DOKUZ EYLÜL UNIVERSITY

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DOCTORAL THESIS

Doctor of Philosophy (PhD)

THE EFFECT OF INTENTIONALITY OF WRONGDOING AND CORPORATE REPUTATION ON CONSUMER PERCEPTIONS AND REPURCHASE INTENTIONS IN PRODUCT RECALL SITUATIONS
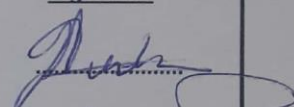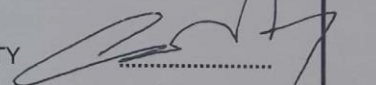
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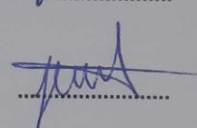**Prof. Dr. Ayşe Gül BAYRAKTAROĞLU**

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The thesis titled as **"The Effect of Intentionality of Wrongdoing and Corporate Reputation on Consumer Perceptions and Repurchase Intentions in Product Recall Situations"** prepared and presented by ENİS YAKUT is accepted and approved.

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DECLARATION

I hereby declare that this doctoral thesis titled as "The Effect of Intentionality of Wrongdoing and Corporate Reputation on Consumer Perceptions and Repurchase Intentions in Product Recall Situations" has been written by myself in accordance with the academic rules and ethical conduct. I also declare that all materials benefited in this thesis consist of the mentioned resources in the reference list. I verify all these with my honor.

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ABSTRACT

Doctoral Thesis
Doctor of Philosophy (PhD)
The Effect of Intentionality of Wrongdoing and Corporate Reputation on Consumer Perceptions and Repurchase Intentions in Product Recall Situations
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The existence of a more suspicious and less forgiving public, increased regulations and intense digital communications heightened the level of threats to the organizations. Among those threats, product harm crisis will generate significant consequences to both firms and consumers, such as injuries, reputational, legal and monetary costs, consumer trust issues, decreased repurchase intentions and declines in the stock prices. Those consequences often involve product recalls, where all defective products are being collected from the market. When a product recall occurs, it will be followed by a search for attribution of blame. It has been stated that intentional and unintentional events affect consumer attributions differently; and especially during product harm crisis and product recall situations, the level of attributed blame to the company will shape the future consumer responses. Another important factor during crisis is reputation, where a high reputation may protect company from the detrimental effects of the crisis, and high-reputation companies are more successful than low-reputation companies in dealing with crisis situations. Therefore, this study aims to investigate the collective effect of reputation and intentionality on perceived apology sincerity, attitude towards company and repurchase intentions during product recall situations, by conducting an experimental study where two factors (reputation and intentionality) are being manipulated at two levels. Total of 730 responses were collected and the responses were analyzed by using MANOVA and SEM

techniques. Results revealed important ramifications in terms of the effects of corporate reputation and intentionality on perceived apology sincerity, attitude towards company and repurchase intentions.

Keywords: Product Recall, Corporate Reputation, Intentionality of Wrongdoing, Apology Sincerity, Repurchase Intention, Structural Equation Modeling, MANOVA

ÖZET

Doktora Tezi

Ürün Geri Çağırma Durumlarında Hata Yapmadaki Kasıt ve Kurumsal İtibarın Tüketici Algısı ve Tekrar Satın Alma Niyeti Üzerindeki Etkisi

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Daha şüpheci ve daha az bağışlayıcı bir halkın varlığı, artan yasal düzenlemeler ve yoğun dijital iletişim, kurumlara yönelik tehdit düzeyini artırmıştır. Bu tehditlerden biri olan ürün hasar krizleri, hem firmalar hem de tüketiciler için yaralanma, itibari, yasal ve parasal maliyetler, tüketici güveni sorunları, azalan satın alma niyetleri ve hisse senedi fiyatlarındaki düşüşler gibi önemli sonuçlar doğurmaktadır. Bu sonuçlar genellikle tüm kusurlu ürünlerin piyasadan toplandığı ürün geri çağırmaları da içerir. Bir ürün geri çağırma gerçekleştiğinde ise, bunu takiben, suçun atfedilmesi için bir arama da gerçekleşecektir. Kasıtlı ve kasıtsız olayların tüketicilerin yaptığı atıfları farklı şekilde etkilediği ve özellikle ürün hasar krizi ve ürün geri çağırma durumlarında, şirkete atfedilen suçlama düzeyinin, gelecekteki tüketici tepkilerini şekillendireceği belirtilmiştir. Kriz sırasındaki bir diğer önemli faktör de, kurumsal itibarın şirketi krizden kaynaklanan zararlı etkilerden koruyabileceği ve yüksek itibarlı şirketlerin krizlerle mücadele ederken düşük itibarlı şirketlerden daha başarılı olduğu gerçeğidir. Bu nedenle, bu çalışmanın amacı, kurumsal itibar ve kasıtlılığın iki düzeyde manipüle edildiği deneysel bir çalışma yürütmek suretiyle; algılanan özür samimiyeti, firmaya karşı tutum ve tekrar satın alma niyeti üzerinde bu iki faktörün (kurumsal itibar ve kasıtlılık) kolektif etkilerini araştırmaktır. Toplamda 730 kişiden alınan yanıtlar MANOVA ve SEM teknikleri kullanılarak analiz edilmiştir. Bu çalışma, kurumsal itibarın ve hata yapmadaki kasıtlılığın

algılanan özür samimiyeti, firmaya karşı tutum ve tekrar satın alma niyeti üzerindeki etkileri açısından önemli sonuçlar ortaya koymaktadır.

Anahtar Kelimeler: Ürün Geri Çağırma, Kurumsal İtibar, Hata Yapmadaki Kasıt, Özür Samimiyeti, Tekrar Satın Alma Niyeti, Yapısal Eşitlik Modeli, MANOVA

THE EFFECT OF INTENTIONALITY OF WRONGDOING AND CORPORATE

REPUTATION ON CONSUMER PERCEPTIONS AND REPURCHASE INTENTIONS

IN PRODUCT RECALL SITUATIONS

TABLE OF CONTENTS

CHAPTER ONE

WRONDOINGS, CRISIS AND RESPONSE STRATEGIES

CHAPTER TWO
COPRPORATE REPUTATION AND INTENTIONALITY

CHAPTER THREE

METHODOLOGICAL FRAMEWORK

ABBREVIATIONS

3R	Reduce, Reuse, Recycle
AGFI	Adjusted Goodness of Fit
ANCOVA	Analysis of Covariance
ANOVA	Analysis of Variance
AT&T	American Telephone and Telegraph
ATC	Attitude towards Company
AVE	Average Variance Extracted
BSTB	The Ministry of Science, Industry and Technology
CA	Corporate Ability
CEO	Chief Executive Officer
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CI	Confidence Interval
COM	Country of Manufacturing
COO	Chief Operating Officer
CSR	Corporate Social Responsibility
CPSC	Consumer Product Safety Commission
CR	Composite Reliability
df	Degrees of Freedom
EFA	Exploratory Factor Analysis
EU	European Union
FY	Fiscal Year
FDA	Food and Drug Administration
GFI	Goodness of Fit Index
IFI	Bollen's Incremental Fit Index
ISO	International Organization for Standardisation
IT	Information Technology

KMO	Kaiser-Meyer-Olkin
MANCOVA	Multivariate Analysis of Covariance
MANOVA	Multivariate Analysis of Variance
MaxR(H)	Maximal Reliability
MBA	Masters of Business Administrations
MGSEM	Multi Group Structural Equation Modeling
ML	Maximum Likelihood
MSV	Maximum Shared Variance
NFI	Normed Fit Index
NNFI	Non-normed Fit Index
OECD	The Organization for Economic Co-operation and Development
PAS	Perceived Apology Sincerity
PCLOSE	Test of close fit
PhD	Doctor of Philosophy
PR	Public Relations
R&D	Research and Development
RAPEX	Rapid Alert System for All Nonfood Dangerous Consumer Products
RFID	Radio Frequency Identification Technology
RMR	Root Mean Square Residual
RMSEA	Root Mean Square Error of Approximation
ROA	Return on Assets
ROS	Return on Sales
RPI	Repurchase Intentions
SCCT	Situational Crisis Communication Theory
SD	Standard Deviation
SEM	Structural Equation Modeling
SRMR	Standardized Root Mean Square Residual
TLI	Tucker-Lewis index
TMT	Top Management Team
TUIK	Turkish Statistical Institute

TQM	Total Quality Management
US	United States
USA	United States of America
VIF	Variance Inflation Factor
WOM	Word of Mouth
WWP	Wounded Warrior Project

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

INTRODUCTION

Crisis are unpredictable events where stakeholder interests are being significantly jeopardized (Ma et al., 2018: 3). Similarly, product harm crisis will generate significant consequences to both firms and consumers, such as injuries, reputational, legal and monetary costs, consumer trust issues, decreased repurchase intentions and declines in the stock prices (Hsu and Cheng, 2018: 202). Those consequences often involve product recalls, where all defective products are being collected from the market. Product recalls may tarnish brand equity and damage a company's reputation (Chen, Ganesan and Liu, 2009:214; Cheah, Chan and Chieng, 2007:427), cause negative attention, create social pressure, affect brand trust (Yannopoulou, Koronis and Elliott, 2011:531), harm brand integrity (Cheah, et al., 2007:427), create a negative brand publicity (Magno, Cassia and Ugolini, 2017:3); which as a result will cause the diminishment of the brand (Copeland, Jackson and Morgan, 2004:104) and in some cases destruction of the brand and even the company (Linton and Jayaraman, 2005:1813).

When a product recall occurs, it will be followed by a search for attribution of blame. Accordingly, when a consumer's attribution of blame is directed to the company rather than to him/herself, an apology will also be desired (Korkofingas and Ang, 2011: 964). Previous studies argue that, apology is the best crisis response strategy, because public wants to see a remorse about that particular event (Benoit and Drew, 1997: 159; Sheldon and Sallot, 2009: 27) in order to resolve conflicts and restore relationships (Keeva, 1999: 64). Especially when apology is combined with a corrective action, it is considered more efficient and persuasive than other strategies (Sheldon and Sallot, 2009: 45).

An important fact about the corporations is the increase in the number of unethical conduct by the CEOs, where larger companies are facing higher risks than smaller ones (Rivera and Karlsson, 2017: Retrieved on 14.05.2018). The existence of a more suspicious and less forgiving public, increased regulations, and intense digital communications heightened the level of threats to the organizations. The unethical conduct may involve situations where the wrongdoing was committed intentionally or

unintentionally. It has been stated that intentional and unintentional events affect consumer attributions differently (Coombs, 2010: 451); and especially during product harm crisis and product recall situations, the level of attributed blame to the company will shape the future consumer responses. It is also suggested that apology will not generate desired outcomes when the wrongdoing is intentional (Basford, Offermann and Behrend, 2014: 103). During organizational crisis, perceived responsibility is the most important component of the evaluation process; which puts extra emphasis on intentionality. If the crisis is perceived to occur as a result of intentional action(s), more responsibility and blame will be attributed to the organization; and consequently this attribution is expected to negatively influence stakeholders' impression toward the organization (Lee, 2005: 382,387).

Another important factor during crisis is reputation, where a high reputation may protect company from the detrimental effects of the crisis (Coldwell, Joosub and Papageorgiou, 2012: 136). It has also been stated that, high-reputation companies are more successful than low-reputation companies in dealing with crisis situations (Siomkos, 1999: 20). Furthermore, an organization's past performance affects people's judgments when assigning responsibility for the negative outcomes of the crisis. An organization with a positive performance – a good reputation – will receive more sympathy from the public and might be excused for its actions (Griffin, Babin and Attaway, 1991: 340).Therefore, it can be concluded that, the level of attributed blame and consumer reactions will change with regard to the type of the wrongdoing (intentional or unintentional) that cause the recall incident and reputation of the company.

As a result of the discussed arguments above, this study aims to investigate the collective effect of reputation and intentionality during product recall situations, by conducting an experimental study where two factors (reputation and intentionality) are being manipulated at two levels. It should be noted that, the variables that are going to be examined in this study are still new, some aspects of the factors are ambiguous and there is still no consensus on the definition of some concepts.

In order to deepen the understanding of those concepts, a comprehensive look on the wrongdoing, crisis and crisis response strategies- including product recalls and apology- is necessary. Furthermore examining the reputation and intentionality of the company with a conceptual and theoretical point of view is also required. Therefore, in the first chapter, wrongdoings, crisis, crisis response strategies, product recalls and apology is discussed. In the second chapter, two factors that affect the consumer perceptions is explored: Corporate reputation and Intentionality. In the third chapter, aim and significance of the study, hypotheses, the independent and dependent variables, the formation and implementation of the experimental design and analysis of the study is explained. After the results of the study is given, limitations, recommendations and discussion is provided in order to guide both academicians and practitioners about the factors that affect consumer judgements, attitudes and intentions after the product recalls.

CHAPTER ONE

WRONDOINGS, CRISIS AND RESPONSE STRATEGIES

Consumers are constant decision makers. In an environment, in which they are surrounded and attacked by extensive information and alternatives, they still try to make their decisions in a rational and reasonable way. Even in problematic situations, they tend to evaluate consequences, try to understand who is responsible and decide who is to blame (Tomai and Forbus, 2007: 1). This reasoning process, whether it is on a personal, societal or environmental level, is an important part of how people understand the world around them. It has been stated that wrongdoings and crises are relational disturbances, and they cause functional and performance related complicated organizational problems (Kahn, Barton and Fellows, 2013: 377; Zavyalova, Pfarrer, Reger and Shapiro, 2012: 1080). It is also stated that, crisis are contagious events and may spread to competing brands by affecting consumer judgments (Dahlén and Lange, 2006: 393).

1.1.   WRONGDOING

A wrongdoing is a corporate action which is against societal norms and general standards of conduct, not acceptable to stakeholders and also endangers the stakeholder interests (Zavyalova et al., 2012: 1080). Corporate wrongdoing is not either violating contractual or non-contractual commitments, it is usually breaking them simultaneously which attracts the public criticism, generates reaction and may bring accusations and lawsuits (Faulkner, 2011: 13). Corporate wrongdoing may emerge as a result of actions or inactions, prudent or inadvertent actions of the organizations (Daboub, et al., 1995: 139).

Corporate wrongdoing is a very common practice in today's business environment and has been seen as a routine incident. Globalization and search for new markets also increased the rate of corporate wrongdoing, since frauds and wrongdoings are easier in bigger markets and bigger companies have more room for secrets (Porter, 2012). On the other hand, wrongdoings are affecting the consumer trust to big

businesses negatively. Even though corporate executives are hired for profit maximization, not for behavioral or ethical excellence, they need to understand that trust is an imperative asset in the business world because as Arrow (1972: 357) stated "Virtually every commercial transaction has within itself an element of trust".

Yet the factors leading managers to illegal actions is unclear. There are two schools of thought which analyze the corporate wrongdoing. First model is social learning theory, which posits that individuals (employees/leaders/managers/executives) learn behaviors through modeling, copying and repeating of others. So, it is expected that, in corporate environment, existing behavioral norms, values, beliefs and code of conduct within a company or industry will either encourage law-abiding behavior or support illegal acts (Daboub, et al., 1995: 142; Williams and Barrett, 2000: 343). Second model is economists' perspective, which basically employs a more rational / utilitarian angle. According to this approach, managers compare the cost of the illegal act to its benefits and act accordingly. Therefore, performing an illegal action will be preferable up until "the penalty for illegal action is equal to the net social cost of the act divided by the probability of detection" (Williams and Barrett, 2000: 343). It should also be stated that no comprehensive theory has been proposed that explains all aspects of the corporate wrongdoing.

Main motivation for a corporate wrongdoing is to gain competitive advantage (Balch and Armstrong, 2010: 297), but in order to keep the competitive advantage and high performance, corporations turn towards illegitimate behavior. In time, these illegal actions may become regular and be seen as normal (banal) in the organizations. Balch and Armstrong (2010) propose a model to explain the banality of the corporate wrongdoings (see Figure 1 and Table 1). In their model, *banality of wrongdoing* refers to acceptance of unlawful behavior in an organization; *culture of competition* refers to industry pressure to gain and keep competitive advantage; *ends-biased leadership* explains the result oriented leadership; *missionary zeal* indicates the commitment to mission; *legitimizing the myth* focuses on the justification of the illegal behavior and

corporate cocoon defined as the self-approved ethical reference in order to justify the unethical behavior.

Figure 1: Conceptual Model: Banality of Wrongdoing
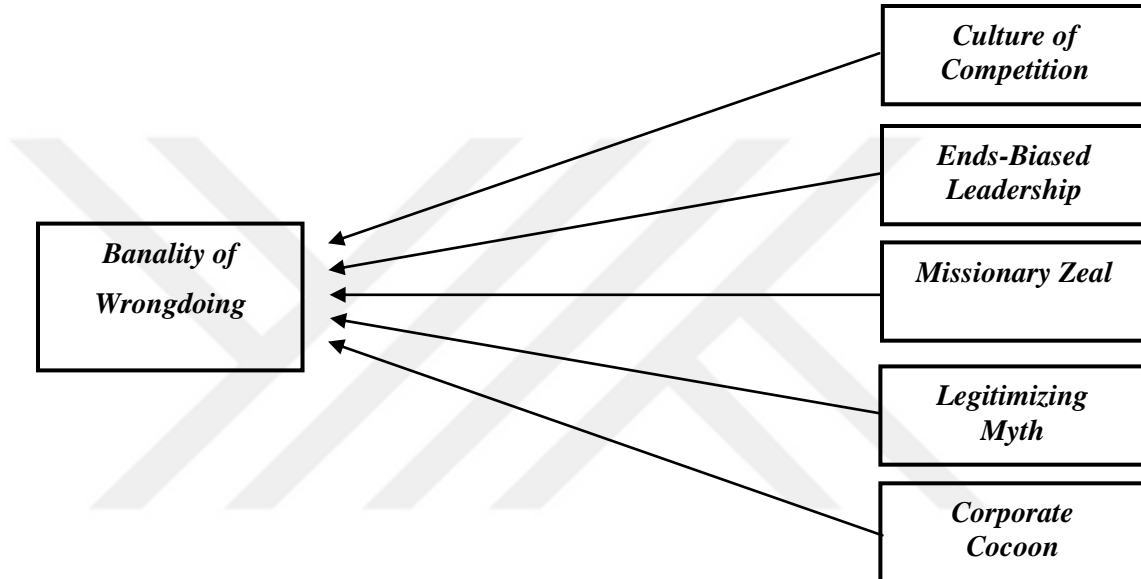
Source: Balch and Armstrong, 2010: 301

Table 1: Banality of Wrongdoing Conceptual Model Variables

Banality of wrongdoing	The acceptance of certain levels of unethical behavior as normal and expected in an organization
Culture of competition	The pressure to break rules, defy convention, and engage in marginal ethical behavior to avoid conceding a competitive advantage
Ends-biased leadership	Leadership which focuses so strongly on ends (chiefly financial) that insufficient attention is paid to the means by which the ends are achieved, thus displaying tolerance for wrongdoing
Missionary zeal	An exaggerated commitment to mission, regardless of side effects
Legitimizing myth	A narrative (internal or external) that justifies why an organization behaves as it does
Corporate cocoon	An encapsulated or isolated frame of ethical reference which accepts as normal some behaviors that would be regarded unethical by societal standards

Source: Balch and Armstrong, 2010: 302

When a firm and/or its peers involve in a wrongdoing, it generates extra attention from the media and the stakeholders. The reason behind the public interest and reaction can be explained by the social psychology research which focuses on individuals' optimism and their positive expectations about the future. Expectancy violations theory states that, while individuals usually do not notice conforming actions, they detect the violations because of the discrepancy from their expectations (Zavyalova, et al., 2012: 1081).

Worldwide scandals, corporate wrongdoings and frauds led governmental agencies develop new laws, measures and standards to ensure the corporate compliance and reduce the number of violations. A study by Uzun, Szewczyk and Varma (2004: 41) revealed that as the number of independent outside directors increased in the board committees, probability of corporate wrongdoing is decreased; which also proves the effectiveness of the new board member regulations and standards.

In today's business world, corporate wrongdoing has turned into a global issue because a single offense by a multinational corporation may take place and create a damage in many countries at the same time. Also, corporate and individual wrongdoings create competitive disadvantage for the companies who comply with the legal and ethical norms, and also create more victims in less developed countries since there is a lack of regulatory and legal mechanism to protect people (Jackson, 1998: 757-758).

1.1.1. Types of Corporate Wrongdoing

Wrongdoings can be classified under two categories according to the actor of the action (Zavyalova, et al., 2012: 1082): Wrongdoings committed by the firm which is called *firm wrongdoing* and those committed by its peers which is called *industry wrongdoing*.

1.1.1.1.Firm Wrongdoing

This is a type of wrongdoing where the firm actively participates in a violation. Financial wrongdoing, industrial accidents, product recalls, and even layoffs and downsizing can be considered as wrongdoings by stakeholders.

1.1.1.2.Industry Wrongdoing

In this type of wrongdoing, the firm doesn't do any wrongdoings but one or more of its competitors make violations. Since stakeholders tend to generalize all the actors of the same industry, they consider a company as a wrongdoer even though it did not participate in any violation. This is called "categorical delegitimization", "negative spillover" or 'guilty by association'.

1.1.2. Actors of the Corporate Wrongdoing

Modern society consists of two different actors, people and organizations. Those two actors create three subcategories as the originator of the corporate wrongdoing (Hamilton and Sanders, 1999: 231): First category is individuals who are acting for their self-interest. In this category, individuals in an organization act for their own benefit not for the benefit of the corporation (Hamilton and Sanders, 1999: 225). Second category is individuals who are acting in corporate hierarchy. In this category, subordinates are under the control of their superiors and they are simply following orders. The third and the last one is corporations acting as an entity. Consumers tend to hold corporations accountable as a unit for the wrongdoings, because consumers' assign different obligations to the corporations and consequences of the wrongdoing are evaluated broadly when the actor is a corporation (Hamilton and Sanders, 1999: 230). In real life, it is hard to define who is responsible for a negative outcome, to draw a limit for a wrongdoing and to assign the responsibility for the illegal behavior. Therefore, when an unfortunate incident occurs, in general, actions which are relevant to corporate mission and purposes are considered as the actions of the organization (Wilmot, 2001: 166).

1.1.3. Antecedents of Corporate Wrongdoing

Previous research on corporate illegal activity by Daboub et al. (1995), listed many variables as the antecedent factors of corporate wrongdoing, which are either external or internal to the organization. As a third antecedent, they stated that top management team characteristics is an important factor.

1.1.3.1. External Factors

In this category, literature generally focuses on two factors, first one is industry culture and second one is environmental characteristics.

1.1.3.1.1. Industry

According to Baucus and Near (1991) (cited by Daboub, et al., 1995: 141), in certain industries, corporations are more prone to illegal activity. Industry may influence the organizations to engage in wrongdoings through different channels. One channel is through pressuring corporations to implement industry norms and culture. Second channel is through imitating the successful organizations in the industry. Since criminal behavior is learned by observing other individuals, corporate wrongdoing can also be learned by interacting with other firms in the industry. Third one is by defining the industry standards that firm operates. Fourth channel is industry structure which creates a potential for a corporate wrongdoing, and fifth channel is industry vulnerability to laws and regulations and availability to wrongdoing.

1.1.3.1.2. Environment

Previous studies show that environmental munificence has a significant effect on corporate wrongdoing. Industry profitability, resource scarceness and environmental dynamism also influence the incidence of corporate wrongdoing.

1.1.3.2. Internal Factors

Internal factors consist of size, slack/performance, corporate strategies, structure and control systems and organizational history (Daboub, et al., 1995: 143).

1.1.3.2.1. Size

Previous studies suggest that there is a positive relationship between organizational size and corporate criminal activity. As the size of the company increases, it becomes more prone to corporate wrongdoing (Hill, et al., 1992: 1060). While some researchers believe that the size of the company creates complexity which leads to communication and coordination problems and results in wrongdoings; others emphasize the effect of decentralization which creates more opportunities for an unlawful activity. On the other hand, there are some researchers who argue that, bigger companies are investigated more than smaller firms because they are more visible.

1.1.3.2.2. Corporate Strategies

Corporate strategies may affect the possibility of corporate wrongdoing. A diversification strategy may decrease the effectiveness of control systems and in diversified companies; a wrongdoing in a single department may leap to other departments and affect the corporation as a whole.

1.1.3.2.3. Structure and Control Systems

Organizations which have decentralized structure are more predisposed to illegal behaviors because managers of the decentralized units may try to improve the performance of the units that they are responsible. Another factor is increased control over the unit managers, which may direct the managers into illegal activities. Incentive and reporting systems may also affect the behaviors of the divisional managers.

1.1.3.2.4. Organizational History

Organizations with a record of wrongdoings are expected to make violations in the future. If an organization has repeated violations, it is evident that this kind of behavior is tolerated and has become the part of the code of conduct.

1.1.3.3. Top Management Team (TMT) Characteristics

Top management team (TMT) characteristics may have a neutralizing or enhancing effect on antecedent factor-corporate wrongdoing relationship (See Figure 2). As the *age* of the manager increases, he/she tends to follow formal rules and regulations, and hesitates to break the laws. TMTs with *longer service* are not fond of strategic change and they do not want to disturb the work routine. It can be concluded that experienced TMTs will not actively participate in the wrongdoings, but they may allow illegal behavior because they fail to show fast responses to changes. *Functional background* of the TMTs affects how he/she acts in certain work related situation. Managers with throughput functions background (production, engineering and accounting) are less likely to engage in illegal activities compared to output functions background managers (marketing, sales and product R&D).

Also TMTs with peripheral functions experience (such as law and finance) will have more opportunities to participate in illegal situations, which increases the possibility of wrongdoing. In general, level of education is expected to contribute to moral enhancement, but business education promotes self-interested behavior and executives with MBA degree are more prone to unethical behavior. The military education focuses on the development of individuals by enriching their values, ideals and sense of duty, therefore managers with military background are expected to have a high standard of ethical behavior, and they are not expected to actively participate in the illegal behavior. On the other hand, TMTs with military background tend to value teamwork and harmony, as a result they may hesitate to correct the illegal behavior within the organization in order not to damage group unity.

Figure 2: Antecedents of Corporate Wrongdoing

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┌─────────────────────────────┐
│ TMT Characteristics         │
│ Age                         │
│ Length of Service           │
│ Functional Background       │
│ MBA Educations              │
│ Military Service            │
│ Diversity                   │
└─────────────────────────────┘
                    │
┌──────────────────────────┐          ▼
│ External Factors         │   ┌─────────────────────────┐
│ Industry                 │   │ Corporate Wrongdoing    │
│ Environment              │   │ Active participation    │
└──────────────────────────┘   │ Passive acquiescence    │
                               └─────────────────────────┘
┌──────────────────────────┐
│ Internal Factors         │
│ Size                     │
│ Slack/Performance        │
│ Strategy                 │
│ Structure and Control Systems │
│ History                  │
└──────────────────────────┘
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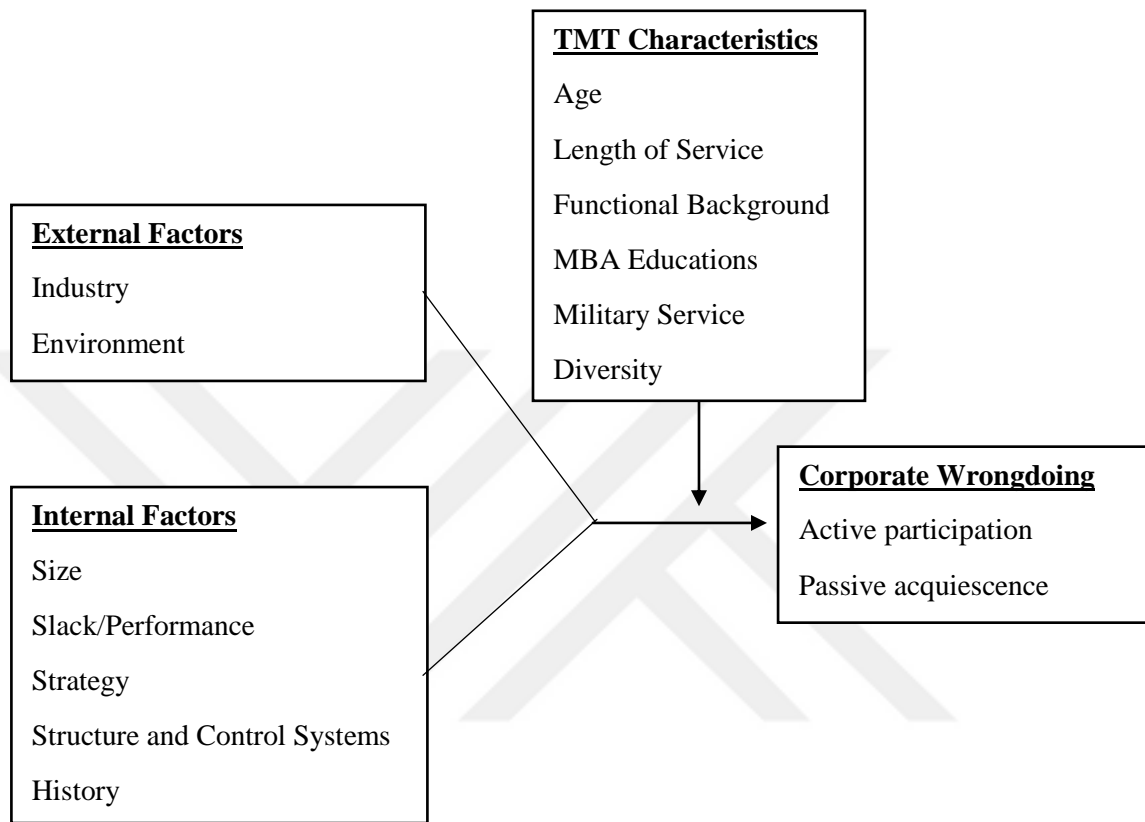
Source: Daboub, et al., 1995: 151

On the other hand, the debate on how the *diversity* of the board should be is controversial. For example, while Daboub, et al., (1995) argues that as the *demographic differences* among TMTs increase, the identification of the unacceptable behavior will be harder, thus the possibility of corporate wrongdoing increases. On the other hand, contrary to what Daboub et al., (1995) say; Arfken, Bellar and Helms (2004: 184) state the importance of diversity in the boards and propose that increased diversity in gender and ethnicity, age, educational experience, background, status, and income level will create a broad perspective and help board members evaluate the unethical behavior more quickly and effectively.

1.1.4. Corporate Wrongdoing and Consumer Reactions

According to Romani, et al., (2013: 1030), there are two theories which suggest explanation to the relationship between consumer reaction and corporate wrongdoing. Even though those two research areas interpret the consumer reactions from different perspectives; in both theories, aim of the consumer reaction is correcting the wrongdoing and focusing on the well-being of the people and environment. First research area is *political consumerism*, and it explores the consumer reactions which aim to change the undesirable corporate practices mainly in the form of boycotts. Second research area is *antibrand activism*, and it reflects the consumer criticism on corporate misconduct and motivation to bring social justice. Since there is not a distinction between different forms of consumer reactions in the marketing literature, Romani, et al., (2013: 1031), made a classification by separating the 'constructive punitive actions' from 'destructive punitive actions'.

1.1.4.1. Constructive Punitive Actions

In this scenario, consumers positively continue their relationship with the firm, and aim to correct the unacceptable actions and policies during this process. Main motivation of the consumers is to transform undesirable corporate actions into favorable ones.

1.1.4.2. Destructive Punitive Actions

This type of action is mainly motivated by the consumers' desire to harm the corporations. In order to achieve their goal, consumers spread their dissatisfaction and unhappiness and tend to discredit the firm by damaging its reputation.

1.1.5. Consequences of Wrongdoing

An unintentional action by an individual might be considered as purposeful when a group of people performs it. Also, an attributed responsibility for the wrongful action diffuses among the individual members of a group, therefore less responsibility is attributed to individual members compared to group as a whole (Darley and Latane, 1968: 378). Thus, corporate wrongdoings are perceived and treated more negatively than individual wrongdoings. Same action might generate harsher outcomes if it was committed by a corporation (Hans and Ermann, 1989: 154). Since corporations are expected to have better standards and take more care, their mistakes are considered more inappropriate and punished more seriously (Hans and Ermann, 1989: 162). Previous research by Baucus and Baucus (1997) suggests that, corporations which are involved in wrongdoings suffer short and long term consequences. As a short term reaction, stock prices and stock market performance is negatively affected by the wrongdoing, and firms face with legal sanctions. As a long term effect, firms face with reduced sales growth, lower accounting returns (ROA and ROS), decreases in stock price (1997: 131, 132, 146, 149).

1.1.6. A Proactive Reaction to Corporate Wrongdoing: Whistleblowing

Whistleblowing is defined by Near and Miceli (1985: 4) as the "*disclosure by organization members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action*". From corporate wrongdoing perspective, having clear and proper channels for reporting the illegal and unethical behavior within an organization is an effective way to stop the questionable and unacceptable actions in the corporation (Near and Miceli, 1995: 681). Developing an organizational culture that encourages behaviors like whistle-blowing will help companies to stop the corporate wrongdoing and create a healthy and ethical work environment (Berry, 2004: 10).

1.2. CRISIS AND CRISIS-RESPONSE STRATEGIES

A crisis is an example of wrongdoing that would threaten the corporate character-reputation and requires defense (Coombs, 2013: 8). During crisis incidents, an organization's reputation is harmed; which as a result, organization's future profitability, growth, and, in some cases its survival becomes at risk. This threatening nature of the crisis puts extra emphasis on crisis communication and choosing the right crisis response strategy (Ihlen, 2002: 187). Also, organization's preferred crisis response and communication strategy may have varying effects on publics' credibility perceptions, attribution of blame, consumer attitudes and behavioral intentions. Consumers may interpret the crisis as a litmus paper that reveals who/what is important to the organization during that time. For example, after Exxon Valdez's oil spill in Alaska, USA; the company experienced tremendous reputational damage (Holusha, 1989) and financial loss because Exxon seemed indifferent and unconcerned with the harm that the spill caused. Even though Exxon Valdez was fined about $7.5 billion for the harm the spill caused, it is unknown whether they cared about the environmental damage or not (Garcia, 2006: 4). Even if its executives had concern over the matter, they made a huge communication/crisis response mistake. As long as there is care, every mistake can be forgiven. Furthermore, with a correct communication strategy, any organization can survive a crisis as long as it responds in a timely and effective fashion.

1.2.1. What is a Crisis?

A crisis is defined as a significant threat to a system, with little time to respond, involving highly undesirable consequences, and also with insufficient resources to deal with the situation (Mishra, 1996: 261). Organizational crisis are low probability and ambiguous events where causes and effects are unknown; creates a major threat to an organization and its stakeholders (Pearson and Clair, 1998: 60).

The term crisis explains a wide array of concepts such as natural disasters, terrorism, organizational failures and social reactions (e.g., riots). The nature of the crisis

makes them threat to the normality of the society, endangers the health and life of every individual (McConnell, 2011: 63), and jeopardizes the organizations, companies, industries, society, products, services, brands and/or reputations (Arpan and Roskos-Ewoldsen, 2005: 426). Even though the occurrence possibility of a crisis is low, its results can be comprehensive and harsh for the organizations (Vassilikopoulou et al., 2009: 66).

1.2.2. Types of Crisis

Crisis can be classified under three categories (Ritchie, 2004: 671):

- Immediate crisis: the indication of crisis is minimal or nonexistent which prevents companies from taking necessary actions, getting prepared and look for the underlying causes.
- Emerging crisis: which has a slow pace and therefore there is a possibility of stopping or reducing the negative consequences.
- Sustained crisis: which has a duration of weeks, months or years.

As mentioned above, crisis may arise in the form of product/service failures. Whether it is a service-based or goods-based organization, service/product quality is one of the key drivers of consumer satisfaction and loyalty, which as a result lead to repeat purchases and affect consumer preferences in the future (Bei and Chiao, 2001: 127). Even though firms aim to provide error-free products/services, the flaws in the processes and the human involvement cause product/service failures (Choi and Mattila, 2008: 25; Patterson, Cowley and Prasongsukarn, 2006: 263), and these product/service failures affect customer reactions. Service failures occur when the service performance is below the customer expectations and when there is a dissatisfaction with the provided service (Dobrucalı, 2016: 8; Selçuk, 2012: 20). Product failures (or in other terms product harm crisis - the term "product failures" is associated with product launches/introductions in some studies) on the other hand, are about the defective and dangerous product

situations (Klein and Dawar, 2004: 205). In order to prevent confusion, the term "product harm crisis" is used in the following chapters. Furthermore, even though both service failure and product harm crisis situations are closely related to each other and can be investigated under the crisis management literature; service failure situations do not involve recalls, and therefore will not be discussed in this study.

1.2.3. Organizational Crisis and Crisis Communication

According to Pearson and Clair (1998: 60), "an organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly". Crisis situations are undesirable and extraordinary situations that prevent organizations from business as usual (Titiz, 2003: 112). Even though there is not a consensus on the definition of the crisis, it can be defined as "intense situations that affect the objectives and functioning of the institution, endanger organization's existence, suddenly emerges or develops over time, distorts the balance state and requires immediate intervention" (Penpece and Madran, 2014: 176). Considering the rapidly changing and highly uncertain environment, corporations in developing countries are more prone to threats and need to have efficient crisis management strategies in order to cope with possible organizational crisis (Murat and Mısırlı, 2005: 2).

1.2.3.1. Crisis Communication Models

There are three stages which constitute the crisis management: crisis prevention, crisis response, and recovery from the crisis. Because of the mentioned characteristics of the crisis, there are many communication challenges in the response stage. Using communication effectively, which is critical for a successful crisis management, will positively affect the public perceptions, and secure the health and safety of all stakeholders (Hale, Dulek and Hale, 2005: 114).

The Linear Crisis Response Communication Model proposed by Hale, et al. (2005: 120), identifies four sequential and interdependent steps for a successful crisis response communication (See Figure 3). When the "*triggering event*" occurs, second step will be observation, which will be succeeded by interpretation, choice and dissemination consequently.

"Observation" implies effectively and quickly collecting appropriate and important information about the crisis.

"Interpretation" step consists of classifying all the observed information and categorizing them according to their relevance. In this step, detailed comprehension of the crisis is achieved.

"Choice" expresses the crisis management team's communication efforts on analyzing the results of the previous step and discussions of the possible measures to enforce.

"Dissemination" step is informing all the related parties about implementing the measures and notifying the public.

Figure 3: Linear Crisis Response Communication Model

Triggering Event	Observation	Interpretation	Choice	Dissemination
→	→	→	→	
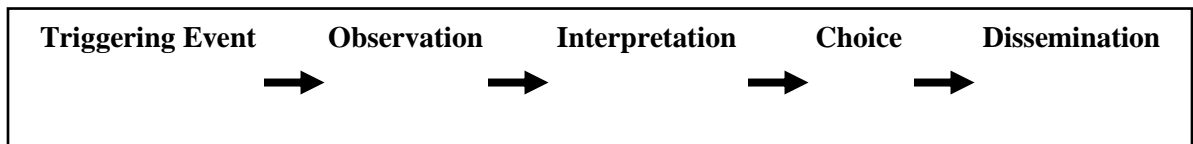
Source: Hale, Dulek and Hale, 2005: 120

Even though this model explains the steps in crisis situation, it fails to address the complexity of the situation. Instead of linear relationship, researchers proposed a spiral model, which explains crisis communications through iterative relations. In this model each step occurs numerous times (See Figure 4).

Figure 4: Spiral Crisis Response Communication Model
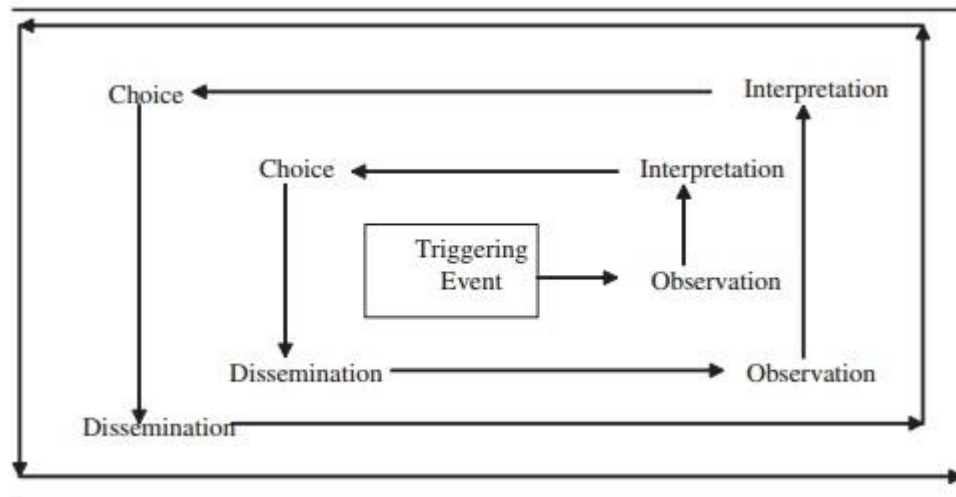
Source: Hale, Dulek and Hale, 2005: 123

The spiral model answers requisites of the dynamic and complex nature of the crisis, since the triggering event places the organization into the "crisis mode", in which organization repeats each step numerous times in order to keep up with the dynamic crisis environment (Hale, et al., 2005: 123). It should also be noted that some steps might be overlapping each other and/or administered in parallel.

1.2.3.2. Crisis from Receiver's Perspective

From the receiver's perspective, stakeholders process crisis events different than the actor (Coombs and Holladay, 2010: 639-648) (See Figure 5):

"Violation of expectations" occurs when the behavior of the organization does not match the expectations of the stakeholders. *"Responsibility"* corresponds to people's search for the source of blame and responsibility for the event. *"Severity of damage"* focuses on how much damage occurred as a result of the incident. *"Moral outrage"* explains the adverse emotions towards the organization after the incident occurs (such as

resentment and hate). **_"Reputation damage"_** occurs as a result of the negative incident and is the level of diminishment in the organization's reputation. **_"Future intentions"_** consist of three stakeholder behavioral options: "ignore the wrong and do nothing, confront the offender in an effort to gain an apology or compensation, or retaliate".

Figure 5: Crisis from a Receiver Perspective
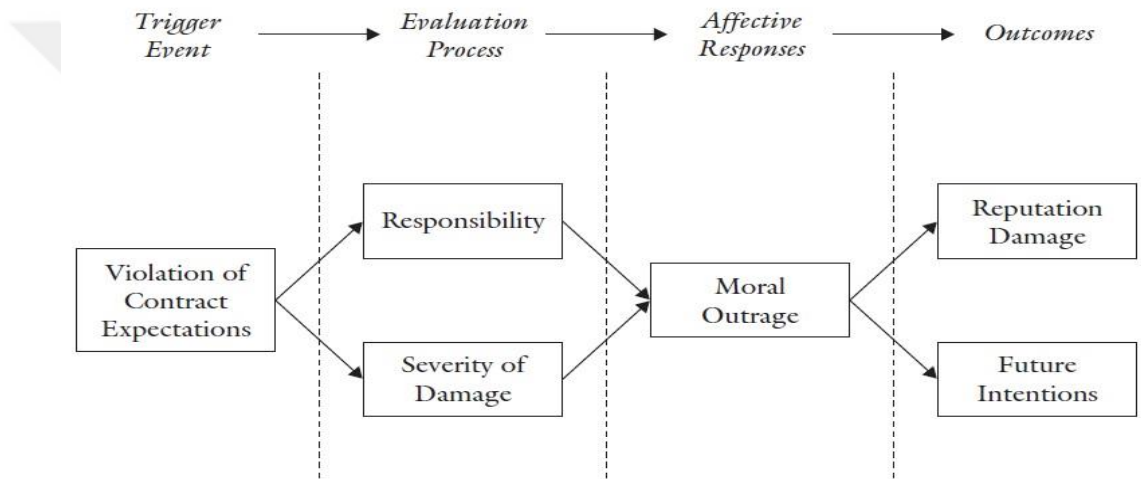
Source: Coombs and Holladay, 2010: 637

1.2.4. Sources of Organizational Crisis

According to Greyser, (2009: 492) there are nine categories of corporate crisis which are explained by well-known examples:

(1) **_Product failure_** – In 2010, Toyota recalled 2.3 million vehicles because of accelerator pedal problem, where the pedals were jammed to the floor mats and caused unintentional acceleration of the vehicles.

(2) **_Social responsibility gap_** – In 1992, a report was published about Nike subcontractor's low wages and poor working conditions in Indonesia.

In years, criticisms turned into protests and decrease in demand; which as a result forced company to implement changes in working conditions in 1998.

(3)   *Corporate misbehavior* – After Enron Corporation was suffered a bankruptcy in 2001, Arthur Andersen - an auditing company- was accused of covering Enron's losses and shredding documents. Arthur Andersen was found guilty and ended its operations in 2002.

(4)   *Executive misbehavior* – Martha Stewart - an American television personality, writer and businesswoman- who also established Martha Stewart Living Omnimedia Inc., a media and merchandising company. In 2001, while serving as a CEO, she sold four thousand ImClone shares one day before that firm's stock price crashed, and as a result accused of insider trading. Those charges were dropped but she was found guilty of obstruction of justice and lying to investigators.

(5)   *Poor business results* – Polaroid is a company known for its instant photography and cameras. The whole instant photography market and ten percent of total camera market was held by the company. Even though Polaroid was able to develop digital cameras, fear of losing profits prevented managers from launching digital cameras. Thus, Polaroid couldn't foresee the signals in the market and failed to become a digital imaging company. As a result, the company filed for bankruptcy in 2001.

(6)   *Spokesperson misbehavior and controversy* – Tiger Woods is one of the most successful golfers of all time. He had endorsement deals with well-known companies such as Nike, Gatorade, AT&T, Rolex, General Motors, Gillette and Bridgestone. After series of alcohol problems and scandals starting in 2009, he lost many of his endorsement deals, and also caused shareholders of the sponsors lose collective $5 to $12 billion (UC Davis Press Release, 2009). Similar to Woods, Michael Phelps is one of the most successful swimmers of all time. In 2009, he was caught smoking marijuana. After the incident he was suspended from national team and also lost his endorsement deal with Kellogg.

(7) ***Death of symbol of company*** – Wendy's (fast food chain) founder and TV spokesperson Dave Thomas was the "face of the brand". After the death of Dave Thomas in 2002, fast food chain struggled to maintain the brand image without him since the company heavily depended on him.

(8) ***Loss of public support*** – Louis XVI of France was guillotined and monarchy fell. Similarly, USA president Richard Nixon who lost the support of the public after the Watergate scandal.

(9) ***Controversial ownership*** – CITGO is a Venezuelan-owned American petrochemical company. After Venezuelan president Hugo Chavez called American President George W. Bush "the devil"; company experienced boycotts in the USA from the consumers. Furthermore, convenience store chain 7-Eleven Inc. decided not to renew their contract with CITGO and stop selling gasoline from the Venezuelan-controlled company.

1.2.5. Factors Influencing the Consumer Attributions to Crisis

According to Coombs (1995: 454-460), public attributions related to crisis are influenced by four elements: crisis type, veracity of evidence, damage and performance history.

1.2.5.1. Crisis Types

Coombs classified the crisis according to two criteria: Internal-external and intentional-unintentional. The internal-external dimension is related to the "locus of control" dimension of the attribution theory[1]. The intentional-unintentional dimension represents the "controllability" dimension of the attribution theory. The two dimensions are crossed and four crisis types are created (See Figure 6) by Coombs (1995):

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[1] A detailed explanation of the Attribution Theory is given in Chapter 2.

- *Faux pas (Unintentional X External):* An external actor makes an attempt to demonstrate an unintentional action as a crisis. The organization has proper intentions, but an outside person/group argues that the action is unacceptable. In this kind of crisis, organization is accused of not behaving socially responsible, such as cigarette billboards in a city. Since the action is controllable by the organization and can be modified, public may assign a responsibility to the organization. In order to deal with public accusations and defend its reputation, organization needs to choose a strategy.

Figure 6: Crisis Type Matrix

	UNINTENTIONAL	INTENTIONAL
EXTERNAL	Faux Pas	Terrorism
INTERNAL	Accidents	Transgressions

Source: Coombs, 1995:455

- *Accidents (Unintentional X Internal):* This situation occurs as a result of ordinary business/manufacturing activities, such as product defects, natural disasters, workplace injuries. Since accidents has unintentional character, public do not assign responsibility or blame to the organizations in most cases. For example, a nuclear disaster which happens as a result of a 9.0 magnitude earthquake will generate less blame than a disaster which occurs as a result of carelessness and insufficient measures. On the other hand, people expect organizations to be cautious and foresighted for possible natural disasters (i.e. taking the necessary measures for a 5.0 magnitude earthquake). Also public may not be tolerant to the accidents which happen as a result of human-error.

- *Transgressions (Intentional X Internal):* It arises as a result of intentional and willful actions of organizations, and jeopardize public safety such as deliberately selling defective products, abusing laws, concealing information from authorities. If a transgression happens, public feels upset, disappointed and holds the organization responsible for the crisis and its consequences. Transgressions require that the organization responds to crisis with a suitable strategy.

- *Terrorism (Intentional X External):* It is deliberately generated actions by external actors. Main purpose of the terrorism activities is to harm the organization directly (harm employees or customers) or indirectly (interrupt production, lower sales).

1.2.5.2. Veracity of Evidence

"Veracity of evidence" is a proof for the existence of the crisis. The evidence might be true, false or ambiguous. While true evidence reveals the presence of the crisis, false evidence / rumors may manipulate people to convince them that there is a crisis. Appropriate strategy should be chosen according to the nature of the evidence. Ambiguous evidence indicates the faux pas situation, where the moral and ethical dimensions of the situation are questioned.

1.2.5.3. Damage

Level of the "damage" is about the locus of control dimension of attribution theory, and it varies in the crisis situations. The damage can be severe (death, serious injury, massive property damage) or minor (small injuries or small property damages). As the level of the damage increases, public will assign more responsibility to the organization. Level of damage should be considered while choosing a crisis response strategy.

1.2.5.4. Performance History

An organization's past performance affects people's judgments when assigning responsibility for the negative outcomes of the crisis. An organization with a positive performance − a good reputation − will receive more sympathy from the public and might be excused for its actions (Griffin, Babin and Attaway, 1991: 340).

1.2.6. Selecting the Right Response Strategy: Situational Crisis Communication Theory (SCCT)

SCCT was developed as a result of Coombs' and his colleagues' studies on crisis and its consequences. The main goal of SCCT is to comprehend the stakeholder attributions related to crisis, how stakeholders interpret the crisis communication strategies and how their attributions influence their behaviors and attitudes (Coombs and Holladay, 2010: 38). As mentioned above, crisis and corporate reputation are closely related. Reputation is a valuable asset for a corporation and a crisis may jeopardize this "intangible" capital. The attributions and responsibility ascribed as a result of the crisis will shape the level of threat to the organization.

According to SCCT, level of threat can be identified by performing the two step process (Coombs and Holladay, 2010: 39):

First step is to understand how stakeholders interpret the crisis and how they categorize it. SCCT classifies crisis into three groups (clusters): "victim (low crisis responsibility/threat), accident (minimal crisis responsibility/threat), and intentional (preventable) (strong crisis responsibility/threat)". It can be stated that, as the level of responsibility increases, the crisis will pose more threat to the organization. In order to choose the correct response strategy, the scope of every cluster needs to be explained (Choi and Chung, 2013: 8; Coombs, Holladay, 2002: 170).

The first cluster is *Victim Cluster*, where the organization is considered as a victim of the crisis; and attribution of responsibility to the company is weak. Four crisis

types listed in the victim cluster are: ***Natural disaster*** (natural incidents that harm an organization such as a hurricane); ***Rumors*** (spreading fraudulent and harmful information about an organization); ***Workplace violence*** (assaults by current or former employee to current employee(s) onsite); ***Product tampering/Malevolence*** (external actor harms (sabotages) an organization).

Second cluster is ***Accidental Cluster***, where the organizational actions leading to the crisis are unintentional and occur as a result of accident(s), and level of responsibility to the company is low. Four crisis types listed in the accidental cluster are: ***Challenges*** (stakeholders claim that organization is operating in an inappropriate manner); ***Megadamage*** (a technical accident that causes environmental harm and the attention is basically on the environmental consequences); ***Technical breakdown accidents*** (a machinery, appliance or device failure causes an industrial accident); ***Technical breakdown recalls*** (a machinery, appliance or device failure leads to a product recall).

The third and the last one is ***Preventable Cluster***, where the organization knowingly places people at risk, takes inappropriate actions, or violates a law/regulation. The attributed level of responsibility is very high in this cluster. Five crisis types listed in the preventable cluster are: ***Human breakdown accidents*** (a human mistake leads to industrial accident); ***Human breakdown recalls*** (human mistake leads to a product recall); ***Organizational misdeed with no injuries*** (stakeholders are deceived without injury); ***Organizational misdeed management misconduct*** (laws or regulations are broken by management); ***Organizational misdeed with injuries*** (s stakeholders are deceived by management and injuries also occur).

After defining the crisis type/frame and determining the cluster of the crisis; second step for the organization is examining the presence of two intensifying factors: (1) crisis history and (2) prior reputation (Coombs and Holladay, 2010: 39; Griffin, Babin and Attaway, 1991: 340; Tucker and Melewar, 2005: 379). Crisis history corresponds to experiencing similar crisis in the past. A corporation's history of past crisis will negatively affect consumer judgments, because more responsibility will be ascribed to the organization by the stakeholders. Prior reputation explains the overall

behavior of organization to the stakeholders. Negative reputation will generate more crisis responsibility. Crisis has ramifications in terms of behavioral intentions (purchase intension and negative word-of-mouth) and affects (sympathy, anger, and schadenfreude -taking joy in the pain of others).

The key variables of SCCT and their relations were explained in detail in the previous sections. These variables and relationships of SCCT can also be seen in Figure 7. According to the above definitions, following statements can be made about the "threat to the organization" during/after the crisis:

• As the level of responsibility increases, the crisis will pose more threat to the organization (Choi and Chung, 2013: 8).

• Intentional crises will cause more threat compared to the unintentional crises (Coombs, 2010: 451).

• Organization with a crisis history will face more threat (Coombs and Holladay, 2010: 39; Griffin, Babin and Attaway, 1991: 340).

• Negative reputation of a company will generate more threat to the organization compared to a company with an unknown or positive reputation (Tucker and Melewar, 2005: 379).

• Chosen crisis response strategy will affect the judgments of the stakeholders (Coombs, 1995: 469).

SCCT provides the fundamentals of selecting the right response strategy in order to secure the organizational reputation during crisis (Claeys and Cauberghe, 2012: 87). Since similar crisis can be classified in same clusters, and will generate similar crisis responsibility attributions, therefore they can be managed with similar strategies. As a result, crisis management team may use the same strategy/plan for the crisis in the same category/cluster. With the help of SCCT, crisis managers can make more sophisticated choices when releasing statements and choosing strategies (Claeys, Cauberghe and

Vyncke, 2010: 257) in accidents, recalls, and organizational misdeed crises (Coombs and Holladay, 2002: 184).

Figure 7: Model for the Situational Crisis Communication Theory Variables
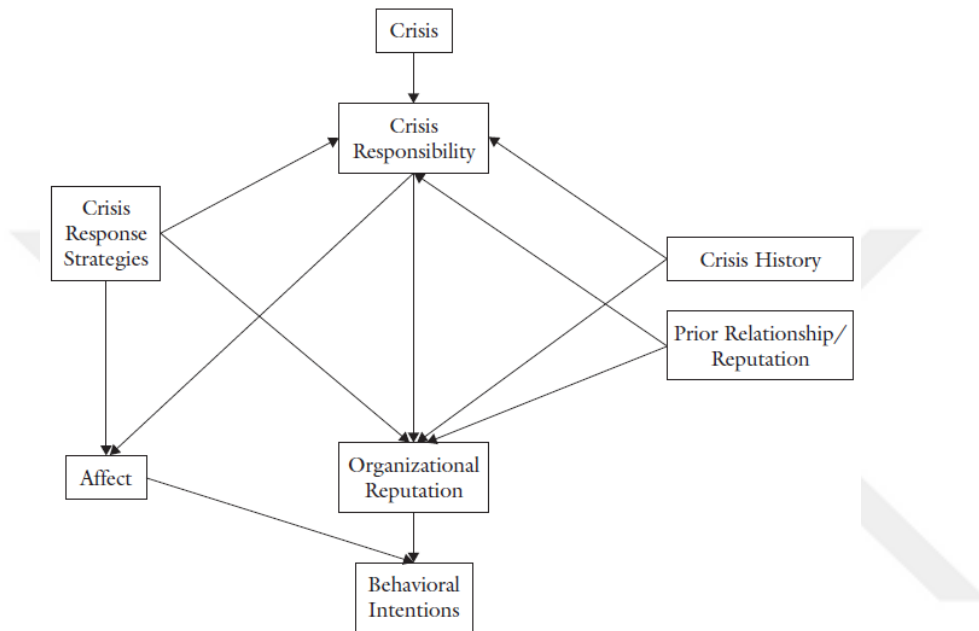
Source: Coombs and Holladay, 2010: 40

1.2.7. Crisis-Response Strategies

The purpose of crisis management is "to restore organization's image and reputation and isolate them from the negative associations related to the crisis by employing various communication techniques" (Greenberg and Elliott, 2009: 192). The nature of crisis may trigger different attributions and affect the judgment of people accordingly. If people place more responsibility to the organization about the crisis, their behaviors and perceptions towards the organization will be more severe and punitive. In order to deal with crisis and restore the reputation, crisis response strategies focus on either affecting the public's perception of the three dimensions, or manipulating the public's feelings shaped by the attributions (Coombs, 1995: 449).

Commercial or non-profit organizations can use five Crisis-Response Strategies (Coombs, 1995, as cited in Stephens, Malone and Bailey, 2005: 395-396):

i. *__Nonexistence strategies__* argue that there is/was no crisis. If the crisis is fictional, then there cannot be any associations to the organization.

<u>Denial</u> is refusing the existence of a crisis.

<u>Clarification</u> is a wider form of denial strategy, where there is also an explanation to the nonexistence of the crisis.

<u>Attack</u> is an offensive strategy against people whom claims the presence of the crisis.

<u>Intimidation</u> is the most offensive nonexistence strategy, where the organization warns and intimidates the opposing parties (lawsuits, physical violence).

ii. *__Distance strategies__* aim to accept the presence and create awareness of the crisis while isolating the organization from the event. Removing the connection between the organization and the crisis will minimize the negative consequences.

<u>Excuse</u> intends to reduce the blame and liability by claiming that organization has a slightest and minimal responsibility. It consists of two sub tactics which are <u>denial of intention</u> (we didn't intend this to happen) and <u>denial of volition</u> (such as claiming that someone else did it - scapegoating) (Preen, <u>http://www.crisis-solutions.com/crisis-response-strategies/</u>, Retrieved on 03.12.2018).

<u>Justification,</u> on the other hand, aims to minimize the harm by claiming that consequences of the event are not that destructive and severe. Since the harm is minimal, unfavorable associations to the organization should also be minor. There are three sub tactics of justification: <u>minimizing injury</u> which is claiming that injury is not that severe; <u>victim deserving</u> which is arguing that victim deserved the

negative consequences; and <u>misrepresentation of the crisis</u> event which is asserting that the incident is misinterpreted.

iii. <u>*Ingratiation strategies*</u> focus on achieving positive public opinion by creating associations between the organization and the good qualities and favorable factors.

<u>Bolstering</u> stresses the favorable features of the organization (such as past CSR activities) and tries to outweigh the negative consequences of the crisis.

<u>Transcendence</u> attempts to position the event in a more acceptable context (such as justifying animal experiments for the good of humanity) (Benoit, 1997: 181).

<u>Praising others</u> tries to win approval by praising a target group.

iv. <u>*Mortification strategies*</u>, are the strategies where the organization accepts the blame and asks for the forgiveness from the public (Benoit, 1997: 181). The three subcategories are remediation, repentance and rectification.

<u>Remediation</u>" is offering compensation to the victims of the crisis. The compensation aims to show sympathy to the victims and decrease the unfavorable feelings towards the company. The legal liabilities, the new socio-economic and difficult legal environment has created this new form of apology. In this new form, core of the apology is money, not the words; and instead of using real words, organizations apologize by offering money to the people who are exposed to wrongdoings. (Coombs and Holladay, 2010: 209).

<u>Repentance</u> is based on releasing an apology and asking for forgiveness from the people for the misbehaviors and mistakes.

<u>Rectification</u> strategy assures public about preventing the recurrence and implementing measures against future crisis.

v. <u>*The suffering strategy*</u> aims to gain compassion and sympathy from the public by depicting the organization as a victim of the third parties.

Generating product recalls and releasing apologies are considered as the part of mortification strategies, and is discussed further in the following sections.

1.3. PRODUCT RECALLS

Any institution – commercial or non-profit – inevitably will experience some sort of a crisis where its image/brand/reputation will be at risk. Today's rapid and tech-driven business environment makes it harder for organizations to handle even a small consumer dissatisfaction, since every problem/news has the potential to turn into a crisis and go viral instantly. This new nature of competition forces organizations to respond to crisis rapidly, efficiently and appropriately. Product recalls is one of the strategies that companies implement during those crisis situations. In order to adequately comprehend the product recalls; product harm crisis and its relation to product recalls is explained briefly.

1.3.1. Product Harm Crisis and Product Recalls

Product harm crises are "discrete, well publicized occurrences wherein products are found to be defective or dangerous" (Dawar and Pillutla, 2000: 215). The changes in the products, market, competition and consumers affected the crisis situations; resulting an increased public attention to the defective and dangerous product (Klein and Dawar, 2004: 205). Product harm crisis jeopardize the survival of corporations (Lai, Yang and Wu, 2015: 554) and when companies face with product harm crisis, they voluntarily or involuntarily generate product recalls in order to decrease the negative effects.

Previous literature emphasized the significance of two factors that affect the consumer reaction to the crisis. First one is *product category*, which is an important influencer of consumer reaction because of its personal impact. For example, crisis in food industry will be considered more relevant by consumers since they are used every

day by consumers. Second one is the *severity of the crisis*, which is also essential because as the consumers perceive the crisis more severe, their responses will change accordingly. As the consequences become more severe, consumers will be less tolerable and they will assign more blame to the wrongdoers (Laufer, Gillespie, McBride and Gonzalez, 2005:35). For instance, food crisis which lead to deaths are considered more serious by consumers So, it is fair to state that these two characteristics of the crisis (product category and crisis severity) initiate the consumers' product harm crisis experience (Haas-Kotzegger and Schlegelmilch, 2013: 117).

As a result of product harm crisis, corporations may face with altered consumer perceptions, lost reputation, lost revenues and market shares, ruined brand equity and expensive product recalls (Van Heerde, Helsen and Dekimpe, 2007: 230). Even the fault and responsibility of the company is unclear, it may still encounter the negative consequences of the crisis (Laufer, et al., 2005: 34). In crisis situations, companies may deny any responsibility (Yin, Yu and Poon, 2016: 88) or they may accept the responsibility and try to minimize the level of blame ascribed to them by generating recalls (Vassilikopoulou, Chatzipanagiotou, Siomkos and Triantafillidou, 2011: 286).

A product recall is 'a summon' to return of a part or entire production of a product by the manufacturer (Kumar, 2014: 5324), either voluntarily or under the advice or direction of a governmental agency, when there is a potential risk to the consumers during consumption (De Matos and Rossi, 2007: 109). According to the US Food and Drug Administration, during a recall, the product can be removed from the market completely or an adjustment (repair) can be made in order to prevent the potential harm (FDA: What is a recall? Retrieved on 28.02.2017). A product recall is unarguably an unfavorable and stressful event. There is no doubt that, with a product recall announcement, companies face with negative publicity and press (Hsu and Lawrence, 2016: 62).

According to RAPEX (The EU Rapid Alert System for All Nonfood Dangerous Consumer Products) 2018 report, there were 2201 cases of dangerous product notifications in European Union in 2017. As it can be seen in Figure 8, even though

there is a decrease in 2015 and 2016, the overall number of dangerous product notifications is increasing over the years. According to the same report, total of 3952 compulsory and/or voluntary measures were taken in order to remove those products from the market.

The global recall data provided by The Organization for Economic Co-operation and Development (OECD) shows that number of recalled products are increasing; which were 2893 in 2014, 2940 in 2015 and 3141 in 2016. Also according to Consumer Product Safety Commission (CPSC) in the USA, 5095 products were recalled in 2015. The FDA 2016 report reveals the number of warning letters and recalls are increasing too. The number of warning letters in 2016 was 14590 which was 673 in 2010, and the number of product recalls was 8305 in 2016 which was 4670 in 2004 (FY 2016 - Enforcement Statistics, 2017).

The number of recalled products is increasing in Turkey too. The Ministry of Science, Industry and Technology issued 24 compulsory recalls in 2013, 43 in 2014, 66 in 2015, 73 in 2016. In 2017, the number of recalls issued by the authorities is 94 (BSTB Duyurular, 2017). As it can be seen from recall statistics, number of product recalls in European Union, USA and Turkey are growing. While the recall numbers are snowballing, negative references attached to the companies are exacerbated too. For instance, after the Toyota recall announcement in 2010, 60% of all online references to Toyota were negative on the following week (Brownsell, 2010: Retrieved on 19.04.2016). After the recall, consumers switched to domestic manufacturers in the USA which led to 16% fall in the sales by year-on-year in January.

Figure 8: Total Number of Notifications (Including Professional Products and Products Posing Other Risks than Health and Safety): Evolution 2003-2017
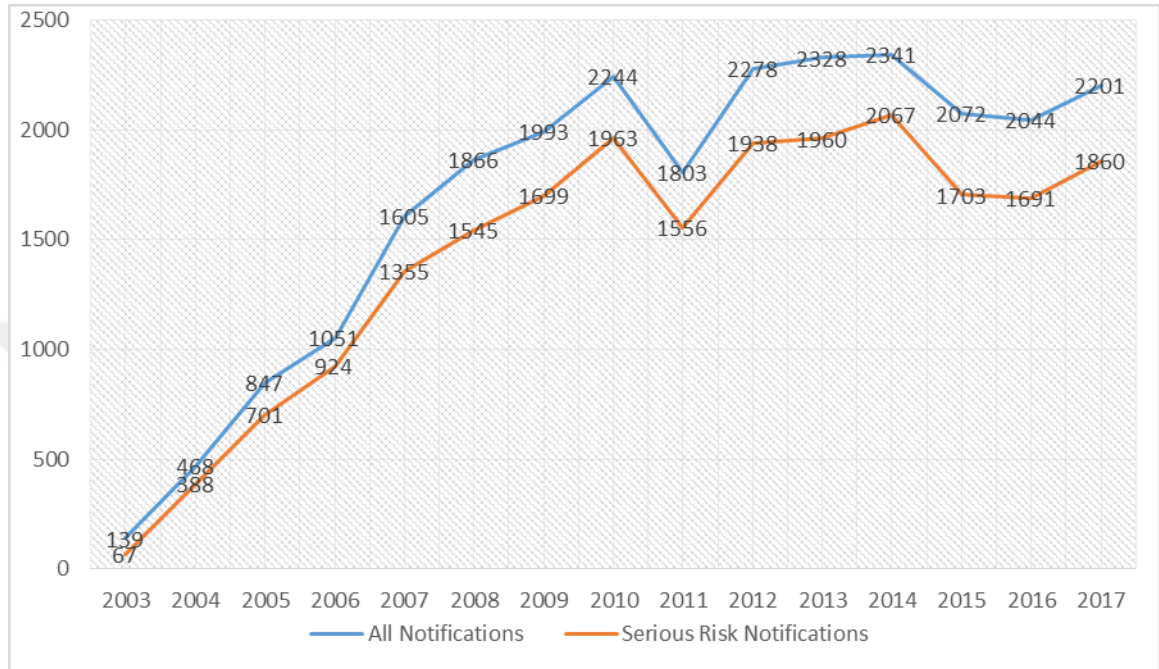
Source: RAPEX Rapid Alert System 2017 Results: Full Report, 2018

The changes in the information technology (IT), has transformed the social life and responses of the society (Nie and Erbring, 2002: 276). Having a significant effect on consumer responses, internet has changed people's lifestyle radically, and social media has become the major influencer of this new lifestyle (Akar and Topcu, 2011: 40). With the emergence of the social media, people started to expose every detail of their life which also led to changes in the concept of word of mouth. Consumers started to value electronic word of mouth in their buying decisions, exchange opinions online and share their experiences via social media services (Cheung, Lee and Thadani: 330). Having the invincible social media on the opposite side, it is unacceptable for the managers to underestimate the consequences of a possible product recall incident. The negative abnormal returns from product recalls are inevitable with the powerful effect of

electronic word of mouth (Hsu and Lawrence, 2016: 59) and with the vigilant media coverage (Klein and Dawar, 2004: 205).

Product recalls significantly affect organizations both directly and indirectly (Hora, Bapuji and Roth, 2011:766). While managing the reverse logistics; disposal costs, reparation costs, and legal and liability costs are affecting the organizations directly; costs such as loss of demand (Marsh, Schroeder and Mintert, 2004:897), reduction in intentions for future purchases (Siomkos and Kurzbard, 1994:36) and shareholder losses (Zhao, Li and Flynn, 2013:116) have indirect effects on organizations.

Product recalls may also tarnish brand equity and damage a company's reputation (Chen, Ganesan and Liu, 2009:214; Cheah, Chan and Chieng, 2007:427), cause negative attention, create social pressure, affect brand trust (Yannopoulou, Koronis and Elliott, 2011:531), harm brand integrity (Cheah, et al., 2007:427), create a negative brand publicity (Magno, Cassia and Ugolini, 2017:3) which as a result will cause the diminishment of the brand (Copeland, Jackson and Morgan, 2004:104) and in some cases destruction of the brand and even the company (Linton and Jayaraman, 2005:1813).

1.3.2. Types of Recalls

Recalls can be classified according to the severity of the recall or according to the recall process. In many of the studies, severity of the recall is the main consideration in classifying the recalls. On the other hand, the development of the recall process can be used as a classification criterion.

1.3.2.1. Types of Recalls based on Severity

Recalls can be made voluntarily or by the request of a legal authority. In order to fully understand the recall process and act accordingly, companies should also

understand the types of recalls. US Food and Drug Administration classifies recalls under three categories according to severity of the recall:

Class I recall is a situation where use or exposure to the product will cause a serious health damage or death,

Class II recall will cause temporary health problems but during class II recalls serious adverse health consequences are remote,

Class III recall is the least serious recalls and does not generate any adverse health consequences, but violate laws (FDA Consumer Health Information, 22.02.2017).

Some cases may not require a legal action, but only necessitate a *Market Withdrawal*. In these instances, product has a minor violation, and firm withdraws the product from the market or fixes the violation. Last type of situation is called *Medical Device Safety Alert* and it warns consumers where there is a risk of substantial harm. Those situations may turn into recalls if necessary (US Food and Drug Administration Background and Definitions, 22.02.2017).

1.3.2.2. Types of Recalls based on the Recall Process

According to Ketchen Jr. et al., (2014:9), there are four types of recalls as the recall process unfolds. This classification is closely related to the firm's resource possession and its ability to manage those resources:

i. Precise recall exists if the firm has the complete information about the defect, knows the location of the defective product and retrieves it. Firms with adequate resources and orchestration capabilities employ this course of action. In this situation, all of the faulty products are removed from the market, and as a result consumers and/or brand are not damaged.

ii. Overkill recall occurs when a firm extracts all products from the market because of its inability to distinguish the faulty products from the good ones. This type of recall is generated when the firm has resource

problems and unable to locate the faulty products. In order to prevent the negative consequences, firm recalls all the products with a potential defect. An overkill recall is a costly strategy, and it has varying effects on brand. While firm effort may positively affect the brand image, not being on the market shelves may send negative signals and may force consumers to switch to competing brands.

iii. Cascading recall is the type where recall is implemented in stages. In this process, first recall is relatively small, but in time, new recalls are carried out and range of the recall expands through time. This recall is a strategy for a firm which has sources to perform a precise recall but unable to orchestrate it. Generating consecutive recalls may indicate negative signs about the firm, and as a result may cause extensive damage to the brand. The possibility of consumer harm and cost of recalls are also high in this type of recall.

iv. Incomplete recall involves situations where the firm doesn't recall all the defective products. The recall is implemented either narrowly (focusing only a portion of the product), off-target (focusing on the wrong products), and/or too slow (i.e. already consumed). In this scenario, the firm doesn't have the resources to perform the recall and doesn't have the ability to orchestrate it. The brand will be damaged and high costs will be experienced by the firm.

1.3.3. Recall Management

During the recalls, public relations strategies have a critical role on a successful crisis management (Kumar and Budin, 2006:749). Mass media and internet have a crucial role on informing consumers (Li and Tang, 2009:219), and they shape public opinions by emphasizing some aspects of events and ignoring other angles (Li and Tang, 2009: 224). Even the recall message itself has a critical effect on consumer responses and may affect the future purchase intentions (Laufer and Jung, 2010:147), so during the

entire recall process every step should be taken with extra care. Having a crisis management team and standard procedures will help companies handle the situation properly (Kumar and Budin, 2006:746), and act quickly during a recall which is also crucial (Kumar, 2014: 5325).

In order to successfully deal with a crisis which has tremendous internal and external effects and negative consequences, managers and companies need to be prepared and have a legal procedure in practice. According to Mateja and Pete (cited by Kumar and Budin, 2006:745), since large companies have high exposure to the public, there is a recall process that they should follow:

- Inform the legal department and board
- Inform employees
- Inform the relevant government agencies
- Inform shareholders, distributors and sellers
- Inform consumers

As the consumers approve the organizational response about the crisis, effective crisis management will allow companies rebuild consumers' desire for the product, ensure them that the crisis is over and persuade them about the safety of the product (Vassilikopoulou et al., 2009:175). After the recall is complete, companies should focus on their processes, check the efficiency of the recall process and take the necessary actions. In order to achieve continuous improvement, companies should continue to focus on knowledge management, product traceability, technology (Kumar: 2014), product safety and security strategies (Berman and Swani, 2010: 43).

1.3.3.1. Knowledge Management

After experiencing product recalls, companies should internally explore every detail about the incident. By understanding the details of the product life cycle, company will have a broad body of knowledge which requires a successful knowledge management system (Kumar, 2014: 5325). These systems help companies manage the

organizational knowledge thorough the information technology (IT) systems by creating, retrieving, storing, transferring and applying the knowledge in order to gain competitive advantage. Companies need to update this knowledge and share it internally and externally (Alavi and Leidner, 2001: 114).

1.3.3.2. Product Traceability

As the businesses are looking for new solutions to improve the quality and safety of the products, traceability has emerged as an important business function that can provide the desired outcomes (Wang, Li, O'brien and Li, 2010: 463). With the help of traceability systems, the time and place of the error can be determined (Kumar, 2014: 5326) and required modifications can be made in the production process. By applying effective traceability systems, companies can control the distribution of material and easily locate the faulty materials which as a result can minimize the recall size (Wang, Li, O'brien and Li, 2010: 464).

1.3.3.3. Technology

Advances in the information technology have affected not only the stakeholders and functions of the business but also the way that they compete with each other (Tseng, 2008: 150). The effective use of information technology will increase the organizational learning capabilities and give companies competitive advantage and organizational innovation (Ruiz-Mercader, Angel Luis Merono-Cerdan, and Sabater-Sanchez, 2006: 26). Companies can use IT systems as a failsafe method in order to detect the defective, flawed and expired ingredients and parts and ensure the quality of the production process (Kumar, 2014: 5327). In the product recall situations, there is a huge volume of suppliers and inputs in the supply chain which makes is harder to identify the source and cause of the defective, contaminated and flawed products (Piramuthu, Farahani and Grunow, 2013: 253). IT technologies such as RFID (Radio Frequency Identification

Technology), can help companies locate the source of the faulty product by improving the quality of the processed data (Kumar, 2014: 5327).

1.3.3.4. Product Safety and Security Strategies

Product safety is described as the policies which are administered to reduce the illnesses, injuries, deaths and negative consequences which occur after using a product, while product security is assuring that the product is not jeopardized by intentional contamination, damage or supply chain problems (Marucheck, Greis, Mena and Cai, 2011:708). Since food, pharmaceutical, medical devices, consumer products and automotive industries constantly contribute to human life; human well-being and quality of life, product safety and security issues are more crucial for those industries and eventually for the human life. With the support of operations management strategies such as total quality management (TQM), Six Sigma, 3R approach, supply chain optimization, supply chain agility; companies can overcome the product safety and security issues (Marucheck, Greis, Mena and Cai, 2011: 708).

1.3.4. Impacts of Recalls

Previous studies show that recalls are undoubtfully damaging circumstances for firms. Even though, after a recall, the number of future injuries and recalls are expected to decrease; the consequences of the recall are mostly negative. Recalls are expected to damage the reputation and financial value of the firm, induce legal costs, damage the sales, increase the manufacturing costs (Hsu and Lawrence, 2016: 60), and negatively impact the wealth of shareholders (Jarrell and Peltzman, 1985: 512).

1.3.4.1. Reputation

Creating a consumer reliability and value is hard and lengthy process for a firm. After building a good reputation, losing it can be fatal, because bringing back a lost reputation can take decades (Gokhale, Brooks and Tremblay, 2014: 521). Product recalls are reputation damaging events since reputation is founded on consumers' perceptions. During crisis, those perceptions can shift because consumers are exposed to bulk of new information which is mostly outside of management's control (Dawar and Pillutla, 2000: 215). If a firm accepts the responsibility for the recall and employs a proactive strategy, negative effects can be reduced and consumers can interpret this strategy as a reflection of quality and trustworthiness (Chen, Ganesan and Liu, 2009: 217).

1.3.4.2. Financial Value

Stock market and investor reaction to product recalls and firm's recall strategy can be quite different than the consumer reactions. Firm's quick response to recall can be perceived as an indication to severe upcoming financial consequences (Chen, Ganesan and Liu, 2009: 217). Because of loss aversion, investors and stock market will be more pessimistic about the results of the recall and this may negatively affect the firm value (Chen, Ganesan and Liu, 2009: 225). On the other hand, when the recalled product is a private label, consumers attach high responsibility to the retailers, which will cause financial losses to the retailers in the stock market (Ni, Flynn and Jacobs, 2014: 317). As a result, it can be said that capital market damages are greater than the direct costs, and cause considerably high financial losses to firms and their competitors (Jarrell and Peltzman, 1985: 513), and product recall makes the industry as a whole a loser (Marcus, Swidler and Zivney, 1987: 295).

1.3.4.3. Legal Costs

In some recall cases, firms can be forced to pay for damages to the users of the products. Depending on the size of the recall and severity of the injury, legal expenses and individual lawsuits may cost millions of dollars. For instance, Firestone / Bridgestone tire recall during August 2000, cost about 4 billion U.S. dollars to Ford Motor Company, and about 590 million U.S. dollars of that amount were paid to settle the lawsuits (Govindaraj and Jaggi, 2004: 43).

1.3.4.4. Sales

Product recall incidents may damage the brand loyalty, and may cause consumers to switch to competitor products, which as a result lead to decrease in sales and revenues (Ni, Flynn and Jacobs, 2016: 5411). After product recall incidents, users of the faulty products may present different behaviors, such as not using the product, switching to a different product of the same producer or continuing to use the same product (Özdemir Çakır, 2013: 48). Even though researchers have different views on the effect of product recalls on purchase intentions, there are many studies which emphasize the negative effects on demand, future purchase intentions (Hsu and Lawrence, 2016: 60) and market shares (Özdemir Çakır, 2013: 48).

1.3.4.5. Manufacturing Costs

Recalling a product from the market may impose extra costs for companies since reverse logistics, making the required corrections/replacement and unsold inventory are all cost generating processes (Thirumalai and Sinha, 2011: 379). Productivity and asset utilization may also be affected negatively by the product recalls. For instance, recalls may cause under/over utilization of equipment and imbalanced inventories (Hendricks and Singhal, 2005: 696). All those factors will lead to uneconomical use of resources and increased manufacturing costs.

1.3.4.6. Wealth of Shareholders

Possibility of hazard ranges widely depending on the type of the recall. Recalls which pose serious threat to consumer health cause significant shareholder losses (Thomsen and McKenzie, 2001: 536). Negative effects of product recall announcement on the shareholder wealth was seen by researchers (Cheah, Chan and Chieng, 2007: 433). Negative effects of recalls to shareholders' wealth can be seen more clearly in small firms compared to larger firms; since larger firms' other business units may protect the organizations from the detrimental effects of the crisis (Salin and Hooker, 2001: 44).

1.4. APOLOGY

If companies are honest about the product issues, consumers will be less cynical and feel less deceived, which decreases the negative consumer perceptions and responses (Ketron, 2016: 40). Attributional search not only follows a product/service failure, but also follows a positive outcome such as a firm's high effort for consumer satisfaction (Morales, 2005:807). As a result of this, consumers will have positive attributions and will reward the firm even if they don't benefit from it. This also puts an extra emphasis on the concept of apology.

During a crisis, consumer trust is negatively affected. Since repairing the damaged trust is critical in order to affect the future consumer responses, companies try to influence consumer perceptions by releasing apologies and claiming that same mistake will not happen in the future (Tomlinson and Mayer, 2009: 99). In this context, attribution theory can also be used to explain the relationship between crisis and response strategy (Coombs and Holladay, 1996: 281). From corporate point of view, negative attributions caused by failures might fade away or even turn into positive reactions if the company employs necessary measures (Dabholkar and Spaid, 2012: 1417). As for the consumer point of view, when the failure is firm related; the failure

generates anger, it creates a desire to hurt the business and also consumers feel that they are owed an apology and/or a refund (Folkes, 1984:409).

Apologies are corrective efforts aimed to amend and cure failures which happened as a result of breaking societal norms and general standards of conduct. By releasing an apology, a person or an entity tries to divert the negative consequences of the misbehavior from himself/herself/itself; in other words tries to save his/her/its face (Scher and Darley, 1997: 127-128). Apologies have been found very effective and used in many occasions throughout the history to resolve conflicts and restore relationships (Keeva, 1999: 64). According to O'hara (2004) (cited by Friedman, 2006: 1), there are four essential components of an efficient apology:

1. *Identification of the wrongful act;*
2. *Expression of remorse and regret for having committed the act;*
3. *Promise to forbear from committing the wrongful act in the future;*
4. *Offer of repair.*

If a person faces an offensive action from another person, he/she demands a sincere apology from that person in order to grant pardon/forgive him/her (Benoit and Drew, 1997: 159). This is also viable for the organizational context. By releasing an apology, an organization confesses its misbehavior and demands forgiveness for the improper action. The apology may contain regret for the liability in the wrongful action, for the consequences of the action or for both (Benoit and Drew, 1997: 156). In an appropriate apology, an organization should accept the wrongdoing, openly take the responsibility for the guilt, and demands to return back to pre-crisis condition. If the apology shows remorse, considered to be sincere, and gets accepted; the organization may endure the public criticism and gets a minimal damage (Hearit, 2006: 124).

1.4.1. Apology as a Crisis Response Strategy

Previous studies argue that, apology is the best crisis response strategy because public wants to see a remorse (Benoit and Drew, 1997: 159; Sheldon and Sallot, 2009:

27). Especially when apology is combined with a corrective action, it is considered more efficient and persuasive than other strategies (Sheldon and Sallot, 2009: 45). Even though some companies release an honest and direct apology for their misbehavior, in most cases the main objective of apologizing is to state a regret without accepting any responsibility (Coombs and Holladay , 2010: 125).

Taking responsibility for the wrongdoing/misbehavior is the focal point of the apology. By accepting the liability on the other hand, organization invites the lawsuits and becomes vulnerable against legal bills since the apology can be used in the courts as evidence (Benoit, 1997: 183). Nonetheless, if the misbehavior is too severe, apologies may decrease the financial cost of the incident (Hearit, 2006: 50).

In crisis situations, apologies are affective response strategies when they are perceived as sincere and appropriate; but if they are identified as insincere and dishonest, apologies may lead to negative consumer responses. Furthermore, apologies should focus on all involved stakeholders (i.e. current customers, victims); and organizations should realize the complexity of crisis situations and image restoration (Choi and Chung, 2013: 22). Individual differences, such as past experience (i.e. being a victim or non-victim) or specific technical knowledge may also affect the efficiency of the apology (Choi and Lin, 2009: 454).

1.4.2. The Role of Apology on Trust Repair

Trust is "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau, Sitkin, Burt and Camerer, 1998: 395). The power of apology is stated in many studies, but its success on trust repair is controversial. Some researchers state that by explaining the wrongful action and taking responsibility for it, organizations may overcome the negative consequences. On the contrary, others argue that since apologies reveal the admission of the guilt, they won't help in repairing the damaged trust.

Before assessing the effectiveness of the apology in repairing the trust, there are two important concepts that needs to be examined (Carroll, 2016: 242):

(1) Competency based trust and violations: Competence-based trust refers to technical performance, expertise and experience (for example, a company with high manufacturing capabilities). This kind of a trust exists, only if the company has the technical skills, experience, and reliability in order to meet its liabilities (Connelly et al., 2018: 920). The competency based trust violations are unintentional actions which are about technical functioning capabilities.

(2) Integrity based trust and violations: Integrity-based trust indicates the obedience/loyalty to the societal norms/rules, organizational honesty and openness (for example, a company with a history of admired and ethical conduct). This kind of trust indicates the company's compliance with social and attitudinal expectations. The integrity based violations are intentional actions which correspond to actor's ethical and moral deficiency.

For example, imagine two firms: Firm A has a long history of manufacturing car air-bag systems on time at low cost, but has a history of unethical behavior, such as using child labor, having unhealthy factory conditions and not entirely being honest with stakeholders. On the contrary, Firm B has excellent working conditions and history of fairness and transparent in business deals, but has never manufactured air-bag systems, and has not been a reliable partner in technical terms. In this example, Company B demonstrated high levels of integrity-based trust, and Company A indicates high levels of competency based trust.

How this powerful tool -apology- should be used, especially in the varying level of responsibility (external/internal), in the form of trust repair was discussed by Kim et al. (2006: 52). According to the study, first of all, managers should determine whether they need to offer an apology or not. In order to decide on the necessity of the apology they need to ask "Did we commit the act in question?" to themselves. If the answer for that question is "No", then apology is not needed. If the answer is "Yes", then level of

responsibility should be determined by asking the second question: "How responsible are we?" Second question helps managers to assume the correct level of liability in the apology message. By asking these two questions, correct form of apology can be selected (see Figure 9).

Figure 9: Trust Repair Decision Tree
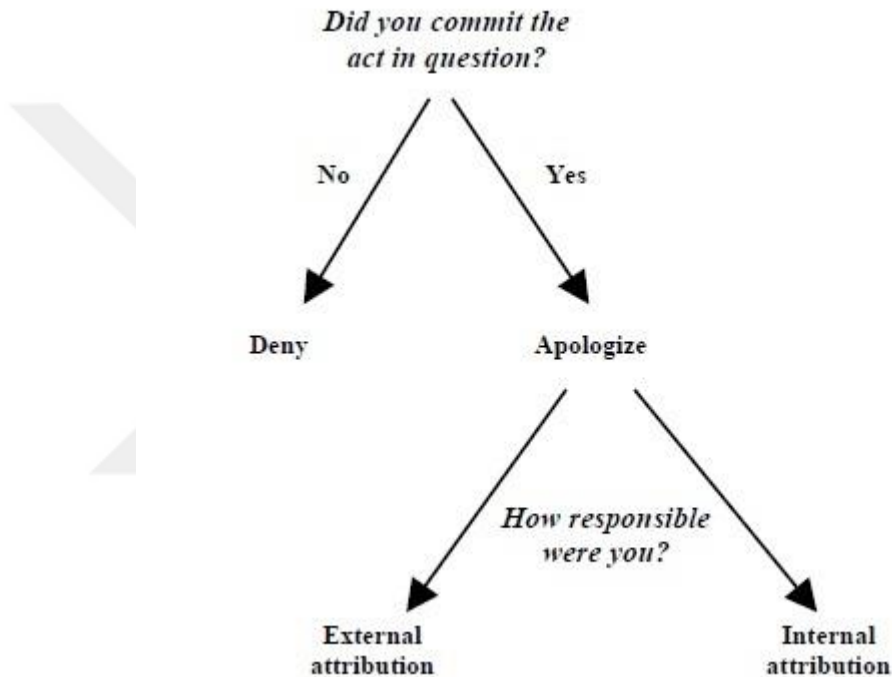
Source: Kim, et al., 2006: 52

Kim et al., also suggest that when the violation is competence-based (level of the technical and interpersonal skills), apology with an internal attribution is more successful; and when the violation is integrity-based (adherence to accepted principles), apology with an external attribution is more preferable (Kim, et al., 2006: 59). Furthermore, apology is more effective in repairing the damage, if the competency-based trust is harmed compared to the damage in the integrity-based trust (Kramer and Pittinsky, 2012: 100).

From the intention dimension (intentional/unintentional), releasing an apology is a preferable strategy if the management knows that crisis occurred as a result of their

mistake. On the other hand, if the crisis responsibility is unknown or ambiguous; instead of apologizing, showing sympathy and/or offering compensation can be a better option (Coombs and Holladay, 2008: 256).

Managers need to comprehend the true nature of apologies and accept the fact that apology is not a tool to deal with the consequences of wrongdoings and public accusations, but a formal way of communication (Coombs and Holladay, 2010: 210). It should be noted that, as long as corporate apology and expectations of the public and media corresponds, organization may return back to pre-crisis conditions. "In this way, apologies are very effective at completing the guilt, apology, and forgiveness cycle; and thus depriving journalists of an ongoing and continual story" (Coombs and Holladay, 2010: 164).

1.4.3. Apology in Product Recall Situations

If apology is going to be selected as a crisis response strategy, there are some ethical requirements that the apology should contain: truthfulness (apology must not lie or deceive), sincerity, voluntariness, timeliness, addressing all stakeholders and having an appropriate context (Frandsen and Johansen, 2010: 354). During a recall, all of these criteria are important for all of the stakeholders: If an apology discloses critical information; doesn't assure consumers about resolving the problems; is involuntary (was performed as a result of the pressure); is released too soon or too late; addresses unrelated audience; and contains unrelated framework; it will not generate the desired outcomes.

During recall situations, public faces with numerous sources of information in different formats, and makes evaluations according to those information. This information pollution puts an extra emphasis on company communication during recalls, because if company doesn't provide the required information, stakeholders are more likely to look for other sources of information (DiStaso, Vafeiadis and Amaral, 2015: 225). By releasing an apology which contains the required criteria; an organization

creates an opportunity to affect the perceptions of the public during/after recalls. Also, if organization takes responsibility for the event, shows care and consideration; then public can be convinced about the goodwill of the organization and forgiveness of the people can be obtained (Choi and Chung, 2013: 10).

It should also be noted that, social media plays an important role in companies' response to the crisis. Since negative WOM disseminates instantly on social media, organizations feel obliged and are forced to respond to those unfavorable incidents before the situation elevates and becomes more serious. Just as social media can turn into a dangerous medium; it can also be used as a communication mechanism by the companies. Examples such as, Domino's Pizza CEO Patrick Doyle's video or JetBlue Chief Operating Officer (COO) Rob Maruster's video show how YouTube can be used as an instrument to apologize from customers. Previous studies state that releasing apologies on social media, Twitter and YouTube is beneficial for companies in terms of decreasing the negative outcomes and responding in timely fashion. On the other hand, online communication in social media should not be reserved for crisis situations, and should also be maintained on a regular basis (Park et al., 2012: 289).

1.4.4. Interaction between Wrongdoings, Product Recalls and Apology

When a product recall occurs, it will be followed by an attribution of blame to the company. Accordingly, when consumers' attribution of blame aimed to the company rather than to themselves, an apology will also be desired (Korkofingas and Ang, 2011: 964). Apologizing is a "forgiveness-seeking strategy" (Waldron and Kelley, 2008: 112), and it has been stated that, when a wrongdoing occurs, apologies act as a medium for consumers to create a rationale to forgive the apologizer for the wrongdoing. Therefore, it is fair to conclude that, apologies are perception changing mechanisms during crisis and product recall incidents.

There are also some factors that can act as an umbrella during crisis situations. One of them is corporate reputation, which has been investigated in numerous studies

from different perspectives. Also, it has been stated that intentional and unintentional events effect consumer attributions differently; and especially during product harm crisis and product recall situations, the level of attributed blame to the company will shape the future consumer responses. It has been suggested that consumer responses may vary according to the intentions that cause the recall incident; the level of attributed blame will change with regard to the type of the wrongdoing (intentional or unintentional). It is also suggested that apology will not generate desired outcomes when the wrongdoing is intentional (Basford, Offermann and Behrend, 2014: 103). Questioning the effectiveness of the reputation during recalls; and its interaction with intentionality of the firm will create new perspectives. Therefore, in the next chapter, in depth analysis of "corporate reputation" and "intentionality" is performed and their interaction among themselves is discussed.

CHAPTER TWO

COPRPORATE REPUTATION AND INTENTIONALITY

There are some factors that can affect consumer judgements during crisis situations. Corporate reputation is one of them; which creates several tangible and intangible advantages (Bae and Cameron, 2006: 145). It has a crucial role since it acts as a reservoir of goodwill, and public will give high reputation firms the "benefit of the doubt" during crisis (Jones , Jones and Little, 2000: 22). During their lifetime, many organizations face crisis situations and they employ different strategies, initiatives, recovery programs and tactics in order to regain the trust of the stakeholders and to reconstruct the reputation if it is damaged (Weiner, 2006: 5).

Another factor that affects consumer perceptions about the crisis is, whether the firm committed the wrongdoing intentionally or unintentionally. Heider (1958) clearly made a distinction between intentional and unintentional behavior while explaining the attributions (Malle, 2011: 74); and stated that, people can benefit from or harm each other intentionally and act purposefully. The intentionality concept helps consumers to interpret the meaning of behavioral data (Malle, 2011: 73). Even though intentionality connects the behavior with mind, most of the attribution theory research omitted the effect of intentionality. Therefore, the true nature of events and reasons behind the failure situations; firm intentions during product recalls; and consumer attributions should be questioned more vigorously.

2.1. CORPORATE REPUTATION

Reputation is "the image of a person or an entity that evolves in public's and/or people's minds after the evaluation of his/her/its actions" (Cambridge Dictionary, http://dictionary.cambridge.org/dictionary/english/reputation, 31.07.2017). Corporate reputation is on the other hand, far more complex and is being shaped as a result of

interactions between the corporation and its numerous stakeholders. Only one type of interaction is not enough to shape the corporate reputation. Different factors such as staff manner/behavior, other companies' practices, company nationality, type of product, and communication of the corporation affect our judgments (Davies et al., 2003: 63). As a result, stakeholders' judgments about "what the corporation is", "corporation's level of meeting stakeholder expectations and obligations", and "corporation's relationship with its socio-political environment" collectively construct the corporate reputation (Cretu and Brodie, 2007: 232); and it can be defined as "a perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals" (Fombrum, 1996: 72).

In todays' competitive market environment, corporate reputation has a crucial role; since all stakeholders use corporate reputation as a decision criterion. Employees choose the companies to work for; investors judge companies to invest; customers evaluate firms to buy products/services according to the reputation of the firm (Maden et al., 2012: 655). Every year respective institutions (e.g. Fortune, Management Today, Turkish Reputation Academy, and Great Place to Work Turkey) release reports such as "Best companies to work for", "Best companies to invest", "Most reputable companies", "Turkey Reputation Index" and "Best Employers of Turkey". Also, growing public interest on corporate actions; demands on transparency; evolved expectations such as environmentalism, greenness; electronic word of mouth; extensive media coverage and power of activist groups put extra emphasis on corporate reputation (Shamma, 2012: 151). As a result, this valuable asset became the center of attention for many researchers from different disciplines.

Even though every discipline focuses on the different aspect of business reputation and explain it in different concepts (prestige in sociology; goodwill in law and accounting; image, reputation, and brand in marketing; and image reputation and reputation capital in management); they all agree on the significance of reputation (Karnaukhova and Polyanskaya, 2016: 374). In this chapter, corporate reputation is

investigated in detail in terms of its creation process, key elements, theoretical foundation, antecedents, managing and auditing the corporate reputation, its components, consequences and its relationship with crisis management.

2.1.1. Creation of Corporate Reputation

Corporation reputation is created through the combination of numerous factors: experiences with the corporate employees and their attitudes, other stakeholders' comments about the corporation, past experiences with the corporation, how corporation is portrayed in the media, corporate communication tactics and strategies, type of the product, price strategy of the organization, interaction with other companies in the industry, organization's nation of origin, are all factors that may influence the corporate reputation collectively, separately and/or randomly (Davies, et al., 2003: 63). For example, after a US pet food recall in 2006 and subsequent recalls in Europe, South Africa and Canada in 2007, China was at the center of the growing criticism and accusations. The excessive media coverage, product failures in different industries, governmental policies (by USA and corrective actions by China), all affected the reputation of "Made in China" labeled products (Peijuan, Ting and Pang, 2009: 213). The complexity of the corporate reputation creation process and its key elements can be seen in Figure 10.

During a corporation's relationship with its stakeholder, different perceptions and feedback can be received from all stakeholders, but it can be suggested that only the immediate customers' responses and reactions are critical since they are more significant for the corporation (Cretu and Brodie, 2007: 233). Consumer experiences, consumer evaluations, corporation's social behaviors, competency and proficiency, and successful communication of corporation's achievements will persuade consumers that the corporation is acting for the benefit of the consumers and society. Accordingly, this faith in the corporation turns the reputation into a "trust mechanism" (Doong, Wang and Foxall, 2011: 211- 212). The increased trust and faith in the corporation, which is "the

perceptual representation of a company's past actions and future prospects" (Fombrun, 1996: 72) can create a glamorous image which may attract investors, customers, suppliers, and employees. As a result of this attraction, a firm may have a sustainable competitive advantage (Binz, et al., 2013: 4) by generating price, cost and selection advantages (Reuber and Fischer, 2011: 664). Also, in high competitive industries where price and quality are not differentiation factors, corporate reputation can be used as a part of differentiation strategy (Saylı and Yaşar Uğurlu, 2007: 93). Due to comprehensive interaction between corporate reputation and numerous stakeholders, corporate reputation is also considered as the summation of different corporate related topics (Shamma, 2012: 156).

Figure 10: How Reputation Is Created
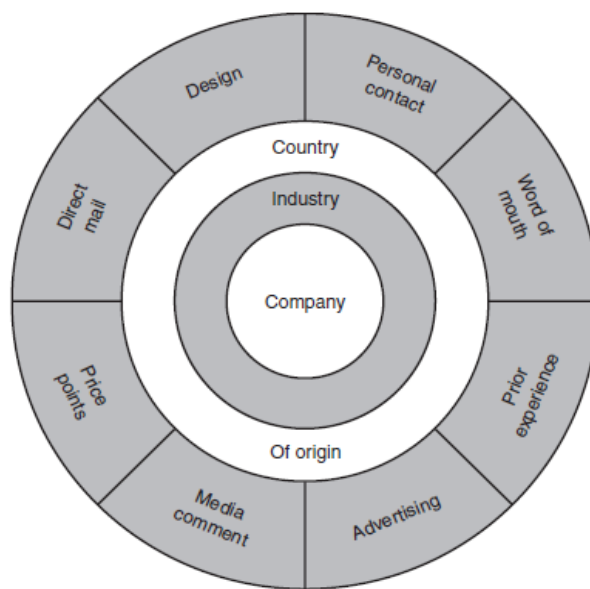
Source: Davies, et al., 2003: 63

2.1.2. Key Elements of Corporate Reputation

The various components that construct the reputation are mentioned above; but in order to understand the corporate reputation, key elements and their relationship also need to be investigated. According to many researchers (Barnett , Jermier and Lafferty,

2006: 33; Carroll, 2013: 35; Chun, 2005: 95; Davies, et al, 2003: 61; Fombrun and Van Riel, 1997: 10; Hatch and Schultz, 1997: 361; Pruzan, 2001: 50; Shirin and Kleyn, 2017: 278), there are two major subsets for constructing a solid corporate reputation: *Image* and *Identity*. Image is an answer to the question of 'How others see us?" and basically explains the impressions held by external stakeholders. Identity is an answer to the question of "How we see ourselves?" and defines the internal stakeholders'/employees' view of the organization. Image and identity collectively form the corporate reputation (Carroll, 2013: 35). There is also a possibility of a third perspective/element in the creation of the corporate reputation: *Desired Identity/Image*. It answers the question of "How the company wants others to see itself?" and it identifies company's efforts on how it wants to be seen by external stakeholders. Desired image/identity is related to the corporation's strategic processes such as its visual cues (name, logo, symbols, colors, and package) or strategic cues (vision, mission, philosophy) (Chun, 2005: 97). It is very common that, the stakeholder experience and corporations' promised products and services do not match (e.g. malfunctioning product or unpleasant hotel experience), and creates a gap between the mentioned three elements; which consequently damages the corporate reputation (See Figure 11). The proper management, leadership and vision will make image, identity and desired image/identity overlap (Davies, et al, 2003: 61).

Figure 11: Key Elements of Corporate Reputation
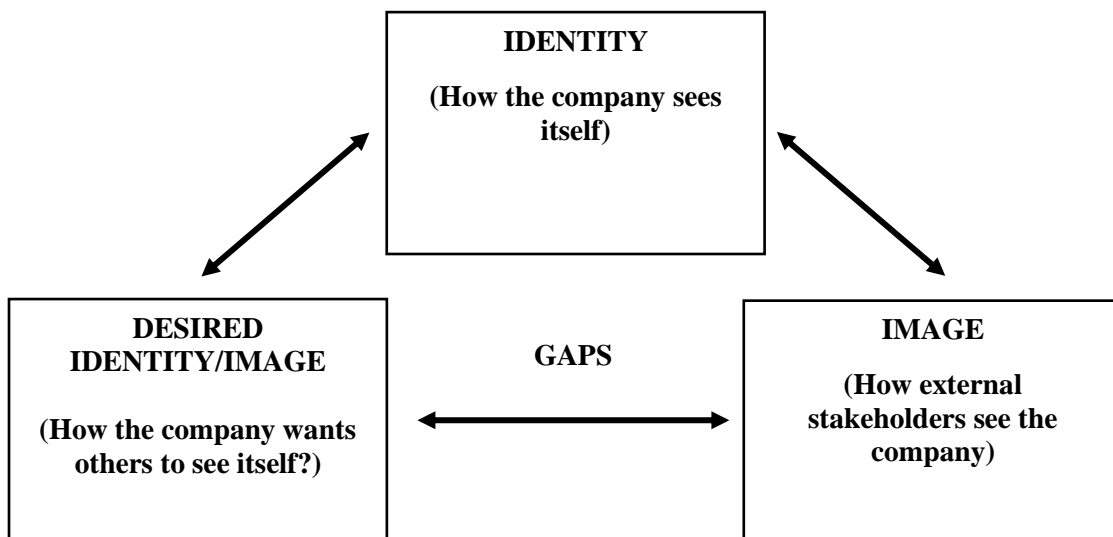
Source: Chun, 2005: 98

Managers should also place extra emphasis on image and identity. By integrating these two features, both staff retention and business performance can be achieved (Davies, et al., 2003: 75), because the cumulatively established reputation of the firm also affects how individuals inside the corporation interpret this image. Since employees are associated with the vivid or flawed reputation of the corporation; in order to attract and keep employees, improving the corporate reputation is critical (Helm, 2011: 661). If a good corporate reputation exists, workers see it as a mental connection internally and stronger prestige externally (Olmedo-Cifuentes, et al., 2014: 106). By enhancing the reputation, employee pride can be improved, which as a result will increase the employee satisfaction, commitment and performance (Helm, 2011: 662). Employees also contribute to the formation of the corporate image through the quality of their interaction with other stakeholders (Olmedo-Cifuentes, et al., 2014: 83). During this interaction, they can influence other stakeholders' perception and as a result enhance the reputation.

It should also be noted that, 'corporate reputation', 'organizational reputation' and 'brand reputation' are terms which overlap each other and have been used interchangeably in the previous studies (Suomi, 2014: 647). Restricting reputation within one product or one service –one brand– will devaluate its implications, since brands may associate with the company (i.e. Pepsi, McDonalds, and Starbucks); therefore, it is fair to state that brands are closely related to the reputation of the company in some industries (Selnes, 1993: 20). Main focus of this study is product harm crisis and product recalls, which are major threats to "corporate reputation" and eventually to financial well-being of the "whole firm" (Laufer and Coombs, 2006: 380). Therefore, in this study, the term "reputation" is regarded as "corporate reputation".

2.1.3. Theoretical Foundation of Corporate Reputation: The Source Credibility Model

Attitude change is the main objective of many people such as lawyers, politicians, accountants and advertisers. People from many fields used different strategies to achieve the desired behavior change by believing that, highly credible sources are more influential (Robert and Coney, 1982: 255). As stated by Fishbein and Ajzen (1975), source credibility has an influence on the perception of the message claim (Goldberg and Hartwick, 1990: 172). Credibility has also received considerable interest from marketing scholars (Goldsmith, Lafferty and Newell, 2000: 43). According to Goldberg and Hartwick (1990), marketing scholars followed two mainstreams on source credibility during their research. First mainstream of research that was pursued is spokesperson credibility - expertise and trustworthiness of the communicator. High credible spokespersons have been found to be more influential in achieving the desired behavioral change. Second mainstream of research area is perceived company / firm reputation. In order to maintain and enhance their reputation, companies spend tremendous amounts of money each year. For example, the expenditure on corporate philanthropy and social responsibility (CSR) activities spent by Fortune Global 500 firms exceeds \$15 billion a year (Davidson, Dey and Smith, 2018: 1) According to Fombrun (1996: 72) and Keller (2013: 413) corporate credibility plays a crucial role in shaping the corporate reputation, and both researchers emphasize that expertise and trustworthiness are fundamentals of the company credibility.

2.1.4. Antecedents of Corporate Reputation

In the literature, scholars identified similar antecedents/dimensions of reputation, while they were categorized differently in various studies. Even though some antecedents may be overlapping each other, researchers agree that *all* prior actions of the firm affect the perceptions of the stakeholders. It is accepted, as the entities get better evaluations by the public, they also receive better responses. From this point of view,

researchers (Cravens, Oliver and Ramamoorti, 2003: 208; Fombrum and Shanley, 1990:237-242; Gümüş and Öksüz, 2009: 2639; Mishra, 1998: 128; Walsh et al., 2009: 197) identified the following antecedents:

2.1.4.1. Customer Satisfaction

It was suggested that, an increase in the customer satisfaction will enhance the customer-based corporate reputation, because as the firm increases the level of customer satisfaction, it will create a 'halo' effect and customer evaluations about the company also improve. Since customers are more responsive to the product and service quality, satisfying customers is an important antecedent of corporate reputation.

2.1.4.2. Trust

Trust and confidence has been identified as an antecedent of reputation by many authors. Trust reassures consumers about the actions of the company; persuades them that the company has been performing fair, honest, and responsive to its stakeholder's interests / requests; and will continue to do so in the future. As a result of this trust, consumer impressions and evaluations of the corporate reputation will be positively affected.

2.1.4.3. Higher Corporate Performance

Investors and creditors interpret high economic performance as an indicator of high reputation. For example; market value and market risk of a firm send signals to shareholders, potential investors, consultants, competitors and auditors about its ability to meet corporate objectives. Also a corporation's dividend policy may indicate how people interpret the firm actions. It's expected that a firm with a high growth potential will have lower dividend -a ratio of dividend payout to stock price. Accounting

profitability and risk are also indicators of the reputation. Since financial tables and data of the firms reveal the past performance and future potential of the firms, they shape how stakeholders view the company.

2.1.4.4. Social and Environmental Responsibility

The firms' responsiveness to social welfare and environmental causes may affect the public evaluation of the firm. Participating in charitable causes, designing and producing environmentally friendly products, providing equal-opportunity employment and implementing these practices in all countries that the company operates may help managers to create a better public opinion.

2.1.4.5. Media Visibility

Mass media is an important tool for advertising, disseminating information and shaping beliefs and judgments through editorials and articles. Corporations may use mass and social media to publicize the essential information, send messages and influence the perceptions of the people. Corporations which capture constant positive media coverage may generate better reputations and bias stakeholder impressions.

2.1.4.6. Firm Size

As the corporations become larger, they receive more public interest, curiosity and inquiry. The more attention from the public and media received, the more information about the firm will be revealed, published and circulated. As a result larger firms become more familiar to the public and they are easily remembered, which makes them more reputable compared to smaller firms.

2.1.4.7. Firm Strategy

In order to gain competitive advantage, differentiation strategies (such as advertising product features and company information, investments in supplier, consumer and employer relations, focusing on high-end technologies) and diversification strategies into the related markets and products (which helps spreading risks, protects companies in case of unprofitable markets and products, gives ability to invest in R&D when needed, better allocation of advertising budget and management of debts, simplifies the evaluation of the firms by constituents) may help firms to shape/enhance their reputations.

2.1.4.8.Innovation and Value Creation

In today's business world, innovation and value creation are crucial elements to create a long-term marketing value. As a firm becomes more customer centered with innovation and value creation measures, its corporate reputation will be enhanced. Strategies and measures such as, growth relative to customer needs, new product/service development and customer retention will help corporations acquire better corporate reputations.

2.1.4.9. Employees

Employees form the foundation of the corporate reputation, and it is fair to state that without the active participation of the employees, creating a strong corporate reputation is not possible (Gümüş and Öksüz, 2009: 2639). All employees, including top management and lower levels, positively or negatively contribute to the creation of a corporate reputation. Society interprets the actions of the corporation through the behaviors and responses of the employees (Cravens, et al., 2003: 205). Since products and services are manufactured/created/presented through employees; external stakeholders are affected by the employee behaviors at the point of interaction; and

stakeholder expectations are only met with the efforts of the employees towards satisfying those expectations; employees become a crucial element of the reputation creation process.

2.1.4.10. Role of Certification

Previous studies state that certification is an important factor in decreasing the level of ambiguity in the stakeholders. When there is *'information asymmetry'*, alternative(s) with a certification gains superiority over others. For example, hotels which are certified and given 'stars' according to their level of quality and service; medical doctors with a certification in a specific treatment field; branded gas stations; schools with accreditation; corporations with ISO certifications; firms which are certified by reputable auditors are all examples of how certification serves as a reputation indicator and creates a competitive advantage.

2.1.5. Managing Corporate Reputation

Building a good reputation is the result of a continuous and lengthy process, which is aimed to create trust in all stakeholders in an environment where everyone is becoming more skeptical and having contradicting interests (Louisot, 2004:38). Since creating a good reputation is difficult, complicated and a long process, and it can be tarnished unexpectedly and suddenly; preserving this asset requires special attention (Saral, 2014: 49). In order to manage the diligently and attentively created reputation, there are some essential principles which are based on organization-stakeholder relationship (Louisot, 2004: 37-38):

- Stakeholders need to perceive the 'distinctiveness' of the organization (market segmentation),
- Emphasis on a 'core theme' (like quality, safety, conformance, 'think different', 'creative technology'),

- Achieving 'consistency' in performance and communication,

- Pursuing 'integrity' and 'authenticity' during the relationship with all stakeholders,

- Devotion to 'transparency' in order to achieve financial and social success.

It should be stated that, reputation management is an ongoing process in which feedbacks and corrections play crucial role. The key elements of this process are identity, communication, image and reputation. In this process, interrelations amongst these components should be reviewed and corrected constantly (Gray and Balmer, 1998: 696-701):

Corporate identity is the unique features of the organization, and defines what the organization is. It reflects the corporation's business strategy, management philosophy, its culture and organizational design. The interaction among these factors distinguishes the corporation from its competitors and shapes its character.

Corporate communication is the way how the corporation transfers its identity to all stakeholders and to the public. Communication involves messages from formal/informal sources, includes all kinds of media, employee behaviors, and social responsibility activities. Also, communication strategies and channels should involve wide array of categories in order to reach all types of stakeholders. Simply, communication is and should be inside everything that the organization says, makes, and does. For example, *brand name* should reflect the corporation and its businesses, *graphic design* should visually express the organization, *formal statements* should demonstrate the company identity, *media relations* should be managed professionally in line with company objectives, *architecture and design* should be the reflection of company philosophy, *routine behaviors during business activities* of the employees should draw a favorable picture of the organization.

Image is determined by external stakeholders, and it demonstrates how external stakeholders portray the organization when they see or hear its name, logo, colors, and slogan. *Reputation* refers to the judgments about the company's actions and attributes. Images can be created quickly by generating effective communication strategies. Reputation, on the other hand, emerges over years as a result of consistent performance.

Feedback is an important aspect of managing the identity and creating a good image and reputation. Without a healthy, productive, efficient and continuous feedback; executives cannot direct their organization into the right direction. It involves gathering information from all stakeholders, turning this information into knowledge and insight, and consequently making necessary modifications.

Exogenous factors can be listed as control of critical resources, proprietary relationships, socio-economic factors, natural events/disasters and sheer luck.

In Figure 12, the operational model for managing corporate reputation and image is shown (Gray and Balmer, 1998: 695). As it can be seen from the model, the competitive advantage can be achieved with an effectively functioning model:

Figure 12: Operational Model for Managing Corporate Reputation and Image
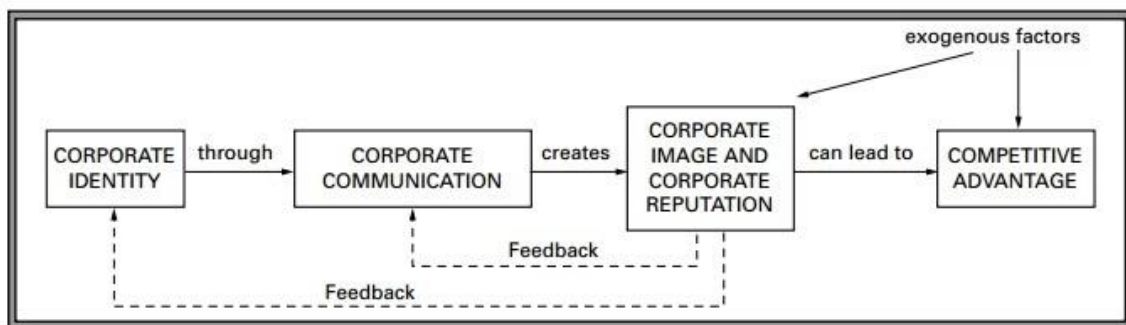
Source: Gray and Balmer, 1998: 696

The management and review of this process is under management's responsibility. Without an effectively functioning model, managers will not be able to

improve and maintain a recognizable image and a positive reputation, and may not survive in the current harsh business environment.

2.1.6. Removing the Gaps in Corporate Reputation: Corporate Reputation Audit

The possible gap between the image, identity and desired image/identity of the corporation negatively affects firm reputation. Reputation auditing helps managers to focus on this gap and develop strategies in order to decrease inconsistencies between the three elements (De Chernatony, 1999: 157). Especially in business where employee-customer interaction is crucial, extra emphasis should be placed on the gaps between internal and external perceptions (Chun, 2005: 98). Karnaukhova and Polyanskaya (2016: 374) define reputation audit as 'a prospective method of studying the complicated multilevel reputation of an organization'. The main objective of reputation audit is to determine whether the firm's corporate reputation is consistent with its objectives and strategy. Shachnev (2011) lists the following stages for a reputation audit (Karnaukhova and Polyanskaya, 2016: 374):

(1) Evaluating whether the aims of reputation management coincides with the strategic aims of an organization.

(2) Analyzing the organization's visual identification. Evaluating how public identifies symbols, logo, website design, the staff uniforms and comparing them to organizational objectives.

(3) Evaluating whether the aims of reputation management coincides with the organizational message broadcasted to the target audience.

(4) Evaluating whether the brand promise coincides with the product or service quality.

(5) Evaluating the employee actions and attitudes in regards to organizational culture. Do employees contribute to the reputation?

(6) Evaluating the corporate culture of the organization (work environment, customer communication, employee relations and loyalty).

(7) Collecting feedback from the target audience about the organization's business reputation. Comparing the intended and existing reputation through opinion polls and content analysis.

(8) Evaluating the reputation audit results and implementing required changes in the existing reputation management programs based on the results of the reputation audit.

Conducting a reputation audit will show the contradictions between identity, image and desired image/identity. When this gap becomes noticeable, it forces managers to adjust their strategies to create a better match between identity and reputation and align all three elements (De Chernatony, 1999: 170). By auditing the gaps between internal and external views of the organization, managers can prevent the potential reputational crisis.

2.1.7. Consequences of Corporate Reputation

A positive corporate reputation can generate numerous valuable outcomes, which will enhance the overall performance of the organization and will give an advantage over its competitors (Caruana and Chircop, 2000: 55). Since the reputation is the perception of the stakeholders about a certain organization, and those perceptions may change from county to county, following geographical factors are important in determining the consequences of the corporate reputation (Ali et al., 2015: 1106):

- Cultural differences (e.g. cultures with high uncertainty avoidance levels may result higher corporate reputation evaluation, collectivist societies –contrary to individualistic societies likely to be more loyal to their routines),

- Institutional differences (every county has its own rules, regulations, practices, and responsibilities that regulate the business relations, affect corporate governance and therefore influence the perceptions of reputations),

- Cross-national distance variables (such as economic, financial, political, administrative, demographic, knowledge, geographic dimensions)

Even though those factors may affect how organizations and their reputations are perceived across different countries, the extant literature identified various consequences of corporate reputation:

2.1.7.1. Customer Loyalty

Previous studies suggest that a positive reputation will enhance consumers' commitment and loyalty to a firm. The perceived reputation of the firm is based on the trust which convinces consumers that products and services will always be a good quality. As the number of people who perceives the company as fair and just, the level of comfort in buying that company's products and services will also increase (Lau and Lee, 1999: 347). Also consumers tend to choose the reputable companies when they are exposed to new products and services in the market, since the constructed reputation will reduce the consumers' perceived risk and transfer the previous positive experiences to the new product (Nguyen et al., 2016: 3108; Walsh et al., 2009: 193). The ongoing company-customer interaction which is formed as a result of good reputation also enhances customer trust, identification and commitment, and gives company a competitive advantage in the market (Binz, Hair Jr, Pieper and Baldauf, 2013: 4).

2.1.7.2. Word of Mouth Behavior

Consumers' perception of product quality is expected to shape the word of mouth behavior. Companies with good reputation aim to please their customers continuously. While these efforts on customer satisfaction expected to generate a positive word of mouth, negatively reputed companies will experience unfavorable word of mouth. In order to respond to crisis situations properly and stop negative word of mouth, companies need to be prepared and attentive. Unsatisfied customers' complaints and problems should be resolved in a timely fashion in order to convince them to spread

positive word of mouth. It should be kept in mind that, if the reputation gets a hit, it will be hard to heal the damage (Lau and Lee, 1999: 362).

2.1.7.3. Economic Benefits

Findings in the previous studies suggest that, companies with a positive reputation will generate economic benefits. A successful reputation management, will result in tangible economic benefits such as, increase in the wealth of stockholders, lower cost of capital, greater profitability and efficiency, less volatility in sales net income, market-value premium, better stock performance (Smith, Smith and Wang, 2010: 218), larger market share, higher unit margin, higher profits compared to the competitors (Xia and Rajagopalan, 2009: 896), and increase in the number of customers and purchasing volume (Binz, et al., 2013: 4). Also high corporate reputation will decrease the operation costs, increase the bargaining power against suppliers, creditors and distributors and generate higher stock price (Aydemir, 2008: 43-44).

2.1.7.4. Charging Premium Prices

Corporate reputation has been considered as an indicator of a product and service quality, which as a result allows companies charge premium prices (Fombrun and Shanley, 1990: 233) (Binz, et al., 2013: 4).

2.1.7.5. Attracting Better Employees and Increasing Employee Performance

Previous studies state that reputation of a company influences the perception of the existing employees and also attract better employee**s.** Employees are affected by the good reputation of their company, and experience an increase in their self-esteem, pride, job satisfaction and overall feelings about their workplace (Helm, 2011: 661).

Companies with a positive reputation on quality products and services, environmental sensitivity, workplace diversity, socially responsible activities may attract high-quality workforce which will provide competitive advantage (Turban and Greening, 1997: 669).

2.1.7.6. Attracting Investors

According to literature, there is a positive relationship between corporate reputation and investment attractiveness, and investing in high-reputation companies is a reliable and attractive option (Smith, Smith and Wang, 2010: 205). If the investors believe that the reputation of the company is an indicator of its profitability and future earnings, the investment decision will be positively affected by the corporate reputation. This notion leads managers to invest in reputation of the company in order to take advantage of the "emotional disposition" (Helm, 2007: 32).

2.1.7.7. Stakeholders' Evaluations of Non-profit Organizations

The importance of the reputation in the nonprofit organizations has been accepted in the literature. Gallagher and Radcliffe (2002: 324) underline the importance of having a good reputation as a nonprofit organization. Having a strong nonprofit brand has positive effects on staff and volunteer recruitment, money and time donation (Uçar, et al., 2015: 150), students' university selection decision, health care and social services (Mews and Boenigk, 2013: 51). Since the reputations of the organizations and their programs might affect the funding and opportunities of nonprofit social services organization, reputations should be well protected (Roller, 1996: 144).

2.1.8. Corporate Reputation and Crisis Management

When corporations experience crisis situations, mismanagement of the process may tarnish the reputation of the company, as Benjamin Franklin quoted "Glass, China[2], and reputation are easily cracked, and never well mended". There are many examples of reputational crisis which affect both corporations and non-profit organizations. Here are some well-known and conspicuous crisis examples:

- *Tylenol recall* (in 1982, Johnson & Johnson company recalled the Tylenol pain killers from the market after seven people were dead as a result of taking the medicine);

- *Perrier recall* (in 1990, Perrier -the bottled mineral water producer- recalled 70 million bottled products from the market because chemical benzene is found in a small sample of bottles. As a result, company experienced $40 million lost in sales and loss of reputation);

- *Firestone recall* (in 2000, Bridgestone/Firestone Inc. recalled 6.5 million tires which are linked to 46 deaths and hundreds of accidents);

- *Kızılay scandal* (Kızılay -Turkish Red Crescent Society- received blood donations where the donated bloods were contaminated with HIV virus). The contaminated bloods were transfused two several patients in hospitals, causing serious health problems and in some cases deaths. Kızılay had to pay huge amount of monetary damages to the families in 2010, and faced with public criticism for a long period of time;

- *Susan G. Komen Foundation scandal* (In 2012, breast cancer organization allocated only 20% of their donations to cancer research and tax reports showed that salary of their CEO is $684,000 per year). As a result, Charity Navigator downgraded Susan G. Komen for the Cure to 2 stars (out of 4); and donations were dropped in significant amounts;

- *Wounded Warrior Project (WWP)* scandal (in 2016, two executives of WWP -a large veteran charity organization in the USA- were accused of spending

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[2] Porcelain is identified with China and it is called "china" in everyday English usage

donation funds on parties, hotels and travel. After the investigations, two executives were fired. WWP lost nearly $100 million in donations);

- ***United Airlines scandal*** (in 2017, a video was captured by passengers where a man was dragged down the aisle from an overbooked flight by security officers. As a result, airline company became the center of major criticism. After the incident, United Airlines experienced near $1 billion loss in value.

Those examples reveal that crisis may endanger the reputation whether the institution is a commercial or a non-profit organization. Reputational crisis may emerge suddenly or appear as a result of events over a period of time. The reason that makes those events lethal for the reputation of the company is their hazardous nature to the "the essence of the brand" (Greyser, 2009: 592). Brand essence is the unique values/benefits of the brand/company that are relevant to the users, and basically it is what the brand/company stands for in the minds of all stakeholders. "It is the single line or word that defines how the brand is differentiated from other brands. It could be a brand's tagline or could be the 1st word that comes to a person's mind when he/she hears about the brand" (Brand Essence, 2017).

In order to protect the reputation of the corporation, managers need to calculate every possible scenario, including the worst and best cases, and have a strategy for each of them (Davies, et al., 2003: 99). Greyser (2009: 592-593) identifies four critical factors that need to be considered during reputational crisis:

> *(1) The brand elements:*
> - *Market situation such as market share, corporate favorability*
> - *Brand strengths/weaknesses such as differentiation*
> - *Brand essence*
> *(2) The crisis situation:*
> - *Seriousness of the situation such as severity, number of affected customers*
> - *Its threat on brand's position/meaning*
> *(3) Company initiatives:*
> - *Company actions such as communication activities, apology, investing socially responsible events and charities*

(4) Results (after initiatives and/or passage of time):
- *Success of implicated measures such as market share, sales numbers, brand meaning recovery*

There are different types of crisis such as sabotage, fraud, boycotts, disasters caused by employees or by mismanagement, which many of them are preventable. The very first step in avoiding a crisis is, accepting the fact that there is a potential for a crisis in every organization (Davies, et al., 2003: 100). Since *"the reputation can disappear quickly or it can fade away"* (Davies, et al., 2003: 134), an organization needs to be prepared for a crisis in order to prevent its reputation during those situations. Media coverage may be very aggressive during crisis, but it should be known that communication strategies may help companies survive even the harshest situations, such as Tylenol survived the crisis which started after Tylenol painkillers caused seven people to die in Chicago, USA from cyanide-laced capsules (Shadbolt, 2016: Retrived on 12.05.2017). The producer of Tylenol tablets, Johnson & Johnson, handled the situation so effectively and in a selfless way that, the continuing goodwill from that event kept the Tylenol brand largely unharmed in 2010 product recalls (Malone, 2010). Murray and Shohen (1992) (cited by Davies, et al., 2003: 101) predicates Johnson & Johnson's success on four reasons:

- *a strong and positive reputation before the crises;*
- *being open with the media at the time of each crisis and after;*
- *chairman James Burke took clear and public command;*
- *the media perception that Johnson & Johnson were not to blame.*

This is consistent with the previous literature, and explained by Coldwell, Joosub and Papageorgiou (2012: 136) with a bank account analogy:

> *"A crisis will, in most cases, cause a situation in which reputational capital is lost, like debit on the existing bank account. On the other hand, a good reputation acts like a savings account in times of unusual financial need, as a buffer against reputational damage during crisis situations. An organization with more reputational capital will have a stronger post-crisis*

reputation because it has more savings capital than an organization with a poor or ambivalent pre-crisis reputation".

Also, social media created new challenges for corporations in dealing with reputational crisis because of increased transparency and consumer empowerment. Online forums, social media platforms, viral videos formed new fronts that need constant and careful attention (Rokka, Karlsson and Tienari, 2014: 806). For example, after a video of police dragging a passenger off a flight went viral, United Airlines received intense criticism. On top of that, United mishandled the situation by blaming the passenger and calling him "disruptive and belligerent". The United Airlines' early responses and statements made public so furious that they threatened the company with a boycott. After United realized the seriousness of the event, which caused United's market capitalization decreased nearly $800 million (Conick, 2017: Retrieved on 12.05.2017), new strategy was chosen by taking full responsibility and offering a full refund to all passengers in that flight (McCann, 2017: Retrieved on 12.05.2017). However, the mishandling of this situation placed United Airlines into the "PR Losers of the 2017" according to the Marketing Today (Crenshaw, 2018: Retrieved on 14.05.2018).

As it can be seen from those examples, having a clear crisis management strategy in place is very important for a corporation. Managing reputation and handling possible threats requires policies in every medium including internet. Having social media policies, guidelines and practices, and communicating the corporate brand on social media –not by a single voice but by employees with a personal style- are fundamentals of the digital age (Rokka, Karlsson, and Tienari, 2014: 824). It should also be noted that, at the end authenticity is the most critical element in order to create, preserve, and defend the reputation (Greyser, 2009: 596). Additionally, crisis situations put extra burden on high-reputation companies since the expectations from those companies are higher. A well-regarded company's improper response to the situation will cause the diminishment of the goodwill, but same improper response from a low-reputation

company may not have the similar negative consequences (Dean, 2004: 208). In order to respond to the crisis situations, every organization (profit, non-profit, well-known, unknown, high reputation, low reputation) should have a crisis response strategy in place. In the first chapter, fundamentals of effective crisis communication, crisis-response strategies and strategy selection criteria were discussed. However, one of the factors that affect consumers' judgment of blame is "intentionality of the firm" during the crisis situations (Coombs, 2007: 172). In the following section, intentionality and its relation to crisis and product recalls is discussed.

2.2. CONSUMER ATTRIBUTIONS AND PRODUCT RECALLS

According to Folkes (1984: 398), people are rational information processors whose actions are influenced by their causal inferences. When consumers rationally process information and interpret it, they shape their perceptions and form behavioral responses. A failure in a product and/or service is also an initiator of this causal attribution process. The role of intentional behavior in the attribution process is also stated by Heider and Malle (2011: 73). After a problem in the products/services occurs, consumers look for causes of the failure, intentionality of the wrongdoer, make inferences/attributions about the failure situation, and consequently these attributions lead to changes in their post failure reactions (Choi and Mattila, 2008: 24). Since consumer attributions have been indicated and empirically presented as the cause of varying consumer reactions to the failure (e.g. consumers' complaint intentions, repurchase intentions, word-of-mouth behavior, and anger toward the firm), the attribution theory and its dimensions should be deeply explained in order to understand and manage the product recall process (Yen, Gwinner and Su, 2004: 8). After a detailed exploration of the theoretical background of the attribution theory, intentionality and its relevance to attribution theory is discussed.

2.2.1. Attribution Theory

Individuals look for the underlying causes of events (Settle and Golden, 1974: 181) and try to understand the reasoning behind the behaviors and situations (Cort, Griffith, and White, 2007: 11). Many researchers from different fields, especially psychologists, focused on how people interpret the events/information and how their future actions will be shaped based on those past events/information (Manusov and Spitzberg, 2008: 38). Attribution theory was developed as a result of these efforts on understanding the reasoning behind consumer responses.

Most of the attribution theory research is based on the works of Heider (1958), and has been conducted in social psychology field (Settle and Golden, 1974: 181). It was later developed by Jones and Davis (1965), Kelley (1967) and Bem (1972) and applied to marketing research in order to understand the consumer responses (Burnkrant, 1975: 465). The researchers' main interest was simply to better understand the causes of events, evaluate them and predict the responses of every human being to real world situations (Jones, 1976: 300). From the consumer point of view, by understanding the real factors causing to an event, individuals will also be able to adjust their behavior for the forthcoming situations.

2.2.1.1. Major Models of Attribution Theory

It should be stated that, there is no single "attribution theory" in social psychology, and also there are no general/singular hypotheses, assumptions and conclusions about attribution processes which are linked with a coherent logical network. Instead, different theories-each of which has different characteristics- have been proposed by different researchers in order to understand causal attribution processes (Weary, Stanley, & Harvey, 1989: 3). In this section, these major models of attribution theory are explained.

2.2.1.1.1. Heider's Attribution Model

Even though Heider (1958) is considered as the founder of the Attribution Theory, he mainly focused on certain areas which laid the foundation for the future researchers. Even though his studies were extraordinary, they did not cover all aspects of the attributions. Heider proposed two themes which affected the course of the attribution research in the field (McLeod, 2012: Retrieved on 17.07.2017):

i.   *Internal Attribution:* Considering an internal factor, rather than an external factor, as the reason for the behavior. For example, he is quite in the classroom because he is shy.

ii. *External Attribution:* Assigning an external factor (situation or event) as the reason for the behavior rather than to some internal characteristic. For example, he is quite in the classroom because the lecture was boring.

2.2.1.1.2. Jones and Davis' Correspondent Inference Theory

This theory was developed by Edward E. Jones and Keith Davis in 1965, and it focuses on how one person interprets another person's particular behavior or action. According to this theory, there's a correspondence between motivation and action, therefore a person's personality can be seen in his actions. For example, "He dominated the meeting because he is dominant", "She was very rude during the meeting because she is an unpleasant person". On the other hand if a person wins one million Turkish Liras in a lottery, we cannot infer that he/she has a happy personality because this is how most people react to this situation (Jones, 1976: 300). Also if we don't have a precise trait to infer, making correspondent inferences is not acceptable. For example, if there are multiple possible explanations for not being happy about winning a lottery such as medical reason, family, school, work; making inferences is not reasonable.

2.2.1.1.3. Bem's Self Perception Theory

Bem (1965) used Heider's work to develop this theory by using his explanation of internal and external causes. Bem suggested that people observe their own behavior and the situation context that they behave in order to understand/determine their own internal states. One major flaw of this theory is, while people ascribe positive results to internal causes, they assign negative results to external causes (Baumeister and Vohs, 2007: 789).

2.2.1.1.4. Kelley's Covariation Model

Kelley (1967, 1973) stated that the form of casual attributions people make, changes according to the information which are available during the time of the action. When people face multiple information from different sources, they can understand the covariation of observed action and its possible causes. This theory suggests that people act like scientists and look for similarities across different situations: factors that are present when the action exists, and factors that are not present when the action does not exist. This theory has three components which are *consensus*, *distinctiveness* and *consistency*. Consensus refers to similarity of other people's behavior in a similar context. Distinctiveness refers to the similarity of the same person's behavior in a similar context. Consistency refers to similarity of the same person's behavior over time and over modality (Sanderson, 2010: 114).

2.2.1.1.5. Weiner's Model of Achievement Attributions

As mentioned above, there are many attributional research in the field, but Weiner's (1985) theory is the most frequently used and known model, which is a comprehensive explanation of how an action caused a certain conclusion (Weibell, 2011: Retrieved on 25.07.2017). In this model, attributions are classified by three dimensions in order to understand success and failure situations: internal or external locus, stability over time and controllability. This model was also described as three-

dimensional model, where locus of control refers to internal or external (as in Heider's theory), stability refers to stable versus unstable (does the cause change over time or not?), and controllability refers to whether the cause is controllable or uncontrollable (Segall, Kagitcibasi and Berry, 1997: 57). Previous literature suggests that, in examining the product and service failures; using locus, controllability and stability as dimensions will be the most appropriate approach (Chang et al., 2015: 50), therefore in this study Weiner's three dimension model is used and it is explained in detail in the following sections.

2.2.1.2. Comparison of Major Models of Attribution Theory

It is evident that, attribution theory is formed by progression and combination of the several theories related to causal attributions. Researchers evaluated and contributed to this theory from different perspectives, which as a result formed three different paradigms (Mizerski, Golden and Kernan, 1979: 123). The distinction between these three paradigms is the object, about which the attribution is being made (Koekemoer and Bird, 2004: 279):

First one is *person-perception* which was formed by the views of Heider (1944, 1958), Jones and Davis (1965) and Kelley (1967, 1971, 1973). Second paradigm is *self-perception* which is based on the views of Bem (1965, 1967, 1972) and Kelley (1967, 1971, 1973). The last paradigm is *object-perception* and Kelley's studies (1967, 1971, 1973) are the foundation of this paradigm.

According to person-perception model, perceptions are formed by using observations of behaviors and second hand information about a person. Whether it is an observation, second hand information or both, these perceptions are the basis to build judgments, establish interactions and form dispositions. In determining the responsibility for an action, people look whether the action is done consciously and intentionally (personal force) or an environmental cause led to action (environmental force). Evidently the level of personal force will determine the causal inference ascribed to the

action (Person Perception, https://psychology.iresearchnet.com/social-psychology/social-cognition/person-perception/ , 19.07.2017).

Self-perception model emphasizes that people interpret and judge their own actions, emotions and internal states as they interpret and judge others' actions: by observing their own behavior and observing the conditions behavior occurs (Bem, 1972: 2). In short, it can be stated that "we are what we do" and a person's behaviors are affected by the society that he/she resides (Learning Theories, https://www.learning-theories.com/self-perception-theory-bem.html, 20.07.2017).

Object-perception paradigm is related to the object which is the center of the event that causes attribution. The distinctiveness, consistency and the observations of people about the situation and object is the focus of this theory. For example, a brand that is on promotion lead people to question the reason for the promotion: "Why is this product being promoted?" which as a result drive people to make inferences and attributions (Kazmi and Batra, 2009: 512).

As mentioned above, researchers' understanding and interpreting of the attributions differ in terms of 'data used for making attributions' and as a result three different paradigms were formed. On the other hand, they also contributed to the literature by presenting distinct explanations for the *treatment of others' perceptions or attributions*, *attributional causes of action*, *basis for attribution*, and *output of attribution* (See Table 2).

Attribution theory has been a very striking research topic (Bemmels, 1991: 548). It caught the attention of many scholars, and has been widely used in many studies such as; understanding both individual and organizational behavior (Cort, et al., 2007: 10), evaluating the crisis communication strategies and associating the responsibility during the organizational crisis (Schwarz, 2012: 430), explaining the stakeholder attitudes (Coombs, 2007: 136), examining the effects of different crisis response strategies and negative word-of-mouth (Chang, et al., 2015: 48), focusing on customer complaints, service failures and secondary satisfactions (after recovery efforts) (Maxham and

Netemeyer, 2002: 57), assessing the interaction between advertising and selling (Swinyard and Ray, 1977: 509), investigating the decision making process in discipline arbitration (Bemmels, 1991: 549) and the perception of the advertisements (Sparkman and Locander, 1980: 219).

Table 2: Comparison of Major Paradigms of Attribution Theory

Dimension	Contributors			
	Heider (1944, 1958)	Jones and Davis (1965)	Bem (1965, 1967, 1972)	Kelley (1967, 1971, 1973)
1.Major contribution	Originator of modern attribution theory	Made Heider's attribution theory amenable to empirical test	Extended attribution theory to self-perception	Extended attribution theory to object and generalized perception
2.Data used for making attributions	Others' actions or knowledge of others' actions	Perceived effects of others' actions	One's own behavior	Actions or effects of actions (events)
3.Treatment of others' perceptions or attributions	Implicit	Implicit	None	Explicit –specifically develops paradigm to reflect the processing of information from others
4.Attributional Causes of Action				
a.Personal	Intention, exertion ability	Intention/knowledge, ability/possibility of action (i.e., "can")	"Tact" response	Intention
b.Environmental	Task difficulty	Situation and role	"Mand" responses	Entities, modalities, persons
5.Basis for attribution	Naive analysis of action, using levels of personal responsibility	Commonality and desirability of effects	Perceived freedom of choice, salience of initial attitude	Covariance; causal schemata
6.Output of attribution	Judgment of extent actor is personally responsible for action	Intention and underlying disposition of the actor	Perception of personal or environmental causality	Cause of an action or effect
7.Major Focus	Person-perception	Person-perception	Self-perception	Object and general perception

Source: Mizerski, Golden and Kernan, 1979: 124

2.2.1.3. Use of Attribution Theory in Product/Service Failures

Researchers also used attribution theory in order to deepen the understanding of product/service failure situations. According to the scholars, since human beings process information rationally, in a product failure situation, consumers' perception of the failure will characterize their post-failure behavior (Folkes, 1984: 398). As mentioned above, researchers and managers are interested in the question of 'how do consumers interpret the information and how they act on it?' To be clearer, consumers will try to understand the real reason about the product failure. For example, if a purchased food is gone bad before its expiration date, he/she will look for an answer about the failure: the food was already bad when it was purchased, he/she forgot to store it in the refrigerator, or his/her refrigerator is broken. Davis (1994: 874) describes the attribution development pattern in five stages:

   i. *An individual is exposed to, comprehends and encodes a set of stimuli (such as overt behaviors, language, etc.). These stimuli are labeled as "the antecedent event":* In this stage behavior/incident is observed and this observed behavior/incident is the initiator event. Such as, a store employee being yelled at by the store manager.

   ii. *An individual constructs or infers a tentative set of attributions which are felt to be the most probable explanation for the reasons or motivations underlying or causing the observed stimuli:* In the second stage, possible explanations for the observed behavior/incident are evaluated. Such as, store manager's nature, his/her mood that day or a mistake made by the store employee.

   iii. *An individual evaluates the tentative attributions in light of additional information, observations or past knowledge:* In the third stage, previous experiences, knowledge and other information is used in order to make the right attribution. Such as, evaluating store manager's previous behaviors on that day and in the past, evaluating his/her interaction with other employees,

evaluating the store employee's actions on that day (whether he/she made a mistake).

iv. *An individual modifies or adopts the attributions:* In the fourth stage, the real reason behind the observed behavior/incident is realized and an attribution is made. Such as, store manager had family health problems that day, this problem affected his/her mood negatively and yelled at many employees on that day; which leads people to attribute the yelling behavior to his/her mood that day.

v. *An individual stores the attribution in memory. The final stored attribution serves both as a "filter" through which future, related events are interpreted and as a basis for determining how to respond to the observed events":* In the fifth and final stage, the attribution is saved in the memory in order to be used in future events and incidents. As in the example, it is known that when the store manager's mood is negative, he/she can yell at the employees. That attribution will cause store employees to be more cautious in the future and pay more attention to store manager's mood changes.

2.2.1.4. Use of Attribution Theory in Failure Recovery

According to attribution theory, attributional search not only follows a product/service failure, but also follows a positive outcome such as a firm's high effort for consumer satisfaction (Morales, 2005: 807). As a result of this, consumers will have positive attributions and will reward the firm even if they don't benefit from it. This also puts an extra emphasis on the concept of apology. Since repairing the damaged trust is critical in order to affect the future consumer responses, companies try to influence consumer perceptions by releasing apologies and claiming that same mistake will not happen in the future (Tomlinson and Mayer, 2009: 99). In this context, it can be assumed that attribution theory can also be used in order to explain the relationship between crisis and response strategy (Coombs and Holladay, 1996: 281). In short,

negative attributions caused by failures might fade away or even turn into positive reactions by employing necessary measures (Dabholkar and Spaid, 2012: 1417).

2.2.1.5. Dimensions of Attribution Theory

Attribution theory was formed by combining several different theories during the search for understanding the casual inferences and their effect on consumer responses (Huang, Lin and Wen, 2010: 152). This theory can be used in the failure situations and assess the reasoning behind the negative customer reactions. From consumer point of view, when the failure is firm related; the failure generates anger, it creates a desire to hurt the business and also consumers feel that they are owed an apology and/or a refund (Folkes, 1984: 409). Since the reason for the product failure will shape the future consumer reaction, more emphasis should be placed on the dimensions of attribution theory and characteristics of the failure.

As mentioned before, Weiner (1985) offered three casual dimensions (locus of causality, stability and control) in order to fully compromise the real reason for the failure; causes of events and then make attributions. On the other hand; some researchers raised concerns about the control dimension. Therefore, McAuley, Duncan and Russell (1992: 571) proposed four causal dimensions for the consumers: stability, external control, personal control and locus of casualty (locus). Stability means whether the cause of event is stable (frequent) or unstable (infrequent). External control is about the controllability of the event's cause. Personal control asks if the event's cause can be controlled by the actor (Coombs and Holladay, 1996: 282), and the locus questions whether the cause of event is internal or external to the actor (Coombs, 1995: 448).

Even though there is a debate on the number of attributional dimensions; since "personal control" and "locus" dimensions both focus on the intentionality and they coincide with each other; they should be combined (Coombs and Holladay, 1996: 282). While examining the product and service failures; using locus, stability and

controllability as dimensions (three dimensional construct) will be the most appropriate approach (Chang, et al., 2015: 50).

Teas and McElroy's (1986: 77) study explains the locus and stability dimensions and Chang et al., (2015: 50)'s study explains the controllability dimension in detail:

The *locus* dimension is mostly based on Heider's (1958) work and questions whether the action occurred as a result of internal/individual factors (ability, effort and mood) or external/environmental factors (task difficulty, luck and help from others). For example, if a person considers the lack of ability as a reason for losing a soccer game, he/she is favoring the internal factors. If he/she considers the referee as the reason for losing the game, then he/she is referring the external factors.

The *stability* dimension is mostly related to Weiner's (1972) studies and focuses on whether the event is stable or unstable over time and situations. If the explanation of an action/event is considered as fixed over time and it doesn't change (factors such as ability, task difficulty and personality); it is stable. If the explanation changes over time (factors such as effort, mood and luck), then it is unstable. For example, if the person believes that he/she lacks the ability to perform better in the game, then the cause is stable. On the other hand, the reason for his/her bad performance was his/her illness on the match day, and then the cause is unstable.

The *controllability* dimension focuses on whether the action/event can be controlled by the actor or can't. Even though external and environmental factors may affect the results of the action/event and are not controllable, internal and individual factors can be controllable. For example, if the person believes that if he/she practiced more she would have performed better in the soccer game, then the cause is controllable; if he/she lacks the ability, then the cause is uncontrollable.

2.2.1.6. **The Relationship between Casual Dimensions and Product Failures**

The relationship between dimensions and failures are explained in detail by Folkes (1984: 400), who identified three different consumer responses to the product failures which are related to the causal dimensions of attribution theory: (1) expectancy reactions, (2) marketplace equity reactions, and (3) anger reactions.

(1)   Expectancy reactions:

Expectancy changes: Stability questions whether the causes are considered fixed or fluctuating. If the causes are considered <u>unstable</u>, then there will be uncertainty about the future events; on the other hand, if the causes are seen as <u>stable</u>, then same results will be expected about future events. So, when a product failure occurs and it is stable, consumers expect the same failure will happen if they purchase it again. If the reason for the failure is unstable, then consumers will not be sure about the future failure. For example, if a certain brand has malfunctioning problems in all of its electronic devices, then the failure is stable and consumers will expect the same failure in their future purchases. On the other hand, if that brand has malfunctioning problems only in one batch of the devices and the reason for the problem is the low-quality parts by the supplier; then the failure will be considered as unstable, and consumers will not be sure about the future failures.

Type of redress (refund or exchange) preferred: If the cause for the failure is stable, consumers will expect future failures and will not consider buying this product. Therefore, they will ask for a refund. On the other hand, if the reason for the failure is unstable, then future failure expectations will be less likely, and consumers will continue to buy that product. As a result, they will only ask for an exchange. So it is fair to state that, stability affects the future failure expectations and consequently type of redress preferred.

(2)   Marketplace equity reactions**:**

Refund deserved: During a transaction, a firm takes money from a consumer and is expected to provide benefits in exchange. During a failure situation, if the failure is

firm related (internal), then the firm fails to provide the expected benefits to the consumer. As a result, consumers will feel that they are owed a refund because they didn't get what they paid for. On the other hand, if the failure is consumer related (external), then a refund is not expected by the consumer.

Apology deserved: During a failure situation, consumers will feel that they are deceived or betrayed, and this disappointment will result in the degeneration of the firm-consumer relationship. In order to restore this relationship, crisis response strategies are used, and apology is one of them. When the failure is firm related, consumers believe that they deserve an apology; if the failure is consumer related, then an apology is not expected.

(3)   Anger reactions:

Anger toward firm: The controllability of the failure also affects the consumer reactions to the firm. If the failure can be controlled by the firm, consumers will aim their anger towards the firm. On the other hand, if the negative action cannot be controlled by the firm and/or it is consumer related, then level of anger to the firm will be less.

Desire to hurt firm's business: As a result of the failure, consumers may look for retribution. If the failure can be controlled by the firm, this may direct consumers to take actions which will hurt firm's business. If the failure cannot be controlled by the firm, then consumers will less likely try to retaliate.

The causal dimensions and consumer responses are listed on Table 3:

Table 3: Predicted Effects of Causal Dimensions on Consumer Reactions

Causal dimension	Consumer reaction
- Stability	→ Expectancy change → Type of redress preferred
- Locus	→ Refund deserved → Apology deserved
- Locus and Controllability	→ Anger toward firm → Desire to hurt firm's business

Source: Folkes, 1984: 400

2.2.1.7. Intentionality

While intention is considered as a dedication and tenacity to perform a certain action in order to achieve a particular outcome; intentionality can be defined as "performing an action voluntarily, purposely, knowingly, and willfully" (Malle and Nelson, 2003: 569). Intentional behavior requires causation and motivation; and is aimed to reach certain results and evade from negative ones. So when people are convinced that certain behaviors will generate certain outcomes, and they are capable of performing those behaviors, an intentional behavior and causation will appear (Deci and Ryan, 1987: 1025). In sum, King (2001: 4) combines all the above mentioned concepts and defines the intentional behavior as "a goal oriented and purposeful action, where the actor is dedicated to accomplish his/her achievable and reachable goal(s)".

As mentioned above, attribution theory focuses on how people explain events, make inferences and how these inferences affect their reactions and future behaviors. Previous studies suggest that people separate intentional behaviors from unintentional ones (Knobe, 2003: 309) and assign responsibility according to level of intentionality. As Malle, Moses and Baldwin, (2003: 1) stated, "Intentionality has a normative role in the social evaluation of behavior through its impact on assessment of responsibility and blame". People use intentionality as a judging criteria when they evaluate a behavior, then they make inferences about those intentions and consequently shape their reactions according to those inferences (Morales, 2005:807). Therefore, more responsibility and blame will be ascribed to a person who intentionally performed a negative action (Tomai and Forbus, 2007: 2). Since there is strong relationship between intentionality and attribution (Shaver, 2012: 96), it is fair to state that intentionality is an important aspect of attribution theory and it is related with the controllability dimension. As it was mentioned in attribution theory section, controllable behaviors are the ones which can be completed intentionally; on the other hand, uncontrollable behaviors are the ones which cannot be executed intentionally (Malle and Knobe 1997: 117).

Malle and Knobe (1997: 111) stated that in order to accomplish an intentional act, five factors need to be present: "a desire for an outcome; beliefs about an action that leads to that outcome; an intention to perform the action; skill to perform the action; and awareness of fulfilling the intention while performing the action". According to their model (see Figure 13); the source of an intentional behavior is intention, but in order to consider an event intentional; a desire, a belief, skill and awareness also need to be present. A *desire* is a wish to obtain an outcome; a *belief* is expecting that the performed action will lead to that outcome; *skill* refers actor's ability and talent to perform the action; and *awareness* indicates that actor knows what he/she is doing at the time of the action (Malle and Nelson, 2003: 569).

As an example, consider a farmer who wants an apple tree in his garden. If he desires to have an apple tree, he needs to take the necessary action. If he believes that the action (planting that seed) will produce an apple tree, he needs to plant the seed. After having the desire and the belief, he also needs to have an intention to plant the seed. Then he needs to have the proper skills to plant that seed suitably. And lastly, he needs to be conscious about and has awareness of his actions.

Figure 13: A Model of the Folk Concept of Intentionality
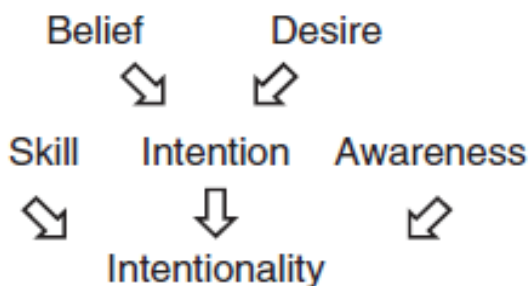
Source: Malle and Knobe, 1997: 112

2.2.1.8. Interpretation Process of Intentional / Unintentional Behavior

People explain/interpret the intentional and unintentional behavior differently (Malle, 2011: 82). While explanation of unintentional actions is simple, interpreting intentional behaviors is far more complex. Unintentional events are explained by simple "mechanical" *causal factors* (such as physical objects and events) and called "cause explanations". People believe that the behavior can be explained by simply referring to causality. In cause explanations, causes are not the reasons; they are just factors which are antecedents of a behavior without the mediating role of an intention. For example: If I accidentally trip and hit a person, this behavior will be explained by a cause, which in this case my "tripping" is the cause, hitting that person is the unintentional behavior. There is no intention and no reason; therefore, it is unfair to say that "I tripped in order to hit him" (See Figure 14).

On the contrary, intentional actions are considered more complex and explained in three modes: reason explanations, causal history of reason explanations, and enabling factor explanations. *Reason explanations* refer to how people explain the intentional behavior while emphasizing the reasons (either beliefs or reasons) behind the intentional action. In general, people explain the behavior by referring to reasons. Reasons are subjective (actor has his/her own reasoning for an action) and rational (actor's desires and/or beliefs justifies his/her action). For example, inviting a colleague to lunch to discuss a business deal. In this example, the reason for the invitation is "to discuss a business deal". *Causal history of reason explanations* indicates the factors that cause the formation of intentional behavior such as personality traits, past behavior, physiological states, culture, or context cues that triggered particular beliefs or desires. They are not subjective and rational, but they are mechanical and lead to intentional actions. For example; inviting an unknown visitor to lunch instinctively in a village as a part of Turkish culture. In this example, the reason for the invitation is "Turkish culture". *Enabling factor explanations* focuses on the factors that enabled the intended action; such as actor's skill, effort, opportunities, or facilitating circumstances. It basically explains what factor made the action achievable. Enabling factor explanations do not

88

focus on the motives, rather they explain how the performed action was successfully completed (i.e. being a good driver is explained by practicing, and the motive for being a good driver is not explained) (See Figure 14) (Malle, 2011: 82-84).

Figure 14: Four Modes of Explanation for Unintentional and Intentional Behavior

```
                                    ┌──────────┐          ┌──────────────┐
                                    │  Causes  │─────────▶│ Unintentional│
                                    │          │          │   Behavior   │
                                    └──────────┘          └──────────────┘
─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─
┌──────────┐     ┌──────────┐     ┌──────────┐          ┌──────────────┐
│  Causal  │     │ Reasons  │     │ Intention│─────────▶│  Intentional │
│ History of│───▶│          │────▶│          │     ▲    │   Behavior   │
│ Reasons  │     │          │     │          │     │    │              │
└──────────┘     └──────────┘     └──────────┘     │    └──────────────┘
                                          ┌──────────┐
                                          │ Enabling │
                                          │ Factors  │
                                          └──────────┘
```
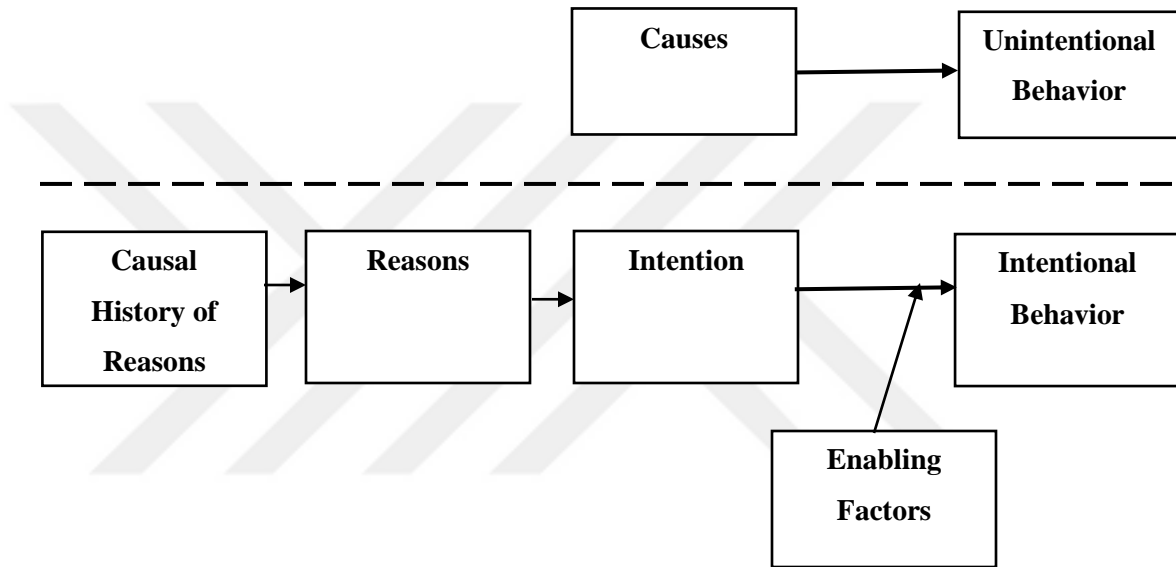
Source: Malle, 2011: 83

2.2.1.9. Interaction of Intentional Wrongdoing, Reputation and Crisis Response Strategy during Product Recall Incidents

The crises are inevitable incidents for many organizations. There are many factors that affect the consequences of these catastrophes. Even though previous studies investigated the factors affecting the crisis and response strategies, some areas are still unexplored. It is known that the level of responsibility during the crisis determines the degree of threat to the organization, and subsequently attribution theory also suggests that intentional wrongdoings are less tolerated by the stakeholders compared to the unintentional ones. The role of reputation in crisis situations is also discussed in numerous studies. It is stated that firm reputation protects companies from the negative

outcomes of the failure and leads to higher repurchase intentions following failures. The response strategy is also critical factor in shaping the post crisis consumer attributions and responses. Even though, apology is considered as the most effective response strategy; studies reveal that if the organization is not responsible for the crisis, other strategies may generate better outcomes for the organization. The varying interactions among those factors led us to examine the simultaneous interaction of them during a recall situation.

In order to better explore the aforementioned factors, consider the following example: In September 2015, Volkswagen, the Europe's biggest auto maker intentionally violated clean air laws by using an illegal software (Daly, 2015: Retrieved 16.08.2017). The series of events which led CEO Martin Winterkorn to resign, affected about 11 million cars, and expected to cost Volkswagen, €6.5 billion ($7.27 billion) (Boston, 2015: Retrieved 16.08.2017). According to EPA (U.S. Environmental Protection Agency), German auto maker Volkswagen, used software on some VW automobiles and Audi diesel-powered cars, and intentionally duped the routine emission tests. The scandal, also affected the consumers' trust in the company; and the consumers' 33 percent favorable view of VW, fell to 12.8 percent after the scandal (LeBeau, 2015: Retrieved 16.08.2017). There is no doubt that Volkswagen crisis presented a different perspective than its predecessors. From the very beginning of the scandal, it was known that, the company intentionally and willingly falsified the emission results. On the other hand, if this mistake was not intentional, as in the case of Toyota[3], would consumer reaction to the scandal be different? Or if this crisis was the result of an unintentional wrongdoing, would the formal apology of Volkswagen be considered more sincere? What would happen if this incident was experienced by a less known or less reputable organization? Would consumer responses be different to the recall and apology?

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[3] Toyota recalled about 10 million vehicles between 2009-2011, because of floor mat and pedal problems, which caused unintended acceleration of the cars.

By employing experimental study methodology, this study will question the mentioned interactions; will measure the effects of firm's intentional wrongdoing and unintentional wrongdoing on consumers' attitudes towards company and repurchase intentions after product recall incidents, and will evaluate the effect of formal firm apology.

2.3. PREVIOUS STUDIES ON PRODUCT RECALLS

Product recalls, product-harm crisis management, corporate reputation, and attribution theory are all multidisciplinary concepts, which have been examined and employed by many scholars from different fields (production management, accounting, logistics, finance, management, psychology, marketing, communication, insurance, law). The product recall studies in marketing field goes back to 1980s, but -as mentioned in previous chapters- the number of studies are limited and some aspects still require further attention. In order to highlight those gaps in the literature, exploring the core of previous studies in the field is required. Therefore, in this section, first summaries of the marketing studies about product recalls is given, then prominent factors in those studies is discussed.

2.3.1. Summaries of the Previous Studies

Whether we consider consumer behavior from the "information processing perspective" or regard it as an experiential phenomenon in actualizing fantasies, feelings, and fun; product failures and product recalls are unfortunate events. In both processes -logical or experiential-, product failure and recall act as an obstacle that impede consumer expectations. Previous studies revealed that, there are number of factors which have critical importance in influencing the consumer responses during product recalls. In many studies, researchers employed multiple independent and dependent variables at the same time. Therefore, first summaries of these studies are

classified in chronological order, then prominent factors which were explored in those studies are discussed.

Mowen's study (1980) focused on company familiarity, prior recall history and governmental action during recall incidents and how these factors influence perceived company responsibility. This experimental study concluded that consumers consider a familiar company less responsible for the incident compared to an unfamiliar company. It was also found that if the company acts before the governmental authorities, consumers ascribe more responsibility to the company.

In a study by Jolly and Mowen (1985), effect of source of the recall information (government vs company) on consumer perceptions of the company, effect of type of the media (print vs sound) and social responsibility information on trustworthiness was examined. 2x2x2 experiment results revealed that, corporate social responsibility (CSR) generates more positive feelings about the firm, government sources are viewed more trustworthy and print medium is considered more objective.

A study done in 1994 by Siomkos and Kurzbard, and examined the effect of company's reputation, external effects (e.g. impact of media coverage), and company's response to the product-harm crisis. This experimental study revealed that reputation, external effects and company response influence consumers' repurchase intentions. Therefore, company strategies should be adjusted corresponding to its reputation, external effects and response type.

Another study by Siomkos in 1994 investigated the effect of the same variables (reputation, external effects and company response type) and concluded that having high reputation, positive external effects and voluntary recalls help companies in dealing with crisis. He suggested that companies should focus on image improvement, technological damage control, victim relief and rehabilitation, organizational improvements, conflict resolution and business recovery. He also stated that crisis prevention is more important and if a crisis occurs, denying the responsibility is not a solution.

In 2001, Siomkos, Rao and Narayanan conducted a study in order to test the attitude change differences between positively oriented (people with Positive Affectivity who emphasize and focus on the positives during incidents) and negatively oriented individuals (people with Negative Affectivity who emphasize and focus on the negatives during incidents) during a crisis. In this study, it was revealed that there are not significant attitudinal differences between positively and negatively oriented individuals. Interestingly, it was concluded that the crisis characteristics, i.e. high company responsibility supersedes the affectivity. Also, organizations should shape their crisis response strategy according to consumer involvement level.

A study done in 2007 study by De Matos and Rossi investigated the factors that influence consumer responses to product recall information / message. According to the results, product judgement was significantly influenced by the ownership of the branded product, the perceived CSR of the company and the blame attributed to the company for the product defect. Behavioral intentions were significantly affected by product judgement, ownership of the branded product and the perceived CSR of the company. Researchers conclude that influence of the CSR on product judgement is higher than its effect on behavioral intentions.

In an experimental study by Choi and Lin (2009), the effect of individual differences in crisis perception was questioned. Researchers concluded that the perception of legal experts and ordinary people are quite different: while legal experts can discern the apology from compassion, lay people cannot. They also emphasize the importance of individual variables such as past experiences, victims and non-victims, and recommend to use them to evaluate the effect of different crisis responses on crisis outcomes.

Another study in 2009 by Vassilikopoulou et al., reviewed the effect of time on consumer perceptions and investigated whether consumers ignore the crisis after a certain amount of time (3 days, 3 months and 1 year) by conducting an experiment. Authors created forty-eight scenarios and underlined the importance of time, CSR efforts and crisis severity. They stated that consumers are more likely to have more

positive feelings a few months after the crisis; severity of the crisis affects the repurchase intentions only in the first time period after the crisis; and corporations should be prepared and need to have a crisis plan.

De Blasio and Veale (2009) tested the effects of different crisis response strategies on judgement of the responsibility, impression of the organization and trust in the organization in their experimental study. The results of the study indicate that accommodating responses (correction) lead to better impressions of the organization and trust levels which means the reputational damage is low. They also suggest that corporations should generate response strategies in order to restore consumers' impression and trust.

Souiden and Pons (2009) examined how recall crisis management influences manufacturer's image, consumers' loyalty and purchase intentions. Findings reveal that recalls have negative impact on image, loyalty and purchase intentions. On the other hand, among the four crisis management strategies (deny, involuntary recall, voluntary recall, improvement campaign), voluntary recalls and improvement campaigns positively influence manufacturer's image, consumers' loyalty and purchase intentions.

Grunwald and Hempelmann (2010) examined the effects of pre-crisis reputation and risk information on perceived company responsibility and problem severity. After conducting a 3x2 experiment, they concluded that reputation may act as a shield and decrease the ascribed company responsibility; but it fails to positively influence perceived problem severity.

A 2011 study by Lin et al., investigated the purchase intention and its antecedents during a recall by conducting a survey on car users. According to the results of the study; strengthened Corporate Ability (CA) and Corporate Social Responsibility (CSR) has indirect positive effect on purchase intention, negative publicity indirectly influences purchase intention via the mediation of trust and affective identification, perceived CA and CSR moderates the effect of negative publicity on trust and affective identification, negative publicity negatively effects customers' trust when perceived CSR is absent, and

CSR is a critical factor in buffering the relationship between negative publicity and affective identification.

A Turkish thesis study by Buran (2011), examined the effects of product recalls on automotive consumers' future purchase intentions in Turkish market. The author concluded that high reputation can minimize the harmful impact of product recalls on future purchase intention and a high trust on a corporation will also yield to high purchase intentions.

Another study in 2011 was conducted by Korkofingas and Ang. In this study, authors tried to assess the effects of product recall incidents on consumer choices. This study reveals conflicting results with the previous literature and states that well-known brands have more to lose compared to weak brands. Researchers justified this inconsistent results by focusing on high consumer expectations for strong brands. They state that, a strong brand should demonstrate consistent performance. However, a product recall incident causes a decrease in consumers' trust and brand's reliability because of perceived inconsistency in the product performance. Also, characteristics of product recall (seriousness of the recall, speed of recall announcement) affect consumer evaluations of brand equity and create differences between pre and post recall situations.

Magno (2012) focused on the time, blame and how to manage the recall process in her study. She employed an experimental design and used a real recall letter in order to evaluate consumer responses. She indicated that acting transparently, responsibly and in a timely fashion is important during crisis; and consumers' perception of any opportunistic behavior (such as generating recalls in order to sell the newly introduced product, or to create a positive company image) by the company may result in unfavorable consequences.

In a 2013 study by Özdemir Çakır, effect of product recall strategies on purchase intentions and brand image was examined. A survey was conducted on Turkish consumers and results indicate that voluntary recall strategy and super effort strategy have positive effects on brand image; denial strategy negatively affects the brand image;

if the brand image is positively (negatively) affected during a recall, purchase intentions is also positively (negatively) affected.

Consumers' attribution of blame for crisis was also examined in previous studies. Carvalho, Muralidharan and Bapuji (2015) focused on how attribution of blame was affected by country of manufacturing, product defect and brand familiarity. The results of this experimental study revealed that consumers have bias against manufacturing companies, against countries with unfavorable COM image (country of manufacturing image) and against unfamiliar brands. Also, when there is ambiguity about the reason for the defect, the attribution of blame to the brand company declines.

A study by Avnet and Laufer (2015) used regulatory fit theory and tried to examine the effects of fit / non-fit conditions[4] on the consumer perceptions of the crisis. The experiment results showed that, in regulatory fit conditions, people's vulnerability to harm was enhanced and creating non-fit conditions is beneficial for the companies.

Wei et al., (2016) concentrated on the relationship between consumers' risk perceptions and behavioral intentions in their study. Results of the survey, which was conducted on Volkswagen consumers, reveal that product knowledge is a critical factor that affects consumer responses to the crisis; risk perception escalates customers' information needs, information seeking and information processing but it reduces their pro-firm behavioral intentions.

In an experimental study, Magno, Cassia and Ugolini (2017) investigated the effects of product recalls on utilitarian versus hedonic attitudes towards the brand involved in the recall; and on the brands with utilitarian / hedonic positioning. In their study, they used Apple as a hedonic brand and HP as a utilitarian brand, and they evaluated first sample's hedonic and utilitarian attitudes towards the hedonic brand

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[4] *"Regulatory fit occurs when the nature of a message is consistent with the regulatory orientation - promotion focused (i.e., motivated by achievements) or prevention focused (i.e., motivated by avoiding threats- of an individual. Regulatory non-fit occurs when the nature of a message is inconsistent with the regulatory orientation of an individual"* (Avnet and Laufer, 2015: 150). For example, Volvo uses a prevention-oriented advertisement tagline which is "Safe and Sound". Contrarily, BMW employs a promotion-oriented tagline which is "Driving Pleasure" (Laufer and Jung, 2010: 148).

(Apple) and second sample's hedonic and utilitarian attitudes towards the utilitarian brand (HP). This study showed that hedonic brands (Apple) are more immune to the negative effects of voluntary product recalls compared to utilitarian brands (HP); brand familiarity decreases the negative effects of the recall on utilitarian attitudes for all brands; but brand familiarity positively influences the effects of the recall on hedonic attitudes only for hedonic brands (Apple). It can be concluded that, hedonic brands are more immune to the negative outcomes of the crisis; and utilitarian brands' inefficient performance is not tolerated which as a result creates disappointment and anger.

2.3.2. Prominent Factors in Previous Studies

First of all, even though the number of product recall studies have been increasing in the recent years, the number of studies in the Turkish literature is very limited, and only a handful of Turkish studies examined these negative incidents in the marketing context. After examining the global and Turkish literature from a marketing point of view, it can be stated that the importance of some factors were emphasized in numerous studies; such as company reputation and familiarity, company response strategy, consumer involvement level, CSR activities, consumers' individual differences, crisis severity, and firm's response to crisis in a timely fashion. Before proceeding into the details of our study, few points should be underlined in order to better understand the nature of product recall situations.

First of all, individual characteristics influence the perceptions and attitudes of people (Choi and Lin, 2009; Magno, Cassia and Ugolini, 2017; Siomkos, Rao and Narayanan, 2001). Therefore, individual differences may also affect how people perceive crisis response strategies of companies. Features such as, past experiences, technical knowledge (Choi and Lin, 2009: 454), utilitarian / hedonic orientation (Magno, Cassia and Ugolini, 2017: 171), and consumer involvement level (Siomkos, Rao and Narayanan, 2001: 160) may distinguish the interpretation of the crisis. So, in evaluating

and interpreting the product recall incidents, altering impacts of individual differences should be taken into account.

Second critical aspect is the value of crisis response strategy (Choi and Chung, 2013; Coombs and Holladay, 2010; De Blasio and Veale, 2009; Korkofingas and Ang, 2011; Özdemir Çakır, 2013). Even though apology is one of the most approved and used strategy, some researchers (Coombs and Holladay, 2008) argue that other response strategies such as compassion, may also generate similar or same outcomes. However, real life examples indicate otherwise. For example, in 2014 residents of Bobtown, PA, USA, experienced an explosion near a natural gas well. The explosion resulted in a fire that burned about four days, killed a worker, injured another and resulted a damage to the environment. The well belonged to Chevron, a San Ramon / California based international energy company. After the explosion, instead of releasing an apology, company sent a letter which gives a status update, offers sympathy and gives gift certificates for pizza and a soft drink. The letter of the company, which didn't involve any apologies in it, created controversy among public, and considered as one of the worst crisis response strategies by the authorities (5 Best & Worst Brand Apologies, http://pha-media.com/insights/crisis-reputation-management/5-best-worst-brand-apologies/, 25.01.2018). Therefore, it can be concluded that, in order to gain forgiveness, a company is expected to release an actual apology which expresses sincerity and reassures the stakeholders about the prevention of future occurrences (Choi and Chung, 2013: 7).

Third factor is time (Vassilikopoulou et al., 2009, Magno, 2012). Studies indicate that time is important in two aspects: First, organizations should act in a timely fashion, which means they should respond to the crisis timely, and they should not keep stakeholders in ambiguity. Second, after a certain amount of time (3 − 4 months), consumers tend to forget the devastating effects of crisis and slowly return to their pre-crisis positions and behaviors. Even though this means that negative effects are not permanent, organizations still need to take measures in order to create a smooth transition process to go back to pre-crisis era. As a result, it can be concluded that, if the

organizations rapidly takes the necessary measures, acts in a socially responsible way, and/or generates a voluntary recall of the faulty products; the time may act in favor of the company (Vassilikopoulou et al., 2009: 179)

Another circumstance that worth mentioning is the opportunistic behavior (Magno, 2012) of the organizations during crisis. Using recalls as an opportunity to increase sales or to advertise/promote company is presumably to induce negative consequences and endanger the company-consumer relationship. For example, if the consumers perceive that company is recalling an old version of the product to sell the new version, this behavior might negatively influence consumers' post-recall brand attitude (Magno, 2012: 1313).

Lastly, as it was stated in many studies (Mowen, 1980; Siomkos and Kurzbard, 1994; Siomkos, 1994; Grunwald and Hempelmann, 2010; Buran, 2011; Carvalho, Muralidharan and Bapuji, 2015); company familiarity and reputation are important factors that affect the perception of the crisis. Nevertheless, crisis with big consequences and high significance levels might override the positive feelings and affectivity to those companies and brands (Siomkos, Rao and Narayanan, 2001: 160).

In the following chapter, aim of the study, design of the study, hypothesis, methodology and procedure of the study is explained. After that, results and analysis of the data is presented, and conclusion and implications is discussed.

CHAPTER THREE

METHODOLOGICAL FRAMEWORK

In the previous chapters, wrongdoings, crisis, product recalls, apology, corporate reputation and intentionality of the firm were explored with respect to their individual effects on consumer judgements, perceptions and reactions. In order to understand the collective (as opposed to individual) effects of these concepts, an experimental design was developed and applied. In this chapter, application and analysis of this experimental procedure is discussed, where the main aim is to see the collective effect of the aforementioned factors. Throughout this experimental study, reputation and intentionality of the company are being manipulated both at two levels during a hypothetical product recall incident, and differences in consumer perceptions, attitudes and reactions are measured. This chapter consists of research framework, research method, analysis results, findings, limitations and recommendations.

3.1. RESEARCH FRAMEWORK

3.1.1. Significance and Aim of the Study

Numerous studies attempted to explain how people evaluate the events and interpret the information; the reasoning behind the behaviors and situations; and how people attribute blame and responsibility during and after negative incidents. Corporate wrongdoing is also a negative event and generates questions of responsibility and blame. When corporate wrongdoings occur, stakeholders make inquiries to gather information by using different sources in order to make attributions and shape their future tendencies. Even though intentionality of the wrongdoing is one of the important factors in ascribing the responsibility, most of the attribution theory research omitted this

concept. How intentionality of the organization influences consumers' reactions and apology perceptions; the interaction effect of intentionality and organizational reputation still remains unexplored. This research is one of the pioneer studies that incorporates the two critical factors during a product recall incident: the intentionality of the wrongdoing and the protective power of organizational reputation.

The aim of this study is to measure the collective effect of firm intentions and corporate reputation on repurchase intention after product recall incidents; to assess how this collective effect influences consumer judgments about a company after product recall situations; to evaluate how a formal firm apology is perceived during this interaction; and to observe the relationship among perceived apology sincerity, attitude towards the company and repurchase intention.

It should also be stated that, the variables that are going to be examined in this study are still new, some aspects of the factors are ambiguous and there is still no consensus on the definition of some concepts. Therefore, this study aims to explore some unclear dimensions of those concepts. Furthermore, the internal aspects of a crisis were ignored in previous studies. This study aims to investigate the internal conditions[5] which cause crisis (Coombs, 1995: 454) by employing an experimental method. As a result of employing this methodology, four different scenarios are created and compared, and the comparative importance of reputation and intentionality is determined.

3.1.2. Problem Statement

The intentionality of the organization may have varying effects on consumer reactions, since intentional acts generate more responsibility and blame than unintentional ones. Meanwhile, in crisis situations, a high reputation may guard the organization from the negative associations. "When faced with a product recall incident, will a high-reputation organization be able to use its reputation as a shield disregard to its intentionality or the intentionality will surpass the reputation and influence the

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[5] In this study only internal crisis –which occurs by the actions of the organization itself- is investigated.

consumer reactions and how reputation and intentionality collectively affect consumer attitudes and apology sincerity perceptions" is the main theme of this study.

3.1.3. Hypotheses and Research Model

Previous studies show that, intentional manipulation of consumers and deceptive practices, result in negative attributions and responses (Ketron, 2016: 34). A consumer's belief about the intent of the corporation may affect his/her attributions and response to the situation (Forehand, 2000: 920). Since after an intentional wrongdoing, consumers will hold the firm responsible for the failure, he/she will possess more negative emotions (disappointment, regret, anger and sadness) (Chang et al, 2015: 50). Therefore, the apology released by the company will also generate negative feelings and be considered less sincere (Choi and Chung, 2013: 7).

On the other hand, a consistent past behaviors of a company forms a good reputation; and a positive corporate reputation will convince consumers for meeting their expectations and future satisfaction. As a result, consumers are more likely to trust these companies (Michaelis et al., 2008: 408). Several authors suggest that, a company with a good reputation will generate positive consumer feelings, goodwill and indicate reliability in all market transactions (Maden et al., 2012: 657). Also some research has explained the moderating effect of organizational reputation on a firm's response to a particular misbehavior (Tsarenko and Tojib, 2015: 1856). The significance of corporate reputation is revealed by the fact that corporate reputation may even affect the opinions of the judge and jury in case of litigation (Patel and Reinsch, 2003: 16). In case of failures, consumers tend to forgive a mistake/transgression if it is committed by a firm with an excellent reputation compared to average reputation (Hess, 2008: 398). Lyon and Cameron (2004: 231) also suggest that apologies are found to be less sincere when they were released from a low reputation organization; and an apology from a company may be seen as a sign of being a socially responsible business.

Although studies point out the importance of intentionality and reputation, only separate effects of these two independent variables have been investigated; and the question of how these factors collectively affect the consumer reactions still remains unexplored. For example, consumer perception differences between a high-reputation company's intentional wrongdoings and unintentional wrongdoings or a low-reputation company's intentional wrongdoings and unintentional wrongdoings have not been investigated. Also, consumer perception differences of the intentional wrongdoing with regards to the reputation of the firm needs further attention.

As a result, in this study, it is expected that, there will be a collective effect of corporate reputation and intentionality; and as a result, company with a higher reputation and unintentionally doing wrong might experience better consumer perceptions, attitudes, intentions and their apologies will be perceived more sincere as opposed to a company with a lower reputation and intentional wrongdoing.

Accordingly, the following hypotheses is developed;

H1: The perception of the apology sincerity will change with regards to reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional).

A company with a good reputation may take advantage of the benefit of the doubt and consumers may treat the company favorably and not hold responsible during product recalls. On the other hand, an unknown firm will not benefit from the positive feelings because there are no positive past experiences toward the firm, and the response and strategy of these firms will shape the consumer reactions (Dean, 2004: 198). Intentional and unintentional actions are perceived and evaluated separately: Intentional actions generate more acclaim and blame then unintentional ones (Malle and Knobe, 1997: 116). Also, acknowledging a person that the wrongdoing was occurred as a result of intentional action is expected to cause anger, while the same wrongdoing will reduce the attributed blame if it happened unintentionally (Malle, 2010: 361). During

organizational crisis, perceived responsibility is the most important component of the evaluation process; which puts extra emphasis on intentionality. If the crisis is perceived to occur as a result of intentional action(s), more responsibility and blame will be attributed to the organization, and consequently expected to negatively influence stakeholders' impression toward the organization (Lee, 2005: 382,387). Since reputation is formed as a result of stakeholders' perceptions or impression of the organization (Chun, 2005: 93), therefore:

H2: Attitude towards the company will change with regards to reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional).

In order to make rational choices, consumers seek information. While positive information can yield to positive attitude and high purchase intention; negative information can inflict negative attitudes and low intention to buy (Chang and Wu, 2014: 209). In case of an unintentional wrongdoing, consumers will process this information in favor of the corporation and will not change their purchase behavior. Also, the positive effect of good reputation on consumers' purchase intention has been stated by many authors (Maden, et al: 2012: 656; Thakur and Hundal, 2008: 99; Shamma, 2012: 160; Laroche, Kim and Zhou, 1996: 120; Goldsmith, Lafferty and Newell, 2000: 315). As a result:

H3: The repurchase intentions will change with regards to reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional).

Apology is used as an expression of responsibility and guilt in situations where the expectancies and confidence of the opposite parties are violated (Kim, Ferrin, Cooper, and Dirks, 2004: 106). During crisis, reputation of the organizations may experience severe damage. Apology is one of the strategies that can be used in order to repair the damage and restore the reputation. As the stakeholders are convinced about the sincerity of the apology, they will believe that violator genuinely shows affection

and considers the feelings of the people (Choi and Chung, 2013:9). On the other hand, insincere apologies may generate more negative consequences to the wrongdoer (Hargie, Stapleton and Tourish, 2010: 724). So:

H4: Perception of apology sincerity will positively influence attitude towards the company.

Previous studies suggest that a good reputation gives companies a competitive advantage since customers see highly-regarded companies as competent; believe that they follow fair trade standards; and assume that reputable companies consider the interests of other stakeholders (Keh and Xie, 2009: 739). A good reputation contributes to overall corporate success (Goldsmith, Lafferty and Newell, 2000: 43) and better purchase intentions (Maden, et al: 2012: 656; Thakur and Hundal, 2008: 99; Shamma, 2012: 160; Laroche, Kim and Zhou, 1996: 120; Goldsmith, Lafferty and Newell, 2000: 53). Also high reputation companies will receive better consumer attitudes (attitude towards company) than low reputation companies (Lyon and Cameron, 2004: 226). Since better attitudes toward the company leads to better behavioral intentions (Mohr, Webb and Harris, 2001: 51), it is hypothesized that:

H5: Attitude towards the company will positively influence the repurchase intention.

In this study, the collective effect of reputation and intentionality is being investigated; therefore, high-reputation firm's intentional and unintentional wrongdoing situations, and low-reputation firm's intentional and unintentional wrongdoing situations is scrutinized. As a result, a 2x2 experimental design is going to be prepared which will generate 4 different scenarios. It is expected that, the relationship between the variables presented in Figure 15, will differ according to those 4 different scenarios. Therefore:

H6: There are significant differences between four different models (High-Reputation Firm / Unintentional Wrongdoing; High-Reputation Firm / Intentional Wrongdoing;

Low-Reputation Firm / Unintentional Wrongdoing; Low-Reputation Firm / Intentional Wrongdoing).

Figure 15: Research Model
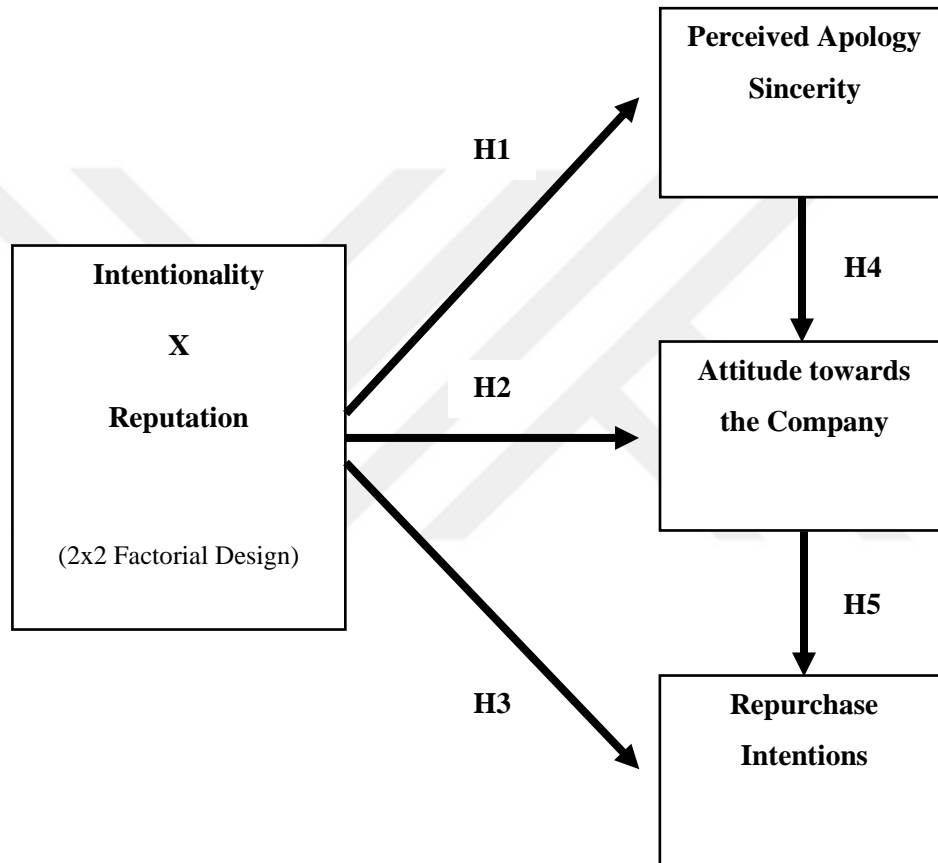
It should be noted that, hypothesis 1, hypothesis 2 and hypothesis 3 examine the difference between the groups for each dependent variable. On the other hand, hypothesis 4, hypothesis 5 and hypothesis 6 focus on the paths between the dependent variables and examine path differences between the scenarios.

3.2. RESEARCH METHOD

3.2.1. Research Design

Since assessing the differences between different treatment conditions is the main direction of this research, an experimental design was used in the study. Experimental designs are beneficial when researchers try to understand cause and effect and draw conclusions (Royne, 2008:482). Conducting an experimental study is an effective method in order to draw causal conclusions, and establish whether or not one or more factors cause a change in the results. By controlling other variables, independent variables are manipulated and changes in the dependent variable(s) can be observed effectively (Gegez, 2015: 189).

A 2x2 between subject design with two levels of firm reputation (high-reputation and low-reputation) and two levels of firm intention (intentional wrongdoing and unintentional wrongdoing) were used in the study (See Figure 16).

Since a customer-brand relationship cannot be established instantly, in both high-reputation and low-reputation firm conditions, subjects read information about real firms. By using real firms, experiments were based on current relations between the target brand and consumers (Xie and Peng, 2010:86).

In this study, existing organizations[6] were used since (Claeys and Cauberghe, 2015:67);

> *"Reputation is a multidimensional construct that develops over time and is constantly renegotiated. Hence, using existing organizations allows us to measure the pre-crisis reputation more validly. Although many studies use fictitious organization in order to rule out potential confounding effects, the use of fictitious organizations entails a difficulty to examine the actual impact of pre-crisis reputation and to accurately measure stakeholders' evaluation of the organizational post-crisis reputation.*

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[6] Company and brand names are not disclosed considering legal and copyright issues.

Even if the measurement contains all the reputational dimensions, it remains hard to examine the impact of reputation based on the priming of the reputational valence at one moment in time. A fair test of the impact of a favorable pre-crisis reputation has to avoid relying on a simple positive message for creating a halo effect. As an alternative, researchers should use existing favorable and unfavorable reputations from actual organizations rather than trying to produce favorable or unfavorable reputations with one message".

Figure 16: 2x2 Between-Subject Factorial Design
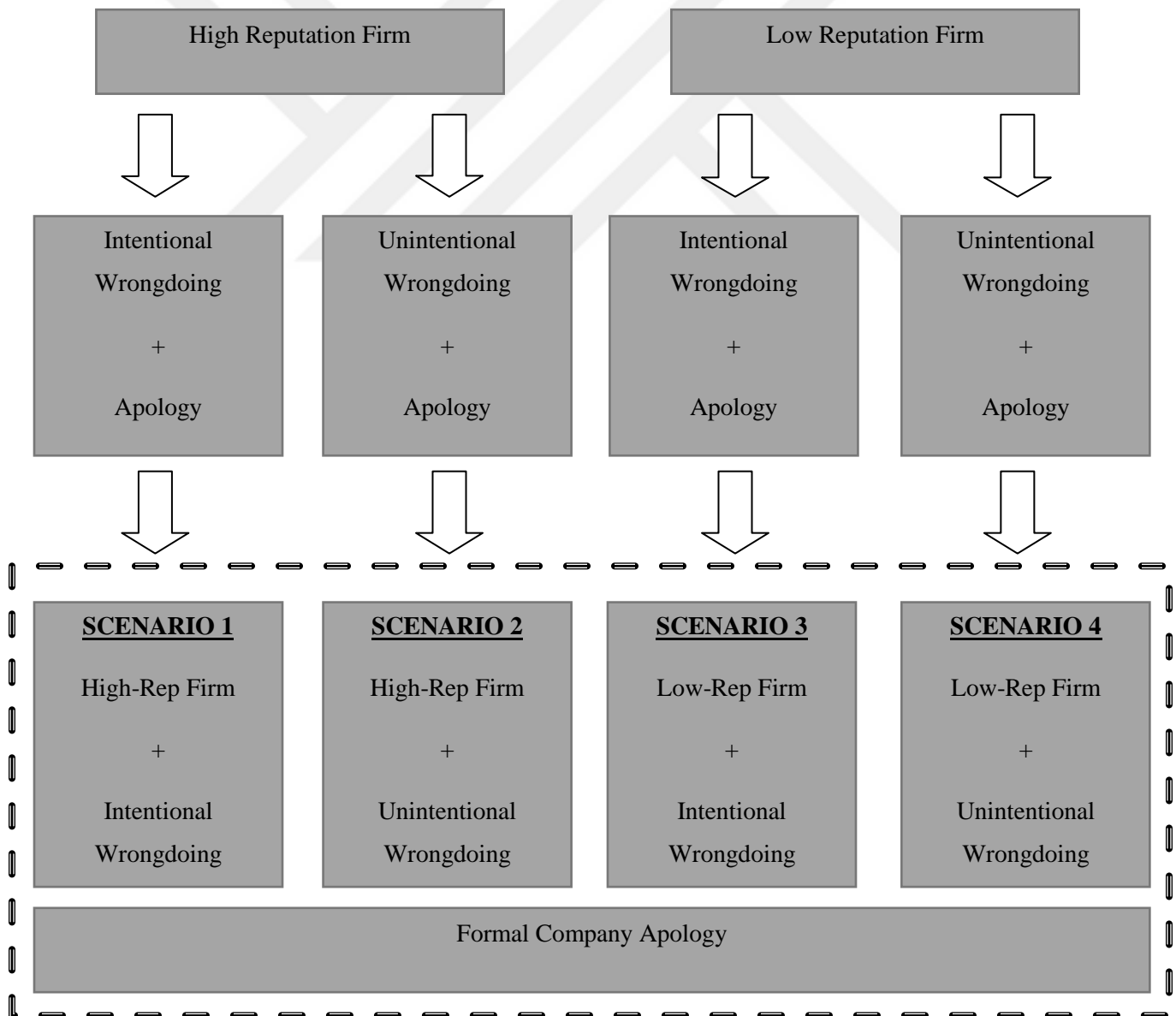
3.2.1.1. Choosing the Product Category

In order to examine the true nature of attitudinal differences, a high-involvement level product is required. Therefore, as a product, smart phones are selected. This category is appropriate since numerous recalls were conducted by many firms in this product type, and majority of consumers are familiar with the product - 96.80 % of households have either cell phone or smart phone (TUİK Haber Bülteni, http://www.tuik.gov.tr/PreHaberBultenleri.do?id=18660, 25.01.2018). Furthermore, as stated in the literature, apology is a more effective strategy when the recalled product is a high-involvement one (Choi and Chung, 2013: 22).

3.2.1.2. Selection of the Firms with High and Low Reputation

In order to determine one high-reputation and one low reputation firm, two pretests were conducted:

First Pretest:

An online survey (*N = 41*) (adapted from Henard and Dacin, 2010:327) was developed and included two open-end questions. At the beginning of the pretest, a basic description of the corporate reputation is given in Turkish: "Corporate reputation is the value that a corporation has in the eyes of people and other corporations" (Ticariyer Kurumsal Pazarlama, 2017; Retrieved on 26.12.2017). Then two questions were asked to the participants. In the first open-end question, participants were asked to list two smart phone firms with the highest reputation. In the second open-end question, participants were asked to list two smart phone firms with the lowest reputation. A snowball sampling was used and 41 respondents were reached. Among those respondents, two high reputation firms and two low reputation firms were selected according to the frequency of the responses. See Table 4 for the first pretests results.

Table 4: First Pretest Results for Reputation

High Reputation		Low Reputation	
FIRM NAME	**Frequency**	**FIRM NAME**	**Frequency**
Firm ABC	**41**	**Firm XYZ**	**21**
Firm B	**35**	**Firm Y**	**8**
Firm Y	1	Firm F	6
Firm X	1	Firm G	6
Firm C	1	Firm H	6
Firm D	1	Firm E	5
Firm E	1	Firm I	4
		Firm J	3
		Firm K	3
		Firm L	3
		Firm M	3
		Firm N	3
		Firm O	2
		Firm B	2
		Firm C	2
		Firm P	1
No Answer	1	No Answer	4
Total	82	Total	82

Second pretest:

An online survey ($N = 102$) (adapted from Claeys and Cauberghe, 2015:67) was developed. At the beginning of the second pretest, the same basic description of the corporate reputation is given in Turkish. Then, the selected four firms from the first pretest were listed separately and respondents were asked to rate the reputation of those four firms on a seven point Likert scale by answering the question: Please rate the following smartphone companies in terms of their corporate reputation with a scale ranging from "(1) Very Low" to "(7) Very High". A snowball sampling was used and 102 respondents were reached. Among those responses, the highest ranked firm was selected as the high reputation firm (Firm ABC), and the lowest ranked firm (Firm XYZ) was selected as the low reputation firm. See Table 5 for the second pretests results.

Table 5: Second Pretest Results for Reputation

	N	Mean	Std. Deviation
Firm ABC	102	6,33	1,146
Firm Y	102	3,95	1,417
Firm XYZ	102	2,77	1,628
Firm B	102	5,68	1,436

In order to see the statistical difference between the highest and lowest measurement, a paired-sample t-test was run with the pretest results of the two firms (See Table 6). All the assumptions of the test were met. According to the paired sample t-test results:

- There is a significant average difference between highest and lowest rated firms (t_{101}= 17.276, p < 0.001)
- On average, highest rated firm is 3.55 points higher than lowest rated firm (95% CI [3.150, 3.967])

Table 6: Paired Samples Test (Reputation)

	Paired Differences							Sig.
				95% Confidence Interval of the Difference				
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	(2-tailed)
Firm ABC - Firm XYZ	3,559	2,080	,206	3,150	3,967	17,276	101	,000

Based on the two pre-tests, the highest rated and the lowest rated firms differed significantly regarding reputation (M_{Low} reputation= 2.77, SD = 1.62 vs. M_{High} reputation= 6.33, SD = 1.14; t (101) = 17.276, p < 0.001).

Choosing these two firms is also consistent with the Interbrand Best Global Brands ratings, which is conducted by Interbrand, a global brand consultancy firm. According to Interbrand report (Interbrand, http://interbrand.com/best-brands/best-global-brands/2017/ranking/, 15.03.2018), Firm ABC is the highest valued company in the world; on the other hand Firm XYZ has been dropped out of ratings in 2015 (Byford, https://www.theverge.com/2015/10/4/9452681/interbrand-best-global-brands-2015, Retrieved on 15.03.2018). Even though, Firm XYZ still fights back in order to capture some presence in the market, phone review websites such as gsmarena.com still thinks that Firm XYZ "struggles to stand out in the crowded Android world of today" (GSM Arena, https://www.gsmarena.com , Retrieved on 05.02.2018). As a result of the pretest results, Interbrand reports and phone review websites; Firm ABC and Firm XYZ were selected to be used in the main study.

3.2.1.2. Preparation of the Scenarios

For the main study, information about those two firms were collected from company websites, and two paragraphs of general information about those companies were prepared. While describing two firms, similar parameters were used; such as year of establishment, industry, how big/small market share is, 2016 profit/loss numbers and Interbrand Best Global Brands rating of the firms.

In intentional and unintentional wrongdoing situations, a combination of several real-life events of previous recall incidents in any industry is used in order to increase the validity (Xie and Peng, 2010: 86). A news website article about the product wrongdoing was given, where in the first scenario the wrongdoing was made intentionally by the firm; and in the second scenario, the wrongdoing was a result of a production error and occurred unintentionally. In the intentional wrongdoing situation;

the news website article's both headline and text clearly presented a confession from the firm about their intentional action causing the harm, and as a result of this product crisis, a product recall is conducted. In the unintentional wrongdoing situation; the news website article's both headline and text acknowledged that the harm occurred as a result of manufacturing defect and it was unintentional. In both articles, arguments were supported by the investigation results of the governmental agencies. In general, articles briefly explained the situation and its consequences in a similar format.

At the end of all four scenarios, same formal company apology is used which also was derived from several real life company apologies (See appendix for the scenarios).

After the creation of scenarios, they were presented to four marketing scholars and two marketing PhD students for revisions. According to their revisions and recommendations, final design of the four experiments were created.

The final design of the study has two reputation conditions (high and low), and two intention conditions (intentional and unintentional). In order to make sure that the intended differences between scenarios regarding the firm reputation and intentionality of wrongdoing were perceived correctly by the participants, two separate manipulation check tests were conducted. According to manipulation check results, one revision for the "reputation text", and five revisions for the "intentionality text" were conducted[7].

i. Manipulation Check for the "Reputation Text"

According to Hoewe (2017: 1) manipulation checks are employed in order to determine whether a manipulation in an experimental design is efficient or not. Manipulation checks ensure that participants perceive, understand, and/or respond

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[7] The first test results revealed that reputation text for the Firm XYZ, positively manipulated the consumer perceptions about the firm. A revision was made to ensure the negative reputation of the company. Similarly, intentionality text didn't differ between intentional and unintentional conditions. Therefore, revisions (such as introducing governmental officers into the process, using more precise wording, eliminating the location of the incidents) were made.

according to the manipulation embodied within the independent variable. Manipulation checks contain one or more questions to assess each participant's perception level of the manipulated variable. If a manipulation check is successful (i.e., there is a significant difference between experimental conditions), it can be concluded that participants correctly perceived, interpreted, or reacted to the stimulus. As a result, the relationship between the independent and dependent variables can be interpreted and generalized more accurately.

To establish whether the scenarios ensure the desired perceptional differences between high reputation condition and low reputation condition, a pretest (*N = 44*) was administered. One of the prepared reputation texts (either high-reputation or low-reputation) was presented to the participants online, and they were requested to rate the reputation of the firm with the following question which was adapted from Claeys and Cauberghe (2015: 67): Please rate the corporate reputation of Firm ABC (Firm XYZ), on a scale of: (1) "Very Low", to (7) "Very High". A convenience sample was preferred, and every participant read and evaluated only one of the reputation conditions.

The statistical difference between the responses to the high-reputation firm condition and low-reputation firm condition was tested by conducting an independent samples t-test (See Table 7 and Table 8). All the assumptions of the test were met. Variances were found to be not equal, therefore t-test was conducted according to this assumption (last row of Table 8).

According to the independent samples t-test results:

• There is a significant average difference between high-reputation firm and low-reputation firm (t [32.34] = 6.140, p = 0.000);

• The difference between the means of high and low reputation firms is 2.64 (95% CI [1.763, 3.511]).

Table 7: Group Statistics for Reputation Text

Group		N	Mean	Std. Deviation	Std. Error Mean
Reputation	Firm ABC	22	6,4091	,95912	,20449
	Firm XYZ	22	3,7727	1,77098	,37757

Table 8: Independent Samples Test (Reputation Text)

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Reputation	Equal variances assumed	11,121	,002	6,140	42	,000	2,63636	,42939	1,76982	3,50291
	Equal variances not assumed			6,140	32,343	,000	2,63636	,42939	1,76209	3,51064

The "Reputation Text" results show that, there is a significant difference between high-reputation text and low-reputation text ($M_{HighReputationText}$ = 6.41, s.d. = .959 vs. $M_{LowReputationText}$ = 3.77, s.d. = 1.771; t (32.34) = 6.140, p = 0.000). Therefore, it has been concluded that, those texts can be used in the final design of the scenarios.

ii. Manipulation Check for the "Intentionality Text"

In order to ensure that there is a difference between the perceptions of intentional wrongdoing scenario and unintentional wrongdoing scenario, a test (*N = 40*) was

conducted. The company name was excluded from the scenarios during the test, and a fictitious company name was used to prevent the consumers' previous judgements and perceptions about the real firm. By using fictitious names, only manipulation of the text (scenarios) was measured. Consequently, the prepared scenarios were presented to the participants, and they were asked to rate the intentionality of the firm about the wrongdoing with the following question which was adapted from Claeys and Cauberghe (2015: 67): Please evaluate the phone explosion incident on a scale of: (1) "Completely Disagree", to (7) "Completely Agree", based on the following statement: Firm ABC (XYZ) intentionally (unintentionally) used risky phone batteries. A convenience sample was used, and every participant read and evaluated only one of the scenarios online.

To see the statistical difference between the evaluations of intentional and unintentional wrongdoing scenarios, an independent samples t-test (See Table 9 and Table 10) was run. All the assumptions of the test were met and variances were found to be equal, therefore t-test was conducted according to this assumption (first row of Table 10).

According to the independent samples t-test results:

•   There is a significant average difference between the evaluations of intentional scenario and unintentional scenario (t [38] = 3.993, p = 0.000);

•   The mean difference between the evaluations of intentional and unintentional wrongdoing scenarios were found to be 1.85 (95% CI [0.912, 2.788]).

Table 9: Group Statistics for Intentionality Text

	Group	N	Mean	Std. Deviation	Std. Error Mean
Intentionality	Intentional	20	5,7500	1,33278	,29802
	Unintentional	20	3,9000	1,58612	,35467

Table 10: Independent Samples Test (Intentionality Text)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Intentionality	Equal variances assumed	,032	,859	3,993	38	,000	1,85000	,46326	,91219	2,78781
	Equal variances not assumed			3,993	36,905	,000	1,85000	,46326	,91127	2,78873

As it can be seen from the test results, there is a significant difference between intentional wrongdoing scenario and unintentional wrongdoing scenario ($M_{Unintentional}$= 3.90, s.d. = 1.59 vs. $M_{Intentional}$ = 5.75, s.d. = 1.33; t (38) = 3.993, p = 0.000). These results suggest that when a person reads the text for intentional scenario, he/she perceives that wrongdoing is intentional; and when a person reads the text for unintentional scenario, he/she perceives that wrongdoing is unintentional. Therefore, it can be concluded that those scenarios can be used in the final design of the study.

iii. Final Design

The final design of the four experiment conditions consists of a cover page and five sections. In the cover page, a brief information about the study is given. The real intent of the study is not explained so as to minimize the chances of experimenter bias

117

(Lafferty and Goldsmith, 2004: 27). In designing the scenarios, real news websites, company websites, real company CEO images, and real phone explosion images were used in order to increase the believability of the experiment. As a means for presenting the news, CNN Turk website was preferred, since a report by Reuters Institute and Oxford University indicates that CNN Turk's website is the most preferred news website in Turkey (Yanatma, Retrieved on 01.02.2018).

The pre-recall phase: In the first section, general information about one company (either high-reputation or low-reputation) is given in few paragraphs. In this section, the products and services of the firm are explained, operations of the firm are defined, and statistical data about the sales numbers and consumer preferences is also given. No information about the product recall is given in that section. After giving the firm information, a basic description of the corporate reputation is given in Turkish: "Corporate reputation is the value that a corporation has in the eyes of people and other corporations" (Ticariyer Kurumsal Pazarlama, 2017; Retrieved on 26.12.2017); and a manipulation check was conducted in order to see that the high-reputation firm indeed has a higher reputation than the low-reputation firm. This section constitutes the pre-recall phase.

The post-recall phase: In the second section, a standard formal company press release about the recall incident is given. In this section, intentionality of the firm is not manipulated, and press release only gives the information about the specifics of the product failure and product recall procedure. In the third section, a website article is presented about the product recall incident. This article explains the reasons of the recall incident and manipulates the intentionality of the firm by explaining the events that led to the failure of the product. At the end of the third section, a manipulation check was conducted in order to ensure that participants perceive the intentional wrongdoing scenario different than the unintentional wrongdoing scenario. In the fourth section, a standard formal company apology is presented to the consumers. In all four scenarios, same formal apology is used. After the apology; perceived apology sincerity, attitude towards the company and repurchase intentions of the consumers are measured to

understand the influence of the firm's intentionality of wrongdoing on consumer perceptions. (This is called post-recall phase). At the fifth and the last section, demographic information of the participants was asked. After completion of the experiment; all participants are presented with a message which informs that all the website articles, recall information and company press releases were fictitious, and were made up as a part of the study. The outline of the procedure is explained in Table 11.

Table 11: Experiment Procedure Outline

	High-Reputation Firm		Low-Reputation Firm	
Section 1	A real, high-reputation firm's information is given in few paragraphs.		A real, low-reputation firm's information is given in few paragraphs.	
	Manipulation Check is conducted (Reputation) (This is called pre-recall phase).			
Section 2	A standard formal company press release about the product recall is given.			
Section 3	**High-Reputation Firm & Intentional Wrongdoing**	**High-Reputation Firm & Unintentional Wrongdoing**	**Low-Reputation Firm & Intentional Wrongdoing**	**Low-Reputation & Unintentional Wrongdoing**
	A news web-site article is presented which explains how the firm intentionally caused the harm.	A news web-site article is presented which explains how the firm unintentionally caused the harm.	A news web-site article is presented which explains how the firm intentionally caused the harm.	A news web-site article is presented which explains how the firm unintentionally caused the harm.
	Manipulation Check is conducted (Intentionality)			
Section 4	A standard formal company apology is presented.			
	After presenting the apology; perceived apology sincerity, attitude towards the company and repurchase intentions are measured to understand the influence of the firm's intentions on consumer reactions. (This is called post-recall phase).			
Section 5	Demographic features of the participants are asked.			

iv. Measurement Scales

In each scenario, consumers' apology sincerity perceptions, attitudes toward the company and repurchase intentions were measured. As a result, differences between the four different treatment conditions were revealed.

The original perceived apology sincerity scale was developed by Choia and Chung (2012). The scale was developed to investigate the apology sincerity perceptions of the consumers after the Toyota recall crisis. There are 4 items which are measured using a 5 point Likert scale. The reliability of the scale was tested and it was found reliable (Cronbach's $\alpha = .86$). The scale was also found to be valid.

The attitude towards company scale was used by Goldsmith, Lafferty and Newell (2000). The scale consists of 5 items using 7 point Likert scale originally. The scale was valid and highly reliable (Cronbach's $\alpha = .94$).

The original purchase intention scale was developed by Lee (2005). The scale was developed to assess the purchase intentions of the consumers after an airline crisis. It consists of three items and its validity has been tested before. It is measured by seven point Likert scale. The scale is found to be highly reliable (Cronbach's $\alpha = .83$)

Manipulation checks were adapted from Claeys and Cauberghe's (2015:67) study. For the corporate reputation manipulation check, a single item (Please rate the corporate reputation of Firm ABC (XYZ) on a scale of : (1) "Very Low", to (7) "Very High") asked the respondents to rate the reputation of the firm, before they read the product recall and wrongdoing information.

For the intentionality manipulation check, a single item (Please evaluate the phone explosion incident on a scale of: (1) "Completely Disagree", to (7) "Completely Agree", based on the following statement: Firm ABC (XYZ) intentionally (unintentionally) used risky phone batteries) asked the respondents to rate the intentionality of the firm, after they read the product recall and wrongdoing information.

All the original scales were in English, therefore they were translated to Turkish with a back translation method, with the help of a marketing professor. After the translation process, they were adapted to product recall situations, in order to better evaluate the responses of the consumers.

The demographic characteristics of the participants were also asked and the questions were based on age, marital status, gender, location, income, education level, current phone brand, current phone brand's year of usage and previous phone brands. Main objective for including these variables in the study were to capture the perceptions and responses of different demographic groups. Also, by investigating the demographic data, the comparisons among respondent subgroups can be utilized.

3.2.2. Research Sample

In order to determine the required sample size for this study, relevant literature on structural equation modeling (SEM) and experimental design is reviewed. Even though, some researchers state that small sample sizes can produce meaningful results in simple SEM models; sample size should be minimum 100 to 150 in order to conduct a SEM analysis. (Wang and Wang, 2012: 391). Following rules of thumbs are provided to improve the efficiency of this experimental study:

- There should be at least five observations per estimated parameter (5:1), but (10:1) is suggested. (Bentler and Chou, 1987: 91).
- For determining the differences between or among groups, Cohen (1988) suggests that, 30 participants per cell will yield to 80% power (VanVoorhis and Morgan, 2007: 48).
- For multi-group modeling, at least 100 cases/observations per group is required (Wang and Wang, 2012: 391).

In this study, there are twelve parameters (four perceived apology sincerity items, five attitude towards company items and three repurchase intention items) and four

different groups. Employing 10:1 rule to 4 groups generates a sample size of 480 (12x10x4), and it is consistent with all of the above rules of thumbs and therefore is acceptable.

Even though, this study aims to reveal the perceptional and attitudinal differences (during product recall incidents) among all age groups; participation of younger users is expected and also desired. This expectation and desire is based on the Nielsen report, which shows that the 98% of the millennials aged 18-24 and 97% of the millennials aged 25-34 owns smart phones (Mobile, 2016). Also according to Turkish Statistical Institute, 31% of the total smart phone users are the young adults between the ages of 18-25; and 38% of the total smart phone users are the young adults between the ages of 26-30 (Kurucu, 2017). These results indicate that, young adults are more familiar with this product category and as a result an appropriate sample for this study.

3.2.3. Pilot Study

In order to ensure that, all created scenarios, manipulations are in line with the desired objective of the study, a pilot study ($N = 40$) was conducted. The prepared four experiments were presented to the participants, and they were asked to fill out the questionnaires. A convenience sample was used, and every participant read and evaluated only one of the four experiments. For each of the scenarios 10 respondents were assigned, and after reaching the desired number, responses were analyzed.

Manipulation results were consistent with the pretests, and there was a significant difference between the evaluations of high-reputation firm and low-reputation firm; and also there was a significant difference between the evaluations of intentional wrongdoing and unintentional wrongdoing conditions (See Table 12). All the assumptions of the test were met. Variances were equal, therefore analysis was conducted according to this assumption.

3.2.3.1. Manipulation Checks

According to the independent samples t-test results for the pilot study, mean for the evaluations of high reputation firm was 2.80 points higher than the low reputation firm (95% CI [2.116, 3.485]) and mean evaluations of intentional wrongdoing scenario was 1.65 points higher than the unintentional scenario (95% CI [0.562, 2.738]). These results confirm the pretest results and state that high reputation firm and low-reputation firm conditions significantly differ from each other; and intentional wrongdoing scenario and unintentional wrongdoing scenario differ significantly from each other (See Table 12). Therefore, it has been concluded that, all the conditions in the pilot study is consistent with the research objectives.

Table 12: Independent Samples Test (Pilot Study Reputation and Intentionality)

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Reputation	Equal variances assumed	,117	,734	8,276	38	,000	2,80000	,33834	2,11507	3,48493
	Equal variances not assumed			8,276	37,949	,000	2,80000	,33834	2,11504	3,48496
Intentionality	Equal variances assumed	,711	,404	3,070	38	,004	1,65000	,53742	,56206	2,73794
	Equal variances not assumed			3,070	37,145	,004	1,65000	,53742	,56124	2,73876

3.2.3.2. Pilot Study Findings

Even though the number of respondents in the pilot study is limited, exploratory factor analysis can yield reliable solutions for sample sizes below 50 (de Winter, Dodou and Wieringa, 2009: 168); therefore, factor loadings of the items were measured by using EFA. A Maximum Likelihood (ML) Analysis with a Varimax rotation of 12 Likert scale questions from the pilot study was conducted on data which was gathered from 40 participants. Maximum Likelihood method is preferred because when factors are highly correlated with highly unequal loadings within a factor, then the ML solution will better explain the pattern (de Winter and Dodou, 2012: 708). The Kaiser-Meyer Olkin measure of sampling adequacy revealed that the sample was factorable (KMO=.892) (See Table 13).

Table 13: Pilot Study KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,892
Bartlett's Test of Sphericity	Approx. Chi-Square	576,944
	df	66
	Sig.	,000

While conducting the analysis, fixed number of 3 factors is chosen and loadings less than 0.50 are excluded. Rotated Factor Matrix reveal that, all five attitude towards company items are loaded on the first factor; all four apology sincerity items are loaded on the second factor; and all repurchase intention items are loaded on the third factor. (See Table 14). Three factor solution explained the 82% of the variance which is over the acceptable value of 60% (Hair, Jr, Black, Babin and Anderson, 2010: 109).

Table 14: Pilot Study Rotated Factor Matrix[a]

		Factor		
		1	2	3
Perceived Apology Sincerity	The company's apology was sincere		,894	
	The company's apology moved my heart		,649	
	The company's apology was trustworthy		,923	
	The company's apology was candid		,829	
Attitude towards the Company	My overall impression of the _____ company is: Bad / Good	,770		
	My overall impression of the _____ company is: Unfavorable / Favorable	,846		
	My overall impression of the _____ company is: Unsatisfactory / Satisfactory	,874		
	My overall impression of the _____ company is: Negative / Positive	,820		
	My overall impression of the _____ company is: Disliked / Liked	,725		
Repurchase Intention	I will consider _____ when I plan to buy a smart phone			,668
	I will hesitate in choosing _____ to buy a smart phone			,627
	How likely will you buy a smart phone from____?			,600

Extraction Method: Maximum Likelihood.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

Reliability analysis of the scales also reveal that, Perception of Apology Sincerity scale has a Cronbach's α = .942; Attitude towards the Company scale has a Cronbach's α = .963; and Repurchase Intention scale has a Cronbach's α = .781 of reliability. Even though all scales have acceptable reliabilities; the results reveal that the reliability of Repurchase Intention scale will improve if reversed coded Repurchase Intention 2 item (I will hesitate in choosing _____ to buy a smart phone) is

deleted (See Table 15). Since the reliability coefficient for the whole scale including all three items is 0.781, which is considered to be acceptable (Darren and Mallery, 2016: 240), this is not a point of concern at the moment and deletion of this item will be evaluated according to the results of the confirmatory factor analysis during the main application.

Table 15: Pilot Study Item-Total Statistics for Repurchase Intention Scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I will consider _____ when I plan to buy a smart phone	7,1500	12,079	,801	,491
I will hesitate in choosing _____ to buy a smart phone	7,2250	16,999	,377	,949
How likely will you buy a smart phone from _____?	7,3250	12,994	,729	,580

Since pilot study sample size is below the required limits of SEM, a MANOVA is conducted. The sample size is satisfactory, also the sample size is bigger than the number of dependent variables. There are no outliers in our data, but normality assumption is violated.

Also, there needs to be moderate correlation among the dependent variables where the correlation coefficient should be about |0.6| (absolute value of 0.6) (Tabachnick and Fidell, 2007: 268), but it should not be over 0.80 or .90 (Advanced ANOVA/MANOVA, https://en.wikiversity.org/wiki/Advanced_ANOVA/MANOVA, Retrieved on 05.04.2018). The correlation coefficients are below that and correlated between the acceptable terms (0.222, 0.347, 0.604, 0.745 and 0.797). Box M tests the equality of covariance matrices, and the results of this test is over 0.001, which means assumption is met.

Since the normality assumption was violated, the Pillai's trace criterion was checked. As it can be seen from Table 16, there is a significant difference between the

scenarios. Even though the differences are not significant on every level, when multiple comparisons table is checked, the significant differences between different levels of independent variables (scenarios) can be seen. These results confirm the main assumption of this study about the differences among the scenarios (See Appendix).

Table 16: Pilot Study Multivariate Tests[d]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Group	Pillai's Trace	,711	3,728	9,000	108,000	,000	,237	33,549	,989
	Wilks' Lambda	,369	4,666	9,000	82,898	,000	,283	32,695	,985
	Hotelling's Trace	1,495	5,426	9,000	98,000	,000	,333	48,831	1,000
	Roy's Largest Root	1,333	15,990[c]	3,000	36,000	,000	,571	47,971	1,000

a. Exact statistic

b. Computed using alpha = ,05

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

d. Design: Intercept + Group

3.2.3. Analysis Method

Structural Equation Modeling (SEM) is an effective technique in order to examine the correlational or observational data; and it can also be used in analyzing the (factorial) experimental designs. According to McKenzie (2001: 161); structural equation modeling "…has the potential to fundamentally improve experimental research in the field." SEM can be used in analyzing the more complex or more typical experimental designs (Kano, 2001: 381). Even though ANOVA, ANCOVA, MANOVA and MANCOVA are the most preferred techniques to analyze the factorial designs (Wetzels, Lindgreen, de Ruyter, and Wouters, 2005: 226); SEM has many advantages over those approaches, such as "handling latent variables with measurement errors and

isolating mediating effects between endogenous variables" (Michon and Chebat, 2008: 299). "SEM also allows to relax some of the assumptions of the traditional approaches and to test more rigorously for the hypothesized experimental effects" (Wetzels, Lindgreen, de Ruyter, and Wouters, 2005: 227).

On the other hand, Multivariate analysis of variance (MANOVA) is concerned with mean differences and statistical significance of differences among groups when there are several dependent variables (Hair, et al, 2010: 350, Tabachnick and Fidell, 2007: 243). MANOVA is an effective technique when comparing group differences on several dependent variables, where intercorrelations among the dependent variables are taken into consideration. By employing MANOVA, inflated Type I error is also reduced (Dwyer, Gill and Seetaram, 2012: 22).

In this study, hypotheses 1, hypotheses 2 and hypotheses 3 focus on the collective effect of intentionality and reputation of the company on dependent variables, therefore MANOVA is employed. On the other hand, hypotheses 4, hypotheses 5 and hypotheses 6 focus on the path differences between the dependent variables; therefore, to conduct a model comparison, SEM is employed.

3.3.   MAIN STUDY FINDINGS

Four surveys were created and distributed online, where each version corresponds to one experimental condition. Snowball sampling was used and each version was sent to different contacts in order to ensure that every participant read and evaluated only one of the scenarios. The online surveys were kept open to access until the desired number of responses reached (as it was explained on page 123; employing 10:1 rule to 12 items and to 4 groups requires a sample size of 480 (12x10x4)). After 40 days, total of 735 responses were received.

The number of responses to Scenario 1 was 170; Scenario 2 was 200; Scenario 3 was 190 and Scenario 4 was 175. First, the responses were screened for the missing data. There weren't any missing data in the numerical data, but 69 respondents didn't answer

one of the categorical questions which was asking respondents how long they have been using their current brand. Furthermore, one of the respondents didn't answer four of the categorical questions.

Second, the data was visually inspected for the unengaged responses. After screening the data, it was found that five participants (Case # 90, 144, 266, 625, and 688) gave the same responses to every single item, and therefore those five cases are removed.

Table 17: Main Study Skewness and Kurtosis Values

	N	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
The company's apology was sincere	730	**-0,329**	0,09	**-0,878**	0,181
The company's apology moved my heart	730	**0,442**	0,09	**-0,851**	0,181
The company's apology was trustworthy	730	**-0,174**	0,09	**-1,1**	0,181
The company's apology was candid	730	**-0,132**	0,09	**-1,107**	0,181
My overall impression of the _____ company is: Bad / Good	730	**-0,306**	0,09	**-0,734**	0,181
My overall impression of the _____ company is: Unfavorable / Favorable	730	**-0,283**	0,09	**-0,951**	0,181
My overall impression of the _____ company is: Unsatisfactory / Satisfactory	730	**-0,242**	0,09	**-1,065**	0,181
My overall impression of the _____ company is: Negative / Positive	730	**-0,262**	0,09	**-0,894**	0,181
My overall impression of the _____ company is: Disliked / Liked	730	**-0,211**	0,09	**-1,02**	0,181
I will consider _____ when I plan to buy a smart phone	730	**0,068**	0,09	**-1,482**	0,181
I will hesitate in choosing _____ to buy a smart phone	730	**0,161**	0,09	**-1,435**	0,181
How likely will you buy a smart phone from _____?	730	**0,277**	0,09	**-1,412**	0,181

Third, the data was examined in order to detect the univariate outliers. Since there is only one continuous variable (current brand's usage year), an outlier analysis was conducted based on that variable. There wasn't any outliers and current brand usage mean is 4.35 years.

Last, the skewness and kurtosis values were checked in order to see the deviation from normality. As it can be seen in Table 17, all the skewness and kurtosis values are between -2 and 2, therefore are acceptable (George and Mallery, 2016: 115).

3.3.1. Demographic Characteristics of the Respondents

In terms of age, most of the participants are between the age of 25 and 34 with 35.5%, followed by 35-44 age group with 28%, 18-24 age group with 17% and 45-54 age group with 13 %. Nearly 5% of the participants are between the age of 55 and 64, and very small percent of the participants are less than 18 years old (0.8%) and more than 65 years old (0.4%) (See Table 18). The results reveal that majority (63 %) of the respondents are between the ages of 25 to 44.

Table 18: Demographic Characteristics of the Sample according to Age

AGE	Frequency	Percent
Less than 18 years old	6	,8
18-24	127	17,4
25-34	259	35,5
35-44	205	28,1
45-54	95	13,0
55-64	35	4,8
65 years and older	3	,4
Total	730	100,0

Demographic characteristics of respondents in terms of marital status and gender is shown on Table 19. Most of the respondents are married (58%), and 41% are single. Three respondents identified themselves as engaged and one respondent identified herself as widowed. As for the gender, the number of male and respondents are close to each other where 53% of them are male and 47% are female.

Table 19: Demographic Characteristics according to Marital Status and Gender

		Frequency	Percent
MARITAL STATUS	Single	301	41,2
	Other (Widowed)	1	,1
	Married	425	58,2
	Other (Engaged)	3	,4
	Total	730	100,0
GENDER	Male	389	53,3
	Female	341	46,7
	Total	730	100,0

The respondents who participated in this study were from 61 different locations (Table 20) across Turkey, where 148 (20%) of them from Istanbul, 118 of them from Izmir (16%) and 77 (11%) of them from Bursa; which are also the largest cities of Turkey in terms of population according to Turkish Statistical Institute 2018 census data (http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=1590, Retrieved on 13.04.2018). There were 17 participants who answered the questionnaire from abroad and one of the respondents didn't disclose his location.

Table 20: Demographic Characteristics according to Location

Location	Frequency	Percent	Location	Frequency	Percent
Abroad	17	2,3	Kahramanmaraş	2	,3
Adana	25	3,4	Kars	1	,1
Adıyaman	1	,1	Kayseri	13	1,8
Afyon	1	,1	Kırklare	1	,1
Afyonkarahisar	1	,1	Kilis	1	,1
Ağrı	6	,8	Kocaeli	21	2,9
Aksaray	1	,1	Konya	4	,5
Almanya	1	,1	Kütahya	8	1,1
Amasya	1	,1	Malatya	1	,1
Ankara	33	4,5	**MANİSA**	**54**	**7,4**
Antalya	10	1,4	Mardin	9	1,2
Ardahan	6	,8	Mersin	8	1,1
Aydın	2	,3	Muğla	3	,4
Balıkesir	10	1,4	Muş	1	,1
Bolu	2	,3	Nevşehir	1	,1
BURSA	**77**	**10,6**	Orta Karadeniz	1	,1
Çanakkale	2	,3	Osmaniye	1	,1
Diyarbakır	5	,7	Rize	1	,1
Düzce	1	,1	Sakarya	3	,4
Edirne	19	2,6	Samsun	6	,8
Erzincan	1	,1	Sinop	2	,3
Erzurum	1	,1	Sivas	5	,7
Eskişehir	4	,5	Şanlıurfa	9	1,2
Gaziantep	4	,5	Tekirdağ	9	1,2
Gümüşhane	1	,1	Tokat	16	2,2
Hatay	1	,1	Trabzon	3	,4
Iğdır	14	1,9	Urfa	2	,3
Isparta	3	,4	Van	15	2,1
İskenderun	1	,1	Yozgat	1	,1
İSTANBUL	**148**	**20,3**	Zonguldak	9	1,2
İZMIR	**118**	**16,2**			
İzmit	1	,1	**Total**	**729**	**100,0**

Income level of the participants varied across four levels, where the percent of participants in three income levels are close to each other. While participants with low and middle income levels are closely represented (less than 1600 TL - 2000 TL with 23.7 %, 2001-4000 TL with 31.3 % and 4001-6000 TL with 28.6 %); participants with

higher income levels (6001 TL - more than 7000 TL) are less represented in this study with 16.4 %. (See Table 21)

Table 21: Demographic Characteristics according to Income Level

	Frequency	Percent
Less than 1600 TL – 2000 TL	173	23,7
2001 TL - 4000 TL	228	31,3
4001 TL - 6000 TL	209	28,6
6001 TL – More than 7000 TL	120	16,4
Total	730	100,0

Education level of the respondents shows that nearly 90% of the respondents have some level of college degree. Half of the respondents (50%) had an undergraduate degree, 31% of them had a graduate degree, and 9% has an associate degree. Nearly 9% had a high school diploma and about 2% of them only had primary education (Table 22).

Table 22: Demographic Characteristics according to Education

	Frequency	Percent
Primary Education	13	1,8
High School	64	8,8
Associate Degree	63	8,6
Undergraduate	365	50,0
Graduate Degree	225	30,8
Total	730	100,0

In terms of current phone brand, 22 different brands were indicated and three respondents didn't reveal their current phone brand. Brands that were used by most of the respondents were Apple with 40% followed by Samsung with 34%. The details can be seen in Table 23.

Table 23: Demographic Characteristics according to Current Phone Brand

Brand	Frequency	Percent
Alcatel	1	0,1
Apple	**295**	**40,6**
Asus	18	2,5
Blackberry	2	0,3
C5 Mobile	1	0,1
Casper	8	1,1
General Mobile	18	2,5
Honor	1	0,1
HTC	12	1,7
Huawei	13	1,8
Lenovo	8	1,1
LG	41	5,6
Nokia	5	0,7
OnePlus	2	0,3
Reeder	2	0,3
Samsung	**248**	**34,1**
Sony	26	3,6
Türk Telekom	1	0,1
Turkcell	3	0,4
Ulefone	1	0,1
Vestel	9	1,2
Xiaomi	12	1,7
Total	727	100

Participants' time duration of the usage of their current phone brand was also asked in order to see their attachment and loyalty level to the brands. The results indicate that, the mean for current phone brand usage year is 4.35 years. Among 662 valid responses, 72% of the participants expressed that they have been using their current brand for between 1 and 5 years, and nearly 26% have been using their current brand for between 6 and 10 years. A small percentage of respondents (2%) have been using the same brand for more than 11 years (See Table 24).

Table 24: Demographic Characteristics according to Current Phone Brand Usage Year

	Frequency	Percent
Less than a year	1	,2
1 year – 5 years	477	72,0
6 years – 10 years	171	25,8
11 years or more	13	2,0
Total	662	100

The last demographic question asked respondents to list their previous phone brands. As it can be seen on Table 25, twenty-three different phone brands were specified by the participants, where 349 of the participants used Samsung brand in the past; Apple, Nokia, Sony and LG were also highly preferred brands by the participants.

Table 25: Demographic Characteristics according to Previous Phone Brands

Brand	Frequency	Brand	Frequency	Brand	Frequency
Samsung	349	Asus	9	Zte	2
Apple	115	Huawei	8	Microsoft	1
Nokia	103	Siemens	7	Palm	1
Sony	75	Casper	6	Vertu	1
LG	63	Turkcell	5	Alcatel	1
HTC	32	Vestel	4	I-Jam	1
Blackberry	27	Panasonic	4	**NONE**	**26**
GM	25	Lenovo	3		
Motorola	16	Philips	2		

Lastly, in order to evaluate the generalizability of the findings, correlation test and ANOVA were conducted to examine the relationships between age, marital status, gender, income, and education; and perceived apology sincerity, attitude towards company and repurchase intentions. Results revealed no statistically significant findings between variables, which validates the generalizability of the findings across age, marital status, gender, income, and education (See Appendix).

135

3.3.2. Exploratory Factor Analysis

In order to see the factor structure of the study, an exploratory factor analysis (EFA) with maximum likelihood method and promax rotation was conducted. According to EFA results, The Kaiser-Meyer Olkin measure of sampling adequacy revealed that the sample was factorable (KMO=.920) with a significant Bartlett's Test of Sphericity (.000) (Hair, Jr, Black, Babin and Anderson, 2010: 106)

Table 26: Main Study KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,920
Bartlett's Test of Sphericity	Approx. Chi-Square	9736,459
	Df	66
	Sig.	,000

While conducting the analysis, fixed number of 3 factors is chosen and loadings less than 0.40 are excluded. To see the correlation of an item with all other items, the communalities table is checked. Higher communalities are preferred, since lower value may indicate a potential loading problem for that particular item. Therefore, communalities lower than 0.4 should be removed (Gaskin, http://statwiki.kolobkreations.com/index.php?title=Exploratory_Factor_Analysis, 27.03.2018). As it can be seen in Table 27, the second repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) has a value of 0.125 and is below 0.4 threshold, and is a candidate for removal, which is parallel with the reliability test conducted in the pilot study (See page 127).

Table 27: Main Study Communalities

		Initial	Extraction
Perceived Apology Sincerity	The company's apology was sincere	,719	,751
	The company's apology moved my heart	,545	,556
	The company's apology was trustworthy	,844	,902
	The company's apology was candid	,842	,902
Attitude towards the Company	My overall impression of the _____ company is: Bad / Good	,833	,842
	My overall impression of the _____ company is: Unfavorable / Favorable	,869	,880
	My overall impression of the _____ company is: Unsatisfactory / Satisfactory	,860	,863
	My overall impression of the _____ company is: Negative / Positive	,869	,895
	My overall impression of the _____ company is: Disliked / Liked	,850	,867
Repurchase Intention	I will consider _____ when I plan to buy a smart phone	,798	,886
	I will hesitate in choosing _____ to buy a smart phone	,119	,125
	How likely will you buy a smart phone from_____?	,766	,842

Extraction Method: Maximum Likelihood.

When the Total Variance Explained is examined, it can be seen that three-factor solution explains the 77% of the total variance which is over the acceptable value of 60% (Hair et al., 2010: 109) (See Table 28). Rotated Factor Matrix reveal that, all five attitude towards the company items are loaded on the first factor; all four apology sincerity items are loaded on the second factor and all repurchase intention items are

loaded on the third factor (See Table 29). It can also be seen that loading of the reverse coded repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) is low (0.371); but according to Hair et al. (2010: 117), if the sample size is above 350, a factor loading of .30 is significant. As a result, none of the items are removed from the analysis at this point.

Table 28: Main Study Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	7,311	60,921	60,921	7,151	59,588	59,588	6,569
2	1,939	16,159	77,081	1,743	14,521	74,109	4,895
3	,914	7,613	84,694	,418	3,484	**77,593**	5,105
4	,502	4,181	88,875				
5	,383	3,193	92,068				
6	,206	1,718	93,787				
7	,183	1,524	95,311				
8	,161	1,343	96,654				
9	,124	1,034	97,688				
10	,104	,869	98,558				
11	,096	,804	99,361				
12	,077	,639	100,000				

Extraction Method: Maximum Likelihood.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 29: Main Study Pattern Matrix[a]

		Factor		
		1	2	3
Perceived Apology Sincerity	The company's apology was sincere		,865	
	The company's apology moved my heart		,717	
	The company's apology was trustworthy		,951	
	The company's apology was candid		,954	
Attitude towards the Company	My overall impression of the _____ company is: Bad / Good	,891		
	My overall impression of the _____ company is: Unfavorable / Favorable	,914		
	My overall impression of the _____ company is: Unsatisfactory / Satisfactory	,872		
	My overall impression of the _____ company is: Negative / Positive	,971		
	My overall impression of the _____ company is: Disliked / Liked	,825		
Repurchase Intention	I will consider _____ when I plan to buy a smart phone			,813
	I will hesitate in choosing _____ to buy a smart phone			,371
	How likely will you buy a smart phone from____?			,837

Extraction Method: Maximum Likelihood.

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

3.3.3. Validity and Reliability of the Study

In order to assess the validity of the study, several criteria were taken into consideration. First of all, to ensure that there aren't any confounding variables in the study, the literature have been carefully reviewed and the casual relationship between variables are supported. This causal relationship between the variables also demonstrates the internal validity of the study. Secondly, employing a between-subject design (using separate samples for every scenario) prevented participants seeing the other versions of

the study, as to minimize the chances of experimenter bias. In that extent, the real intent of the study is not explained before and during the study. Third, by using real firms, internal validity of the study is wanted to be enhanced since the experimenters' real attitudes toward the organizations are aimed to be measured. Also, using an online survey led to randomly assigning respondents to the treatment groups, which eliminated the selection bias. Fourth, total of seven pretests, one pilot study and several manipulation checks were conducted in order to increase the construct validity. Fifth, in order to achieve high statistical power, a total of 730 responses have been collected, and by using adequate measures, construct validity is ensured. Sixth and the last, to achieve external validity, the surveys were distributed to all regions of Turkey to be able to generalize results to the whole population. Also demographic questions such as age, education, income, gender, location, previous phone brands and current phone brand have been included in the study in order to capture a more representative sample.

3.3.3.1. Convergent Validity

According to Hair et.al (2010: 124), convergent validity evaluates the degree of correlation within the same concept. As it can be seen on pattern matrix (Table 29), loadings of eleven items are above the 0.7 threshold and do not raise any concerns. On the other hand, the loading of reverse coded repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) is low (0.371); which means the correlation of this item with Factor 3 is below the desired loading level. According to Hair et.al (2010: 115), if the sample size is above 350, factor loading of .30 is significant; but regardless of the sample size, a loading of 0.5 or above is desired and 0.7 is   preferred   (Gaskin, http://statwiki.kolobkreations.com/index.php?title=Exploratory_Factor_Analysis, Retrieved on 28.03.2018). It can be stated that, this item is a potential candidate for a removal from the analysis, but this decision will be based on the confirmatory factor analysis results.

3.3.3.2. Discriminant Validity

Hair et.al (2010: 124) defines discriminant validity as the degree of correlation between two conceptually similar concepts. As an evidence for discriminant validity, the pattern matrix (Table 29) was examined. It can be seen that variables are loading significantly only on one factor and cross-loadings don't exist. To validate the discriminant validity, Factor Correlation Matrix was also examined. For a significant discriminant validity, correlations between factors should not exceed 0.7. Table 30 shows that, the correlation between Factor 1 (Attitude towards company) and Factor 3 (Repurchase Intentions) is 0,775, and over the desired level. This is a point of concern and it might create a problem in the analysis. Removing the reverse coded repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) might resolve this problem, but deletion of any item will be conducted after the Reliability Analysis and Confirmatory Factor Analysis.

Table 30: Main Study Factor Correlation Matrix

Factor	1	2	3
1	1,000	,560	,775
2	,560	1,000	,420
3	,775	,420	1,000

Extraction Method: Maximum Likelihood.
 Rotation Method: Promax with Kaiser
Normalization.

3.3.3.3.   Reliability

Reliability is the level of consistency between the items within a single factor and can be assessed by measuring the Cronbach's alpha of the entire scale (Hair et al., 2010: 123). Reliability analysis of the scales show that, Perception of Apology Sincerity scale has a Cronbach's α = .930; Attitude towards the Company scale has a Cronbach's α = .969; and Repurchase Intention scale has a Cronbach's α = .754 of reliability. The lower

limit for Cronbach's alpha is .70 and all scales in this study have acceptable reliabilities (Darren and Mallery, 2016: 240). However, the reliability analysis results reveal that the reliability of repurchase intention scale will improve if reverse coded repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) is deleted (See Table 31).

Table 31: Main Study Item-Total Statistics for Repurchase Intention Scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I will consider _____ when I plan to buy a smart phone	7,2370	13,182	,735	,485
I will hesitate in choosing _____ to buy a smart phone	7,3219	18,795	,337	,926
How likely will you buy a smart phone from _____?	7,5233	13,361	,727	,496

3.3.4. Confirmatory Factor Analysis

3.3.4.1. Model Fit

A confirmatory factor analysis (CFA) was conducted, the results of the analysis presented in Figure 17. Modification Indices are examined, and necessary covariations between the errors (between e10 and e11; and e10 and e12) were conducted; and as a result, overall fitness of the model was improved. For the convergent validity, all factor loadings should be above 0.70. According to CFA results all loading are above 0.70 except reverse coded Repurchase intention item (I will hesitate in choosing _____ to buy a smart phone) which is 0.35. These values are consistent with the EFA results and deletion of repurchase intention item is required. As for the discriminant validity, correlations between factors are also consistent with EFA results. Correlations between exogenous constructs should not exceed 0.85 (Awang, 2012: 55). Since all correlation values are below 0.85, convergent validity of the study is proven.

142

Figure 17: Initial CFA Results
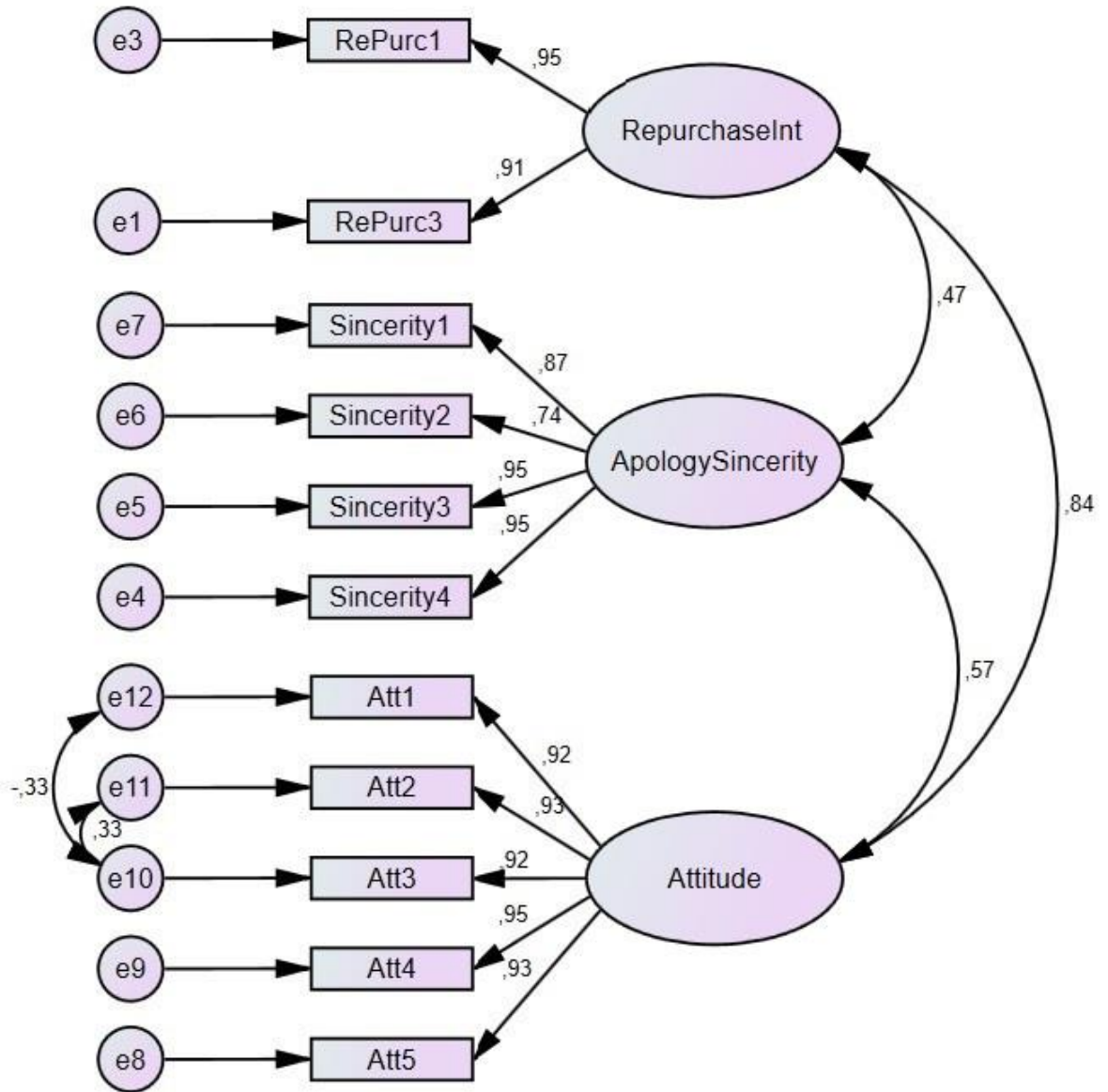
Both EFA and CFA results show that, the second repurchase intention item has small loadings and needs to be deleted. This item was removed from the model and a CFA was conducted without repurchase intention item. Deleting this item didn't significantly affect overall model fit, therefore modified model is retained; and all further analyses throughout the study is conducted without this item. Reference values for the model fit, model fit results with repurchase intention item (I will hesitate in

choosing _____ to buy a smart phone) and model fit results without this item is presented in Table 32.

Table 32: Model Fit Reference Values and Initial CFA Results

MEASURE	Level of Acceptance	with Repurchase2R	without RepPurchase2R
Chi-square	P-value > 0,05	0,00	0,00
Chi-Square/df	X^2/df < 3,0 good, X^2/df < 5,0 acceptable	169/49= 3,44	163/39= 4,17
CFI	CFI > 0,95 great CFI > 0,90 good	0,988	0,987
GFI	GFI > 0,90	0,963	0,961
AGFI	AGFI > 0,90 good AGFI > 0,80 acceptable	0,941	0,934
RMR[**]	SRMR < 0,05 perfect SRMR < 0,08 good	0,091[**]	0,093[**]
SRMR[**]	SRMR < 0,05 perfect SRMR < 0,08 good	0,0248[**]	0,0256[**]
NFI	NFI > 0,90	0,983	0,983
NNFI (TLI)	NNFI > 0,90	0,983	0,982
RMSEA	RMSEA < 0,08	0,058	0,066
PCLOSE	PCLOSE > 0,05	0,081	0,06
[*] X^2 statistic alone is not a measure for the model fit and other measures needs to be considered too (Schermelleh-Engel, Moosbrugger and Müller, 2003: 33) [**] Not applicable when number of observed variables are 12 or less (Hair et al., 2010: 654)			
CFI (Comparative fit index); **GFI** (Goodness of fit index); **AGFI** (Adjusted goodness of fit index); **RMR** (Root mean square residual); **SRMR** (Standardized root mean square residual); **NFI** (Normed fit index); **NNFI** (Non- normed fit index); **TLI** (Tucker-Lewis index); **RMSEA** (Root mean square error of approximation); **PCLOSE** (Test of close fit)			

Source: Awang, 2012: 56; Hair et al., 2010: 654, 698

As it can be seen from the results, p value is significant in both conditions (before and after the deletion of the item), where it should be insignificant. However, X^2 statistic alone is not a measure for the model fit and other measures need to be considered, too (Schermelleh-Engel, Moosbrugger and Müller, 2003: 33). All other values are within the level of acceptance, which is an evidence for a model fit. Therefore a further analysis with the grouping variable (scenarios) can be conducted.

3.3.4.2. Measurement Model Invariance

Before conducting a path analysis, configural and metric invariance should be tested in order to ensure that factor structure and loadings are similar across groups (four different scenarios). After the grouping variables are inserted in the model, first a configural invariance test was conducted. CFA results reveal that there is a configural invariance and factor structure has adequate goodness of fit when analyzing a freely estimated model across four groups (See Table 33).

Table 33: Model Fit Reference Values and CFA Results with Grouping Variable

MEASURE	Level of Acceptance	Model Fit Results
Chi-square	P-value > 0,05	0,00
Chi-Square/df	X^2/df < 3,0 good, X^2/df < 5,0 acceptable	326/156= 2,08
CFI	CFI > 0,95 great CFI > 0,90 good	0,980
GFI	GFI > 0,90	0,927
AGFI	AGFI > 0,90 good AGFI > 0,80 acceptable	0,877
RMR[*]	RMR < 0,05 perfect RMR < 0,08 good	0,120[*]
SRMR[*]	SRMR < 0,05 perfect SRMR < 0,08 good	0,0343[*]
NFI	NFI > 0,90	0,962
NNFI (TLI)	NNFI > 0,90	0,971
RMSEA	RMSEA < 0,08	0,039
PCLOSE	PCLOSE > 0,05	0,999
[*] Not applicable when number of observed variables are 12 or less (Hair et al., 2010: 654)		

Secondly, in order to see that latent constructs are equivelant across multiple groups, a metric invariance test was conducted. Metric invariance test ensures that

factors in each group are measuring the same thing. Even though chi-square difference test is the most common way to measure the metric invariance, because of its dependence on sample size, some researchers use different methods. According to Cheung and Rensvold (2002: 251) ΔCFI (CFI difference) is an effective test for measuring the invariance across groups in CFA models because they are not affected by the sample size. They concluded that a value of ΔCFI ($\Delta CFI = CFI_c - CFI_{uc}$) smaller than or equal to -0.01 proves the metric invariance. The value of CFI differences between constrained measurement model and unconstrained measurement model is -0,004 (ΔGFI = 0,976-0,980). Therefore, it can be concluded that there is a metric invariance across groups, which means instruments in each group are measuring the same constructs. This verifies that the "comparisons across groups are valid and the differences/similarities between groups can be meaningfully interpreted" (Milfont and Fischer, 2010: 111).

3.3.4.3. Validity and Reliability

As it can be seen on Table 34, convergent validity of the study is proven since all Average Variance Extracted (AVE) values are over 0.50; and reliability of the study is confirmed since all Compostite Reliability (CR) values are over 0.70 (Hair et al., 2010: 689, Tur Porcar and Ribeiro Soriano, 2018: 21). Discriminant validity of the study is also established since square root of all AVE values are greater than intercorrelation values (Hair et al., 2010: 690, Tur Porcar and Ribeiro Soriano, 2018: 23). CFA loadings, t-values, CR and AVE values, mean scores and standard deviations are presented in Table 35.

Table 34: Composite Reliability and Average Variance Extracted Results for CFA

	CR	AVE	MSV	MaxR(H)	Repurchase Intention	Apology Sincerity	Attitude Towards the Company
Repurchase Intention	0,927	0,864	0,702	0,934	**0,929**[*]		
Apology Sincerity	0,932	0,777	0,326	0,958	0,467	**0,881**[*]	
Attitude towards the Company	0,969	0,863	0,702	0,970	0,838	0,571	**0,929**[*]
CR (Composite Reliability); **AVE** (Average Variance Extracted); **MSV** (Maximum Shared Variance); **MaxR(H)** (Maximal Reliability) *Square root of AVE							

Table 35: Confirmatory factor analysis and reliability results with Grouping Variable

Constructs	Scale Items	Standardized Loadings	t-value	CR	AVE	Means Score	Item SD
Perceived Apology Sincerity	Sincerity1	,89	22,014	,932	,777	4,45	1,87
	Sincerity2	,80	15,935			3,13	1,81
	Sincerity3	,96	31,209			4,12	1,91
	Sincerity4	,97	*			4,03	1,94
Attitude towards the Company	Att1	,94	18,732	,969	,863	4,53	1,72
	Att2	,92	17,974			4,37	1,86
	Att3	,95	18,732			4,24	1,92
	Att4	,93	18,315			4,38	1,80
	Att5	,87	*			4,30	1,88
Repurchase Intention	RePurc1	,99	15,968	,927	,864	3,80	2,25
	RePurc3	,87	*			3,52	2,24
*Constrained							

3.3.5. Manipulation Checks

According to the independent samples t-test results for the main study, mean difference for high reputation firm is 3.25 points higher than the low reputation firm (95% CI [3.049, 3.467]) and the mean of intentional wrongdoing scenario is 1.45 points higher than the unintentional scenario (95% CI [1.183, 1.720]). These results confirm that high reputation firm and low-reputation firm conditions significantly differ from each other; and intentional wrongdoing scenario and unintentional wrongdoing scenario significantly differ from each other (See Table 36). Therefore, it has been concluded that all the conditions set by different scenarios in the main study is consistent with the research objectives.

Table 36: Independent Samples Test (Main Study Reputation and Intentionality)

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | 95% Confidence Interval of the Difference | |
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Reputation	Equal variances assumed	59,014	,000	30,621	728	,000	3,25808	,10640	3,04919	3,46697
	Equal variances not assumed			30,568	659,223	,000	3,25808	,10658	3,04880	3,46737
Intentionality	Equal variances assumed	13,425	,000	10,640	728	,000	1,45178	,13645	1,18390	1,71966
	Equal variances not assumed			10,610	704,097	,000	1,45178	,13683	1,18313	1,72043

3.3.6. Structural Equation Modeling Multi Group Analysis (MGSEM)

3.3.6.1. Multivariate Assumptions

In order to find the outliers in the dataset, Cook's distance analysis was conducted. Analysis results revealed that the maximum Cook's distance for our data was 0.178 which is under the threshold value of 1.0 suggested by Cook and Weisberg (1982).

For the multicollinearity analysis, the collinearity statistics were examined. According to the analysis results, Variance Inflation Factor (VIF) in the dataset is 1.53 which is below 10.0 threshold; and tolerance value of 0.652 is also acceptable where the minimum value for the tolerance should be 0.10 (Hair et al., 2010: 204) (See Table 37). Multicollinearity assumption is checked through examining the correlations among the dependent variables. The removal of second repurchase intention item slightly increased the correlations among the variables, but since all the values are below .90, it can be concluded that there isn't multicollinearity in the data (Tabachnick and Fidell, 2007: 89) (See Table 38).

Table 37: Coefficients[a] in the Main Study

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-,597	,104		-5,739	,000		
	Attitude towards Company	1,014	,026	,890	39,421	,000	,652	1,535
	Perceived Apology Sincerity	-,037	,025	-,034	-1,503	,133	,652	1,535

a. Dependent Variable: Repurchase Intention

Table 38: Correlations in Main Study

		Perceived Apology Sincerity	Attitude towards Company	Repurchase Intention
Perceived Apology Sincerity	Pearson Correlation	1	,590[**]	,492[**]
	Sig. (2-tailed)		,000	,000
Attitude towards Company	Pearson Correlation	,590[**]	1	,870[**]
	Sig. (2-tailed)	,000		,000
Repurchase Intention	Pearson Correlation	,492[**]	,870[**]	1
	Sig. (2-tailed)	,000	,000	

**. Correlation is significant at the 0.01 level (2-tailed).

3.3.6.2. Structural Model

In order to conduct a multigroup comparison analysis, two steps were followed. First, the theoretical model, which contains the four groups, was administered without constraining any parameters and which is the base model (Model 1 in Table 39). Second, multigroup analysis was conducted with constructed regression weights (Model 2). Third, Model 2 is compared with the base model (Model 1) to investigate whether the increase in χ2 values are significant. The variance and covariance constrained models are not included in Table 39 because of their relative unimportance (Byrne, 2004: 274). The $\Delta \chi^2$ between the constrained and unconstrained models proves the credibility of the hypothesized equality constraints, where a significant $\Delta \chi^2$ illustrates noninvariance (Byrne, 2010: 221). The $\Delta \chi^2$ values for Model 2 is significantly increased, which indicates the theoretical support and validity for the four-group analysis. Table 40 also shows that there are significant differences (p = 0,029) between models; which means effect of perceived apology sincerity on attitudes toward the company and effect of attitude towards the company on repurchase intentions significantly differ among

150

groups. Different indices for both models in Table 39 were above the required cutout values. These model fit indices signify that, a subgroup analysis can be conducted on Model 2.

Table 39: Comparisons of constrained model with the base model

MODELS	χ^2 (df)	χ^2 / df	$\Delta\chi^2$ (Δdf)	CFI	RMSEA	PCLOSE
1.Base model (not constrained)	11,15 (4)	2,78	-	,994	0,050	0,445
2.Structural weights (constrained)	25,25 (10)	2,52	14,10 (6)	,987	0,046	0,584

Table 40: χ^2 difference test between the base model and constrained model

Model	df	χ^2	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Structural weights	6	14,101	**,029**	,012	,012	-,003	-,003

Figure 18 shows the results of the main effects from the whole sample size. The results of the analysis indicate that this model is useful for understanding the relationship between perceived apology sincerity; attitudes towards the company and repurchase intentions. The proposed model explains 76% of the observed variance of the entire sample. These results confirm the fourth and fifth hypotheses which are

H4: Perception of apology sincerity will positively influence attitude towards the company

H5: Attitude towards the company will positively influence the repurchase intention.

As it can be seen, perceived apology sincerity has a regression weight of .59 on attitude towards company; and attitude towards company has a regression weight of .87 on repurchase intentions at the alpha level of .001.

151

Figure 18: Main Effects Findings

* p < .001
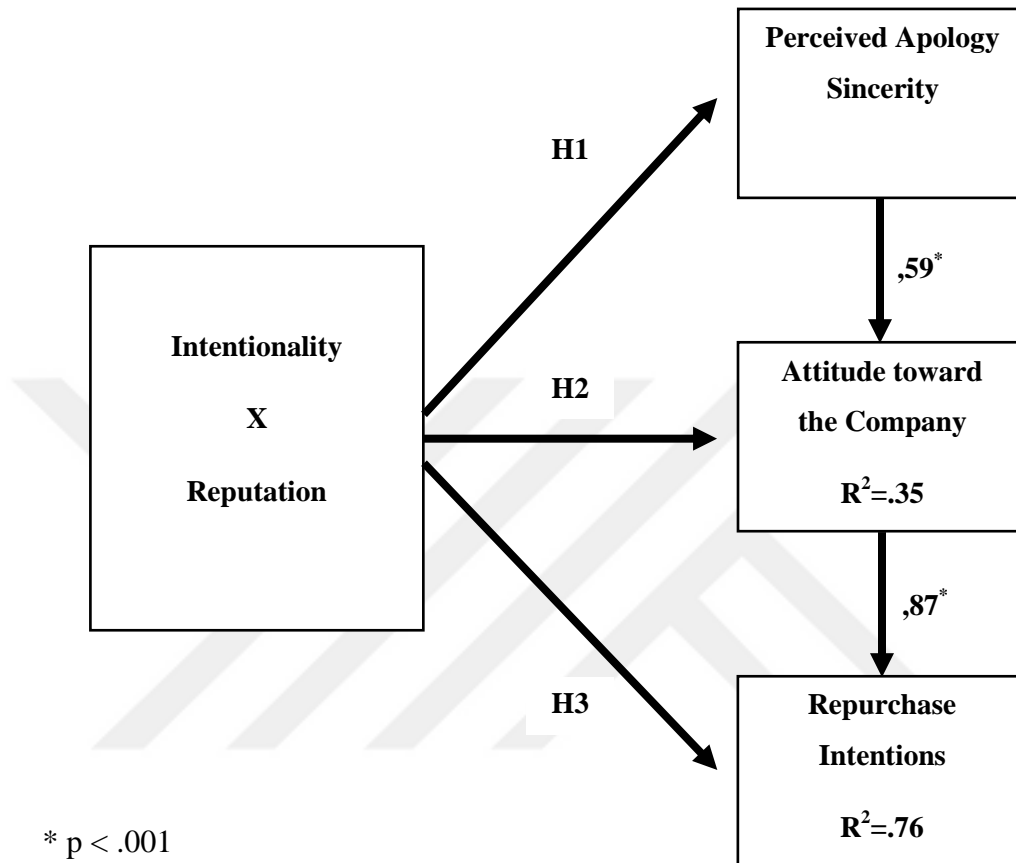
Figure 19 shows the results of the multigroup analysis. Overall, the proposed model better elucidates the Group 3 (Low-Rep/Intentional) than other groups. As it can be seen, all regression paths are highly significant in all groups, and respectively 65%, 60%, 76% and 62% of the variances of repurchase intention is explained by the proposed model. Similarly, Group 3 has the strongest regression path between attitude towards company and repurchase intention. On the other hand, Group 2 has the strongest regression path between perceived apology sincerity and attitude towards the company.

Figure 19: Multigroup Interaction Effects Findings

The diagram shows "Intentionality X Reputation" on the left, with paths:
- H1 → Perceived Apology Sincerity
- H2 → Attitude toward the Company
- H3 → Repurchase Intentions

Path from Perceived Apology Sincerity to Attitude toward the Company:
$,61^*$
$,71^*$
$,61^*$
$,57^*$

Path from Attitude toward the Company to Repurchase Intentions:
$,80^*$
$,78^*$
$,87^*$
$,79^*$

Attitude toward the Company:
$R_1^2 = ,37$
$R_2^2 = ,51$
$R_3^2 = ,37$
$R_4^2 = ,33$

Repurchase Intentions:
$R_1^2 = ,65$
$R_2^2 = ,60$
$R_3^2 = ,76$
$R_4^2 = ,62$

1. High-Rep/Intentional
2. High-Rep/Unintentional
3. Low-Rep/Intentional
4. Low-Rep/Unintentional

$* P < .001$

The differences in the regression paths between groups can be seen in Figure 19, but a statistical significance tests need to be conducted in order to reveal which of the differences are statistically significant. A series of χ2 difference analysis were conducted to see the statistically significant differences. During the χ2 difference analysis, each regression path is constrained one at a time, and the χ2 value difference between the constrained regression and the base model is calculated. If a statistically significant difference is obtained, then it can be derived that the constrained regression path is also different (Kim Y. M. , 2010: 982).

The details of the χ2 difference analysis are presented in Table 41. Model 1 is the base model, which analyzes all four groups without constraining any parameters concurrently. To observe the regression path difference between perceived apology sincerity and attitude towards company, the path between perceived apology sincerity and attitude towards company is set to equal across all four groups (Byrne, 2010: 269). The base model of χ2 (4) is 11.15, the constrained model χ^2 (10) is 25.25, and the $\Delta \chi^2$ (6) is 14.10 (p = 0.029). The significant $\Delta \chi^2$ value demonstrates that the regression path of the four group model is not the identical for all groups (Table 39, Table 40 and Table 41). This result proves the sixth hypothesis which is:

H6: There are significant differences between four different models (High-Reputation Firm / Unintentional Wrongdoing; High-Reputation Firm / Intentional Wrongdoing; Low-Reputation Firm / Unintentional Wrongdoing; Low-Reputation Firm / Intentional Wrongdoing).

To identify the details of the differences between groups and understand which paths between the variables among the groups are significantly different; two groups at a time are constrained, and the $\Delta \chi^2$ value is compared with the base model. The results reveal that the main path difference is between attitude towards company (ATC) and repurchase intention (RPI) paths ($\Delta \chi^2$ (0) = 0.00, p = 0.009). Especially significant ATC and RPI path differences between Group 2 (High-Rep/Unintentional) and Group 3 (Low-Rep/Intentional); and Group 2 (High-Rep/Unintentional) and Group 4 (Low-Rep/Unintentional) was found. These results are also consistent with the pairwise parameter comparisons (See Table 42). This table indicates the results of a z-test for the difference between coefficients from Group 1 to Group 4. If the value of difference between coefficients is greater than |1.96| (absolute value of 1.96), then the difference between paths is statistically significant at p < .05 (Multi-Group Analysis in AMOS, http://issr.cu.edu.eg/media/1296/multi-group-analysis-in-amos.pdf, Retrieved on

06.04.2018). As it can be seen in Table 42, only the path between attitude towards company and repurchase intention significantly differs among Group 2 and Group 3; and Group 2 and Group 4.

Table 41: χ^2 difference test between the paths

Models	Comparisons	χ^2 (df)	$\Delta\chi^2$ (Δdf)	P-value	CFI
Base Model	No constraint	11,15 (4)			,994
Constrained between PAS and ATC	Four groups constrained	11,15 (4)	0,00 (0)	,457	,994
	Group1/Group2	11,76 (5)	0,61 (1)	,435	,994
	Group1/Group3	11,15 (5)	0,00(1)	,981	,995
	Group1/Group4	12,95 (5)	1,80 (1)	,180	,993
	Group2/Group3	11,85 (5)	0,70 (1)	,403	,994
	Group2/Group4	11,79 (5)	0,64 (1)	,424	,994
	Group3/Group4	13,10 (5)	1,95 (1)	,163	,993
Constrained between ATC and RPI	Four groups constrained	11,15 (4)	0,00 (0)	,009	,987
	Group1/Group2	13,48 (5)	2,33 (1)	,127	,993
	Group1/Group3	12,35 (5)	1,20 (1)	,274	,994
	Group1/Group4	13,28 85)	2,13 (1)	,145	,993
	Group2/Group3	19,48 (5)	8,33 (1)	,004	,988
	Group2/Group4	20,34 (5)	9,19 (1)	,002	,987
	Group3/Group4	11,48 (5)	0,33 (1)	,567	,995
PAS (Perceived Apology Sincerity); **ATC** (Attitude towards Company); **RPI** (Repurchase Intention)					

Table 42: Critical Ratios for Differences between Parameters

	b1_1	**b2_1**	**b1_2**	**b2_2**	**b1_3**	**b2_3**	**b1_4**	**b2_4**
b1_1	0							
b2_1		0						
b1_2	0,781		0					
b2_2		1,530		0				
b1_3	-0,024		-0,837		0			
b2_3		-1,094		**-2,903**		0		
b1_4	1,342		0,8		1,397		0	
b2_4		-1,461		**-3,051**		-0,573		0
b1 (path between perceived apology sincerity and attitude towards company)								
b2 (path between attitude towards company and repurchase intention)								
_1= Group1; **_2** = Group; **_3** = Group3; **_4** = Group 4								

These results indicate that there are significant differences among groups; but these differences are caused mainly by the effect of path differences between attitude towards

155

the company and repurchase intention among Group 2 and Group 3; and Group 2 and Group 4. On the other hand, these results demonstrate the importance of having a good reputation since Group 2 (High-Rep/Unintentional) significantly differs from both of the Low-Rep conditions disregard to the intentionality of the firm. Therefore, it can be concluded that, when a firm has a high reputation and commits an unintentional wrongdoing, effect of attitude towards company on repurchase intentions is significantly higher compared to the situations where firms have low reputations; which indicates that the reputation effect may surpass the effect of intentionality.

3.3.7. Multivariate Analysis of Variance (MANOVA)

In order to see the effects of reputation and intentionality of the company on perceived apology sincerity, attitude towards the company and repurchase intentions; Manova is conducted. Manova examines the differences among means for a set of dependent variables when there are two or more levels of groups (Tabachnick and Fidell, 2007: 21). Since there are three dependent variables and four groups in this study, Manova is an appropriate approach to evaluate the group differences.

3.3.7.1. Manova Assumptions

The sample size is appropriate for MANOVA, since there are more than 10 observations in each group (Tabachnick and Fidell, 2007: 251). Outlier detection and multicollinearity tests were conducted before, and both assumptions were also met. Another assumption is the linearity; where all dependent variables are expected to have a linear relationship. This assumption was checked through conducting a scatterplot matrix. The graphs show that there is a linear relationship between the dependent variables (See Appendix). As for the normality assumption, all the skewness and kurtosis values are between -2 and 2, therefore normality assumption is also met (George and Mallery, 2016: 115). It is expected that, the dependent variables have some level of correlation but this correlation should not be over 0.90 (Tabachnick and Fidell,

2007: 88). As it was examined before, there are significant correlations among dependent variables and these correlations are not above 0.90; therefore multicollinierity is not a concern.

Table 43: Descriptives for Main Study

		Statistic	Std. Error
Perceived Apology Sincerity	Skewness	-,159	,090
	Kurtosis	-1,027	,181
Attitude towards Company	Skewness	-,200	,090
	Kurtosis	-,896	,181
Repurchase Intention	Skewness	,111	,090
	Kurtosis	-1,386	,181

Another assumption of MANOVA is homogeneity of variance-covariance matrices across the groups. This assumption is met by checking the Box's M results with a p value above .001. On the other hand, this test is very sensitive to unequal sample sizes across groups. In this study, the sample sizes are not equal across groups (See Table 44). It has been stated that, if sample sizes are unequal and p value is significant; the multivariate significance should be determined by using Pillai's criterion instead of Wilks' lambda value. Also if the group has approximately equal number of cases (Largest groups size / Smallest group size <1.5), then violation of this assumption is acceptable (Hair et al., 2010: 365; Mertler and Vannatta , 2005:126; Tabachnick and Fidell, 2007: 252). Box's M results reveal that, this assumption is violated (See Table 45). On the other hand, largest sample size in this study (Group 2) is 199 and smallest sample size is (Group 1) is 168; and the proportion of the largest group sample size to that off the smallest is 199/168=1.18 which is smaller than 1.5. Therefore, it can be concluded that, violation of this assumption can be omitted, and Pillai's criterion values should be used in further analysis.

Table 44: Group Sizes

		Value Label	N
	1	High Rep - Intentional	168
	2	High Rep - Unintentional	199
Group	3	Low Rep - Intentional	190
	4	Low Rep - Unintentional	173

Table 45: Box's Test of Equality of Covariance Matrices[a]

Box's M	87,557
F	4,828
df1	18
df2	1796021,047
Sig.	,000

Tests the null hypothesis that the observed covariance
matrices of the dependent variables are equal across groups.
a. Design: Intercept + Group

The last assumption, equality of variances among groups, was tested by Levene's test. Even though significant Levene's test results reveal the violation of this assumption (See Table 46); an examination of the standard deviations (See Table 47) revealed that none of the largest standard deviations of the dependent variables were more than four times the size of the smallest standard deviations; meaning that this assumption is also satisfied (Howell, 2009: 335). Furthermore, the sample sizes are approximately equal and standard deviations are 20% of each other, which as a result, alleviates the concerns about this assumption (Hair et al., 2010: 366).

Table 46: Levene's Test of Equality of Error Variances[a]

	F	df1	df2	Sig.
Perceived Apology Sincerity	4,565	3	726	,004
Attitude towards Company	4,985	3	726	,002
Repurchase Intention	3,423	3	726	,017

Tests the null hypothesis that the error variance of the dependent variable is equal across groups.

a. Design: Intercept + Group

Table 47: Descriptive Statistics

	Group	Mean	Std. Deviation	N
Perceived Apology Sincerity	(1)High Rep - Intentional	3,6898	1,84529	168
	(2)High Rep - Unintentional	4,7921	1,61902	199
	(3)Low Rep - Intentional	3,3838	1,76987	190
	(4)Low Rep - Unintentional	4,6633	1,56372	173
	Total	4,1413	1,80494	730
Attitude towards Company	(1)High Rep - Intentional	4,8592	1,55278	168
	(2)High Rep - Unintentional	5,6319	1,20804	199
	(3)Low Rep - Intentional	3,1769	1,49578	190
	(4)Low Rep - Unintentional	3,8156	1,49887	173
	Total	4,3846	1,72985	730
Repurchase Intention	(1)High Rep - Intentional	4,4177	1,77131	168
	(2)High Rep - Unintentional	5,1751	1,50559	199
	(3)Low Rep - Intentional	2,3788	1,48258	190
	(4)Low Rep - Unintentional	2,7316	1,57280	173
	Total	3,6939	1,96930	730

3.3.7.2. MANOVA Results

When multivariate test results are examined, it can be seen that, there is a statistically significant difference across the levels of independent variables (groups) on a linear combination of three dependent variables (See Table 48). This is also consistent with the multigroup SEM (MGSEM) results. The results show a statistically significant MANOVA effect, where Pillais' Trace = .526, F (9, 2178) = 51.48, p < .001. The multivariate effect size was estimated at .175, which implies that 17.5% of the multivariate variance of the all three dependent variables is explained with the grouping factor (intentionality and reputation of the company).

Table 48: Multivariate Tests[d]

	Effect	Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Intercept	Pillai's Trace	,908	2371,840[a]	3,000	724,000	,000	,908	7115,520	1,000
	Wilks' Lambda	,092	2371,840[a]	3,000	724,000	,000	,908	7115,520	1,000
	Hotelling's Trace	9,828	2371,840[a]	3,000	724,000	,000	,908	7115,520	1,000
	Roy's Largest Root	9,828	2371,840[a]	3,000	724,000	,000	,908	7115,520	1,000
Group	Pillai's Trace	,526	51,484	9,000	2178,000	,000	,175	463,356	1,000
	Wilks' Lambda	,521	60,174	9,000	1762,176	,000	,195	427,932	1,000
	Hotelling's Trace	,829	66,594	9,000	2168,000	,000	,217	599,348	1,000
	Roy's Largest Root	,701	169,599[c]	3,000	726,000	,000	,412	508,797	1,000

a. Exact statistic

b. Computed using alpha = ,05

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

d. Design: Intercept + Group

Since the MANOVA was significant, a series of separate one-way ANOVA's on each of the three dependent variables was conducted as a follow-up test. In order not to be affected by Type I error, a significance level is determined according to Bonferroni

procedure (p value of .05 divided by the number of dependent variables (3) = .016) ((Mertler and Vannatta , 2005: 122; Tabachnick & Fidell, 2007: 52, 268). As it can be seen in Table 49, all of the ANOVA's were statistically significant, with effect sizes (partial η2) of .116 for perceived apology sincerity; .312 for attitude towards company and .358 for repurchase intentions (p < .001 for all three dependent variables) (Table 49). These results suggest that, there is a statistically significant difference among groups in terms of their effect on dependent variables; but in order to see the nature of these differences, post hoc test results (multiple comparison table) need to be examined.

Table 49: Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Group	Perceived Apology Sincerity	274,683	3	91,561	31,650	**,000**	,116	94,950	1,000
	Attitude towards Company	680,546	3	226,849	109,730	**,000**	,312	329,189	1,000
	Repurchase Intention	1013,458	3	337,819	135,224	**,000**	,358	405,673	1,000

a. R Squared = ,116 (Adjusted R Squared = ,112)

b. Computed using alpha = ,016

c. R Squared = ,312 (Adjusted R Squared = ,309)

d. R Squared = ,358 (Adjusted R Squared = ,356)

Type I errors across the three univariate ANOVAs was tested at the .016 alpha level. In order to be consistent throughout the analysis, same approach was also preferred during the multiple pairwise comparisons for the dependent variables. The significance level across comparisons for the dependent variables was .016. By employing the Bonferroni method, each comparison is tested at the alpha level for the ANOVA divided by the number of comparisons; which is 0.016/4 = .004 (Mertler and

Vannatta , 2005: 126). Since the assumption of homogeneity of variance-covariance was violated, Scheffe post hoc procedure was preferred (Bambra, 2007: 14).

As it can be seen in Table 50, perceived apology sincerity is significantly different between Group 1 (High-Rep / Intentional) and Group 2 (High-Rep / Unintentional), between Group 1 (High-Rep / Intentional) and Group 4 (Low-Rep / Unintentional), between Group 2 (High-Rep / Unintentional) and Group 3 (Low-Rep / Intentional), between Group 3 (Low-Rep / Intentional) and Group 4 (Low-Rep / Unintentional) at the .000 alpha level; attitude towards company is significantly different between all groups at .000 alpha level; repurchase intention is significant between all groups at .000 alpha level except between Group 3 (Low-Rep / Intentional) and Group 4 (Low-Rep / Unintentional).

Table 50: Pairwise Comparisons

Dependent Variable	(I) Group	(J) Group	Mean Difference (I-J)	Std. Error	Sig.[a]	98,4% Confidence Interval for Difference[a] Lower Bound	Upper Bound
Perceived Apology Sincerity	High Rep - Intentional	High Rep - Unintentional	-1,102[*]	,178	**,000**	-1,637	-,567
		Low Rep - Intentional	,306	,180	,539	-,235	,847
		Low Rep - Unintentional	-,974[*]	,184	**,000**	-1,526	-,421
	High Rep - Unintentional	High Rep - Intentional	1,102[*]	,178	**,000**	,567	1,637
		Low Rep - Intentional	1,408[*]	,173	**,000**	,890	1,926
		Low Rep - Unintentional	,129	,177	1,000	-,402	,660
	Low Rep - Intentional	High Rep - Intentional	-,306	,180	,539	-,847	,235
		High Rep - Unintentional	-1,408[*]	,173	**,000**	-1,926	-,890
		Low Rep - Unintentional	-1,279[*]	,179	**,000**	-1,816	-,743
	Low Rep - Unintentional	High Rep - Intentional	,974[*]	,184	**,000**	,421	1,526
		High Rep - Unintentional	-,129	,177	1,000	-,660	,402
		Low Rep - Intentional	1,279[*]	,179	**,000**	,743	1,816

Table 50(continued): Pairwise Comparisons

Dependent Variable	(I) Group	(J) Group	Mean Difference (I-J)	Std. Error	Sig.[a]	98,4% Confidence Interval for Difference[a] Lower Bound	Upper Bound
Attitude towards Company	High Rep - Intentional	High Rep - Unintentional	-,773[*]	,151	**,000**	-1,225	-,321
		Low Rep - Intentional	1,682[*]	,152	**,000**	1,225	2,139
		Low Rep - Unintentional	1,044[*]	,156	**,000**	,576	1,511
	High Rep - Unintentional	High Rep - Intentional	,773[*]	,151	**,000**	,321	1,225
		Low Rep - Intentional	2,455[*]	,146	**,000**	2,017	2,893
		Low Rep - Unintentional	1,816[*]	,149	**,000**	1,368	2,265
	Low Rep - Intentional	High Rep - Intentional	-1,682[*]	,152	**,000**	-2,139	-1,225
		High Rep - Unintentional	-2,455[*]	,146	**,000**	-2,893	-2,017
		Low Rep - Unintentional	-,639[*]	,151	**,000**	-1,092	-,185
	Low Rep - Unintentional	High Rep - Intentional	-1,044[*]	,156	**,000**	-1,511	-,576
		High Rep - Unintentional	-1,816[*]	,149	**,000**	-2,265	-1,368
		Low Rep - Intentional	,639[*]	,151	**,000**	,185	1,092
Repurchase Intention	High Rep - Intentional	High Rep - Unintentional	-,757[*]	,166	**,000**	-1,255	-,260
		Low Rep - Intentional	2,039[*]	,167	**,000**	1,536	2,541
		Low Rep - Unintentional	1,686[*]	,171	**,000**	1,172	2,200
	High Rep - Unintentional	High Rep - Intentional	,757[*]	,166	**,000**	,260	1,255
		Low Rep - Intentional	2,796[*]	,160	**,000**	2,315	3,278
		Low Rep - Unintentional	2,444[*]	,164	**,000**	1,950	2,937
	Low Rep - Intentional	High Rep - Intentional	-2,039[*]	,167	**,000**	-2,541	-1,536
		High Rep - Unintentional	-2,796[*]	,160	**,000**	-3,278	-2,315
		Low Rep - Unintentional	-,353	,166	,204	-,851	,146
	Low Rep - Unintentional	High Rep - Intentional	-1,686[*]	,171	**,000**	-2,200	-1,172
		High Rep - Unintentional	-2,444[*]	,164	**,000**	-2,937	-1,950
		Low Rep - Intentional	,353	,166	,204	-,146	,851

Based on estimated marginal means *.

The mean difference is significant at the ,016 level

a. Adjustment for multiple comparisons: Bonferroni.

Homogenous Subsets outputs for all three dependent variables reveal the same results with the pairwise comparisons in a different format. In homogenous subsets tables, the means that are not significantly different from each other are listed under the same subset. The examination of these outputs show that, perceived apology sincerity doesn't differ between Group 1 (High Rep – Intentional) and Group 3 (Low Rep – Intentional), therefore listed under the subset 1; and it doesn't differ significantly between Group 2 (High Rep – Unintentional) and Group 4 (Low Rep – Unintentional) therefore listed under subset 2 (Table 51).

According to these results the first hypothesis, which is

H1: The perception of the apology sincerity will change with regards to reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional).

is rejected. It can be seen that consumers' perception of apology sincerity is mainly affected by the intentionality of the company. If the wrongdoing is committed intentionally, consumers find the apology as less sincere, if it is committed unintentionally, then the apology is considered more sincere regardless of the reputation. These results demonstrate that in terms of apology sincerity, consumers tend to value intentionality as more important than the reputation of the company.

Table 51: Perceived Apology Sincerity Homogenous Subsets

Scheffe[a],[b]		Subset	
Group	N	1	2
(3) Low Rep - Intentional	190	3,3838	
(1) High Rep - Intentional	168	3,6898	
(4) Low Rep - Unintentional	173		4,6633
(2) High Rep - Unintentional	199		4,7921
Sig.		,402	,914

Means for groups in homogeneous subsets are displayed.

Based on observed means.

The error term is Mean Square (Error) = 2,893.

a. Uses Harmonic Mean Sample Size = 181,645.

b. Alpha = ,016.

As for the attitude towards company, all groups significantly differ from each other and listed under separate subsets (Table 52). According to these results the second hypothesis, which is

H2: Attitude towards the company will change with regards to initial reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional)

is accepted. Table 52 confirms that, consumers' attitude towards company is affected by both the intentionality and the reputation of the company. Consumers' attitude towards company is lowest when the reputation is low and wrongdoing is intentional. When the low reputation company commits the wrongdoing unintentionally, attitude towards company increases. Similarly, when high reputation company intentionally makes a mistake, attitude towards the company is low compared to situation where the wrongdoing is unintentional. Therefore, it can be concluded that, highest attitude means were received by Group 2 (High-Rep/Unintentional) and followed by Group 1 (High-Rep/Intentional), Group 4 (Low-Rep/Unintentional) and Group 3 (Low-Rep/Intentional) respectively. This indicates that both reputation and intentionality are important

constructs but effect of reputation surpasses the effect of intentionality in terms of attitude towards company.

Table 52: Attitude towards Company Homogenous Subsets

Scheffe[a,b]		Subset			
Group	N	1	2	3	4
(3) Low Rep - Intentional	190	3,1769			
(4) Low Rep - Unintentional	173		3,8156		
(1) High Rep - Intentional	168			4,8592	
(2) High Rep - Unintentional	199				5,6319
Sig.		1,000	1,000	1,000	1,000

Means for groups in homogeneous subsets are displayed.

Based on observed means.

The error term is Mean Square (Error) = 2,067.

a. Uses Harmonic Mean Sample Size = 181,645.

b. Alpha = .016.

The last dependent variable, repurchase intentions, is classified under three subsets. Table 53 shows that, Group 3 (Low Rep – Intentional) and Group 4 (Low Rep – Unintentional) doesn't significantly differ from each other in terms of repurchase intentions, and listed under subset 1. Group 1 has a significantly different mean in terms of repurchase intentions, therefore is listed under subset 2. Lastly, Group 2 has also significantly different mean than other groups and listed under subset 3. According to these results the third hypothesis, which is

H3: The repurchase intentions will change with regards to initial reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional)

166

is partially accepted. The results in Table 53 shows that, there is a significant difference between high reputation firm and low reputation firm in terms of repurchase intentions. Even though repurchase intentions do not differ between intentional and unintentional conditions when the wrongdoing is committed by the low reputation firm; it does significantly differ between intentional and unintentional conditions when the wrongdoing is committed by the high reputation firm. The results reveal that highest means for repurchase intentions were received by Group 2 (High-Rep/Unintentional) and followed by Group 1 (High-Rep/Intentional), Group 4 (Low-Rep/Unintentional) and Group 3 (Low-Rep/Intentional) respectively; repurchase intentions doesn't significantly differ between Group 4 and Group 3. This indicates that reputation surpasses the effect of intentionality; and intentionality has significant effects only in high reputation conditions in terms of repurchase intentions.

Table 53: Repurchase Intentions Homogenous Subsets

Scheffe[a,b]		Subset		
Group	N	1	2	3
(3) Low Rep - Intentional	190	2,3788		
(4) Low Rep - Unintentional	173	2,7316		
(1) High Rep - Intentional	168		4,4177	
(2) High Rep - Unintentional	199			5,1751
Sig.		,211	1,000	1,000

Means for groups in homogeneous subsets are displayed.

Based on observed means.

The error term is Mean Square(Error) = 2,498.

a. Uses Harmonic Mean Sample Size = 181,645.

b. Alpha = ,016.

Table 54: Summary of findings

Hypotheses	Finding	Proof	Explanation
H1: The perception of the apology sincerity will change with regards to initial reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional)	Rejected	Insignificant mean differences on Table 50 and Table 51	Consumers' perception of apology sincerity is mainly affected by the intentionality of the company
H2: Attitude towards the company will change with regards to initial reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional)	Accepted	Significant mean differences on Table 50 and Table 52	Attitude towards company is affected by both the intentionality and the reputation of the company
H3: The repurchase intentions will change with regards to initial reputation (high-low) of the company and the intentionality of the wrongdoing (intentional-unintentional)	Partially accepted	Significant mean differences on Table 50 and Table 53	Repurchase intentions do not differ between intentional and unintentional conditions when the wrongdoing is committed by the low reputation firm; but it does significantly differ between intentional and unintentional conditions when the wrongdoing is committed by the high reputation firm
H4: Perception of apology sincerity will positively influence attitude towards the company.	Accepted	Regression weight on Figure 18	Perceived apology sincerity has a regression weight of .59 on attitude towards company at the alpha level of .001.
H5: Attitude towards the company will positively influence the repurchase intention.	Accepted	Regression weight on Figure 18	Attitude towards company has a regression weight of .87 on repurchase intentions at the alpha level of .001
H6: There are significant differences between four different models (High-Reputation Firm / Unintentional Wrongdoing; High-Reputation Firm / Intentional Wrongdoing; Low-Reputation Firm / Unintentional Wrongdoing; Low-Reputation Firm / Intentional Wrongdoing).	Accepted	χ^2 difference tests on Table 39 and Table 40	The $\Delta\chi^2$ values for Model 2 is significantly increased, which means that the four-group analysis is theoretically supported and valid.

3.4.   LIMITATIONS AND RECOMMENDATIONS

One of the objectives while conducting this study was to reach and obtain responses from different locations across Turkey. In order to achieve that goal snowball sampling as a convenience method - a nonprobability approach for hard-to-reach populations (Heckathorn, 2011: 357) - was preferred. Even though this method is useful especially for reaching diverse stakeholders and networks outside the institutional settings, there might be an overrepresentation of a certain population and generalizability of the results is also limited. The demographic characteristics of the respondents show that; while participants with high education levels are overly represented, low education and older population are underrepresented.

Another limitation of the study is the group (treatment condition) differences in terms of age, location and education of the participants. Since snowball sampling was used, there are over/under representation of some demographic groups in treatment conditions. Even though no statistically significant relationship has been found between the demographic characteristics and dependent variables, responses from older consumers and lower education levels and using similar groups for every treatment conditions would increase the generalizability of the findings.

It is also known that the level of ascribing importance to certain events is affected by the culture and values of the societies (Wagatsuma and Rosett, 1986: 463). Since this study was conducted among Turkish consumers, the results are also expected to be influenced by the Turkish culture. In that aspect, effect of culture should be considered when evaluating the differences/similarities in the results and making comparisons to other studies which were conducted in different cultures. The locational variations among the participants may also indicate Turkish subcultural differences, and the results of the study might be influenced by subcultural factors. Therefore, conducting studies in different countries/cultures might also be useful to understand the effect of cultural differences.

Another limitation of the study is that the severity of the crisis is not being evaluated in the study. As it was stated in the literature, crisis severity is an important decisive factor for consumers when evaluating the crisis situation (Haas-Kotzegger and Schlegelmilch, 2013: 117). While more severe crises generate more blame, low severity incidents attribute less responsibility. In this study, the level of severity was not included in the scenarios, therefore perceptional differences in terms of crisis severity and its effect on dependent variables was not measured. A future study which manipulates the crisis severity may generate valuable inferences for both scholars and practitioners.

An important aspect in evaluating the crisis is consumers' individual differences, such as past experience (i.e. being a victim of a crisis), having a specific technical knowledge (i.e. understanding the details of the technical problem and estimating the possible damage), relationship with the company/brand (i.e. consumers' commitment to the brand causes defensive actions and they tend to maintain the positive relationship (Jeon and Baeck, 2016: 551)), and familiarity with the brand (Mowen, 1980: 55). In order to keep the number of the scenarios on a reasonable level, these individual differences were not examined in this study. Future studies which are manipulated according to the individual characteristics of the participants (such as studies in different product categories, studies for different professions/job categories, studies with unfamiliar brands, studies with loved brands and hated brands) would infer valuable insights.

There are several response strategies that can be adopted during crisis; and SCCT provides the fundamentals of selecting the right response strategy in order to secure the organizational reputation during crisis (Claeys and Cauberghe, 2012: 87). However, to keep the number of scenarios at a feasible level, one type of crisis response strategy – recall followed by an apology - is applied. Comparison of different response strategies and their effect on attitude towards company and repurchase intentions might be helpful for scholars and marketing managers.

The timing of the response is also crucial in terms of the changes in consumer responses. Vassilikopoulou et al., (2009: 179) found that, after a certain period of time,

consumers forget the negative consequences of the crisis and turn back to their pre-crisis attitudinal and emotional status toward the company. In this study, time factor is also ignored, and in all conditions, firms acted immediately after the crisis. A longitudinal study which focuses on the effects of different timing periods (i.e. 1 month after the crisis, 6 months after the crisis, 1 year after the crisis) would reveal different aspects of consumer reactions.

In this study, AMOS 25 structural equation modeling software was used for the analysis. In AMOS, researchers can draw the models graphically and AMOS performs the computations and displays the results "only" for the drawn models. Therefore, in this study, only the relationships on the Research Model (Figure 15) were examined and other relationships between variables were not revealed. Employing a different statistical software such as Lisrel or R, might reveal the other possible relationships between the variables.

As stated by Jolly and Mowen (1985), source of the recall information and effect of type of the media are important factors that affect consumer perceptions during product recall incidents. In this study, a web-based medium (CNN Turk website) was used and stories were corroborated by governmental agency inspection results. Participants' previous experiences and prejudices/trust about that news website might create biases. Therefore, using different sources of information and their affect might be considered in future studies.

Another point of concern is the demographic characteristics of the participants according to their previous phone brands. In order to accurately measure the participants' evaluations, real firms were used in this study. Table 25 shows that, the real brands used in this study are among the top three brands that have been previously used by the participants, which might negatively affect the consumer judgements and cause biases because of participants' previous experiences about those brands (Siomkos, 1999:21).

This study was prepared, distributed and conducted online, therefore a full control of the respondents while answering the questionnaire was not possible. Even though, several positive feedbacks were received from the participants about the believability of the study, it was still possible for the respondents to check for the authenticity and correctness of the scenarios by searching online. A future experimental study in a laboratory environment would prevent participants to question the manipulated scenarios.

CONCLUSION

This study indicates important ramifications in terms of the effects of corporate reputation and intentionality on perceived apology sincerity, attitude towards company and repurchase intentions. Even though numerous studies investigated the individual effect of reputation, intentionality aspect have been omitted. In that aspect, this study is one of the pioneer studies that explores the collective effect of both factors. It should also be noted that, having a high reputation and committing an intentional wrongdoing contradicts each other. It is expected that, a high reputation company should act in a socially responsible way and operate according to general standards of conduct; where committing an intentional wrongdoing is against the societal norms and is an abuse to the goodwill of the stakeholders. Inspired by the 2015 Volkswagen emission scandal, this study incorporated these two contradicting factors by employing an experimental methodology. The study findings suggest that people's perception of apology sincerity and the organization's intentionality of wrongdoing and reputation are important variables that should be considered in order to affect consumer attitudes and reactions. Consistent with the previous literature, the importance of reputation during product recall incidents has been emphasized in this study. Furthermore, the difference between committing a wrongdoing intentionally and unintentionally has also been accentuated.

In this study, first, the effect of intentionality on perceived apology sincerity has been established. The results of the study show that, even though all participants read and evaluated the same corporate apology, the intentionality of the wrongdoing affected how the apology was perceived in terms of sincerity. Specifically, regardless of the company's reputation, if the wrongdoing was committed unintentionally, the apology was perceived as more sincere compared to the situations where the wrongdoing was intentional. As a result, it might be stated that, if the consumers believe that the wrongdoing was intentional, it might be hard to convince them about the sincerity of the apology. Therefore, taking actions (i.e. public relations strategies (Kumar and Budin, 2006:749), using mass media and internet (Li and Tang, 2009:219), emphasizing some aspects of events and ignoring other angles (Li and Tang, 2009: 224), creating an

effective recall message (Laufer and Jung, 2010:147)) in order to convince consumers that the wrongdoing was unintentional would be the first step for the practitioners to increase the perceived apology sincerity. Even though previous literature clearly states the consumers' expectations about a formal apology in crisis situations (Folkes, 1984:409) and its positive effects on consumer perceptions; during intentional wrongdoing situations an apology may not generate desired outcomes and turn into negative feelings (Choi and Chung, 2013: 7; Hargie, Stapleton and Tourish, 2010: 724). These results are in line with the situational crisis communication theory, where it has been stated that, securing the organizational reputation can only be achieved by choosing the right response strategy during the crisis (Claeys and Cauberghe, 2012: 87). Therefore, simply apologizing will not convince consumers about the goodwill of the company.

Secondly, in terms of attitude towards the company, relative importance of the reputation compared to intentionality has been derived in this study. Regardless of the intentionality, high reputation companies experience higher attitude towards the company ratings than low reputation companies. Therefore, as it has been stated in the literature, reputation does really act as a shield during crisis situations (Jones, Jones and Little, 2000: 22). During crisis situations, regardless of their intentionality, high reputation firms are being protected by their positive inheritance of goodwill and reliability in terms of consumer attitudes toward that organization. On the other hand, this intangible asset can still be influenced by the intentionality of the firm. Consumers tend to place more value on high reputation firms with unintentional wrongdoing compared to ones with intentional wrongdoing. This result suggests that, a high reputation company may not rely on its reputation and act as nothing may tarnish it. Corporations still need to consider the consequences of their actions and be committed to protect their reputation; where an intentional wrongdoing will endanger their meticulously built image. This is also applicable to low reputation firms, where consumers still differentiate the unintentional actions and intentional actions of low reputation firms. Therefore, if a low reputation company wants to build a better image in

the eyes of the consumers, it still needs to avoid intentional wrongdoings and follow a responsible course of action to the full extent.

Third, the influence of intentionality has been proved to be effective on repurchase intentions of the consumers only for the high reputation companies. Results show that; high reputation companies always generate better repurchase intentions than low reputation firms. On the other hand, if the high reputation firm commits the wrongdoing unintentionally, it will receive better repurchase intentions from the consumers compared to the companies with intentional wrongdoing. Contrarily, the repurchase intentions do not significantly change among low reputation firms whether they committed the wrongdoing intentionally or unintentionally. Again, this result indicates the importance of maintaining a good reputation and puts extra emphasis on avoiding intentional mistakes especially for high reputation firms. An intentional wrongdoing may endanger the reputation, and corrode the positive image of the company piece by piece. It should be noted that, as the number of crisis and recalls increase, an unfavorable history will be created, which as a result will negatively affect consumer judgements and tolerance to that organization (Babin and Attaway, 1991: 340).

Fourth, the differences in the results between the scenarios indicate that the effect of the examined variables vary according to the intentionality and reputation of the company. Even though the effect of perceived apology sincerity on attitude towards company slightly changes among the four different conditions; the effect of attitude towards the company on repurchase intentions significantly differs between four scenarios. In all conditions an increase in the attitude towards the company significantly and positively affects repurchase intentions, but this effect is not same in all conditions. Especially, the difference between high reputation/unintentional condition (Group 2) and low reputation/intentional condition (Group 3); and high reputation/unintentional condition (Group 2) and low reputation/unintentional condition (Group 4) is significantly high. These results suggest that, attitude towards company is more important for low reputation/intentional wrongdoing condition, since its effect on

repurchase intention is higher and resulting greater decreases in repurchase intention. Similar result is also found in low reputation/unintentional wrongdoing condition where the effect of attitude towards company on repurchase intention is also high. Thus, it can be concluded that, a low reputation company may experience harsher consequences (low repurchase intentions in this case) when it commits an intentional wrongdoing compared to high reputation company with an unintentional wrongdoing. Similar effects might be experienced by a low reputation company with an unintentional wrongdoing; but this effect will be lower than intentional wrongdoing condition. This puts an extra emphasis on low reputation companies and their courses of action. On the other hand, for a low reputation company experiencing an unintentional wrongdoing situation, this may create a window of opportunity. By emphasizing its innocence and blamelessness in the situation, acting in a socially responsible manner, choosing the right crisis response strategy; a low reputation company may turn this situation into a reputation building activity.

In terms of the effect of perceived apology sincerity on attitude towards company, in every condition there is a significant positive effect, but this effect doesn't significantly differ between scenarios. So, it can be concluded that, in every condition, as the apology is perceived more sincere by the consumers, attitude towards the company will increase. It should also be noted that, perceived apology sincerity is affected by both intentionality and reputation, therefore keeping a clean and responsible history will make apologies to be perceived more sincere. As a result, attitude towards the company and repurchase intentions will also be positively affected.

Another implication of the results is the unreachable status of high-reputation companies as long as they act with a goodwill. As it was stated before, consumers place more blame to intentional actions than unintentional ones (Malle and Knobe, 1997: 116), and also demonstrate better attitudes toward high reputation companies compared to low reputation ones (Lyon and Cameron, 2004: 226). As it can be seen in the results, a collective effect of high reputation and unintentional wrongdoing places the firm on top, in terms of perceived apology sincerity, attitude towards the company and repurchase

intentions during crisis situations. As long as firms act according to societal norms and general standards of conduct, consumers will respond in a positive manner. On the other hand, as the socially responsible behavior and the reputation of the company decreases; consumer perceptions, attitudes and the image of the company declines correspondingly. As a result, it can be concluded that, reputation and intentionality of the company collectively creates more impact, which can be stated as "synergy effect". Similarly, either having a low reputation or committing an intentional wrongdoing harms the organization, which can be stated as "contamination effect". It should be noted that, a wrongdoing is a factor which already has negative effects on the reputation (e.g. credibility, customer satisfaction, trustworthiness, social and environmental responsibility); where an "intentional" wrongdoing makes the outcomes more unbearable (Coombs, 2010: 451). When this intentional wrongdoing is combined with a weak reputation; the stronger repercussions are inevitable. Therefore, as the corporations aim to keep their history clean and act responsibly, they will have a strong competitive advantage in the industry, this positive image will keep them on the climax in terms of consumer perceptions and attitudes.

Lastly, when evaluating the crisis and recall incidents, it is very hard to draw a certain limit to determine where a person's/organization's responsibility starts and where it ends; and to understand the specifics of the consumer reactions. By employing attribution theory – specifically controllability dimension of the attribution theory - this study intended to clarify some of the ambiguity about the consumer perceptions during these incidents, and understand how these perceptions turn into attitudes and intentions. The initiation point of this study was the famous automaker Volkswagen's intentional violation of laws by using an illegal software (Daly, 2015: Retrieved on 16.08.2017), and willingly falsifying the emission results where the engines released pollutants above the allowed limits (Hotten, 2015: Retrieved on 27.04.2018). This scandal raised a question about the effect of intentionality and reputation on the consumer perceptions about the incident. The results of this study show that, the perception of the apology is only affected by the intentionality of the firm, and this perception affects the attitude

towards the company; and attitude towards company is affected by both reputation and intentionality and it affects repurchase intention of the consumers. Even though the existence of these effects are validated, attitude towards the company and the repurchase intentions are higher in high reputation conditions regardless of the intentionality of the firm. So, it can be concluded that, in the short run, even intentional wrongdoings can be tolerated by the consumers for high reputation companies. On the other hand, consistently making intentional mistakes for a long period of time may deteriorate the reputation, therefore in the long run, whether or not the same tolerance will be granted to the firms is questionable. So, high reputation companies may rely on their reputation, and one intentional mistake may not create serious ramifications; but consistently making intentional mistakes will wear out consumers' trust and impair the reputation of the firm. Corporations need to assure all the stakeholders that it was a one-time mistake and similar incidents will not happen in the future.

Managerial Implications

As it was stated at the very beginning of this study; society is more suspicious and less forgiving, the level of regulations are increasing every day, and digital communications are at a finger's reach for every consumer, which all heightens the level of threats to the organizations. There are number of examples, where organizations have underestimated the negative consequences of the crisis (Exxon Valdez, United Airlines, and Volkswagen) and faced with significant monetary and reputational costs. In that extent, understanding the current and possible future crises in full extent is critical for managers and organizations.

First of all, managers should employ the right response strategy in order to convince the consumers about the goodwill of the company. Since simply apologizing will not generate desired outcomes, a detailed analysis of the crisis is required in order to choose the right response strategy. As it can be seen from the results of this study, perception of the apology sincerity is highly related to the goodwill of the company. If

the consumers are convinced that wrongdoing was a result of unintentional wrongdoing(s), the apology will be considered to be more sincere compared to the intentional wrongdoing situations. Therefore, if the managers want to increase perceived apology sincerity and assure consumers about the goodwill of the company; they need to use numerous tactics such as public relations strategies (Kumar and Budin, 2006:749), paying compensations Choi and Chung, 2013: 24), using mass media and internet (Li and Tang, 2009:219), emphasizing some aspects of events and ignoring other angles (Li and Tang, 2009: 224), and creating an effective recall message (Laufer and Jung, 2010:147).

Secondly, as stated in reputation chapter (p. 55), it is possible that the stakeholder experience and corporations' promised products and services do not match and creates a gap between the identity and image; which consequently damages the corporate reputation. A product recall is example of this situation since the organization fails to fulfill the consumer expectations. Moreover, an intentional wrongdoing magnifies this effect and may create more dissatisfaction. Even though a high reputation companies are more immune to the detrimental effects, constantly conducting recalls and intentional wrongdoings will corrode the reputation of the organizations. Therefore, managers should be extra cautious when crossing the line about societal norms and general standards of conduct, since the long term effects of the crisis can only be predicted with a longitudinal study.

As for the managers of the low reputation companies; even though the results reveal that high reputation companies always receive better consumer attitudes and repurchase intentions (even in the intentional wrongdoing conditions), this should not devitalize their motivation to build a better company. They should keep in mind that "Reputation is a multidimensional construct that develops over time", therefore a single negative incident should not stop them from aiming to become better and more respectable organizations. As long as they act in a goodwill, a good reputation will be built in time. Even though the results of this study exhibits significant differences in terms of attitudes towards the company and repurchase intentions between high and low

reputation companies; these results do not mean that a low reputation company may not become a high reputation company in the long run. Therefore, they may focus on reputation building, public relations and social responsibility activities in order to become better perceived companies.

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APPENDICES

APPENDIX 1: Perceived Apology Sincerity Scale

	Sincere
Perceived Apology Sincerity	Moved my heart
	Trustworthy
	Candid

Source: Choi and Chung, 2013: 15

APPENDIX 2: Attitude towards the Company Scale

	My overall impression of the _____ company is:
Attitude towards the Company (General)	1.good / bad
	2.favorable / unfavorable
	3.satisfactory / unsatisfactory
	4.negative / positive
	5.disliked / liked

Source: Goldsmith, Lafferty and Newell, 2000

APPENDIX 3: Purchase Intention Scale

	1. I will still consider [the organization] when I plan to fly
Purchase Intention	2. I will hesitate in choosing [the organization] to fly.
	3. Measuring the participants' reported likelihood of flying with (the organization)

Source: Lee, 2005: 376

APPENDIX 4: Manipulation Check for Reputation

Please rate the corporate reputation of Firm ABC (XYZ), on a scale of : (1) "Very Low", to (7) "Very High":							
Firm ABC (XYZ)'s Corporate Reputation	Very Low						Very High
	1	2	3	4	5	6	7

Source: Claeys and Cauberghe, 2015: 67

APPENDIX 5: Manipulation Check for Intentional Wrongdoing

Please evaluate the phone explosion incident based on the following statement:							
Firm ABC (XYZ) <u>intentionally</u> used risky phone batteries	Completely Disagree						Completely Agree
	1	2	3	4	5	6	7

Source: Claeys and Cauberghe, 2015: 67

APPENDIX 6: Manipulation Check for Unintentional Wrongdoing

Please evaluate the phone explosion incident based on the following statement:							
Firm ABC (XYZ) <u>unintentionally</u> used risky phone batteries	Completely Disagree						Completely Agree
	1	2	3	4	5	6	7

Source: Claeys and Cauberghe, 2015: 67

APPENDIX 7: Reputation Group Statistics for Pilot Study

	Group	N	Mean	Std. Deviation	Std. Error Mean
Reputation	Firm ABC	20	5,9500	1,05006	,23480
	Firm XYZ	20	3,1500	1,08942	,24360

APPENDIX 8: Intentionality Group Statistics for Pilot Study

	Group	N	Mean	Std. Deviation	Std. Error Mean
Intentionality	Intentional	20	4,8500	1,56525	,35000
	Unintentional	20	3,2000	1,82382	,40782

APPENDIX 9: Pilot Study Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Group	SINCERITY	14,342	3	4,781	2,105	,117	,149	6,316	,493
	ATT	37,275	3	12,425	7,831	,000	,395	23,494	,981
	REPURC	20,811	3	6,937	2,438	,080	,169	7,315	,559

a. R Squared = ,149 (Adjusted R Squared = ,078)

b. Computed using alpha = ,05

c. R Squared = ,395 (Adjusted R Squared = ,344)

d. R Squared = ,169 (Adjusted R Squared = ,100)

APPENDIX 10: Pilot Study Multiple Comparisons

LSD

Dependent Variable	(I) Group	(J) Group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SINCERITY	High Rep - Intentional	High Rep - Unintentional	-,4500	,67389	,509	-1,8167	,9167
		Low Rep - Intentional	,9500	,67389	,167	-,4167	2,3167
		Low Rep - Unintentional	-,5750	,67389	,399	-1,9417	,7917
	High Rep - Unintentional	High Rep - Intentional	,4500	,67389	,509	-,9167	1,8167
		Low Rep - Intentional	1,4000*	,67389	,045	,0333	2,7667
		Low Rep - Unintentional	-,1250	,67389	,854	-1,4917	1,2417
	Low Rep - Intentional	High Rep - Intentional	-,9500	,67389	,167	-2,3167	,4167
		High Rep - Unintentional	-1,4000*	,67389	,045	-2,7667	-,0333
		Low Rep - Unintentional	-1,5250*	,67389	,030	-2,8917	-,1583
	Low Rep - Unintentional	High Rep - Intentional	,5750	,67389	,399	-,7917	1,9417
		High Rep - Unintentional	,1250	,67389	,854	-1,2417	1,4917
		Low Rep - Intentional	1,5250*	,67389	,030	,1583	2,8917

ATTITUDE	High Rep - Intentional	High Rep - Unintentional	-,4800	,56330	,400	-1,6224	,6624
		Low Rep - Intentional	1,9800*	,56330	,001	,8376	3,1224
		Low Rep - Unintentional	1,1600*	,56330	,047	,0176	2,3024
	High Rep - Unintentional	High Rep - Intentional	,4800	,56330	,400	-,6624	1,6224
		Low Rep - Intentional	2,4600*	,56330	,000	1,3176	3,6024
		Low Rep - Unintentional	1,6400*	,56330	,006	,4976	2,7824
	Low Rep - Intentional	High Rep - Intentional	-1,9800*	,56330	,001	-3,1224	-,8376
		High Rep - Unintentional	-2,4600*	,56330	,000	-3,6024	-1,3176
		Low Rep - Unintentional	-,8200	,56330	,154	-1,9624	,3224
	Low Rep - Unintentional	High Rep - Intentional	-1,1600*	,56330	,047	-2,3024	-,0176
		High Rep - Unintentional	-1,6400*	,56330	,006	-2,7824	-,4976
		Low Rep - Intentional	,8200	,56330	,154	-,3224	1,9624
REPURC	High Rep - Intentional	High Rep - Unintentional	-,2333	,75433	,759	-1,7632	1,2965
		Low Rep - Intentional	1,5000	,75433	,054	-,0299	3,0299
		Low Rep - Unintentional	1,0667	,75433	,166	-,4632	2,5965
	High Rep - Unintentional	High Rep - Intentional	,2333	,75433	,759	-1,2965	1,7632
		Low Rep - Intentional	1,7333*	,75433	,027	,2035	3,2632

		Mean Difference	Std. Error	Sig.	Lower Bound	Upper Bound
	Low Rep - Unintentional	1,3000	,75433	,093	-,2299	2,8299
Low Rep - Intentional	High Rep - Intentional	-1,5000	,75433	,054	-3,0299	,0299
	High Rep - Unintentional	-1,7333[*]	,75433	,027	-3,2632	-,2035
	Low Rep - Unintentional	-,4333	,75433	,569	-1,9632	1,0965
Low Rep - Unintentional	High Rep - Intentional	-1,0667	,75433	,166	-2,5965	,4632
	High Rep - Unintentional	-1,3000	,75433	,093	-2,8299	,2299
	Low Rep - Intentional	,4333	,75433	,569	-1,0965	1,9632

Based on observed means.

 The error term is Mean Square(Error) = 2,845.

*. The mean difference is significant at the ,05 level.

APPENDIX 11: Main study Tests of Between-Subjects Effects (Perceived Apology Sincerity)

Dependent Variable: Perceived Apology Sincerity

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Corrected Model	972,779[a]	253	3,845	1,305	,007	,410	330,236	1,000
Intercept	926,253	1	926,253	314,441	,000	,398	314,441	1,000
Age	28,504	6	4,751	1,613	,142	,020	9,677	,620
MaritalStatus	11,901	3	3,967	1,347	,259	,008	4,040	,359
Gender	3,926	1	3,926	1,333	,249	,003	1,333	,211
Income	36,186	8	4,523	1,536	,142	,025	12,284	,689
Edu	28,378	4	7,095	2,408	,049	,020	9,634	,693
Age * MaritalStatus	19,713	4	4,928	1,673	,155	,014	6,692	,514
Age * Gender	15,287	4	3,822	1,297	,270	,011	5,190	,407
Age * Income	85,390	25	3,416	1,160	,272	,057	28,988	,893
Age * Edu	45,901	13	3,531	1,199	,277	,032	15,582	,716
MaritalStatus * Gender	,140	1	,140	,047	,828	,000	,047	,055
MaritalStatus * Income	12,705	7	1,815	,616	,743	,009	4,313	,268
MaritalStatus * Edu	2,797	3	,932	,317	,813	,002	,950	,111
Gender * Income	25,154	8	3,144	1,067	,385	,018	8,539	,500
Gender * Edu	16,178	4	4,044	1,373	,242	,011	5,492	,429
Income * Edu	130,551	25	5,222	1,773	,013	,085	44,319	,989
Age * MaritalStatus * Gender	25,531	1	25,531	8,667	,003	,018	8,667	,836
Age * MaritalStatus * Income	12,135	6	2,023	,687	,661	,009	4,120	,274
Age * MaritalStatus * Edu	1,883	1	1,883	,639	,424	,001	,639	,125
Age * Gender * Income	34,618	13	2,663	,904	,549	,024	11,752	,560

Source		df						
Age * Gender * Edu	9,525	3	3,175	1,078	,358	,007	3,233	,292
Age * Income * Edu	55,036	22	2,502	,849	,663	,038	18,683	,696
MaritalStatus * Gender * Income	11,500	5	2,300	,781	,564	,008	3,904	,282
MaritalStatus * Gender * Edu	1,607	2	,804	,273	,761	,001	,546	,093
MaritalStatus * Income * Edu	23,861	6	3,977	1,350	,233	,017	8,100	,530
Gender * Income * Edu	25,196	9	2,800	,950	,481	,018	8,554	,477
Age * MaritalStatus * Gender * Income	3,457	2	1,728	,587	,557	,002	1,174	,148
Age * MaritalStatus * Gender * Edu	5,151	1	5,151	1,749	,187	,004	1,749	,262
Age * MaritalStatus * Income * Edu	2,599	1	2,599	,882	,348	,002	,882	,155
Age * Gender * Income * Edu	24,826	6	4,138	1,405	,211	,017	8,428	,550
MaritalStatus * Gender * Income * Edu	3,152	2	1,576	,535	,586	,002	1,070	,138
Age * MaritalStatus * Gender * Income * Edu	,000	0	.	.	.	,000	,000	.
Error	1402,160	476	2,946					
Total	14894,896	730						
Corrected Total	2374,939	729						

a. R Squared = ,410 (Adjusted R Squared = ,096)

b. Computed using alpha = ,05

APPENDIX 12: Main study Tests of Between-Subjects Effects (Attitude towards Company)

Dependent Variable: Attitude towards the Company

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Corrected Model	747,229[a]	253	2,953	,980	,567	,343	247,998	1,000
Intercept	975,822	1	975,822	323,866	,000	,405	323,866	1,000
Age	27,204	6	4,534	1,505	,175	,019	9,029	,584
MaritalStatus	5,289	3	1,763	,585	,625	,004	1,755	,172
Gender	1,539E-5	1	1,539E-5	,000	,998	,000	,000	,050
Income	29,768	8	3,721	1,235	,276	,020	9,880	,573
Edu	9,953	4	2,488	,826	,509	,007	3,303	,265
Age * MaritalStatus	26,034	4	6,508	2,160	,072	,018	8,640	,638
Age * Gender	20,322	4	5,080	1,686	,152	,014	6,745	,518
Age * Income	68,123	25	2,725	,904	,600	,045	22,609	,773
Age * Edu	22,084	13	1,699	,564	,883	,015	7,329	,344
MaritalStatus * Gender	1,894	1	1,894	,629	,428	,001	,629	,124
MaritalStatus * Income	9,510	7	1,359	,451	,870	,007	3,156	,199
MaritalStatus * Edu	1,238	3	,413	,137	,938	,001	,411	,075
Gender * Income	20,575	8	2,572	,854	,556	,014	6,829	,400
Gender * Edu	3,842	4	,961	,319	,865	,003	1,275	,122
Income * Edu	61,931	25	2,477	,822	,714	,041	20,554	,719
Age * MaritalStatus * Gender	14,377	1	14,377	4,772	,029	,010	4,772	,587
Age * MaritalStatus * Income	19,342	6	3,224	1,070	,380	,013	6,419	,425
Age * MaritalStatus * Edu	2,108	1	2,108	,699	,403	,001	,699	,133
Age * Gender * Income	28,286	13	2,176	,722	,742	,019	9,388	,447

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power
Age * Gender * Edu	11,193	3	3,731	1,238	,295	,008	3,715	,332
Age * Income * Edu	44,216	22	2,010	,667	,873	,030	14,675	,556
MaritalStatus * Gender * Income	14,827	5	2,965	,984	,427	,010	4,921	,353
MaritalStatus * Gender * Edu	,408	2	,204	,068	,934	,000	,136	,060
MaritalStatus * Income * Edu	24,638	6	4,106	1,363	,228	,017	8,177	,535
Gender * Income * Edu	38,008	9	4,223	1,402	,184	,026	12,615	,679
Age * MaritalStatus * Gender * Income	6,160	2	3,080	1,022	,361	,004	2,045	,229
Age * MaritalStatus * Gender * Edu	1,622	1	1,622	,538	,463	,001	,538	,113
Age * MaritalStatus * Income * Edu	8,636	1	8,636	2,866	,091	,006	2,866	,394
Age * Gender * Income * Edu	33,403	6	5,567	1,848	,088	,023	11,086	,691
MaritalStatus * Gender * Income * Edu	11,349	2	5,675	1,883	,153	,008	3,767	,392
Age * MaritalStatus * Gender * Income * Edu	,000	0	.	.	.	,000	,000	.
Error	1434,206	476	3,013					
Total	16215,793	730						
Corrected Total	2181,434	729						

a. R Squared = ,343 (Adjusted R Squared = -,007)

b. Computed using alpha = ,05

APPENDIX 13: Main Study Tests of Between-Subjects Effects (Repurchase Intention)

Dependent Variable: Repurchase Intention

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[b]
Corrected Model	1012,888[a]	253	4,004	1,050	,323	,358	265,745	1,000
Intercept	636,007	1	636,007	166,865	,000	,260	166,865	1,000
Age	39,157	6	6,526	1,712	,116	,021	10,273	,651
MaritalStatus	11,856	3	3,952	1,037	,376	,006	3,111	,282
Gender	,602	1	,602	,158	,691	,000	,158	,068
Income	55,342	8	6,918	1,815	,072	,030	14,520	,775
Edu	21,302	4	5,325	1,397	,234	,012	5,589	,436
Age * MaritalStatus	40,326	4	10,082	2,645	,033	,022	10,580	,739
Age * Gender	28,368	4	7,092	1,861	,116	,015	7,443	,565
Age * Income	109,742	25	4,390	1,152	,280	,057	28,792	,891
Age * Edu	42,328	13	3,256	,854	,602	,023	11,105	,530
MaritalStatus * Gender	12,591	1	12,591	3,303	,070	,007	3,303	,442
MaritalStatus * Income	15,336	7	2,191	,575	,777	,008	4,024	,250
MaritalStatus * Edu	,488	3	,163	,043	,988	,000	,128	,058
Gender * Income	26,882	8	3,360	,882	,532	,015	7,053	,414
Gender * Edu	4,528	4	1,132	,297	,880	,002	1,188	,116
Income * Edu	93,313	25	3,733	,979	,494	,049	24,482	,816
Age * MaritalStatus * Gender	14,548	1	14,548	3,817	,051	,008	3,817	,496
Age * MaritalStatus * Income	30,564	6	5,094	1,337	,239	,017	8,019	,525
Age * MaritalStatus * Edu	1,418	1	1,418	,372	,542	,001	,372	,093
Age * Gender * Income	34,746	13	2,673	,701	,763	,019	9,116	,433

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power
Age * Gender * Edu	11,674	3	3,891	1,021	,383	,006	3,063	,278
Age * Income * Edu	95,780	22	4,354	1,142	,297	,050	25,129	,854
MaritalStatus * Gender * Income	18,962	5	3,792	,995	,420	,010	4,975	,357
MaritalStatus * Gender * Edu	1,745	2	,872	,229	,796	,001	,458	,086
MaritalStatus * Income * Edu	33,183	6	5,530	1,451	,193	,018	8,706	,566
Gender * Income * Edu	32,693	9	3,633	,953	,479	,018	8,577	,479
Age * MaritalStatus * Gender * Income	2,767	2	1,384	,363	,696	,002	,726	,108
Age * MaritalStatus * Gender * Edu	,015	1	,015	,004	,950	,000	,004	,050
Age * MaritalStatus * Income * Edu	5,124	1	5,124	1,344	,247	,003	1,344	,212
Age * Gender * Income * Edu	46,772	6	7,795	2,045	,058	,025	12,271	,743
MaritalStatus * Gender * Income * Edu	26,571	2	13,285	3,486	,031	,014	6,971	,651
Age * MaritalStatus * Gender * Income * Edu	,000	0	.	.	.	,000	,000	.
Error	1814,274	476	3,812					
Total	12787,973	730						
Corrected Total	2827,162	729						

a. R Squared = ,358 (Adjusted R Squared = ,017)

b. Computed using alpha = ,05

APPENDIX 14: Main Study Correlations

		CurrentP Year	AgeR	Marita lR	Gende rR	Incom eR	EduR	ApologyS incerity	Attitude	RePurcha seInt
Current Phone Year	Pearson Correlation	1	,175**	-,078*	-,028	,144**	-,017	,005	,014	,018
	Sig. (2-tailed)		,000	,044	,479	,000	,665	,901	,716	,650
	N	662	662	662	662	662	662	662	662	662
Age	Pearson Correlation	,175**	1	-,448**	,104**	,423**	-,113**	,144**	-,005	-,026
	Sig. (2-tailed)	,000		,000	,005	,000	,002	,000	,901	,479
	N	662	730	730	730	730	730	730	730	730
Marital Status	Pearson Correlation	-,078*	-,448**	1	-,152**	-,437**	,029	-,050	-,006	-,002
	Sig. (2-tailed)	,044	,000		,000	,000	,441	,179	,869	,957
	N	662	730	730	730	730	730	730	730	730
Gender	Pearson Correlation	-,028	,104**	-,152**	1	,246**	,083*	,050	,035	-,027
	Sig. (2-tailed)	,479	,005	,000		,000	,025	,178	,343	,460
	N	662	730	730	730	730	730	730	730	730
Income	Pearson Correlation	,144**	,423**	-,437**	,246**	1	,297**	,091*	,018	-,010
	Sig. (2-tailed)	,000	,000	,000	,000		,000	,014	,633	,791
	N	662	730	730	730	730	730	730	730	730
Education	Pearson Correlation	-,017	-,113**	,029	,083*	,297**	1	,020	,044	,014
	Sig. (2-tailed)	,665	,002	,441	,025	,000		,595	,234	,697
	N	662	730	730	730	730	730	730	730	730
Perceived Apology Sincerity	Pearson Correlation	,005	,144**	-,050	,050	,091*	,020	1	,590**	,492**
	Sig. (2-tailed)	,901	,000	,179	,178	,014	,595		,000	,000
	N	662	730	730	730	730	730	730	730	730

		,014	-,005	-,006	,035	,018	,044	,590**	1	,870**
Attitude towards the Company	Pearson Correlation									
	Sig. (2-tailed)	,716	,901	,869	,343	,633	,234	,000		,000
	N	662	730	730	730	730	730	730	730	730
Repurchase Intention	Pearson Correlation	,018	-,026	-,002	-,027	-,010	,014	,492**	,870**	1
	Sig. (2-tailed)	,650	,479	,957	,460	,791	,697	,000	,000	
	N	662	730	730	730	730	730	730	730	730

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

APPENDIX 15: Linearity Assumption for

MANOVA
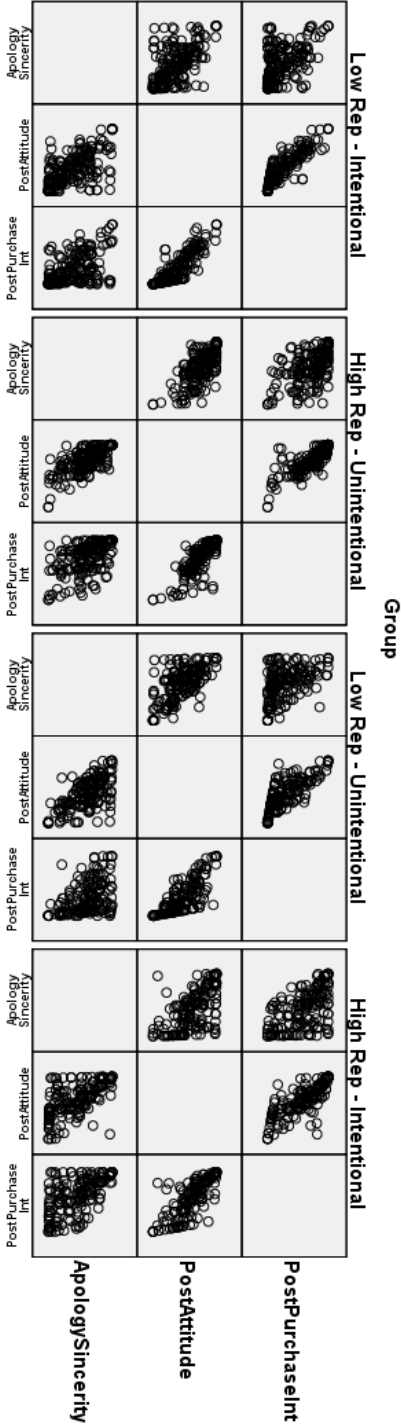
APPENDIX 16: Questionnaire Form 1 (High Reputation – Intentional Wrongdoing Condition)

Değerli Katılımcı,

Bu anket formu, Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İngilizce İşletme Yönetimi Doktora Programı kapsamında yürütülmekte olan tez çalışması için hazırlanmıştır. Çalışma; tüketicilerin satın alma niyetini ölçmeye yöneliktir.

Vereceğiniz yanıtlar gizli tutulacak olup, yalnızca bilimsel amaçlı kullanılacaktır. Anketin doldurulması yaklaşık olarak 5 dakikanızı alacaktır. Vereceğiniz yanıtların doğru ve eksiksiz olması çalışmanın değerini arttıracaktır. Ayırdığınız zaman için çok teşekkür ederim.

Saygılarımla,

Araş. Gör. Enis Yakut

Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü

İngilizce İşletme Yönetimi Doktora Programı Öğrencisi

Bölüm 1

"ABC" A.Ş.

"ABC" A.Ş.; 1976 yılında kurulmuş; merkezi California, Amerika Birleşik Devletleri'nde bulunan; tüketici elektroniği, bilgisayar yazılımı ve kişisel bilgisayar tasarlayan, geliştiren ve satan çok uluslu bir firmadır.

"ABC" A.Ş. ciro açısından dünyanın en büyük bilgi teknolojileri firması; toplam varlıklar açısından dünyanın en büyük teknoloji firması ve dünyanın en büyük ikinci mobil telefon üreticisidir. 2017 yılı sonu itibariyle dünya çapındaki yıllık geliri toplamda 229 milyar dolardır. Ayrıca, 2017 yılı Interbrand En İyi Markalar raporuna göre "ABC", 178 milyar dolarla en değerli marka olarak listelenmiştir.

Lütfen ABC firmasının kurumsal itibarını *(1), "Çok Düşük", (7) "Çok Yüksek"* **aralığında yer alan rakamlardan en uygun değeri gösteren rakamı yuvarlak içine alarak belirtiniz:**

Kurumsal İtibar	Çok Düşük						Çok Yüksek
"ABC" Firması'nın Kurumsal İtibarı	1	2	3	4	5	6	7

Bölüm 2

"ABC" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI – 01.02.2018

"ABC" firması; A8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan A8 aygıtları, Ekim 2017 ile Aralık 2017 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

A8 aygıtınız, belirtilen seri numaraları aralığında ise; "ABC" firması, A8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

Bölüm 3

WWW.CNNTURK.COM HABERİ – 05.02.2018

ABC FİRMASI İTİRAF ETTİ: "RİSKLİ PİLLERİ BİLEREK KULLANDIK"

"ABC" firması, dürüst davranmadıklarını ve A8 aygıtlarında patlama riski olan pil kullandıklarını itiraf etti.

"ABC" firmasının ürettiği A8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, riskli pillerin kullanımının, firmanın bilgisi ve onayı dâhilinde gerçekleştiği açıklandı.

"ABC" firması da yaptığı basın açıklamasında, yüksek patlama riski olan pillerin kullanımının yöneticilerin bilgisi dâhilinde gerçekleştiğini kabul etti. Skandalın ortaya çıkması üzerine ise, "ABC" İcra Kurulu Başkanı görevinden istifa etti.

— teknoloji —

Mobil Donanım İnceleme İnternet Video

▮▮▮▮▮ İtiraf Etti: "Riskli Pilleri Bilerek Kullandık"

05.02.2018 Pazartesi 11:00 (Güncellendi: 06.02.2018 Salı 14:29)

EN ÇOK OKUNANLAR

Ekran yüzlerinin tuttuğu takımlar

Jolanda De Rienzo Instagram'ı salladı

Beşiktaş'ın sürpriz Leipzig kadrosu
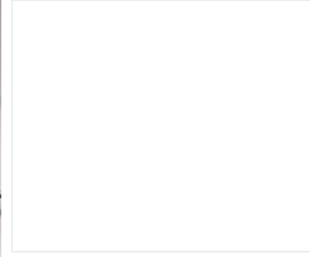
▮▮▮▮ firması, dürüst davranmadıklarını ve ▮▮▮▮ 8 aygıtlarında patlama riski olan pil kullandıklarını itiraf etti.

metin boyutu ⊕ ⊖   metni yazdır 🖶

LG satış stratejisini Samsung'a göre belirliyor

▮▮▮▮ firmasının ürettiği ▮▮▮▮ 8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, riskli pillerin kullanımının, firmanın bilgisi ve onayı dâhilinde gerçekleştiği açıklandı.

▮▮▮▮ firması da yaptığı basın açıklamasında, yüksek patlama riski olan pillerin kullanımının yöneticilerin bilgisi dâhilinde gerçekleştiğini kabul etti. Skandalın ortaya çıkması üzerine ise, ▮▮▮▮ İcra Kurulu Başkanı görevinden istifa etti.

Lütfen telefonlardaki pillerin patlaması olayını, ilgili rakamı yuvarlak içine alarak değerlendiriniz.

"ABC" firması patlama riski olan pilleri bilerek (kasıtlı olarak) kullanmıştır.	Kesinlikle Katılmıyorum						Kesinlikle Katılıyorum
	1	2	3	4	5	6	7

Bölüm 4

"ABC" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI

"ABC" firmasının Üst Yöneticisi (CEO) Yönetici Tim, A8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

Yönetici Tim, firmanın sayfasında yayımlanan video mesajında, milyonlarca insanın "ABC" markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan Yönetici Tim, bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren Yönetici Tim, "Böyle büyük bir hatanın "ABC" firmasında bir daha olmaması lazım" diyerek sözlerini tamamladı.

Newsroom   Arşiv

Basın Açıklaması

████ 'ın Üst Yöneticisi (CEO) ████ , ████ 8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

████ , video mesajında, milyonlarca insanın ████ markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan ████ , bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren ████ , "Böyle büyük bir hatanın ████ 'da bir daha olmaması lazım" diyerek sözlerini tamamladı.

App. p.21

"ABC" firması tarafından yapılan basın açıklamasını dikkate alarak aşağıdaki ifadeleri değerlendiriniz:

	Kesinlikle katılmıyorum						Kesinlikle katılıyorum
Firmanın özrünü samimi buluyorum.	1	2	3	4	5	6	7
Firmanın özrü yüreğime dokundu diyebilirim.	1	2	3	4	5	6	7
Firmanın özrünün güvenilir olduğunu düşünüyorum.	1	2	3	4	5	6	7
Firmanın özrünü içten buluyorum.	1	2	3	4	5	6	7

Bu gelişmeleri dikkate alarak, "ABC" firması ile ilgili genel izleniminizi aşağıdaki ifadelere ve verilen aralıklara göre değerlendiriniz.						
Kötü						İyi
1	2	3	4	5	6	7
Tatmin Edici Değil						Tatmin Edici
1	2	3	4	5	6	7
Yetersiz						Yeterli
1	2	3	4	5	6	7
Olumsuz						Olumlu
1	2	3	4	5	6	7
Hoşnut Değilim						Hoşnutum
1	2	3	4	5	6	7

App. p.22

Bu gelişmeleri dikkate alarak, akıllı telefon satın alırken "ABC" firmasına karşı tutumunuzu aşağıdaki ifadeleri dikkate alarak değerlendiriniz.							
Akıllı telefon satın almayı planladığımda "ABC" markasını dikkate alırım	Kesinlikle Katılmıyorum 1	 2	 3	 4	 5	 6	Kesinlikle Katılıyorum 7
Akıllı telefon satın alırken "ABC" markasını seçmekte tereddüt ederim.	Kesinlikle Katılmıyorum 1	 2	 3	 4	 5	 6	Kesinlikle Katılıyorum 7
"ABC" marka akıllı telefon satın alma ihtimaliniz nedir?	Çok düşük 1	 2	 3	 4	 5	 6	Çok Yüksek 7

Bölüm 5

DEMOGRAFİK BİLGİLER

Bu bölümdeki sorular sizi daha yakından tanımaya yöneliktir. Lütfen ilgili boşluğu doldurunuz veya uygun kutucuğu işaretleyiniz.

1. Yaş Aralığı: □18 yaş altı   □18-24   □25-34   □35-44   □45-54   □55-64   □65 ve üzeri
2. Medeni durumunuz: □Evli   □Bekar   □Diğer(Belirtiniz)……………………
3. Cinsiyet: □Kadın   □Erkek

4. Aylık toplam gelir: □1600 TL'den az □ 1600-2000 □2001-3000 □3001-4000 □4001-5000 □5001-6000 □6001-7000 □7000 ve üzeri
5. Eğitim durumunuz: □İlköğretim □Lise □Ön lisans □Lisans □Yüksek lisans/Doktora
6. Hangi marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz: ……………………………………………………
7. Kaç yıldır bu marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz: ……………………………………………..
8. Daha önce hangi marka akıllı telefonları kullandınız? Lütfen belirtiniz: ……………………………………..

APPENDIX 17: Questionnaire Form 2 (High Reputation – Unintentional Wrongdoing Condition)

Değerli Katılımcı,

Bu anket formu, Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İngilizce İşletme Yönetimi Doktora Programı kapsamında yürütülmekte olan tez çalışması için hazırlanmıştır. Çalışma; tüketicilerin satın alma niyetini ölçmeye yöneliktir.

Vereceğiniz yanıtlar gizli tutulacak olup, yalnızca bilimsel amaçlı kullanılacaktır. Anketin doldurulması yaklaşık olarak 5 dakikanızı alacaktır. Vereceğiniz yanıtların doğru ve eksiksiz olması çalışmanın değerini arttıracaktır. Ayırdığınız zaman için çok teşekkür ederim.

Saygılarımla,

Araş. Gör. Enis Yakut

Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü

İngilizce İşletme Yönetimi Doktora Programı Öğrencisi

Bölüm 1

"ABC" A.Ş.

"ABC" A.Ş.; 1976 yılında kurulmuş; merkezi California, Amerika Birleşik Devletleri'nde bulunan; tüketici elektroniği, bilgisayar yazılımı ve kişisel bilgisayar tasarlayan, geliştiren ve satan çok uluslu bir firmadır.

"ABC" A.Ş. ciro açısından dünyanın en büyük bilgi teknolojileri firması; toplam varlıklar açısından dünyanın en büyük teknoloji firması ve dünyanın en büyük ikinci mobil telefon üreticisidir. 2017 yılı sonu itibariyle dünya çapındaki yıllık geliri toplamda 229 milyar dolardır. Ayrıca, 2017 yılı Interbrand En İyi Markalar raporuna göre "ABC", 178 milyar dolarla en değerli marka olarak listelenmiştir.

Lütfen ABC firmasının kurumsal itibarını *(1), "Çok Düşük", (7) "Çok Yüksek"* **aralığında yer alan rakamlardan en uygun değeri gösteren rakamı yuvarlak içine alarak belirtiniz:**

Kurumsal İtibar	Çok Düşük						Çok Yüksek
"ABC" Firması'nın Kurumsal İtibarı	1	2	3	4	5	6	7

Bölüm 2

"ABC" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI – 01.02.2018

"ABC"; A8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan A8 aygıtları, Ocak 2018 ile Şubat 2018 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

A8 aygıtınız, belirtilen seri numaraları aralığında ise; "ABC" firması, A8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

Bölüm 3

WWW.CNNTURK.COM HABERİ – 05.02.2018

YETKİLİLER AÇIKLADI: "PİLLERİN PATLAMASININ SEBEBİ ÜRETİM HATASI"

Yetkili makamlar, A8 aygıtlarında kullanılan pillerin patlama sebebini "üretim hatası" olarak açıkladı.

"ABC" firmasının ürettiği A8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, pillerdeki bu patlamanın tamamıyla üretim hatası olduğu ve bu hatanın firmanın kontrolü dışında gerçekleştiği açıklandı.

"ABC" firması da yaptığı basın açıklamasında, uzun ömürlü pil üretme hedefine ulaşmak için yeni ve farklı bir üretim yapıldığını; ancak üretim hatası sonucu pillerde patlama vakaları oluştuğunu açıkladı.

Yetkililer Açıkladı: "Pillerin Patlamasının Sebebi Üretim Hatası"

05.02.2018 Pazartesi 11:00 (Güncellendi: 06.02.2018 Salı 14:29)

👍1 👎0

Yetkili makamlar, ███ 8 aygıtlarında kullanılan pillerin patlama sebebini "üretim hatası" olarak açıkladı.

metin boyutu ⊕ ⊖   metni yazdır 🖶

███ firmasının ürettiği ███ 8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, pillerdeki bu patlamanın tamamıyla üretim hatası olduğu ve bu hatanın firmanın kontrolü dışında gerçekleştiği açıklandı.
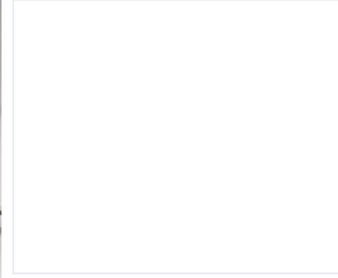
LG satış stratejisini Samsung'a göre belirliyor

███ firması da yaptığı basın açıklamasında, uzun ömürlü pil üretme hedefine ulaşmak için yeni ve farklı bir üretim yapıldığını; ancak üretim hatası sonucu pillerde patlama vakaları oluştuğunu açıkladı.

Lütfen telefonlardaki pillerin patlaması olayını, ilgili rakamı yuvarlak içine alarak değerlendiriniz.

"ABC" firması patlama riski olan pilleri istemeyerek (kasıtsız olarak) kullanmıştır.	Kesinlikle Katılmıyorum						Kesinlikle Katılıyorum
	1	2	3	4	5	6	7

App. p.28

"ABC" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI

"ABC" firmasının Üst Yöneticisi (CEO) Yönetici Tim, A8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

Yönetici Tim, firmanın sayfasında yayımlanan video mesajında, milyonlarca insanın "ABC" markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan Yönetici Tim, bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren Yönetici Tim, "Böyle büyük bir hatanın "ABC" firmasında bir daha olmaması lazım" diyerek sözlerini tamamladı.

Newsroom

Arşiv

Basın Açıklaması

▮ 'ın Üst Yöneticisi (CEO) ▮▮▮ , ▮▮ 8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

▮ , video mesajında, milyonlarca insanın ▮▮ markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan ▮ , bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren ▮ , "Böyle büyük bir hatanın ▮ 'da bir daha olmaması lazım" diyerek sözlerini tamamladı.

App. p.30

Bölüm 4

"ABC" firması tarafından yapılan basın açıklamasını dikkate alarak aşağıdaki ifadeleri değerlendiriniz:

	Kesinlikle katılmıyorum				Kesinlikle katılıyorum
Firmanın özrünü samimi buluyorum.	1	2	3	4	5
Firmanın özrü yüreğime dokundu diyebilirim.	1	2	3	4	5
Firmanın özrünün güvenilir olduğunu düşünüyorum.	1	2	3	4	5
Firmanın özrünü içten buluyorum.	1	2	3	4	5

Bu gelişmeleri dikkate alarak, "ABC" firması ile ilgili genel izleniminizi aşağıdaki ifadelere ve verilen aralıklara göre değerlendiriniz.

Kötü				İyi
1	2	3	4	5
Tatmin Edici Değil				Tatmin Edici
1	2	3	4	5
Yetersiz				Yeterli
1	2	3	4	5
Olumsuz				Olumlu
1	2	3	4	5
Hoşnut Değilim				Hoşnutum
1	2	3	4	5

Bu gelişmeleri dikkate alarak, akıllı telefon satın alırken "ABC" firmasına yönelik tutumunuzu aşağıdaki ifadeleri dikkate alarak değerlendiriniz.					
Akıllı telefon satın almayı düşündüğümde "ABC"' markasını dikkate alırım	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
Akıllı telefon satın alırken "ABC" markasını seçmekte tereddüt ederim.	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
"ABC" marka akıllı telefon satın alma ihtimaliniz nedir?	Çok düşük 1	2	3	4	Çok Yüksek 5

Bölüm 5

DEMOGRAFİK BİLGİLER

Bu bölümdeki sorular sizi daha yakından tanımaya yöneliktir. Lütfen ilgili boşluğu doldurunuz veya uygun kutucuğu işaretleyiniz.

1. Yaş Aralığı: □18 yaş altı □18-24 □25-34 □35-44 □45-54 □55-64 □65 ve üzeri
2. Medeni durumunuz: □Evli □Bekar □Diğer(Belirtiniz)……………………
3. Cinsiyet: □Kadın □Erkek

4. Aylık toplam gelir: □1400-2000   □2001-3000   □3001-4000   □4001-5000   □5001-6000

□6001-7000   □7000 ve üzeri

5. Eğitim durumunuz: □İlköğretim   □Lise □Ön lisans   □Lisans   □Yüksek lisans/Doktora

6. Hangi marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz: …………………………………………………

7. Kaç yıldır bu marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz:
…………………………………………...

8. Daha önce hangi marka akıllı telefonları kullandınız? Lütfen belirtiniz:
…………………………………………..

APPENDIX 18: Questionnaire Form 3 (Low Reputation – Intentional Wrongdoing Condition)

Değerli Katılımcı,

Bu anket formu, Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İngilizce İşletme Yönetimi Doktora Programı kapsamında yürütülmekte olan tez çalışması için hazırlanmıştır. Çalışma; tüketicilerin satın alma niyetini ölçmeye yöneliktir.

Vereceğiniz yanıtlar gizli tutulacak olup, yalnızca bilimsel amaçlı kullanılacaktır. Anketin doldurulması yaklaşık olarak 5 dakikanızı alacaktır. Vereceğiniz yanıtların doğru ve eksiksiz olması çalışmanın değerini arttıracaktır. Ayırdığınız zaman için çok teşekkür ederim.

Saygılarımla,

Araş. Gör. Enis Yakut

Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü

İngilizce İşletme Yönetimi Doktora Programı Öğrencisi

Bölüm 1

"XYZ" LTD. ŞTİ.

"XYZ" Ltd. Şti.; 1865 yılında, Finlandiya merkezli olarak kurulmuş; halka açık işlem gören çok uluslu bir bilgi teknolojileri ve telekomünikasyon firmasıdır.

"XYZ" Ltd. Şti. uzunca bir süre dünyanın en büyük cep telefonu satıcısı olmuş, ancak yaşadığı problemler sebebiyle firma pazar payını tamamen kaybetmiştir. Firmanın; 2010 yılında %40 olan pazar payı, 2017 itibariyle %3ün altındadır ve firma 2016 yılında yaklaşık olarak 1.5 milyar Euro zarar etmiştir.

Ayrıca firmanın marka değeri de büyük yara almış ve 2015 yılında Interbrand En İyi Markalar listesindeki yerini de tamamen kaybetmiştir.

Lütfen XYZ firmasının kurumsal itibarını *(1), "Çok Düşük", (7) "Çok Yüksek"* **aralığında yer alan rakamlardan en uygun değeri gösteren rakamı yuvarlak içine alarak belirtiniz:**

Kurumsal İtibar	Çok Düşük						Çok Yüksek
"XYZ" Firması'nın Kurumsal İtibarı	1	2	3	4	5	6	7

Bölüm 2

"XYZ" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI – 01.02.2018

"XYZ" firması; X8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan X8 aygıtları, Ekim 2017 ile Aralık 2017 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

X8 aygıtınız, belirtilen seri numaraları aralığında ise; "XYZ" firması, X8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

Patlama Riski Sebebiyle ████ 8 Pil Değişim Programı

████ firması; ██ 8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan ██ 8 aygıtları, Ekim 2017 ile Aralık 2017 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

██ 8 aygıtınız, belirtilen seri numaraları aralığında ise; ██ firması, ██ 8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

1 Şubat 2018

Bölüm 3

WWW.CNNTURK.COM HABERİ – 05.02.2018

"XYZ" İTİRAF ETTİ: "RİSKLİ PİLLERİ BİLEREK KULLANDIK"

"XYZ" firması, dürüst davranmadıklarını ve X8 aygıtlarında patlama riski olan pil kullandıklarını itiraf etti.

"XYZ" firmasının ürettiği X8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, riskli pillerin kullanımının, firmanın bilgisi ve onayı dâhilinde gerçekleştiği açıklandı.

"XYZ" firması da yaptığı basın açıklamasında, yüksek patlama riski olan pillerin kullanımının yöneticilerin bilgisi dâhilinde gerçekleştiğini kabul etti. Skandalın ortaya çıkması üzerine ise, "XYZ" İcra Kurulu Başkanı görevinden istifa etti.

App. p.36

İtiraf Etti: "Riskli Pilleri Bilerek Kullandık"

05.02.2018 Pazartesi 11:00 (Güncellendi: 06.02.2018 Salı 14:29)

████ firması, dürüst davranmadıklarını ve ████ 8 aygıtlarında patlama riski olan pil kullandıklarını itiraf etti.

████ firmasının ürettiği ████ 8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, riskli pillerin kullanımının, firmanın bilgisi ve onayı dâhilinde gerçekleştiği açıklandı.

LG satış stratejisini Samsung'a göre belirliyor

████ firması da yaptığı basın açıklamasında, yüksek patlama riski olan pillerin kullanımının yöneticilerin bilgisi dâhilinde gerçekleştiğini kabul etti. Skandalın ortaya çıkması üzerine ise, ████ İcra Kurulu Başkanı görevinden istifa etti.

Lütfen telefonlardaki pillerin patlaması olayını, ilgili rakamı yuvarlak içine alarak değerlendiriniz.

	Kesinlikle Katılmıyorum						Kesinlikle Katılıyorum
"XYZ" firması patlama riski olan pilleri bilerek (kasıtlı olarak) kullanmıştır.	1	2	3	4	5	6	7

"XYZ" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI

"XYZ" firmasının Üst Yöneticisi (CEO) Yönetici Bob, X8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

Yönetici Bob, firmanın sayfasında yayımlanan video mesajında, milyonlarca insanın "XYZ" markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan Yönetici Bob, bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren Yönetici Bob, "Böyle büyük bir hatanın "XYZ" firmasında bir daha olmaması lazım" diyerek sözlerini tamamladı.

| | Networks | Innovation | Health | Virtual reality | Phones | About |

Basın Açıklaması

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...

7 Şubat 2018

█████ firmasının Üst Yöneticisi (CEO) █████████, █8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

█████, video mesajında, milyonlarca insanın █████ markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan Suri, bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren █████, "Böyle büyük bir hatanın █████'da bir daha olmaması lazım" diyerek sözlerini tamamladı.

Bölüm 4

"XYZ" firması tarafından yapılan basın açıklamasını dikkate alarak aşağıdaki ifadeleri değerlendiriniz:

	Kesinlikle katılmıyorum				Kesinlikle katılıyorum
Firmanın özrünü samimi buluyorum.	1	2	3	4	5
Firmanın özrü yüreğime dokundu diyebilirim.	1	2	3	4	5
Firmanın özrünün güvenilir olduğunu düşünüyorum.	1	2	3	4	5
Firmanın özrünü içten buluyorum.	1	2	3	4	5

Bu gelişmeleri dikkate alarak, "XYZ" firması ile ilgili genel izleniminizi aşağıdaki ifadelere ve verilen aralıklara göre değerlendiriniz.

Kötü				İyi
1	2	3	4	5
Tatmin Edici Değil				Tatmin Edici
1	2	3	4	5
Yetersiz				Yeterli
1	2	3	4	5
Olumsuz				Olumlu
1	2	3	4	5
Hoşnut Değilim				Hoşnutum
1	2	3	4	5

Bu gelişmeleri dikkate alarak, akıllı telefon satın alırken "XYZ" firmasına karşı tutumunuzu aşağıdaki ifadeleri dikkate alarak değerlendiriniz.					
Akıllı telefon satın almayı planladığımda "XYZ" markasını dikkate alırım	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
Akıllı telefon satın alırken "XYZ" markasını seçmekte tereddüt ederim.	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
"XYZ" marka akıllı telefon satın alma ihtimaliniz nedir?	Çok düşük 1	2	3	4	Çok Yüksek 5

Bölüm 5

DEMOGRAFİK BİLGİLER

Bu bölümdeki sorular sizi daha yakından tanımaya yöneliktir. Lütfen ilgili boşluğu doldurunuz veya uygun kutucuğu işaretleyiniz.

1. Yaş Aralığı: □18 yaş altı   □18-24   □25-34   □35-44   □45-54   □55-64   □65 ve üzeri
2. Medeni durumunuz: □Evli   □Bekar   □Diğer(Belirtiniz)…………………
3. Cinsiyet: □Kadın   □Erkek

4. Aylık toplam gelir: □1400-2000   □2001-3000   □3001-4000   □4001-5000   □5001-6000

□6001-7000   □7000 ve üzeri

5. Eğitim durumunuz: □İlköğretim   □Lise □Ön lisans   □Lisans   □Yüksek lisans/Doktora

6. Hangi marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz: ………………………………………………….

7. Kaç yıldır bu marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz:
…………………………………………..

8. Daha önce hangi marka akıllı telefonları kullandınız? Lütfen belirtiniz:
…………………………………………..

APPENDIX 19: Questionnaire Form 4 (Low Reputation – Unintentional Wrongdoing Condition)

Değerli Katılımcı,

Bu anket formu, Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü İngilizce İşletme Yönetimi Doktora Programı kapsamında yürütülmekte olan tez çalışması için hazırlanmıştır. Çalışma; tüketicilerin satın alma niyetini ölçmeye yöneliktir.

Vereceğiniz yanıtlar gizli tutulacak olup, yalnızca bilimsel amaçlı kullanılacaktır. Anketin doldurulması yaklaşık olarak 5 dakikanızı alacaktır. Vereceğiniz yanıtların doğru ve eksiksiz olması çalışmanın değerini arttıracaktır. Ayırdığınız zaman için çok teşekkür ederim.

Saygılarımla,

Araş. Gör. Enis Yakut

Dokuz Eylül Üniversitesi Sosyal Bilimler Enstitüsü

İngilizce İşletme Yönetimi Doktora Programı Öğrencisi

Bölüm 1

"XYZ" LTD. ŞTİ.

"XYZ" Ltd. Şti.; 1865 yılında, Finlandiya merkezli olarak kurulmuş; halka açık işlem gören çok uluslu bir bilgi teknolojileri ve telekomünikasyon firmasıdır.

"XYZ" Ltd. Şti. uzunca bir süre dünyanın en büyük cep telefonu satıcısı olmuş, ancak yaşadığı problemler sebebiyle firma pazar payını tamamen kaybetmiştir. Firmanın; 2010 yılında %40 olan pazar payı, 2017 itibariyle %3ün altındadır ve firma 2016 yılında yaklaşık olarak 1.5 milyar Euro zarar etmiştir.

Ayrıca firmanın marka değeri de büyük yara almış ve 2015 yılında Interbrand En İyi Markalar listesindeki yerini de tamamen kaybetmiştir.

Lütfen "XYZ" firmasının kurumsal itibarını *(1), "Çok Düşük", (7) "Çok Yüksek"* **aralığında yer alan rakamlardan en uygun değeri gösteren rakamı yuvarlak içine alarak belirtiniz:**

Kurumsal İtibar	Çok Düşük						Çok Yüksek
"XYZ" Firması'nın Kurumsal İtibarı	1	2	3	4	5	6	7

Bölüm 2

"XYZ" FİRMASI TARAFINDAN YAPILAN BASIN AÇIKLAMASI – 01.02.2018

"XYZ" firması; X8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan X8 aygıtları, Ekim 2017 ile Aralık 2017 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

X8 aygıtınız, belirtilen seri numaraları aralığında ise; "XYZ" firması, X8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

Networks   Innovation   Health   Virtual reality   Phones   About ██████

Patlama Riski Sebebiyle ████ 8 Pil Değişim Programı

██████ firması; ████ 8 aygıtlarının bir bölümünde, pillerin bileşiminde yer alan bir madde sebebiyle patlama riski oluştuğunu belirlemiştir. Bu riski taşıyan ████ 8 aygıtları, Ekim 2017 ile Aralık 2017 arasında satılan ve belirli bir seri numarası aralığı içinde olan aygıtlardır.

████ 8 aygıtınız, belirtilen seri numaraları aralığında ise; ███ firması, ███ 8 aygıtınızın pilini ücretsiz olarak değiştirmeyi taahhüt eder.

1 Şubat 2018

Bölüm 3

<u>WWW.CNNTURK.COM</u> HABERİ – 05.02.2018

YETKİLİLER AÇIKLADI: "PİLLERİN PATLAMASININ SEBEBİ ÜRETİM HATASI"

Yetkili makamlar, X8 aygıtlarında kullanılan pillerin patlama sebebini "üretim hatası" olarak açıkladı.

"XYZ" firmasının ürettiği X8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, pillerdeki bu patlamanın tamamıyla üretim hatası olduğu ve bu hatanın firmanın kontrolü dışında gerçekleştiği açıklandı.

"XYZ" firması da yaptığı basın açıklamasında, uzun ömürlü pil üretme hedefine ulaşmak için yeni ve farklı bir üretim yapıldığını; ancak üretim hatası sonucu pillerde patlama vakaları oluştuğunu açıkladı.

CNN TÜRK

SON DAKİKA | TV PROGRAMLARI | CANLI YAYIN | VİDEO | FOTO HABER | YAZARLAR

Türkiye | Ekonomi | Spor | Dünya | Yaşam | Sanat | Magazin | Teknoloji | Hava Durumu | Otomobil | Emlak   MENÜ ≡

— teknoloji —

Mobil Donanım İnceleme İnternet Video

Yetkililer Açıkladı: "Pillerin Patlamasının Sebebi Üretim Hatası"

05.02.2018 Pazartesi 11:00 (Güncellendi: 06.02.2018 Salı 14:29)

EN ÇOK OKUNANLAR

Ekran yüzlerinin tuttuğu takımlar

Jolanda De Rienzo Instagram'ı salladı

Beşiktaş'ın sürpriz Leipzig kadrosu

Yetkili makamlar, █████ 8 aygıtlarında kullanılan pillerin patlama sebebini "üretim hatası" olarak açıkladı.

metin boyutu (+) (−)   metni yazdır 🖨

LG satış stratejisini Samsung'a göre belirliyor

█████ firmasının ürettiği █████ 8 aygıtlarında patlama olayları yaşandıktan sonra, yetkili makamlarca atanan denetçiler geniş çaplı bir soruşturma başlattılar. Soruşturma sonucu, pillerdeki bu patlamanın tamamıyla üretim hatası olduğu ve bu hatanın firmanın kontrolü dışında gerçekleştiği açıklandı.

█████ firması da yaptığı basın açıklamasında, uzun ömürlü pil üretme hedefine ulaşmak için yeni ve farklı bir üretim yapıldığını; ancak üretim hatası sonucu pillerde patlama vakaları oluştuğunu açıkladı.

Lütfen telefonlardaki pillerin patlaması olayını, ilgili rakamı yuvarlak içine alarak değerlendiriniz.

	Kesinlikle Katılmıyorum						Kesinlikle Katılıyorum
"XYZ" firması patlama riski olan pilleri istemeyerek (kasıtsız olarak) kullanmıştır.	1	2	3	4	5	6	7

"XYZ" FİRMASI TARAFINDA YAPILAN BASIN AÇIKLAMASI

"XYZ" firmasının Üst Yöneticisi (CEO) Yönetici Bob, X8 telefon pillerinin yüksek patlama riski taşıması sebebiyle özür diledi.

Yönetici Bob, şirketin sayfasında yayımlanan video mesajında, milyonlarca insanın "XYZ" markasına, telefonlarına ve teknolojisine güvendiğini belirterek, "Bu güveni boşa çıkardığımız için çok üzgünüm. Tüm müşterilerimizden, resmi dairelerden ve kamuoyundan hatalı davranışımızdan dolayı özür diliyorum" dedi.

"Olayın hızlı ve kapsamlı bir şekilde açıklığa kavuşturulması en yüksek önceliğimizdir" ifadesini kullanan Yönetici Bob, bunu çalışanlara, müşterilere ve kamuoyuna borçlu olduklarını söyledi. Oluşan zararı telafi etmek için ellerinden geleni yapacakları sözünü veren Yönetici Bob, "Böyle büyük bir hatanın "XYZ" firmasında bir daha olmaması lazım" diyerek sözlerini tamamladı.

Networks   Innovation   Health   Virtual reality   Phones   About

Home / News / Releases /

Basın Açıklaması

Bölüm 4

"XYZ" firması tarafından yapılan basın açıklamasını dikkate alarak aşağıdaki ifadeleri değerlendiriniz:

Özür Samimiyeti	Kesinlikle katılmıyorum				Kesinlikle katılıyorum
Firmanın özrünü samimi buluyorum.	1	2	3	4	5
Firmanın özrü yüreğime dokundu diyebilirim.	1	2	3	4	5
Firmanın özrünün güvenilir olduğunu düşünüyorum.	1	2	3	4	5
Firmanın özrünü içten buluyorum.	1	2	3	4	5

Bu gelişmeleri dikkate alarak, "XYZ" firması ile ilgili genel izleniminizi aşağıdaki ifadelere ve verilen aralıklara göre değerlendiriniz.				
Kötü				İyi
1	2	3	4	5
Tatmin Edici Değil				Tatmin Edici
1	2	3	4	5
Yetersiz				Yeterli
1	2	3	4	5
Olumsuz				Olumlu
1	2	3	4	5
Hoşnut Değilim				Hoşnutum
1	2	3	4	5

Bu gelişmeleri dikkate alarak, akıllı telefon satın alırken "XYZ" firmasına karşı tutumunuzu aşağıdaki ifadeleri dikkate alarak değerlendiriniz.					
Akıllı telefon satın almayı planladığımda "XYZ" markasını dikkate alırım	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
Akıllı telefon satın alırken "XYZ" markasını seçmekte tereddüt ederim.	Kesinlikle Katılmıyorum 1	2	3	4	Kesinlikle Katılıyorum 5
"XYZ" marka akıllı telefon satın alma ihtimaliniz nedir?	Çok düşük 1	2	3	4	Çok Yüksek 5

Bölüm 5

DEMOGRAFİK BİLGİLER

Bu bölümdeki sorular sizi daha yakından tanımaya yöneliktir. Lütfen ilgili boşluğu doldurunuz veya uygun kutucuğu işaretleyiniz.

S.1. Yaş Aralığı: □18 yaş altı   □18-24   □25-34   □35-44   □45-54   □55-64   □65 ve üzeri
S.2. Medeni durumunuz: □Evli   □Bekar
S.3. Cinsiyet: □Kadın   □Erkek

S.4. Aylık toplam gelir: □1300-2000   □2001-3000   □3001-4000   □4001-5000   □5001-6000

□6001-7000   □7000 ve üzeri

S.5. Eğitim durumunuz: □İlköğretim   □Lise □Ön lisans   □Lisans   □Yüksek lisans/Doktora

S.6 Hangi marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz:
………………………………………………….

S.7 Kaç yıldır bu marka akıllı telefon kullanıyorsunuz? Lütfen belirtiniz:
………………………………………………..