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Is old news no news? The impact of self-disclosure by organizations in crisis

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ABSTRACT

This study examines the impact of self-disclosing incriminating information in the context of organizational crises. Study one indicates that when an organization self-discloses a crisis, participants devote less attention to subsequent negative publicity and any attention this information receives has less impact on the organizational post-crisis reputation. An interaction between crisis timing strategy and crisis involvement in study two suggests that if an organization self-discloses a crisis, both participants' attention to negative publicity and the impact of this attention on post-crisis reputation are low, irrespective of crisis involvement. If an organization does not self-disclose a crisis, however, crisis involvement affects consumers' attention to negative publicity but not the impact of this attention on the organizational post-crisis reputation. These findings offer an important indication that organizations in crisis should self-disclose potentially incriminating information.

Best practices in corporate communication generally stress the importance of open and proactive crisis communication (Huang & Su, 2009), the reason for which is twofold. First, crisis communication practitioners argue that if organizations do not share information about a crisis openly, the public is likely to obtain the information from other sources and the organization loses the ability to manage the crisis message (Seeger, 2006). Second, and more importantly, self-disclosing important and potential incriminating crisis information allows organizations to behave ethically and emphasizes that they prioritize the needs of their stakeholders (Ulmer, 2012).

Despite the advantages for both organization and stakeholders, communication professionals have conflicting views regarding the appropriateness of this kind of openness in times of crisis (Kline, Simunich, & Weber, 2009). According to Ulmer (2012, p. 531), "*we know that these communication approaches are appropriate yet they rarely are employed during a crisis*". In fact, organizations often fear that communicating openly will lead to potential litigation (Coombs & Holladay, 2008). This study aims to examine and explain the impact of self-disclosing crisis information on perceptions of an organization in crisis. In doing so, organizations might become more aware that an emphasis on the communication needs of stakeholders is in fact also beneficial for themselves.

While some prior studies have already illustrated that self-disclosure can be beneficial to organizations (Arpan & Pompper, 2003; Arpan & Roskos-Ewoldsen, 2005) or individuals (Wigley, 2011) in crisis, the range of this impact and the causes have received little research attention. Prior studies have been limited to examining straightforward effects of organizational self-disclosure in times of crisis on credibility (Arpan & Pompper, 2003; Arpan & Roskos-Ewoldsen, 2005; Claeys & Cauberghe, 2012) and consumer behavior (Einwiller & Johar, 2013; Fennis & Stroebe, 2014). While some of these findings touch upon certain theoretical explanations for the effectiveness of self-disclosure, none of these studies have explicitly examined the process behind these effects. The effectiveness of self-disclosure may be explained by commodity theory (Arpan & Pompper, 2003). Commodity theory proposes that people assign more value to objects, experiences or messages when they are less available (Brock, 1968; Cialdini, 2009; Verhallen, 1982). In other words, scarcity signals value and this effect may also apply to information. The value of scarce information may be reflected either in the attention to that information or in the impact of such information on related evaluations (Brock, 1968). As such, the current study investigates the effect of reducing the scarcity of crisis information (i.e. trough self-disclosure) on both the information's desirability in terms of the attention information may attract from stakeholders and the information's impact on the reputation of the organization in crisis. In addition, this study examines the potential moderation of both effects by stakeholders' involvement with the crisis.

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This research contributes to the theory on organizational crisis communication in five ways. First, the study aims to demonstrate the positive impact of self-disclosing crisis information. In doing so, organizations should become aware of the benefits of so-called stealing thunder, not only for the sake of their stakeholders but for their own sake as well. Second, by means of two experimental studies this research examines the extent of the positive impact of self-disclosure by focusing on two outcomes: the attention to subsequent negative publicity about the events and post-crisis organizational reputation. Third, the study examines if consumers' involvement with the crisis moderates the effect of organizational self-disclosure. Prior research shows that crisis involvement affects the impact of crises and crisis response strategies (e.g., apology, denial) on stakeholders' perceptions of an organization (Claeys & Cauberghe, 2014; Trump, 2014). The findings from this study illustrate if and how the impact of crisis involvement relates to crisis timing strategies. Fourth, the findings indicate that commodity theory might offer an explanation for the impact of organizational self-disclosure. As such, this study answers the need for more theoretical research on the impact of crisis communication (Botan & Taylor, 2004). Finally, research on crisis communication in general and self-disclosure in particular has received very little attention in the business and management literature (Fennis & Stroebe, 2014) as compared to the public relations literature (e.g., Arpan & Pompper, 2003; Arpan & Roskos-Ewoldsen, 2005; Claeys & Cauberghe, 2012; Claeys, Cauberghe, & Leysen, 2013). Most studies indicate that organizations hesitate to reveal negative events out of fear of drawing unnecessary attention to the crisis, potential legal liability, etc. It is therefore crucial to examine self-disclosure in the business literature in order to convince not only public relations practitioners but executives as well of the value of self-disclosure for their organization.

1. Conceptual framework

1.1. Self-disclosure

Self-disclosing incriminating information can minimize that information's value. Research in the context of social psychology, for instance, illustrates that people who are responsible for a negative event in their lives should self-disclose this information when they meet someone new (Archer & Burleson, 1980; Jones & Gordon, 1972). If not, a potential partner will consider them less attractive. Trial studies further indicate the potential positive impact of self-disclosing incriminating information. Indeed, when a defendant in trial attempts to hold back incriminating information, jury members may be more interested in this information and consider that information more severe when they find out (Dolnik, Case, & Williams, 2003; Williams, Bourgeois, & Croyle, 1993).

The importance of self-disclosure of detrimental information is, however, especially apparent for organizations in crisis. When organizations fear negative publicity, they have two options (Easley, Bearden, & Teel, 1995; Wigley, 2011): self-disclose a crisis or wait until crisis information is dispersed by a third party. The former crisis timing strategy is commonly referred to as *stealing thunder* and implies that an organization "*breaks the news about its own crisis before the crisis is discovered by the media or other interested parties*" (Arpan & Roskos-Ewoldsen, 2005, p. 425). In this case the organization self-discloses a crisis before external parties communicate about the events (Dolnik et al., 2003; Williams et al., 1993). The latter crisis timing strategy is often called *thunder*, in which case the crisis is announced by an external party. The general advise for organizations is to self-disclose crises whenever they can, since this reduces the negative impact of crisis information on stakeholders (Claeys & Cauberghe, 2012; Dolnik et al., 2003; Mauet, 2007). Self-disclosure is especially feasible when the spread of incriminating information is unavoidable (Easley et al., 1995). Research in social psychology additionally suggests that self-disclosing negative events is most crucial whenever one is highly responsible for them (Archer & Burleson, 1980; Jones & Gordon, 1972). Because in today's corporate world secrets are likely to surface eventually, and revelations of such secrets can trigger new reputational crises (Coombs & Holladay, 2002), the self-disclosure of crises is indeed a reasonable option.

A number of theoretical frameworks has been offered to explain the effectiveness of an organizational self-disclosure in minimizing reputational damage. According to the disconfirmation of expectations theory (Arpan & Pompper, 2003), for instance, withholding information about a crisis confirms the biases that stakeholders have of organizational communication. Stakeholders expect organizations to only communicate what is in their own best interest. An organization that steals thunder, however, disconfirms stakeholders' negative expectancies, which results in greater credibility of the organization (Arpan & Pompper, 2003; Williams et al., 1993). Similarly, the change of meaning hypothesis suggests an organizational self-disclosure results in an inconsistency in the eyes of stakeholders, who will attempt to resolve that inconsistency by changing the meaning of the disclosure in order to make the revelation more consistent to their expectations of the organization (Arpan & Pompper, 2003; Williams et al., 1993). As such, they may consider self-disclosed information less severe, which is consistent to their expectation that organizations would not reveal severely negative information about themselves.

While research in the context of organizational crisis communication does not support the change of meaning hypothesis (Arpan & Pompper, 2003), research does offer some confirmation for the disconfirmation of expectations theory (Arpan & Pompper, 2003; Arpan & Roskos-Ewoldsen, 2005). No research, however, has examined the assumption that an organizational self-disclosure can also minimize the harms of negative publicity subsequent to a crisis. This premise relates to commodity theory, which is referred to as the old-news-is no-news hypothesis in reference to the self-disclosure of incriminating information (Dolnik et al., 2003).

1.2. Commodity theory

Commodity theory's basic premise is that "*any commodity will be valued to the extent that it is unavailable*" (Brock, 1968, p. 246). Unavailability refers to scarcity and the amount of effort that is needed to obtain the commodity (e.g., limited editions of products) (Brock, 1968; Lynn, 1991). The term commodity can refer to anything (e.g., messages, experiences, objects) that is useful, transferable from one person to another and can serve as a possession. Many studies on the impact of unavailability of commodities focuses on information or messages. In this context, research focuses, among others, on censorship (Fromkin & Brock, 1973; Worchel, 1992). Researchers also focus on commodity theory in the context of marketing. Marketers often use so called scarcity appeals as an advertising technique (Eisend, 2008). They refer to the impact of unavailability on value as a scarcity effect which implies "*the influence of perceived scarcity on the subjective desirability of an object*" (Jung & Kellaris, 2004, p. 740).

Research often examines scarcity effects in terms of their impact on the subjective value of a commodity, which is the desire to obtain the commodity (Eisend, 2008; Jung & Kellaris, 2004). Commodity theory, however, does not limit the value of a scarcity-based commodity to subjective desirability. Besides the desirability of a commodity, commodity value can also refer to the meaning a commodity can create in the eyes of consumers (Brock, 1968). If the commodity is information, people may not only desire to read scarce information more and thus devote more attention to the message. Scarce information may also be more likely to impact people's evaluation of the position in the message than would be the case if the information would not be scarce. Research by Worchel and Arnold (1973) for instance shows that censorship of information not only leads to an increase in attention for that communication, but additionally causes a potential audience to change their attitudes toward the position that the censored message advocates. So, people do not just consider censored information as more desirable;