

TOWARD A THEORY OF ORGANIZATIONAL
APOLOGY: EVIDENCE FROM THE UNITED STATES
AND CHINA

ABSTRACT

A grounded theory method was used to analyze organizational apology following some transgression. It was found that the elements of an organizational apology differ from those of an individual apology, with statements of contrition and assurances of non-recurrence the most frequently included components, and empathy statements less common. Seven descriptive transgression categories emerged, and were found to align with the 4Ps (product, price, promotion, and place) of marketing as well as the five SERVQUAL dimensions (tangibles, reliability, responsiveness, assurance, and empathy) of service that customers care about. It was also uncovered that apologies from Chinese organizations were lengthier and included more references to government and nationality than did American organizational apologies, suggesting that culture also impacts how consumers process apologies from organizations. A model of organizational apology was proposed and twelve template organizational apologies were developed based on the proposed model.

Keywords:

Apology, Forgiveness, Communication, Reputation, International

Toward a Theory of Organizational Apology: Evidence from the United States and China

While today's world has been coined by some management scholars as the "Age of Apology" (Johnson, 2014), and evidence suggests that organizational apologies are crucial aspects of rebuilding and maintaining business relationships (Kim et al., 2004), other researchers have criticized the apparent uptick in apologizing and called on business and political leaders to impose an "apology ceasefire" (Ember, 2014). The readiness to apologize for a mishap has been suggested as a cause of America's perceived cultural decline (Slansky & Sorkin, 2007), and a historian opined in a 2004 *Washington Post* article, "the currency of penitence has been hyperinflated and has lost almost all of its value" (Judt, 2004). Frequent apology-making thus appears to be an aspect of the current "general intellectual, moral, and cultural climate of an era", the Merriam-Webster definition of 'zeitgeist' (2017).

Realizing the salience of apologizing in the zeitgeist, it would appear strategically advantageous for practitioners engaged in global commerce to acquire a deeper understanding of the phenomenon. Although apologies are now expected by consumers following a product or service miscue (Salvador, Folger, & Priesemuth, 2012), extant research tends to assume that organizational apologies "must have exactly the same features that we expect private apologies to exhibit" (Koehn, 2013, page 242) and there is scant literature on the impact of culture on apologizing (Ren & Gray, 2009). Based on the foregoing limitations in the existing literature, it is plausible to suggest that analysis of organizational apologies based on traditional paradigms may lead to faulty conclusions. For example, an Apple apology issued to Chinese consumers for a product defect may have stark differences from an Apple apology issued to US consumers for a perceived breach of integrity. Likewise, a mea culpa that is issued by Apple's CEO in an individual capacity to another person is also likely to differ from those she or he relays on behalf of the company to consumers. The following research question must therefore be answered in

order to generate a plausible explanation of the organizational apology process:

Research Question: What is an organizational apology?

This research contributes to the management literature by defining the elements of an organizational apology, uncovering how “non-apologies” are sometimes processed by consumers as apologies over time, and proposing a model of organizational apologies incorporating the performative utterance principles of John Austin (1961). It is the first known study to utilize a grounded theory approach to define an organizational apology, uncovering that assurances of non-recurrence are more important than empathy expressions, a presumptive element of apologies in the existing literature. It is hoped that the developed organizational apology templates and organizational apology model will stimulate further research in the area of organizational apologies.

PRIOR LITERATURE

Multidisciplinary Perspectives

The multidisciplinary nature of apology necessitates looking outside the management field to capture the relevant literature. A broad corpus of apology research exists within the sociology, psychology, and legal specialties, and there are also streams of apology-related literature in marketing, organizational communications, negotiation, ethics, and public relations. Nine of the most frequently referenced sources on apology-making in the management literature are set forth below in Table 1, which sets forth how apologies are defined, assessed for effectiveness, and examined structurally (i.e., the level of analysis) in the different literature streams. The foregoing sources represent a diverse range of disciplines, further evidencing the wide conceptual net that must be cast to thoroughly examine the apology construct. All but one of the sources were published after 1991, suggesting an increasing awareness of the rise in

organizational apologies since the 1990s.

TABLE 1

Frequently Cited Sources on Apology in the Management Literature

Author	Title	Year	Field	Definition	Effectiveness	LOA
Goffman	<i>Interaction Ritual</i>	1967	Anthro. / Sociology	a gesture splitting an offender into 2 parts	regret, norm acknowledge., repudiation of self, future assurance, atonement or compensation	individual: a “way in which the individual must guard and design the symbolic implications of his acts” to restore face (pg 57)
Tavuchis	<i>Mea Culpa</i>	1991	Sociology	a restorative transaction (oral) requiring sincerity	forgiveness or no forgiveness (binary)	4 modes (1x1, 1xMany, Manyx1, ManyxMany) but “the bedrock structure of apology is binary” (pg 46)
Benoit	<i>Accounts, Excuses, and Apologies</i>	1995	Communications	a rhetorical defense strategy synonymous with <i>apologia</i> but requiring sincerity	responsibility acknowl. + “asking for forgiveness” as a “mortification” strategy (pg 79)	presumptively individual (“one”, “a person”, “an actor”, “the accused”; pp 79-82)
Lazare	<i>On Apology</i>	2005	Psychiatry	a 2-party encounter w/ offense acknowledge + regret and/or remorse	2-pronged: restoration (offender) or healing (offendee)	Distinguishes “public” and “private” apologies (pg 39)
Hearit	<i>Crisis Management by Apology</i>	2006	Public Relations/ Communications	a voluntary, ostensibly sincere performance masking an <i>apologia</i> (corporate)	dependent on a “compelling performance” (pg 36)	distinguishes individual, organizational (corp. & non-profit) & institutional <i>Apologia</i>
Coombs	<i>Corporate Reputation Review</i>	2007	Communications	“the organization takes full	compensation and/or a “full apology” (pg	Organization (offender) and a “wide array

Author	Title	Year	Field	Definition	Effectiveness	LOA
				responsibility for the crisis and asks stakeholders for forgiveness” (pg 170)	172)	of stakeholders” (offender) (stakeholder examples all natural persons) (pg 164)
Smith	<i>I Was Wrong</i>	2008	Philosophy / Law	“a loose constellation of interrelated meanings” (pg 12)	11 universal elements for a “categorical apology” (pg 140)	same four categories as Tavuchis (1991)
Tomlinson & Mayer	<i>AMR</i>	2009	Mgmt	“social account” to “reframe” an event after a “negative outcome” (pg 98) to “restore trust” (pg 85)	“confessions of responsibility normally accompanied by an expression of remorse for the harm inflicted” (pg 98)	individual level (within organization)
Fehr & Gelfand	<i>AMR - Apology</i>	2012	Psychology	“..express both responsibility and regret for an offense” (<i>AMR</i> , 2012, pg 679)	“different sets of elements” (<i>AMR</i> , 2012, pg 37); contrition, responsibility statements, & comp. offers (<i>OBHDP</i> , 2012)	individual (apology)
Fehr, Gelfand & Nag	<i>OBHDP – Forgiveness</i> <i>Psych. Bulletin - Forgiveness</i>	2010 2010				multilevel (forgiveness)

Apology Origins

The origins of the modern apology have been discussed by management and social science scholars from the perspectives of etymology, Judeo-Christian tradition, and literature.

Tavuchis (1991) traces the etymology of apology-making to its Greek roots; *apologos*, or story, becomes *apologia*, a spoken or textual defense, which then leads to our modern usage of

apology. Tavuchis also suggests that the relationship between a “secular apology” and religious confession in the Catholic tradition have “haunted” (page 123) the entirety of his 165 page work, while Hearit (2006) begins each chapter with a biblical passage. References to apology in the literary canon include poet Homers reference a failed apology from Agamemnon to Achilles as a central event in *The Iliad* (Lang, Leaf, & Myers, 2012), Plato’s *Apology of Socrates* (West, 1980), and references to apology and forgiveness from William Shakespeare in *Romeo and Juliet* (Act 1, Scene 4) and *Hamlet* (Act 5, Scene 2). The foregoing historical examples tend to focus on emotions experienced by individuals during the apology process and may not be fully applicable to modern organizations with thousands of employees around the globe.

Performative Utterances

In 1961 philosophy scholar John Austin theorized that performative utterances such as apologies, christenings, and betting statements are a distinctive form of discourse that serve to effectual rather than merely report on an event. Austin (1961) describes how utterances intended to be performative can sometimes ‘misfire’, and outlines several forms of ‘infelicities’ that negate operant power and result in a performative failure. For instance, a misfire results if the utterer lacks sincerity when making a pronouncement such as a congratulations or apology (Austin, 1961). Problems can also arise if there is not a meeting of the minds (misunderstanding), if a party is under duress, or when the utterance is rendered in jest (Austin, 1961). Performative utterances accompanied with the requisite conditions are termed ‘felicitous’ (Austin, 1961).

In response to alleged improper conduct, an excuse may be proffered by the wrongdoer or a third party to defend the assessed wrong (Austin, 1956). Excuses are characterized as a central form of extenuating speech, distinct from other examples such as pleas, defenses, and justifications (Austin, 1956). Under Austin’s view, a justification cleanses an action from

wrongfulness by providing a sufficient rationale for its undertaking; the actor is admittedly responsible for a bad deed, but the deed was justified or entitled (Austin, 1956). By contrast, an excuse is not proffered to cleanse a deed of wrongfulness, but to reduce the level of responsibility based on mitigating circumstances such as duress or inadvertence (Austin, 1956). It is contended that the essence of an excuse's power relates to the evasion of responsibility (Austin, 1956). Austin (1956) suggests that standards of unacceptability for excuses arise based on their gravity and relevant social expectations. Commonly used expressions evolve over time, and thus provide a valuable perspective for understanding as the "first word" of reference (Austin, 1956). However, these words must also be examined with clarity and distinctiveness to assess "the world without blinkers" (Austin, 1956). According to Austin (1966), pleas and excuses such as duress, mistake, and accident can negate the freedom to act and thereby nullify culpability. His theories are frequently cited in the apology literature to rhetorically distinguish among defensive speech acts (e.g., Benoit, 1995, page 13).

Organizational Level of Analysis

Although organizational apologies have been found to be important for the restoration and maintenance of relationships (Tucker et al., 2006), they are purportedly uncommon in the U.S. (Timson, 2003) because they may also signal weakness and are a potential source of legal liability (Tucker et al., 2006). While 35 US states have recently codified protection for apologies by making them inadmissible as evidence in some contexts, there are still situations in which the rendering of an apology could potentially lead to liability (Robbennolt, 2008). Notwithstanding such realities, the existing literature on apology tends to assume that organizational apologies "must have exactly the same features that we expect private apologies" (Koehn, 2013, page 242).

Within the U.S. adversarial legal system, apologies may constitute an admission of guilt by an alleged perpetrator and also support a claim of causation for an alleged harm. The

issuance of an apology by a collective transgressor in the U.S. can therefore be a “potentially stupid and costly gesture” (Tavuchis, 1991, page 95) or even rise to the level of “legal suicide” (Smith, 2008). While apologies may carry some negative legal consequences, scholars have also noted the potential benefits of organizational apology making (Pfarrer et al., 2008), such as reducing damage awards or negating the need for litigation altogether (Smith, 2008). However, apologies may also reflect an insincere, self-serving strategy (Schlenker, 1980). Apologies are now expected by consumers following a product or service blunder (Salvador, Folger, & Priesemuth, 2012).

While organizations are unable to experience remorse or sorrow as emotions, they can still demonstrate sincerity “in a manner of speaking” (Tavuchis, 1991, page 97). Research has suggested that offended parties expect transgressors to feel sad as a norm (Arsenio & Lover, 1995) and a recent management study found that apologizing CEOs who do *not* express sadness in a videotaped apology were judged insincere and punished with negative stock returns (Brinke & Adams, 2015). However, this study reveals that the majority of organizational mea culpas in the zeitgeist are not rendered by CEOs over crisis events, and more often take the form of quickly rendered ‘micro apologies’ via press statement or social media. The micro apology phenomenon further strains the notion that personal apologies and organizational apologies are conceptually identical. Individuals generally lack the need, will and resources to continuously monitor and respond to perceived transgressions around the globe, whereas modern organizations in the age of contrition perpetually face such threats.

Transgressions

Miscues leading to an apology have been classified by apology researchers based on whether they refer to a competence violation of skills, performance, and/or knowledge or an integrity violation arising from noncompliance with norms and values (Kim, Ferring, Cooper &

Dirks, 2004). Support has been found for the greater utility of apologies to repair violations pertaining to competence as opposed to violations pertaining to integrity (Kim, Dirks, & Cooper, 2009). Zavyalova, Pfarrer, Reger, and Shapiro (2012) similarly theorized that violations of integrity were weighted more heavily than violations of competence by the media following U.S. toy company recalls, although their study did not focus on apologizing. De Cremer, Pillutla, and Folmer (2011) also found that offended parties overrated the restorative power of apologies that were subsequently rendered from individuals who had cheated them, further suggesting the difficulty in repairing integrity offenses.

Cultural Differences

The existing management literature addressing the intersection of culture and forgiveness-seeking is scant (Ren & Gray, 2009) and extant scholarship relies primarily on case study analysis. Leung and Tong (2004) cite the accidental sinking of the Japanese training ship Ehime Maru in 2001 by a U.S. naval submarine to demonstrate the impact of cultural differences on apology making, finding that the Japanese public reacted very negatively to the naval commander's issuance of a written statement of "most sincere regret". In Japan, such communications are expected to be issued in person directly to each family member as an indication of remorse and willingness to bear blame, whereas in the U.S. the apologizing individual may be more concerned over severe economic consequences such as tort liability (private lawsuits) and/or the loss of employment benefits (military pension, health benefits, etc.) (Leung & Tong, 2004).

Negotiation scholars have also qualitatively analyzed the US apology to China over the 2001 spy plane incident (Avruch & Wang, 2005) using cultural frameworks such as Hall's (1976) context dimensions. Their analysis suggested that the Chinese side focused more on the implied entailments and contextual factors of a symbolic apology than did the Americans based

on a cultural prioritization of face, relative power, and hierarchy. Americans, by contrast, have been posited to rely more on communication strategies premised on rational analysis as opposed to contextual factors (Cohen, 1991). More recently, Padgett, Cheng and Parekh (2013) compare the post-crisis reactions of two companies from India and Taiwan, respectively, determining that image-repair strategies differ across national borders as the result of cultural differences.

METHODOLOGY

Overview

A grounded theory approach was utilized to qualitatively examine organizational responses to a perceived transgression giving rise to the call for a public apology. An apology response is identified herein as a textual record of an organization's initial communication in response to an alleged transgression that is processed by consumers as a *mea culpa*, according to research of publicly-available media, blog, and academic reports. The archival dataset was restricted to publicly-listed corporate organizations headquartered in the U.S. or China for transgressions arising in either country because these nations comprise the two largest world economies yet are distant from each other in terms of geography, language, and culture.

Transgressions

Organizational transgressions were systematically identified from archival sources and recorded in a master spreadsheet using the process specified below. By engaging in several different approaches to gather apology texts, the researcher aimed to broaden the range of data, reduce any bias effect from a particular source or date of inquiry, and capture transgression instances more reflective of the zeitgeist. Chinese apology texts not made available in English by either the issuer or a third-party website were translated by Google Translate into pinyin and English (the data collecting researcher was fluent in Mandarin Chinese). Word counts were recorded based on the English versions.

1. Google searches for “apology” and “company” on March 31, 2015, July 2015, December 2015, and June 7, 2016. The top 30 results were recorded.
2. Google searches for “apology” and “company” and “China” on March 31, 2015, July 2015, December 2015, and June 7, 2016. All uncovered results were recorded.
3. Baidu searches for the Chinese translations for “apology” ((致歉 - Zhìqiàn, or 道歉 - Dàoqiàn) and “company” (公司 - Gōngsī) in July 2015. All uncovered results were recorded.
4. Google searches in July 2016 using the same terms set forth in (1) and (2) above but also incorporating the Industry Classification Benchmarks (ICB) for ten industry categories. The first two transgression events for each such company not previously identified in the spreadsheet that appear in the first one hundred search results were recorded, if available.
5. Google searches in July, 2016 using the same terms set forth in (1) and (2) above but also incorporating each company name (and/or commonly used abbreviation or nickname thereof) appearing in the DOW 30 and S&P/CITIC China 30 Index (broadly representing China’s “blue chip” companies). The first two transgression events for each such company not previously identified in the spreadsheet that appear among the top one hundred search results were recorded, if available.
6. A search of *New York Times* archive search on June 7, 2016 using the same terms as set forth in (1) and (2) above to identify any transgressions giving rise to the call for a public apology by a U.S. or Chinese corporations within the most recent calendar year not previously recorded in the spreadsheet. All uncovered results were recorded.
7. Lists and/or rankings of corporate apologies published online by mass media (e.g., Fortune and Business Week) since calendar year 2010 during March, July, and December of 2015. These lists were identified via Google using terms such as “apology”, “best”,

“good”, “worst”, “ranking”, “list”, “company”, “magazine”, “business”, “company”, and/or “mea culpa”, et cetera. All organizational apologies not previously recorded in the spreadsheet were identified.

Selected Cases

Of the 187 transgressions in the archival dataset, only 60 were found to quote or link to the entirety of the first organizational communication processed by consumers as an apology. Thirty of the foregoing communications were then randomly selected via the Random.org website. Because the selected 30 communications included only four Chinese company cases, the remaining five non-selected Chinese cases from the initial 60 were all purposefully added for textual analysis. One of the initial randomly selected cases – Sanlu Group (Melamine milk scandal) – was removed, as the Chinese company issuing the communication at issue was not publicly-listed at the time of the incident. Following the procedures outlined above, the 34 cases set forth in Table 2 below were selected for textual analysis.

Stages of Analysis

A three-stage process was utilized to review and subsequently order the 34 selected cases. Using Excel, the researcher first organized the cases based on chronological order, from earliest to most recent. Next, cases were sorted based on total word counts. As a third step the cases were re-ordered based on the number and combination of textual elements utilized. For each of the foregoing stages, the apology texts were also grouped by national headquarters and event of occurrence (US or China) to assess for potential cross-cultural differences.

TABLE 2**Selected Cases**

#	<u>Incident</u>	<u>Company</u>	<u>HO</u>	<u>Event</u>	<u>Year</u>
1	Refinery Fire	Chevron	US	US	2012
2	WeChat Censoring	Tencent	China	US	2013
3	Mayflower	ExxonMobil	US	US	2013
4	TaoBao MLK	Alibaba	China	China	2013
5	Irish Xmas	Bed Bath & B.	US	US	2014
6	Pizza as Apology	Chevron	US	US	2014
7	Armenians/Flag	Starbucks	US	US	2015
8	Lolita Advert	Alibaba	China	China	2015
9	Tony Hawks 5	ATVI	US	US	2015
10	Delivery Stumbles	Ebay	US	US	09-12
11	NE Power Outage	Comcast	US	US	2016
12	BAE Intern	Microsoft	US	US	2016
13	Racist TV Hack	Charter	US	US	2016
14	Valdez Oil Spill	ExxonMobil	US	US	1989
15	Union Billboard	CSX	US	US	2002
16	JX Online	Kingsoft	China	China	2003
17	Slavery Policies	JP Morgan	US	US	2005
18	Warcraft Servers	The9 Limited	China	China	2007
19	Sprinter Ad	Intel	US	US	2007
20	iPhone Price Drop	Apple	US	US	2007
21	Marvel Tea Party	Disney	US	US	2010
22	Fairy Biography	The9 Limited	China	China	2010
23	IM Dispute	Tencent	China	China	2010
24	Repair Policies	Apple	US	China	2013
25	Blue Screen	Kingsoft	China	China	2013
26	"Deaf & Dumb"	Amer. Airlines	US	US	2014
27	Hybrid Products	Western Digital	US	US	2014
28	GamerGate	Intel	US	US	2014
29	US Flags on MLK	Tencent	China	China	2015
30	TurboTax Pricing	Intuit, Inc.	US	China	2015
31	Superfish	Lenovo	China	US	2015
32	AI Statements	Baidu	China	China	2015
33	False Grizzly Data	Amgen	US	US	2015
34	Lightroom Launch	Adobe	US	US	2015

Textual Coding

As a first step, each of the 34 company statements were reviewed, leading to the identification of four broad classifications of speech based on their perceived purpose: definition

of issue, allocation of responsibility, conveyance of contrition, and remediating actions. Speech that appeared to define the issue or transgression at hand was highlighted in yellow, speech that defined or allocated responsibility for the transgression were highlighted in purple, speech suggestive of an explicit apology (“apologize”, “sorry”, “regret”, etc.) were highlighted in red, and speech pertaining to how the issue or transgression would be remedied was highlighted in green. Textual summaries of 250 to 1000 words were then drafted for each of the 34 events describing the transgression at issue and the company’s response.

Following the highlighting step outlined above, columns were added to the coding spreadsheet to identify 17 commonly utilized textual elements in the apology texts: explicit statements of contrition, assurances of non-recurrence, explanations, responsibility acknowledgements, named issuer, bracketing, customer references, values statements, excuses, compensation offers, denials, justifications, government/nation references, self-punishment, empathy expressions, and attacks. Three additional sub-elements relating to statements of contrition were also identified: positive contrition modifiers, contrition in passive voice, and usage of contrasting/conditional signal words.

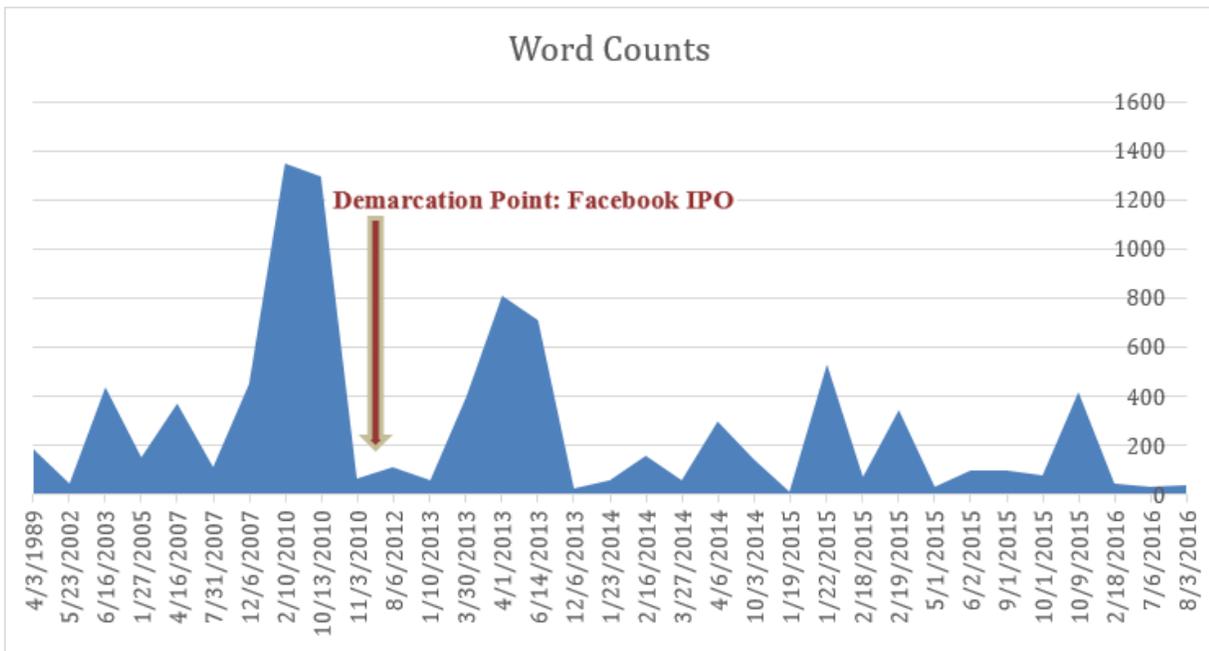
FINDINGS

Chronology

A plot of the events by date visually indicated that older apologies were lengthier than more recent apologies, as shown in Figure 1 below. A demarcation line emerged in 2012, coinciding with the advent of “Social Media 2.0”, the adoption of smartphones as a primary tool for social interaction (Leiter, 2012). The increasing tendency of Internet users to access information on smaller smartphone screens (compared to PCs) is a plausible factor behind the lower word counts of more recent apologies, as the abbreviated statements are easier to read on small devices. Because Facebook launched its IPO on May 18, 2012 (Pepitone, 2012), this date

was used as a dividing point. Nearly two out of three U.S. individuals now get their news via social networks, with 44% relying on Facebook’s platform (Leetaru, 2016). The foregoing supports the researcher’s usage of Facebook’s IPO as a dividing point.

FIGURE 1
Chronology



Ten of the events were classified as older, and 24 events were classified as newer. The older apologies averaged 446 words each, while the newer apologies averaged 195 words each. Using Twitter’s IPO on November 7, 2013 (Shefrin, 2013) as an alternative demarcation line would not have impacted the findings, as the average word count for events between Facebook’s IPO and Twitter’s IPO (417 words) did not significantly diverge from the pre-Facebook IPO events (446 words). Because two of the three lengthiest apologies were in an interview format, which may have inflated the word counts, a separate analysis was undertaken after excluding these two events (2010 Marvel Tea Party and 2013 Blue Screen). However, the difference between older (345 word) and newer texts (173) was still stark. Older apologies were also found

to incorporate more scapegoating language than newer apologies. All of the older apologies included at least one scapegoating element (*Valdez* oil spill was the exception) with 20 cumulative instances appearing among the 10 older events. By contrast, ten of the newer apologies did not include any scapegoating elements, and only 16 cumulative instances appeared among the 24 newer events. This finding likely related to the brevity of today's 'micro apologies' (i.e., there are simply fewer words available for non-critical apology elements).

Word Counts

The average length of the apology texts was 269 words. Because no clear demarcation line emerged among the events based solely on word counts, the apology events were divided evenly into 17 shorter apologies and 17 longer apologies for analysis. The five shortest apologies all related to community sensitivity and all utilized passive voice. Longer apologies were twice as likely to name an individual person as the issuer (14 out of 17 events) compared to shorter apologies (7 out of 17 events). Community sensitivity apologies were likely shorter because they tended to be issued more quickly; for example, the 2015 apology from Starbucks for the Armenians/Flag issue was responded to within several hours of the initiating Facebook post. When a quick response is needed to prevent a negative story from going viral, less time is available for composing a formal statement. The responses are also more likely to be auto-generated (like the 2009-2012 eBay Delivery Stumbles apology). Community sensitivity issues are also more likely to involve competing perspectives from different stakeholders – such as the 2014 Intel GamerGate statement (acknowledged as a “bitter debate” between camps) (Intel, 2014), and the 2014 Bed Bath & Beyond Irish Christmas letter (offended Irish-Americans versus those critical of “political correctness”).

Apology Elements

Assurances of non-recurrence (25 instances) and responsibility acknowledgements (22

instances) were the most frequently included elements used to convey contrition other than explicit communications such as “apology”, “sorry”, “regret”, or “forgive” (29 instances). Values statements (15 instances) and compensation offers (11 instances) were the next most frequently included elements used to convey contrition, and were each included in three of the five cases without an explicit apology (“non-apology apologies”). Table 3 below sets forth the number of instances for all of the apology elements. In multiple cases, corporations were also found to offer compensation in parallel or subsequent to the initial apology statement (e.g., ATVI in 2015 and CSX in 2002). The five non-apology apologies all included an assurance of non-recurrence. The foregoing suggests that organizations universally rely on a combination of five key elements to convey contrition – explicit statements of contrition, assurances of non- recurrence, responsibility acknowledgements, compensation offers, and values statements.

TABLE 3

Apology Element Frequency

Element	Frequency	Function
“Apologize”	26	Convey Contrition
“Sorry”	6	
“Regret”	4	
"Forgive Us"	1	
NO EXPLICIT CONTRITION	(5)	
ONE OR MORE Explicit Statements of Contrition	29	
Assurance of Non-Recurrence	25	Convey Contrition
Explanations	23	Limit Responsibility
Responsibility Acknowledgements	22	Convey Contrition
Named Issuer	21	Enhance Image
Bracketing	20	Limit Responsibility
Customer References	15	Enhance Image

Element	Frequency	Function
Values Statements	15	Convey Contrition and/or Enhance Image
Excuses	14	Limit Responsibility
<i>Positive Contrition Modifiers*</i>	12	Convey Contrition
<i>Contrition in Passive Voice*</i>	12	Enhance Image
Compensation Offers	11	Convey Contrition
Denials	9	Limit Responsibility
Justifications	8	Absolve Responsibility
Government/Nation References	8	Enhance Image or Exigent Safety Threat
<i>Contrasting/Conditional Contrition Signals*</i>	6	Limit Responsibility
Attacks	5	Limit Responsibility
Self-Punishment	4	Convey Contrition
Empathy Expressions	4	Convey Contrition
Puffery	3	Enhance Image

*Sub-Element related to Contrition

Scapegoating Language

The inclusion of excuses (14), denials (9), justifications (8) and/or attacks (5) emerged as an important category of elements utilized to limit the issuer’s responsibility for a transgression. They were most often applied by shifting blame to a third party, and were thus collectively termed “scapegoating elements”. Scapegoating elements were more likely to be included if acknowledgements of responsibility or values statements were omitted, and appeared to reflect a reactive strategy. While explanations (23) and bracketing language (20) were also frequently included, no clear pattern of usage and/or purpose emerged.

Templates

Based on the emerging key elements included in organizational apologies to convey

contrition and limit responsibility, twelve apology templates emerged. These twelve templates capture the primary responses utilized by organizations based on the type of transgression at issue and antecedent concerns regarding their “viral” potential, risk of legal liability, availability of an easy fix, and whether blame can reasonably be shifted to third parties. Table 4 below sets forth the antecedents, Marketing Mix typology (and SERVQUAL when overlapping), apology elements, and predicted consequents for each of the twelve templates.

TABLE 4
Organizational Apology Templates

#	Template	Antecedents	Type	Elements	Consequents
1	Non-Apology Apologies (3 Types)	Must respond quickly to avoid “going viral”; no time for executive review (A)	Product, Price, or Place (Non-Accident)	Assurance, Compensation*, Acknowledgement**, Values**	Issue executive apology later
		Seek to limit adverse legal consequences (B)	Place / Tangibles (Accident)	Assurance, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later
		Seek to limit adverse legal consequences AND can plausibly blame 3 rd Party (C)	Product	Assurance, Compensation*, Scapegoating Language	Consider legal action versus 3 rd Party
2	Product Apologies (3 Types)	No Easy Fix, No 3 rd Party to Blame (A)	Product	Explicit Contrition, Assurance, Acknowledgment, Compensation*, Values	
		Easy Fix, No 3 rd Party to Blame (B)	Product	Explicit Contrition, Assurance*, Acknowledgment, Compensation*, Values	Make Easy Fix
		3 rd Party to Blame (C)	Product	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)

#	Template	Antecedents	Type	Elements	Consequents
3	Promotion / Empathy Apologies (3 Types)	Easy Fix, No 3rd Party to Blame (A)	Promotion / Empathy	Explicit Contrition, Assurance*, Acknowledgement*, Compensation*, Values*	Make Easy Fix
		No Easy Fix, No 3rd Party to Blame (B)	Promotion / Empathy	Explicit Contrition, Assurance, Acknowledgement*, Values*	
		3 rd Party to Blame (C)	Promotion / Empathy	Explicit Contrition, Assurance**, Compensation**, Scapegoating Language	Make Easy Fix (if can)
4	Price Apologies (2 Types)	No 3rd Party to Blame (A)	Price	Explicit Contrition, Assurance**, Acknowledgement*, Compensation, Values*	Fix with Compen.
		3 rd Party to Blame (B)	Price	Explicit Contrition, Assurance**, Compensation, Scapegoating Language	Fix with Compen.
5	Place / Tangibles Apologies	Seek to limit adverse legal consequences	Place / Tangibles	Explicit Contrition, Assurance**, Named Issuer, Acknowledgement*, Compensation*, Values*	Settle for damages and cleanup mess later

*Optional

**Optional IF easy fix available

Explicit Statements of Contrition

Twenty-nine out of 34 apology texts included at least one explicit statement of contrition. Twenty-six used a grammatical form of “apologize”, seven used “sorry”, four used “regret”, and one used the term “forgive us” (Tencent’s 2013 WeChat statement). Seven of the texts included two or more contrition term, with Intuit’s 2014 TurboTax apology incorporating the three

versions: “apologize”, “sorry”, and “regret”. However, five of the texts did not include any explicit term of contrition. Among these five “non-apology apologies”, the Union Billboard statement indicated that a mea culpa would be forthcoming in the near future, suggesting that a reference to future apologizing can establish evidence of contrition in the present. All five non-apology apologies included assurances of non-recurrence, indicating that an organizational communication lacking an explicit apology must at minimum include this element to effectively convey contrition to consumers.

Assurances of Non-Recurrence

Assurances of non-recurrence appeared in 25 out of 34 of the coded apologies, the most commonly reoccurring element other than explicit statements of contrition. For instance, the 2015 apology from Lenovo in response to the Superfish incident stated, “Finally, we are working directly with Superfish and with other industry partners to ensure we address any possible security issues now and in the future” (Lenovo, 2015). The foregoing language reassures Lenovo’s customers that a repeat of the Superfish incident will not happen because of action the company is taking both now and in the future. Tencent’s statement in response to the 2013 WeChat censorship incident similarly stated, “We will continue to improve the product features and technological support to provide better user experience” (Jie, 2015). The statement from American Airlines in 2014 responding to the ‘Deaf and Dumb’ baggage note incident declared, “...we will be following up with our team members...” at the Houston airport (Lee, 2014).

All five of the “non-apology apologies” included an assurance of non-recurrence, suggesting that it is a critical element for expressing contrition and may even substitute for an explicit mea culpa. It was also found that six of the nine cases without an assurance of non-recurrence included scapegoating elements instead, and the remaining three cases included bracketing language. It thus appears that the shifting of blame to a third party negated the need

for the organizations to indicate why the offense would not happen again in the future.

Responsibility Acknowledgements

Twenty-two out of 34 of the coded apologies included discourse which acknowledged responsibility for the perceived transgression and/or the perceived harm caused thereby. For example, the 2015 statement from Tom Hogarty of Adobe in response to the Lightroom glitches declared, “we failed on multiple fronts with this release.” Another example was the 2007 sprinter apology from Intel, in which it stated, “Unfortunately, our execution did not deliver our intended message and in fact proved to be insensitive and insulting” (Bhagat, 2007). Another example was the 2015 Starbucks apology on Facebook to Armenian-American customers, which offered an explicit apology for “...upsetting our customers and the community.”

Acknowledgements of responsibility were generally reported positively in the media, excepting those cases where a third party was a significant cause of the harm caused.

Values Statements

Fifteen out of 34 of the coded apologies made a reference to the norms or values of the company perceived to have committed a transgression. These statements can serve to convey contrition if paired with an acknowledgement of how they were breached in the past or will be better served in the future, but were sometimes included to merely bolster a corporation’s image. One example of the bolstering strategy was the 2014 letter from Chevron offering a pizza coupon in response to a refinery accident: “We value being a responsible member of this community” (Ernst, 2014). However, Chevron’s communication was not accompanied by an explicit statement of contrition or acknowledgement of breach. In an example of a values statement paired with a statement of contrition, the 2014 letter from Western Digital to its customers about the hybrid product launch issues acknowledges that it has “a ...commitment to you” to provide “reliable, secure and easily accessible storage for your most valuable content” (WD Community,

2014). Values statements were usually included in the apologies for an integrity breach, and were also frequently found in competence violations arising from a product launch failure. They were less likely to appear in cases apologies that included scapegoating elements (placing blame on third party actors).

Compensation Offers

Eleven of the 34 coded apologies included a compensation offer, including three of five “non-apology apologies”. The researcher did not classify statements referencing a refund, exchange, update, patch or deactivation beyond what was presumably already available to customers under existing policy as compensation. For example, the 2015 statement from Lenovo about Superfish offered a link to software removal tools (a type of update or patch), and was not categorized as a compensation offer. Several companies also followed up on their initial communications with compensation offers, such as ATVI after the 2015 Tony Hawk 5 incident (Joell, 2015); these instances were also not categorized as compensation offers.

Examples of compensation offers included the \$100 credit offered by Apple Computer in response to the iPhone price drop incident in 2007 (Tehrani, 2007), and the free pizza coupon offered by Chevron to members of a community in response to a refinery fire that killed a resident worker (Ernst, 2014). While the former example appeared to be favorably received by the community – with \$100 representing half of the \$200 iPhone price drop – the latter example was widely ridiculed by the media as not commensurate with the harm caused (Ernst, 2014). Thus, a perceived inadequacy in the level of offered compensation can result in an apology misfire. Compensation offers less frequently included in statements addressing a community sensitivity issue, and more likely to be included in cases amenable to an easy fix (such as the 2007 iPhone price drop apology).

ANALYSIS

Elements of an Organizational Apology

Textual analysis of the apology corpus revealed that organizations utilize a combination of five key contrition elements to render a mea culpa to consumers in the aftermath of a perceived transgression: explicit statements of contrition, assurances of non-recurrence, responsibility acknowledgements, compensation offers, and values statements. It was also found that organizations included excuses, denials, justifications, and/or attacks as scapegoating elements in their apologies in cases where a third party could reasonably be implicated as a substitute transgressor. All but three of the nine cases not including an assurance of non-recurrence included scapegoating language, and those three cases utilized bracketing language. The cases not including an assurance of non-recurrence also tended to have an easy fix. Cases that omitted a values statement were similarly more likely to include scapegoating elements (and vice versa). Compensation was seldom included in cases relating to community sensitivity, and those exceptions generally had an easy fix. Lastly, apology misfires were found to arise in cases where a mea culpa was not timely rendered, the offered compensation was inadequate, or the issuer was perceived as evasive by unduly blaming third party actors.

Five of the analyzed cases did not include any explicit words of contrition, yet these 'non-apology apologies' were processed by the public as examples of a mea culpa. In such cases, an offer of compensation before, during, or after the issuance of a responsive statement was usually made, and the statements all included an assurance of non-recurrence. In one case, a future apology was also referenced. If the foregoing 'alternative contrition facts' were competently communicated and/or rendered (i.e., adequate compensation), the non-apology apology could still be perceived as a felicitous mea culpa. Thus, an organizational statement issued in response to a transgression that is devoid of contrition may nonetheless enter the public

consciousness as an apology if certain other elements are included.

Antecedents of an Organizational Apology

Textual analysis indicated seven primary antecedent events leading to the call for an organizational apology in response to a perceived transgression. Negative Media was the most common antecedent (15 instances), followed by Physically Visible (7 instances – e.g., fire, explosion, oil spill, etc.), Customer Complaints (4), and Community Complaints (2).

Consequents of an Organizational Apology

Research indicated that the key consequential events to the analyzed apology cases were Easy Fixes (17 instances), Legal Settlements (5 instances), Repeat Apologies (4 instances), New Policies (3 instances), and Philanthropy (2 instances), Employee Terminations (1 instance), and Employee Training (1 instance). The primacy of Easy Fixes was not unexpected, as these responses directly correlated to the transgression at issue and were not difficult or costly for the companies to provide. Examples of easy fixes included product update (Product cases), removal of offensive content (Promotion cases), award of cash, credit, or reimbursement (two Price cases and one Product case), and restored service (a Product case). Thus, consumers appear to expect an apology coupled with corrective action whenever it is feasible in the aftermath of a Product, Price, or Promotion transgression.

The five Legal Settlement consequent instances emerged from four industrial accident (Place) cases, as well as one Product (defect) case. The visible nature and measurable impact of the industrial accident cases appeared to give rise to a lawsuit in all such cases. The single Product case (2010 Tencent IM Dispute) involved a lawsuit against a competitor (Qihoo) rather than the public or a government entity, distinguishing it from the four Place cases. Thus, consumers therefore appear to expect organizational transgressions arising from Place to result in an apology coupled with an eventual legal settlement. Note that the industrial accident cases also

led to cleanup responses in all four cases, with the 1989 *Valdez* case purportedly costing ExxonMobil \$2 billion (Kroh, 2013). Interestingly, all five of the least utilized categories - Repeat Apologies (“faulty fix”), New Policies (“policy fix”), Philanthropy (“philanthropic fix”), Employee Terminations (“firing fix”), and Employee Training (“training fix”) were all issued in response to integrity violations. The foregoing likely arises from a reticence to proactively undertake organizational change if there is a plausible “easy fix” available.

McCarthy’s 4Ps

Seven incident categories emerged among the 34 apology texts: community sensitivity (13 cases), product defects (6 cases), industrial accident (4 cases) product launch (4 cases), unethical conduct (4 cases), product pricing (2 cases), and service failure (1 case). The emerged typology was found to align with McCarthy’s 1960 4Ps conceptualization of marketing decision- making: Product, Promotion, Price, and Place. The “Marketing Mix” typology is the primary framework in the marketing literature for understanding how firms make managerial decisions (Grönroos, 1964). The 13 community sensitivity cases all related to Promotion, as they reflect a concern with public relations. Examples included the 2015 Starbucks apology to Armenian- Americans over an insensitive poster, and the 2016 statement from Microsoft addressing the BAE intern incident. The product defect (6), product launch (4) and service failure (1) cases aligned with Product, as they all related to items and services provided by the company to meet a perceived customer need. An example of a Product issue was the 2015 Adobe Lightroom software product launch, which the company later acknowledged was full of glitches. The four industrial accident cases (such as the 2012 Chevron Refinery Fire incident) related to Place, because they all arose at a company location established to provide customers with access to a product or service. Lastly, the two product pricing incidents clearly aligned with Price (such as the 2007 Apple iPhone Price Drop incident).

Analysis of the included apology elements based on Marketing Mix typology indicated a pattern for each type. Both of Price cases included a compensation offer. All five Place cases included an explanation and were issued by a named issuer (likely because the issuing person was bound to a particular location). All but two (out of 14) of the Product cases included a responsibility acknowledgement. Lastly, only two (out of 13) Promotion cases included a compensation offer.

SERVQUAL

The emerged typology of incident types was also found to align with Parasuraman, Zeithaml and Berry's five 'SERVQUAL' dimensions of consumer service quality expectations from organizations – Tangibles, Reliability, Responsiveness, Assurance, and Empathy (1988). SERVQUAL has been recognized as “moving rapidly towards institutionalized status” as a scale for measuring service quality (Buttle & Burton, 1994), and 367 citations to SERVQUAL appeared in the Web of Science database between 1998 and 2013 (Wang, Luori, Luarn, & Peng, 2015). It is therefore plausible to consider SERVQUAL as a useful lens for understanding organizational apologies from the perspective of consumers.

The four industrial accident cases were all found to relate to Tangibles, as the events at issue transpired at either the physical facilities owned by the issuing organizations (2013 Mayflower, 2012 Refinery Fire, 2014 Pizza Apology) or on equipment operated by said organization (1980 Valdez), and the violations were thus clearly visible before the apologies were rendered. All four Tangibles cases were followed by a subsequent legal settlement.

Six cases were found to align with the Reliability dimension, three of which related to a product launch (2003 JX Online, 2007 Warcraft Servers, and 2010 Fairy Biography) and three of which related to a product defect (2015 Tony Hawks 5, 2014 Hybrid Products, and 2016 NE Outage). Five of these cases were preceded by consumer complaints (directly or via social

media), while the 2016 NE Outage involving Comcast was clearly identifiable by a disruption of service. All six Reliability cases led to an easy fix as a consequent event.

Four events were found to align with the Responsiveness dimension: 2007 iPhone price, 2013 Repair Policies, 2013 Blue Screen, and 2009-2015 Delivery Stumbles. While these four cases arose from three different incident types (pricing, sensitivity, and defect), they all shared an easy fix as a consequent event. For example, the 2009-2015 Delivery Stumbles apology from eBay appeared to trigger an automatic \$5 credit (Steiner, 2015).

Eleven cases were found to align with the Empathy dimension, with all but two of these cases arising from perceived sensitivity violations: 2005 Slavery Policies, 2016 Racist Hack, 2015 Armenians/Flag, 2007 Sprinter Ad, 2010 Marvel Tea Party, 2014 GamerGate, 2014 Irish Xmas, 2014 'Deaf & Dumb', and 2016 BAE Intern. The remaining two cases arose from pricing (2014 TurboTax pricing) and misconduct (2002 Union Billboard). Five cases were preceded by negative media reports as a primary antecedent (2007 Sprinter Ad, 2010 Marvel Tea Party, 2014 GamerGate, 2014 'Deaf & Dumb', and 2016 BAE Intern), and two cases were preceded by clearly visible evidence of a violation – the 2016 Racist Hack involved a racist message appearing during a TV transmission, while the 2002 Union Billboard arose from the physical removal of an advertisement. Eight of the cases shared an easy fix as one consequent, but two also led to the issuance of a subsequent apology, while four led to organizational changes (new policies, sensitivity training, and the joining of an anti-harassment organization).

Nine cases were found to align with the Assurance dimension. While these cases arose from four different incident types (defect, sensitivity, misconduct, and launch) all but one case – The 2015 Lightroom Launch – were classified as integrity violations, and thus related to moral misconduct. For example, the 2015 Lenovo Superfish case was the result of a product defect (the Superfish application), but was processed by consumers as misconduct because the

application potentially exposed customer data to privacy violations. All but two cases led to an easy fix, but one also resulted in an employee termination (2015 False Grizzly Data), one to a legal settlement (2010 IM Dispute), and three to repeat apologies (2010 IM Dispute, 2015 Superfish, 2015 AI Statements).

Cross-Border Differences

Analysis also revealed that apologies issued by Chinese organizations (and by Chinese and U.S. organizations within China) were lengthier than those issued by U.S. organizations (and by U.S. and Chinese organizations within the U.S.). A plausible explanation for the uncovered variances in word counts between the U.S. and China is suggested by Hall's high versus low context dimension (Hall, 1976). Low-context cultures such as the U.S. are more informal and direct, whereas high-context cultures such as China are more formalistic and indirect (Cole, 2015). Using the relative length of an apology as a proxy for formality, the U.S. apologies appear more aligned to a low-context audience whereas the Chinese apologies appear more aligned to a high-context audience.

Of the 11 Chinese apology texts captured and summarized, two arose from insensitivity towards U.S. civil rights leader Martin Luther King Jr. – Alibaba in 2013, followed by Tencent in 2015 – indicating an unfamiliarity with prevailing norms outside of China. This unfamiliarity is also supported by Chinese apologies issued abroad, such as Kingsoft's 2007 mea culpa to U.S. consumers for a racist couch label produced by its translation program (Consumerist, 2007). Legal protections based on gender are new in China, with sexual harassment itself not illegalized until 2005 (Paul Hastings, 2007). Alibaba's 2015 mea culpa over a job advertisement for a Lolita or porn star-like female programmer derided in both the mainland and Hong Kong media as sexist (Sonnad, 2015) suggests that gender sensitivities are increasingly salient in the minds of today's Chinese consumers. U.S. corporations have engaged in world trade for decades, but

many Chinese firms are just now establishing a significant footprint abroad. It is therefore plausible that Chinese corporations find it harder to restore legitimacy and incur a liability of foreignness in their apology-making during this early stage of expansion.

Another finding was that Chinese apologies included more references to government and nationality than did American apologies. Furthermore, the criticism of Tencent in 2010 and Kingsoft in 2013 by governmental channels was not paralleled in any of the US apologies. The foregoing findings are plausibly explained by Hofstede's individualism versus collectivism dimension, considered the most prominent facet of cultural variation (Triandis, 1995). Tavuchis suggested in 1991 that collective societies such as China allow for the acceptance of blame by a group for a member's individual transgression, whereas more individually focused societies like the U.S. generally do not. A plausible alternative explanation for these findings is suggested by regulatory focus orientation (Higgins et al., 2001). Research has found that East Asian cultures are oriented more towards risk prevention whereas U.S. culture is more oriented towards self-promotion (Kurman & Hui, 2011). It is therefore plausible that the references to and/or from the Chinese government are derived from a fear of additional criticism, increased oversight, or regulatory penalties, reflective of a primary prevention focus orientation.

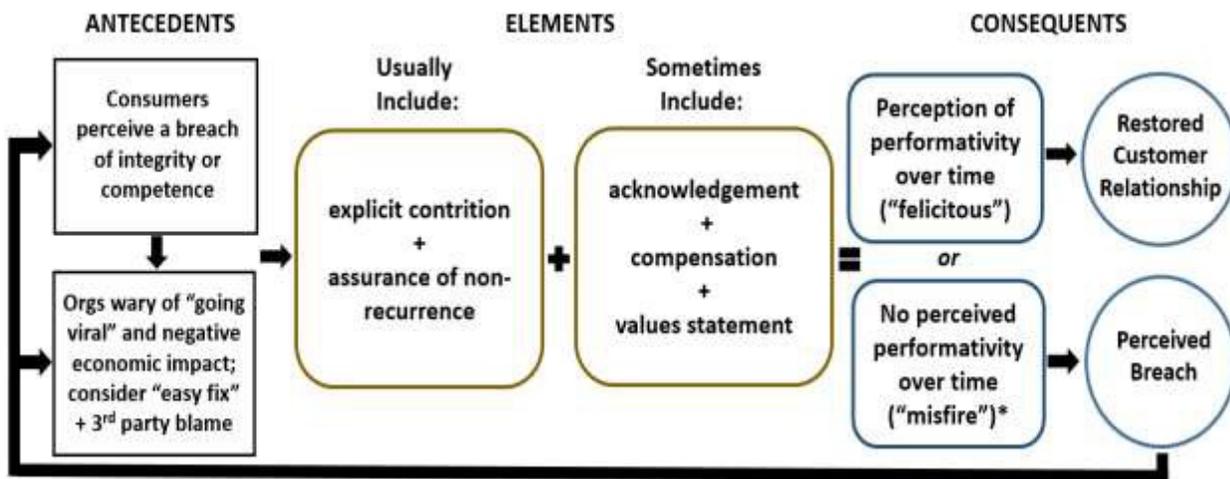
Model of Organizational Apology

Figure 2 below proposes a model of organizational apology integrating our research findings. The term 'misfire' comes from Austin's performative utterances theory (1961), and refers to explicit and/or implied acts of speech and/or conduct that render an apology ineffective. By contrast, 'felicitous' refers to explicit and/or implied acts of speech and/or conduct that make an apology effective (Austin, 1961). Potential misfires may arise from inadequate compensation, inadequate expression of contrition, likely recurrence of the offense, implausible third-party blaming, and/or cultural non-congruence (i.e., overly symbolic in the U.S. or overly

straightforward in China, based on Hall’s high versus low context theory (1976)). The explicit contrition element in the proposed model may be omitted (except for transgressions arising from an industrial accident) if an assurance of non-recurrence and sometimes compensation offer are also included. The assurance of non-recurrence element may optionally be omitted only if an “easy fix” is available. Acknowledgements should be included as an element unless it is plausibly justifiable to blame a third party, but should always be included for transgressions arising from a product-related issue. Compensation (before, within, or after the apology issuance) should only be included for transgressions arising from community sensitivity if there is an “easy fix”, but should always be included for price-related incidents.

FIGURE 2

Model of Organizational Apology



CONCLUSION

Under our proposed model of organizational apology, a mea culpa issued by an organization become ‘felicitous’ (Austin, 1961) when the requisite weight of speech and actions are sufficient proxies for the level of sincerity and/or remorse expected by consumers for the breach. The rendering of an explicit statement of contrition may certainly indicate sincerity

and/or remorse, especially if it issued from a named person with standing such as a CEO.

However, consumers also recognize that organizations are not natural persons capable of experiencing emotions, and thus appear to weigh assurances of future conduct and remediating actions (such as adequate compensation, a product recall, or timely implementation of an easy fix) as potential proxies for contrition. Consumers expect organizations to conduct themselves in line with shared norms of behavior, and also respond positively to statements that acknowledge responsibility and/or declarations of their values. The severity of the transgression at issue logically impacts how consumers react to an organizational apology, and it is acknowledged that the proposed model does not explicitly address severity as a moderator.

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