
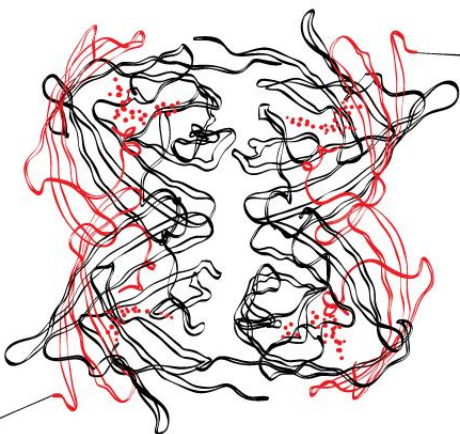
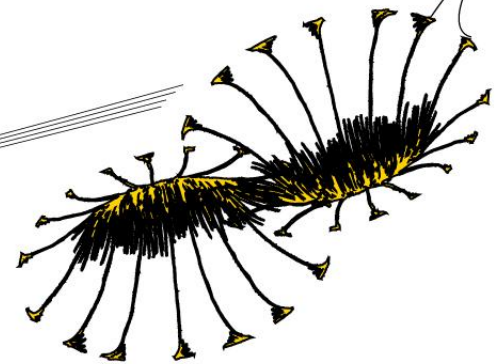




## How will they react? Textile organizations and crisis communication.



Effects of crisis type, information timing and product price on the perceived post crisis emotions, attitude and behavioural intentions of textile organizations.



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# How will they react? Textile organizations and crisis communication.

Effects of crisis type, information timing and product price on the perceived emotions, attitude and behavioural intentions of textile organizations.

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## *Abstract*

*Crisis communication researchers have systematically examined how people perceive the crisis response strategies using experimental designs. The results of these experimental studies provide evidence for organizations which they can use. This study contributes to the knowledge of the existing experimental studies by investigating a 2×2×2 experimental design where the conditions; crisis response timing strategy (proactive- versus reactive crisis response strategy), two types of value-related crises (animal cruelty- versus human exploitation crisis) and price (high- versus low price) are tested within the textile industry. Results show that a proactive crisis response strategy has positive influence and results in less anger, more sympathy and more brand trust than a reactive crisis response strategy. An animal cruelty crisis results in more negative post crisis impact than a human exploitation crisis and results in less sympathy and less purchase intention. A crisis within an organization with high priced products results in more negative post crisis impact than a crisis within an organization with low priced products and results in less purchase intention. Crisis managers need to implement a proactive crisis response strategy prior to a crisis so they will always use this strategy. In order to avoid value related crises, crisis managers within the textile industry need to have sufficient supply chain management which, for instant, avoids subcontracting. Future research could go deeper into the unexplored conditions crisis type and price.*

**Keywords:** Crisis, Crisis management, Textile, Stealing thunder, Crisis type, Price.

## Chapter 1: Introduction

On the 24<sup>th</sup> of April, a weave factory in Bangladesh collapsed. More than 900 people were killed and 2500 people injured. The textile company involved manufactured her clothes in this factory. This organization has been seen responsible for the bad construction of the building. Major protests started against these factories, which are indicated as ‘sweatshops’. Sweatshops are clothing factories where cheap labour and bad working conditions are being utilized to lower the price. According to Arnold & Bowie (2003) the multinational enterprises are responsible for these conditions, even though they often hide behind subcontractors and suppliers. Because of the responsibility for the incidents with sweatshops, textile organizations can end up in a crisis. The whole world is looking at this issue and blames the international textile organization. The textile industry is increasingly more often involved in these type of crises. Products have to be cheap and margins high. Manufacturers sought in low wages countries where human- and animal rights do not have the same meaning as in Western countries.

Crisis literature has started with case studies but research on crisis communication moved beyond case studies to experiments designed to assess systematically how people perceive crisis situations and crisis response strategies. Case studies offer little view into how stakeholders actually respond to crisis response strategies. Moreover, the case studies often provide minimal theoretical insight into crisis communication. Experimental design studies give insight in different response strategies utilized in the same crisis (Coombs & Holladay, 2008; Coombs & Holladay, 2009b; Coombs, 2007). Coombs & Holladay (2008) see problems within these studies, where ‘unfair’, extreme strategies are being compared against one another. An example they give is apology against denial. They state that apology should be compared with more equivalent crisis response strategies. With the use of this experimental designs, organizations get real-life examples of several type of crises. All these studies together lead to evidence-based management which is derived from evidence-based medicine. Evidence-based medicine indicates that the use of scientifically proven results guide actions in medicine (and now management). Research in crisis management needs to leave cases-based research behind and focus on evidence-based crisis communication (Coombs & Holladay, 2008). Even though a lot of experimental studies have already been conducted, there is still a ‘bleeding edge’ within the field of experimental studies of crisis management (Coombs, 2014). This field has a high risk for being unreliable because it has not been fully tested. Because experimental studies have a numerous amount of combinations, many studies can still be conducted.

The textile industry has not been tested within the experimental studies of crisis management. Past experimental studies focused on proactive crisis communication approaches (Clays, et al., 2013; Claeys & Cauberghe, 2012; Wigley, 2010; Mauet, 1992; Arpan & Pompper, 2002; Dean, 2004; Seeger, 2003), product recall/product harm crisis (Kumar & Budin, 2006; Rhee & Houndschild, 2006; Souiden & Pons, 2009; Laufer & Coombs, 2002) crisis and corporate social responsibility (Vanhamme & Grobbsen, 2009; Klein & Dawar, 2004; Kim, et al., 2009a; Fernández-Feijóo, 2009), general crisis response strategies (Coombs, 2007; Coombs & Holladay, 2008; Coombs & Holladay, 2009b) reparation of trust, image and reputation after a crisis (Gillespie & Dietz, 2009; Kim, et al., 2009b; Xie & Peng, 2009; Caldiero, et al., 2009) and crisis from a general perspective (Pearson & Clair, 1998; Lerbinger, 2012).

It is interesting to know whether consumers have the same response to a proactive crisis response strategy within the textile industry like previous literature argues. This literature states that a proactive crisis response strategy has less post crisis impact than a reactive crisis response strategy (Arpan & Roskos-Ewoldsen, 2005; Wigley, 2010; Mauet, 1992; Arpan & Pompper, 2002; Dean, 2004; Seeger, 2003).

A never researched before research item within the crisis literature is the aspect price. As stated before, price is the reason why multinational textile organizations implement their production in low wages countries. For this reason, most crises from the aspect price because good working conditions and responsible labour is more expensive than the sweatshops. Sweatshops are clothing factories where cheap labour and bad working conditions are being utilized to lower the price. No past literature within the whole crisis management literature includes price in experimental studies.

Next to the level of price is the type of crisis (the nature of the crisis) also quite unexplored. Dutta & Pullig (2011) did a study where they adopted crisis type within their experimental study and concluded that there is no universal way of crisis response strategies because the right strategy differs according to the corresponding crisis type. They made a differentiation between product related crises and value related crisis. This study uses two types of value related crises. The following main research question can be defined:

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Main research question

*To what extent do crisis type, crisis response timing and price influence perceived emotions, attitude and behavioural intentions?*

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Five measurement scales are used to research to what extent the conditions influence the post crisis impact. These measurement scales include emotions, attitude, and behavioural intentions towards the company. Emotions will be measured with the use of anger and sympathy. Attitude towards the company will be measured with the use of brand trust. Behavioural intentions will be measured with the use of negative word of mouth and purchase intention. While many research writes about post

crisis reputation (Vanhamme & Grobben, 2009; Coombs, 2007; Coombs & Holladay, 2008; Coombs & Holladay, 2009b), this study makes use of the term post crisis impact. The choice for not using reputation is because of the use of fictive organizations in this research. Fictive organizations cannot have a reputation. Therefore, reputation will not be used as a measurement scale. Post crisis impact is a more encompassing definition than post crisis reputation. Measuring the impact of the particular crisis with the corresponding moderators on the perceived reputation needs measurement variables. Below, the variables will be explained and justified.

Anger is important to measure, because it can damage relationships and motivate stakeholders to end a relationship or to speak negatively about the organization to other people (Coombs & Holladay, 2009b; Coombs & Holladay, 2008). Coombs (2007) states that emotions have to be measured with the use of anger and sympathy. He claims that results of anger have to be combined with reverse-scored measures of sympathy. The combination of these scores together give a general measure of negative emotion.

According to Coombs (2007), anger might generate negative word of mouth. Word of mouth is an important factor for organizations. They continuously search for cultivating a positive word of mouth among stakeholders. Negative word of mouth can be devastating. Coombs (2007) states that negative word of mouth is important to measure.

Delgado-Ballester (2001) argues about the importance of brand trust. This research states that the ultimate goal of an organization is to generate an intense bond between the consumer and the brand. The most important factor within this bond is trust. Delgado-Ballester (2001) defines brand trust as “a feeling of security held by the consumer in his/her interaction with the brand, which is based on the perceptions that the brand is reliable and responsible for the interests and welfare of the consumer.”(p. 1241) The part ‘brand’ in brand trust is an addition to trust because the brand is a possible promise for future performances and this promise can lead to consumers’ trust in the occurrence of future satisfaction. Many scholars write about the significance of brand trust (Yannopoulou, et al., 2011; Yongjun & Jooyoung, 2010; Elliott & Yannopoulou, 2007; Geok, 1999).

Chieh-Peng, et al. (2011) argues about the significance of the purchase intentions towards the organization. This study states that trust is a prerequisite for building a customer relationship and consequently facilitating purchase intention.

In short, the important post crisis measures for organization include anger, sympathy, negative word of mouth, brand trust and purchase intention. Take note that anger and negative-word of mouth are negative measurements and that sympathy, brand trust and purchase intention are positive measurements. When a respondent is not happy with a crisis, this person will have high scores on the negative measurements and low scores on the positive measurements.

Organizations within the textile industry can use this study in a practical way to see whether price, type of product or the timing of the reaction on a crisis influences the way people look at the crisis and the way people look at the organization. It is always better to avoid a crisis but organizations never know when such a crisis occurs. This study shows organizations how they can avoid most harm to the post crisis impact.

After this introduction, the paper is structured according to the chapters: 2. Literature review: The information needed for the topics crisis, crisis management and crisis impact. Also the manipulations and measurements are justified here. 3. Method: Information about the methodology of this research. 4. Results: The chapter where the results have been calculated and all options have been reviewed. 5. Discussion: In this chapter the discussion of the results are situated, the practical implications for crisis managers and the future research directions.

## Chapter 2: Literature review

This literature review first describes the theoretical background of crisis in general, crisis management and crisis impact. Crisis impact focuses on the used measurements of this study. After this description, the focus will be on the use of the manipulations. The hypotheses are created according to the literature of the corresponding condition. The combination of the manipulations, the hypotheses and the measurements is visualized in a research model.

### 2.1 Crisis

Seeger (2003) states that the term 'crisis' evokes a sense of threat, urgency, and destruction, often on an enormous scale. Crisis are events that occur unusually with an overwhelmingly significance. This is why crisis carry a high level of risk, harm and opportunity for further loss. For organizations, crisis mostly are a fundamental threat to system stability and high priority goals such as image, legitimacy, and profitability. Pearson & Clair (1998) define organizational crisis as "a low-probability, high-impact event that threatens the viability of the organizations and is characterized by ambiguity of cause, effect and means of resolution, as well as by a belief that decisions must be made swiftly"(p. 60). This indicates that crises are huge impact events, which can come out of nowhere and are hard for organizations to prevent. Organizational crises can occur in three ways: an external agent or force caused the crisis, the crisis was a result of accidental or intentional actions by members of the organization or the cause of the crisis was technical or human error (Coombs, 2007). Seeger (2003) states that crises often have negative consequences for the direct environment. For managers, employees, community members, and victims, crisis often represents a profound personal loss. Careers may be threatened, livelihoods jeopardized, and health, well being, and sense of security and predictability shattered.

A crisis always begins with a surprising and often dramatic event. Even though many studies argue about the organizations as being victims of a crisis, the first direct victims of the crisis are the people who are directly involved. Media portray these victims as powerless and helpless, harmed by forces over which they have little or no control, exploited by economic structures and forces, and in need of some broader social support (Seeger, 2003).

### 2.2 Crisis management

A crisis can harm an organization. Crisis response strategies serve to protect a company after a crisis. After a crisis, organizations need to convey messages to stakeholders. These messages begin by telling stakeholders what to do to protect themselves from the crisis (instructing information) and to help them cope psychologically with the crisis (adjusting information)(Coombs & Holladay, 2009a).

According to Coombs (2007), a threat from a crisis is shaped by three different factors which have been derived from his Situational Crisis Communication Theory (SCCT): initial crisis responsibility, crisis history and prior relational reputation. Initial crisis responsibility states that the more responsible the organization is for the crisis, the larger the reputational damage will be. Crisis history and prior relational reputation are linked to initial crisis responsibility, where crisis history indicates that whether or not the organization had similar crises in the past, the organization will be held more responsible and the reputation will be more damaged. The initial crisis responsibility indicates how well or poorly an organization has or is perceived to have treated stakeholders in other crisis contexts. When an organizations has threatened stakeholders bad in the past, the organization will be held more responsible for the crisis. Therefore they will have more damage to their reputation (Coombs & Holladay, 2002).

For organizations a crisis interrupts normal business operations, makes the organizations vulnerable, and at its worse can threaten the existence of an organization. The seriousness of a crisis can be explained by the differences on a scale from; incident, accident, conflict and crisis. An incident is limited disruption, an accident is a systematic disruption, conflict is disturbance of symbolic structures and a crisis is a disruption that physically affects a system in its existential core (Seeger, 2003).

Dawson (1995) states there is a difference in the way of thinking between men and women considering morality and ethics. Women are in general more sensitive, have a need for caring and are

guided by emotions. Men are in general less sensitive, rely on rules and are guided by logic. Women might have a larger negative impact than men.

To lower the harm of the crisis impact on organizations it is important to manage the crisis in a responsible way through proper crisis communication. Pearson & Clair (1998) state that there are studies who argue that crises are unpreventable and there are studies who argue that there are ways to manage or avert organizational crises. They claim that crisis management efforts are effective when operations are sustained or resumed, organizational and stakeholder losses are minimized, and learning occurs so that an organization is prepared for future incidents. Coombs (2007) argues that crisis response strategies (what management says and does after a crisis occurs) are used to repair a reputation, reduce negative effect and prevent negative behavioural intentions. Crisis response strategies are a part of crisis management, which is defined by Pearson & Clair (1998) as “a systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that do occur” (p. 62). Crisis management also focuses on the prevention of a crisis where crisis response strategies only focus on the post crisis activities.

Within this crisis management, conforming crisis communication is necessary. Coombs & Holladay (2010) define crisis communication as “the collection, processing and distribution of information which is required to address a crisis situation” (p. 20). This crisis communication can be divided in pre-crisis communication, which is the training of employees and studying risk management, and post-crisis communication, which is clarifying the crisis the crisis management efforts, communicating necessary ‘changes’ to stakeholders and, when needed, communicating follow-up messages.

To lower the harm of a crisis, organizations use different type of crisis management. One recent developed management tool is called stealing thunder. Stealing thunder, in short, is a form of a proactive crisis response strategy which suggests that the organizations has to break the news about its own crisis before some other medium does. By using this strategy, a crisis might have less negative impact on the society.

### **2.3 Proactive crisis response strategy**

Many research has already been employed within the different type of crisis response strategies. One subject which has been not been investigated in many ways is the timing of the crisis response. Arpan & Roskos-Ewoldsen (2005) argue that stealing thunder is a self-disclosure strategy. In addition, the organization initiates the crisis communication. They found that stealing thunder creates a highly credibility ratings among the other party. Arpan & Roskos-Ewoldsen (2005) argue that “telling it all” has been examined in various ways but “telling it fast” has few been investigated. Stealing thunder is one of these crisis response timing strategies (p. 425). Wigley (2010) argues that stealing thunder is a type of communication where the organization is the first to reveal the negative of damaging information. Stealing thunder is most often used when a defendant’s weakness is known by an opponent. Mauet (1992) states that stealing thunder has the following basis: “If you don’t give the information, your opponent will with twice the impact” (p. 83). Arpan & Pompper (2002) state that stealing thunder is a highly proactive approach to crisis communication. They argue that a highly proactive crisis communication approach (stealing thunder) may enable practitioners to promote more excellent ethical public relations by enhancing relationships with journalists. Within this study they also found that perceptions of the crisis are seen as less severe with stealing thunder involved. This also leads to higher levels of intent to purchase the product involved in the crisis. Claeys, et al. (2013) argues that organizations have the ability to frame the news medium when they break the news. Organizations have been seen as having a higher sense of responsibility (Arpan & Roskos-Ewoldsen, 2005).

By using a proactive crisis response strategy, negative publicity can be reduced or even avoided. Dean (2004) writes about the possible devastation of negative publicity. This study claims that negative publicity weighs more than positive information. This study also writes about the preference of the media to report bad news. Companies are more likely to receive bad press rather than positive press. Stealing thunder can reduce or avoid this bad press.

A problem within a proactive crisis response strategy is that it is not always previously established. In other words, organizations do not have a proactive crisis response strategy adopted as a precaution to a

crisis. When an organization actually ends up in a crisis, the ability of managers to process information and make well-reasoned choices is often seriously reduced (Seeger, 2003). They claim that stressful situation can result in a tendency toward isolation from important sources of information. This phenomenon of reducing access to information during crisis is sometimes called a 'threat-rigidity response'. A proactive crisis response strategy is a solution to this problem because it suggests 'telling it all and telling it fast'. The reason that managers isolate themselves from important sources of information is because they believe they need to focus on the crisis or because they feel overwhelmed.

Based on the explanation above the following hypotheses can be stated below.

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*Hypothesis 1: A proactive crisis response strategy results in more (a) brand trust, (b) sympathy, (c) purchase intention and less (d) anger and (e) negative word of mouth than a reactive crisis response strategy.*

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## **2.4 Crisis type**

Crisis response strategies are useful for organizations in post crisis situations. An organization can adopt a particular crisis response strategy which tests commonly positive within crisis literature. Dutta & Pullig (2011) state that crisis literature focuses very little on the effect of crisis type. They did research into the differences on responses to a crisis where they make a distinction between the product types performance related crisis and value related crisis. Their study concludes that differences in crisis type also involves different crisis response strategies. Performance related crisis commonly involves defective products and primarily reduces a brand's perceived ability to deliver functional benefits. A value related crisis involves the social or ethical issues surrounding the values of a brand.

This study does not go into the differences between performance related crisis and value related crisis, but focuses on the crisis response between two types of value related crises within the textile industry. Value related crises within the textile industry can involve environmental pollution, human exploitation, exploitative labour, use of hazardous chemicals, animal cruelty, and more (NEN-ISO 26000, 2010).

Because this study uses the textile industry as context, the most common (picked up global) crisis types are human exploitation, and animal cruelty (NEN-ISO 26000, 2010). This chapter shows the explanation to the animal cruelty and human exploitation crisis starting with the overall differences within crisis types. Lerbinger (2012) created a typology within the field of organizational crises. This study states that there are eight different type of crises which can be clustered: natural disaster, technological crises, confrontation, malevolence, organizational misdeeds, workplace violence, rumours, and terrorist attacks/man-made disasters. This study investigates two types of crises which are created internally by the organization (animal cruelty and human exploitation). Animal cruelty and human exploitation, both value related crisis types, can be defined as organizational misdeeds. This study therefore investigates two types of organizational misdeeds. Lerbinger (2012) defines three types of organizational misdeeds: crisis of skewed management values, crisis of deception, and crisis of management misconduct. This study focuses on the crises of skewed management values because it states that the management of an organization chooses for short term economic favours, instead of long-term broader social values. These social values can be the values of stakeholders or investors. Animal cruelty and human exploitation are both subjects which can be scaled within a crisis of skewed management values.

In short, this study investigates organizational misdeeds which are defined as a crisis of skewed management values where the organization chooses for short term economic favours, in stead of long-term broader social values. The two most recent examples of human exploitation and animal cruelty are the following:

- April 24<sup>th</sup>, 2013: A clothing factory in Bangladesh collapsed. More than 900 people were killed and 2500 people injured. The company who sold the products that are manufactured there has been seen responsible for the bad construction of the building (Nu.nl, 2013)
- November 19<sup>th</sup>, 2013: People for ethical treatment of animals (PETA) released a footage of an angora rabbit being stripped of its fur by hands in a Chinese angora farm. People reacted shocking on this



footage. The company who sold the angora as a product has been seen responsible for the animal cruelty (Radar, 2013)

In order to create hypotheses, it is difficult to say what respondents will indicate as a higher negative post crisis impact. Scholars do not write much about the differences in impact between human exploitation or animal cruelty. NEN-ISO 26000 (2010) write about condoning the fact that people in low wages countries are being exploited. They say that, in some level, it is part of becoming a wealthy economy. Child labour for instance can be perceived as less severe when the child has the possibility to study and eat proper. In the early 1900s working after school was in Europe also part of the society. Human exploitation, in a not too extreme sentence, can be condoned due to its social benefits. The comparison needs to be made in relation to animal cruelty. No direct social benefits can be considered to animal cruelty. The example of the Angora rabbit, shaved or plucked, has only direct benefits for the company because plucking is cheaper than shaving.

Bandura (1999) write about the concept 'moral disengagement' which states that people convince themselves that particular ethical standards are not applicable to them. Within the moral disengagement concept, 'reconstructing conduct' is applicable to the issue between animal cruelty and human exploitation. Reconstructing conduct means that some inhumane behaviour is portrayed in such a way that it might have a moral purpose to make it socially acceptable. This reconstructing conduct might be the case for human exploitation but not for animal cruelty. People might consider animal cruelty as more harmful than human exploitation because we cannot find any reason for animal cruelty. Human exploitation can be rationalized.

Based on the explanation above the following hypotheses can be stated below.

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*Hypothesis 2: A crisis with animal cruelty involved results in less (a) brand trust, (b) sympathy, (c) purchase intention and more (d) anger and (e) negative word of mouth than a crisis with human exploitation involved.*

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These type of crises are mostly created by organizations with low priced products. The consumer wants their products to be as cheap as possible. Production moves to low-wage countries where human- and animal rights can be violated. The next chapter elaborates on the subject price.

## **2.5 Price**

When does the crisis matter? In the economy nowadays, many people want cheap products. They do not always care about the circumstances of the people who produced it or the animals that suffered. Suchman (1995) created a framework about legitimacy which states: "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values beliefs, and definitions" (p. 574). Asking people about the acceptance of human exploitation or animal cruelty will result in negative outcomes. The question is, which legitimacy is most important for the consumer? Pragmatic legitimacy is consistent with a person who is driven primarily by an egoistic motivation, in which their ultimate goal is to increase their own welfare. For example, a random consumer is searching for a cheap shirt in a particular colour. Two stores offer the shirt, same colour only the price of store X is half price in relation to the shirt of store Y. This consumer will use his or her pragmatic legitimacy and will go in many cases for the cheapest shirt (Handelman & Arnold, 1999). Logically, price is an important factor here.

When a consumer buys a shirt from the 'moral legitimacy' point of view, focus will lie on actions which have to be consistent with the welfare of the community and the society. In this case the consumer will be more inclined to buy from store Y where the price is higher.

Pragmatic legitimacy and moral legitimacy can both be translated to organizations. From the pragmatic legitimacy point of view, Vanhamme & Grobbs (2008) state that these companies will not survive on the long term. They say that organizations need to do something extra then just making money. Therefore, they need social legitimacy, which is indicated as 'moral legitimacy' which is the evaluation of an organization that is based on the organizations' actions that have to be consistent with the welfare of the community and the society (Handelman & Arnold, 1999). Vanhamme & Grobbs

(2008) state that a society can turn against the companies that only focuses primarily on pragmatic legitimacy and has no focus on moral legitimacy.

Handelman & Arnold (1999) write about the 'store image attributes' which indicate price, location and merchandise. Price is one of the factors that attributes to the image of the store. Price is also the most important reason of violation against employees or animals. Organizations choose sometimes specifically to lower the price and have a higher chance of getting involved in sweatshops. This research will use price as a factor to see whether or not people think the price of a product makes them think the crisis is less terrible. A question that often pops up is: 'can you assume that, when you buy cheap clothes, it is produced in a responsible way?'

No research has been conducted about the determination of consumer behaviour about the differences between high versus low priced products, confronted with a value related crisis. This research has to predict whether high or low priced products will be evaluated worse when they are exposed to a crisis. This prediction is substantiated with the use of the 'halo effect' (or halo error). Recent literature writes about the halo effect within the CSR (Corporate Social Responsibility) subject. Klein & Dawar (2004) state that CSR has a spill-over in the form of a 'halo effect' on otherwise unrelated consumer judgments, such as the evaluation of new products. Consumers might think that organizations, who operate in CSR, have better products, quality and caring for personnel, than organizations who do not claim CSR statements. This might also be the case for expensive (luxury) products in relation to cheap products. The prediction: when an organization, operating in CSR ends up in a value related crisis, it will hurt the post crisis reputation more than organizations who do not claim CSR statements. This research claims the same statement for luxury/expensive products against cheap products, where organizations with luxury/expensive products will have a higher loss of reputation than organizations with cheap products.

The pragmatic legitimacy effect and the halo effect might have a link. When a consumer buys (or maybe only reads about) an expensive product he or she might see a halo effect in this product for the expensiveness and will evaluate it for having higher quality, more responsible produced and a longer lifetime than a cheap product. When the company with high priced products ends up in a crisis, the consumer will be more willing to stop buying the products. The 'positive' halo works negative because of the expectations. When a company with low priced products ends up in a crisis, the consumer might be more willing to have higher negative feelings because of his pragmatic legitimacy.

Based on the explanation above the following hypothesis can be stated below.

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*Hypothesis 3: A crisis within an organization with high priced products results in less (a) brand trust, (b) sympathy, (c) purchase intention and more (d) anger and (e) negative word of mouth than a crisis within an organization with low priced products.*

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## **2.6 Interaction effects**

The hypotheses stated before were all main effect hypotheses. From the main effect hypothesis, an animal cruelty crisis should have more negative impact in relation to a human exploitation crisis. An interaction effect could be: in a crisis with animal cruelty involved you should use a proactive crisis response strategy but for human exploitation you should use a reactive crisis response strategy.

This study only predicts main effects and sees no logical reasoning for interaction effects (More, et al., 2012). For this reason, no interaction effects will be hypothesized. When the main effects will result like hypothesized, there will be no interaction effects (More, et al., 2012).

## **2.7 Research model**

The model shown in figure 1 shows all hypotheses which answer the main research question (To what extent do crisis type, crisis response timing and price influence perceived emotions, attitude and behavioural intentions?). Hypotheses 1, 2 and 3 are shown in the arrows and illustrate the main effects of this research. The crisis timing strategy, type of crisis and price are the manipulations of this research (the independent variables). Attitude, measured by brand trust, emotion, measured by anger and sympathy, and behavioural intention, measured by purchase intention and negative word of mouth are the dependent variables of this research.

Emotions are shown in a block before attitude and behavioural intentions as a mediator. People tend to have emotions first and will base their attitude and behavioural intentions on it. This following will be explained with the use of a regression analysis in paragraph 4.4.

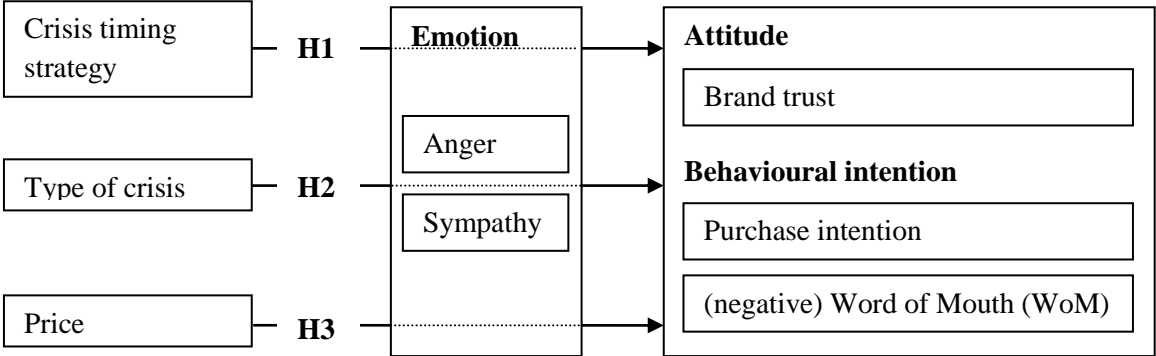


Figure 1: Research model

## Chapter 3: Method

### 3.1 Design

This research has been conducted in the form of a 2×2×2 experimental design (Dooley, 2001) illustrated in table 1. This table shows the eight (2×2×2=8) conditions of this research. Within this research, differences are tried to be detected between the effects of the independent variables; price, type of crisis and crisis timing strategy. These conditions will have influence on the dependent variables attitude (which will be measured with brand trust), emotion (which will be measured with anger and sympathy), and behavioural intentions (which will be measured with purchase intention and negative word of mouth).

### 3.2 Procedure

As shown in table 1, this research made use of eight different conditions which were presented to the respondents with the use of scenarios. Respondents saw a scenario which was written according to the condition. According to this scenario, the respondents have filled in the questionnaire. This questionnaire is based on the measurement scales, which are indicators of the specific subject. The whole online questionnaire is shown in Appendix B. Respondents were randomly assigned to one of the eight conditions. All conditions are shown in Appendix A. All respondents were only able to fill in one condition.

		Type of crisis	
		Animal	Human
Response timing strategy	Proactive crisis response strategy	<b>Condition 1</b> - Animal crisis - Proactive response Strategy - High price  <b>Condition 2</b> - Animal crisis - Proactive response strategy - Low Price	<b>Condition 3</b> - Animal crisis - Proactive response Strategy - High price  <b>Condition 4</b> - Animal crisis - Reactive response strategy - Low Price
	Reactive crisis response strategy	<b>Condition 5</b> - Human crisis - Proactive response Strategy - High price  <b>Condition 6</b> - Human crisis - Reactive response strategy - Low Price	<b>Condition 7</b> - Human crisis - Proactive response Strategy - High price  <b>Condition 8</b> - Human crisis - Reactive response strategy - Low Price

Table 1: Research design

#### 3.2.1 Scenario

All scenarios were provided with one of the eight conditions, in the form of a newspaper article. Coombs (2007) argues that most of the information stakeholders collect about organizations is derived from the news media. The next most important information provided by other media are social media and weblogs. An example scenario is shown in figure 2. This concerns a proactive crisis response strategy, with animal cruelty and high priced products. All stimulus material is shown in appendix A. All scenarios were in Dutch because most people within the social network of the researcher are Dutch.

#### 3.2.2 Manipulation check

After reading the scenario all respondents were asked to answer the manipulation check questions. This manipulation check was to indicate whether respondents have the same interpretation of high versus low priced products, human exploitation versus animal cruelty and stealing thunder versus thunder. There was a significant effect for proactive versus reactive crisis response strategies,  $t(305) = -9.14$ ,  $p < .001$ , for animal cruelty versus human exploitation,  $t(305) = 75.45$ ,  $p < .001$  and for high priced products versus low priced products,  $t(305) = -36.54$ ,  $p < .001$ . This means that the manipulations were successful.

## Cavaliere pleegt dierenleed

Door: Peter Hogendorp

**ZWOLLE – De leefomstandigheden in de fabrieken waar Cavaliere zijn angora wol laat verwerken is slecht. De angora konijnen worden geplukt in plaats van geschoren. Afgelopen week kwam de winkelketen zelf met het nieuws naar buiten.**

Als antwoord op de crisis gaf Cavaliere de volgende reactie: “Wij waren niet op de hoogte van het dierenleed in onze fabrieken”, aldus de woordvoerder van Cavaliere. “Toen de PETA (People for Ethical Treatment of Animals) dit aan de kaak stelde hebben we direct maatregelen genomen en hebben wij het nieuws zelf naar buiten gebracht”.

Cavaliere staat al jaren bekend om zijn dure kleding en accessoires. Een gemiddelde pullover kost ongeveer €200,-.

Figure 2: Example scenario

### 3.3 Independent variables

The independent variables are the manipulations of this study with a total of eight conditions. Below are the four variables which were combined to end up with these eight conditions. Within all conditions, use is made of an unpreventable crisis. This study could not make a preventable crisis accountable because there was no scenario imaginable where a preventable crisis would be solved with a proactive crisis response strategy.

#### 3.3.1 Timing of the information

The timing of the information is all about whether or not an organization is willing to break the news about its own crisis or want to wait until the media catches the crisis and wants to write about it. Previous research has already indicated that breaking the news mostly hurts the organization less than waiting until other parties write about it. No study has examined the subject within the textile industry and with these other independent variables. *Proactive crisis response strategy*: the organization breaks the news about its own crisis before the crisis is discovered by the media or other parties. *Reactive crisis response strategy*: When the organization waits until the media catches the crisis and writes about it.

#### 3.3.2 Type of crisis

The type of crisis in this study indicates the animal cruelty crisis versus the human exploitation crisis. Within the textile industry these are common crisis situations which have happened in the past. Question here is whether or not respondents have more negative feelings in relation to animals or to human.

The two variables used within type of crisis are: *Animal cruelty*: Cruelty with angora rabbits. In the past was indicated that Angora rabbits were not shaved but plucked to gain wool. Video's of this cruelty were spread around the internet. Plucking Angora wool is a cheaper way of depilation than shaving the wool of a rabbit. *Human exploitation*: Human exploitation is a common issue within low-wage countries. The only reason why organizations are settling in these countries is because of the low wages. Human exploitation is defined as underpaying humans in relation to the countries minimum and working with damaging chemicals.

#### 3.3.3 Price of the product

Price is one of the most common reasons why organizations end up in a crisis. No study within crisis management has tested price as a main effect. Interesting within these factors might be: can you assume that when you buy very cheap clothes, it is produced in a responsible way? When organizations deliver an expensive product, do people suggest that all products of this company are produced responsibly?

The two variables used within price are: *High priced product*: Organizations with a strong brand of luxury and a high brand equity. Examples:, Armani, Tommy Hilfiger, Hugo Boss, etc. *Low priced*

*product*: Organizations with a strong brand of cheap products in proportion to the market. Examples: H&M, Primark, Zara, etc.

### 3.4 Dependent variables

The dependent variables are created with the use of existing studies within experimental designs. The variables are based on the measurement scales of the particular construct. These measurement scales were presented after the respondent had read the newspaper article. After reading the newspaper article, subjects responded to a number of dependent measures and manipulation checks measured on seven point scales (1=Strongly disagree, 7=Strongly agree).

#### 3.4.1 Factor analysis

The independent variables have been tested on their validity with the use of a factor analysis. This factor analysis is important because it indicates whether this research measured what was intended to measure. The independent variables have a total of 20 questions. The outcomes of the factor analysis shows that the measurement scales are valid with 81% explained in the variance. Table 2 shows that the analysis tests the five items anger, sympathy, purchase intention, negative word of mouth and brand trust like intended. Only the last item of negative word of mouth scores outside component 5. The Cronbach's alpha will indicate whether this item will be deleted or not. The percentage of the explained part of the total variance of 81% per item are: purchase intention explains 18% of the total variance, brand trust explains 18% of the total variance, anger explains 17% of the total variance, sympathy explains 16% of the total variance and negative word of mouth explains 13% of the total variance. The Eigenvalues also show a validation for all items, because all items score above 1 with purchase intention 8,4, brand trust 2,8, anger 2,2, sympathy 1,3 and negative word of mouth 1.

		Component				
Statement		1	2	3	4	5
<b>Purchase intention</b>	Given the chance, I intend to purchase from the company.	.85				
	Given the chance, I predict that I should purchase from the company in the future.	.83				
	It is likely that I will buy products from the company in the near future.	.82				
	I expect to purchase from the company in the near future.	.81				
<b>Brand trust</b>	I trust this brand.		.85			
	I rely on this brand.		.85			
	This is an honest brand.		.81			
	This brand is safe.		.80			
<b>Anger</b>	I feel angry.				.87	
	I feel annoyed.				.84	
	I feel disgusted.				.83	
	I feel outraged.				.80	
<b>Sympathy</b>	I feel sympathy.					.91
	I feel sorry.					.90
	I feel compassion.					.90
	I feel empathy.					.71
<b>Negative WoM</b>	I would encourage friends or relative not to buy products from the company.*					.89
	I would say negative things about the company to other people.					.87
	I would say negative things about the products of the company to other people.					.76
	I would recommend the company's products to someone who asked my advice.	.50	.54			.

\* Reversed coded

*Note.* Factor loadings < .4 are suppressed

**Table 2: Factor analysis**

### 3.4.2 Emotion

The constructs anger and sympathy represent the measured emotion among the respondents (Coombs, 2007). Both constructs were measured with the use of four items from a measurement scale developed by McDonald, et al. (2011). Respondents had to answer the question: “what is your feeling according to the scenario about the company?” The four items of anger are: “I feel: 1. angry, 2. annoyed, 3. disgusted, 4. outraged”. The four items for sympathy are: “I feel: 1. sympathy, 2. sorry, 3. compassion, 4. empathy”. All items were measured on a 7 point Likert scale from totally disagree to totally agree. With the use of a Cronbach’s alpha, both items represent a reliable scale (Anger:  $\alpha=.91$ , Sympathy:  $\alpha=.90$ ).

### 3.4.3 Behavioural intention

The constructs purchase intention and negative word of mouth represent the measured behavioural intention among respondents (Coombs, 2007). The purchase intention scale was used by Yoo & Donthu (2001), Lin, et al. (2011) and Pavlou (2003). Respondents had to answer four questions according to the scenario they were confronted with: 1. Given the chance, I intend to purchase from the company. 2. Given the chance, I predict that I should purchase from the company in the future. 3. It is likely that I will buy products from the company in the near future. 4. I expect to purchase from the company in the near future. The negative word of mouth scale was used by Coombs & Holladay (2008). Respondents had to answer four questions according to the scenario they were confronted with: 1. I would encourage friends or relative not to buy products from the company. 2. I would say negative things about the company to other people. 3. I would say negative things about the products of the company to other people. 4. I would recommend the company’s products to someone who asked my advice. All items were measured on a 7 point Likert scale from totally disagree to totally agree. With the use of a Cronbach’s alpha, Purchase intention represents a reliable scale ( $\alpha=.95$ ). Negative word of mouth represents with all four items an unreliable scale ( $\alpha=.62$ ). When item four is deleted the items represent a reliable scale ( $\alpha=.91$ ). The factor analysis in table 2 shows that this item does not fall into the same component as the other negative word of mouth items. Also the loadings are not high. Item four from the negative word of mouth scale has been deleted from this study.

### 3.4.4 Attitude

The construct brand trust represents the measured attitude among respondents. This brand trust scale is used by Rosenbloom & Haefner (2009), Xingyuan (2010), Sung & Kim (2010) and Chaudhuri & Holbrook (2001). Respondents had to answer four questions according to the scenario they were confronted with: 1. I trust this brand. 2. I rely on this brand. 3. This is an honest brand. 4. This brand is safe. All items were measured on a 7 point Likert scale from totally disagree to totally agree. With the use of a Cronbach’s alpha, the items represent a reliable scale ( $\alpha=.92$ ).

## **3.5 Covariates**

This research measured two covariates which indicate the affinity of respondents according to animal rights and human rights. When a respondent has a high affinity with animal rights versus a respondent with low affinity with animal rights could have influence on the results. These covariates will be included in the MANOVA. A MANOVA with covariates included is a MANCOVA (More, et al., 2012). The covariates are measured with the use of the animal rights scale by Peek, et al. (1997) & Peek, et al. (2015). Respondents had to answer three questions according to their affinity with animal rights: 1. Animals should have the same moral rights that human beings do. 2. The right to use animals for luxury goods is responsible. 3. It is important that there are agencies who defend animal rights. Item 2 was added because of the testing within the textile industry. Based on this measurement scale, this study created also a measurement scale for human rights: 1. People in low-wages countries have the same human rights as we have in Western countries. 2. Exploiting people in low wages countries for cheap products is reliable. 3. Agencies for defending human rights is important. All items were measured on a 7 point Likert scale from totally disagree to totally agree. With the use of a Cronbach’s alpha, animal rights and human rights represent marginally reliable scales (Animal rights:  $\alpha=.70$ , Human rights  $\alpha=.60$ ).

The descriptives of the covariates are presented in table 3. The descriptives show that the mean of animal rights is lower than the mean of human rights. Also animal rights have a lower minimum than human rights. Comparing the descriptives of the covariates with the hypotheses of a crisis with animal cruelty involved versus a crisis with human exploitation involved gives opposite results.

	Covariates			
	M (SD)	N	Min	Max
Animal rights	5.28 (1.21)	307	1.67	7
Human rights	6.05 (.91)	307	3.67	7

**Table 3: Covariates**

### 3.6 Participants

For this research, a convenience sample (Dooley, 2001) of 320 randomly selected respondents has been used. Within this convenience sample, respondents were asked to send the online survey to their own social network to make the scope as big as possible. This method is called snowball sampling (Dooley, 2001). Snowball sampling is an economical way of gathering data. The amount of respondents is based on 40 respondents per condition, which is the sum of  $40 \times 8 = 320$  respondents. All information about the respondents is anonymous. Respondents were not grouped for this research, only a set of demographic variables were used to indicate whether or not differences can be found in particular characters of the respondents. Anyone was allowed to join the research. To save time, 100 respondents have been gathered with the use of an existing panel. The organization that manages this panel is ISO certified.

Because of the generality of this research, it is important that the respondents show a reflection of the society with a respectable evenly spread in the demographic variables. Table 4 shows a model of the distribution of respondents per condition.



Conditions				Characteristics					
Response strategy	Type of crisis	Price	Condition Number	N	Gender	Age	Income	Education	Province
Proactive	Animal	High	1	42	Men: 21 Women: 21	17-30: 21 31-40: 6 41-50: 3 51-60: 6 61+: 6	<30.000: 19 30.000-40.000: 9 >40.000: 5 Rather not say: 9	University: 9 HBO: 15 MBO: 10 Havo/VWO: 5 VMBO: 3	Overijssel: 11 Gelderland: 7 Noord-Holland: 5 Zuid-Holland: 5 Remaining: 14
		Low	2	43	Men: 25 Women: 18	17-30: 28 31-40: 4 41-50: 3 51-60: 1 61+: 7	<30.000: 28 30.000-40.000: 5 >40.000: 5 Rather not say: 5	University: 11 HBO: 18 MBO: 6 Havo/VWO: 4 VMBO: 4	Overijssel: 20 Zuid-Holland: 6 Noord-Holland: 5 Remaining: 12
	Human	High	3	43	Men: 27 Women: 16	17-30: 26 31-40: 3 41-50: 4 51-60: 3 61+: 7	<30.000: 23 30.000-40.000: 9 >40.000: 6 Rather not say: 5	University: 9 HBO: 21 MBO: 6 Havo/VWO: 2 VMBO: 5	Overijssel: 16 Zuid-Holland: 11 Gelderland: 5 Noord-Holland: 5 Remaining: 6
		Low	4	34	Men: 24 Women: 10	17-30: 17 31-40: 3 41-50: 2 51-60: 8 61+: 4	<30.000: 16 30.000-40.000: 12 >40.000: 5 Rather not say: 1	University: 8 HBO: 15 MBO: 7 Havo/VWO: 2 VMBO: 2	Overijssel: 10 Noord-Holland: 6 Zuid-Holland: 5 Gelderland: 5 Utrecht: 4 Remaining: 4
Reactive	Animal	High	5	42	Men: 22 Women: 20	17-30: 23 31-40: 1 41-50: 5 51-60: 4 61+: 9	<30.000: 20 30.000-40.000: 9 >40.000: 5 Rather not say: 8	University: 5 HBO: 21 MBO: 9 Havo/VWO: 2 VMBO: 5	Overijssel: 13 Zuid-Holland: 10 Gelderland: 4 Utrecht: 4 Noord-Holland: 4 Remaining: 7
		Low	6	38	Men: 22 Women: 16	17-30: 18 31-40: 6 41-50: 2 51-60: 4 61+: 8	<30.000: 18 30.000-40.000: 7 >40.000: 3 Rather not say: 10	University: 7 HBO: 17 MBO: 4 Havo/VWO: 3 VMBO: 7	Overijssel: 11 Zuid-Holland: 8 Noord-Holland: 5 Utrecht: 4 Remaining: 10
	Human	High	7	32	Men: 12 Women: 20	17-30: 16 31-40: 4 41-50: 5 51-60: 3 61+: 4	<30.000: 17 30.000-40.000: 4 >40.000: 2 Rather not say: 9	University: 6 HBO: 12 MBO: 8 Havo/VWO: 4 VMBO: 2	Overijssel: 11 Zuid-Holland: 10 Utrecht: 4 Remaining: 7
		Low	8	33	Men: 20 Women: 13	17-30: 18 31-40: 6 41-50: 1 51-60: 3 61+: 5	<30.000: 12 30.000-40.000: 6 >40.000: 6 Rather not say: 9	University: 10 HBO: 9 MBO: 6 Havo/VWO: 2 VMBO: 6	Overijssel: 13 Utrecht: 8 Noord-Holland: 5 Remaining: 7

Note: Within province ratings, <4 is not included as item but summed up in 'remaining'.

Table 4: Demographic variables

## Chapter 4: Results

This chapter describes the main effects, interaction effects and the regression analysis. Gender has been discussed separately from the other conditions because it was not hypothesized.

### 4.1 Main effects

This research makes use of covariates, which indicate whether respondents have a high or low affinity with animal- and human rights. Interesting to know is whether these covariates influence the results. To show the influence of the covariates, the results are shown in a MANOVA (without covariates) and in a MANCOVA (with covariates).

	Response Timing				Crisis Type				Price			
	MANOVA		MANCOVA		MANOVA		MANCOVA		MANOVA		MANCOVA	
	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.	F	Sig.
Anger	4.02	.046*	5.89	.016*	1.44	.231	2.18	.141	.47	.495	.04	.846
Sympathy	5.62	.018*	6.04	.015*	9.42	.002*	9.86	.002*	.30	.584	.55	.457
Negative WoM	1.29	.258	1.82	.179	.91	.340	1.28	.259	.99	.319	.43	.512
Brand Trust	6.01	.015*	7.24	.008*	2.36	.126	2.85	.092	.06	.810	.02	.903
Purchase intention	2.21	.138	3.14	.078	3.76	.053	4.84	.029*	4.37	.037*	4.02	.046*

\*p <.05

Table 5: MANOVA MANCOVA main effects

Like stated in the introduction of this chapter, this research first wants to check whether the covariates have influence on the results. Table 5 shows no significant differences between the results with or without covariates. All significant levels are slightly different and one result shows significant effect with covariates where it did not have effect without (purchase intention within crisis type). The main effects are explained from the perspective of the results of the MANCOVA.

#### 4.1.1 Response timing

Hypotheses 1a, 1b and 1d can be accepted where the MANCOVA between the conditions shows significant main effect of treatment for anger  $F(1,298) = 5.885, p = .016$ , for sympathy  $F(1,298) = 6.042, p = .015$ , and for brand trust  $F(1,298) = 7.236, p = .008$  where a proactive crisis response strategy causes less harm than a reactive crisis response strategy. We can reject hypothesis 1c and 1e because there was no significant effect for negative word of mouth and purchase intention.

#### 4.1.2 Crisis type

Hypotheses 2b and 2c can be accepted where the MANCOVA between the conditions shows significant main effect of treatment for sympathy  $F(1,298) = 9.856, p = .002$  and for purchase intention  $F(1,298) = 4.837, p = .029$  where animal cruelty causes more harm than human exploitation. We can reject hypotheses 2a, c and d because there was no significant effect for anger, negative word of mouth and brand trust.

#### 4.1.3 Price

Hypothesis 3c can be accepted where the MANCOVA between the conditions shows significant main effect of treatment for purchase intention  $F(1,298) = 6.073, p = <.05$  where high priced products causes more harm than low priced products. We can reject hypotheses 3a, 3b, 3d and 3e because there was no significant effect for anger, sympathy, negative word of mouth and brand trust.

#### 4.1.4 Measures

Table 6 gives an overview of all main effects. The 'negative' measurements anger and negative word of mouth score high in this table and give lower scores for a crisis with a proactive crisis response

strategy, a crisis with human exploitation involved, and a crisis within an organization with low priced products. The ‘positive’ measurements sympathy, brand trust and purchase intention score low in this table and give higher scores for a crisis with a reactive crisis response strategy, a crisis with human exploitation involved, and a crisis within an organization with low priced products. All hypotheses (1a,b,c,d,e, 2a,b,c,d,e, 3a,b,c,d,e) claimed this statement but not all could be proven significantly.

Descriptives						
	Response Timing		Crisis Type		Price	
	Proactive	Reactive	Animal	Human	High	Low
	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)
Anger	4.87 (1.34)	5.14 (1.28)	5.09 (1.35)	4.96 (1.26)	5.14 (1.46)	4.92 (1.14)
Sympathy	2.89 (1.46)	2.66 (1.45)	2.57 (1.33)	2.94 (1.55)	2.73 (1.53)	2.78 (1.39)
Negative WoM	4.31 (1.56)	4.43 (1.64)	4.45 (1.67)	4.30 (1.55)	4.47 (1.71)	4.29 (1.50)
Brand Trust	2.61 (1.29)	2.37 (1.21)	2.41 (1.23)	2.52 (1.27)	2.40 (1.30)	2.53 (1.20)
Purchase intention	2.59 (1.33)	2.37 (1.32)	2.36 (1.27)	2.56 (1.37)	2.24 (1.28)	2.68 (1.33)

Table 6: Descriptives

#### 4.1.5 Gender

Table 7 shows the means and standard deviations of gender where women get higher scores than men. Table 7 also shows the results from the MANOVA and MANCOVA between the conditions. Because gender did not have large influence on the scores of response timing, crisis type and price, these results will not be presented again to avoid confusions. Looking at the difference in results between the MANOVA and MANCOVA, three out of five outcomes were significant in the MANOVA but not significant in the MANCOVA. Women scored significantly higher on anger and negative word of mouth where the MANCOVA shows significant main effect of treatment for anger  $F(1,297) = 3.88, p = .050$  and negative word of mouth  $F(1,297) = 5.15, p = .024$  where women cause more harm than men.

Differences in gender						
	Men	Women	MANOVA		MANCOVA	
	Mean (SD)	Mean (SD)	F	Sig.	F	Sig.
Anger	4.79 (1.33)	5.34 (1.22)	13.43	.000*	3.88	.050*
Sympathy	2.93 (1.47)	2.53 (1.41)	4.84	.029*	2.75	.099
Negative WoM	4.07 (1.64)	4.77 (1.48)	13.06	.000*	5.15	.024*
Brand Trust	2.65 (1.27)	2.23 (1.18)	7.80	.006*	2.88	.091
Purchase intention	2.66 (1.38)	2.21 (1.21)	7.92	.005*	1.99	.160

\*p < .05

Table 7: MANOVA MANCOVA Gender

It is notable that the covariates have a larger effect on the conditions gender than on the other conditions. The F values in table 7 are much higher in the results from the MANOVA in relation to the MANCOVA. Because of this reason, three out of five scores became insignificant.

#### 4.2 2way interaction

Within this research, three 2 way interaction effects are possible. The interaction effects will be displayed with the use of the MANOVA and MANCOVA. Table 8 shows all the possible 2 way interactions. No significant interaction effects have been found. Although the covariates have an effect on the significant levels, no scores have become significant with or without the covariates. Notable is that the covariates only influence the significance levels by downsizing them. In addition, most scores with covariates are less significant than the scores without covariates.

The 2 way interactions have also been tested with gender included but no interaction effects were there. These data is not shown in this result section because of the insignificance.

2 way interactions

	Crisis type * Price						Crisis type * Crisis response timing strategy						Price * Crisis response timing strategy					
	MANCOVA			MANOVA			MANCOVA			MANOVA			MANCOVA			MANOVA		
	F	Df	Sig.	F	Df	Sig.	F	Df	Sig.	F	Df	Sig.	F	Df	Sig.	F	Df	Sig.
Anger	.049	2	.825	.754	2	.386	.305	2	.581	.387	2	.534	.058	2	.810	.000	2	.984
Sympathy	.552	2	.458	.942	2	.332	.603	2	.438	.629	2	.428	1.335	2	.249	1.635	2	.202
Negative WoM	.705	2	.402	1.745	2	.187	.145	2	.704	.049	2	.825	.180	2	.671	.260	2	.610
Brand Trust	2.312	2	.129	3.624	2	.058	.701	2	.403	.728	2	.394	1.055	2	.305	1.482	2	.224
Purchase intention	.243	2	.622	1.045	2	.308	.619	2	.432	.640	2	.424	1.028	2	.311	1.508	2	.220

\*p <.05

Table 8: 2 way interaction MANOVA MANCOVA

Brand trust is marginally significant in the interaction between type of crisis versus price (p = .058). Figure 3 shows this marginally interaction effect. When the price is high, animal cruelty scores high and human exploitation scores low. When the price is low, animal cruelty scores lower, but human interaction scores higher. Human interaction should have lower scores when the price is low, just like animal cruelty. A main effect would than be visible. This marginally interaction is created by the rising red line.

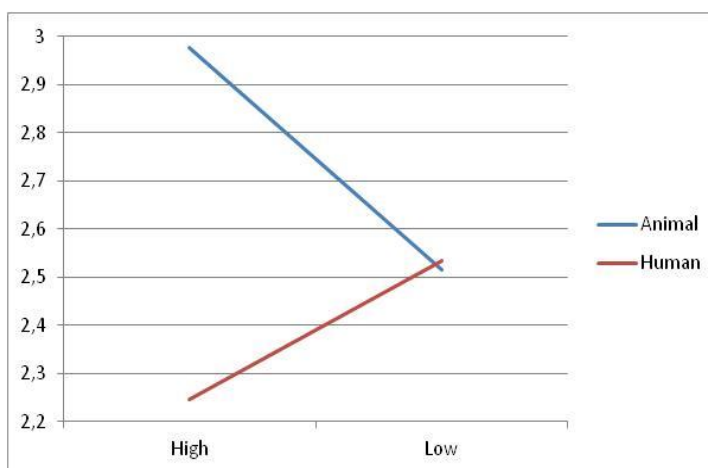


Figure 3: Interaction effect

### 4.3 3way interaction

Within this research there is only one 3way interaction possible. With the use of a custom all 3way interaction MANOVA and MANCOVA the interaction effects will be displayed. Table 9 shows all the 3 way interactions. No significant interaction effects have been found. Although the covariates have an effect on the significant levels, no scores have become significant with or without the covariates. All scores are very insignificant.

The 3 way interactions have also been tested with gender included but no interaction effects where there. These data is not shown in this result section because of the insignificance.

	Price * Crisis response timing strategy * Crisis type						
	MANCOVA			MANOVA			
	F	Df	Sig.	F	Df	Sig.	
Anger	.400	3	.875	.551	3	.744	
Sympathy	.590	3	.709	1.021	3	.634	
Negative WoM	.231	3	.622	.413	3	.384	
Brand Trust	.462	3	.505	.571	3	.505	
Purchase intention	.781	3	.753	1.240	3	.648	

\*p <.05

Table 9: 3 way interaction MANOVA MANCOVA

#### 4.4 Regression

A multiple linear regression was calculated between the measurement scales to indicate whether one variable might be a predictor of an other variable. This regression is based on the model illustrated in figure 4.

##### 4.1 Brand trust

A multiple linear regression was calculated whether brand trust is a possible outcome of anger and sympathy. A significant regression equation was found ( $F(2,304) = 40.95, p < .001$ , with  $R^2$  of  $.212$ ). Brand trust is significantly predicted by anger  $\beta = -.358, t(304) = -6.89, p < .001$  and sympathy  $\beta = .226, t(304) = 4.35, p < .001$ . For one standard deviation increase in anger, the model predicts that brand trust will decrease by  $-.358$  and for one standard deviation increase in sympathy, the model predicts that brand trust will increase by  $.226$ .

##### 4.2 Purchase intention

A multiple linear regression was calculated whether purchase intention is a possible outcome of anger, sympathy and brand trust. A significant regression equation was found ( $F(3,303) = 93.88, p < .001$ , with  $R^3$  of  $.482$ ). Purchase intention is significantly predicted by anger  $\beta = -.219, t(303) = -4.82, p < .001$ , sympathy  $\beta = .116, t(303) = 2.65, p = .008$  and brand trust  $\beta = .560, t(303) = 11.36, p < .001$ . For one standard deviation increase in anger, the model predicts that purchase intention will decrease by  $-.219$ , for one standard deviation increase in sympathy, the model predicts that purchase intention will increase by  $.116$  and for one standard deviation increase in brand trust, the model predicts that purchase intention will increase by  $.560$ .

##### 4.3 Negative word of mouth

A multiple linear regression was calculated whether negative word of mouth is a possible outcome of anger, sympathy and brand trust. A significant regression equation was found ( $F(3,303) = 59.31, p < .001$ , with  $R^3$  of  $.370$ ). Negative word of mouth is significantly predicted by anger  $\beta = .511, t(303) = 10.20, p < .001$  and brand trust  $\beta = -.194, t(303) = -3.78, p < .001$ . For one standard deviation increase in anger, the model predicts that negative word of mouth will increase by  $.511$ , and for one standard deviation increase in brand trust, the model predicts that negative word of mouth will decrease by  $-.194$ .

##### 4.4 The model

The model, shown in figure 4, shows that a respondent first will have emotions. After being angry or sympathetic, the respondent will create his attitude towards the company and will or will not trust the company. After creating an attitude, the respondent will have behavioural intentions. These behavioural intentions will be based on the emotions and attitude of the respondent. After being angry, sympathetic or trusted, the respondent will or will not purchase and will or will not speak negative.

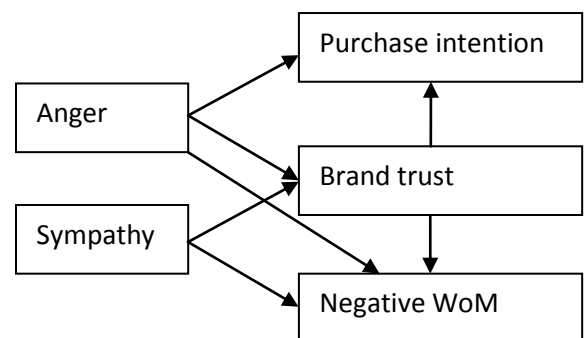


Figure 4: Regression model

## Chapter 5: Discussion of results, implications and conclusion

This chapter discusses the results of this research, the practical implications for crisis managers and future research directions within the used topics. This chapter closes with a short conclusion and an acknowledgement.

### 5.1 Discussion of results

To what extent do crisis type, crisis response timing and price influence perceived emotions, attitude and behavioural intentions? This main research question will be answered with the use of the separate parts crisis type, crisis response timing and price. The hypotheses states that a reactive crisis response strategy (thunder), a high price and animal cruelty result in a higher negative post crisis impact than a proactive crisis response strategy (stealing thunder), a low price and human exploitation. Take note that anger and negative word of mouth are negative measurements. Sympathy, brand trust and purchase intention are positive measurements. Scoring lower on the negative measurements means less negative post crisis impact. Scoring lower on the positive measurements means more negative post crisis impact (and the other way around).

A proactive crisis response strategy has lower post crisis impact where it scores significantly lower on anger and significantly higher on sympathy and brand trust. Also, negative word of mouth scores lower and purchase intention scores higher. However, these differences were not significant. Anger and sympathy contain the measured emotions. Brand trust contains the attitude towards the company. Negative word of mouth and purchase intention contain the behavioural intentions towards the company. We can conclude that a crisis response timing strategy within the textile industry has no influence on the behavioural intention but significant effect on the attitude and emotions towards the company because a proactive crisis response strategy gains lower negative impact than a reactive crisis response strategy. Reason for the outcome might be that people have a strong feeling about the proactive- or reactive- crisis response strategy but do not have the intention to undertake something. Negative word of mouth and purchase intention have practical consequences. Anger, sympathy and brand trust is only in our minds. Past literature within the field of proactive- versus reactive crisis response strategies gave high preference to a proactive crisis response strategy (Coombs & Holladay, 2008; Arpan & Roskos-Ewoldsen, 2005; Wigley, 2010; Mauet, 1992; Arpan & Pompper, 2002). Further, organizations have the ability to frame the news medium when they break the news (Claeys et al., 2013) and organizations have been seen as having a higher sense of responsibility (Arpan & Roskos-Ewoldsen, 2005). This research confirms the assumptions of past literature and adds the knowledge that a proactive crisis response strategy also works positive within the textile industry.

Within crisis type, human exploitation has lower post crisis impact where it scores significantly higher on sympathy and purchase intention. Anger, negative word of mouth and brand trust also have lower negative post crisis impact through human exploitation but these results were not significant. Like stated before, crisis type has very few past literature. NEN-ISO 26000 (2010) write about condoning the fact that people in low wages countries are being exploited. They say that, in some level, it is part of becoming a wealthy economy. Child labour for instance can be perceived as less severe when the child has the possibility to study and eat proper. Bandura (1999) writes about the concept 'moral disengagement' and states that some inhumane actions are portrayed in such a way that it might have a moral purpose to make it socially acceptable. Human exploitation can be condoned and seen as socially acceptable. There are no good reasons thinkable to condone animal cruelty. The results show a very significant effect for sympathy. People have especially less sympathy towards a crisis with animal cruelty involved than a crisis with human exploitation involved. People are also less likely to purchase from a company who is involved in a crisis with animal cruelty. The reason for this outcome might be that people are evenly angry about a human exploitation crisis and a animal cruelty crisis but feel no sympathy at all for animal cruelty. Purchasing from a company that is involved in an animal cruelty crisis might be less likely due to the fact that people specifically buy something that is related to the animal. Angora wool or fur is from the animal itself. Products from a company involved in human exploitation are not visible related to the humans.

The last condition is the price of the product. Within the textile industry, most crises arise from the aspect that the product has to be produced in a cheap way to push down the price. Within the price of the product, high priced products score significantly lower on purchase intention where it has higher negative post crisis impact. The residual measurements also have a higher negative post crisis impact when the price is high but did not score significant. This effect will be explained with the use of the legitimacy effect (Suchman, 1995; Handelman & Arnold, 1999) and the halo effect (Klein & Dawar 2004). The pragmatic legitimacy effect and the halo effect might have a link. When a consumer buys (or maybe only reads about) an expensive product, he or she might see a halo effect in this product for the expensiveness and will evaluate it for having higher quality, more responsible produced and a longer lifetime than a cheap product. When the company with high priced products ends up in a crisis, the consumer will be able to stop buying the products more easily. The 'positive' halo works negative because of the expectations. When a company with low priced products ends up in a crisis, the consumer will buy more easily because of his pragmatic legitimacy. Pragmatic legitimacy is consistent with a person who is driven primarily by an egoistic motivation, in which his or her ultimate goal is to increase his or her own welfare. Because of this reason, the high priced products will have a larger negative post crisis impact than low priced products.

Demographic differences were found within the aspect gender. Women score significantly higher on anger and negative word of mouth. Like Dawson (1995) stated, there is a difference in the way of thinking between men and women considering morality and ethics. Women are in general more sensitive, have a need for caring and are guided by emotions. Men are in general less sensitive, rely on rules and are guided by logic. These results show significant evidence for this statement. Within the measurement of gender, the covariates had most influence on the significant levels.

No 2 way- or 3 way interaction effects have been found between all conditions. This means that, in every combination possible, the main effects are applicable. There is no condition that has different influence on another condition than the main effect should predict. A proactive crisis response strategy results always in less negative post crisis impact, no matter the type of crisis or the height of the price. A crisis with animal cruelty involved always results in more negative post crisis impact, no matter the response timing strategy or the height of the price. An organization with high priced products will always have more negative post crisis impact, no matter the crisis timing strategy or the type of crisis. The covariates used in this research indicate to what extent the respondents have affinity with animal- and human rights. The results from the covariates show that people have more affinity with human rights than with animal rights. This does not relate to the outcomes of the animal cruelty crisis versus human exploitation crisis. People tend to have a more negative feeling related to an animal cruelty crisis than human exploitation crisis. The result could indicate that people tend to have a more negative feeling related to an animal cruelty crisis but the affinity with animal rights is a separate matter. This research shows that people do not need to have higher affinity with animal rights to evaluate a crisis with animal cruelty involved more badly.

With the use of a multiple linear regression, the following of the 'feelings' of respondents have been visualized. As also indicated in the research model, respondents will first have emotions (anger & sympathy). Based on these emotions the respondent will create an attitude towards the organizations (brand trust). Based on the emotions and attitude towards the company, the respondent will or will not have behavioural intentions (purchase intention & negative word of mouth)

## **5.2 Practical implications**

Experimental studies within crisis communication attribute to knowledge that management of organizations can adapt and implement in their organizations and in general to the experimental studies within crisis literature. New within the field is a crisis communication study within the textile industry. Also the conditions price and type of crisis have not been tested much. The proactive crisis response strategy has been tested before in past experimental studies under the heading of 'stealing thunder'. Research of stealing thunder has not been conducted within the textile industry.

Crisis managers can take precautions for coming crises and always make use of a proactive crisis response strategy when a crisis occurs. Seeger (2003) relates to 'threat-rigidity response' which states that managers in stressful situations can result in a tendency toward isolation from important sources of information. Taking the precaution of always using a proactive crisis response strategy tackles this problem. A proactive crisis response strategy can help organizations survive in crisis times. This study

shows that a proactive crisis response strategy within the textile industry does result in less anger and more sympathy and brand trust. This strategy does not have significant higher costs. This is applicable within every unpreventable value related crisis. The combination of a proactive crisis response strategy with price and type of crisis contributes to the experimental studies in crisis literature and in specific stealing thunder.

The condition 'type of crisis' shows organizations what they can expect when they end up in a particular crisis (more specific, animal cruelty- or human exploitation crisis). People tend to have a more negative reaction towards an animal cruelty crisis than a human exploitation crisis. Organizations need to be careful in their supply chain decisions. It is unwise to focus only on preventing animal crisis, because human exploitation crises also have a negative post crisis impact. In contrast, people tend to have a higher affinity against human exploitation than animal cruelty. Supply chain needs to be adjusted in order to prevent these type of value related crises. Subcontracting is one of the reasons why organizations do not know about these value related crimes (Arnold & Bowie, 2003). Well organized supply chain management can avoid subcontracting. When subcontracting is avoided, organizations can set own standards/guidelines which are in line with the thought of the society.

The last condition 'price' shows that organizations with high priced products absorb more negative post crisis reactions than low priced products. Organizations with high priced products have to be more alert in avoiding value related crises. Take note that people have evenly negative emotions and attitude towards the organization with high priced products and low priced products. Consumers will only buy more easily from organizations with low priced products after a crisis occurred.

When organizations focus on avoiding value related crises, they can communicate this and use it as a marketing tool. Especially the organizations with high priced products can focus on the social legitimacy aspect of organizations. The conditions type of crisis and price give concrete insight in the expectations towards crisis managers. When a particular crisis occurs they know how the society would react.

This study detected significant differences within gender. Organizations with mainly women as (potential) customers have to be more careful and maybe invest more in social legitimacy actions.

### **5.3 Future research directions**

This study made use of a convenience sample. A convenience sample in combination with snowball sampling does not give a reliable sample which reflects the whole society of The Netherlands. Most people came from the province Overijssel for instance. It is therefore hard to generalize on the basis of this data. Future research could be indicated with a more random sample within the society.

The conditions price and type of crisis are under-researched topics within crisis literature. The hypotheses stated in the literature review can be confirmed but these hypotheses were not based on previous crisis literature. This research indicates differences in outcomes between the conditions within the textile industry. Future research could indicate why people react more negative on a crisis with high priced products involved versus low priced products. The hypothesis was based on the halo effect and on pragmatic legitimacy. Research within this context can indicate whether the halo effect and the pragmatic legitimacy have influence like indicated. This future research direction can be performed with the use of a qualitative case study or with a quantitative study. Where this study made use of the value-related crises animal cruelty and human exploitation, future research could also be indicated within a broader range of crises types.

Future research could also indicate why people react more negative on a crisis with animal cruelty involved versus a crisis with human exploitation involved. The hypothesis was based on condoning human exploitation in low wages countries and on the concept moral disengagement. This future research direction can be indicated with the use of a qualitative case study or with a quantitative study. This research indicated a difference in the outcomes of the covariates (affinity with human- and animal rights) in relation to the outcomes of the type of crisis. People tend to have a higher affinity with human rights than animal rights but do not have higher negative thoughts regarding a human exploitation crisis against an animal cruelty crisis. Future research could indicate whether the scenario's might have been written in an extremer sense regarding the animal cruelty crisis. Future research could also indicate whether a higher affinity is not guaranteed for higher negative thoughts



regarding a related crisis within the subject (animal cruelty or human exploitation). Specific quantitative- and qualitative studies could indicate this matter.

Quantitative future research could indicate whether other 'circumstances' give the same outcomes. The same type of study can be performed within other countries, other branches, within other cultures and with the use of another medium like a written questionnaire instead of this online survey.

This study made use of a newspaper article as the manipulation. Future research could indicate whether the way of communicating or the medium of the communication has other influence on the negative post crisis impact.

This research was indicated with the use of fictive organizations. Future research could be performed with the use of existing organizations. Within this study, reputation can be measured.

This study detected significant differences within gender. Future research could indicate whether women will have more negative feelings according to value related crises in general. In addition, this research has unequal distribution in men and women and a small unequal distribution in the amount of respondents per condition. Future research could indicate whether more equal samples would give the same results.

This study made use of the covariates affinity with animal- and human rights. These covariates appeared to be marginally reliable. Future research could indicate whether these covariates are measured correct. Future research could also indicate whether other covariates are interesting to measure. Example: do people give lower scores to an animal cruelty crisis when they own a pet. Do people from low wages countries rationalize human exploitation or animal cruelty more?

#### **5.4 Conclusion**

This research contributes to the experimental studies within the field of crisis communication and provides evidence-based management ideas for crisis managers. This study shows that a proactive crisis response strategy results in less anger, more sympathy and more brand trust. An organization involved in an animal cruelty crisis results in less sympathy and less purchase intention than an organization involved in a human exploitation crisis. The final condition price gives knowledge to the fact that a crisis within an organizations with high priced products will get less purchase intention than a crisis within an organization with low priced products. Women have significant more negative post crisis feelings according to a value related crisis than men. Results show that people tend to have higher affinity with human rights than animal rights but give more negative impact to an organization involved in an animal cruelty crisis than a human exploitation crisis.

#### **5.5 Acknowledgement**

I would like to thank my first supervisor Ardion Beldad and my second super visor Sabrina Hegner for all their help and support during the establishment of this thesis. I always felt I was free to ask questions. The appointments were always helpful and brought me to establish this final report.

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## Appendix A. Stimuli material (in Dutch)

### **Cavaliere pleegt dierenleed**

Door: Peter Hogendorp

**ZWOLLE – De leefomstandigheden in de fabrieken waar Cavaliere zijn angora wol laat verwerken is slecht. De angora konijnen worden geplukt in plaats van geschoren. Afgelopen week kwam de winkelketen zelf met het nieuws naar buiten.**

Als antwoord op de crisis gaf Cavaliere de volgende reactie: “Wij waren niet op de hoogte van het dierenleed in onze fabrieken”, aldus de woordvoerder van Cavaliere. “Toen de PETA (People for Ethical Treatment of Animals) dit aan de kaak stelde hebben we direct maatregelen genomen en hebben wij het nieuws zelf naar buiten gebracht”.

Cavaliere staat al jaren bekend om zijn dure kleding en accessoires. Een gemiddelde pullover kost ongeveer €200,-.

### **Less & Co. pleegt dierenleed**

Door: Peter Hogendorp

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### **Less & Co. pleegt mensenleed**

Door: Peter Hogendorp

**ZWOLLE – De werkomstandigheden in de fabrieken waar Less & Co. zijn kleding laat maken zijn slecht. De werknemers van deze fabrieken moeten met chemicaliën werken die slecht zijn voor de gezondheid en krijgen minder betaald dan het voorgeschreven minimumloon van het desbetreffende land. Afgelopen week kwam de winkelketen zelf met het nieuws naar buiten.**

Als antwoord op de crisis gaf Less & Co. de volgende reactie: “Wij waren niet op de hoogte van het mensenleed in onze fabrieken”, aldus de woordvoerder van Less & Co. “Toen HRW (Human Right Watch) dit aan de kaak stelde hebben we direct maatregelen genomen en hebben wij het nieuws zelf naar buiten gebracht.”

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Als antwoord op de crisis gaf Cavaliere de volgende reactie: ‘‘Wij waren niet op de hoogte van het mensenleed in onze fabrieken’’, aldus de woordvoerder van Cavaliere. ‘‘Toen HRW (Human Right Watch) dit aan de kaak stelde hebben we direct maatregelen genomen en hebben wij het nieuws zelf naar buiten gebracht.’’

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Als antwoord op de crisis gaf Cavaliere de volgende reactie: ‘‘Wij waren niet op de hoogte van het mensenleed in onze fabrieken’’, aldus de woordvoerder van Cavaliere. ‘‘Toen HRW (Human Right Watch) dit aan de kaak stelde hebben we gewacht met het naar buiten brengen van het nieuws totdat een ander medium het naar buiten bracht’’.

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Als antwoord op de crisis gaf Less & Co. de volgende reactie: "Wij waren niet op de hoogte van het mensenleed in onze fabrieken", aldus de woordvoerder van Less & Co. "Toen HRW (Human Right Watch) dit aan de kaak stelde hebben we gewacht met het naar buiten brengen van het nieuws totdat een ander medium het naar buiten bracht".

Less & Co. staat al jaren bekend om zijn goedkope kleding en accessoires. Een gemiddelde pullover kost ongeveer €20,-.

## **Cavaliere pleegt dierenleed**

Door: Peter Hogendorp

**ZWOLLE – De leefomstandigheden in de fabrieken waar Cavaliere zijn angora wol laat verwerken is slecht. De angora konijnen worden geplukt in plaats van geschoren. Afgelopen week kwam PETA (People for Ethical Treatment of Animals) met het nieuws naar buiten.**

Als antwoord op de crisis gaf Cavaliere de volgende reactie: "Wij waren niet op de hoogte van het dierenleed in onze fabrieken", aldus de woordvoerder van Cavaliere. "Toen de PETA (People for Ethical Treatment of Animals) dit aan de kaak stelde hebben we gewacht met het naar buiten brengen van het nieuws totdat een ander medium het naar buiten bracht".

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## Appendix B. Questionnaire (in Dutch)

### Description

Beste deelnemer, Alvast erg bedankt voor het meehelpen aan mijn onderzoek! Dit onderzoek wordt gedaan in opdracht van de Universiteit Twente ten behoeve van mijn afstudeeropdracht. Aan deze enquête kan iedereen meedoen. Het doel is om inzicht te krijgen in de impact van een crisis binnen textielorganisaties. Voor dit onderzoek zijn 320 respondenten nodig. Al uw gegevens zullen anoniem blijven. Het invullen van de enquête zal niet langer duren dan 5 minuten. Alvast een korte instructie: U vult eerst wat kenmerken van u zelf in. Hierop volgend krijgt u een krantenknipsel te zien waarna u hier een aantal vragen over moet invullen met betrekking tot dit krantenknipsel. Bedankt! Marco Ruiter

**Q1:** Wat is uw geslacht?

- Man (1)
- Vrouw (2)

**Q2:** Wat is uw leeftijd?

- 16 (1)
- 99 (84)

**Q3:** Wat is uw hoogst genoten opleiding?

- VMBO, Mavo, VBO (4)
- Havo (6)
- VWO/Gymnasium (7)
- MBO (8)
- HBO (9)
- WO Bachelor (10)
- WO Master (11)
- PhD (13)
- Geen van bovenstaande (12)

**Q4:** Wat is uw jaarinkomen?

- Minder dan €30.000,- (1)
- Tussen de €30.000,- en €40.000,- (2)
- Meer dan €40.000,- (3)
- Zeg ik liever niet (4)

**Q5:** In welke provincie bent u woonachtig?

- Groningen (1)
- Friesland (2)
- Drenthe (3)
- Overijssel (4)
- Gelderland (5)
- Flevoland (6)
- Utrecht (7)
- Noord-Holland (8)
- Zuid-Holland (9)
- Noord-Brabant (10)
- Zeeland (11)
- Limburg (12)







