

Using experimental methods to assess the persuasiveness of corporations' trust-repair discourse strategies

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Introduction



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- Persuasion and manipulation have been central concerns of Critical Discourse Analysis since its beginnings (e.g. Hart, 2014; Van Dijk, 1996)
- Traditionally, the persuasive and manipulative potential of texts has been explored by means of interpretive analysis
- The actual perlocutionary effects of the strategies identified via this process are rarely (if ever) tested empirically

Introduction



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- “If we have no independent evidence, but infer beliefs from language use, then the theory is circular” (Stubbs, 1997: 6)
- Experimental methods can be an effective way of gathering independent evidence about people’s beliefs
 - they have not been used in CDA (but see Hart, *forth.*)

Aims



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1. Show that experimental techniques can usefully complement traditional CDA methods and improve the validity of results
2. Present an experimental study designed to test the persuasiveness of corporations' trust-repair discourse strategies after alleged wrongdoing

The experiment

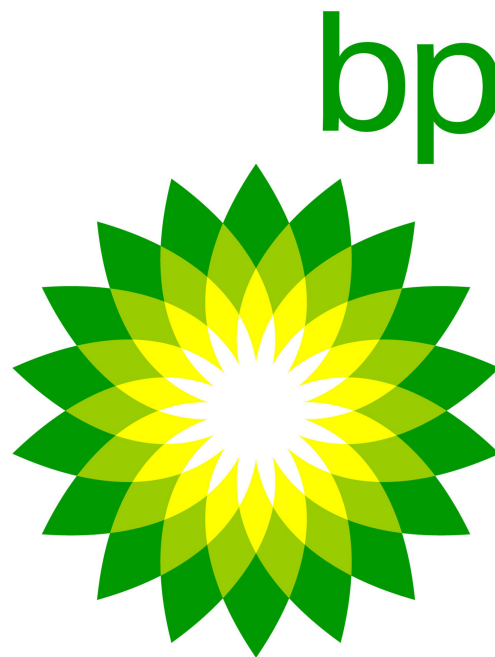
Background



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- Part of a larger project that investigates the discursive and cognitive dimensions of organizational TRUST
(Fuoli and Paradis, 2014; Fuoli and Hommerberg, 2015a, 2015b; Fuoli, *forthcoming*)
- Trust is a valuable relational asset for companies
(e.g. Ingenhoff and Sommer, 2010; Pirson and Malhotra, 2011)
- Public trust in business is at an all-time low
(e.g. Eberl et al., 2015; Kramer and Lewicki, 2010)

LEHMAN BROTHERS



The experiment

Background



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- One critical decision organizations need to make when publicly responding to a crisis is whether to apologize or deny (Poppo and Schepker, 2010: 135)
- Apology is regarded by many as the best crisis response strategy (e.g. Benoit, 2005; Fuchs-Burnett, 2002; Gillespie and Dietz, 2009; Gillespie et al., 2014; Pfarrer et al., 2008)
 - redemption
 - integrity
 - concern for victims

The experiment

Background



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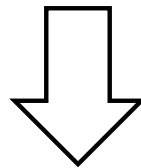
- Apology is the most expensive response (Coombs and Holladay, 2008; Tyler, 1997)
 - when an organization offers an apology it opens itself to lawsuits and financial loss
- Denial is an attractive alternative to apology
 - the company avoids self-incrimination and minimizes risk of financial loss
 - if stakeholders accept the no crisis frame of denial, no reputational harm (Coombs 2007: 271)
- In fact, companies do deny more often than they apologize (Kim et al., 2009)

Research questions



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1. To what extent is corporate denial actually effective?
2. What role does evidence of the company's culpability play?



Scenario-based experiment

Design



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- 2 x 2 between-subjects design
- Independent variables
 - company response to the allegations: apology vs. denial
 - evidence against the company: weak vs. strong
- Dependent variable
 - trust in the accused company

Design



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- 2 x 2 between-subjects design
- Independent variables

company response * strength of evidence → participants'
trust in the accused company

– trust in the accused company

Procedure



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1. Participants read two fabricated newspaper articles about a case of suspected international corruption involving a fictitious multinational energy company
 - article 1 reported the accusations and included the manipulation of strength of evidence



Swedish energy giant Renergi suspected of bribery and corruption

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By **SHIRLEY MORELL**
Staff writer

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STOCKHOLM - According to Swedish media reports, several Renergi executives are suspected of bribery. Prosecutors allege that Renergi's executives paid over 50 million dollars in bribes to public officials to secure lucrative contracts in both European and non European countries.

It is believed that the executives accused of paying bribes were following company instructions rather than acting on their own.

The head of the prosecution team, Towe Petersson, has stated that there is "very strong evidence" against Renergi,



RENERGI executive allegedly offering a bribe to an Indian government official to win a 75 million dollar contract to build a new giant solar power plant near New Delhi.

including hidden-camera footage that allegedly shows an Indian government official accepting a bribe from a

Renergi executive (see picture).

The company has yet to publicly respond to these accusations.

STOCKHOLM - According to Swedish media reports, several Renergi executives are suspected of bribery. Prosecutors allege that Renergi's executives paid over 50 million dollars in bribes to public officials to secure lucrative contracts in both European and non European countries.

It is believed that the executives accused of paying bribes were following company instructions rather than acting on their own.

The head of the prosecution team, Towe Petersson, has emphasized that "the investigation is still in its early stages and



GIANT solar power plant built by Renergi near New Delhi, India. The power plant is one of several Renergi projects under investigation for alleged bribery.

no arrests have been made at this time". All the alleged recipients of the bribes have categorically denied receiving any money from Renergi.

The company has yet to publicly respond to these accusations.

Procedure



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1. Participants read two fabricated newspaper articles about a case of suspected international corruption involving a fictitious multinational energy company
 - article 1 reported the accusations and included the manipulation of strength of evidence
 - article 2 included the manipulation of company response

Procedure



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1. Participants read two fabricated newspaper articles about a case of suspected international corruption involving a fictitious multinational energy company
 - article 1 reported the accusations and included the manipulation of strength of evidence
 - article 2 included the manipulation of company response
2. After reading the articles, participants filled in a questionnaire designed to measure their trust in the accused company

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (e.g. Kim et al., 2004)
 - 3 items for perceived competence

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (e.g. Kim et al., 2004)

Renergi seems very capable of running a successful business

strongly disagree 1 2 3 4 5 6 7 strongly agree

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)

Renergi seems very concerned about the welfare of people like me

strongly disagree 1 2 3 4 5 6 7 strongly agree

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence
 - 3 items for perceived integrity

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)

I like Renergi's ethical values

strongly disagree 1 2 3 4 5 6 7 strongly agree

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence
 - 3 items for perceived integrity
- Perceived trustworthiness

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence
 - 3 items for perceived integrity
 - 3 items for willingness to risk
- Perceived trustworthiness

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)

Authorities should keep an eye on Renergi

1 2 3 4 5 6 7
strongly disagree strongly agree

– 3 items for willingness to risk

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence
 - 3 items for perceived integrity
 - 3 items for willingness to risk
 - 4 items for attitude to corporations in general
- Perceived trustworthiness

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)

Multinational corporations do not care about acting ethically

1 2 3 4 5 6 7
strongly disagree strongly agree

– 5 items for willingness to risk

– 4 items for attitude to corporations in general

The questionnaire



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- Psychometric scales adapted from previous studies on trust repair (Kim et al., 2004, 2013; Ferrin et al. 2007)
 - 3 items for perceived competence
 - 3 items for perceived benevolence
 - 3 items for perceived integrity
 - 3 items for willingness to risk
 - 4 items for attitude to corporations in general
 - 3 manipulation check questions
 - Demographic questions
- Perceived trustworthiness

Hypotheses



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- Hypothesis 1: when evidence against the company is weak, individuals will display more trust in the accused company if the company responds with a denial rather than an apology
- Hypothesis 2: when evidence against the company is strong, individuals will display more trust in the accused company if the company responds with an apology rather than a denial

Participants



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- 282 individuals, approx. 70 per experimental condition
- 54% female
- mean age 22.94
- 85% students, 14% student workers, 1% workers

Manipulation checks



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- Manipulation checks revealed that the manipulations were successful
 - participants in the apology condition gave a significantly higher rating to the statement “Renergi has admitted to having bribed public officials to win contracts abroad” than people in the denial condition ($t = 25.004$, $df = 263.96$, $p < .001$)
 - participants in the strong evidence condition rated evidence against the company as significantly stronger than participants in the weak evidence condition ($t = 11.242$, $df = 278.35$, $p < .001$)
 - on average, participants judged the articles to be realistic (mean score: 4.70)

Reliability



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	Cronbach's alpha
• Perceived ability:	.83
• Perceived benevolence:	.88
• Perceived integrity:	.88
• Willingness to risk:	.67
• General distrust in companies:	.88

Values above .65 are considered acceptable (DeVellis, 2012)



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Results

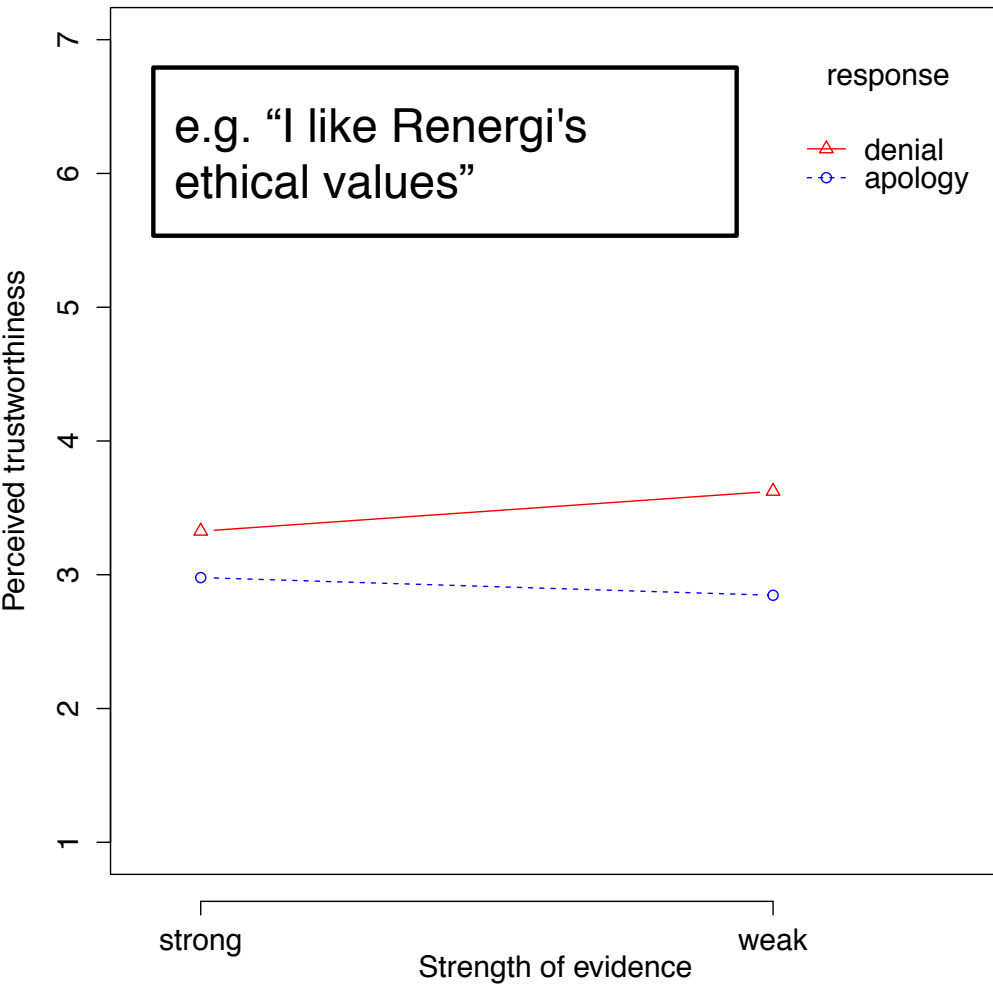
Results

Descriptive statistics

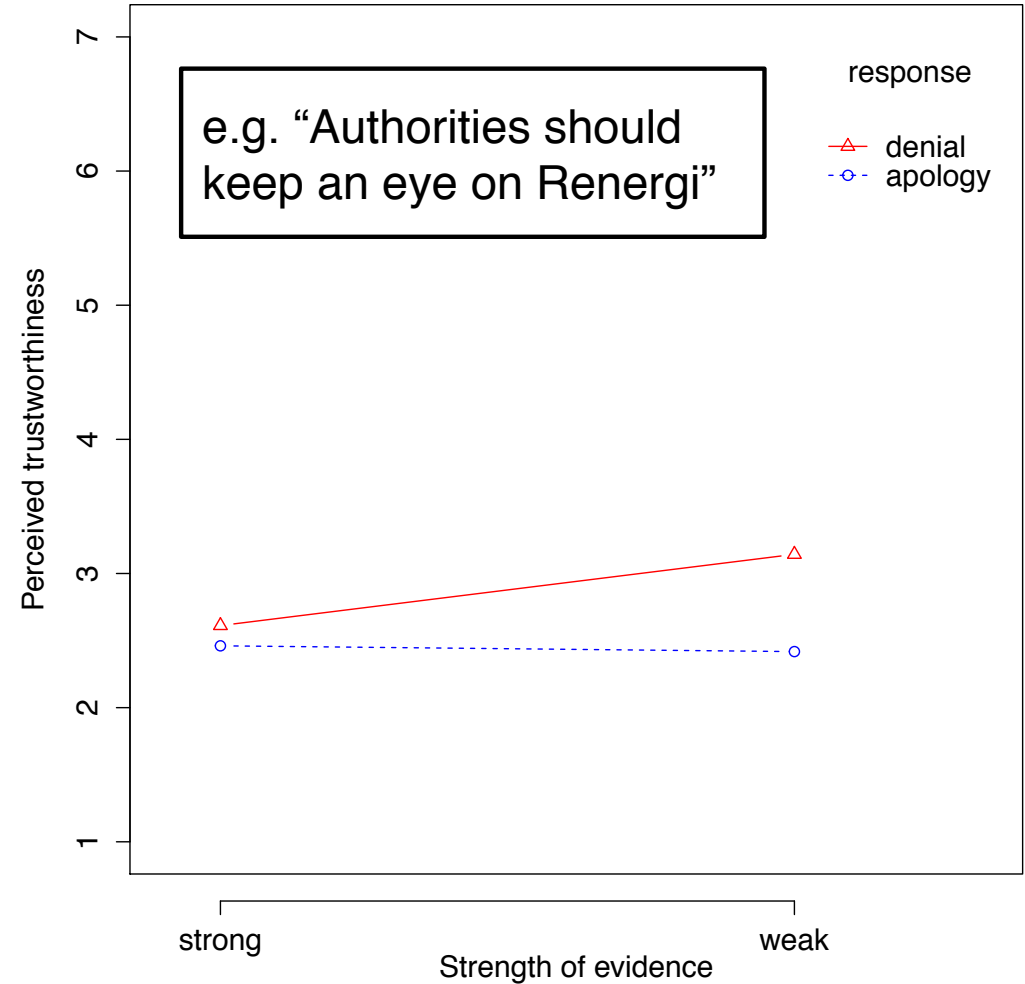


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Perceived trustworthiness



Willingness to risk



Results

Regression analyses



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	<u>Perceived trustworthiness</u>		<u>Willingness to risk</u>	
	Coefficient	SE	Coefficient	SE
Apology/denial	.35*	.15	.14	.17
Strong/weak evidence	-.13	.15	-.07	.17
Distrust in corporations	.01	.04	-.11*	.04
Interaction denial * weak evidence	.43*	.21	.59*	.24
R ² (adjusted R ²)	.10 (.09)		.09 (.08)	
F (<i>p</i> value)	8.09 (<.001)		7.38 (<.001)	

Results

Summary



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- Hypothesis 1: when evidence against the company is weak, individuals will display more trust in the accused company if the company responds with a denial rather than an apology
→ **SUPPORTED**
- Hypothesis 2: when evidence against the company is strong, individuals will display more trust in the accused company if the company responds with an apology rather than a denial
→ **REJECTED**: denial outperforms apology, even in the face of strong evidence of the company's culpability

Discussion



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- The results show that corporate denial is a highly persuasive and potentially manipulative strategy
 - participants were willing to give the accused company the benefit of the doubt, even in the face of strong evidence of its culpability
 - this unexpected finding warrants further investigation
 - people are ‘truth-biased’ (Levine et al., 1999)
 - Sweden is a ‘high trust’ country (e.g. Bloom et al., 2009)

Conclusion



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- Experimental techniques can usefully complement traditional discourse analysis methods by allowing researchers to:
 - test hypotheses about the persuasiveness of discursive strategies
 - obtain independent empirical data for people's beliefs and responses to texts
 - gain new and empirically-grounded insights into the dynamics of social influence, power, and ideology



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Thanks for listening!

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