

Public Apologies and Intercultural Communication: Perceptions of Chinese and American Students

SI-CHUN SONG ^aZOHREH R. ESLAMI ^bKIM BLANCA GALINDO ^c^a *Sung Kyun Kwan University,
South Korea*

springcomesgrace@gmail.com

^b *Texas A&M University - College
Station, USA / Texas A&M
University at Qatar, Qatar*

zeslami@tamu.edu

^c *Texas A&M University at Qatar,
Qatar*

kim.galindo@qatar.tamu.edu

Abstract

The primary purpose of this study was to investigate how culture impacts recipients' perceptions of the effectiveness of a public apology (Netflix apology). Data were collected through a survey instrument that included both Likert Scale items and short response items. A selected number of participants from each group were also interviewed. Quantitative and qualitative analysis of data were conducted. The study also aimed to identify specific verbal and non-verbal cues that correlate with students' evaluations of this public apology. Overall, the participants evaluated the Netflix apology as ineffective in terms of verbal as well as non-verbal strategies used. Findings show that cultural variations regarding the appropriate non-verbal cues significantly affected the participants' evaluations of the apology. Chinese emphasized the importance of a formal setting, professional dress, bowing posture and remorseful facial expressions, whereas Americans emphasized the importance of eye contact and body posture embodying attentiveness. The majority of the participants commented that the apologizer should have offered compensation as a means of taking responsibility for the offense. The study has teaching implications for raising intercultural competency among the students and business leaders, particularly regarding the use of online speech events in teaching scenarios.

Keywords: corporate apologies, cross-cultural pragmatics, perception, apology effectiveness

Introduction

Public apologies, with their frequency, seem to have become a ritual process aimed at relieving public anger and criticism caused by a crisis. When corporations face problems such as product recall, disasters caused by technical-error accidents, human-error accidents or corruption, strategic and effective apologies play an important role in helping corporations resolve conflicts with their customers and stakeholders. Research has found that apologies from corporations serve to raise consumers' satisfaction after service failures as well as to protect an organization's reputation after a crisis (Goodwin & Ross, 1992; Coombs & Holladay, 2008). A corporate apology is a basic conflict resolution technique for dealing with crises (Frantz & Bennis, 2005). Corporate leaders publicly take responsibility by making an apology and attempt to recover the corporation's reputation. However, whether a corporation should apologize and how the apology should be issued is becoming a significant issue for corporations, and one of increased complications since audiences and stakeholders are often geographically spread across the globe and embedded within different cultural expectations, legal traditions, and norms. In this sense, the effects of globalization now require companies to develop heightened cultural awareness and consider how public apologies should be constructed, given the complexities in motivation, interpretation, and engagement in communication styles among diverse stakeholders.

A substantial amount of literature deals with apologies in cross-cultural settings (Barnlund & Yoshioka, 1990; Sugimoto, 1997; Eslami, 2004; Park & Guan, 2009; Han & Cai, 2010; Lee & Park, 2011; Maddux, Kim, Okumura, & Brett, 2011) and public apologies (Mills, 2001; Kellerman, 2006; Coombs, 2007; Hargie, Stapleton, & Tourish, 2010; Wohl, Hornsey, & Philpot, 2011). Findings indicate that an individual who apologizes in a cross-cultural setting cannot guarantee the effectiveness of his/her speech act without recognizing stylistic differences across cultures in the use of public apologies. However, as most of this research addresses communication between individuals, it is crucial for research to explore the range of interpretations and acceptance of a public apology among a globalized, multicultural audience.

This study investigates how culture impacts recipients' perceptions of the effectiveness of a public apology, particularly paying attention to the interpretation of verbal and non-verbal cues by Chinese and American students at a large land-grant university in Texas. The findings have implications for business leaders who wish to properly address crises by using appropriate forms and methods of communication aimed at projecting their desired public image, and at curtailing or mitigating losses due to cultural dissonance in multinational and intercultural business affairs.

This paper presents a review of pertinent research, an explanation of the methodology used, analysis of one public apology (Netflix apology) and an interpretation of the findings.

Literature Review

Apologies

The act of apologizing has generated a good deal of research in the past four decades from a variety of disciplines such as speech act theory, pragmatics, sociolinguistics, social psychology, and social exchange theory (Searle, 1969; Goffman, 1971; Olshtain & Cohen, 1983; Brown & Levinson, 1987; Holmes, 1990; Scher & Darley, 1997; Tannen, 2001; Govier & Verwoerd, 2002; Blanchard & McBride, 2003; Lazare, 2004). Research on apologies by speech act theorists analyzes apology performance by focusing on its function. Searle (1969) defines an apology as a speech act used to express one's regret for what was done, while Lazare (2004) takes a psychological approach to explaining apologies by referring to emotions like shame, guilt, and humiliation, proposing that an apology involves the

exchange of shame and power between the issuer and the receiver. These studies all focus on the motivation, actions, integrity, and intrinsic ethical commitments of the person making the apology.

Other researchers have focused on the functions of apologies. Researchers have shown that one of the primary purposes of apologies is to promote a desire for having, or re-establishing harmonious relationships between the offender and the offended. The offender tries to repair a relationship with the person who was offended by asking for forgiveness. Even though forgiveness is a moral option for the offended, it provides both the offender and the offended with a basis for the process of negotiation and reconciliation (Amstutz; 2005; Bachman & Guerrero, 2006; Govier & Verwoerd, 2002; Wohl, Kuiken, & Noels, 2006; Thompson, 2008). Numerous findings show that heartfelt and appropriate apologies decrease an offended person's negative feelings about the offender, restore a sense of equity in the relationship, and rebuild trust that was lost because of the offense (Govier & Verwoerd, 2002; Kellerman, 2006; Coombs & Holladay, 2008). However, the apologizer needs to adjust his/her goals depending on situational factors, such as the level of taking responsibility, the seriousness of the consequences, and the closeness of the relationship, between the offender and the offended person (Scher & Darley, 1997; Han & Cai, 2010).

Building on Searle's work, Olshtain and Cohen (1983) purported that an apology consists of five main features, or strategies: (1) an expression of apology, (2) an explanation or account of the situation, (3) an acknowledgement of responsibility, (4) an offer of repair, and (5) promise of forbearance. Other scholars (e.g., Meier, 1998; Harris, Grainger, & Mullany, 2006; Goei *et al.*, 2007) added four more components to an apology speech act set: (6) appealing for forgiveness (7) expressing remorse, (8) denial of intent, and (9) expressing repentance. However, the meaning of an apology may differ considerably from its function depending on the cultural context (Blum-Kulka, House, & Kasper, 1989; Garcia, 1989; Barnlund & Yoshioka, 1990; Meier, 1998). Another dimension used to classify cultures is social distance, which refers to vertical stratifications and acceptance of hierarchy as a method of social organization in a culture. When social distance is greater, apologies are more elaborate and consist of more apology strategies (Brown & Levinson, 1987).

Moreover, particularly pertinent to the expression of a sincere apology, research on intercultural communication has shown that cultural differences exist in the realm of non-verbal communication, as well (Fernández, Carrera, Sánchez, Paez, & Candia, 2000; Hofstede, 2001; Elfenbein & Ambady, 2002). Elfenbein and Ambady (2002) conducted a meta-analysis in order to investigate the evidence for the universality and cultural specificity of emotion recognition across cultures. Congruent with other studies, they found that individuals from "the same national, ethnic, or regional group" have common cultural norms for decoding or making judgements about the appropriateness of non-verbal cues (p. 203). Individuals are more accurate in identifying others' emotions through vocal expressions within one's own culture than cross-culturally (Anderson, 2008; Hall, Coates, & LeBeau, 2005; Scherer, 2003), and group membership has an influence on the decoding of emotion displays (Elfenbein & Ambady, 2003; Kirouav & Hess, 1999; Matsumoto & Ekman, 1989). Each culture ascribes different meanings to qualities of vocal cues and facial expressions allowing individuals to easily understand the opinions and attitudes of others.

Public Apologies

Public apologies are public expressions of remorse and accountability for personal or institutional wrongdoing, which is a subcategory within the study of apologies. Tavuchis (1991) suggested three types of public apologies: from "One to Many," from "Many to One," and from "Many to Many" (p. 48). Lazare (2004), by contrast, defined public apologies as a speech act that occurred between two persons in the presence of a broader audience with national or international press; his focus is not on

the actors involved in the speech act, but on the context within which it takes place. This study follows Tavuchis's (1991) definition of a corporate apology as a public apology: from one consolidated entity to many individuals.

Corporations face many potential crises such as management misconduct, workplace violence, or hazards caused by their products. They may find themselves needing to apologize for an offense that caused financial, physical, or emotional harm to individuals. A corporate apology is an official apology given by a representative of a corporation to the offended for harm or errors of commission or omission committed by officials or staff of a business. Corporate apologies are addressed to the offended people, as well as current customers and members of the public who worry about the consequences of the offense. The scope or breadth of stakeholders being addressed pushes this type of apology into the public realm, since there are too many individuals to authentically address separately. The mass media often pays attention to the content of such an apology to see how the corporation will take responsibility for the offense and recover its lost credibility.

When the leader apologizes publicly, his/her apology is always a high-risk move since he/she speaks on behalf of the economic interests of corporate investors. Such an act requires that the corporation issuing the apology, carefully balance the concerns of consumers with those of stakeholders economically invested in the profit margins of the company. A leader aims to restore the legitimacy of a company, or the integrity of an individual, and to recover lost trust, without creating further reasons to discord. Public apologies made through broadcast media enable an audience to see and hear the verbal and non-verbal cues used when apologizing. This allows stakeholders to evaluate the sincerity of the apology, and decide how to proceed with their relationship with the offending party.

Research on corporate apologies has divided this speech act into two types: one is an apology offered for physical injuries, and the other for emotional injuries to individuals' feelings or perceived violations of psychological space and boundaries (Lazare, 2004; Coombs, 2007; Fineman & Gabriel, 2010). Kellerman (2006) examined cases in which corporate leaders made public apologies, and identified five specific situations in which a leader should apologize: (1) when it "serves an important purpose," (2) when the offense results in "serious consequence," (3) when the leader is supposed to be the right person to take "responsibility for the offense," (4) when there is no one else to "get the job done," and (5) when "the cost of saying something is likely lower than the cost of staying silent" (p. 81). Knowing how to manage an apology is very important because it contributes to solving the conflicts and reducing negative outcomes. The apologizer who speaks on behalf of the corporation needs to be aware that the apology addressing the issue may lead to negative consequences such as direct loss of position due to the mishandling of the apology (Coombs, 2007; Hargie, Stapleton, & Tourish, 2010; Kellerman, 2006). Public apologies are risky because they are weighed against not only the leaders' capabilities but also against their moral integrity. As Mills (2001) argues, corporate leaders are aware that offering an apology and asking for forgiveness can be perceived as an admission of failure, error, or moral weakness. Moreover, business leaders are afraid that the admission of a wrongdoing will damage the organization for which they are responsible due to the possible threat of litigation (Kellerman, 2006). Therefore, leaders may decide to avoid offering an apology, or blame others to cover up their misconduct and avoid taking responsibility for their actions, but an apology motivated by an apologizer's self-interest is likely to seem insincere and hollow (Brown, 2004).

Many research studies on corporate apologies have put an emphasis on the role of trust in calming customers' anger after negative publicity (Moorman, Zaltman, & Deshpande, 1992; Morgan & Hunt, 1994; Sirdeshmukh, Singh, & Sabol, 2002; Ferrin, Cooper, Kim, & Dirks, 2007; Schoorman, Mayer, & Davis, 2007; Xie & Peng, 2009). Trust is willingness to rely on an exchange partner in whom one has confidence that the expectation held by the consumer will be met and can be relied upon (Moorman

et al., 1992; Sirdeshmukh *et al.*, 2002), and effectively repairing destroyed customer trust after harmful publicity is a central factor in decreasing negative publicity toward the corporation and repairing the relationship (Morgan & Hunt, 1994).

Existing research on corporate trust repair suggests that competence, benevolence, and integrity are the three elements determining whether customers are willing to invest interpersonal trust with a corporation (Kim, Perrin, Cooper, & Dirks, 2004). In this context, competence confers leadership; benevolence to the degree of corporate concerns for customers' interests; and integrity to the adherence to moral and ethical principles. Consumer perceptions of corporate competence, benevolence, and integrity in responding to negative publicity play a significant role in determining the extent of consumer forgiveness (Chung & Berverland, 2006; Schoorman, *et al.*, 2007; Xie & Peng, 2009). The results of Xie and Pang's study (2009) confirm that trustworthiness factors such as competence, benevolence and integrity are necessary for attracting customer forgiveness. Other scholars emphasize the role of timing as one of the significant elements that distinguishes a good apology from a poor one (Frantze & Bennigson, 2005; Hargie *et al.*, 2010), concluding that people tend to disregard apologies that are too short or too late. An improperly timed apology can be perceived as insincere (Blanchard & McBride, 2003; Brown, 2004; Frantz & Bennigson, 2005; Kellerman, 2006; Fineman & Gabriel, 2010). The findings of a study conducted by Pace, Fedicuk, and Bostero (2010) reveal that the more a corporation explicitly accepts responsibility with a detailed explanation and expression of regret for the crisis, the less anger customers feel toward the corporation. The acceptance of responsibility and expression of regret are the key components of an apology that change customers' feelings, attitudes, and perceptions toward the corporation, and an apology with perceptions of corporate responsibility and regrets leads a corporation to reduce reputation damage and gain customer forgiveness (Hearit, 1994; Bachman & Guerrero, 2006; Chung & Berverland, 2006; Pace *et al.*, 2010). The necessity of providing customers with sufficient information and expression of regret is regarded as a crucial strategy, effectively aiding a corporation towards the recovery of customer trust (Moorman *et al.*, 1992; Morgan & Hunt, 1994; Sirdeshmukh *et al.*, 2002; Xie & Peng 2009). In other words, time and introspection are the necessary elements for issuing an effective apology.

An apology with the promise of compensation reinforces the sincerity of the apology since it strengthens the desire of reconciliation while repairing damaged trust (Greiff, 2008). An apology speech act without the offer of compensation may be perceived as insincere, and it can exacerbate the receiver's negative reactions because of failing to heal the wound of a past harm. Offering compensation is directly connected to the remedial function of an apology. Scher and Darley (1997) suggest that offering compensation can have a symbolic function serving as a form of self-punishment of the guilty self, or a desire to restore collective harmony.

When apologizing, both the message content (verbal) and the non-verbal aspects of communication have an impact on recipients' appraisals of the sincerity of an apology, and the determination of whether recipients accept or reject the apology. Previous cross-cultural research on the speech act of apologizing has shown that the function and meaning of an apology may differ considerably depending on the cultural context (Sugimoto, 1997; Barnlund & Yoshioka, 1990; Eslami, 2004; Byon, 2006; Lee & Park, 2011). Yet, the vast majority of literature on corporate apologies focuses on analyzing the verbal elements of an issued apology while paying attention to the benefits for the aggrieved party (Coombs & Holladay, 2008; Hargie, Stapleton, & Tourish, 2010; Kellerman, 2006; Wohl, Hornsey, & Philpot, 2011). Consequently, culturally diverse recipients' evaluations of verbal and non-verbal elements of an issued apology have yet to receive adequate attention in research on public or corporate apologies. This study aims to inform research and practice by studying public apology from a cross-cultural perspective, specifically by comparing how Chinese and American students appraise a corporate leader's public apology. Culturally impacted expectations of verbal and non-verbal strategies

were measured in Netflix CEO Reed Hasting's public apology of 2011 regarding changes in their business model.

Study Context

On July 12, 2011, Netflix separated its movie and television offerings based on whether the user was streaming shows via the internet or was exchanging DVDs via postal mail; the DVD mail service was spun-off as an entirely separate entity, Quickflix. After this separation of services, customers faced a price increase if they wanted to continue accessing both types of service. Due to the changes in the business model and the resulting price increase for customers, Netflix lost approximately 800,000 customers of its 25 million customers within two months. Customers were very dissatisfied with the fact that they had to pay for two separate accounts, for which the combined service increased by 60% compared to the previous services provided. The value of Netflix stock dropped 52%, from \$304.79 in early 2011, to \$169.25 by September 15, 2011 (Seitz, 2011). On Monday, September 19, 2011, Hastings sent an apologetic email titled "An Explanation and Some Reflections" to the users of Netflix service. On the same day, Netflix posted a video apology on their blog and website made by Hastings and Andy Rendich, co-founder of the company.

Methodology

A mixed method approach was used to quantitatively and qualitatively assess students' perceptions of the Netflix 2011 apology. Methodological triangulation was used to enhance data reliability (McMillan & Schumacher, 2006). By using triangulation, the researchers were able to identify "convergence among multiple and different sources of information to form themes or categories in a study" (Creswell & Miller, 2000, p. 126).

Focusing on the video apology, the research questions addressed were:

- Is there a significant difference between Chinese and American university students' perceptions regarding the necessity of Hastings' apology?
- Is there a significant difference between Chinese and American university students' perceptions regarding the verbal strategies of Hastings' apology?
- Is there a significant difference between Chinese and American university students' perceptions regarding the non-verbal cues of Hastings' apology?
- Is there a significant difference between Chinese and American university students' perceptions regarding the effectiveness of Hastings' apology?

Figure 1 shows how the researchers synthesized the quantitative and qualitative data collected in this study.

Survey Instrument

The researchers developed a survey and interview questionnaire based on the literature on public apologies. The survey questionnaire (see Appendix A) included 11 Likert scale items ranged from 1 (least) to 5 (most). It consisted of four components: (1) the necessity of apologizing, (2) the verbal cues, (3) the non-verbal cues, and (4) the effectiveness of the apology. The interview questionnaire (see Appendix B) consisted of open-ended guiding questions. A semi-structured interview format was used to probe questions to further clarify their answers.

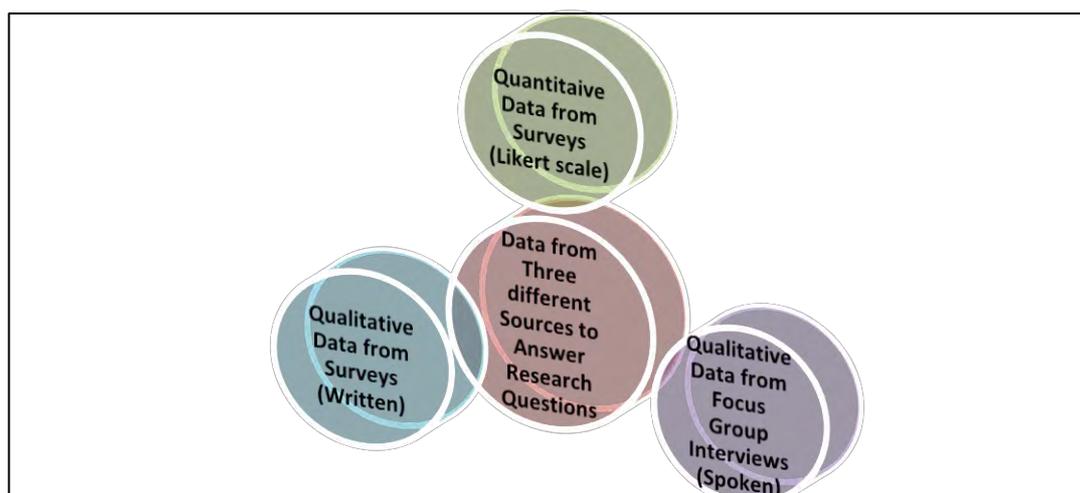


Figure 1. Triangulation of data collection methods.

Participants

Survey participants were 181 students (Chinese and American) at an American university. The mean age of participants was 27.86 (SD = 9.36). Of the participants, 61 (33.7 %) were male and 120 (66.3 %) were female. Eighty-two (45.3 %) of the participants indicated that they were Chinese (Group A) and 99 (54.7 %) indicated they were Americans (Group B). Among the survey participants, six participants from each group were randomly recruited for focus group interviews, in line with Kitzinger's (1996) suggestion that four to eight participants in a focus group lead to better interactions among participants and generate rich data. As participants with homogeneous social and cultural backgrounds are thought to feel more comfortable talking to each other and are willing to talk openly (Morgan, 1997), each focus group consisted of six students (i.e., three males and three females) who were current roommates or classmates.

Procedure

In order to recruit the participants, the survey was sent to 300 students for each group (600 surveys) through student organizations. They received an email with a cover letter embedded into the body that introduced the study and provided a survey link on Qualtrics.com. The response rate was 30.33 percent. A randomly selected number of the participants who took part in the survey were recruited for a semi-structured group interview. Each interview was audio-recorded and then transcribed by the researchers. Transcribed comments from the interviews were coded to identify major themes and sub-themes within the data. The number of occurrences for each theme was recorded.

The survey questionnaire was examined to estimate its reliability. A reliability coefficient of .50 or above is recommended for groups over 100 (Thorndike *et al.*, 1991). Cronbach's alpha of each component of the survey instrument ranged from .701 to .855, indicating the high reliability of the survey instrument. Qualitative analysis findings were sent to the interviewees to check to establish the credibility of findings from interviewees' perspective (Lincoln & Guba, 1985).

Data analysis

SPSS 19 and Mplus were used to analyze the data. Descriptive statistics were used to analyze the demographic information of the participants and to summarize the data. A one-way analysis of variance (ANOVA) was used to test for group differences in evaluating the apology. Confirmatory factor analysis (CFA) was conducted to identify factors that statistically explained the variation and

covariation among measures as well as to verify the validity of the items. It is a method to test whether measures of a factor are consistent with a researcher's understanding of the nature of that factor. Hypothesis for the CFA was that the proposed four factor model would be a good fit, with model fit as demonstrated by the comparative fit index (CFI) being .90 or larger, Tucker-Lewis index (TLI) being .95 or larger, the standardized root mean square residual (SRMR) being .05 or less and the root mean square error of approximation (RMSEA) being .06 or less (Hu & Bentler, 1999). These ranges are suggested in confirmatory factor analysis (Jackson, Gillaspay, & Purc-Stephenson, 2009). Last, content analysis (CA) was conducted to analyze the interview data, which is a method that typically involves examination of the data to find themes and sub-themes.

Analysis of the apology

The verbal contents of Hastings' apology were analyzed in terms of opening, body, and closing while considering the nine apology strategies. He began his speech by using an informal expression "hi" instead of a formal "hello" and then introduced himself. In the body, he used three apology strategies in the following order: he apologized, explained the situation, apologized again and then expressed remorse. Right after the opening, he used the first apology strategy (i.e., an expression of apology) by explaining the purpose of the video: "to apologize in person at least on camera, for something" that they did. He expressed his duty to apologize by using the active verb formulated in present tense. Following that, he started explaining why he decided to separate Netflix into two divisions (i.e., an explanation or account of the situation). He apologized for not having provided enough information to customers regarding the policy and price changes (i.e., the offense). However, he did not apologize for the drastic price increase, the point that had made most of the customers unhappy. He continued defending his decision for the big changes by emphasizing the potential growth of online TV streaming services globally. It should be noted that he apologized for the way he communicated with customers regarding the policy changes (i.e., an expression of apology). In the closing, he apologized again and then expressed his regret by indicating that he should have clearly communicated with customers before the changes took place (i.e., an expression of remorse). Kellerman (2006) suggests that a sincere apology consists of four components: (1) an acknowledgement of the wrongdoing, (2) an acceptance of responsibility, (3) an expression of regret and (4) a promise of forbearance. According to Kellerman, Hastings partially used two of them (i.e., an acknowledgement of the wrongdoing and an expression of regret). He just admitted one fault by apologizing for the way he handled communication with the customers regarding the policy and price changes. However, he did not provide customers with the specific reason for price changes and did not provide any promise of forbearance. Clarifying responsibility and expressing remorse increase customers' positive perceptions of the corporation's reputation. The more a corporation explicitly accepts responsibility with a detailed explanation and expression of remorse for the offense, the less anger customers feel toward the corporation (Pace *et al.*, 2010). Although his last apology strategy was "an expression of remorse," he did not address the customers' main concern (i.e., price changes). He just stated his regret for the way he had communicated with customers regarding the policy and price changes. Thus, he did not address the customers' complaints regarding the price increase. The apology with an explicit statement of taking responsibility helps a corporation succeed in accomplishing a heartfelt apology (Patal & Reinsch, 2010). An apology with perceptions of corporate responsibility leads a corporation to reduce reputation damage and gain customer forgiveness (Chung & Berverland, 2006). The apology with the promise of compensation reinforces the sincerity of the apology since it strengthens the desire of reconciliation while repairing the damaged trust (Coombs, 2007). However, he did not offer any compensation to his customers (e.g., free services for a month). An apology without promises of amends, such as money or goods given to the offended person, can seem like just insincere words (Wohl *et al.*, 2011). The timing of an apology influences the recipients' perceptions of the apology. In the 2011 Netflix case, the apology was belated, occurring more than two months after the offense. Research on the speech

act of apology and public apologies has shown that the timeliness of an apology influences the apology's outcome (Frantze & Bennigson, 2005; Kellerman, 2006). When an apology comes either too early or too late, it can be ineffective since it is likely to be viewed as insincere (Blanchard & McBride, 2003), meaning that an apologizer needs to make an apology in a timely manner not to arouse suspicion in the mind of the recipients.

Quantitative Findings

Descriptive statistics were used to describe the participants' perceptions of different items related to the apology. Table 1 presents the means and standard deviations of items and the total mean of each component of the survey.

Table 1
Descriptive Statistics of Survey Scores

Variables	Item no.	82 Chinese		99 American	
		Mean	SD	Mean	SD
Component 1: The necessity of apologizing	1. Severity of the offense	2.80	1.09	2.57	0.89
	2. Necessity of an apology	3.28	1.22	3.04	1.12
	Total	3.03	1.00	2.80	0.88
Component 2: The verbal strategies	3. Explanation of the offense	2.28	0.93	2.56	0.94
	9. Taking responsibility for the offense	2.66	1.03	2.80	1.08
	Total	2.45	0.86	2.67	0.86
Component 3: The non-verbal cues	5. Appropriateness of smiling	2.20	1.05	2.22	1.03
	6. Appropriateness of dress choice	2.16	0.94	2.51	1.05
	7. Appropriateness of eye contact	2.89	1.12	3.26	1.04
	8. Evaluation of non-verbal cues	2.33	0.90	2.59	0.99
	Total	2.38	0.82	2.64	0.85
Component 4: The effectiveness of the apology	4. Congruence between verbal messages & non-verbal cues	2.57	0.93	2.71	0.93
	10. Sincerity of the apology	2.43	0.99	2.51	1.10
	13. Acceptance of the apology	2.25	0.95	2.55	1.15
	Total	2.41	0.82	2.58	0.95

The first component displays participants' perceptions regarding the necessity of apologizing. The total component means of Group A ($M=3.03$, $SD = 1.00$) and Group B ($M=2.80$, $SD = 0.88$) indicated that overall, Group A evaluated the degree of offense higher than Group B. Thus, the need for the apology was rated higher by Group A as well. The second component examines participants' perceptions regarding the verbal strategies of the apology. The total component means of Group A ($M=2.45$, $SD = 0.86$) and Group B ($M=2.67$, $SD = 0.86$) indicated that Group A and Group B slightly disagreed regarding the effectiveness of the verbal strategies used for apologizing by Hastings. The third component investigates participants' perceptions regarding the non-verbal components of the apology. The total component means of Group A ($M=2.38$, $SD = 0.82$) and Group B ($M=2.64$, $SD = 0.85$) indicated that Group A and Group B slightly disagreed regarding the effectiveness of his non-verbal cues used during the apology. The fourth component addresses participants' perceptions regarding the effectiveness of the apology. The total component means of Group A ($M=2.41$, $SD = 0.81$) and Group B ($M=2.58$, $SD = 0.95$) indicated that overall, Group A and Group B slightly disagreed about the effectiveness of the apology.

Confirmatory Factor Analysis

Confirmatory Factor Analysis (CFA) of survey scores using Mplus was also conducted to test the goodness of fit of a four-factor model. CFA allows one to test the relationships between observed variables and their underlying latent constructs. The theoretical formulation for the proposed four-factor model is based on the literature for speech acts of apology, public apologies, and non-verbal communication. The first CFA results showed that the correlation between factor 2 and factor 4 was 1.032, indicating multicollinearity. To correct for this, factor 4 was excluded from the model, and tested separately. A second CFA result indicated the three-factor model fit the data well (e.g., $\chi^2(17) = 35.540$, $p = .0053$; CFI = .958; TLI = .932; SRMR = .046; RMSEA = .077); all items met the minimum criterion. Figure 2 illustrates the unstandardized factor loadings of the items and other parameter estimates in the three-factor model.

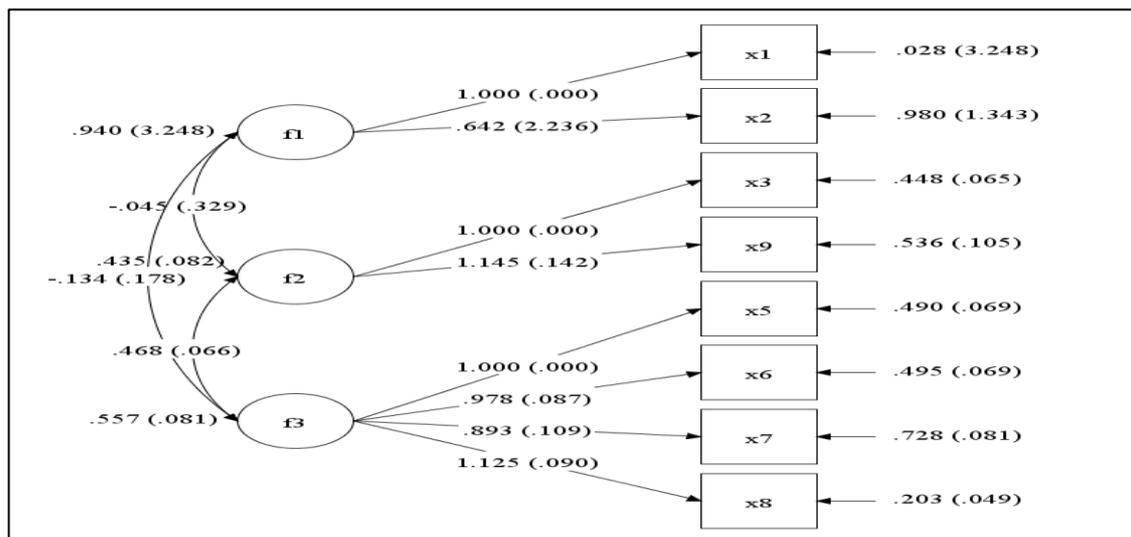


Figure 2. Factor loadings of the items and other parameter estimates in the three-factor model.

The statistical results showed that factor 2 and factor 3 correlated highly with each other. Table 2 presents the results of factor loadings and correlations between variables. In a sample of 200 respondents, factor loadings of .40 and above are significant (Hair, Black, Babin, & Anderson, 2010). Standardized factor loadings ranged from .532 to .985. Thus, all items met the minimum criterion.

Factor 4 was tested on its own using a one-factor model because the model was a saturated model with zero degree of freedom. The model fit was perfect. Figure 2 presents unstandardized parameter estimates in the model. Last, one-way analysis of variance (ANOVA) was used to test for group differences in evaluating the apology from Hastings. Standardized factor loadings are depicted in Table 4. They ranged from .726 to .886.

Comparative Analysis

The first ANOVA was performed to investigate the difference between Group A (Chinese) and Group B (Americans) regarding factor 1 with no significant difference: $F(1, 179) = 2.619$, $p = .107$. This shows that there was no significant difference between Group A and Group B in appraising the degree of offense and the necessity of the apology. The second ANOVA was conducted to examine the difference between Group A and Group B in relation to the verbal strategies used in the apology. The result showed no significant difference between the two groups: $F(1, 179) = 2.912$, $p = .09$. The third

ANOVA was conducted to examine the difference between Group A and Group B regarding non-verbal aspects related to this apology event (factor 3). The result showed a significant difference between the two groups regarding non-verbal aspects of the apology presentation and setting: $F(1, 179) = 4.576$, $p = .034$, $\eta^2 = .025$. The last ANOVA was conducted to examine the difference between Group A and Group B regarding the effectiveness of the apology (factor 4). The results did not indicate any significant difference between the two groups appraising the effectiveness of the apology: $F(1, 179) = 1.633$, $p = .203$.

Table 2
Standardized Estimated Parameters for the Three-factor Model

Item	Factor loadings		
	f1	f2	f3
1	.985*		
2	.532*		
3		.702*	
9		.718*	
5			.730*
6			.720*
7			.615*
8			.881*

Correlations			
F1	1		
F2	.070	1	
F3	.185	.95*	1

* $p < .01$

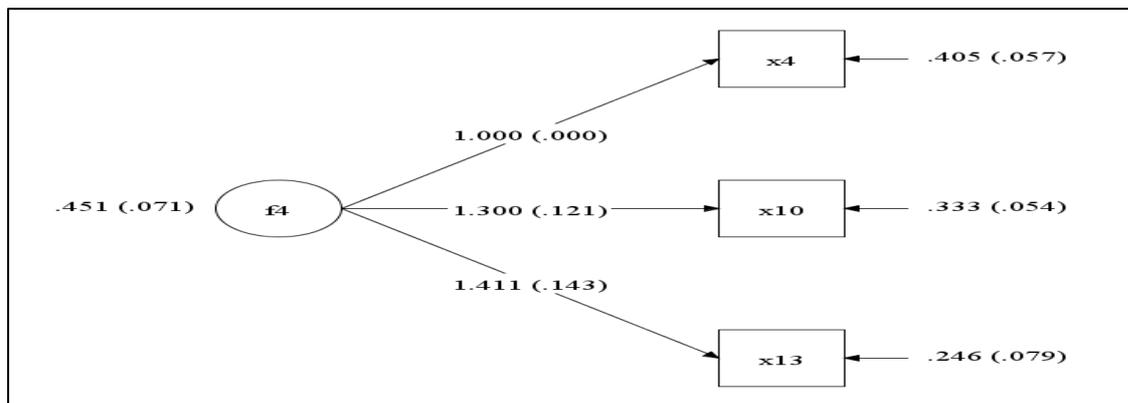


Figure 3: Confirmatory factor analysis: One-factor model
Note: Standard errors are presented in the parentheses

Qualitative data analysis included two data sources: a) written comments from survey participants, and b) audio-recorded and transcribed comments from two focus group interviews. Each of the two focus groups were involved in a semi-structured interview including six students (i.e., three males and three females) who were friends or close acquaintances. Each interview took approximately one hour. All participants in each group were invited to read the interview data analysis and provide feedback on the validity of the researchers' interpretations. Seven themes emerged from the qualitative data regarding the participants' perceptions of the apology.

Table 3
Standardized Estimated Parameters for the One-factor Model

Factor loadings	
Item	f4
4	.726*
10	.834*
13	.886*

*p<.01

Qualitative Data Analysis

Theme 1. Sincerity of the Apology: Participants described the apology as superficial and that it mainly aimed to promote the changed rental service. They felt that Hastings did not appear to care about customers. Tao, a Chinese participant, indicated if he were a Netflix customer, he would cancel his subscription as soon as he saw the video. Another participant, Cai, commented that the apology from Hastings indicated that he was interested in increasing business benefits rather than focusing on customer dissatisfaction. Similarly, Julie, an American participant, commented that the apology was not sincere, stating that although Hastings said he was sorry, he did not explain why he was sorry.

Theme 2. Compensation and Justification: During the interview, all members from Group A indicated that Hastings should have provided customers with some compensation. They explained that the lack of compensation led them to evaluate his apology as ineffective. Similarly, participants from Group B indicated that offering compensation would have helped to reduce customer dissatisfaction. In this regard, Beth from Group B commented that some kind of compensation, like free services for a month, would have showed that he was taking responsibility. Group B also found the apology insincere because Hastings spent too much time defending his decisions to change the policy and prices. According to John, the explanation included in the apology was like a promotional piece given to the customers, likening it to getting an explanation from a parent who had just robbed his college fund to pay for a cruise. The participants indicated that the explanations served the interests of the company instead of showing concern for the customers and the price increase.

Theme 3. Eye Contact: Participants indicated different perspectives regarding the role of eye contact during the apology. Group B (Americans) emphasized that continuous eye contact is important to convey sincerity whereas Group A commented that not having continuous eye contact during the apology is helpful to express regretful feelings. Peter from Group B stated that if an apologizer cannot make eye contact, the apologizer does not seem sincere. All members from Group B members indicated that an apologizer needs to make eye contact with the offended person to convey sincerity. In contrast, Group A participants gave less importance to the role of making eye contact when issuing an apology. For instance, Hong stated that keeping eye contact is helpful, but an apologizer often needs to bow his/her head to convey feelings such as shame, embarrassment, or regret. According to Chen, eye contact is necessary, but an apologizer should not keep continuous eye contact.

Theme 4. Clothing: Hastings was wearing a bright blue unbuttoned shirt. Participants' comments on his style of dress revealed that the choice of dress impacts the appraisal of the apology regarding the sincerity of the apologizer. For instance, Wang from Group A commented that Hastings should have dressed more formally. According to Matthew from Group B, Hastings looked very relaxed due to his unbuttoned collar. Another participant, Esther, commented that Hastings' clothes were not appropriate when a CEO apologizes to millions of subscribers. In general, most participants commented that casual

business attire is more appropriate for showing that an apologizer takes the situation seriously. However, James, an American interviewee, pointed out that Hastings could have strategically chosen to wear the bright t-shirt for this video. He further explained that Hastings probably wanted to look like a typical Netflix customer in order to promote solidarity with the customers.

Theme 5. Facial Expressions: Participants mainly believed that Hastings' facial expressions were inappropriate for a public apology. The fact that Hastings was smiling led participants to doubt the sincerity of his apology. Xu from Group A said that his smile reflected that he did not take the apology seriously. He further explained that in China an apologizer's smile may be interpreted as evidence of the apologizer's irresponsible attitude towards the offense. Another Chinese participant, Mun, added that Chinese do not smile while apologizing so they can show their bad feelings and feelings of wrongdoing. Similarly, American participants evaluated Hastings' smile negatively indicating a lack of sincerity. For instance, Beth pointed out that Hastings smiled for the entire time, and this could indicate that he did not care about customers' anger and frustration with the sudden price increase. Overall, participants considered his smile during the performance of apology negatively and as an indication of lack of sincerity and accepting any wrongdoing.

Theme 6. Posture: Participants from both group indicated that the relaxed posture used by Hastings during his apology decreased the sincerity of the apology. Hastings was sitting back in his chair looking comfortable. American participants modeled the appropriate sitting posture embodying attentiveness. According to them, Hastings should have leaned toward the camera to indicate his attentiveness towards the audience and the seriousness of the issue being discussed. Similarly, Chinese participants evaluated Hastings' relaxed posture as inappropriate, but they had different views regarding the appropriate body posture of an apologizer. They believe Hastings should have been standing with his hands at his side. Wei, for example, stated that he should have shown modesty with clasped hands.

Theme 7. Setting: Participants believed that the setting was too informal and relaxed for issuing an apology. For instance, Xin from Group A pointed out that the video should have been filmed in an office setting instead of an outside setting near a pool. Similarly, Group B commented that the apology might be better received if he was in an office, not sitting outside on patio furniture. As some interviewees stated, they were distracted by the informal setting that included wind noise, a laptop computer and sunglasses on the table. Group A emphasized that an apologizer should apologize in an intentionally planned style and setting. In sum, the majority of participants evaluated the apology as ineffective since they believed that his verbal and non-verbal strategies were inconsistent with a sincere apology. The participants referred to five general factors that contributed to their perceptions regarding the effectiveness of the apology. These included (1) lack of compensation, (2) non-serious facial expressions such as a smile, (3) casual dress, (4) inattentive body posture, and (5) informal setting.

Discussion and Concluding Remarks

Quantitative analysis of the data showed no significant differences between Chinese and American students' appraisal of the verbal strategies used by Hastings for issuing his apology. Both groups felt there was a need for an apology, but the time, tone, setting, and mood (non-verbal cues) showed a lack of authentic repentance. Both Chinese and Americans believed that Hastings apology was not effective or sincere.

A few surprising themes emerged from the content analysis of the two qualitative sources (written comments and interview data) regarding participants' perceptions of Hastings' apparent lack of sincerity in his apology. Both groups stated that the apology was superficial, and that it felt more like a commercial. Hastings made his customers feel that he was interested in increasing business benefits

rather than focusing on customer dissatisfaction. A couple of Americans felt that Hastings took advantage and promoted his business in the apology video rather than accepting wrong doing and providing compensation to the customers. American students noted that Hastings focused on his company and provided a lengthy explanation about the benefits of changing the company's policy rather than focusing on the customers and why they were offended. As stated by Sirdeshmukh *et al.* (2002), trust is willingness to rely on an exchange partner in whom one has confidence that the expectation held by the consumer will be met and can be relied upon. Effectively repairing destroyed customer trust after harmful publicity is a central factor in decreasing negative publicity toward the corporation and repairing the relationship. The lengthy explanation provided for justifying the change in policies was not effective to gain customers' trust in the Netflix apology since Hastings discussed extensively the reasons for the change in the company's policy, while the main reasons customers were offended (change in policy, price increase, and lack of communication) were not discussed directly or sufficiently.

Moreover, Americans were more cynical about the level of informality in the apology, and they thought it might be a manipulation to create an illusion of solidarity with the customers. Chinese students expressed greater sensitivity to formal aspects of language, terms of address, and non-verbal cues such as dress, location, and posture, among others. Existing research on corporate trust repair suggests that competence, benevolence, and integrity are the three determining factors whether customers are willing to invest interpersonal trust with a corporation (Kim, Perrin, Cooper, & Dirks, 2004), where competence suggests leadership, benevolence indicates the degree of corporate concern for customers' interests, and integrity shows a willingness to adhere to moral and ethical principles. Consumer perceptions of corporate competence, benevolence, and integrity in responding to negative publicity play a significant role in determining the extent of consumer forgiveness (Chung & Berverland, 2006; Schoorman, Mayer & Davis, 2007; Xie & Peng, 2009). The findings of our study show that the participants did not find the apology effective due to one or all of these factors.

Another interesting outcome was the emphasis on compensation. Both Chinese and Americans indicated that Hastings could have made his apology sincere by offering compensation. During the interview, all Chinese participants indicated that Hastings should have provided customers with some compensation. They explained that the lack of compensation led them to evaluate Hastings' apology as ineffective. Several American participants also indicated that offering compensation would have helped reduce customer dissatisfaction. An apology with the promise of compensation reinforces the sincerity of the apology since it strengthens the desire of reconciliation while repairing damaged trust (Greiff, 2008). Scher and Darley (1997) suggest that offering compensation can have a symbolic function serving as a form of self-punishment of the guilty self, or demonstrating a desire to restore collective harmony.

Regardless of one's theoretical approach, an apology is supposed to be an authentic expression of regret for a past or imminent action/consequence. It is used to preserve or rebuild elements within a relationship, which by extension implies an ongoing exchange with discernible feedback loops. After observing negative customers' reactions to policy and price changes, Netflix CEO chose to issue an apology to gain back customers' trust and prevent more loss in their stock value, without recognizing the important variables of a successful business apology (i.e., timing and compensation).

The findings of this study emphasize the need to determine the level of complexity in issuing a successful apology when discussing and teaching cross-cultural communication. Students should become aware that how people perceive an apology and its effectiveness depends on different cultural expectations and norms for verbal/non-verbal strategies. Cross-cultural differences in signaling verbal and non-verbal cues for apologizing can lead to intercultural miscommunication (Lakoff, 2001).

Consequently, interlocutors from different cultures may misjudge each other's linguistic performances and responses regarding apologies due to a lack of adequate cross-cultural knowledge. These nuances in language use and realization of apologies can be picked up by an experienced intercultural teacher and turned into teaching opportunities that can enhance student awareness of aspects of intercultural communication. As suggested by McConachy (2018), it is important for intercultural educators to utilize classroom experiences to help learners interpret aspects of communication in insightful ways and develop awareness of the influence of cultural assumptions and values on language use. In today's globalized world with advancements in technology, teachers can creatively use authentic data available in different social networking sites (such as the one used in this study) to promote interculturality amongst their students by prompting reflection on how individuals derive impressions of sincerity or insincerity from the ways apologies are constructed.

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Author Biodata

Si-Chun Song received her Ph.D. from Texas A&M University in 2013 and is now working as an invited professor at Sung Kyun Kwan University, Seoul, South Korea. Her research interests include cross-cultural and intercultural pragmatics and education.

Zohreh Eslami is a professor at Texas A&M University and serves as the chair of Liberal Arts Program at Texas A&M University at Qatar. She has more than 100 publications on different speech acts including invitations, apologies, requests, and compliments published in journals such as *Intercultural Pragmatics*, *Journal of Pragmatics* and *System*. Her research interests include intercultural pragmatics and communication.

Kim Blanca Galindo received her Ph.D. from Texas A&M University and is now working as a post-doctoral researcher at Texas A&M University at Qatar. Her research interests include cultural and social issues in language use and disaster management.