

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/243462210>

# Unpacking the Halo Effect: Reputation and Crisis Management

Article in *Journal of Communication Management* · April 2006

DOI: 10.1108/13632540610664698

CITATIONS

260

READS

14,401

2 authors:



W. Timothy Coombs  
Texas A&M University

104 PUBLICATIONS 7,308 CITATIONS

SEE PROFILE



Sherry J. Holladay  
Texas A&M University

72 PUBLICATIONS 3,888 CITATIONS

SEE PROFILE

Some of the authors of this publication are also working on these related projects:



Character Assassination and Crisis [View project](#)



Scansis [View project](#)



# Unpacking the halo effect: reputation and crisis management

Unpacking the  
halo effect

W. Timothy Coombs and Sherry J. Holladay  
*Eastern Illinois University, Charleston, Illinois, USA*

123

## Abstract

**Purpose** – Crisis managers believe in the value of a favorable, pre-crisis reputation. The prior reputation can create a halo effect that protects an organization during a crisis. The prior reputation/halo might work as a shield that deflects the potential reputational damage from a crisis. Or the prior reputation/halo might encourage stakeholders to give the organization the benefit of the doubt in the crisis (reduce attributions of crisis responsibility). Oddly, researchers have had little luck in producing a halo effect for prior reputation in crisis situations. The purpose of this paper is to present two studies designed to test if the halo effect could occur and which of the two dynamics of the prior reputation halo best serve to explain the benefits of a favorable, pre-crisis reputation.

**Design/methodology/approach** – The research focuses on a set of studies conducted to illustrate the halo effect and to explore how it serves to protect an organization during a crisis. The implications of the findings for post-crisis communication are discussed.

**Findings** – The halo effect for prior reputation in crisis was created. The halo operated in a limited range for organizations with very favorable prior reputations. The data also supported the halo as shield dynamic rather than the halo as benefit of the doubt.

**Originality/value** – The paper provides insight into the area of reputation and crisis management.

**Keywords** Public relations, Corporate image, Organizational behaviour, Accidents

**Paper type** Research paper

Experts in crisis management and reputation management agree that, among other hazards, a crisis poses a threat to an organization's reputation (Barton, 2001; Davies *et al.*, 2003). Moreover, experts argue that a favorable prior reputation is an important resource during a crisis (Alsop, 2004; Davies *et al.*, 2003; Dowling, 2002; Fombrun and van Riel, 2003). On a basic level, a favorable prior reputation functions as a bank account containing reputation capital. An organization with bountiful reputational capital can afford to spend or lose some capital in a crisis and still maintain a strong, favorable post-crisis reputation (Alsop, 2004; Dowling, 2002; Fombrun and van Riel, 2003). On another level, a favorable reputation (strong bank account) may act as a *halo* that protects an organization's reputation during a crisis (Ulmer, 2001). Although the idea of a halo effect seems intuitively appealing, researchers have tried but have yet to verify the existence of the halo effect (Klein and Dawar, 2004). The research reported here focuses on a set of studies conducted in an attempt to illustrate the halo effect and to explore how it serves to protect an organization during a crisis.

## Value of prior, favorable reputations in a crisis

A reputation is an evaluation stakeholders make about an organization. Hence, we can talk about favorable and unfavorable reputations. Reputations are widely recognized as a valuable, intangible asset. Reputational assets have been linked to significant outcomes such as attracting customers, generating investment interest, attracting top employee talent, motivating workers, increasing job satisfaction, generating more



positive media coverage, and garnering positive comments from financial analysts (Alsop, 2004; Davies *et al.*, 2003; Dowling, 2002; Fombrun and van Riel, 2003).

A reputation is developed through the organization-stakeholder relationship (Fombrun and van Riel, 2003). Positive interactions build favorable reputations while unpleasant interactions lead to unfavorable reputations. Fombrun's (1996) notion of reputation capital effectively captures the creation of reputations. Reputations are built through interactions and communication between organizations and stakeholders (Dowling, 2002; Fombrun and van Riel, 2003). Positive interactions with stakeholders build reputation capital. Negative interactions represent withdraws from the account.

### **Crisis and reputation**

A crisis is an incident that has the potential to disrupt organizational operations and potentially destroy the organization (Barton, 2001; Coombs, 1999). Moreover, many define crisis as a threat to reputational assets (Barton, 2001; Davies *et al.*, 2003; Dilenschneider, 2000). Yet the prior reputation is assumed to be a factor in protecting the reputational assets during a crisis and helping to facilitate its repair. Prior reputation is essentially the balance of reputation capital an organization has in its account. Crisis managers believe a favorable, prior reputation will benefit an organization during a crisis. As Dowling (2002, p. 252) noted, however:

... to date there are few published scientific studies of how a crisis (adversely) affects a company's images or reputations. Much of what (we think) we know is opinion based rather than well researched. For example, many managers believe that a good corporate reputation acts as a type of insurance policy the first time the company faces a serious crisis.

The belief that the reputation protects an organization during a crisis is found in research and practitioner/popular writings about crisis management. It is important to consider both literatures because there is so little empirical evidence to support the perceived value of prior reputation. Moreover, crisis management thinking is influenced by both sources with practitioner/popular writings providing interesting anecdotal evidence to compliment the academic studies.

An organization builds reputation capital because management knows some day it will need to spend it. A crisis will cause an organization to lose some reputation capital. As Alsop (2004, p. 17) stated:

They [organizations] build up "reputation capital" to tide them over in turbulent times. It's like opening a savings account for a rainy day. If a crisis strikes ... reputation suffers less and rebounds more quickly.

A crisis will inflict some reputational damage:

A crisis or other negative development will certainly tax any reputation and rob a company of some of its stored-up reputation capital (Alsop, 2004, p. 17).

From this perspective, an organization with a more favorable prior reputation will still have a stronger post-crisis reputation because it has more reputation capital to spend than an organization with an unfavorable or neutral prior reputation. As a result, a favorable prior reputation means an organization suffers less and rebounds more quickly after a crisis. Fombrun and van Riel (2003) report that a number of event-based studies found support for the reputation capital effect when examining stock prices (Gregory, 1998; Knight and Pretty, 1999).

---

While the saving account metaphor explains the basic dynamic of the reputation building process, it is possible that a prior reputation can offer more than just a large cache from which to withdraw during a crisis. Fombrun and van Riel (2003) are among a smaller group of researchers who contend that a favorable pre-crisis reputation will actually lessen the damage from a crisis. The favorable reputation acts as a buffer against reputation withdrawals. They argue that a favorable reputation may create a *halo effect* that protects an organization's reputation from any reputation loss (Caruana, 1997; Ulmer, 2001).

The research suggests two possible explanations for a reputation halo effect in a crisis:

- (1) halo as benefit of the doubt; and
- (2) halo as shield.

In the halo as benefit of the doubt explanation, the holistic evaluation of a person or organization is assumed to affect specific judgments about the person or organization (O'Donnell and Schultz, 2005). If a stakeholder holds a general favorable view of the organization, this positive reputation (halo) will affect how the stakeholder attributes responsibility for a crisis. A stakeholder might give the organization the "benefit of the doubt" by assigning the organization less responsibility for the crisis (Caponigro, 2000; Fombrun, 1996). Weaker attributions of crisis responsibility will result in less reputational damage from the crisis (Coombs and Holladay, 1996, 2002; Klein and Dawar, 2004). The halo from the favorable reputation might change how much crisis responsibility stakeholders attribute to an organization in crisis. Organizations are given the benefit of the doubt and not assigned as much crisis responsibility as would be assigned to an organization with an unknown or unfavorable reputation.

The halo as shield explanation is part of the larger psychological phenomenon of expectancy confirmation. Research suggests people are reluctant to revise initial expectations even when confronted with clear disconfirming evidence (Traut-Mattausch *et al.*, 2004). For favorable reputations, stakeholders may be inclined to discount or ignore the negative information about the organization. The halo as shield explanation argues that stakeholders will focus on the positive aspects of the organization and ignore the recent negative information created by the crisis. Stakeholders are biased when processing new information to support previous conclusions/beliefs (Dean, 2004). The prior reputation functions as a shield that deflects potential reputational harm from a crisis. The media and other stakeholders will continue to support the organization rather than criticize it for the crisis (Balzer and Sulsky, 1992; Boulding, 1956; Coombs, 1999; Ulmer, 2001). In this way the halo effect has the potential to prevent reputational damage from a crisis. The favorable reputation halo also could lead stakeholders to dismiss the crisis. Consistent with expectancy confirmation theory, stakeholders cling to the favorable reputation and ignore the negative information associated with the crisis.

### **The search for the halo effect for reputations in a crisis**

It is important to note that there is no empirical evidence to support the existence of a halo effect stemming from a favorable prior reputation. Thus far, research has proven an unfavorable prior reputation hurts an organization in crisis. Coombs and Holladay (2002) conducted an experiment designed to test the halo effect. Respondents were

---

given information about an industrial accident at a truck manufacturing facility. Prior reputation was manipulated through descriptions of the organization. The favorable prior reputation condition information stated the company was among the “Best Places to Work” and was involved with the local united way chapter. The unfavorable prior reputation condition stated the company was rated poorly among the “Best Places to Work” and had failed to support community efforts such as the united way. In the neutral condition no information was given about the organization’s relationship with stakeholders.

Their results revealed a significant effect for prior reputation on the post-crisis reputation. However, the unfavorable prior reputation condition seemed to be the driving factor. The unfavorable condition was rated significantly lower ( $M = 2.69$ ) than either the favorable ( $M = 3.71$ ) or the neutral condition ( $M = 3.57$ ). Respondents viewed the favorable condition as similar to the neutral condition. Hence, there was no benefit to a favorable prior reputation over a neutral reputation, just harm from the unfavorable prior reputation (Coombs and Holladay, 2002). Coombs and Holladay (2002) referred to this result as the *velcro effect*. An unfavorable prior reputation acts like velcro and attracts additional reputational damage.

Klein and Dawar (2004) conducted a similar set of two experiments using product harm as the crisis. Participants were given either favorable, unfavorable, or no specific corporate social responsibility reputation information about the organization as the reputation manipulation. In both experiments the participants in the unfavorable reputation condition attributed greater crisis responsibility (blame) to the organization than those in the neutral or favorable conditions. However, the neutral and favorable conditions did not differ from one another. Prior reputation had an asymmetrical effect on attributions of crisis responsibility. As Klein and Dawar (2004, p. 215) noted:

... a neutral image might provide as much protection in a product harm crisis as a positive image, a negative image will be a powerful liability to a firm facing such a crisis.

These two studies provided further proof of a velcro effect for unfavorable prior reputation.

Part of the problem of identifying and creating a halo effect could be the manipulation of providing one set of messages about an organization. Given that people weigh negative information more strongly than positive, one set of messages might be enough to create a velcro effect but not a halo effect. A fair test of the halo effect must avoid relying on a simple positive message for creating a halo effect. As an alternative, researchers could use existing favorable reputations for actual organizations rather than trying to produce favorable reputations with one message. Stockmyer’s (1996) study of helping behavior during product tampering is an example of using existing reputations rather than artificially creating favorable and unfavorable conditions.

A second concern about testing for the halo effect is identifying crisis situations where the halo effect has a legitimate chance to emerge. It would be unfair to simply determine if a crisis damaged a reputation when the prior reputation was favorable. On a macro-level, an organization is expected to suffer some loss of reputation capital from a crisis. Therefore, it is unlikely that a favorable prior reputation can shield an organization completely from all reputational damage. However, there might be instances when the halo effect could be in operation by protecting the organization

---

from other, micro-level reputational threats from a crisis. Micro-level threats refer to critical features of a crisis event that shape the interpretation of the crisis such as previous crises at the organization or crisis frame (Coombs, 2004a, b). The challenge is creating a crisis situation that would allow the halo effect to emerge.

One possibility for creating a situation where the halo effect can be found is to use the different framing effects of technical- and human-error frames for accidents. Situational crisis communication theory (SCCT) posits that the crisis frame or type is a micro-level feature that influences the reputational threat of a crisis (Coombs and Holladay, 2002; Coombs, 2004a, b). Frames are cues that stakeholders use to interpret crises (Coombs and Holladay, 2002; Dowling, 2002). A technical-error frame indicates the cause of the accident was beyond the control of the organization. A lightning strike, computer software error, or unseen defects in materials are examples of technical-errors. In contrast, a human-error frame indicates the accident was a result of an employee not doing his or her job or doing it poorly. Forgetting to close a valve or replace a filter are examples of human-errors. Stakeholders attribute significantly greater crisis responsibility to human-error crises than to technical-error crises. Increased perceptions of crisis responsibility intensify the reputational threat of a crisis, making the human-error accident a greater reputational threat (Coombs and Holladay, 2002).

The halo effect as shield might serve to prevent stakeholders from viewing an organization's reputation less positively when the cause of the crisis is human- versus technical-errors. The halo as shield exists if stakeholders reported similar post-crisis reputations for the same organization regardless of whether the frame for the accident was human- or technical-errors. Research has demonstrated that human- and technical-errors accidents produce differing reputational threats to an organization (Coombs and Holladay, 2002). The halo would be protecting the organization's reputation if stakeholders rated the organization's reputation the same regardless of the cause of the accident. If the halo effect exists, the post-crisis reputation scores for the human- and technical-errors accidents should be the same.

The halo as shield effect predicts that the scores between the human- and technical-errors accident crises should be similar even though the perceptions of crisis responsibility are greater in the human-error accident scenario:

*H1a.* A favorable prior reputation will prevent differences in organizational reputation scores from emerging in the human- and technical-errors frames even when perceptions of crisis responsibility differ.

Another reason the halo might protect the reputation is that a favorable prior reputation might shape how stakeholders make attributions about an accident when a cause is not given (Klein and Dawar, 2004). The halo as benefit of the doubt predicts that the stakeholders will rate the no cause given scenario significantly lower in attributions of crisis responsibility than the human-error condition and similar to the technical-error scenario. Frequently, the cause of the accident is not known immediately and perhaps not for weeks, months, or years. When the US Chemical Safety and Hazard Investigation Board, for example, examine an accident, it generally takes six months to a year to find the cause.

So what attributions are people likely to make when the cause of an accident is unknown? The fundamental attribution error holds that stakeholders will perceive

---

an accident as internal, something the organization should control. The fundamental attribution error finds that people blame individuals rather than the situation for negative events (Kelley and Michela, 1980). The fundamental attribution error would suggest that stakeholders would attribute crisis responsibility to the organization, not the situation. The implication is that stakeholders will automatically believe an accident is human-error. A halo as benefit of the doubt effect would suggest stakeholders might be more likely to view the accident as technical-error rather than human-error, something the organization could not control. This is consistent with crisis experts who note that a favorable reputation results in an organization getting the benefit of the doubt from stakeholders during a crisis. Instead of assuming the organization is responsible, the stakeholders give the benefit of the doubt and attribute less crisis responsibility to the organization. The halo as benefit of the doubt effect predicts stakeholders will not automatically assume the cause of the crisis is human-error – will not enact the fundamental attribution error. The crisis responsibility scores for the no cause scenario will be less than those for the human-error and similar to those in the technical-error accident scenario:

*H2a.* Respondents in the no cause condition will have crisis responsibility attributions and post-crisis reputation scores similar to the technical-error condition.

## Study one

### *Methods*

*Participants.* Respondents in study one were 49 undergraduate students from a Midwestern University in the US. The ages ranged from 19 to 34 with an average age of 22. The respondents were 55 percent female ( $n = 26$ ) and 45 percent male ( $n = 21$ ).

*Design and materials.* The study used three conditions, one involving an accident with a technical-error frame, one involving a human-error frame, and one where the cause is still under investigation. The three conditions used the same organization with a favorable prior reputation and a description of the basic accident crisis. The stimuli for the study were news stories about a roller coaster accident. The details of the crises were taken from an actual news story about an amusement park accident. The only difference between the stimuli was a statement in the news story that identified the possible cause of the accident. Different causal cues were drafted to reflect a human-error accident, a technical-error accident, or no cue given. The human-error cues noted initial reports found the ride operator had improperly connected the ride. The technical-error cues noted the initial reports found metal fatigue in a coupling caused the derailment. The no cause cue was simply a description of the investigation. In each case, the name of an actual amusement park was used.

Disney was chosen as the organization for the study. Disney consistently rates highly on the media reputation index (MRi), one commonly used reputation assessment tool for US organizations (Brown, 2003; Brown and Roed, 2001; Calabro, 2003). The MRi was developed in 2001 as a partnership between the Reputation Institute and Delahaye-Medialink and was conducted through 2004. The MRi provides a reputation score for a corporation based upon media coverage in prominent national news sources such as *The New York Times*, *Fortune*, and *The Wall Street Journal*. A digital content analysis was used to score media coverage on the six dimensions and 20 attributes of the Reputation Institute's reputation quotient. Hence, the MRi has an underlying

---

theoretical structure. The MRi is an evaluation of how the media portrays the organization to stakeholders (In 2004, Delahaye and the Reputation Institute began offering their own reputation scores, the Delahaye Index and the Media Rep Track® Reports). An organization rated highly on the MRi was used because we wanted an organization that respondents already recognized as having a favorable reputation. This helped to insure that the halo effect was naturally occurring rather than created through a simple manipulation. The Disney scenario used Disneyland, the actual location of the real accident.

*Measures.* Prior reputation was assessed with a one item, global evaluation. The cover page of the survey asked participants to rate four different organizations (including Disney) on the item “Overall, my impression of ‘x’ is . . .” Responses were recorded on seven-point scales ranging from “very unfavorable” to “very favorable.” While crude, the global measure provides a general idea of how participants viewed each organizational reputation. Participants completed these global assessments along with the demographic information before reading the crisis scenario. Because the focus was on those who held favorable prior reputations of Disney, only participants who rated Disney as “4” or higher in the global measure were included in the data analysis because the focus was on a prior favorable reputation. A total of 4 respondents were dropped from the study resulting in 45 respondents for the data analysis.

The post-crisis organizational reputation was measured using the five-item version of Coombs and Holladay’s (1996) organizational reputation scale and the same one item, global evaluation of reputation. These measures were completed for the organization depicted in the crisis case. Crisis responsibility was measured with two items from the personal control dimension of McAuley *et al.*’s (1992) attribution scale and three items adapted from Griffin *et al.*’s (1992) responsibility measure. All of these items were assessed on a seven-point scale ranging from 1 – “strongly disagree” to 7 – “strongly agree.”

The survey included two manipulation check items pertaining to the causes of the accidents: “The cause of the accident was operator error” and “The cause of the accident was a defect that could not be detected by normal inspection.”

*Procedures.* Each respondent received a packet containing a cover page with directions, the stimulus crisis case that was identified as a news story coming from the Reuters News Service, and a two-page questionnaire. Respondents also were verbally instructed to carefully read the case and then respond to the questions following the case. The administration required about 15-20 minutes.

## Results

*Reliabilities.* The reliability coefficients (Cronbach’s  $\alpha$ ) for the organization reputation scale and crisis responsibility were 0.85 and 0.81, respectively. Both represented acceptable reliability scores.

*Manipulation checks.* The study involved a manipulation of error type (crisis frames). To check the error type manipulations, the human-error, technical-error, and no cause-given scenarios were compared on the two items: “The cause of the accident was operator error” and “The cause of the accident was a defect that could not be detected by normal inspection.” One-way ANOVAs were used to compare the scores. Participants in the human-error conditions rated “operator error” significantly higher ( $M = 5.41$ ) as a cause than participants in the technical-error ( $M = 3.50$ ) or no cause

conditions ( $M = 3.79$ ). Participants in the technical-error conditions rated “defect” significantly higher ( $M = 5.13$ ) as a cause than participants in the human-error conditions ( $M = 3.55$ ). The no cause condition ( $M = 4.07$ ) did not differ significantly from either of the other two conditions. The manipulation was a success, because respondents perceived the human- and technical-errors conditions as intended. Table I presents the full results of the error type manipulation check.

The three conditions were compared to determine if they differed on their initial assessments of Disney’s reputation. The one-way ANOVA found no significant difference ( $p = 0.56$ ) between the three conditions for prior reputation. The three conditions started with similar prior reputation scores. The mean prior reputation scores were 5.41 for the human-error condition, 5.81 for technical-error condition, and 5.68 for the neutral condition.

*H1a* and *H2a* were tested by running one-way ANOVAs for the favorable prior reputation with error type as the independent variable and crisis responsibility and crisis reputation as the dependent variables. For the favorable prior reputation, there was no significant difference for error type and organizational reputation ( $p = 0.99$ ) and a significant difference for error type and crisis responsibility ( $F(2, 44) = 3.23$ ,  $p < 0.05$ ,  $\eta^2 = 0.13$ , power = 0.59). The human-error cue condition ( $M = 4.75$ ) was perceived as producing significantly greater attributions of crisis responsibility than the technical-error cue condition ( $M = 3.50$ ). The no cause condition fell between the two ( $M = 3.79$ ) and did not differ significantly from either the human- or technical-error conditions. The results support *H1a* as the halo did shield Disney’s reputation from the crisis. The results were mixed for *H2a*. Respondents in the neutral (no cause given) condition rated crisis responsibility somewhere between the human- and technical-error conditions but the differences were not significant. The evidence neither confirmed nor denied a benefit of the doubt for favorable reputation.

A one-way repeated-measures ANOVA was run to determine if the crisis did damage the reputation. The pre- and post-test scores of the global reputation item were used. For the technical-error condition, there was a significant drop in the reputation score (Wilkes = 0.73  $F(1, 15) = 7.74$ ,  $p < 0.02$ ,  $\eta^2 = 0.34$ ) as well as for the no cause condition (Wilkes = 0.43  $F(1, 13) = 17.33$ ,  $p < 0.001$ ,  $\eta^2 = 0.34$ ). For the human-error condition, there was no significant drop in the reputation score ( $p = 0.57$ ). This failure to have the reputation score drop is unusual (Dean, 2004). These scores suggest there could have been an anomaly in how respondents

Manipulation item	Human-error		Crisis cue Technical-error		No cause		F	df	p
	M	SD	M	SD	M	SD			
The cause of the accident was operator error	5.41 <sup>a</sup>	1.33	3.50 <sup>b</sup>	1.41	3.79 <sup>b</sup>	1.29	16.07	1, 33	<0.001
The cause of the accident was a defect that could not be detected by normal inspection	3.53 <sup>a</sup>	1.42	5.13 <sup>b</sup>	1.45	4.07 <sup>ab</sup>	1.37	10.17	1, 33	<0.01

**Note:** Means with different superscripts are significantly different from one another at the 0.001 level

**Table I.**  
Manipulation check study one

---

reacted to the human-error condition. A second study was conducted in light of this possibility.

### Study two

The same hypotheses were used in study two:

- H1b.* A favorable prior reputation will prevent differences in organizational reputation scores from emerging in the human- and technical-error frames even when perceptions of crisis responsibility differ.
- H2b.* Respondents in the no cause condition will have crisis responsibility attributions and post-crisis reputation scores similar to the technical-error condition.

---

**131**

### Methods

*Participants.* For study two, Wal-Mart was selected as the organization for the scenarios. Wal-Mart was chosen because it draws strong reactions, favorable and unfavorable, from people and has appeared in the top five of the MRI. Respondents were screened according to the global reputation item. Respondents were screened according to the global reputation item. To locate those respondents with a favorable view of Wal-Mart (the halo), only those respondents who rated Wal-Mart as “5” or higher were included in the study. A total of 112 surveys were collected. Only 81 met the criteria. The final respondents were 81 undergraduate students from a Midwestern University in the US. The ages ranged from 18 to 34 with an average age of 21. The respondents were 65 percent female ( $n = 52$ ) and 35 percent male ( $n = 28$ ).

*Design and materials.* The study again used technical-error, human-error, and no cause conditions. The stimuli for the study were print news stories about an accident at a Wal-Mart. Respondents were given three variations of a story about merchandise falling from the shelf at a Wal-Mart and injuring some customers. The case was based on an actual incident and lawsuit filed against Wal-Mart. The error type was varied by discussing the initial identification of the cause. The human-error type identified the cause as a worker on a nearby aisle knocking the merchandise off the shelf while retrieving another item. This was the actual cause in the lawsuit. The technical-error type identified a flawed weld in the shelving was the cause of the shelves to collapse. The blame rested on the manufacturer of the shelves whose welds did not meet industry standards. The cause was based on information about shelf welds and how improper welds can lead to accidents. The no cause condition explained the cause was under investigation. The stimulus was a printed news story. Actual text from news stories about the original accident were used for all but the technical-error discussion. The three stimuli were balanced for the line length of the stories.

### Results

*Reliabilities.* The reliability coefficients (Cronbach’s  $\alpha$ ) for the organization reputation scale and crisis responsibility were 0.82 and 0.91, respectively. Both represented acceptable reliability scores.

*Manipulation checks.* The study involved a manipulation of error type. To check the error type manipulations, the accident and technical-error scenarios were compared on the two items: “The cause of the accident was action by a worker” and “The cause of

the accident was an undetectable weld.” One-way ANOVAs were used to compare the scores. Participants in the human-error condition ( $M = 4.50$ ) and no cause condition ( $M = 4.60$ ) rated “action of worker” significantly higher as a cause than participants in the technical-error conditions ( $M = 2.76$ ). Participants in the technical-error condition rated “undetectable weld” significantly higher ( $M = 5.58$ ) as a cause than participants in the human-error ( $M = 2.48$ ) or no cause conditions ( $M = 3.80$ ). The no cause condition was significantly higher than the human-error condition. Table II presents the full results of the error type manipulation check. Respondents perceived the human- and technical-error conditions as intended.

The three conditions were compared to determine if they differed on their initial assessments of Wal-Mart’s reputation. The one-way ANOVA found no significant difference ( $p = 0.78$ ) between the three conditions for prior reputation. The three conditions started with similar prior reputation scores.

One-way repeated-measures ANOVAs were run to determine if the crisis damaged the organization’s reputation. The post-crisis global reputation item scores were lower than the prior global reputation scores for the technical-error condition (Wilkes = 0.82  $F(1, 30) = 6.55, p < 0.02, \eta^2 = 0.18$ ), the human-error condition (Wilkes = 0.63  $F(1, 33) = 19.06, p < 0.001, \eta^2 = 0.37$ ), and the no cause condition (Wilkes = 0.58  $F(1, 14) = 9.95, p < 0.01, \eta^2 = 0.41$ ). In each condition, the prior global reputation item received a higher score than the post-crisis global reputation item. Unlike study one, all three conditions experienced a negative reputational effect from the crisis.

*Measures.* Prior reputation was assessed with the same one item, global evaluation used in study one. Post-crisis organizational reputation and crisis responsibility were measured using the same instruments as in study one.

As in study one, *H1b* and *H2b* were tested via a one-way ANOVA. There was a significant difference for error type with organizational reputation ( $F(2, 77) = 3.71, p < 0.03, \eta^2 = 0.09, \text{power} = 0.67$ ) and crisis responsibility ( $F(2, 77) = 40.03, p < 0.001, \eta^2 = 0.51, \text{power} = 1.00$ ). Dunnett C was used for the *post hoc* analysis. The technical-error cue condition ( $M = 5.29$ ) was perceived as having a significantly more favorable post-crisis reputation than the human-error cue condition ( $M = 4.67$ ). The no cause condition ( $M = 5.00$ ) was not significantly different from either the human- or technical-error conditions. The human-error cue condition ( $M = 5.50$ ) and no cause condition ( $M = 5.13$ ) were perceived as producing significantly greater attributions of crisis responsibility than the technical-error cue condition ( $M = 3.15$ ). The results did not support *H1b*, suggesting there was not a halo as shield effect that

Manipulation item	Human-error		Crisis cue Technical-error		No cause		F	df	p
	M	SD	M	SD	M	SD			
Cause was action of a worker	4.50 <sup>a</sup>	1.85	2.71 <sup>b</sup>	1.35	4.60 <sup>a</sup>	1.54	19.62	1, 63	<0.001
Cause was undetectable weld flaw	2.52 <sup>a</sup>	1.20	5.90 <sup>b</sup>	1.33	3.80 <sup>c</sup>	1.29	130.71	1, 63	<0.001

**Note:** Means with different superscripts are significantly different from one another at the 0.001 level

**Table II.**  
Manipulation check  
study two

protects the reputation. The results did not support *H2b*. This suggests there was not a halo benefit of the doubt effect. The human-error and neutral conditions were rated the same in terms of crisis responsibility. Respondents did not give the organization the benefit of the doubt. When no cause was given, respondents assumed the organization was responsible. While the no cause condition had a post-reputation score similar to the technical-error, the two conditions differed in terms of perceptions of crisis responsibility.

Two additional analyses were conducted to examine if the strength of the favorable prior reputation helped to determine whether there was a halo as shield effect. One possibility is that the halo's protection effect requires a very favorable prior reputation. A separate one-way ANOVA was run using only respondents who rated Wal-Mart a 6 or a 7 ( $n = 53$ ). For the very high favorable prior reputation, there was a main effect for crisis responsibility and error frame ( $F(2, 51) = 32.97, p < 0.001, \eta^2 = 0.48$ , power = 1.00) but not for reputation and error frame ( $p = 0.31$ ). Dunnette C *post hoc* analysis found that the technical-error condition ( $M = 3.04$ ) was attributed much less crisis responsibility than the human-error ( $M = 5.36$ ) or no cause ( $M = 5.10$ ) conditions. The halo as shield effect appeared with the very favorable prior reputation. Another one-way ANOVA was run using error type as the independent variable and the post global reputation item as the dependent variable. There was no significant difference ( $p = 0.11$ ) between the technical-error, human-error, and no cause conditions for the post global reputation items. These two analyses provide some evidence for the halo as shield effect. Once again there was still no support for the halo as benefit of the doubt effect. Table III provides the results of the one-way ANOVAs for the favorable and the very favorable prior reputation analyses.

**Discussion**

A long list of crisis experts note the value of a favorable reputation prior to a crisis. The studies reported here used existing favorable reputations and controlled the crisis situation to determine if a halo effect could be found and the nature of that effect. The studies looked for both a halo as shield and halo as benefit of the doubt effects. The results suggest there can be times when the halo effect operates and protects a reputation from certain threats. Using SCCT as a guide, we identified two aspects of accident crisis situations when a halo effect might be in operation. The first situation is when the cause of an accident is human-error and the halo can act as a shield. Ordinarily, a human-error cause increases the attributions of crisis responsibility and

	Neutral		Human-error		Technical-error	
	<i>M</i>	SD	<i>M</i>	SD	<i>M</i>	SD
<i>Favorable prior reputation</i>						
Crisis reputation	5.00 <sup>a</sup>	0.93	4.67 <sup>a</sup>	0.94	5.29 <sup>b</sup>	0.89
Crisis responsibility	5.13 <sup>a</sup>	0.92	5.50 <sup>a</sup>	0.88	3.15 <sup>a</sup>	1.34
<i>Very favorable prior reputation</i>						
Crisis reputation	5.14 <sup>a</sup>	1.03	4.91 <sup>a</sup>	1.00	5.36 <sup>b</sup>	0.91
Crisis responsibility	5.10 <sup>a</sup>	0.87	5.36 <sup>a</sup>	0.87	3.04 <sup>a</sup>	1.49

**Note:** Means with different subscripts are significantly different using Dunnette C procedure,  $p < 0.05$

**Table III.** One-way ANOVA results for crisis reputation and crisis responsibility with prior reputation

reputational threat of a crisis as compared to a technical-cause. The halo effect might blunt this effect by having stakeholders evaluate the reputation of the organization in the human-error cause similar to those in the technical-error cause situation. The halo as shield effect might prevent the increased threat from a human-error cause.

The second situation is when no cause is offered for an accident and the halo provides a benefit of the doubt. Stakeholders are likely to commit the fundamental attribution error and consider the cause to be human-error – something internal to the organization in crisis. The halo effect might prevent the fundamental attribution error and lead stakeholders to view a no cause crisis as a technical-error accident.

Study one found support for the halo as shield and mixed results for halo as benefit of the doubt. Respondents rated the reputations of the human- and technical-error accidents as similar even though the human-error condition was attributed significantly greater crisis responsibility. Respondents perceived the crisis responsibility scores of the no cause as similar to but not significantly different from either the technical- or human-error conditions. Thus, stakeholders did not automatically assume the worst and assign a high amount of crisis responsibility. However, the stakeholders did not attribute the low crisis attributions found with a technical-error crisis either.

Study two found some support for the halo effect as shield. When prior reputation scores of five or higher were used, respondents rated the reputations and attributions of crisis responsibility as different for the human- and technical-error accidents. This would indicate the halo was not effective as a shield. Moreover, the data suggest the fundamental attribution error was in effect. This indicates the halo did not create a benefit of the doubt because respondents rated the cause as something internal to the organization (viewed the accident as human-error). Respondents made similar attributions of organizational crisis responsibility for the no cause and human-error conditions. However, respondents rated the reputations of the technical-error and no cause conditions as similar. This suggests a halo as shield effect for the no cause condition. While the crisis responsibility was more intense, evaluations of the reputation remained the same as the technical-error condition. The effect of crisis responsibility was blunted by the favorable prior reputation.

A second set of analyses using prior, higher reputation scores of six or seven did find support for the halo as shield effect. While attributions between the human- and technical-errors differed, the post-crisis reputation scores did not. Our conclusion is that the halo effect as shield does exist in a limited crisis domain but works only for organizations with very favorable prior reputations. There is little reason to believe that the halo effect creates a benefit of the doubt that will counteract the fundamental attribution error. The failure to find halo's effect on attributions of crisis responsibility echo findings from earlier halo and crisis studies (Coombs and Holladay, 2002; Klein and Dawar, 2004).

### **Implications**

The halo effect as shield can have implications for the selection of crisis response strategies. SCCT posits that as the reputational threat increases, crisis managers must use strategies that are more accommodative. They must demonstrate greater concern for the victims and intensify perceptions of taking responsibility for the crisis (Coombs and Holladay, 2002). Crisis managers find greater accommodation results in

---

greater costs. Providing compensation costs more than simple expressions of concern. A full apology, publicly accepting responsibility, escalates costs because the organization will be found liable in most crisis-related lawsuits (Coombs, 2004b; Tyler, 1997). Thus, a crisis manager would utilize more expensive crisis response strategies in a human-error accident than in a technical-error accident. The halo as shield effect seems to prevent the increased reputational threat of a human-error accident even though attributions of crisis responsibility increase. Moreover, there seems to be a halo as shield effect as protection when no cause is given. Respondents either treated the crisis as a technical-error accident or considered the reputational threat equal to a technical-error crisis. Crisis managers do not have to conclude a no cause given accident will inflict the same reputational damage as a human-error accident.

Two issues are worth further consideration. First, does a favorable prior reputation create expectations about how an organization should respond? Will “good” organizations be expected to exceed the normal response? This question is worth exploring. It may be that if a prior reputation is favorable, an organization will need to use the most expensive response regardless of the crisis situation. No evidence as of yet supports this conclusion. All we do know is that a favorable reputation does not protect an organization if it uses an inappropriate response (Dean, 2004).

Second, does the nature of the accident limit the halo effect as shield? Folger and Cropanzano’s (1998) general theory of fairness postulates that stakeholders consider whether or not an event was realistically under the control of the organization. Clearly frames (technical or human) can shape those conclusions. However, the nature of the crisis itself, when no frame is given, may lead to different interpretations that the organization could control the actions. The Disney accident was a ride accident while the Wal-Mart accident involved falling merchandise. Do people think an organization could control falling merchandise easier than an organization could control a ride problem? Research shows a general bias toward internal causes for accidents (Morris *et al.*, 1999) but it is worth examining if the nature of crises can shape attributions of crisis responsibility apart from crisis frames. Further research is needed to better understand how the halo effect as protection should affect the selection of crisis response strategies.

## References

- Alsop, R.J. (2004), *The 18 Immutable Laws of Corporate Reputation: Creating, Protecting, and Repairing your Most Valuable Asset*, The Free Press, New York, NY.
- Balzer, W.K. and Sulsky, L.M. (1992), “Halo and performance appraisal research: a critical examination”, *Journal of Applied Psychology*, Vol. 77, pp. 975-85.
- Barton, L. (2001), *Crisis in Organizations II*, 2nd ed., College Divisions South-Western, Cincinnati, OH.
- Boulding, K.E. (1956), *The Image: Knowledge in Life and Society*, University of Michigan Press, Ann Arbor, MI.
- Brown, K.C. (2003), “Laying down the law: implications of reputation management for the C-suite”, *The Gauge*, Vol. 16 No. 3, pp. 1-2, available at: [www.thegauge.com/v16n3laydownlawprint.htm](http://www.thegauge.com/v16n3laydownlawprint.htm)
- Brown, K.C. and Roed, B. (2001), “Delahaye Medialink’s 2001 media reputation index results”, *The Gauge*, Vol. 14 No. 2, pp. 1-2, available at: <http://thegauge.com/SearchFolder/OldGauges/Vol15No2/mriPart1152.html>

- Calabro, S. (2003), "Microsoft claims top spot in latest reputation survey", *PRWEEK*, January 27, p. 1.
- Caponigro, J.R. (2000), *The Crisis Counselor: A Step-by-Step Guide to Managing a Business Crisis*, Contemporary Books, Chicago, IL.
- Caruana, A. (1997), "Corporate reputation: concept and measurement", *Journal of Product & Brand Management*, Vol. 6, pp. 109-18.
- Coombs, W.T. (1999), *Ongoing Crisis Communication: Planning, Managing, and Responding*, Sage, Thousand Oaks, CA.
- Coombs, W.T. (2004a), "A theoretical frame for post-crisis communication: situational crisis communication theory", in Martinko, M.J. (Ed.), *Attribution Theory in the Organizational Sciences: Theoretical and Empirical Contributions*, Information Age Publishing, Greenwich, CT, pp. 275-96.
- Coombs, W.T. (2004b), "Impact of past crises on current crisis communications: insights from situational crisis communication theory", *Journal of Business Communication*, Vol. 41, pp. 265-89.
- Coombs, W.T. and Holladay, S.J. (1996), "Communication and attributions in a crisis: an experimental study of crisis communication", *Journal of Public Relations Research*, Vol. 8, pp. 279-95.
- Coombs, W.T. and Holladay, S.J. (2002), "Helping crisis managers protect reputational assets: initial tests of the situational crisis communication theory", *Management Communication Quarterly*, Vol. 16, pp. 165-86.
- Davies, G., Chun, R., da Silva, R.V. and Roper, S. (2003), *Corporate Reputation and Competitiveness*, Routledge, New York, NY.
- Dean, D.W. (2004), "Consumer reaction to negative publicity: effects of corporate reputation, response, and responsibility for a crisis event", *Journal of Business Communication*, Vol. 41, pp. 192-211.
- Dilenschneider, R.L. (2000), *The Corporate Communications Bible: Everything You Need to Know to Become a Public Relations Expert*, New Millennium Press, Beverly Hills, CA.
- Dowling, G. (2002), *Creating Corporate Reputations: Identity, Image, and Performance*, Oxford University Press, New York, NY.
- Folger, R. and Cropanzano, R. (1998), *Organizational Justice and Human Resource Management*, Sage, Thousand Oaks, CA.
- Fombrun, C.J. (1996), *Reputation: Realizing Value from the Corporate Image*, Harvard Business School Press, Boston, MA.
- Fombrun, C.J. and van Riel, C.B.M. (2003), *Fame & Fortune: How Successful Companies Build Winning Reputations*, Prentice-Hall Financial Times, New York, NY.
- Gregory, J.R. (1998), "Does corporate reputation provide a cushion to companies facing market volatility? Some supportive evidence", *Corporate Reputation Review*, Vol. 1, pp. 288-90.
- Griffin, M., Babin, B.J. and Darden, W.R. (1992), "Consumer assessments of responsibility for product-related injuries: the impact of regulations, warnings, and promotional policies", *Advances in Consumer Research*, Vol. 19, pp. 870-7.
- Kelley, H.H. and Michela, J.L. (1980), "Attribution theory and research", *Annual Review of Psychology*, Vol. 31, pp. 457-501.
- Klein, J. and Dawar, N. (2004), "Corporate social responsibility and consumers' attributions and brand evaluations in a product-harm crisis", *International Journal of Marketing*, Vol. 21, pp. 203-17.

- Knight, R.F. and Pretty, D.J. (1999), "Corporate catastrophes, stock returns, and trading volume", *Corporate Reputation Review*, Vol. 2, pp. 363-81.
- McAuley, E., Duncan, T.E. and Russell, D.W. (1992), "Measuring causal attributions: the revised causal dimension scale (CDII)", *Personality and Social Psychology Bulletin*, Vol. 18, pp. 566-73.
- Morris, M.W., Moore, P.C. and Sim, D.L.H. (1999), "Choosing remedies after accidents: counterfactual thoughts and the focus on fixing 'human error'", *Psychonomic Bulletin & Review*, Vol. 6, pp. 579-85.
- O'Donnell, E. and Schultz, J.J. Jr (2005), "The halo effect in business risk audits: can strategic risk assessment bias auditor judgment about accounting detail?", *The Accounting Review*, Vol. 80, pp. 921-39.
- Stockmyer, J. (1996), "Brands in crisis: consumer help for deserving victims", *Advances in Consumer Research*, Vol. 23, pp. 429-35.
- Traut-Mattausch, E., Schulz-Hardt, S., Greitemeyer, T. and Frey, D. (2004), "Expectancy confirmation in spite of disconfirming evidence: the case of price increases due to the introduction of the Euro", *European Journal of Social Psychology*, Vol. 34, pp. 739-60.
- Tyler, L. (1997), "Liability means never being able to say you're sorry: corporate guilt, legal constraints, and defensiveness in corporate communication", *Management Communication Quarterly*, Vol. 11, pp. 51-73.
- Ulmer, R.R. (2001), "Effective crisis management through established stakeholder relationships: Malden Mills as a case study", *Management Communication Quarterly*, Vol. 11, pp. 51-73.