p = 0.60$). Thus, H_3 is partially supported, highlighting that an organization's pre-crisis reputation plays a crucial role in moderating the effects of negative publicity on reputation loss during a crisis.

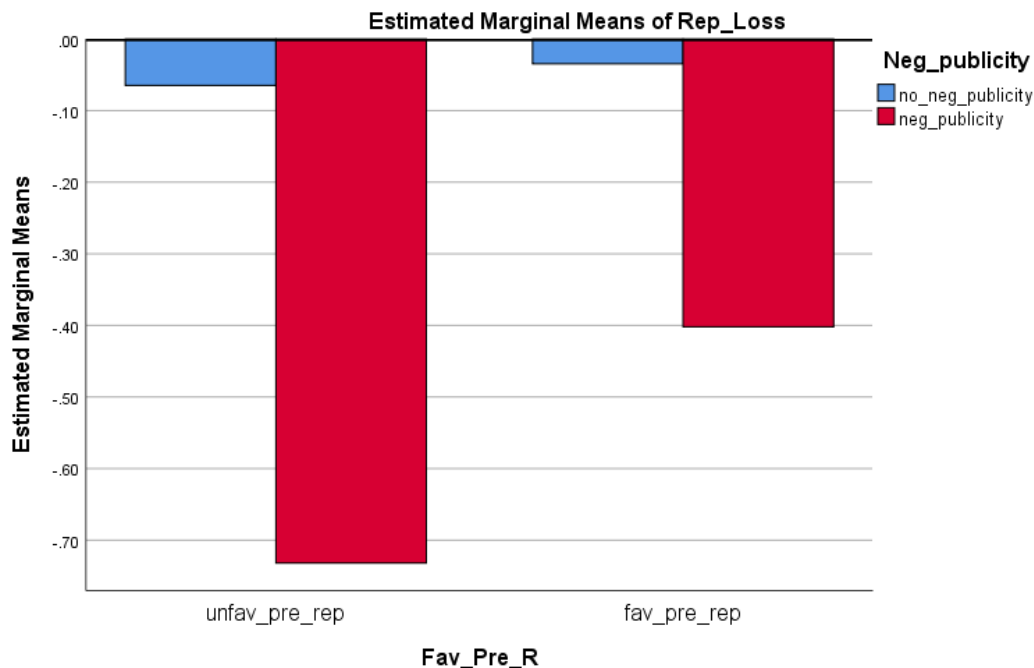


Figure 4.2: Interaction effect between pre-crisis reputation and presence (versus absence) of negative publicity on reputation loss due to an organizational crisis using univariate two-way ANOVA analysis

To test the third hypothesis, a mediation analysis was conducted following the methodology proposed by Preacher and Hayes (2004). Using 5000 bootstrap samples as described by Hayes (2009), a 99% confidence interval was estimated. When this confidence interval does not include zero, it indicates that the indirect effect is statistically significant, signifying mediation.

In this study, attributions of organizational crisis responsibility were considered as a mediator between pre-crisis organizational reputation (either favorable or unfavorable) and reputation loss. The analysis revealed that the indirect effect of pre-crisis reputation on reputation loss is statistically significant, with a regression coefficient (B) of .017, a standard error (SE) of

.036, and a 99% confidence interval (CI) ranging from .0057 to .0744. These findings confirm the third hypothesis, highlighting the mediating role of consumers' attributions of organizational crisis responsibility in the relationship between pre-crisis reputation and reputation loss.

Additionally, this study examined the impact of pre-crisis reputation on the extent of reputational damage during a crisis. The hypothesis posited that organizations with a negative pre-crisis reputation would suffer greater reputation loss compared to those with a positive pre-crisis reputation. One-Way ANOVA was employed to investigate this scenario.

The results indicated that organizations with a positive pre-crisis image ($M = -.10$, $SD = .20$)

experience significantly lower reputational loss compared to those with a negative pre-crisis image ($M = -.65$, $SD = .40$). The statistical analysis yielded an F value of 222.18, with a significance level of p

$= 0.000$, thereby supporting the hypothesis. This underscores the critical importance of maintaining a positive reputation prior to a crisis to minimize potential reputational damage.

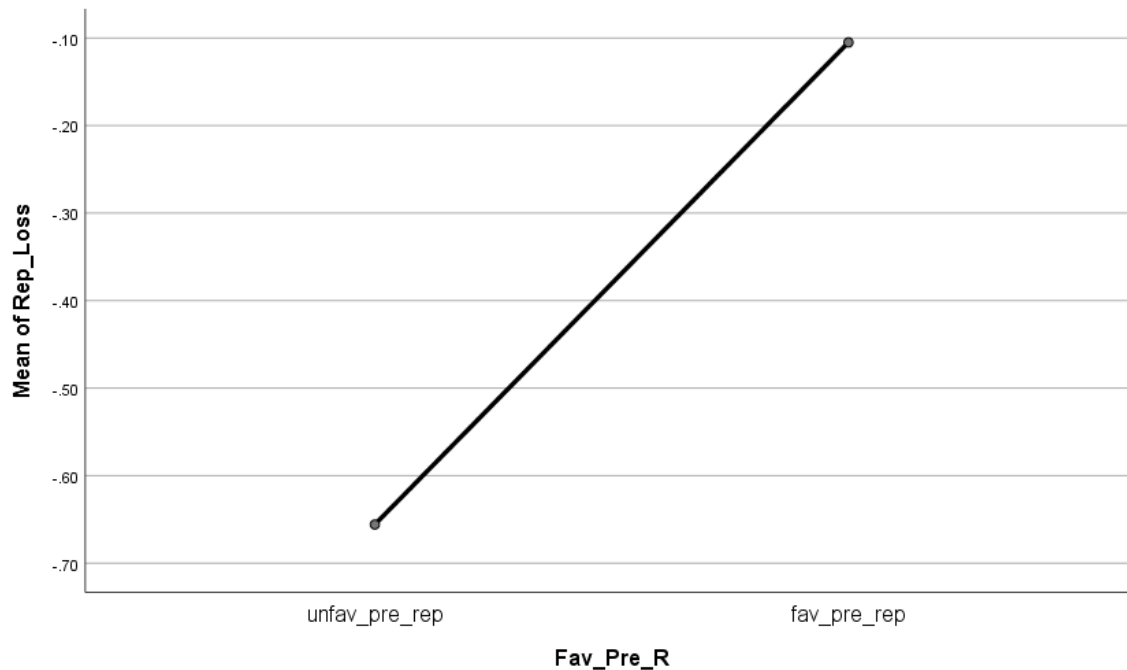


Figure 4.3: Fav-Pre-R Less Reputational Loss, Un-Fav-Pre-R More Reputational Loss, F-statistics = 222.18, Significant at ***

A paired t-test was conducted to evaluate the difference in mean reputation scores before and after a crisis, aiming to determine if there was a statistically significant improvement in the organization's image compared to its reputation during previous crises. The findings indicate a significant enhancement in the organization's

reputation. The mean pre-crisis reputation score was 3.1 ($SD = .49$), while the mean post-crisis reputation score was 3.5 ($SD = .23$), with the difference being statistically significant ($p = 0.000$). These results demonstrate that the organization's image improved notably following the crisis shown in figure 5.

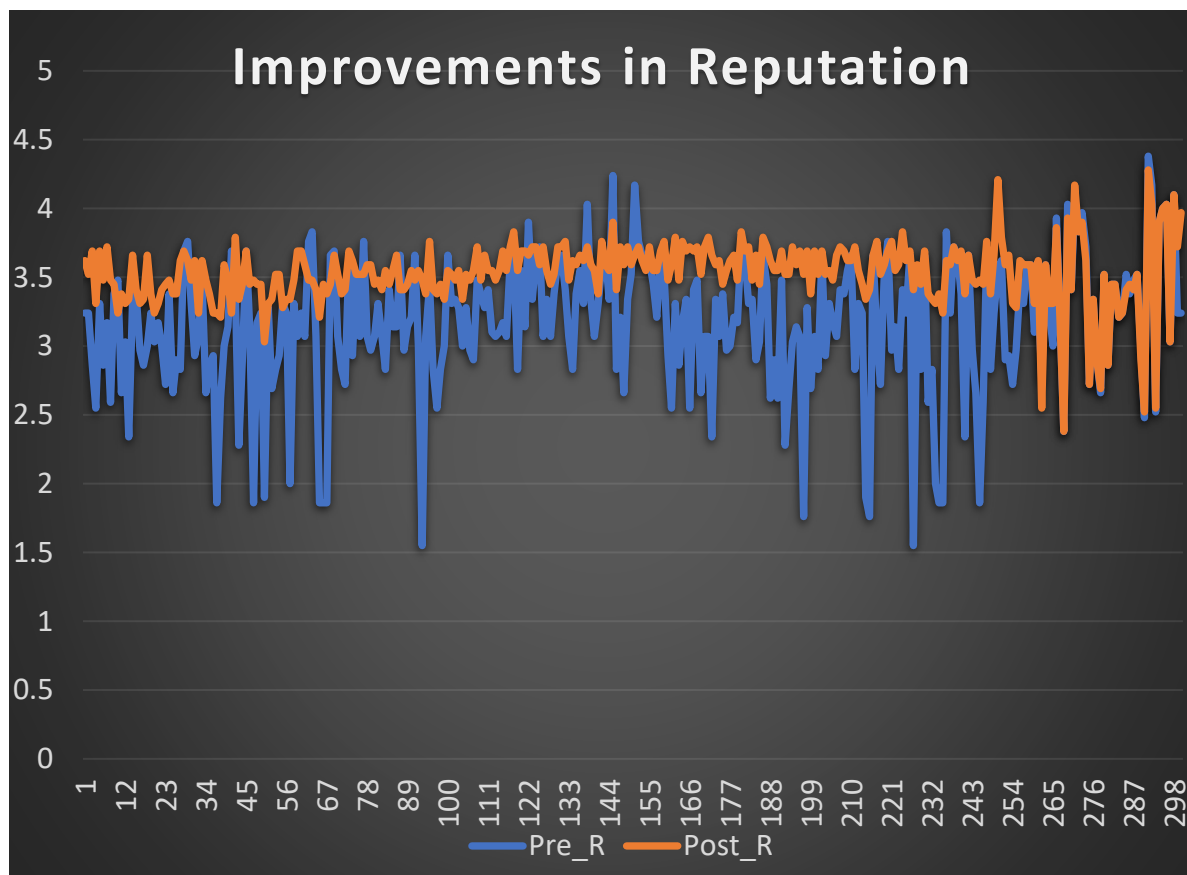


Figure 4.4: Paired t-test compare the means of prior and post reputation significant improvements

5. CONCLUSION

The findings of this study underscore a crucial insight for organizations: maintaining a positive pre-crisis reputation is not only beneficial but essential in safeguarding and enhancing an organization's reputation during and after a crisis (Coombs & Holladay, 2006).

A favorable pre-crisis reputation significantly mitigates reputational damage, as evidenced by the substantial improvement in post-crisis reputation scores. This observation aligns with Expectancy Confirmation Theory, which suggests that individuals strive to minimize cognitive dissonance when their favorable expectations are challenged by adverse information. Consequently, they tend to dismiss or reinterpret inconsistent, unfavorable information, thereby reducing the reputational impact on organizations that previously enjoyed a positive reputation.

Moreover, the protective effect of a good pre-crisis reputation can be attributed to how consumers

attribute responsibility during a crisis. When an organization with a favorable pre-crisis reputation encounters a crisis, consumers are less likely to blame the organization, as doing so would contradict their positive expectations (Coombs & Holladay, 2001; Lyon & Cameron, 2004). Conversely, an organization with a negative pre-crisis reputation is more likely to be held responsible, as this aligns with consumers' pre-existing negative perceptions.

Consumers' responsibility attributions explained the good pre-crisis reputations positive effect on organizational reputation. Consumers automatically blame the organization in crisis for an unexpected unfavorable incident (Dean, 2004). The organization's precrisis reputation can influence these attributions of responsibility to match consumer expectations (Traut-Mattausch et al., 2004). To avoid disappointing their favorable expectations, consumers minimize organizational responsibility when an organization is in crisis.

However, if before crisis they not in favor to the organization, they will likely blame it (Coombs & Holladay, 2001) since it fits their worldview (Festinger, 1957).

Additionally, the tendency of consumers to avoid cognitive dissonance by assigning less responsibility to crisis-affected organizations with good pre-crisis reputations further minimizes reputational loss. Consumers appear to dismiss bad publicity and are unwilling to change their opinion initial about organization and give opinion in favor and reduce the reputation loss (Coombs & Holladay, 2006; Traut-Mattausch et al., 2004). Thus, a good pre-crisis reputation helps an organization minimizes crisis-related damage. Thus, “the optimist way is to maintain good relationships” (Brown & White, 2011) for PR professionals. Organizations with an unfavorable pre-crisis reputation must be more tolerant regardless of crisis blame (Coombs & Holladay, 2001). This reluctance to alter their initial favorable opinions, despite adverse publicity, highlights the resilience of a positive reputation. Therefore, the study reinforces the idea that the best crisis management strategy is to cultivate and maintain strong, positive relationships with stakeholders. Public relations professionals should prioritize building and sustaining a good reputation, as this serves as a buffer against the detrimental effects of crises. Organizations with unfavorable pre-crisis reputations face greater challenges in managing crisis-related damage and must work harder to regain stakeholder trust and confidence. The findings consistently demonstrate that a favorable pre-crisis reputation not only mitigates reputational damage but can also lead to significant improvements post-crisis. This underscores the ethical responsibility of organizations to uphold transparency, accountability, and proactive engagement with stakeholders. By doing so, organizations can build a resilient reputation that not only withstands crises but also enhances trust and credibility in the eyes of the public. In essence, ethical practices and strong stakeholder relationships are not merely strategic advantages; they are foundational to sustaining long-term organizational integrity and success.

5.1 Contributions Of the study

This study significantly contributes to the field of crisis management and organizational reputation by emphasizing the critical role of a favorable pre-crisis reputation in reducing reputational damage and enhancing post-crisis recovery. It provides empirical evidence that organizations with a positive pre-crisis reputation experience less reputational harm and show significant improvement post-crisis, underscoring the importance of a strong reputation as a strategic asset for crisis resilience. By applying Expectancy Confirmation Theory, the study explains how stakeholders’ cognitive processes mitigate adverse information, enriching the literature on crisis communication and reputation management. It reveals that a favorable pre-crisis reputation leads to less blame during crises, crucial for developing strategies that leverage consumer perceptions. The study also highlights the importance of maintaining strong stakeholder relationships as part of a crisis management strategy and emphasizes the ethical responsibility of organizations to engage transparently and accountably with stakeholders. This fosters resilience and long-term success. Practical recommendations for managing reputational risks and enhancing crisis preparedness are offered, providing valuable insights for policymakers and practitioners. In conclusion, the study advances theoretical understanding and provides actionable insights for building and sustaining a reputation that effectively withstands and recovers from crises.

5.2 Limitations and further research

Despite its contributions, this study has several limitations that should be acknowledged.

First, the research primarily relies on empirical data from specific case studies, which may limit the generalizability of the findings to other contexts or industries. The focus on organizations with established pre-crisis reputations might not fully capture the dynamics in entities with lesser-known or developing reputations. Second, while the study applies Expectancy Confirmation Theory to explain stakeholder behavior, it may not account for all cognitive and emotional factors influencing stakeholder responses during crises. Future

research could benefit from integrating additional psychological theories to provide a more comprehensive understanding. Third, the analysis of consumer attributions of responsibility is based on perceived reputations, which might not fully align with objective measures of organizational performance or behavior. This subjective nature could introduce biases, affecting the study's conclusions. Fourth, the study emphasizes the role of positive pre-crisis reputations but does not extensively explore strategies for organizations with negative reputations to rebuild trust and credibility post-crisis. Further research is needed to develop and test interventions aimed at reputation recovery for these organizations. Finally, the ethical and proactive engagement strategies recommended are based on theoretical insights and empirical evidence from specific cases. Practical implementation may vary across different cultural, regulatory, and organizational settings, suggesting the need for context-specific adaptations. Overall, while the study provides valuable insights into crisis management and reputation protection, addressing these limitations in future research could enhance the robustness and applicability of the findings.

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