

When scandal gets you down, study reveals, talk yourself up - sometimes

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(PhysOrg.com) -- When facing a scandal, an organization must first consider what's under attack. Is it the firm's character or the quality of its product?

A new study by University of Notre Dame management professors Emily Block and Michael Mannor is the first to explicitly compare and contrast character and quality (capability) reputation, and shows the best approach to impression management is completely different for each.

In sociology and social psychology, impression management is a goal-directed process in which people attempt to influence perceptions about a person or organization by regulating and controlling information in social interaction.

In their study, "[The Path Dependence of Organizational Reputation: How Social Judgment Influences Assessments of Capability and Character](#)," published in the May issue of the [Strategic Management Journal](#), Block and Mannor emphasize how difficult organizational reputation is to win back once it's lost, and which impression management approach is best.

"If you're trying to protect your reputation of capability, you want to play up the positive," says Block, who specializes in organizational change and industry self-regulation. "Underscore your history of success."

A good example is Toyota. The automaker has recalled millions of vehicles in the last few years due to problems with accelerator pedals.

“This is a case of the durability of a quality reputation,” says Mannor, an expert on powerful CEOs, organizational learning and radical innovation. “No one believed that Toyota was no longer capable of making high quality cars. They kept the public conversation focused on their long history of quality, which is hard to lose. If the conversation had devolved more into a character discussion, it would have been very difficult for Toyota to have recovered as well as it has.”

On the flip side, if a person or organization’s character has taken a hit, the researchers say the best thing to do is downplay or discredit the negative.

“Popular belief used to be that strong positive displays of reputation were really effective at protecting against a bad reputation,” Block says. “Our research shows that, when your character is under the microscope, you don’t want to divert attention by pointing out the positive things you’re doing. People just don’t believe it. Any attempts at self-aggrandizing are viewed through the lens of the negative issue, and it appears manipulative.”

The researchers point to Benedict Arnold as an example of what can happen if you don’t discredit a character attack.

“He was a war hero,” Mannor says. “And his whole history was revised from being a war hero to this treasonous person who was trying to trick America all along, when there’s a good case to be made that he didn’t become treasonous until the very end. Now his name is used as a verb.”

The research also examines Wal-Mart, which Block says is actually a leader in sustainability efforts. Something you probably don’t recall

hearing about the company.

“Nobody talks about that,” she says. “People still view Wal-Mart in terms of employment lawsuits. All of the good things they’re doing are being viewed through the lens of all the negative press.”

Before this study, says Block, there has been no breakdown of the target of scrutiny, in terms of whether it’s about capability or character.

“With capability, your record is your record and nobody can revise it,” Block says. “It’s more durable. With character, all bets are off. A good reputation takes time to build, and one thing can ruin it. All of your prior good deeds can be forgotten when your character is on the line.”

A prime example is one of the most successful golfers of all time, Tiger Woods, whose numerous extramarital affairs dominated news headlines for months in 2009 and 2010. Shortly thereafter, Woods lost his No. 1 world ranking and suffered a career long winless streak.

“His character rating dropped to zero, he lost millions in endorsements and no one wanted to be associated with him,” Mannor says. “But, people have never stopped believing he can win.”

Recently, James Murdoch stepped down from the helm of News International — the best thing that could happen to the scandal-plagued company, according to Mannor.

“When an organization is dogged with allegations of fraud, bribes and deceit, its leadership becomes intent on protecting what it has built,” Mannor says. “This paradoxically runs counter to what we know about how organizations can best move forward and succeed. Whether or not allegations are true, an organization will be held back significantly if it doesn’t have the public’s trust, and continued involvement of ‘tainted’

executives makes trust very difficult, if not impossible, to win back.”

In perhaps the clearest link to the research, Internet search giant Google has been criticized over privacy issues, including possible misuse and manipulation of search results.

“It’s really important for Google executives to construe the privacy issue as ‘not evil,’” Mannor says. “They could choose to say, ‘We’re Google and we’ve been great forever,’ or they could say the issue is ‘not evil.’ And that’s what they’re doing — diffusing the negative.”

Provided by University of Notre Dame

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