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Timothy Kellison

Georgia State University, tkellison@gsu.edu

Jordan R. Bass

University of Kansas, jrbass@ku.edu

Justin Lovich

State University of New York College at Cortland, justin.lovich@cortland.edu

Kyle Bunds

North Carolina State University, ksbunds@ncsu.edu

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Compounding Crisis Events and the Organizational Response

Timothy B. Kellison
University of Florida
Department of Tourism, Recreation & Sport Management
PO Box 118208
Gainesville, FL, USA 32611
phone: (352) 294-1653
Fax: (850) 392-7588
email: tkellison@ufl.edu

Jordan R. Bass
University of Kansas
Department of Health, Sport, and Exercise Science
Robinson Center, Room 161
1301 Sunnyside Avenue
Lawrence, KS, USA 66045
phone: (785) 864-6831
email: jrbass@ku.edu

Justin Lovich
State University of New York College at Cortland
Professional Studies Building, Room 1114
Cortland, NY, USA 13045
email: justin.lovich@cortland.edu

Kyle S. Bunds
North Carolina State University
College of Natural Resources
Box 8004, 3028E Biltmore Hall
Raleigh, NC, USA 27695
email: kbunds@ncsu.edu

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Abstract

Given the high visibility of big-time sport organizations, decisions made regarding hiring and firing, salaries and promotions, and strategic planning are subject to scrutiny from a number of sources, including employees, fans, alumni, boosters, competitors, political leaders, and the media. In this article, a decision-making model that illustrates three paths sport managers may take when responding to crisis events is presented. These paths include: resolution, escalation, and pacification. In every case, decision makers engage in organizational perception management to protect (or repair) their organization's reputation and image. The model is applied to several recent crisis events in sport to further illustrate the unique decision-making options.

Keywords: *ethical leadership, intercollegiate sport, decision making, organizational perception management, crisis events*

Compounding Crisis Events and the Organizational Response

When resolving crises, organizational leaders are often tasked with adhering to ethical standards, while also managing the organization's public perception (DeSensi & Rosenberg, 2010; Elsbach, 2006). In doing so, leaders may be faced with difficult decisions that require balancing economic, political, or competitive pressures with the necessary and vital ethical mission of the organization (Malloy & Zakus, 1995). Recent history has provided many examples of heavily publicized crises in business, higher education, and sport. Embedded in these stories are cautionary tales of failed leadership, narratives that have captured national attention and provided stiffer consequences for failure.

For example, financiers at Lehman Brothers took exorbitant risk supported by central bankers and leaders that resulted in financial collapse of the credit system and concerns of the ethics among the banking community ("School Briefs," 2013); in 2009, the Chicago Tribune released a series of exposés on the preferential treatment given to family members, friends, and supporters of influential board members and leaders of the University of Illinois, subsequently leading to the resignation of President B. Joseph White (Cohen, St. Clair, & Light, 2012); and, then-Ohio State President E. Gordon Gee was publicly scrutinized after evidence leaked of him making disparaging comments to the University's Athletics Council "that ranged from 'joking' about 'damn Catholics,' illiterate Southerners, the sub-standard 'integrity' of universities in Kentucky and even the hard-wired greed of Big Ten commissioner Jim Delany" (Wetzel, 2013, para. 3).

For organizational leaders, crisis events can provide leaders the opportunity to solidify their position as trusted administrators by acting in ways that organizational members and the public at large view as appropriate (Brown & Trevino, 2006). Alternatively, insufficient action

during a crisis event can expose leaders as having questionable motives or ethics, causing constituents to mistrust their leadership (Wetzel, 2013). Moreover, inadequate responses can negatively impact the organization's reputation and brand (Bass & Newman, 2013). Therefore, in this study, a model for examining crisis responses from an organizational perception management perspective is presented. To this end, the concept of ethical leadership is examined using the laboratory of intercollegiate athletics. Next, the connection between crisis events and organizational perception management is theorized and an integrated model of crisis response and repair is presented. Next, this model is applied to recent crises in the sporting realm. Recommendations and implications of this examination are highlighted in the conclusion.

With the proliferation of social media and other viral avenues that elicit immediate reaction, organizational leaders face growing scrutiny in their daily decision making. Thus, the existence of instantaneous crowdsourced feedback must be considered (Bass, Vermillion, & Putz, 2014). As *Forbes* leadership editor Frederick E. Allen recently remarked, the immediate reaction to a crisis can often be viewed as more significant and more memorable than the original act:

History shows that fear of negative publicity, of loss of donations or business, of losing talented people, and of overall damage to reputation and destruction of the brand cause failures of leadership that often are more serious than the original sins. (Allen, 2012, para.

3)

Thus, it is increasingly necessary to communicate the ethical actions of an organization to constituents and the general public to manage such perceptions. Additionally, as discussed in further detail in the literature review, scholars have noted that moral reasoning is typically lower in sport settings (Trevino, Weaver, & Reynolds, 2006).

While perceptions of ethical decision making by leaders are extremely crucial for the health of all organizations, sport organizations present additional challenges for managers because of the industry's widespread captivation. As Kellison (2013) explained, "With the popularity of the newspaper sports page, the advent of 24-hour news programming, and the hits received on countless Internet resources, sport holds a uniquely scrutinized place in mainstream society" (p. 357). For example, while the hiring, firing, or disciplining of human resources in a typical organization receives little attention outside the organization, such personnel changes in a sports organization can result in instant news bulletins, press conferences, and expert analyses and commentary in the media. Acknowledging the distinctiveness of sport, scholars have specifically examined leadership (Burton & Peachey, 2009; Charbonneau, Barling, & Kelloway, 2001; Chelladurai & Saleh, 1980; Soucie, 1994) and ethical decision making in sport (Hums, Barr, & Guillion, 1999; Kellison, 2013; Malloy & Zakus, 1995; Rudd, Mullane, & Stoll, 2010; Yiamouyiannis, Lawrence, Hums, & Ridpath, 2010). However, to date, researchers have yet to highlight the perception management strategies of organizational leaders engaged in crisis response.

Such an examination is needed, as argued herein. Indeed, the application of perception management strategies at times of organizational crises can present the opportunity for organizational leaders to communicate the organizational ethics that inform their response, thereby reinforcing stakeholder and public confidence in the organization's actions and its leaders, while mitigating the threat or damage to the organization and its brand.

Ethical Leadership and Decision Making

As consumers place increased importance on ethical behavior in organizations, scholars have begun to theoretically and empirically examine the leader's role in influencing "(un)ethical

and positive behavior” in organizations (Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009, p. 1). While leadership has been described through various theories and conceptualizations, we herein adopt the definition proposed by Lord and Maher (1991): that is, leadership is “the process of being perceived by others as a leader” (p. 11). This understanding of leadership emphasizes the communicative and co-constructed nature of leadership, which operates through a series of expressive acts between the leader and the follower that serve to shape and maintain perceptions and facilitate goal achievement. Within college sport organizations, Kihl, Leberman, and Schull (2010) argued leadership is socially constructed and inextricably linked to organizational influences: “How stakeholders interpret the organizational context and the various relationships among leaders, superiors, peers and subordinates informs their construction of the nature of leadership and its effectiveness within specific institutional settings” (p. 242).

As universities and athletic departments are increasingly relying on alumni and fans for financial support (Bass & Newman, 2013), an increased follower-centric leadership approach is needed, especially during times of crisis. Further, the unique visibility of sport organizations (Kellison, 2013) and the contextual intricacies of intercollegiate athletics organizations, in particular, accentuate the importance of ethical leadership among administrators and managers. It has been argued that the organizational behavior of athletic departments should reflect and adhere to the moral standards of the institutions in which they are situated. The Knight Commission on Intercollegiate Athletics (2013), for example, “has worked to ensure that intercollegiate athletics programs operate within the educational mission of their colleges and universities” (para. 1). Similarly, the Drake Group’s (2013) mission, “to defend academic integrity in higher education from the corrosive aspects of commercialized college sports” (para.

2), indicates a fear that pursuit of sporting success and athletically generated revenue possess corruptible potential.

As illustrated herein, the desire to demonstrate ethical leadership is often subject to the leader's proficiency in making ethical decisions. In sport, many scholars have emphasized the importance of ethical decision making and moral reasoning for sport managers (Beller & Stoll, 1995; DeSensi & Rosenberg, 2010; Kihl, 2009; Lumpkin, Stoll & Beller, 1999; Malloy, 1991; Malloy & Zakus, 1995; Rudd & Mondello, 2008; Rudd et al., 2010; Yiamouyiannis et al., 2010). An essential task that permeates throughout all management activities (Chelladurai, 1985), decision making is, fundamentally, the process of selecting between alternatives (DeSensi & Rosenberg, 2010). Ethical decision making, then, is the incorporation of ethics, morals, and values within this evaluative process as criteria by which to adjudicate the appropriate course of action. As such, ethical decision making and moral reasoning are functions of the decision maker's philosophical construction of morality and ethics and the psychological components of the cognitive decision-making process (Malloy & Zakus, 1995; Rudd et al., 2010).

In application of such theoretical foundations, sport managers have long relied upon business-oriented decision-making models for guidance (Hums et al., 1999), despite the failure of such models to adequately incorporate the industrial complexities of sport and the unique ethical issues faced by sport managers in the different industrial segments (Bredemeier & Shields, 1984; Hums et al., 1999). Indeed, sport presents a multitude of contextual idiosyncrasies that can operate to impede the normal ethical decision-making process. Bredemeier and Shields (1986b) posited that sport involves a *bracketed morality*, "a legitimated temporary suspension of the usual moral obligation to equally consider the needs and desires of all persons" (pp. 257–258). Sport is isolated from other social aspects of life by spatial and temporal markers, allowing for

the dissolution of moral agency during the sporting event. Additionally, moral responsibility is often abdicated through finite roles in sport; the establishment of certain roles with clearly defined decision-making roles (i.e., administrators, coaches, referees, governing officials) creates a structure facilitating the abdication of moral accountability by transferring responsibility to other agents. Further, sports are becomingly increasingly governed by complex mechanisms of supplemental discipline. These forms of consensual external regulation function to reduce the reliance of those within sport to engage in moral exchange and ethical decision making (Bredemeier & Shields, 1986b).

Sport managers perhaps incorporate a process of moral reasoning that is frequently susceptible to corruption. Bredemeier and Shields (1984, 1986a, 1986b, 1986c) offered evidence of lower levels of moral reasoning among athletes within sport (compared to nonsport) dilemmas. Subsequent scholarship (e.g., Duda, Olsen, & Templin, 1991; Dunn & Dunn, 1999; Kavussanu & Roberts, 2001; Stephens & Bredemeier, 1996) similarly offered evidence that achievement goals such as the desire to win can have a negative relationship on moral judgment and sportpersonship. Scholars have suggested that even the conception of an individual's character has an alternative construction within the sport context (Rudd, 2005; Rudd & Mondello, 2006).

As described in the introduction, perhaps the greatest source of distinction in sport leadership is the public visibility of personnel decisions (Kellison, 2013). While a Fortune 500 company might receive comparable attention when making a senior-level change, few organizations experience the *fandom* that is attached to collegiate and professional sports teams. The sport management academy has repeatedly identified unique aspects of sport that differentiate the industry from others. As discussed throughout the literature, one of sport's most meaningful features is the deep emotional responses it elicits, thereby connecting individuals

indiscriminately across age, gender, race, religion, ethnicity, and class (Hunt, Bristol, & Bashaw, 1999).

Such intense psychological and sociological connections can complicate the decision-making process of sport leaders. Kellison (2013) detailed the tension felt by highly visible sport managers (i.e., managers of professional and elite college sports teams), who have to rationalize their decisions to audiences both internal and external to the organization. The source of the tension, he argued, was the sometimes-contradictory nature of profit maximization and public scrutiny. It is in the public scrutiny of daily decision making—from fans, media, bloggers, rivals, employees, and so on—that uniquely challenges sport leaders.

In addition, the multitude of key stakeholders within intercollegiate athletics further complicates the role of the leader. As DeSensi and Rosenberg (2010) argued, college athletics programs exist for multiple purposes and with different value to various stakeholders. Yiamouyiannis et al. (2010) identified a multitude of key stakeholders within intercollegiate athletics. Key internal stakeholders identified included student-athletes, students, coaches, faculty, and staff; key external stakeholders included fans, boosters, alumni, parents, and community-members. For an ethical leader in the intercollegiate athletics context, it is important to negotiate such diverse stakeholders with often competing interests, “[t]his leads to questions like ‘Whom do these programs serve?’ and ‘Who are the primary beneficiaries?’” (DeSensi & Rosenberg, 2003, p. 7). As such, communication of the ethical standards of the organization and the moral rationale supporting organizational actions to both internal and external constituencies interests is vital to ensure long-term success (Gully, Stainer, & Stainer, 2006; Yiamouyiannis et al., 2010).

In recognizing this importance, many college athletic departments define their roles in ethical terms, communicating the philosophical beliefs of the organization to members and stakeholders through mission statements (Andrassy & Bruening, 2011). A cursory examination of college athletic departments' mission statements reveals a desired adherence to common values of integrity (e.g., University of Michigan Athletic Department, 2013), respect (e.g., University of Pittsburgh Department of Athletics, 2013), rules compliance (e.g., Kansas Athletics, 2013), diversity (e.g., University of Oklahoma Athletics Department, 2013), and character (e.g., UCLA Department of Athletics, 2013). It follows that universities and their athletic departments would seek to act in accordance with such ethical guidelines; nevertheless, organizational actions have often failed to meet the stated mission of the athletic department. For example, the Florida State University Athletics Department enacted a mission statement in 2003 which explicitly asserted, among other things, that its athletic department was to be an ethical leader on campus; that its excellence was to be defined by student-athletes' academic achievement and development of character; that it strived to be a leader in college athletics; and that it would strive to meet the highest standards of academic scholarship and ethics (Florida State University Athletics Department, 2003). Despite this mission, Florida State received severe NCAA sanctions after it was revealed that in 2006-07, 61 student-athletes across 10 athletic programs received improper assistance from staff members in the university Student Athlete Academic Support Services department (Zinser, 2009). This example illustrates both the common desire among athletic departments for ethical behavior and the struggles to adhere to those demands.

While the above literature suggests ethical understanding, reasoning, and decision-making processes in sport are substantially distinguishable from other aspects of social life, the sport industry itself does not operate within a vacuum. Indeed, organizational stakeholders, fans,

and members of the public frequently perceive the actions of sport organizations relative to those of nonsport organizations (e.g., “If that happened at my job...” or “If any other organization did that...”). As sport organizations are held to societal standards, it is incumbent upon the leaders of such organizations to confront this sport-specific construction of morality and adhere to societal standards of ethical behavior.

Compounded Crises and Organizational Perception Management

Organizations at all levels of sport have a vested interest in encouraging positive perceptions of their business practices, as strong positive feelings toward an organization can lead to increased purchasing behavior by customers, stronger market performance, and more committed employees (Behrend, Baker, & Thompson, 2009; Salancik & Meindl, 1984). Crisis events such as product failures, charges of gross misconduct by employees, and federal indictments of CEOs threaten to damage public perceptions of an organization. The strategies organizational decision makers employ in response to such crises may minimize or intensify the effect of a critical event on public opinion. (A third possible outcome—that the response will elicit neither positive nor negative opinion—is not explored in this article). That is, some decisions will appropriately address the ethical implications and successfully limit public outcry, while others that fail to meet ethical standards will only inflame critics. The latter outcome is of particular interest to us in this article, and is discussed further in this section. Below, we address the possibility that initial responses to crises may paradoxically engender further, and possibly worse, crises if an action fails to resolve the original ethical controversy. Furthermore, these crises require significant repair of the organization’s image in order to reinforce to stakeholders and the public that the organization is, in fact, committed to a set of ethical norms.

A Model of Organizational Reaction to a Crisis Event

When an organizational crisis occurs, leaders must respond by identifying and implementing a strategy that addresses the undesirable consequences of the problem. Arriving at an apposite solution to a critical and non-routine issue can be challenging because of the multiple and oftentimes conflicting responsibilities of business leaders. These responsibilities, first proposed by Carroll (1979), include economic profitability, compliance with existing laws, adhering to ethical norms, and engaging in activities that benefit society. For many organizational leaders, identifying a strategy that fulfills each of those four responsibilities can be difficult. For example, the owner of an American professional baseball team may be motivated by, above almost anything else, utility maximization (Howard & Crompton, 2002; Garcia-del-Barrio & Szymanski, 2009). Therefore, she or he might choose to withhold financial statements containing the team's earnings in order to more convincingly argue the need for taxpayer support of a new ballpark. Should the public become aware of the owner's deception, a crisis event could ensue (e.g., public outcry, recall elections, and criminal investigations; cf. Rabin, 2013). In this example, the owner is unable to reconcile her or his obligation to profit generation with the responsibility to adhere to ethical and legal standards.

While all business leaders must manage the frequent tension between profit generation and ethical decision making, this pressure is especially pronounced in industries receiving frequent public attention. Indeed, the public scrutiny of intercollegiate athletics departments parallels that of big business, to an extent: both are under increasing pressure from the media, ordinary citizens, and their own constituencies to operate in trustworthy and responsible ways (Kellison, 2013; Ridgers, 2011). In an effort to restore public trust in corporate America, many organizations have started public campaigns specifically designed to highlight their respective companies' ethical business orientations (Sapienza & Zingales, 2012; Weber & Wasieleski,

2013). Despite this public promise, corporate misdeeds are occurring at an increasing rate (Hart, Heyse, & Boin, 2001). Still, as these significant violations occur, more and more corporations are stepping forward to issue public apologies (Koehn, 2013). Thus, some organizations have demonstrated willingness to acknowledge responsibility for crisis events and to rectify any resulting problems.

On the other hand, some organizations have resisted implicating themselves with a transgression. Purposeful violations of ethical norms (e.g., violating laws, lying, cheating) are particularly egregious when organizations fail to offer appropriate responses to crisis events. This inadequate action is especially problematic when organizational actions are in conflict with publicly endorsed ethical commitments. Such behavior opens a space for criticism of the organization: critics may decry the organization's lack of genuine commitment to ethical behavior and point to the organization's practical actions as evidence. In Figure 1, we illustrate the different approaches taken by organizational leaders in responding to crisis events.

Insert Figure 1 about here

This model is grounded in situational crisis communications theory (SCCT), a “comprehensive, prescriptive, situational approach for responding to crises and protecting the organizational reputation” (Coombs & Holladay, 2002, p. 167). SCCT acknowledges that responses to organizational crises can vary and are influenced by myriad factors, including severity of the crisis and the affected firm's performance history (Coombs, 2011, 2013). The model presented in this article provides a practical expansion of SCCT by highlighting the instances in which initial crisis responses are deemed unsatisfactory by a vocal opposition. In

these cases, organizational crisis responses must be fluid, adaptable strategies in order to balance both organizational and public interests (Marcus & Goodman, 1991).

SCCT is integrated with the literature on organizational perception management (OPM), which provides a secondary foundation for this model. OPM is a multidimensional strategic process through which an organization endeavors to cultivate, maintain, or modify an individual's attitude toward the organization. Elsbach (2006) developed an OPM framework that separated the perception-management process into several primary components, including perceptions, actions, spokespersons, and audiences. Perceptions refer to the specific affective feelings ascribed to an organization by an audience, which might consist of customers, competitors, activists, special interest groups, or the media. Actions refer to the means through which an organization engages in perception management. These actions are usually carried out by chief executives or appointed spokespersons.

The concept of OPM emerged from the psychological study of individual perception management (e.g., Cooley, 1902; Goffman, 1959; James, 1890; Leary, 1996; Mead, 1934; Schlenker, 1980; Tedeschi, 1981). Although individual perception management can occur both intentionally (i.e., consciously) and unintentionally (i.e., subconsciously), perception management at the organizational level is considered a planned, tactical behavior designed to influence attitudes toward the organization. In the cases of both individual and organizational perception management, actors are engaged in self-presentation in order to preserve or improve their reputations. The model presented in this article expands upon Elsbach's (2006) typology of OPM events (i.e., following crisis events, during evolving controversies, prior to anticipated controversies, and following acclaim events) by acknowledging that, although OPM is the ultimate outcome of any organizational response, such perception-management tactics can be

arrived upon from several different directions. Each of these directions (discussed below) is based on the initial decisions made by an organization (and subsequently communicated about by organizational spokespersons). Thus, the model presented in this section provides additional explanation of the decision-making process that occurs between the initial crisis and engagement in OPM.

The starting point for the model is the *crisis event*. A crisis event is a sudden occurrence that disrupts an organization's normal operating procedures and threatens perceptions of the organization (Elsbach, 2006; Hargis & Watt, 2010). This definition is substantiated by Seeger, Sellnow, and Ulmer's (1998) definition of crisis as "a specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and threaten or are perceived to threaten an organization's high priority goals" (p. 7). Commonly cited examples of crisis events include oil spills, product boycotts, bribery, accounting and financial infractions, and security breaches. Within collegiate sport, crisis events may include unethical or unlawful personal conduct by players or coaches, cheating scandals, and egregious recruiting violations. These major crises differ from so-called secondary infractions often reported by university compliance offices, which usually result from unintentional rules violations (Hinnen, 2014; NCAA, 2013).

As explained by Coombs (2011), communicating an appropriate framework for crisis management when a crisis event occurs has never been more difficult or important given the current digital landscape. Herein, we propose several options decision makers may consider in order to respond to a crisis event. These options are denoted as *paths* in Figure 1. In Path *A*, labeled *resolution*, leaders propose an immediate plan to mitigate the direct effects of the crisis event. This plan may include suspending or terminating employees, membership, or associations; self-reporting rules violations; or contacting law enforcement. The resolution solution is not

always the most popular among stakeholders; for example, some fans of a college basketball team whose star point guard has been found guilty of knowingly receiving improper benefits may protest the team's decision to suspend the player for an entire season. Nevertheless, resolution strategies are intended to rectify the harms caused by the crisis event and reinforce organizational ethics (Coombs, Frandsen, Holladay, & Johansen, 2010; Jin & Pang, 2010). In the above case, a suspension would signal the university's commitment to adhering to rules and regulations.

For decision makers wishing to satisfy the concerns of the majority (e.g., stakeholders, the general public, the media) following an organizational scandal (rather than an accident), the resolution strategy is often utilized (Jin & Kelsay, 2007; Marcus & Goodman, 1991). As Elsbach (2006) noted, to utilize an alternative strategy like issuing a public denial could prove unwise for an organization seeking to repair its reputation: "Because scandals are typically shown to be the result of deliberate organizational actions, accounts that deny responsibility for them (e.g., excuses or denials) are not likely to be viewed as credible" (p. 65). Thus, responses that explicitly recognize the harms caused by crisis events are designed to protect an organization from further damage to its reputation (De Maria, 2010; Ham, Hong, & Cameron, 2012).

Sometimes the decisions leaders make in response to a crisis event are not well received by groups like stakeholders and the general public. Other times, leaders may elect to take no action in response to a crisis event, which might also result in disapproval or anger. These decision types are illustrated in Paths *B* and *C*. Failing to select an effective course of action to ethically resolve a crisis event results in *escalation*, in which the organization's controversy is exacerbated by its inappropriate response. That is, taking initial measures that insufficiently communicate an organizational ethic can result in criticism from stakeholders and the public,

thereby creating a second, or compounding, crisis event. For example, in Columbus, Ohio, public outcry ensued following a report that football players at The Ohio State University had exchanged autographs for free tattoos; the crisis escalated when it was discovered that head coach Jim Tressel was aware of the offenses but failed to act on this knowledge (Simon, 2013). The second storm created from Tressel's failure to report the violation became as much a part of the story as the original crisis event (Zinser, 2011).

SCCT suggests such actions are appropriate in certain contexts. For example, when a company is the target of a false rumor that threatens its reputation, a public statement denying the allegation could be appropriate (Coombs & Holladay, 2002). However, despite the intention to ignore or distance an organization from a crisis event, actions like avoidance, defensive statements or flat-out denials, and justifications may only anger members of the public (Elsbach, 2006). Both deny (i.e., no crisis exists) and diminish (i.e., the crisis is minor; the organization is not responsible for the crisis) strategies may be deemed incompatible when the crisis is considered avoidable (Claeys, Cauberghe, & Vyncke, 2010; Coombs, 2007; Coombs & Holladay, 2008).

In Path *A*, criticisms are grounded in the consequences of the decision (e.g., the team will be less competitive, the organization does not stand behind its coach, the organization is too concerned with political correctness). While such criticisms may be worthy of attention, the decision made would nevertheless reflect the ethics of the organization. In Paths *B* and *C*, however, the negative public response that comes with the escalation strategy is distinct from the complaints that may arise from a resolution strategy. In this instance, public condemnations are targeted at the organization's aversion or inability to resolve the ethical implications arising from the original crisis event (Elsbach, 2006). To the contrary, such escalation strategies that clearly

fail to adhere to the organizational ethic serve to reinforce the perception of the organization as unethical.

In response to the compounding crises resulting from the initial (in)action, leaders may select one of two courses of action. The first choice, labeled *escalation continuance* (indicated in Path *B*), is to remain steadfast in the initial decision making and weather the criticism that comes with the contentious judgment (De Maria, 2010). Path *C* illustrates a modification or reversal of the initial decision. Termed *pacification*, leaders respond to public pressure by altering their original position and offering a conciliatory solution. In fact, pacification strategies are similar in appearance to resolution strategies, as both serve to quell the impact of crisis events.

It is important to note that each of the aforementioned options—resolution, escalation, and pacification—represents a decision aimed at responding to the crisis event. Decision makers may consider how a crisis response will be perceived by the public, but perception-management strategies are not employed until after an actual decision is implemented. Of course, decisions intended to curtail the effects of crisis events are not likely to satisfy critics alone, especially when management escalates negative perceptions toward the organization by acting in a manner that is neither effective nor ethical. As part of the larger strategy to address a crisis event, then, leaders engage in the practice of OPM. That a crisis event may be exacerbated by the organization's response is a key insight of OPM in particular. As discussed further below, OPM is the final act in the organizational response to crisis events.

Organizational Perception Management

Perceptions of an organization include its reputation and image. Reputation is a relatively durable and temporally stable characterization of the organization. Images, on the other hand, are temporary and can fluctuate greatly in times of organizational turmoil. One aspect of image is

organizational legitimacy, which a business can acquire if it can demonstrate that it serves a purpose or adheres to social norms. The latter form is known as moral legitimacy, and organizations perceived as morally legitimate are characterized as trustworthy and significant (Suchman, 1995).

Although OPM may be employed in anticipation of a positively or negatively perceived event, or as reaction to an acclaim event, we focus our attention on its use in response to crisis events. Previous research has shown public cynicism toward an organization grows when leaders fail to address media reports of corporate misconduct (White, 2009). OPM strategies for addressing crisis events vary depending upon the resolving, escalating, or pacifying nature of the organization's response (Elsbach, 2006; Hargis & Watt, 2010). Resolution-centered OPM strategies include acceptance of responsibility, apologies and statements of remorse, and reparative actions. In every case, the organization publicly acknowledges wrongdoing (on behalf of the transgressors) and explains its strategy for correcting any errors caused by the crisis event. Pacification-centered OPM strategies similarly include responsibility acceptance, apology, and reparative actions. However, given the presence of a second crisis (emerging from an inappropriate response to the initial crisis event), organizations must work doubly hard to demonstrate to the public their recommitment to the organizational values that were overlooked in the first place. Finally, escalation-centered OPM strategies include denials, justifications, or displacements of responsibility. These behaviors are designed to distance the organization from the crisis event (Elsbach, 2006; Hargis & Watt, 2010).

As shown in this section, crisis events present organizational leaders with often-difficult decisions regarding how best to respond. Decisions are grounded in an organization's potentially mutually opposed commitments to economic profitability, legal and regulatory compliance,

ethical codes, and service to society. Sometimes, these decisions resolve the problem to most people's satisfaction; this outcome is good for the organization because it is able to largely preserve its positive image and reputation, even if the decision was in response to a crisis event caused by the organization. However, other times, leaders make decisions that are not as well received by stakeholders and the general public. In these cases, decisions tend to exacerbate the initial crisis and require the organization to reconsider its position. Additionally, the organization may be forced to act in ways it originally wanted to avoid in order to pacify the unhappy parties and repair perceptions of organizational image and reputation. In the next section, we provide practical application of the model to the management of intercollegiate athletics.

Crisis Response in Big-time College Sport

The college sports industry presents a unique opportunity to examine the interconnected nature of ethical leadership and OPM. While major intercollegiate sport organizations are uniquely situated within academic institutions infused with ethical educational missions, the organizations also face: (1) heightened emotions of invested stakeholders—including students, faculty, alumni, fans, boosters—surrounding organizational decisions; (2) intense coverage of organizational events by persons such as dedicated beat writers, subscribers to online message boards, and investigative reporters; and (3) a deep chasm in opinions and allegiances that exists between varying groups of fans and stakeholders locally and nationally. Below, we exhibit the practical application of the model by tracing past crisis events in big-time college sport to each of the three proposed paths.

Resolution (Path A)

In Path A, we aim to represent those situations in which organizational leaders respond to crisis events by acting in congruence with the ethical demands of others. In these crises,

administrators take swift and immediate action in accordance with past precedent, moral obligation, and public opinion. In such instances, the organization is able to clearly articulate the ethical considerations upon which the action is based, thereby managing others' perceptions.

The intercollegiate athletics industry is littered with examples of crisis resolution. To illustrate, in 2012, the University of Arkansas fired—with cause—head football coach Bobby Petrino following a motorcycle crash involving himself and a female staff member with whom he was having an affair. It was revealed Petrino first lied to public-safety officers and school officials about the relationship and the circumstances surrounding the crash. Further, the female staff member was hired over 158 other candidates and was given a \$20,000 gift from Petrino, putting the university at risk for legal liability. In response to the accident and ensuing investigation, Arkansas athletics director Jeff Long stated:

By itself, Coach Petrino's consensual relationship with [the staffer] prior to joining the football staff was not against university policy. However, in this case Coach Petrino abused his authority when, over the past few weeks, he made a staff decision and personal choices that benefited himself and jeopardized the integrity of the football program. (St. John, 2012, para. 9)

As evidenced by Long's statement, the action was based upon ethical considerations congruent with university policy, despite the detriment to the program's on-field success. Petrino was fired despite his team's 21–5 record over the previous two seasons (Weir, 2012); in the season following Petrino's termination, the team went 4–8. Meanwhile, in 2013, Petrino was named head coach of Western Kentucky, where we went 8–4. In 2014, he was hired by the University of Louisville (Lintner, 2014).

Similarly, universities are often faced with ethical challenges set forth by the actions of their student–athletes, the resolution of which can illustrate this path. In August 2013, for example, Vanderbilt University dismissed four players from its football team after it was revealed they were under investigation amid allegations of rape and battery (Haas & Gonzalez, 2013). In announcing the suspension, a university spokesperson released the following statement:

When certain facts first became known to us, we moved swiftly and decisively to remove these players from the team, suspend them from the university on an interim basis, and bar them from campus. . . . The charges brought today against the four former Vanderbilt football players allege conduct which is abhorrent and will never be tolerated. We will review our athletics program to be sure that it, like all other programs at the university, reflects our culture of community and respect for others and that our student athletes are held to the same high standards of conduct as all our students. (Fortune, 2013, para. 2)

Vanderbilt University took prompt and decisive action to communicate the university’s ethical standards, violations of which would not be permitted.

Escalation Continuance (Path *B*)

For sport leaders, post-crisis decisions can potentially escalate, rather than resolve, ethical crises. Paths *B* and *C* both represent scenarios in which organizational actions have failed to adequately reflect or incorporate attention to ethical norms. Indeed, as the opinions of numerous stakeholder groups shape public perception of management decisions, they must be considered alongside the economic and athletic success of the organization before taking action. In escalation continuance (Path *B*), administrative actions after a crisis are widely questioned and criticized, but the organization resists public pressure and does not deviate from the original

decision. Sport examples include Ohio State's decision not to suspend football players Marcus Hall and Dontre Wilson for the 2013 Big Ten Championship Game, despite public pressure, after the players were ejected the previous game for fighting; Hall also made an obscene gesture toward opposing fans while exiting the playing field (Ward, 2013). Similarly, Rick Pitino retained his head coaching position at the University of Louisville after it was revealed he had an affair and paid the woman to have an abortion (Di Fino, 2010).

This path is perhaps best illustrated by examining a crisis at the University of Nebraska in 2012, when administrators came under immense public scrutiny for comments made by assistant football coach Ron Brown. Brown, speaking at a public hearing, railed against a proposed ordinance that would protect gay and transgender individuals from housing, employment, and public-accommodation discrimination ("Ron Brown," 2012). Brown was widely criticized for his outspokenness, especially considering his status as an employee of a state university with an anti-discrimination policy for sexual orientation. Further, Brown listed the football stadium as his address for his testimony, an act that many argued insinuated he was representing the university. In response to the criticism, Brown regretted listing the university as his address but stated, "To be fired for my faith would be a greater honor than to be fired because we didn't win enough games. I haven't lost any sleep over it" ("Ron Brown," 2012, para. 2).

Suggestions for Brown to apologize, resign, or face termination came from politicians and media members alike (Pierce, 2012). For example, Lincoln (Nebraska) Board of Education member Barbara Baier, among others, publicly and privately petitioned the university to relieve Brown of his duties ("Ron Brown," 2012, para. 6). National media members also drew attention to the issue and publicly admonished Brown for his stance (Pierce, 2012; Reilly, 2012; Wojciechowski, 2012).

The initial crisis event originated with Brown's comments, which represented values counter to those stated by the university. As Wojciechowski (2012) noted, the university's policy stated, in boldface type, "It is the policy of the University of Nebraska–Lincoln not to discriminate based upon age, race, ethnicity, color, national origin, gender, sex, pregnancy, disability, sexual orientation, genetic information, veteran's status, marital status, religion or political affiliation" (para. 10). Nevertheless, the University of Nebraska leadership, specifically Chancellor Harvey Perlman, Athletics Director Tom Osborne, and head coach Bo Pelini, decided against firing Brown. Perlman admonished Brown for using the university address during his testimony, but said Brown's views did not represent the university. Pelini, Brown's direct supervisor, stated no players had complained about Brown injecting religion into his coaching and that Pelini hired Brown because he was trustworthy, had integrity, and had a positive impact on players. As a result of their decision to retain Brown, some perceived the actions of the University of Nebraska athletics leaders as continuing, if not escalating, the ethical dissonance of the initial event. Indeed, by maintaining the course of action, the leaders avoided making a decision premised in ethical considerations, instead limiting evaluation of the incident to legal considerations of First Amendment freedoms and employment law. While such ethical avoidance compounded the incident, the Nebraska leaders managed the perception of the organization by framing the issue in terms of respect for the private beliefs of an employee that had not interfered with his organizational duties.

Pacification (Path C)

Like escalation continuance (illustrated by Path B), pacification involves a compounding crisis event. During pacification (Path C), leaders reconsider and ultimately enact a subsequent response following an inadequate reaction to an organizational crisis. The reasons for the change

often come as a result of criticism from their constituents, politicians, higher-ranking organizational members, and the public at large. Further, the act of pacification can have negative consequences, including termination, for the original decision maker(s).

For example, Rutgers University was embroiled in a much-publicized scandal in the spring of 2013, after ESPN aired video of head basketball coach Mike Rice verbally and physically abusing players during practice. Rice could be heard screaming homophobic slurs and seen hitting and throwing basketballs at players during numerous practices. Then-Athletic Director Tim Perneti suspended Rice for three games, fined him \$50,000, and required him to undergo anger management counseling after viewing the video in late 2012 (Associated Press, 2013). After ESPN aired the video on April 2, Perneti appeared live on ESPN and defended his handling of Rice. Perneti stated he “suspended Mike in a more significant way than coaches have been suspended in recent memory.” Further, Perneti noted, “I did not have a line out the door of players and coaches or anybody else complaining about the matter” (Boren, 2013).

The public backlash against Rice, Perneti, and Rutgers was rapid and powerful. Among other high profile voices, New Jersey Governor Chris Christie stated he was “deeply disturbed” by what happened (Hutchins, 2013). Gregg Doyel of CBS Sports concurred, tweeting, “Every hour that passes and Rutgers hasn’t fired this guy, someone above him should go, too.” Within 24 hours, the calls of Doyel and others were realized as Rice was fired by Rutgers. In the hours after the firing was announced, Gary Parrish perhaps summed up the idea of pacification best. Parrish maintained that the public backlash, and not the video clips, contributed most to Rice’s termination (Parrish, 2013). Indeed, Parrish noted that even high-profile outsiders like LeBron James weighed in on the videos and that Perneti should have known (1) the incident would

eventually be made public, and (2) the images of Rice cursing and kicking his players would cause a firestorm that would threaten the university's and athletic program's reputation.

Pernetti addressed the initial crisis by suspending, fining, and retraining Rice—actions deemed insufficient given the gravity of the crisis event. As the suspension became public knowledge, the initial organizational action escalated—rather than diminished—the magnitude of the crisis. University administrators deemed Pernetti's actions insufficiently reflected the ethical standards of the university, and a secondary action (i.e., Rice's firing) was required to resolve the crisis event. To fully manage the university perception given the severity of the public outcry, many within the university believed the actions of the original decision makers had to be addressed. Thus, in the aftermath of Rice's firing, Rutgers faculty members called for the firing or resignation of multiple administrators, including President Robert Barchi and Pernetti. On April 4, two days after the original ESPN segment, university counsel John Wolf, who had recommended the initial action of suspension, stepped down from his position. The next day, Pernetti resigned (Zernike & Eder, 2013). In sum, three of the highest-ranking members of the Rutgers community were fired or resigned from their positions within 72 hours of the release of the video. The fact that two of the primary decision makers associated with the initial crisis response—Wolf and Pernetti—resigned illustrates the possible backlash that can occur with an escalation strategy. Only after the university elected a pacification strategy (i.e., executed by terminating Wolf and Pernetti) was backlash over the initial crisis reduced (Zernike & Eder, 2013).

Concluding Remarks

No crisis has captured the collective attention of the sporting world, illustrated the compounding of crisis events through ineffective administrative action, and embodied the dire

need for ethical leadership more than the events that occurred at Pennsylvania State University in the fall of 2011. To give a brief summary, on November 5, 2011, it was revealed that former Penn State football coach Jerry Sandusky and two other high-ranking university officials were the focus of a grand jury investigation. Sandusky was accused (and eventually convicted) of child sexual abuse while Athletic Director Tim Curley and Senior Vice President Gary Schultz were implicated for making false statements and failing to report child abuse (Bass & Newman, 2013). It was also revealed that head football coach Joe Paterno and Penn State President Graham Spanier were told of an eyewitness account of Sandusky's behavior in 2002, but never formally contacted the police, and even permitted Sandusky to retain emeritus privileges at the Penn State football facility until his arrest in 2011. Late on the night of November 9, four days after the release of the investigation, Paterno and Spanier, the two most influential figures at the university, were fired from their positions (Chappell, 2012).

The concerns raised by the external audience were so great that executives were forced to act swiftly and decisively to stem public scrutiny and effectively manage and maintain a positive public perception of their organization. Members of the popular press had argued for the firing of Paterno and other organizational leaders and asserted, "for every moment [he] keeps his job...the institution as a whole and the athletic department...loses a significant amount of credibility" (Howe, 2011, para. 1). To address the subsequent crisis nine years after Paterno and Spanier were first made aware of Sandusky's improprieties, Penn State was forced to part with Penn State icon Joe Paterno, a difficult but necessary organizational decision. Trustees vice-chairman John Shurma summarized the reasons for the firing of Paterno:

Given the nature of the serious allegations contained in the Grand Jury Report and the extraordinary circumstances then facing the University, the Board's unanimous judgment

was that Coach Paterno could not be expected to continue to effectively perform his duties and that it was in the best interests of the University to make an immediate change in his status. (Rittenberg, 2012, para. 5)

The Board of Trustees was forced to pacify constituents and stem the escalation that occurred when leaders failed to adhere to ethical norms. As a result, they took action that was both harsh and immediate in order to retain any of the cultural capital Penn State had built up over the past century.

As part of an NCAA settlement as punishment for failure to adequately address the Sandusky issue, Penn State paid a \$60-million fine, forfeited a substantial number of football scholarships, was banned from post-season play for four years, and was placed on probation for five years. The NCAA claimed such penalties were the result of Penn State leaders putting the interests of football before the ethical obligations of a college sport organization (Kane, 2012). That is, had the organizational leaders at Penn State taken sufficient action in 2002, the university and its athletics program would not have faced the unprecedented punishment suffered in 2011. By failing to meet the ethical needs of the university, the leaders compounded the crisis and escalated the severity of the damage to the organization.

In addition to the penalties assessed through the NCAA, Penn State realized significant losses in revenue and brand equity as a result of this compounded crises. Through October 15, 2013, such losses included: \$18.2 million in legal defense costs; the first \$12-million installment of the \$60-million NCAA fine; more than \$8 million spent on the Freeh Report and investigation; \$7.1 million spent in university re-branding and reforming Penn State's governance; and \$2 million in expenses related to the NCAA-mandated monitoring by former U.S. Senator George Mitchell (Thompson, 2013). The total losses were estimated to exceed \$50

million by October 2013, with total costs related to the scandal possibly exceeding \$150 million. Indeed, the failure to adopt a strategy that fully considered both the ethical and perception ramifications cost Penn State dearly.

Although it is clear that officials at Penn State erred by failing to act immediately after the Sandusky allegations emerged, the varied reactions to Paterno's termination underscore the fact sport leaders concerned with OPM must sometimes navigate through conflicting audience perceptions. For example, following the announcement of Paterno's firing, some supporters of the coach gathered at Paterno's home, while others collected on the Penn State campus and voiced their displeasure with the decision in various forms (Bennett & Drehs, 2011; Pennington & Rohan, 2012). Recently, plans have been drawn for a statue of Paterno to be built in downtown State College (Orso, 2014). The much-publicized opposition to the firing of Paterno by fans, alumni, and others connected with Penn State illustrates a key condition of the model presented in this paper: while straightforward in appearance, the steps taken by organizations to respond to and repair crisis events are complex, rife with opposing attitudes, and rarely completed without controversy.

While the crisis at Penn State may be anomalous in its circumstance and severity, it is nevertheless indicative of the ethical dilemmas facing college sport organizations. As described herein, there are important practical implications of utilizing ethically driven strategies to resolve crises and manage organizational perceptions. The failure to make the sometimes-difficult decision to adhere to ethical principles in resolving crisis events can have devastating consequences. In addition, it is imperative for organizations to consider how the ethicality of such decisions will be perceived by various constituencies and stakeholders. Ineffectively incorporating such factors in crisis management decisions can compound the crisis with negative

economic, ethical, and reputation repercussions. By better understanding the strategic paths and the ways through which those paths can be communicated, intercollegiate athletics programs can be better prepared to address crises in the future.

The theoretical implications of this conceptualization are important as well. Leadership has been conceptualized as a communicative practice (Mayer et al., 2009). As the examples set forth herein illustrate, leadership without ethical consideration is fraught with risk. Still, the ethicality of leadership is often conceptualized with in-group members as the sole constituency of consideration, without understanding the impact out-group audiences can have on determining the ethical standards of an organization. As illustrated in the model presented in this study, leadership involves guiding the behaviors of the organization so that the ethical standards of the organization are communicated both internally to organizational members and subordinates, and to external audiences.

Given the ethical implications of many crises responses, it seems appropriate to counsel sport leaders to follow Path *A* (resolution) in their decision making. After all, finding an immediate resolution to a problem will likely allay public outcry and media scrutiny best. However, it is important to recognize the fact that sport administrators who take the escalation path normally do so consciously. That is, they are aware of the potential consequences of the unpopular decision, but they nevertheless agree to endure new challenges that may arise. One reason why such a decision might be made is because of the belief that releasing a player or coach, for example, could hurt the team's on-field performance (Kellison, 2013). In any case, OPM provides a vehicle through which decision makers can attempt to mitigate the effects of a crisis response. Therefore, while the model presented in this article clearly distinguishes the resolution strategy as ethics-grounded, the escalation and pacification strategies may be given

equal consideration by sport leaders, especially when the pressure for utility maximization is strong.

This model for examining the strategic decision making of intercollegiate sport managers during times of crisis is intended to serve as a foundation for future research. In particular, a continued grounded approach could more fully elaborate the factors considered by sport managers when addressing such issues would be valuable. Specifically, research into the extent to which managers consider the perspectives of both internal and external audiences would prove quite valuable. Additionally, while not explored in this article, researchers and practitioners should consider the possibility that some organizational responses to crises events may fail to produce any positive or negative reactions among audience members. In these cases, it is currently unclear whether the lack of an emotional response would be considered acceptable by an organization. Future research could additionally examine the extent to which organizational leaders feel they must defer to external pressure when making crisis decisions. That is, examination of the extent to which coaches and athletic directors feel they have forfeited the autonomous management decision in deference to the external audiences would be useful.

In all, crisis events in intercollegiate athletics present organizational leaders with opportunities. For some, the opportunity is seized through swift and sometimes-unpopular action that prioritizes the ethics and values of the organization, reaffirms the leader's position within the organization, and stabilizes and manages the organization's perception among internal and external audiences alike. For others, the initial action serves not to resolve the crisis event, but rather to escalate it. That is, when the initial response to an organizational crisis fails to communicate to both internal and external audiences a principled resolution that reflects an appropriate organizational ethic, the crisis is compounded, and the repercussions to the

organization can be damaging to the organization's reputation and economic interests. An understanding of this phenomenon through the model set forth herein can allow for a better analysis of leadership behavior, organizational ethics, and crisis management.

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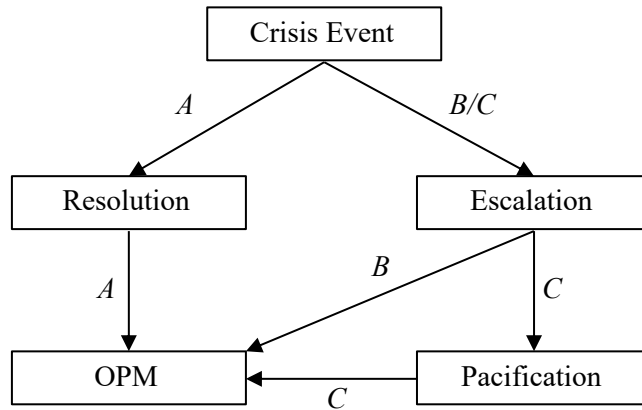


Figure 1. Organizational response and repair following a crisis event. This model includes three specific decision-making options. Path *A* indicates an immediate acknowledgement of responsibility for the crisis event. Paths *B* and *C* represent the consequences of an unpopular response to the initial crisis event, thereby producing a second crisis event. In Path *B*, leaders retain their original decision. In Path *C*, leaders amend their original decision. In all three cases, the organization engages in organizational perception management to defend its final decision and to repair its reputation and image.