Revisiting Organizational Credibility and Organizational Reputation – A Situational Crisis Communication Approach

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Abstract. Organizational credibility, the extent of which an organization as the source of messages is perceived as trustworthy and reliable, is one important aspect to determine organization's survival. The perceived credibility of the messages will either strengthen or worsen an organization reputation. The primary objective of this paper is to revisit the concept of organizational credibility and its interaction with organizational outcomes such as organizational reputation. Based on the situational crisis communication theory (SCCT), this paper focuses on the impact of organizational credibility on organizational reputation following a crisis. Even though the SCCT has been widely used in crisis communication research, the theory still has its own limitations in explaining factors that could potentially affect the reputation of an organization. This study proposes a model by integrating organizational credibility in the SCCT theoretical framework. Derived from the theoretical framework, three propositions are advanced to determine the relationships between organizational credibility with crisis responsibility and perceived organizational reputation. This paper contributes to further establishing the SCCT and posits key attributes in the organizational reputation processes..

1. Introduction

How credible is a government agency in communicating crisis messages? Do stakeholders always belief the crisis information coming from public organizations? Recent research on organizational credibility showed that public trust toward public organizations has been consistently decreasing [1]. As such, the role of organizational credibility in re-building public organization reputation following a crisis is noticeable yet empirical evidence on its effect is still absent. Even though researchers have continuously attempt to fill the gap in the study of credibility, there is still a lack of adequate research on the impact it has on organizational reputation [1-2]. A huge body of research suggests that it's highly relevant to address this issue due to the fact that the impact of organization credibility has not yet fully understood [2]. Therefore, this study extends the research on the effect of credibility on organization reputation and its interaction with crisis responsibility in a public organization setting. The primary aim of this study is to assess the impact of crisis on Malaysia's public organizational reputation within the framework of situational crisis communication theory (SCCT) [3-5].

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The importance and significance of this study lie in the fact that Malaysian public organizational reputation has been questioned increasingly in the last few years. Previous research indicated that incidences involving regulatory bodies have resulted in declining public trust in government, a sign of unfavorable reputation [1]. More importantly, the decline in trust has implications for the public organizations in regard to the legitimacy of democratic governance [1,6]. As a politically appointed organization, public support and trust are utmost important to ensure the survival of the government in Malaysia. Thus, an empirical study on public organization reputation and indentifying its antecedents is highly relevant and a timely initiative to restore public trust and gain their support by applying a specific mechanism to reduce reputational threats in public organization and create positive outcomes.

This study provides a starting point in advancing the literature on organizational credibility and fills an important void in the crisis communication and public organization reputation literature. This study is also aimed at enriching the situational crisis communication theory and clarifies the roles of organizational credibility while in crisis. By incorporating corporate credibility into the model, it is hoped that this study strengthens the existing model to cater for public sector and offers wider perspective in looking into reputation management during crisis.

2. Review of literature

2.1 Organizational crisis and crisis responsibility

A review on scholars' definition of organizational crisis shows some commonalities, including the fact that a crisis: 1. Crisis is an unplanned event that has potentiality to dismantling the entire structure of an organization; 2. Can affect its internal and external stakeholders; 3. May occur in any organization across all industry nationwide. 4. May affect the survival of an organization [7]. For the purpose of understanding organizational crisis, this study adopts [3,4,8] who define crisis as "the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization performance and generate negative outcomes" (p. 238). In the present study, organizational crisis is operationalized as a situational context in which crisis responsibility is evaluated by participants. Specifically, the relationship between crisis responsibility, organizational reputation, and corporate credibility are perceived in an organizational setting with organization having an ongoing crisis.

Crisis responsibility refers to the degree to which stakeholders attribute responsibility for a crisis to an organization [3-5]. The attribution of crisis responsibility is made by the stakeholders regardless of whether the organization admits or denies the responsibility of the crisis. Thus, crisis responsibility in this study is referred as the attribution of crisis responsibility perceived by stakeholders to organization having a crisis. When the employees perceived the organization actions had triggered the crisis, they will likely attribute the responsibility of the cause to the organization and vice-versa. In this study, participants will make attribution of crisis responsibility based on the crisis type that was chosen for the study.

2.2 Organizational Reputation

In viewing the uniqueness of public organizational reputation, scholars in the political science approach agree with a definition on organizational reputation which is "a set of symbolic beliefs about the unique or separable capacities, roles, and obligations of an

organization, where these beliefs are embedded in audience networks" [9]. This definition has been refined slightly to cater for wider scope of public organization and its growing functions as follows: 'Organizational reputation is defined as a set of beliefs about an organization's capacities, intentions, history, and mission that are embedded in a network of multiple audiences' [10]. Reputation uniqueness in this context refers to the demonstration by public organizations that they can create solutions and provide services.

Public organizations rely on strong reputation to achieve delegated autonomy and discretion from politicians. As such, continuous study in this area is crucial to assist public organization to build a strong, favorable reputation [9]. In addition, reputation in public sector has been recognized as "valuable political assets" [6] used to generate public confidence to continuously supporting the government.

Like most public organizations around the globe, public organizations in Malaysia suffer from negative reputation associated with inefficiency, low level of professionalism, financial uncertainties and political unrest [11]. While there is an increasing awareness on the importance of having good reputation among the public organizations in Malaysia literature in this area remain scarce [11]. Due to the nature of public organization is non-profit and service-oriented, thus the role of reputation is often overlooked or given less consideration, both from the public organization key drivers and researchers in this area. Likewise, crisis is often seen as less threaten to public organization than private organization, leaving question with regard to how government organizations in Malaysia manage their reputation following a crisis, remain unanswered. Considering Malaysia, as one of the Asian countries which embraces a different culture from the West, thus the findings from previous study that are predominantly western may not be generalized to the present context [12]. Thus, more theoretical approach is needed on crisis and reputation management research to provide insights for professionals in public sectors in Malaysia.

2.3 Organizational Credibility

The concept of organizational credibility and organizational reputation are closely inter-related to the extent that some scholars argued that credibility derived from reputation [13,14,15]. However, [5] sees credibility as a different construct from reputation, which distinguishes the way the two variables are measured. Organizational reputation is how the public perceives the overall performance of the organization, which will be affected if its credibility is not as strong as its reputation. This study embraces the definition of corporate credibility as 'the organization or corporation that manufactures the product or provides services is seen as a credible source of the communication' [16] (p. 236). In the public sector, organizational credibility is associated with a concept of trust which has usually been viewed from an external environmental or an interorganizational social perspective [17]. In essence, corporate credibility in this study is the perceived expertise and trustworthiness of an organization in times of crisis. Expertise is the organization's knowledge about the subject [18]. An expert organization will appear to be competent, capable and effective and knows the ins and outs of the issue. Trustworthiness demonstrates the honesty and believability of the source and is the organization's goodwill toward or concern for its stakeholders [18]. In this study organization credibility is assumed to have influences on organizational reputation in a crisis situation. In a situation where an organization is seen as not delivering its promises, or conveying messages lacking in believability, it will be perceived as not credible, resulting in an unfavorable reputation.

3. Situational crisis communication theory (SCCT)

The SCCT focuses on the use of communication to preserve and protect an organization's valuable reputation [3-5, 8]. It posits that, as the reputational threat increases, crisis managers should use response strategies that demonstrate a higher level of acceptance of responsibility for the crisis and address the organization's concerns for the victims involved. The SCCT categorized types of crisis into three crisis clusters namely the victim cluster, the accidental cluster and the preventable cluster. Each cluster explains different level of crisis responsibility attributed to the organization. The victim cluster is linked with weak attribution, while the accidental cluster is associated with a reasonable degree of responsibility and the preventable cluster is regarded as high level of attribution to the organization. Thus, crisis responsibility is directly related to the organization reputation; the higher the level of crisis responsibility held by the organization the more severe the impact to its reputation.

Fig. 1. Conceptual model of the study derived from the SCCT [3]

4. Proposition Development

4.1 Crisis responsibility and perceived organization reputation

Crisis scholars have suggested that a direct link exists between an organization's acceptance of crisis responsibility and its reputation [19]. An organization's actions either to assume or to reject crisis responsibility are crucial in rebuilding a reputation damaged by a crisis threat [3-5]. In the event the organization is perceived as responsible for a crisis, the acceptance of crisis responsibility will likely result in a positive reputation. In line with this, it is suggested that more evidence-based research is needed to validate an organization's decision in either accepting or denying responsibility assigned by stakeholders [5, 8]. However, organization needs to identify the cause of the crisis by framing the crisis type and make attribution of crisis responsibility before any decision to employ crisis response strategies can be made. Therefore, the following proposition is advanced:

Proposition 1: Attribution of crisis responsibility is related to public organization reputation

4.2 Crisis responsibility and corporate credibility

Organization's credibility is threatened during a crisis. However, strong organization credibility can protect organization from a severe impact [2-5, 18]. Research on credibility also indicates that communications (crisis messages) affects how stakeholders perceive the organization in crisis. Stakeholders believe organization's side of story when they trust them as credible. Stealing thunder, a quick response by organization increases it credibility. Organizations who are held responsibility are viewed as more credible when they reported the crisis before other sources; that is by stealing thunder [20]. As such the attribution of

organization's crisis responsibility is weak when the corporate credibility is strong. In addition, previous findings suggest that the perception of risk (crisis) is related to the level of trust individuals have in organization [1,18,21]. Thus we propose the following proposition:

Proposition 2: Attribution of crisis responsibility is related to public organization's credibility.

4.3 Organizational credibility and perceived organization reputation

Previous research has shown that perceptions of high source credibility influence positive message evaluations, favorable attitude changes and behavioral attentions [21-23]. Likewise, credible sources will be perceived more persuasive in their communication strategies than those with low credibility. In addition, the moderating roles of corporate image and credibility in influencing the effectiveness of advertising and public relations message sequencing in new product introductions found that corporate credibility is shown to attenuate the effectiveness of the PR strategy [24]. Their findings suggested that when a corporation has a more positive image and high credibility, the message sequencing strategy used may be less important. However, the message sequencing strategy will play an important role for a new corporation or one with less than astrophysical image and credibility. The findings spur further research to examine the role of corporate credibility in the organization setting, specifically by looking at the potential it has in influencing public organization reputation. Therefore, the following proposition is advanced:

Proposition 3: Perceived oganizational credibility is related to perceived organization reputation**.**

5. Conclusions

Considering the magnitude of reputation for public organization, addressing the reputational threats in public organization is highly necessary (25). By focusing on organization's corporate credibility, this study contributes to a growing literature on crisis management in Malaysian public sector. While there are many predictors have been associated with organizational crisis, understanding its relationship with organization credibility is crucial because credibility does not reside in the organization, rather in the mind of its stakeholders and public. Their perception toward organizational curability reflects the organizational expertise, trustworthiness and essentially its reputation.

This paper presents a review of the literature of the key concepts up to their latest development to depict how each concept is relevant to each variable. Then it develops a research framework which is derived from the major themes in the literature review. Three propositions are advanced from the research framework. Due to its limitation, further study may address organizational credibility with other organizational elements such as message sequencing, public relations strategies, organizational performance or even organizational culture.

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