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# Attribution Asymmetry in Perception of Companies' Successes and Failures

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## ABSTRACT

This study assessed the asymmetry in the causal and dispositional attributions for a company's failures and successes from the perspective of an external observer in the context of morality- vs. competence-related events. Eight hundred respondents participated in a five-factor experiment within a covariation model. We found asymmetry in the attributions of successes and failures in that company factors were found to have contributed more to successes than failures. Successful companies were perceived as open, innovative and stable, whereas unsuccessful companies were viewed as less innovative and unstable. This study contributes to the knowledge of how observers react to the successes and failures of companies with respect to two broad categories of attribution targets.

## KEY WORDS:

causal attribution, dispositional attribution, company's image, success vs. failure, competence- vs. morality-related events

**JEL Classification:** D82, M14, M30

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## Introduction

The way in which a company is perceived is of vital importance, especially when a company is in crisis. Companies use information from different sources (e.g., verbal communications, media, and observations) in order to create a subjective impression that may or may not reflect the reality of the market situation. It is important to recognize the determinants of the perceived causes of the successes or failures of business ventures. Attribution theory can be used to analyze the processes by which outsiders ascribe a company's actions and their consequences to various potential

causes. Understanding the attribution processes that shape the perceptions of companies may help them to manage their images. Reputation is a nonmaterial asset that generates income and buffers against the impact of a crisis (Hess, 2008). Reputation is a passive product of crisis management but can also be used to manage the consequences of a crisis (Tucker & Melewar, 2005; Weber, Erickson, & Stone, 2011). Because of this, it is worth investigating how people infer the causes of events affecting companies and which dispositions that are attributed to a company influence its image.

The objective of this study was to uncover the most important external determinants of a company's perception. We were particularly interested in the potential asymmetry of how companies' successes and failures are attributed with respect to two broad categories of attribution targets (performance- and morality-re-

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lated events). To date, there has been no research assessing causal and dispositional attributions together. Moreover, studies in the field of crisis communication are primarily descriptive and case-based (Schwarz, 2012), and “we have an overabundance of rhetorical studies that attempt to use descriptive data to claim issue of causality and theory building” (Coombs, 2007, p. 135). The aim of this paper was to address this gap using a multifactor experiment that was designed to encompass various cases and conditions.

## Theoretical Framework

### *Causal Attribution vs. Dispositional Attribution*

Attribution theories are especially useful for explaining how crises affect stakeholders’ attitudes towards organizations and organizational reputation (Coombs, 2007; Coombs & Holladay, 2004; Härtel, McColl-Kennedy, & McDonald, 1998; Schwarz, 2012). These theories explain the attempts of ordinary people akin to naïve scientists to understand the causes of the events they witness. There are various psychological theories of causal attribution processes, e.g., common-sense psychology (Heider, 1958), correspondent inference theory (Jones & Davis, 1965), covariation theory (Kelley, 1967; 1973) and other approaches (for a review, see Försterling, 2001). Heider (1958) noticed that individuals have a fundamental need to reduce uncertainty with regard to their perceptions of their environment by attributing causes to observed behavior. The purpose of Jones and Davis’ theory (1965) was to explain why people make internal or external attributions based on the perceiver’s inferences about what an actor was attempting to achieve through a given action. Kelley’s theory (1973) and other models based on the covariation principle hold a special place among attribution theories. This theory posits that causal attributions are based on three types of information and that the process of causal inference could be treated as a naïve analysis of variance. The three informational dimensions are as follows: (1) consensus – the interindividual (or in this case intercompany) variance in behavior, (2) distinctiveness – how specific the behavior is to that particular situation and (3) consistency – how the behavior varies across time. Kelley’s model assumes that people make causal attributions in a rational way

by searching for information that is important in testing their own private hypotheses about the causes of actions. The model allows for the experimental setting and manipulation of a broad set of information about behaviors and events in order to precisely investigate causal inferences in various groups, including customers, stakeholders, business partners and retail sellers. These features make Kelley’s model a useful and universal framework for examining causal attributions in different settings, especially in multivariate experimental studies (Försterling, 2001).

Causal attribution processes address the perceived causes of actions. A distinction can be drawn between internal or actor-related causes (intentions, abilities, and motivations) and external or environmental causes (objective factors that can facilitate or hinder the actions of an actor). However, while attempting to answer the question of what the direction of attribution (inward vs. outward) depends on, the existing studies fail to answer the question concerning what specific traits are attributed to the actor in the case of dispositional attribution (Försterling, 2001). The term ‘dispositional attribution’ is used to refer to the process by which specific traits or dispositions are attributed to an actor on the basis of his or her behavior or the events in which he or she is perceived to be involved. ‘Dispositions’ are perceptions about the stable, nonobservable, psychological characteristics that are attributed to an actor.

In contrast to attribution theories, there are also attributional theories (e.g., Weiner’s, 1986), which are especially well-suited to the research of consumer reactions to company-related events since they focus on the consequences of attributions rather than the process by which the causal attributions are made (e.g., Folkes, 1984; Folkes & Kotsos, 1986; Jorgensen, 1994; Song, Sheinin & Yoon, 2016).

### *Attribution Processes in the Perception of Company’s Behaviors*

In many areas of organizational psychology, attempts were made to interpret human behavior using attribution models that placed particular emphasis on biases, which can distort observers’ inferences (see Martinko, Douglas, & Harvey, 2006 for a review). Managers’ attributions of corporate performance are often subject to self-enhancing and protective biases such that un-

favorable outcomes tend to be attributed to external, unstable, and uncontrollable causes whereas favorable outcomes are internally attributed (Franco & Haase, 2010; Gooding & Kinicki, 1995; Hooghiemstra, 2008; Moen & Skaalvik, 2011). Companies attempt to present a positive corporate image to external stakeholders even when negative performance occurs in a clearly favorable external context (Tessarolo, Antonio & Luz, 2010). Image manipulations can distort investors' attributions of poor performance and result in the inefficient allocation of capital (Aerts, 2005; Halim & Chew, 2008).

The situation is different in regard to explaining how others (customers, shareholders, investors, etc.) interpret the decisions made by companies. Usually, authors limit themselves to theoretical considerations or descriptive research (e.g., Sjøvall & Talk, 2004), though experimental designs are advocated to overcome the limitations of case studies (Coombs & Schmidt, 2000; Schwartz, 2012). The experimental studies of Gorbaniuk and Długoborska (2010), Gorbaniuk and Gonerski (2011) and Schwartz (2012) should be mentioned among the few studies in which Kelley's covariation model (1973) was used to explain the attribution process of corporate performance. Polish studies have used Kelley's model as a starting point for experiments involving eight different crisis events (Gorbaniuk & Długoborska, 2010) and eight different success events (Gorbaniuk & Gonerski, 2011). These studies showed the following: (1) failures and successes are ascribed to the company more often than to other potential causes (a correspondence bias); (2) internal attributions are largely determined by information about consistency; (3) distinctiveness and consensus are less important determinants of whether an event is attributed to internal (company-related) or external causes, although in 25-30% of the cases, they still make a statistically significant contribution. Next, an experimental study with stakeholders of a German university showed that Kelley's covariation information patterns are significantly related to causal attributions and organizational responsibility mediates the effects of causal attributions on reputation (Schwartz, 2012).

## Hypotheses

One of the crucial biases in causal attributions is the asymmetry in the attributions of other people's successes and failures (Hewstone, 1990; Tillman &

Carver, 1980; Zuckerman, 1979). These results show that we tend to overestimate the role of internal factors in failures and overestimate the role of external factors in successes. Negative behaviors have greater impacts on the evaluations of dispositions than positive behaviors (Baumeister, Bratslavsky, Finkenauer, & Vohs, 2001; Rozin & Royzman, 2001). This means that every behavior is evaluated by the observer, and that, depending on the result of this evaluation (positive vs. negative), the process of causal attribution may take a different course.

Hypothesis 1: The causal and dispositional attributions related to an event or behavior will vary depending on the perceived valence (positive or negative) of the event or behavior.

The crisis management literature distinguishes two broad categories of events: (1) performance-related events and (2) values-related events (Dutta & Pullig, 2011). Performance-related crises commonly involve defective products and their primary effect is to undermine the perception that the company can deliver goods or services that are fit for their purpose. A values-related crisis is one relating social or ethical issues to the values espoused by the company. This division corresponds to two basic dimensions of social perception, namely, competence and morality or warmth (Fiske, Cuddy, & Glick, 2007; Wojciszke, 2005). These dimensions are also important to attribution processes. Negativity bias is observed in the case of immoral behaviors (Skowronski & Carlston, 1989), whereas in the case of behaviors representing a high level of competence, there is observable positivity bias (Wojciszke, Brycz, & Borkenau, 1993). In both cases, the role of internal factors in explaining the causes of the observed actor's behavior is overestimated (Reeder & Brewer, 1979):

Hypothesis 2: The causal and dispositional attributions related to a company's behavior or an event in which the company is involved depend on whether that behavior or event is assessed from the standpoint of morality or competence.

A new set of experiments were carried out to address the shortcomings of earlier research in this area. Re-

search to date does not give an unambiguous answer to the question of whether the interpretation of events by external stakeholders involving companies attribution processes operate in the same manner (symmetrically) or whether the strength of the external observers' reaction is different (with asymmetry occurring) in the case of company success vs. failure and in the case of morality-related events vs. competence-related events. The aim of the present research is to fill this knowledge gap.

## Method

### Research Design

To test our hypotheses, we set up an experiment in which the main types of information that were included in Kelley's model were manipulated, including consensus (IV-1), distinctiveness (IV-2) and consistency (IV-3) (three independent variables represented on two levels: low and high). The fourth independent variable (IV-4) was the evaluation of the event outcomes (two levels: success and failure). We measured the effects on the dispositional (DV-1) and causal (DV-2) attributions (two dependent variables).

Dispositional attributions were measured by asking participants to describe the image of the company (multidimensional variable), and causal attributions were measured by asking participants to assess the probability of the potential causes associated with (a) the company, (b) the object and (c) the circumstances. This resulted in three levels of repeated measures for causal attributions (a fifth factor, i.e., 'cause'). The potential cause that was rated as the most likely was assumed to indicate the direction of the causal attribution.

Taking into consideration the complexity of the experimental design—a five-factor model with repeated measures on one cross factor requiring 16 equivalent experimental groups—we decided to test the hypotheses using two types of events (competence- and morality-related) and independent experimental groups, which meant that there were 32 experimental groups (2 types of events × 16 groups). One subject was introduced to only one competence- or morality-related scenario.

### Operationalization of Variables

The three most popular Polish TV channels (TVP1, Polsat and TVN) and three daily newspapers (Gazeta

Wyborcza, Fakt and Metro) were analyzed for three months in order to provide the typical events and content for the experimental manipulations. We selected two event types, one performance-related and one morality-related, and created manipulations of the outcome valence (success or failure of a new product and hiring or dismissal of workers, respectively).

The four events (hiring or dismissal of workers and success or failure of a new product) were described in eight short news articles with different levels (high or low) of consensus, distinctiveness and consistency, which yielded 32 different scenarios. For example, the LHL (low consensus, high distinctiveness, low consistency) 'hiring workers' event was described as follows: *At the moment, few Polish metallurgical factories are hiring workers. In the last quarter of the year, Zelmasz company hired a group of highly skilled workers. This was the first time in many years that the company had increased its workforce.* All scenarios were created by combining sentences containing the relevant information in a similar manner.

The participants were asked to familiarize themselves with the scenario and describe the image of the company using a 16-item list of adjectives that were related to four dispositional dimensions (DV-1) of a company's image (Gorbaniuk, Razmus, Firlej, Lebedowicz, & Leszczyński, 2017): Stability (stable, serious, sedate, and balanced;  $\alpha = .82$ ), Innovativeness (innovative, energetic, intelligent, and creative;  $\alpha = .78$ ), Machiavellianism (conceited, two-faced, selfish, and cunning;  $\alpha = .76$ ) and Openness to others (sociable, friendly, cheerful, and joyful;  $\alpha = .81$ ). Machiavellianism is the tendency to manipulate, exploit and deceive others, have a cynical disregard for morality and be highly self-interested (Jakobwitz & Egan, 2006).

After rating the image of the company, the participants were asked to rate the probability of the three potential causes (DV-2: the company, the object, and the circumstances) of a particular event using an 11-point scale ranging from 'extremely unlikely' (0%) to 'extremely likely' (100%).

### Sample and Research Procedure

An accidental sample of Polish university students living in dormitories voluntarily participated in the experiment without any reward. The subjects were randomly assigned to one of the 32 experimental conditions.

After a participant had consented to take part in the study, he or she was asked to complete the questionnaire. This was done in the absence of the experimenter, who returned after 10 to 15 minutes to collect the questionnaire. The response rate for fully completed questionnaires was 96.8%.

We computed the necessary sample size as a function of the required significance level of  $\alpha = .05$ ; the desired statistical power of  $1 - \beta = .95$ ; and the detected population effect size of  $f > .15$  for main effects,  $f > .10$  for repeated measure factors, and  $f > .15$  for within-between interactions. The final sample consisted of 800 students that were aged from 19 to 32 years (mean = 21.8 years), and 50% were women. All experimental groups were balanced in terms of sex (12 or 13 men and 13 or 12 women per group).

In our study, we focus on the external determinants of the causal and dispositional attributions. A student sample is methodologically justified due to the complex five-factor experimental design and to control for disturbing variables. Another theoretical rationale is the universal nature of the attribution process. Moreover, this study sample serves as a proxy for the general audience of TV news and newspaper bulletins that do not possess expert knowledge about the functioning of the companies or crisis communication. In this way, they partly resemble the general population. Due to this trait, conclusions can be made based on the acquired results from this sample.

## Results

The hypotheses were tested using separate multifactor analyses of variance for two event types: (1) morality-related events (hiring or dismissing workers) and (2) competence-related events (the success or failure of a new product).

### *Causal Attributions for Morality-related Events*

First, a five-factor analysis of variance with repeated measures on one cross factor was carried out on the data from the hiring and dismissal scenarios. From the perspective of causal attribution, the most interesting effects are the interactions of the independent variables with the repeated-measure factor 'Cause', indicating the direction of the attribution (to the company, object or circumstances). Four interaction effects were statistically significant: Cause  $\times$  Consensus,

Cause  $\times$  Consistency, Cause  $\times$  Outcome and Cause  $\times$  Consistency  $\times$  Outcome. The first two interactions confirmed the previous research on causal attribution (Gorbaniuk & Długoborska, 2010; Gorbaniuk & Gonerski, 2011). A high consensus made it more likely that the hiring or dismissal of workers would be attributed to circumstantial factors ( $F_{(2,383)} = 8.95$ ,  $p < .001$ ,  $\eta^2 = .045$ ) but did not affect the degree to which the company was considered responsible. High consistency made it more likely that the company would be considered to be responsible for the hiring or firing and low consistency was associated with lower ratings for the probability that the company was responsible and higher ratings for the probability that market circumstances were responsible ( $F_{(2,383)} = 9.91$ ,  $p < .001$ ,  $\eta^2 = .049$ ).

The effects that were most relevant to our hypotheses were the Cause  $\times$  Outcome and Cause  $\times$  Consistency  $\times$  Outcome interactions. They indicate that the evaluations of the outcome influence the causal attribution process. The Cause  $\times$  Outcome interaction ( $F_{(2,383)} = 12.44$ ,  $p < .001$ ,  $\eta^2 = .061$ ) that is displayed in Figure 1 confirms hypothesis H1. If there was no asymmetry in the causal inferences about positive and negative events, the 'hiring' graph would be the same as the 'dismissal' graph. The difference is noticeable. Circumstantial factors are considered as similarly influential in both cases; however, participants rated the role of the company and the skills of its employees as more influential in the positive version of the event (hiring workers). Comparing the causal attributions for the positive and negative versions of the event revealed that while the company and the circumstances were considered similarly probable causes for the 'hiring workers' event, circumstances (the market situation) were considered more to blame for the 'dismissal' event than the company. The least important cause in both the hiring and dismissal versions was the workers.

The significant three-way Cause  $\times$  Outcome  $\times$  Consistency interaction ( $F_{(2,383)} = 5.86$ ,  $p < .01$ ,  $\eta^2 = .030$ ) provides further information about the attribution asymmetry and is illustrated in Figure 2. The attributions of successes are rather independent of the consistency, but the same is not true for the attributions of failures. Attributions are influenced by previous past actions. That is, information about regular company

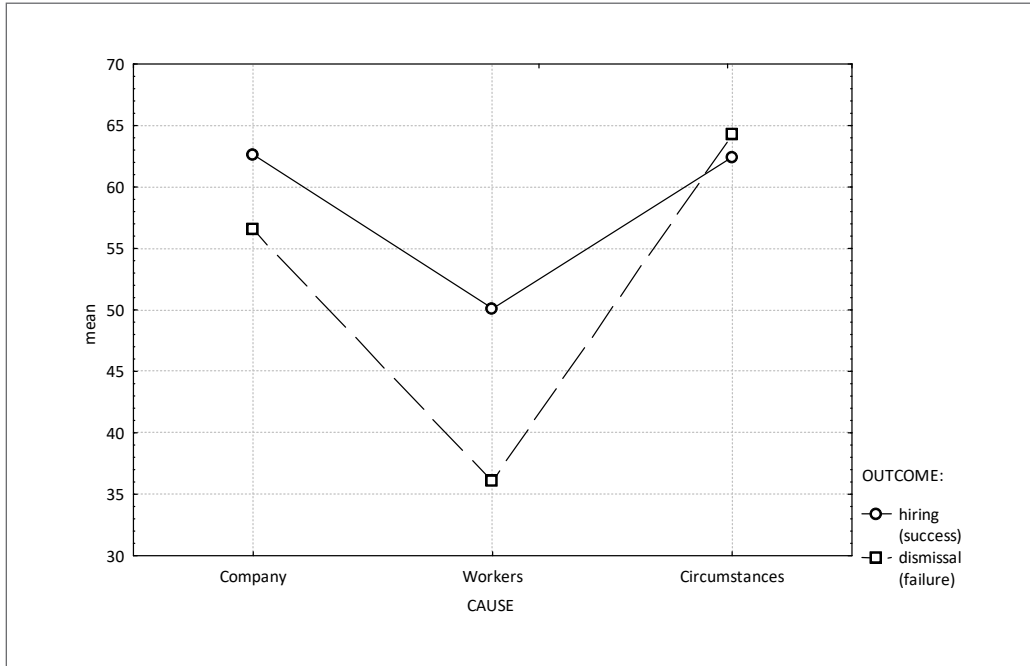


Figure 1. Causal attribution: influence of Outcome valence (success vs. failure) in morality-related events

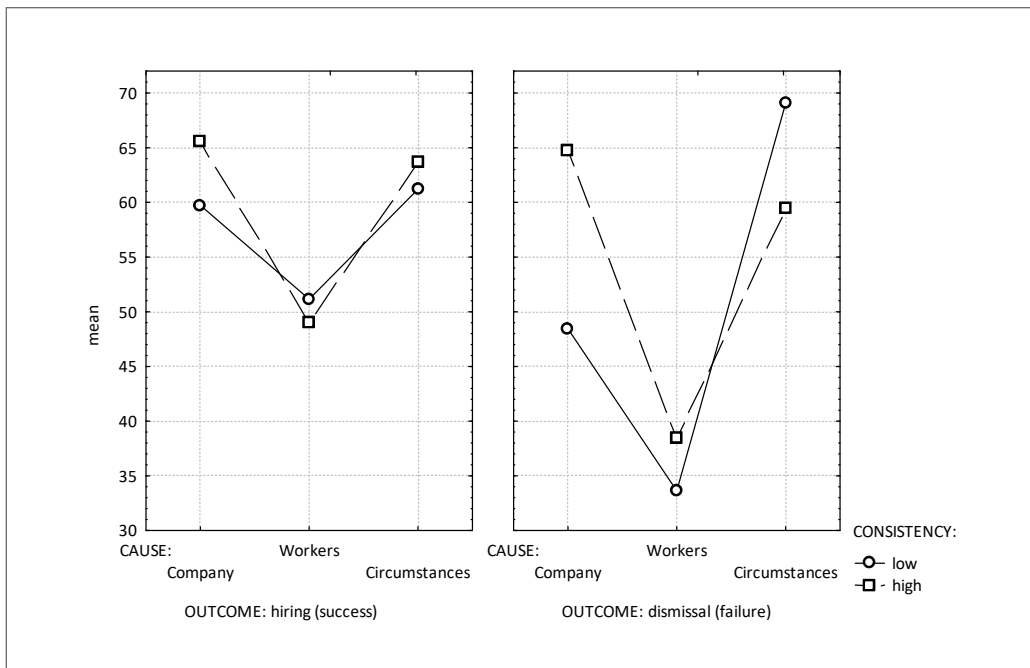


Figure 2. Causal attribution: influence of Outcome valence × Consistency interaction in morality-related events



failures substantially increases the tendency for a specific failure to be attributed to the company (the mean difference is almost 20%) compared to the success scenario (the mean difference is approximately 5%). As the attributions of failures to company factors increase, the situational attributions decrease. In simple terms, it is hard for a company to improve its image through regular success, but it is easy for its image to be damaged by regular failures. It is an example of attribution asymmetry in the causal inference about the successes vs. failures of the company.

### *Causal Attributions for Competence-related Events*

The analysis of variance for the five-factor model with repeated measures on one cross factor from the data from the success or failure of a new product scenarios revealed four interactions that were related to causal attributions: Cause  $\times$  Consensus, Cause  $\times$  Distinctiveness, Cause  $\times$  Consistency and Cause  $\times$  Outcome. For high consensus scenarios, the outcome (success or failure) was relatively unlikely to be attributed to the company and more likely to be attributed to external market circumstances ( $F_{(2,383)} = 6.81, p < .01, \eta^2 = .034$ ). A similar pattern of attributions was observed in high distinctiveness scenarios. That is, the outcome was more likely to be attributed to situational factors than to company factors ( $F_{(2,383)} = 9.19, p < .001, \eta^2 = .046$ ). Low consistency was also associated with relatively low attributions of outcomes to the company ( $F_{(2,383)} = 7.83, p < .001, \eta^2 = .039$ ). All these results are confirmations of previous findings (Gorbaniuk & Długoborska, 2010; Gorbaniuk & Gonerki, 2011). The novel finding is the interactions between the outcome valence and direction of the causal attribution (Cause  $\times$  Outcome), which supports research hypothesis H1 ( $F_{(2,383)} = 39.69, p < .001, \eta^2 = .172$ ). As displayed in Figure 3, it is obvious that there is attributional asymmetry related to the valence of the outcome. The success of a product was more likely to be attributed to the company and product factors than the failure of a product. When every cause is considered separately, it becomes clear that failures tend to be attributed to external factors (circumstances), whereas successes are attributed to the nature of the product, the company and the favorable market situation. In other words, in our scenarios, the nature of

the product was considered to be a more important cause of success than the competence of the company.

### *Dispositional Attributions for Morality-related Events*

To establish whether there was asymmetry in the dispositional attributions related to successes and failure, we conducted separate four-factor multivariate analyses of variance (4-MANOVA) for each morality- and competence-related scenario. The analysis of the attributions in the hiring and dismissal scenarios revealed a main effect of Outcome ( $F_{(4,381)} = 42.79, p < .001, \eta^2 = .310$ ) and the Outcome  $\times$  Consistency interaction ( $F_{(4,381)} = 8.73, p < .001, \eta^2 = .084$ ). These effects were investigated using univariate ANOVAs (i.e., for each of the four dimensions of company image). As expected, hiring workers was associated with a more positive image on every dimension (see Figures 4 and 5). That is, a company hiring workers was perceived as more open to others ( $F_{(1,384)} = 61.08, p < .001, \eta^2 = .137$ ), more innovative ( $F_{(1,384)} = 78.10, p < .001, \eta^2 = .169$ ), more stable ( $F_{(1,384)} = 102.87, p < .001, \eta^2 = .211$ ) and less Machiavellian ( $F_{(1,384)} = 51.98, p < .001, \eta^2 = .119$ ) than a company dismissing workers.

Supplementing the analysis of the interaction effects with the analysis of the simple effects (see Figure 5) provides more detailed insights into how positive and negative information about companies affects the moral judgments of the company. The Consistency  $\times$  Outcome valence interaction was statistically significant for all dimensions of the company image: Openness ( $F_{(1,384)} = 3.98, p < .05, \eta^2 = .010$ ), Innovativeness ( $F_{(1,384)} = 17.62, p < .001, \eta^2 = .044$ ), Stability ( $F_{(1,384)} = 26.77, p < .001, \eta^2 = .065$ ) and Machiavellianism ( $F_{(1,384)} = 7.96, p < .01, \eta^2 = .020$ ). The pattern of the attribution was similar. That is, a company image is more likely to be affected by outcome information if there is a history of similar outcomes than if the outcome appears to be a one-off.

It is worth noting that the perceptions of Innovativeness and Machiavellianism are influenced to a similar degree by the consistency information but in the opposite direction according to whether the outcome was positive or negative (see Figure 5). However, there was asymmetry in the effects of positive and negative outcomes on the perceived Stability and Openness, thus confirming hypothesis H1. The hiring scenarios were

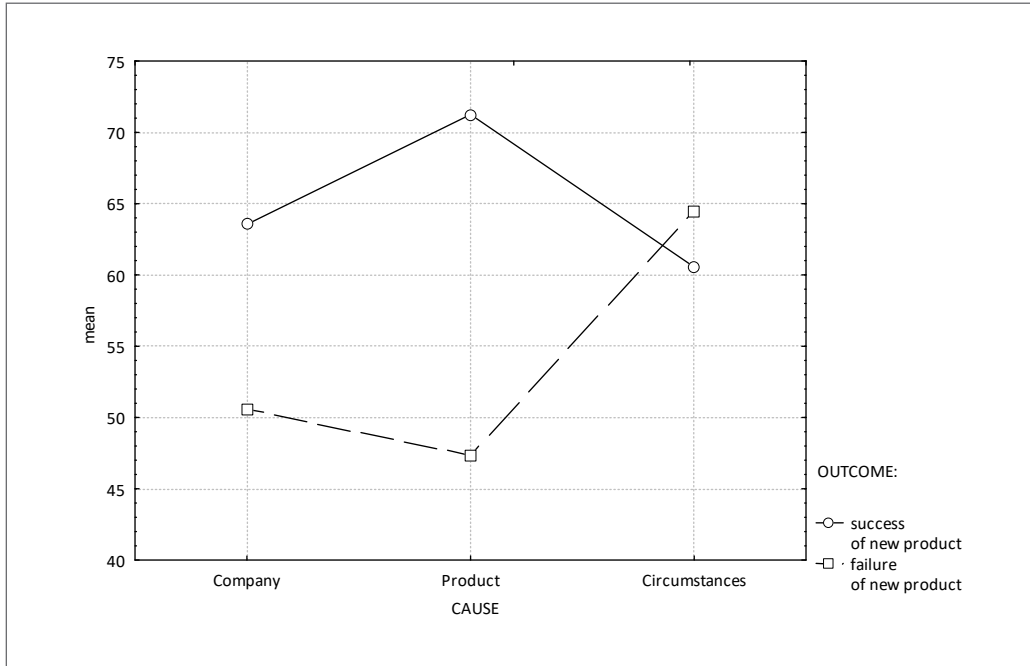


Figure 3. Causal attribution: influence of Outcome valence (success vs. failure) in competence-related events

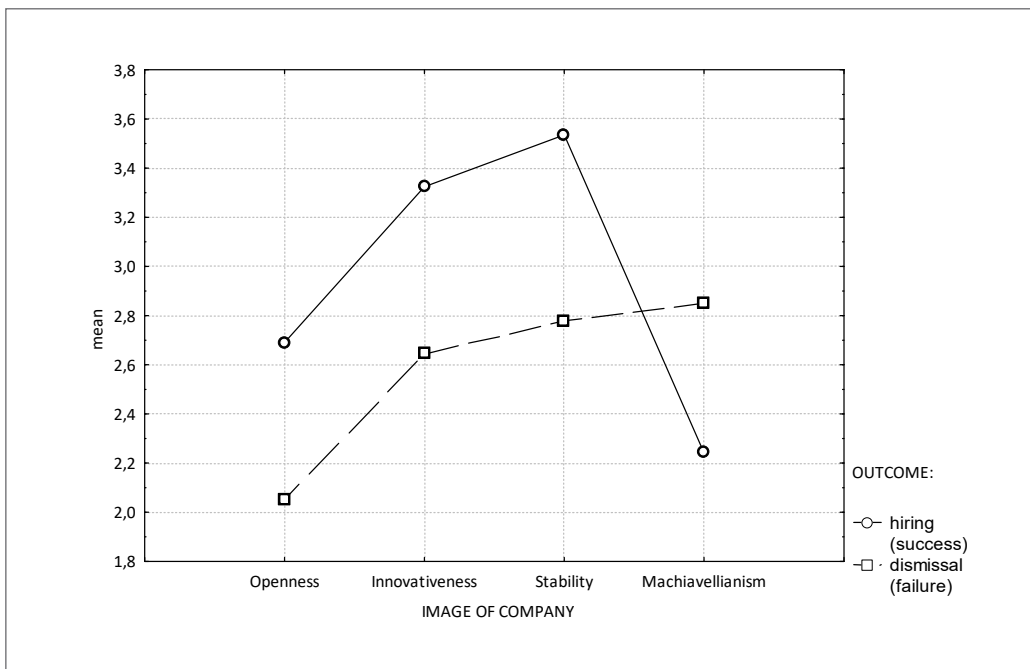
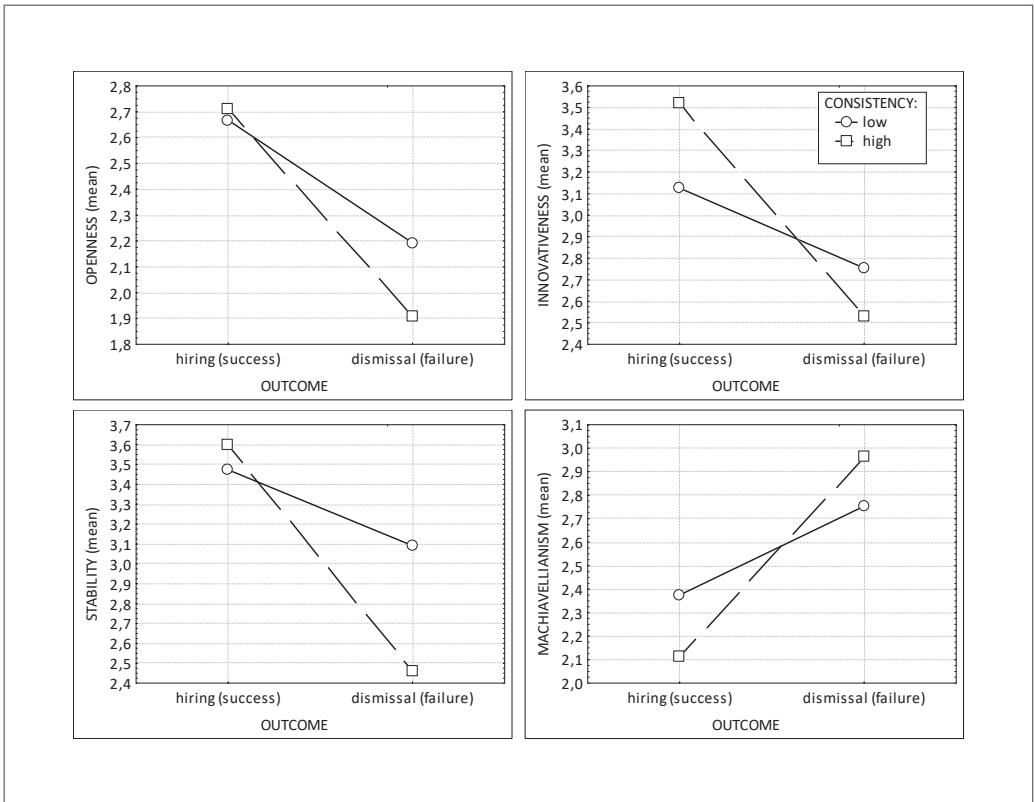


Figure 4. Dispositional attribution: influence of Outcome valence (success vs. failure) on the image of a company in morality-related events





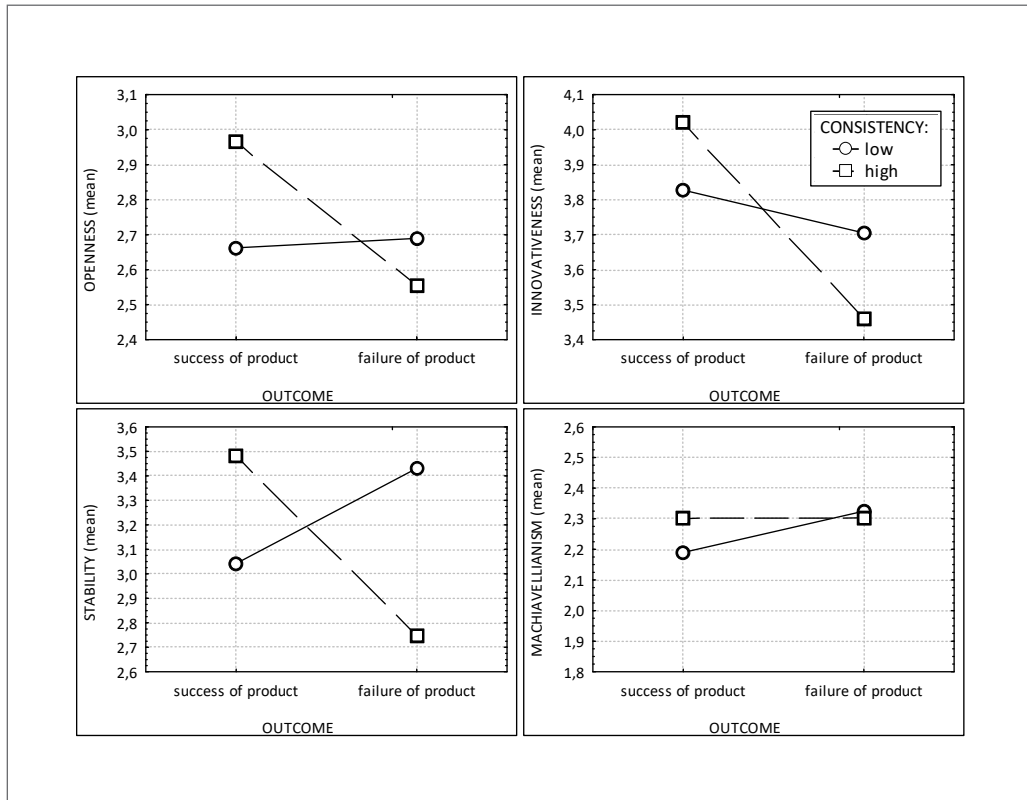
**Figure 5.** Dispositional attribution: influence of Outcome valence × Consistency interaction on the image of a company in morality-related events

not associated with higher ratings for these dimensions (simple effects test:  $F_{(1,384)} = 1.41$  and  $F_{(1,384)} = .10$ , respectively), whereas in the dismissal scenarios, these aspects of the company image suffered considerably (simple effects test:  $F_{(1,384)} = 37.58, p < .001, \eta^2 = .089$  and  $F_{(1,384)} = 6.25, p < .05, \eta^2 = .016$ , respectively).

There was a weak but significant interaction between Consensus and Outcome valence for Machiavellianism ( $F_{(1,384)} = 5.78, p < .05, \eta^2 = .015$ ). The responses to consensus information depended on whether they were related to the hiring or dismissal of workers. A high-consensus hiring event was associated with a less Machiavellian company image, whereas the high-consensus dismissal of staff was associated with a more Machiavellian company image. In the context of a low consensus, information about the outcome of an event has less impact on a company's image.

**Dispositional Attributions for Competence-related Events**

Three statistically significant multivariate effects on the dispositional attributions related to the success or failure of a new product were identified: a main effect of Outcome valence ( $F_{(4,381)} = 6.19, p < .001, \eta^2 = .061$ ), an Outcome × Distinctiveness interaction ( $F_{(4,381)} = 5.97, p < .001, \eta^2 = .059$ ) and an Outcome × Consistency interaction ( $F_{(4,381)} = 13.40, p < .001, \eta^2 = .123$ ). Given the order of the interaction effects (see Figure 6), a detailed analysis of the interaction effects was required to understand how information about the outcome valence for a competence-related event affected the company image. The univariate analysis of the Outcome × Consistency interaction revealed statistically significant effects for three image dimensions: Openness ( $F_{(1,384)} = 7.03, p < .01, \eta^2 = .018$ ), Innovative-



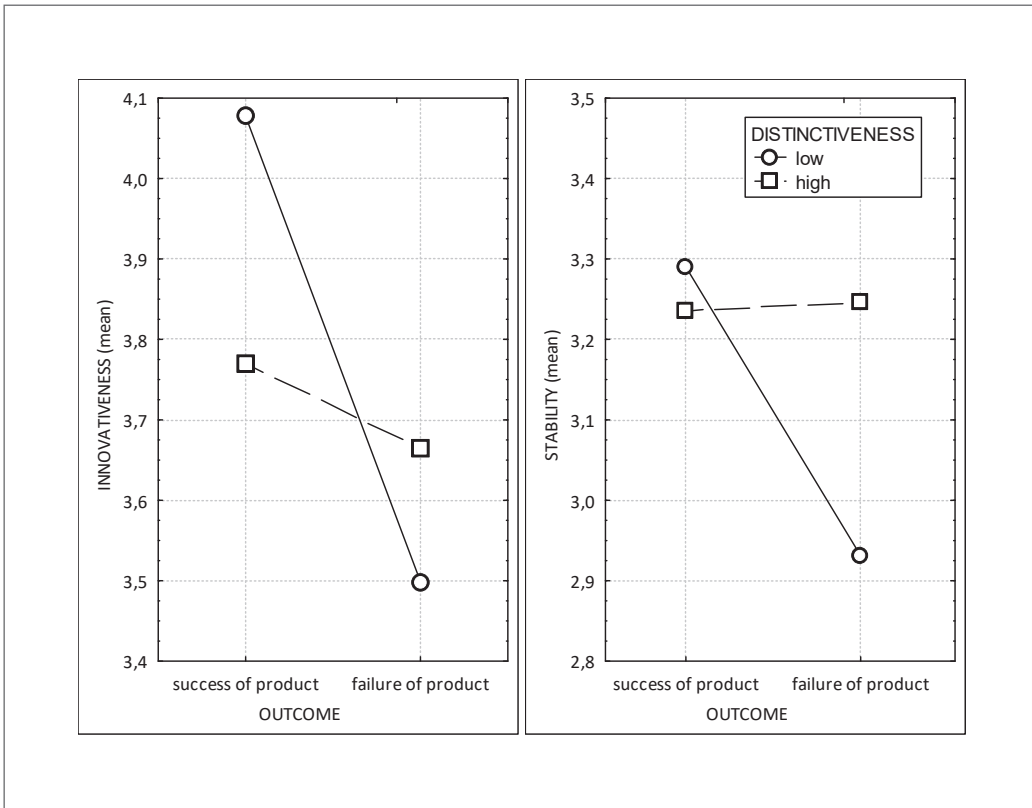
**Figure 6.** Dispositional attribution: influence of Outcome valence × Consistency interaction on the image of a company in competence-related events

ness ( $F_{(1,384)} = 9.64, p < .01, \eta^2 = .024$ ) and Stability ( $F_{(1,384)} = 52.59, p < .01, \eta^2 = .120$ ). The perceptions of Machiavellianism were not influenced by the information about the success or failure of a product launch ( $F_{(1,384)} = .73$ ).

The analysis of simple effects revealed that in high consistency scenarios (i.e., if the company had a history of succeeding or failing with new products), success was associated with a more positive company image, whereas failure was associated with a worse company image. This included Openness ( $F_{(1,384)} = 12.59, p < .001, \eta^2 = .032$ ), Innovativeness ( $F_{(1,384)} = 31.24, p < .001, \eta^2 = .075$ ) and Stability ( $F_{(1,384)} = 46.03, p < .001, \eta^2 = .107$ ). In low consistency scenarios (the first time that the company had experienced the outcome), the company image was not influenced by information about the success or failure of a new product

with respect to Openness ( $F_{(1,384)} = .04$ ), Innovativeness ( $F_{(1,384)} = 1.44$ ) or Machiavellianism ( $F_{(1,384)} = 1.40$ ). The failure of a new product was associated with higher perceived Stability ( $F_{(1,384)} = 12.05, p < .001, \eta^2 = .030$ ). In other words, a failed product launch does not have a negative effect on the company image if it is thought to be a one-off; indeed, it actually improves the perceptions of the company's stability. It should be noted that, in general, there was no asymmetry in how consistency information affected the attributions of successes and failures. The difference between the company image in the high and low consistency scenarios was similar but in a symmetrically opposite direction according to whether the scenario described the success or failure of a new product, thus confirming hypothesis H2.

There was an interaction between Outcome valence and Distinctiveness for two image dimensions: Inno-



**Figure 7.** Dispositional attribution: influence of Outcome valence  $\times$  Distinctiveness interaction on the image of a company in competence-related events

vativeness ( $F_{(1,384)} = 11.27, p < .001, \eta^2 = .029$ ) and Stability ( $F_{(1,384)} = 5.95, p < .05, \eta^2 = .015$ ). In high distinctiveness scenarios (i.e., when the outcome was specific to a product launch), the outcome valence (success or failure) did not significantly influence the company image (see Figure 7). However, in low distinctiveness scenarios (the company had a history of succeeding or failing in several domains), the company was perceived as more Innovative if the product was a success than if it was a failure (a simple effect:  $F_{(1,384)} = 33.27, p < .001, \eta^2 = .080$ ). Similarly, in low distinctiveness scenarios, failure was associated with lower Stability (a simple effect:  $F_{(1,384)} = 11.43, p < .001, \eta^2 = .029$ ).

## Discussion

A review of the literature suggests that researchers are focused more often on inferential processes in crisis

situations rather than when business is performing well (Alsop, 2004; Coombs, 2007; Renkema & Hoeken, 1998). Apart from knowledge of the factors that determine the direction of the attribution in crisis situations, knowledge about how the causal inference concerning positive events in companies proceeds is no less important. For the purposes of image and reputation management, having a detailed understanding of causal inference processes for positive events is essential to develop research-based communication strategies in order to protect and improve organizational reputation.

Our research is in line with need for experimental designs to overcome the prevailing limitations in the field of crisis communication descriptive and case-based studies to claim causality and to build theories. Our findings on causal and dispositional attributions

are coherent. As expected, if a success is attributed to the qualities of the company, it has a beneficial impact on almost all aspects of the company image. That is, a successful company is perceived as open, innovative and stable. When the company is identified as the cause of a negative event, it is viewed as less innovative and less stable, regardless of whether the event was competence- or morality-related.

The results revealed that there is asymmetry in the causal inferences about events involving companies. Failures were more likely to be attributed to company factors and less likely to be attributed to other factors, whereas successes were less likely to be attributed to company factors and more likely to be attributed to other factors. This explains earlier reports that product development failures resulted in financial losses of much greater magnitudes than the financial gains associated with product development successes (Sharma & Lacey, 2004). There was also a difference in the attributions of competence- and morality-related events. That is, the company was more likely to be held responsible for morality-related events than competence-related events (i.e., competence vs. morality asymmetry). These results are in line with early social psychology research on behavior-based inferences about competence and morality (Peeters & Czapinski, 1990; Reeder & Brewer, 1979; Skowronski & Carlston, 1989; Wojciszke, 2005). Observers tend to infer that competent behavior indicates that the actor is generally competent, whereas they do not make the same inference on the basis of incompetence (everybody is sometimes incompetent). Moral behaviors are treated rather differently, since it seems that observers assume that everyone can behave morally on occasion and treat immoral behavior as more diagnostic of a company's disposition (Wojciszke, 2005).

Because we measure several image dimensions, we were able to detect differences in how morality- and competence-related events influenced the company image. The company image was more strongly influenced by morality-related events (morality vs. competence asymmetry). Coombs (2004) found evidence that a history of similar crises increased the negative evaluations of organizational reputation. The results of our study proved that the consistency of the company's performance is an important factor in both types of events that influence the company image. Only in the

case of morality-related events were causal attributions for negative events more strongly influenced by information about consistency rather than causal attributions for positive events.

Low distinctiveness (success or failure in many domains) was considered as diagnostic with respect to dispositions only in the case of competence-related events. Success resulted in a positive change in the company image, whereas failure resulted in a negative change in the image. Highly distinctive events did not influence the image of the company.

The study has limitations that offer opportunities for future research. Future testing of the model should be carried out using nonstudent samples (e.g., employees) and other types of company activities. There is empirical evidence, for example, that in a crisis situation, older consumers place less blame on the company than young consumers (Laufer, Silvera, & Meyer, 2005; Silvera, Meyer, & Laufer, 2012). In our study, we focus on the external determinants of causal and dispositional attributions. Numerous studies point to the importance of internal factors and their interactions with the message content in the attribution process (Avnet & Laufer, 2015; Whelan & Dawar, 2016). Understanding the influence of these factors on the asymmetry in attribution patterns for positive and negative outcomes may also be the subject of future studies.

In terms of the practical implications, our study allows some conclusions with respect to the use of communication strategies. The same success does not compensate for the losses caused by failure or crisis. Success requires more intensive promotion in order to avoid the attribution of success to other factors than the company. The covariation information concepts could be useful for communication professionals' systematic analyses of media coverage not only in crisis but also in success contexts. It is important to identify the prevailing covariation information patterns, which circulate in the media. Research results indicate that the mass media do not provide full information allowing for accurate causal inference, even in a situation where audience is motivated towards rational reasoning (Gorbaniuk & Gonserski, 2011). Information about the occurrence of similar successes in the past or the absence of similar failures in the crisis context is very important in the attribution process, especially in the case of morality-related events.

## Conclusions

Using an experimental design, we found asymmetry in the attributions of successes and failures. That is, company factors were found to have contributed more to successes than failures. The study confirmed the high relevance of causal attributions as a vital cognitive process, which mediates the effect of perceived successes and failures on organizational reputation. Successful companies were perceived as open, innovative and stable, whereas unsuccessful companies were viewed as less innovative and unstable. This study contributes to the knowledge of how observers react to the successes and failures of companies with respect to morality- vs. competence-related events.

To establish and maintain a good reputation, organizations need to carefully consider how their practices are viewed by all stakeholders. An observer's reaction to a company-related success or failure may depend not only on the circumstances of the event but also on the way in which management responds. Impression management can play an important role in determining how customers respond to serious negative incidents and is also relevant to the promotion of a company's successes.

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