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Silence Speaks Volumes: The Effectiveness of Reticence in Comparison to Apology and Denial for Repairing Integrity- and Competence-Based Trust Violations

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Abstract

Prior research on responses to trust violations has focused primarily on the effects of apology and denial. We extend this research by studying another type of verbal response that is often used to respond to trust violations, but has not been considered in the trust literature: reticence. An accused party may use reticence in a sincere and even legitimate attempt to persuade a trustor to withhold judgment. Yet, by considering information diagnosticity and belief formation mechanisms through which verbal responses influence trust, we argue that reticence is a suboptimal response because it combines the *least* effective elements of apology and denial. In particular, reticence is a suboptimal response to an integrity violation because, like apology, it fails to address guilt. Additionally, reticence is a suboptimal response to a competence violation because, like denial, it fails to convey redemption. Results from two laboratory studies, simulating different contexts and using research participants from two different countries, provided support for the prediction. The results offer important implications for those who might use reticence to respond to a perceived trust violation, and also for those who must judge another's reticence.

Silence Speaks Volumes: The Effectiveness of Reticence in Comparison to Apology and Denial for Responding to Integrity- and Competence-Based Trust Violations

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Despite a substantial body of research that indicates that trusting beliefs and intentions have numerous positive consequences for individuals and organizations (see Dirks & Ferrin, 2001; Kramer, 1999 for reviews) and a growing body of research providing insight into how trust may develop (e.g., Simons, 2002; Whitener, Brodt, Korsgaard, & Werner, 1998), few studies have examined the relative effectiveness of responses that may be used in the aftermath of a trust violation. This is a crucial omission for two reasons. First, there seems to be a significant need to address trust violations in organizations. For example, one recent poll reported that 67% of Americans believe that most corporate executives are not honest (CBS, 2002) while in another only 39% say they trust the senior leaders at their firms (WatsonWyatt, 2002). These results are probably due in large part to the numerous public accusations of management negligence and malfeasance that have been directed at the top leaders and employees of major companies over the last several years. For instance, it has been alleged that energy prices were manipulated by corporate leaders at El Paso Corp., and Reliant Energy; tire manufacturing and design defects were covered up by corporate leaders at Firestone/Bridgestone; investment research reports at Merrill Lynch, Citigroup, and Credit Suisse First Boston were distorted by employees in order to preserve relationships with investment banking customers; and leaders of corporations ranging from Sunbeam to Krispy Kreme overstated their earnings.

Second, responding to a trust violation is qualitatively and quantitatively from developing trust in the first place (Kim, Ferrin, Cooper, & Dirks, 2004). It is qualitatively different because, in responding to a trust violation, an accused party must not only attempt to reestablish positive

expectations, but also attempt to overcome negative expectations. It is also quantitatively different because a trust violation may cause trust to plunge to a point that is even lower than at the initial stage of trust formation. Consequently, the theoretical and empirical approaches needed to study responses to a violation are likely to differ from those that have been used to study initial trust development.

Our paper examines the effectiveness of reticence, which we define as a statement in which the accused party explains that he or she cannot or will not confirm or disconfirm the veracity of an allegation, as a means of responding to a trust violation. Abundant evidence of the use of reticence can be found in the business press. For example, one characteristic that links all of the examples listed above (El Paso Corp., Reliant Energy, Firestone/Bridgestone, Merrill Lynch, Citigroup, Credit Suisse First Boston, Sunbeam, and Krispy Kreme) is that their leaders and/or representatives used reticence either by remaining silent in response to allegations brought by the media, and/or by "neither admitting nor denying" formal charges brought against them (Chaffin, Michaels, Silverman, & Wells, 2003; Danner, 2002; Eisenberg, 2000; Foster, 2003; Goldberg, 2003; Maremont & Brooks, 2005).

These highly-publicized uses of reticence are also doubtlessly outnumbered by instances that occur in private, or are not of sufficient magnitude to attract media attention. And individuals may use reticence not only to avoid blame, but for a variety of other reasons. To provide just a few examples, an individual may use reticence to avoid implicating a guilty ally, such as a superior or subordinate. The nature of the violation may be so unusual or complex that an individual may use reticence because he or she feels that an apology or denial would not be believed or understood anyway. Or, there may be legal or institutional issues surrounding the violation that discourage the accused party from apologizing or denying. For instance, an

individual accused of violating a code of professional conduct may, due to licensure concerns, decline to respond to questions about the allegation because an official investigation is in progress, or because there is a possibility of a future investigation.

Despite the frequency with which reticence is used, its implications for subsequent trust have not yet been explored. In this paper we address this limitation by investigating the effects of reticence in comparison to two alternative responses that have garnered greater research attention, apology and denial. Ultimately, our objective is to provide additional theoretical understanding of verbal responses used in the aftermath of a trust violation, and additional insight into the psychological processes through which these responses affect trust.

TRUST, VIOLATIONS, AND RESPONSES

We define trust as a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another (Rousseau, Sitkin, Burt, & Camerer, 1998). Although people often behave in ways that violate trust, for example by intentionally exploiting another's dependencies or neglecting to fulfill another's expectations, trust can also be damaged by unsubstantiated allegations of such acts (e.g., Penrod & Cutler, 1995). In either case, the onus is frequently placed on the accused party to respond to the alleged or actual violation (Hendry, Shaffer, & Peacock, 1989).

We focus on a trust violation and response sequence in which trust is perceived to have been violated, and the accused party then provides a verbal response to the violation. This sequence will describe many, but certainly not all, instances of trust violations. Since trust is to a great degree "in the eye of the beholder," we assume that the impact of the accused party's responses to the violation will crucially depend on the cognitive processes of the party whose

trust has been violated. Specifically, it will be important to understand how perceivers form trust-related beliefs (e.g., about guilt or innocence) in response to the initial allegation, and how subsequent verbal responses affect those beliefs. Accordingly, we will focus on two cognitive mechanisms that are likely to play a key role in the trust violations and responses: (i) the processes that affect the perceived diagnosticity of verbal responses (Reeder & Brewer, 1979); and (ii) the processes of initial belief formation, and updating of those beliefs (Gilbert, 1991), for purposes of drawing conclusions about the accused party's trustworthiness.

VERBAL RESPONSES THAT CAN BE USED TO RESPOND TO TRUST VIOLATIONS

Apology and Denial

Researchers have focused on two responses that are frequently used to respond to trust violations – apology and denial – but have also generated competing arguments and empirical results concerning which is more effective. Some researchers have argued that apology is effective because it provides an expression of remorse that may positively influence a perceiver's beliefs about the accused party's motives and intentions, and reduce the perceiver's concerns about continued vulnerability (Lewicki & Bunker, 1996; Tomlinson, Dineen, & Lewicki, 2004). Consistent with this perspective, apology has been found to be more effective than denial in reestablishing cooperation after an opportunistic act (Bottom, Gibson, Daniels, & Murnighan, 2002). However, other researchers have observed that an apology may be relatively ineffective since an apology acknowledges guilt, and therefore may fail to ameliorate the negative consequences of an accusation (Schlenker, 1980). This notion suggests that an accused party may better respond to a trust violation by attempting to avoid blame for the act altogether. Consistent with this perspective, researchers have found that political candidates attract more

favorable character judgments if they deny responsibility for an accusation of sexual or financial misconduct rather than apologize or admit responsibility for it (Riordan, Marlin, & Kellogg, 1983; Sigal, Hsu, Foodim, & Betman, 1988).

What might account for these divergent perspectives and findings? Kim et al. (2004) addressed this question by observing that apology and denial are both double-edged in nature. Kim et al. defined apology as a statement that acknowledges responsibility and regret for a trust violation. Apology is expected to have a beneficial effect on trust because it takes ownership for the violation, and by doing so conveys a sincere intent to avoid such violations in the future. Yet, this benefit is counterbalanced by the potentially harmful effect of admitting culpability. A denial, on the other hand, is defined as a statement in which an allegation is explicitly declared to be untrue. Denial is expected to have a positive effect on trust because it rejects culpability for the act, and therefore may lead the perceiver to give the accused party the benefit of the doubt. Yet, this benefit is counterbalanced by the potentially harmful effect of failing to convey a sincere intent to avoid such violations in the future. Thus, apology and denial both cut two ways. Each has a beneficial component that may increase trust, yet each is burdened by a harmful component that may do little if anything to increase trust. These considerations, therefore, raise a natural question: Given the mixed effects of apology and denial, are there times when it is better to say nothing at all?

Reticence

Implicit in reticence, which we defined as a statement in which the accused party explains that he or she cannot or will not confirm or disconfirm the veracity of the allegation, is a request or suggestion that the perceiver should withhold judgment about the alleged violation. Accused parties may consider reticence a desirable response for three major reasons. First, there

are *strategic reasons* that make reticence desirable. Most obviously, a guilty party may calculate that evidence of culpability will never surface, making it strategically preferable to let culpability remain uncertain. Or the accused party may use reticence to avoid implicating an ally such as a superior or subordinate who was actually responsible for the violation. Second, in many cases, the accused party may consider it *more appropriate* to respond with reticence than with an explanation that speaks directly to the truth or falsity of the allegation. For example, an allegation may concern a sensitive or personal matter, and consequently the accused party may reasonably and justifiably decide that it is a matter that on principle does not need to be explained. Or the information may be confidential or otherwise sensitive to third parties, who themselves may or may not be culpable and for whom the accused party may not feel entitled to respond. And third, the Anglo-American justice system provides a *legal right* against self-incrimination, and the availability of this right reflects a cultural norm that an accused party may refuse to respond to an allegation of a misdeed for any reason. In sum, there are numerous situations in which reticence is a desirable response, a principled response, and/or a legally- and normatively-justified response, and parties may use reticence for any of these reasons. Yet, this does not address the question of whether reticence is more or less effective than apology and denial. To our knowledge, no studies have examined the effectiveness of reticence for responding to a trust violation.

EFFECTIVENESS OF RETICENCE VIS-À-VIS APOLOGY AND DENIAL

Information Diagnosticity of Verbal Responses

To understand how reticence compares to apology and denial, it will be important to consider the cognitive processes by which a perceiver interprets and evaluates the information

contained in these responses. Obviously, each type of response conveys a different message aimed at increasing trust. What may be less obvious, however, is that a contextual factor, the nature of the trust violation, is also likely to shape how that message is evaluated.

Prior research suggests that perceivers consider integrity (defined as an adherence to a set of moral principles the perceiver finds acceptable) and competence (defined as technically competent role performance) to be two of the most important dimensions for evaluating an individual's trustworthiness (Barber, 1983; Butler & Cantrell, 1984; Cook & Wall, 1980; Mayer, Davis, & Schoorman, 1995). Researchers have also found that there are fundamental differences in how people weigh information when making judgments about another individual's integrity versus competence. In essence, when considering matters of integrity, perceivers weigh negative acts more heavily than positive acts. Yet when considering matters of competence, perceivers weigh positive acts more heavily than negative acts (see Snyder & Stukas, 1999 for a review).

Reeder and Brewer's (1979) schematic model of dispositional attribution provides a basis for understanding these differences. According to this model, perceivers utilize a schema that assumes that the target's behavior will be restricted if she is at one end of a continuum on the characteristic of interest, while the target's behavior will not be restricted if she is at the other end of the continuum. For example, a person with high integrity is expected to refrain from immoral behavior regardless of the situation, whereas a person with low integrity may behave immorally in some instances, but morally in others (e.g., if the expected gain from behaving immorally is not worth the risk, or if surveillance is present to prevent immoral acts). Consequently, information about negative behavior is considered to be more diagnostic of integrity than information about positive behavior. Conversely, people generally believe that a person with high competence may perform either competently or incompetently depending on

his or her motivation, opportunities, etc. in the particular instance. But a person with low competence is expected to perform incompetently in most instances due to a lack of ability to perform the task. Consequently, information about positive behavior is considered to be more diagnostic of competence than information about negative behavior.

Drawing on these differences in the perceived diagnosticity of information, Kim et al. (2004) predicted that the relative influence of an apology's signals of guilt and redemption, and hence the benefits of such a response, would depend on whether the violation concerns a matter of competence or integrity. When the violation concerns a matter of integrity, confirming one's guilt with an apology should offer a reliable signal that one lacks integrity that would outweigh any positive effects on trust from the apology's signals of redemption. This is because people tend to believe that a lack of integrity would only be exhibited by those who do not possess it and this belief, once established, would be difficult to disconfirm (i.e., people would weigh negative information about integrity more heavily than positive information about integrity). However, when the violation concerns a matter of competence, the negative effect on trust from an apology's admission of guilt may be outweighed by its positive effects on trust from signaling the intent to prevent future violations. This is because people may be willing to believe that the incident was an anomaly and that the mistrusted party would demonstrate competence in the future (i.e., people would weigh positive information about competence more heavily than negative information about competence). These predictions were supported by Kim et al.'s (2004) two empirical studies.

This information diagnosticity analysis can be extended to consider the effects of reticence relative to apology and denial. As discussed above, when a violation concerns a matter of integrity, signals of guilt are more diagnostic than signals of redemption. Reticence does not

admit or deny guilt, but instead asks the accused party to withhold judgment, suggesting that information about guilt is not immediately available, and may or may not become available in the future. Therefore, reticence should be more effective than apology since apology provides an actual admission of guilt whereas reticence is ambiguous about guilt. But reticence should be less effective than denial since denial attempts to disconfirm guilt altogether.

When a violation concerns a matter of competence, however, signals of redemption are more diagnostic than signals of guilt. Since reticence neither admits nor denies responsibility, it fails to take immediate ownership for the violation, suggesting that the accused party may or may not be willing to take ownership and seek redemption in the future. Consequently, reticence should be less effective than apology since apology takes full ownership for the violation and, in doing so, conveys a strong signal of redemption, whereas reticence is ambiguous about redemption. Yet reticence should be more effective than denial since denial strongly suggests that the accused party has not taken ownership of the original violation, and hence does not seek redemption.

In sum, an information diagnosticity perspective suggests that reticence will be moderately effective. As a response to an integrity-based violation, reticence could be expected to produce trust levels that are superior to apology but inferior to denial; as a response to a competence-based violation, reticence could be expected to produce trust levels that are superior to denial but inferior to apology.

Belief Formation and Unacceptance

Absent from the information diagnosticity analysis advanced by Kim et al. (2004), however, is some consideration of the process through which perceivers' initial beliefs are formed and updated. As will be discussed below, an examination of the belief formation process

reveals an additional dynamic that may help us better understand how verbal responses impact trust. This belief formation process complements the information diagnosticity analysis, and its addition alters the predictions about the effectiveness of reticence vis-à-vis apology and denial.

The fundamental question posed by Gilbert and colleagues (Gilbert, 1991; Gilbert, Krull, & Malone, 1990; Gilbert, Tafarodi, & Malone, 1993) is as follows: Do people first evaluate an idea before believing it, or do they first believe it before evaluating it? This question can be attributed to a 17th century debate between René Descartes and Baruch Spinoza. Descartes advanced the intuitive notion that comprehension and belief of an idea were two separate, sequential procedures. In the Cartesian view, people first comprehend an idea in a fairly passive (non-evaluative) manner. However, the idea would only be accepted as a belief after the individual actively, consciously, and willfully evaluated its veracity. In contrast, Spinoza argued that the notion of belief formation could not be separated from comprehension of an idea. In the counterintuitive Spinozan view, perceivers first *believe* information, and then only "unaccept" the belief if they have the opportunity and motivation to do so.

There is a common underlying assumption, well established in cognitive psychology (see Gilbert, 1991 for a review) that links these two propositions: Human information systems are modular and sequential, such that the different cognitive subsystems work in a serial sequence to accomplish information processing tasks. The Cartesian proposition suggests people first comprehend; comprehension then "hands off" to evaluation; and evaluation then "hands off" to belief acceptance or rejection. The Spinozan proposition suggests that people first comprehend *and* believe; comprehension and belief then "hand off" to evaluation; and evaluation then "hands off" to belief certification or unacceptance. Both sequences, if allowed to progress to their conclusion, should result in an identical output: true ideas and beliefs will be retained, and false

ideas and beliefs will be rejected. However, the processes will only run to completion if sufficient cognitive resources are available. If sufficient resources are not available, for instance due to time pressures, interruptions, distractions, insufficient motivation, or the sheer quantity of ideas to be processed, then the sequences do not run to completion, and the two propositions have two very different potential outcomes. In the Cartesian view, the mind only contains beliefs that have been evaluated and considered to be true; in the Spinozan view, the mind will contain true *and* false beliefs.

In a series of carefully-designed studies, Gilbert and colleagues found considerable support for the Spinozan proposition. Specifically, they provided evidence that belief formation occurs during initial comprehension, that individuals form false beliefs in addition to true beliefs, that individuals' false beliefs are real enough to be used as a basis for consequential decisions, and that merely comprehending a false proposition increases the likelihood that individuals will later consider it true (Gilbert et al., 1990; Gilbert et al., 1993).

These findings help explain why trust can be violated by an unsubstantiated allegation of untrustworthy behavior. Even though an allegation may be unsubstantiated, perceivers are in a sense hard-wired to unquestioningly incorporate this information into their belief structure, and then only unaccept it under certain conditions. Obviously, this unquestioning nature of belief formation makes an unsubstantiated allegation more likely to be believed than the circumstances warrant. This tendency of perceivers to believe rather than disbelieve may also explain why rumors of untrustworthy behavior are so readily perceived as "fact" within organizations. Equally important, this understanding of the belief formation process also helps us recognize that responses to a trust violation should be viewed not simply as an attempt to shape the perceiver's

beliefs, but as an attempt by the accused party to influence the perceiver to *unaccept* the beliefs that he or she formed in response to the initial allegation.

Integrity-Based Violation

As discussed in the prior section, the information diagnosticity perspective suggests that when considering an integrity-based trust violation, perceivers weigh information about guilt more heavily than information about redemption. Meanwhile, the belief formation perspective suggests that, rather than carefully evaluating an allegation of an integrity-based violation, the perceiver will first accept (believe) the allegation, i.e., that the accused party is guilty. In terms of responding to a trust violation, the important question at this point is whether or how this belief might be subsequently unaccepted. A denial may potentially cause the perceiver to unaccept the belief because it provides a clear statement that the belief is incorrect. Apology, in contrast, provides an admission of guilt. Although this should have little reparative effect for an integrity-based violation, it is also unlikely to cause any further decline in trust because the admission only provides information that is consistent with the belief that the perceiver formed in response to the original allegation – that the accused party is guilty. What then of reticence? The defining feature of reticence is that it provides no information about guilt (or redemption). Since information about guilt is preeminent for an integrity-based violation, the failure of reticence to challenge such information is likely to leave the perceiver with the same belief that formed in response to the original allegation – that the accused party is guilty. Based on these arguments, we conclude that reticence is likely to be equivalent to apology, and that apology and reticence will both be less effective than denial, as a response to an integrity-based trust violation. Apology and reticence both fail to disconfirm guilt, whereas denial conveys a lack of guilt.

Hypothesis 1

When a trust violation concerns a matter of integrity, individuals will exhibit higher trust toward the accused party if that party responds with a denial, than if that party responds with reticence or apology.

Competence-Based Violation

As discussed previously, the information diagnosticity perspective suggests that when considering a competence-based trust violation, perceivers weigh information about redemption more heavily than information about guilt. Meanwhile, the belief formation perspective suggests that, rather than carefully evaluating an allegation of a competence-based violation, the perceiver will first accept the allegation, and therefore conclude not only that the accused party is guilty, but also (and more importantly from a redemption standpoint) that the accused party cannot be relied upon to behave in a trustworthy manner in the future. An apology should cause the perceiver to unaccept this belief because it conveys the clearest possible statement of redemption. A denial, in contrast, fails to convey redemption, and therefore is unlikely to have a reparative effect on trust. What of reticence? Again, the defining feature of reticence is that it provides no information about redemption (or guilt). Since information about redemption is preeminent for a competence-based violation, the failure of reticence to provide such information is likely to leave the perceiver with the same belief that formed in response to the original allegation – that the accused party cannot be relied upon to behave in a trustworthy manner in the future. Thus, reticence is likely to be equivalent to denial, and denial and reticence should both be less effective than apology, as a response to a competence-based trust violation. Apology conveys redemption, whereas denial and reticence do not.

Hypothesis 2

When a trust violation concerns a matter of competence, individuals will exhibit higher trust toward the accused party if that party responds with an apology, than if that party responds with reticence or denial.

In sum, by exploring how information diagnosticity mechanisms operate in conjunction with belief formation and unacceptance mechanisms, we have arrived at a different set of predictions from what can be inferred from the information diagnosticity perspective alone. Irrespective of whether reticence seems justified in the situation, reticence appears to combine the *worst a*spects of apology and denial. As a response to an integrity-based violation, reticence is akin to apology in that it fails to disconfirm guilt; as a response to a competence-based violation, reticence is akin to denial in that it fails to convey redemption.

Moreover, by focusing on the effects of reticence vis-à-vis apology and denial for *each type* of violation, we can also consider a broader principle that is implied by the hypotheses, and is also testable: That *across* violation types, reticence will consistently be less effective than the superior response to the violation, and will not be significantly different from the inferior response to the violation. Above, we argued that reticence combines the worst elements of apology and denial: as a response to an integrity violation reticence is akin to apology in that it fails to disconfirm guilt, and as a response to a competence violation reticence is akin to denial in that it fails to convey redemption. Since apology is in fact the inferior response to an integrity violation, and denial is the inferior response to a competence violation, we can combine these arguments to conclude that, across violation types, reticence should not differ in effectiveness from the inferior response to the violation. And obviously, this in turn implies that, across violation types, reticence should be less effective than the superior response to the violation (i.e.,

denial in response to an integrity violation, and apology in response to a competence violation). If this more general effect is supported by the data, it can provide a simpler and more generalizable understanding of the effects of reticence relative to other verbal responses.

Hypothesis 3

Across violation types, reticence will be less effective than the superior response to a violation (denial in response to an integrity violation and apology in response to a competence violation), and reticence will not differ in effectiveness from the inferior response to a violation (apology in response to an integrity violation and denial in response to a competence violation).

STUDY 1

To investigate the effectiveness of reticence relative to apology and denial, Study 1 extended a laboratory-experimental method developed by Kim et al. (2004) to assess the effects of verbal responses to a trust violation. Research participants were asked to view a videotaped employment interview in which an applicant is presented with an allegation of an integrity- or competence-based trust violation in a prior job, and then responds with an apology, denial, or reticence. After viewing the tape, participants were asked to report their trust in the applicant. Thus, the present study employed a 3 (verbal response: apology vs. denial vs. reticence) X 2 (violation type: integrity vs. competence) between-subjects design.

Although this study focuses on emergent rather than established relationships, we note that these types of early interactions are important since they are a first step toward, and therefore define the nature and quality of, longer-term work relationships. Our approach also assumes that in emergent relationships perceivers exhibit at least some initial trust in a party with whom they have had no history of interaction, and that unproven allegations of untrustworthy

behavior can create suspicion sufficient to reduce this trust. We validated these assumptions by conducting a pilot study, the details of which are described in the Results section.

Participants

One hundred two graduate business students, drawn from three negotiation courses at a university in the Western United States, participated in this study as part of an in-class exercise. They were 63% male, an average of 28 years old, and possessed an average of six years of full-time work experience.

Experimental Task

Participants were asked to assume the role of a manager who was in charge of hiring, and subsequently managing, a senior-level tax accountant. If hired, the candidate would be offered a one-year contract with renewal contingent upon an annual performance evaluation. Participants were told that, to expedite the hiring process, a recruiter from the firm had already interviewed the applicants and these interviews had been videotaped and transcribed so that participants could quickly and conveniently assess the applicant pool. Participants were then given the transcript for one of these interviews and shown the accompanying video clip so they could provide their own evaluation of the applicant. After watching the interview, participants completed a questionnaire.

We selected an interview context because it allowed us to operationalize many important elements of the trust violation and response process. Consistent with the information diagnosticity perspective, interviews are often viewed as an attributional process (e.g., Dipboye, 1992; Dipboye & Gaugler, 1993) in which interviewers are attentive to positive and negative information about integrity and competence (Kacmar & Young, 1999). And, consistent with the belief formation and unacceptance perspective, researchers have found that interviewers quickly

form initial beliefs about the candidate, and are relatively resistant to changing those beliefs (Dougherty & Turban, 1999). In the interview context, verbal responses probably represent a candidate's most potent tool for encouraging the individual to unaccept that initial original belief. Finally, researchers have recognized the practical value of videotaped interviews (Dipboye, 1992).

We situated the interview in a public accounting context because Certified Public Accountants have a strong code of professional conduct, violations of that code could be due to impaired competence or integrity, and violations usually have severe implications for the accused party, which should make apology, denial, and reticence all the more important. Additionally, one of the authors has considerable experience in the public accounting industry, and was able to ensure that the operationalization of the variables was plausible in this context.

Manipulations

Six versions of the interview were filmed with a video crew and actors in accordance with our experimental design. The bulk of each version contained identical video footage (brief introductions, some minor small talk, a request to videotape the interview, and a discussion of the candidate's interest in the firm and job qualifications); only the portions containing the two manipulations differed across conditions.

Violation Type

The trust violation was framed as either an integrity- or competence-related matter. Near the end of the approximately ten minute long interview, the recruiter disclosed to the job applicant that she had contacted some of the applicant's references from the previous employer and that these references informed the recruiter that the applicant had been involved with an accounting-related violation in her previous job. In both conditions, the job applicant was

accused of filing an incorrect tax return. In the integrity condition, the job applicant was accused of filing the incorrect return intentionally in order to understate a client's taxable income. In the competence condition, the job applicant was accused of filing the incorrect return due to inadequate knowledge of tax codes. In both cases, the information was hearsay; the recruiter did not have solid evidence of the veracity of the accusation.

Verbal Response

Immediately after the trust violation was mentioned, the job candidate responded to the allegation with an apology, a denial, or reticence. In the apology condition, the candidate admitted full responsibility for the trust violation, promised that she would not let it happen again, and stated that the firm would not have any concerns about her integrity/ competence if she were hired. In the denial condition, the candidate denied responsibility for the trust violation, attributed the allegation to bad office politics at the previous firm, and stated that the firm would not have any concerns about her integrity/competence if she were hired. In the reticence condition, the candidate said she would not go on the record in saying the accusations were either true or false. She explained that the situation was very complex and that she believed the details of the situation should remain confidential between her and her former firm, but that the firm would not have any concerns about her integrity/competence if she were hired.

Dependent Measures

Following McKnight, Cummings, and Chervany (1998), we differentiate trust into "trusting intentions" (i.e., a willingness to make oneself vulnerable to another in the presence of risk) and "trusting beliefs" (e.g., the beliefs about another's integrity or competence that may lead to trusting intentions). Thus, we recognize that trust is a fairly complex, multifaceted

construct, and we presume that responses to a trust violation will attempt to influence trusting beliefs as well as trusting intentions. Two separate multi-item scales were used to assess the trusting beliefs that were of interest in this study. *Perceived integrity* was measured with a three-item scale adapted from Mayer and Davis (1999) to capture participants' perceptions of the applicant's integrity. (All scale questions and response formats are detailed in the Appendix). Similarly, *perceived competence* was measured with a three-item scale adapted from Mayer and Davis (1999) to capture participants' perceptions of the applicant's competence. Two additional measures were used to assess the trusting intentions that were of interest in this study. First, *willingness to risk* was measured with three items adapted from Mayer and Davis (1999) to capture how much the participants, in their role as manager, were willing to put themselves at risk to the candidate. Two items were reversed-scored. Finally, in order to capture participants' trusting intentions in a manner that is even more specific to the context of the study, we asked participants to report their *willingness to hire* the candidate. The item was reversed-scored.

Study 1 Results

Three manipulation check questions were used to assess whether the participants recognized the nature of the violation and the verbal responses (see Appendix). Responses to the three manipulation check questions revealed that the manipulations were successful. Of the 102 participants, 96 answered question 1 correctly (χ^2 (2, N = 102) = 98.67, p < .001), 94 answered question 2 correctly (χ^2 (2, N = 102) = 85.89, p < .001), and 84 answered question 3 correctly (χ^2 (6, N = 102) = 160.38, p < .001).

A confirmatory factor analysis of the trusting beliefs and trusting intentions variables, in which the four latent variables, perceived integrity, perceived competence, willingness to risk, and hiring, were allowed to freely correlate with each other, indicated a good fit and supported

convergent validity for a four-factor model (χ^2 (30, N = 102) = 31.97, CFI = 1.00, NFI = .93, TLI = .99, RMSEA = .026, all item-factor loadings > |.52| (p < .001)). A series of discriminant analyses (Bagozzi & Phillips, 1982) indicated that the hypothesized four-factor model fit the data significantly better than any of the more parsimonious models. Specifically, the best fitting three-factor model, in which the correlation between willingness to risk and hiring was set at 1.0, had χ^2 (31, N = 102) = 42.65, $\Delta\chi^2$ (1, N = 102) = 10.68, p < .01. The one-factor model, in which the paths among all latent variables were set at 1.0, had χ^2 (36, N = 102) = 320.03, ΔX^2 (6, N = 102) = 288.06, p < .001. The fact that all of the more parsimonious models provided a significantly worse fit than the hypothesized four-factor model provides evidence of the discriminant validity of the four-factor model.

Descriptive statistics, reliabilities, and intercorrelations of the study variables are shown in Table 1. Table 2 presents variable means and standard deviations for apology, denial, and reticence across the integrity and competence violation conditions.

Table 1

Study 1 Means, Standard Deviations, Reliabilities, and Inter-Correlations

Variable	Mean	s.d.	alpha	1.	2.	3.
1. Perceived Integrity	3.92	1.36	.91			
2. Perceived Competence	4.97	1.09	.85	.09		
3. Willingness to Risk	3.25	0.80	.57[1]	.41**	.21*	
4. Hiring	3.82	1.46	--	.56**	.30**	.53**

($N = 102$)

[1] The reliability for this scale is similar to the levels reported by Mayer & Davis (1999).

*$p < .05$

**$p < .01$

Table 2

Study 1 Means and Standard Deviations of Apology, Denial, and Reticence by Condition

			Trusting Beliefs				Trusting Intentions			
Violation Type	Verbal Response	N	Perceived Integrity		Perceived Competence		Willingness to Risk		Hiring	
			Mean	s.d.	Mean	s.d.	Mean	s.d.	Mean	s.d.
Integrity	Apology	17	2.22	.80	5.51	.97	2.96	.75	3.06	1.48
Integrity	Denial	17	4.41	1.30	5.73	.81	3.51	1.00	4.29	1.45
Integrity	Reticence	17	3.57	.89	5.35	.80	3.20	1.00	3.29	1.45
Competence	Apology	17	4.98	1.29	4.55	1.20	3.57	.52	4.47	1.23
Competence	Denial	16	4.21	1.02	4.44	.98	3.00	.77	3.94	1.48
Competence	Reticence	18	4.17	1.03	4.28	.91	3.26	.58	3.89	1.32

Prior to analyzing the main study data, we conducted a pilot study to test our assumptions that perceivers would exhibit a certain level of trust in the candidate despite lacking a history of interaction, and that an unproven allegation of untrustworthy behavior would create suspicion

sufficient to reduce this trust. Thirty-six undergraduates (separate from the 102 graduates included in the main study) viewed the videotaped interviews and reported their trust in the candidate immediately before and immediately after the alleged integrity- or competence-based violation, but before the candidate had offered a response. Paired *t*-tests revealed that participants' trusting beliefs and intentions were significantly lowered by allegations of integrity- and competence-based trust violations. In response to the integrity violation, perceived integrity decreased from 4.93 to 2.93 ($t(14) = 6.06$, $p < .001$, $d = 1.89$), perceived competence decreased from 5.40 to 3.71 ($t(14) = 4.90$, $p < .001$, $d = 1.16$), willingness to risk decreased from 3.64 to 2.24 ($t(14) = 5.25$, $p < .001$, $d = 1.52$), and hiring decreased from 5.13 to 3.53 ($t(14) = 4.41$, $p < .001$, $d = 1.12$). In response to the competence violation, perceived competence decreased from 5.21 to 3.35 ($t(20) = 7.01$, $p < .001$, $d = 1.85$), perceived integrity decreased from 4.83 to 3.86 ($t(20) = 3.93$, $p < .001$, $d = 1.13$), willingness to risk decreased from 3.62 to 2.79 ($t(20) = 3.49$, $p < .01$, $d = .94$), and hiring decreased from 4.67 to 3.19 ($t(20) = 5.60$, $p < .001$, $d = 1.06$). In sum, these results strongly support our assumption that perceivers would exhibit some initial trust in the candidate and that an unproven allegation of untrustworthy behavior would create suspicion sufficient to reduce this trust.

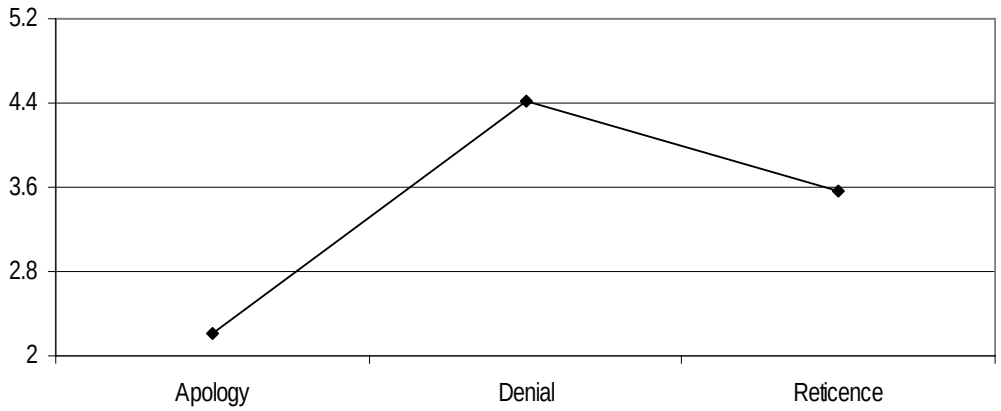
To test hypotheses 1 & 2, we returned to the main sample of $N = 102$ graduates, and conducted a 3 X 2 multivariate analysis of variance (MANOVA) to examine the effectiveness of verbal responses across integrity and competence conditions. The MANOVA indicated a significant main effect of violation type on trust (Wilks' Lambda = .48, $F(4, 93) = 24.99$, $p < .001$; partial $\eta^2 = .52$), a nonsignificant main effect of verbal response (Wilks' Lambda = .89, $F(8, 186) = 1.39$, *ns*, $\eta_p^2 = .06$), and a significant interaction of violation type and verbal response (Wilks' Lambda = .71, $F(8, 186) = 4.41$, $p < .001$; $\eta_p^2 = .16$). Follow-up 3 X 2 univariate

analyses of variance indicated a significant interaction effect for perceived integrity ($F(2, 96) = 17.24$, $p < .001$; $\eta_p^2 = .26$), willingness to risk ($F(2, 96) = 4.18$, $p < .05$; $\eta_p^2 = .08$), and hiring ($F(2, 96) = 3.33$, $p < .05$; $\eta_p^2 = .07$), but not perceived competence ($F(2, 96) = 0.25$, *ns*, $\eta_p^2 = .01$; accordingly, we excluded perceived competence from all subsequent analyses).

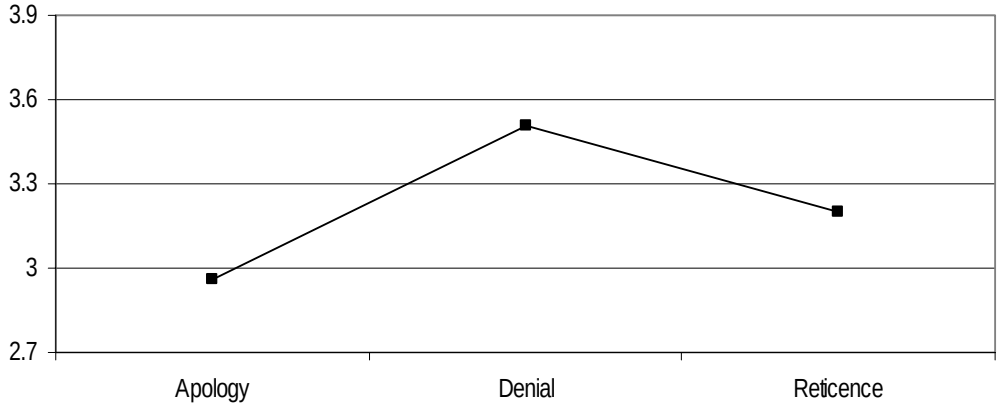
Post hoc subgroup analyses confirmed our expectations that denial and apology would be the superior and inferior responses to an integrity violation, respectively, and that apology and denial would be the superior and inferior responses to a competence violation, respectively. Indeed, as a response to an integrity violation, denial was more effective than apology in terms of its effects on perceived integrity (4.41 vs. 2.22; mean difference = 2.19 (*s.e.* = .37), $t(32) = 5.92$, $p < .001$, 95% CI = 1.44 to 2.95, $d = 2.03$) (all post hoc subgroup *t*-tests are one-tailed), willingness to risk (3.51 vs. 2.96; mean difference = .55 (*s.e.* = .30), $t(32) = 1.81$, $p < .05$, 95% CI = -.07 to 1.17, $d = .62$), and hiring (4.29 vs. 3.06; mean difference = 1.23 (*s.e.* = .50), $t(32) = 2.46$, $p < .001$, 95% CI = .21 to 2.26, $d = .84$). In contrast, as a response to a competence violation, apology was more effective than denial in terms of its effects on perceived integrity (4.98 vs. 4.21; mean difference = .77 (*s.e.* = .41), $t(31) = 1.89$, $p < .05$, 95% CI = -.06 to 1.60, $d = .66$) and willingness to risk (3.57 vs. 3.00; mean difference = .57 (*s.e.* = .23), $t(31) = 2.49$, $p < .01$, 95% CI = .10 to 1.03, $d = .87$), however the difference was not significant for hiring (4.47 vs. 3.94; mean difference = .53 (*s.e.* = .47), $t(31) = 1.13$, *ns*, 95% CI = -.43 to 1.50, $d = .39$) (see Table 2 and Figures 1 & 2). In addition to supporting our assumptions about the situations in which denial and apology would be superior vs. inferior to each other, these analyses also replicate the findings of Kim et al. (2004).

Figure 1
Effects of Verbal Responses on Trust, Study 1, Integrity Condition

(1a) Perceived Integrity



(1b) Willingness to Risk



(1c) Hiring

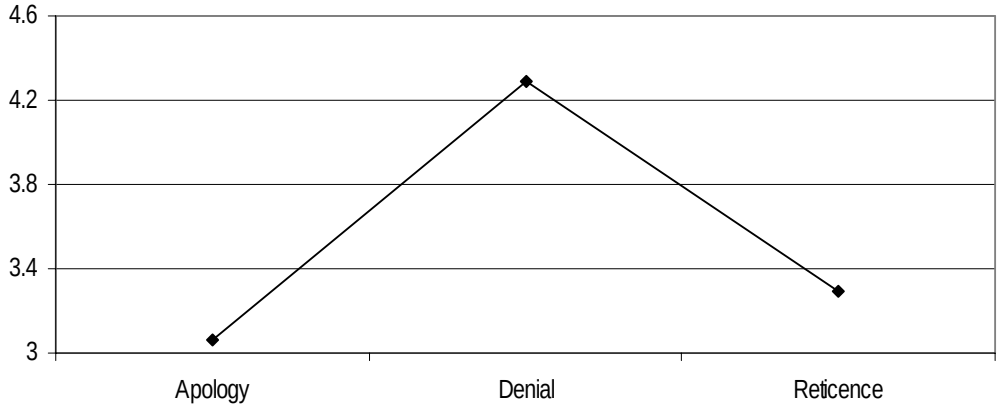
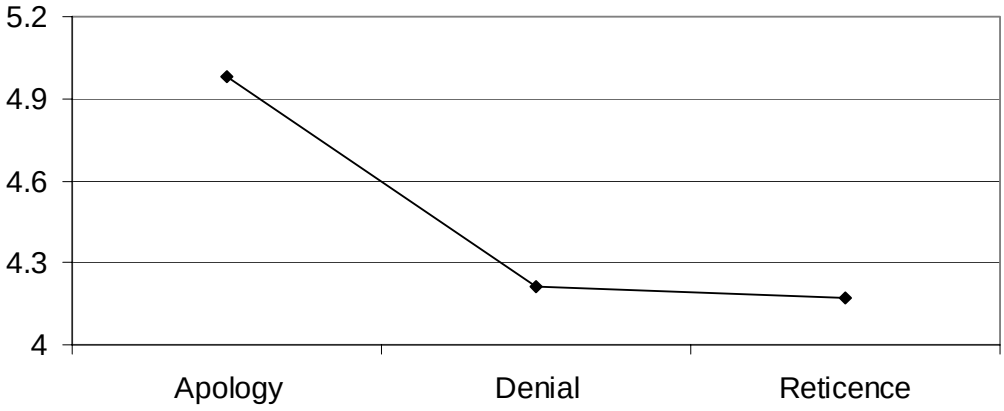
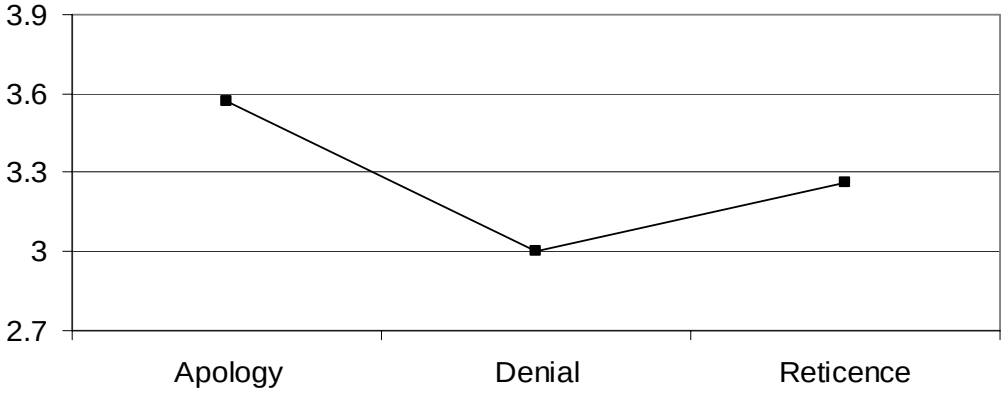


Figure 2
Effects of Verbal Responses on Trust, Study 1, Competence Condition

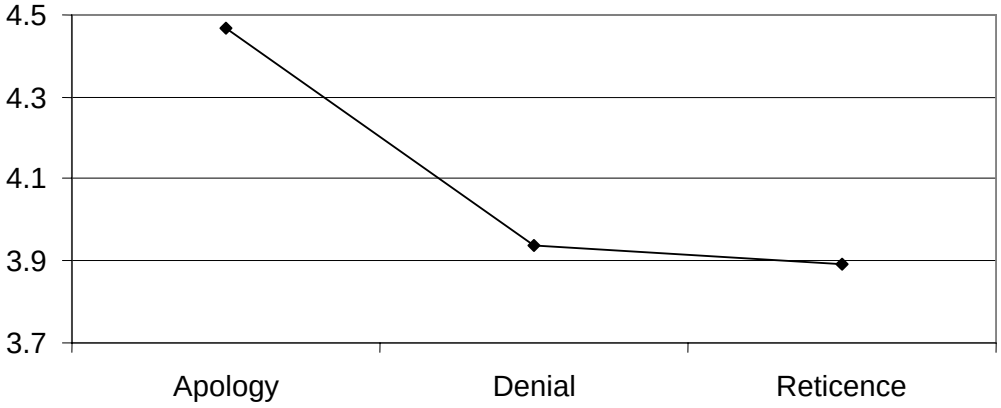
(2a) Perceived Integrity



(2b) Willingness to Risk



(2c) Hiring



Hypotheses 1 and 2 also suggested that reticence would be inferior to denial as a response to an integrity violation, and reticence would be inferior to apology as a response to a competence violation, respectively. As a response to an integrity violation, denial was more effective than reticence in terms of its effects on perceived integrity (4.41 vs. 3.57; mean difference = .84 (*s.e.* = 0.38), $t(32) = 2.20$, $p < .05$, 95% CI = .06 to 1.62, $d = .75$) and hiring (4.29 vs. 3.29; mean difference = 1.00 (*s.e.* = 0.50), $t(32) = 2.01$, $p < .05$, 95% CI = -.01 to 2.01, $d = .69$), however the difference was not significant for willingness to risk (3.51 vs. 3.20; mean difference = .31 (*s.e.* = 0.34), $t(32) = .91$, *ns*, 95% CI = -.39 to 1.01, $d = .31$). In contrast, as a response to a competence violation, apology was more effective than reticence in terms of its effects on perceived integrity (4.98 vs. 4.17; mean difference = .81 (*s.e.* = .39), $t(33) = 2.06$, $p < .05$, 95% CI = .01 to 1.62, $d = .70$); however, in predicting willingness to risk, the mean difference between apology and reticence was on the borderline of significance (3.57 vs. 3.26; mean difference = .31 (*s.e.* = .19), $t(33) = 1.66$, $p = .05$, 95% CI = -.07 to .69, $d = .56$), and in predicting hiring the difference was not significant (4.47 vs. 3.89; mean difference = .58 (*s.e.* = .43), $t(33) = 1.34$, *ns*, 95% CI = -.30 to 1.46, $d = .45$). In sum, our results provided support for hypotheses 1 and 2, however the support is not unequivocal given that in half the cases the differences were insignificant.

Hypothesis 3 predicted that *across* violation types, reticence would be consistently less effective than the superior response to the violation, and reticence would not be significantly different from the inferior response to the violation. To test this hypothesis, we created variables to reflect superior responses and inferior responses across both types of violations. The *superior response* variable comprised denial in the integrity condition and apology in the competence condition, and the *inferior response* variable comprised apology in the integrity condition and

denial in the competence condition. (The *reticence* variable was simply retained as is). Table 3 presents means and standard deviations for superior response, inferior response, and reticence across the perceived integrity, willingness to risk, and hiring criterion variables.

Table 3
Study 1 Means and Standard Deviations for Superior Response, Inferior Response, and Reticence

Verbal Response	N	Perceived Integrity		Willingness to Risk		Hiring	
		Mean	s.d.	Mean	s.d.	Mean	s.d.
Superior Response	34	4.70	1.31	3.54	0.79	4.38	1.33
Reticence	35	3.88	1.00	3.23	0.80	3.60	1.40
Inferior Response	33	3.18	1.35	2.98	0.75	3.48	1.52

Next, a 3 (verbal response: superior response vs. inferior response vs. reticence) X 1 one-way MANOVA was conducted to assess the relative impact of verbal responses on the three criterion variables. As expected, the MANOVA indicated a significant main effect of verbal response on trust (Wilks' Lambda = .77, $F(6, 194) = 4.53$, $p < .001$; $\eta_p^2 = .12$). Follow-up univariate analyses indicated a significant main effect for all three criterion variables: perceived integrity ($F(2, 99) = 12.78$, $p < .001$, $\eta_p^2 = .21$), willingness to risk ($F(2, 99) = 4.34$, $p < .05$, $\eta_p^2 = .08$), and hiring ($F(2, 99) = 4.02$, $p < .05$, $\eta_p^2 = .08$).

To test whether this significant effect reflects a pattern consistent with our prediction, we conducted two 2 X 1 one-way MANOVAs. The first MANOVA compared reticence to the superior response. A significant multivariate effect was found (Wilks' Lambda = .87, $F(3, 65) = 3.14$, $p < .05$; $\eta_p^2 = .13$). Follow-up univariate analyses indicated that the superior response was significantly more effective than reticence in terms of its effects on perceived integrity ($F(1, 67) = 8.58$, $p < .01$, $\eta_p^2 = .11$) and hiring ($F(1, 67) = 5.68$, $p < .05$, $\eta_p^2 = .08$), but not willingness to

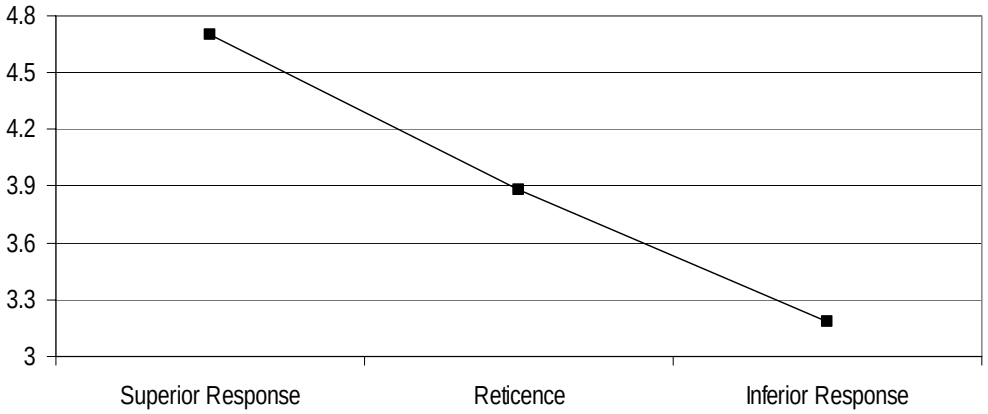
risk ($F(1, 67) = 2.64$, *ns*). Thus, the superior response was more effective than reticence for two of the three criterion variables. The second MANOVA compared reticence to the inferior response. A nonsignificant multivariate effect was found (Wilks' Lambda = .89, $F(3, 64) = 2.64$, *ns*), suggesting that reticence did not differ significantly from the inferior response across the three criterion variables.

Post hoc subgroup analyses indicated that the superior response was more effective than reticence in terms of its impact on perceived integrity (4.70 vs. 3.88; mean difference = .82 (*s.e.* = .28), $t(67) = 2.93$, $p < .01$, 95% CI = .26 to 1.38, $d = .71$) and hiring (4.38 vs. 3.60; mean difference = .78 (*s.e.* = .33), $t(67) = 2.38$, $p < .05$, 95% CI = .13 to 1.44, $d = .57$), although the difference was on the borderline of significance for willingness to risk (3.54 vs. 3.23; mean difference = .31 (*s.e.* = .19), $t(67) = 1.63$, $p = .05$, 95% CI = -.07 to .69, $d = .39$). As expected, reticence did not differ significantly from the inferior response in terms of its effects on willingness to risk (3.23 vs. 2.98; mean difference = .25 (*s.e.* = .19), $t(66) = 1.32$, *ns*, 95% CI = -.13 to .62, $d = .32$) and hiring (3.60 vs. 3.48; mean difference = .12 (*s.e.* = .35), $t(66) = .33$, *ns*, 95% CI = -.59 to .82, $d = .08$), but reticence was significantly more effective than the inferior response in terms of its effect on perceived integrity (3.88 vs. 3.18; mean difference = .70 (*s.e.* = .29), $t(66) = 2.42$, $p < .01$, 95% CI = .12 to 1.27, $d = .59$). In sum, the results provide mixed support for the belief formation and unacceptance perspective: For one criterion variable – hiring – the empirical tests and the pattern of means (see Figure 3) closely match the predictions of the information diagnosticity perspective as modified by the belief formation and unacceptance perspective (hypothesis 3); the effectiveness of reticence was quite similar to that of the inferior response, and well below that of the superior response. For the other two criterion variables, the post hoc tests were mixed, and the pattern of means suggests that the effectiveness of reticence

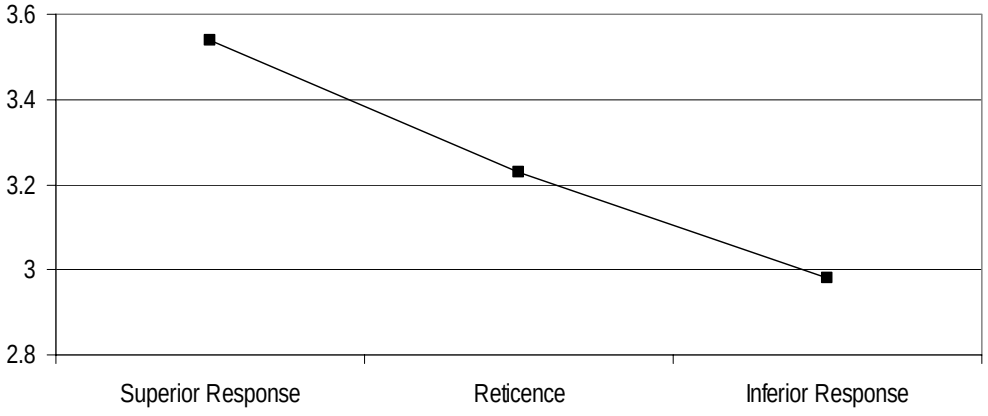
was somewhere between that of the superior and inferior response (Figure 3), which is more consistent with the information diagnosticity perspective alone.

Figure 3
Effects of Reticence vis-à-vis Superior and Inferior Responses, Study 1

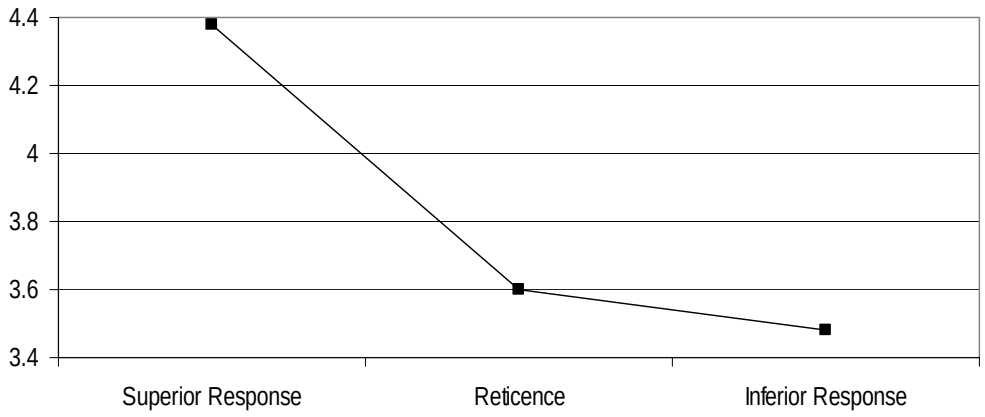
(3a) Perceived Integrity



(3b) Willingness to Risk



(3c) Hiring



STUDY 2

As noted in many of the examples cited in the Introduction, some of the most salient and publicized uses of reticence occur in the context of a corporate leader responding to accusations of a trust violation. One might, therefore, reasonably wonder whether findings from an interview context would necessarily generalize to the corporate leadership context. In fact, it is even possible that reticence might be considered an inappropriate response in an interview context, given that interviewers and interviewees are likely to assume that the purpose of an interview is to gather sufficient information to make a hiring decision. In sum, a single study, situated only in the interview context, leaves open the possibility that the results are idiosyncratic to that context. Therefore, we conducted a second empirical study to examine whether our results would generalize to a very different context: that of an alleged violation of trust by a corporate CEO.

Study 2 also provided us the opportunity to assess whether our results would generalize to individuals from a different national-societal culture (Singapore) given the possibility that attribution processes differ between Easterners and Westerners (e.g., Choi, Nisbett, &

Norenzayan, 1999). And in designing Study 2, we developed a more reliable scale for measuring willingness to risk, and we sharpened our manipulations and manipulation checks.

Participants

Two hundred forty-one undergraduate business students from nine organizational behavior classes at a major university in Singapore participated in this study for partial course credit. They were 65% female, an average of 21 years old, and possessed an average of 1.5 years of part-time work experience. Ninety percent were of Chinese ethnicity, 4% were Indian, 2% were Malay, and the remaining 4% were other (European, Korean, Sri Lankan, Eurasian, Myanmarese, Vietnamese). All were fluent in English.

Experimental Task

The stimulus materials for Study 2 comprised two video-taped news segments, and one newspaper article, depicting a CEO of a medium-sized technology company, "Wire Services," first violating trust, and then responding to the violation. To make the video segments as realistic as possible, we hired professional actors, and filmed the news segments on the set of a studio that makes daily news broadcasts to a large metropolitan area. To make the newspaper article as realistic as possible, we tailored the format and content after a major national daily business newspaper. Finally, the scenario itself was based on an actual trust violation that was committed several years ago by the leaders of a US-based Fortune 500 company.

Participants first viewed two video news segments; both segments were identical across all conditions. The first segment reported that, as a result of financial difficulties Wire Services had been experiencing, the company needed to take corrective action. The CEO, Jack Whitfield, was shown asking employees to take a wage cut that equated to an average of 10% for each employee. The CEO was subsequently asked whether he would take a pay cut himself. He

responded that he would, by eliminating a payout of preferred stock that he was due to receive that would represent approximately 10% of his compensation. In the second segment, set 8 days later, the news anchor reported that employees agreed to accept wage cuts. The segment also reported employee representatives' statement that Whitfield's willingness to take a pay cut, himself, was a pivotal factor in their own decision to accept the cut.

Manipulations

Participants were then asked to read the news article, dated about one month later. Six versions of the news article were written in accordance with our experimental design. The first 2½ paragraphs of the article contained identical wording across conditions, first providing background information about the company's financial difficulties, Whitfield's request for a 10% across the board pay cut, and Whitfield's promise to take a 10% pay cut himself in exchange for the employees' agreement to the cut. The article then reported the trust violation as follows: "However, according to individuals within the company who provided information on condition of anonymity, the preferred stock was paid in full. According to the allegations, lawyers found that due to the nature of the original contract in which the preferred shares were issued, the shares are vested with Whitfield and cannot be taken away by the company."

Violation Type

The trust violation was then framed as either an integrity- or competence-related matter. In the integrity condition, the article continued as follows: "The sources indicated that Whitfield was aware of this problem when he pledged to rescind the shares. The one thing that Whitfield's attackers and defenders agree about is that an error of this nature would reflect a lack of integrity on Whitfield's part, *not* a lack of competence. I.e., it would suggest that Whitfield clouded the

truth to protect his own interests." In the competence condition, the article continued as follows: "The sources indicated that Whitfield was unaware of this problem when he pledged to rescind the shares. The one thing that Whitfield's attackers and defenders agree about is that an error of this nature would reflect a lack of competence on Whitfield's part, *not* a lack of integrity. I.e., it would suggest that Whitfield lacked sufficient knowledge about the details of compensation."

Verbal response. The article then reported Whitfield's response. In the apology condition, Whitfield was quoted as follows: "It has been reported that I received preferred stock that I had previously agreed to forego, and because the shares are vested in me, the payment cannot be reversed. I am going on the record with you to say that this accusation is true. I *am* guilty of receiving the preferred stock payout. I am personally responsible for this lapse, and I deeply regret it." In the denial condition, Whitfield was quoted as follows: "It has been reported that I received preferred stock that I had previously agreed to forego, and because the shares are vested in me, the payment cannot be reversed. I am going on the record with you to say that this accusation is false. I am *not* guilty of receiving the preferred stock payout. The reality is that certain employee representatives have misrepresented the situation as a way of challenging me and my leadership of Wire Services." And in the reticence condition, Whitfield was quoted as follows: "It has been reported that I received preferred stock that I had previously agreed to forego, and because the shares are vested in me, the payment cannot be reversed. I will not go on the record with you either way to say whether this accusation is true or false. Because of the legal issues involved, the details must be kept confidential. Therefore, I cannot confirm or disconfirm the veracity of the accusation."

The article concluded with a statement, consistent across all conditions, that independent reports had not been able to verify the details of what had transpired, and an industry expert has suggested that some of the details may never become known.

Dependent Measures

We reworded the Study 1 measures so that they were appropriate in the context of a CEO responding to an alleged trust violation; we also lengthened the scales slightly. *Perceived integrity* and *perceived competence* were measured with four-item scales, and *willingness to risk* was measured with a six-item scale. (See Appendix for scale items and response formats).

Study 2 Results

Three manipulation check questions were used to assess whether the participants recognized the nature of the violation and the verbal responses (see Appendix). Responses to the three manipulation check questions revealed that the manipulations were successful. Of the 241 participants, 230 answered question 1 correctly (χ^2 (2, N = 241) = 218.50, $p < .001$), 228 answered question 2 correctly (χ^2 (1, N = 241) = 194.08, $p < .001$), and 229 answered question 3 correctly (χ^2 (4, N = 241) = 416.06, $p < .001$).

A confirmatory factor analysis, in which the three latent variables, perceived integrity, perceived competence, and willingness to risk, were allowed to freely correlate with each other, indicated an acceptable fit and supported convergent validity for a three-factor model (χ^2 (74, N = 241) = 211.69, CFI = .93, NFI = .90, TLI = .92, RMSEA = .088, all item-factor loadings > |.44| ($p < .001$)). A series of discriminant analyses (Bagozzi & Phillips, 1982) indicated that the hypothesized three-factor model fit the data significantly better than any of the more parsimonious models. Specifically, the best fitting two-factor model, in which the correlation between perceived integrity and willingness to risk was set at 1.0, had χ^2 (75, N = 241) = 307.42,

$\Delta\chi^2$ (1, N = 241) = 95.73, p < .001. The one-factor model had χ^2 (77, N = 241) = 673.88, $\Delta\chi^2$ (3, N = 241) = 462.19, p < .001. The fact that all of the more parsimonious models provided a significantly worse fit than the hypothesized three-factor model provides evidence of the discriminant validity of the three-factor model.

Descriptive statistics, reliabilities, and intercorrelations of the study variables are shown in Table 4. Table 5 presents variable means and standard deviations for apology, denial, and reticence across the integrity and competence violation conditions.

Table 4
Study 2 Means, Standard Deviations, Reliabilities, and Inter-Correlations

Variable	Mean	s.d.	alpha	1.	2.
1. Perceived Integrity	3.32	1.50	.91		
2. Perceived Competence	4.29	1.22	.86	.27**	
3. Willingness to Risk	3.04	1.06	.85	.75**	.48**

(N = 241)

*p < .05
**p < .01

Table 5
Study 2 Means and Standard Deviations of Apology, Denial, and Reticence by Condition

Violation Type	Verbal Response	N	Perceived Integrity		Perceived Competence		Willingness to Risk	
			Mean	s.d.	Mean	s.d.	Mean	s.d.
Integrity	Apology	40	2.27	1.09	4.34	1.37	2.39	.83
Integrity	Denial	40	2.81	1.35	4.34	1.24	2.83	1.06
Integrity	Reticence	40	2.49	1.16	4.55	1.01	2.82	.87
Competence	Apology	41	4.70	1.36	4.17	1.15	3.70	.99
Competence	Denial	40	3.99	1.32	4.18	1.29	3.43	1.08
Competence	Reticence	40	3.60	1.11	4.14	1.26	3.03	1.03

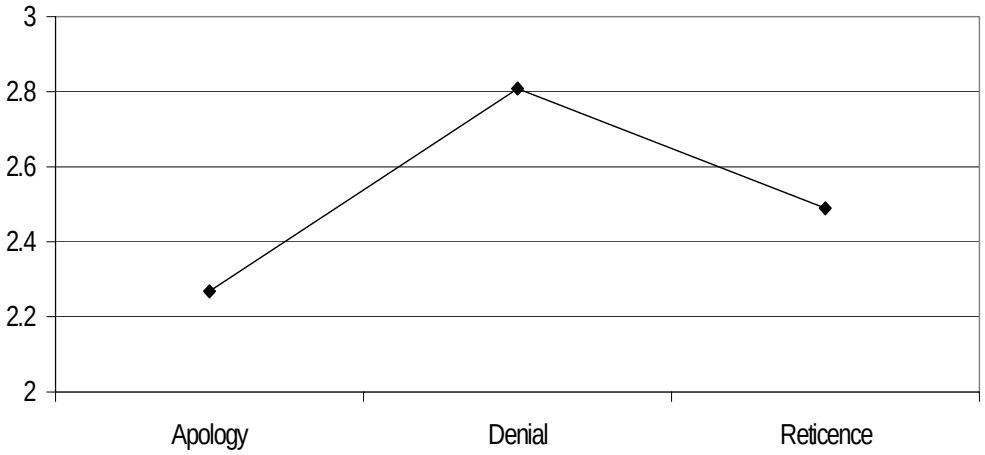
To test hypotheses 1 & 2, we conducted a 3 X 2 multivariate analysis of variance (MANOVA) to examine the effectiveness of the verbal responses across integrity and competence conditions. The MANOVA indicated a significant main effect of violation type on trust (Wilks' Lambda = .64, $F(3, 233) = 44.38$, $p < .001$; $\eta_p^2 = .36$), a nonsignificant main effect of verbal response (Wilks' Lambda = .96, $F(6, 466) = 1.65$, *ns*), and a significant interaction of violation type and verbal response (Wilks' Lambda = .92, $F(6, 466) = 3.52$, $p < .01$; $\eta_p^2 = .04$). Follow-up 3 X 2 univariate analyses of variance indicated a significant interaction effect for perceived integrity ($F(2, 235) = 7.27$, $p < .001$; $\eta_p^2 = .06$) and willingness to risk ($F(2, 235) = 6.55$, $p < .01$; $\eta_p^2 = .05$), but not perceived competence ($F(2, 235) = 0.26$, *ns*; accordingly, as in Study 1, we excluded perceived competence from all subsequent analyses).

Post hoc subgroup analyses again confirmed our expectations that denial and apology would be the superior and inferior responses to an integrity violation, respectively, and that apology and denial would be the superior and inferior responses to a competence violation, respectively. As a response to an integrity violation, denial was significantly more effective than

apology in terms of its effects on perceived integrity (2.81 vs. 2.27; mean difference = .54 (*s.e.* = 0.27), $t(78) = 1.98$, $p < .05$, 95% CI = .00 to 1.09, $d = .44$) and willingness to risk (2.83 vs. 2.39; mean difference = .44 (*s.e.* = .21), $t(78) = 2.08$, $p < .05$, 95% CI = .02 to .86, $d = .46$). In contrast, as a response to a competence violation, apology was significantly more effective than denial in terms of its effects on perceived integrity (4.70 vs. 3.99; mean difference = .71 (*s.e.* = .30), $t(79) = 2.38$, $p < .01$, 95% CI = .12 to 1.30, $d = .53$). Apology also resulted in a level of willingness to risk that was higher than that for denial, however the mean difference was not significant (3.70 vs. 3.43; mean difference = .27 (*s.e.* = .23), $t(79) = 1.17$, *ns*, 95% CI = -.19 to .73, $d = .26$) (see Table 5 and Figures 4 & 5). Thus, these findings again provide support for our assumptions about the situations in which denial and apology would be superior vs. inferior to each other, and again replicate the findings of Kim et al. (2004).

Figure 4
Effects of Verbal Responses on Trust, Study 2, Integrity Condition

(4a) Perceived Integrity



(4b) Willingness to Risk

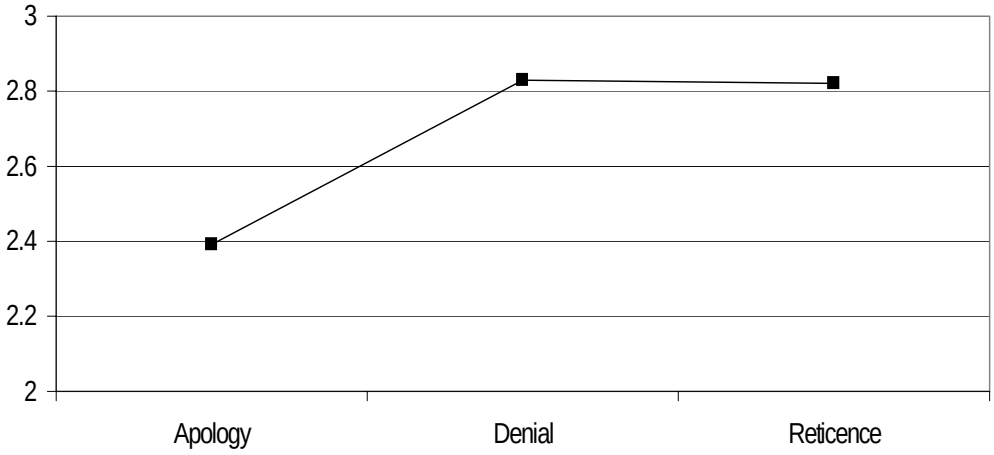
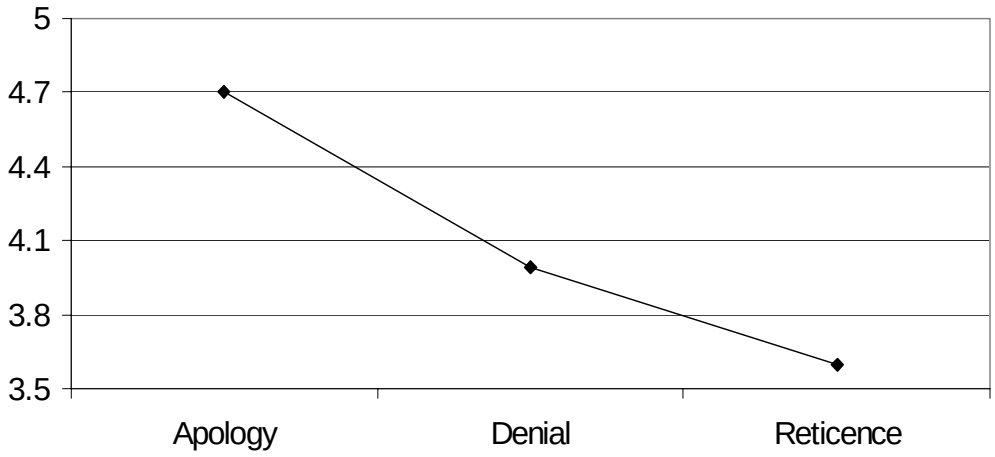
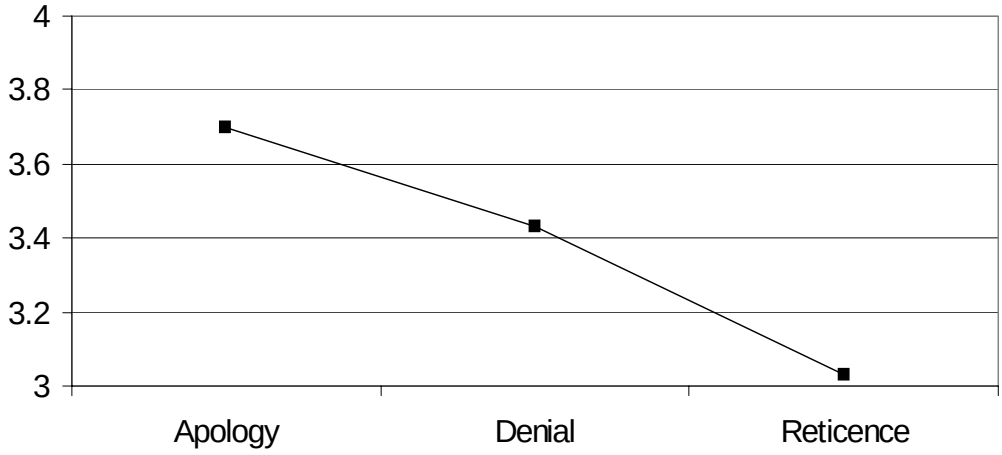


Figure 5
Effects of Verbal Responses on Trust, Study 2, Competence Condition

(5a) Perceived Integrity



(5b) Willingness to Risk



Hypotheses 1 and 2 also suggested that reticence would be inferior to denial as a response to an integrity violation, and reticence would be inferior to apology as a response to a competence violation, respectively. As a response to an integrity violation, reticence resulted in a lower level of perceived integrity than did denial, but this difference was insignificant (2.49 vs. 2.81; mean difference = .33 (*s.e.* = 0.28), $t(78) = 1.15$, *ns*, 95% CI = -.24 to .89, $d = .26$), and reticence was almost identical to denial in terms of its effects on willingness to risk (2.82 vs.

2.83; mean difference = .01 (*s.e.* = .22), $t(78) = .06$, *ns*, 95% CI = -.42 to .44, $d = .01$). In contrast, as a response to a competence violation, reticence was significantly less effective than apology in terms of its effects on perceived integrity (3.60 vs. 4.70; mean difference = 1.10 (*s.e.* = .28), $t(79) = 3.98$, $p < .001$, 95% CI = .55 to 1.65, $d = .88$), and on willingness to risk (3.03 vs. 3.70; mean difference = .67 (*s.e.* = .22), $t(79) = 3.01$, $p < .01$, 95% CI = .23 to 1.12, $d = .67$). In sum, our results provided little support for hypothesis 1, but strong support for hypothesis 2.

To test hypothesis 3, we followed the same procedure as in Study 1 of creating variables to reflect superior responses and inferior responses across both types of violations. Table 6 presents means and standard deviations for superior response, inferior response, and reticence across the perceived integrity and willingness to risk criterion variables.

Table 6
Study 2 Means and Standard Deviations for Superior Response, Inferior Response, and Reticence

Verbal Response	N	Perceived Integrity		Willingness to Risk	
		Mean	s.d.	Mean	s.d.
Superior Response	81	3.77	1.65	3.27	1.11
Reticence	80	3.04	1.26	2.92	0.95
Inferior Response	80	3.13	1.48	2.91	1.09

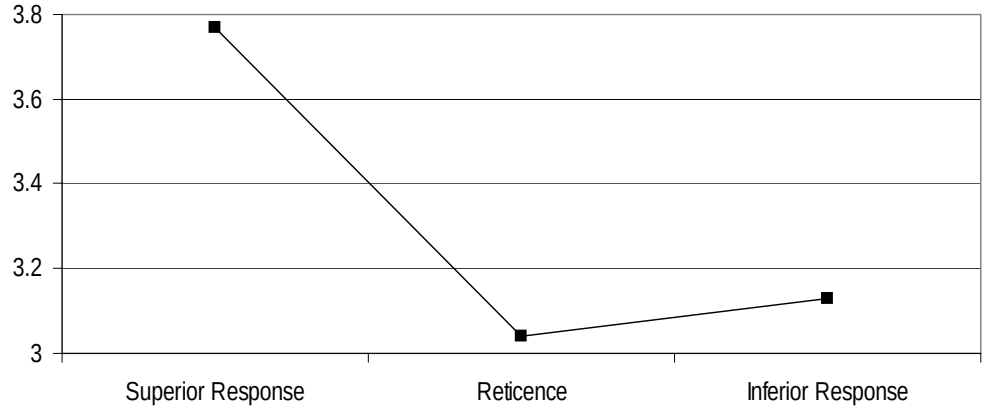
Next, a 3 (verbal response: superior response vs. inferior response vs. reticence) X 1 one-way MANOVA was conducted to assess the relative impact of verbal responses on the two criterion variables. As expected, the MANOVA indicated a significant main effect of verbal response (Wilks' Lambda = .95, $F(4, 474) = 2.94$, $p < .05$; $\eta_p^2 = .02$). Follow-up univariate analyses indicated a significant main effect for both criterion variables: perceived integrity ($F(2, 238) = 5.82$, $p < .01$, $\eta_p^2 = .05$) and willingness to risk ($F(2, 238) = 3.06$, $p < .05$, $\eta_p^2 = .03$).

To test whether this significant effect reflects a pattern consistent with our prediction, we conducted two 2 X 1 one-way MANOVAs. The first MANOVA compared reticence to the superior response. A significant multivariate effect was found (Wilks' Lambda = .94, $F(2, 225) = 7.21$, $p < .001$; $\eta_p^2 = .06$). Follow-up univariate analyses indicated that the superior response was significantly more effective than reticence in terms of its effects on perceived integrity ($F(1, 226) = 14.47$, $p < .001$, $\eta_p^2 = .06$) and willingness to risk ($F(1, 226) = 7.17$, $p < .01$, $\eta_p^2 = .03$). Thus, the superior response was more effective than reticence for both criterion variables. The second MANOVA compared reticence to the inferior response. A nonsignificant multivariate effect was found (Wilks' Lambda = .99, $F(2, 224) = .69$, *ns*, $\eta_p^2 = .01$), suggesting that reticence did not differ significantly from the inferior response across both criterion variables.

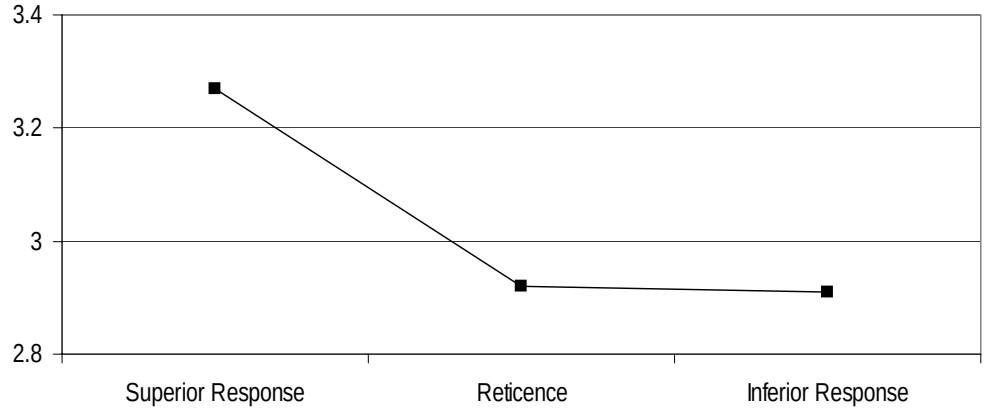
Post hoc subgroup analyses also provided full support for hypothesis 3. Specifically, the superior response was significantly more effective than reticence in terms of its effects on perceived integrity (3.77 vs. 3.04; mean difference = .73 (*s.e.* = .23), $t(159) = 3.13$, $p < .01$, 95% CI = .27 to 1.18, $d = .49$) and willingness to risk (3.27 vs. 2.92; mean difference = .35 (*s.e.* = .16), $t(159) = 2.14$, $p < .05$, 95% CI = .03 to .67, $d = .34$). And, reticence did not differ significantly from the inferior response in terms of its effects on perceived integrity (3.04 vs. 3.13; mean difference = .09 (*s.e.* = .22), $t(158) = .40$, *ns*, 95% CI = -.34 to .52, $d = .06$) and willingness to risk (2.92 vs. 2.91; mean difference = .01 (*s.e.* = .16), $t(158) = .08$, *ns*, 95% CI = -.31 to .33, $d = .01$). As can be seen in Figure 6, for both criterion variables reticence demonstrated a level of effectiveness that was very similar to the inferior response, and much lower than the superior response. This closely matches the pattern predicted in hypothesis 3, and is consistent with the information diagnosticity perspective as modified by the belief formation and unacceptance perspective.

Figure 6
Effects of Reticence vis-à-vis Superior and Inferior Responses, Study 2

(6a) Perceived Integrity



(6b) Willingness to Risk



DISCUSSION

Implications for Research

It has been said that one of the most difficult decisions is whether to trust another person (Perrone, Zaheer, & McEvily, 2003). This decision is doubly difficult after one's trust has been violated. Yet violations of trust, whether intentional or inadvertent, are a common occurrence. Hence, it is crucial that researchers study not only how trust can be built, but also how individuals might respond after trust is perceived to have been violated. By any measure, research on such responses is in its infancy. The extant published research has focused primarily on the effectiveness of apologies and denial, and has utilized the information diagnosticity perspective to understand their relative effects (Kim et al., 2004; also see Kim, Dirks, Cooper, & Ferrin, 2006). The present paper extends our understanding by examining the effectiveness of another important and frequently-used response to a trust violation – reticence – and by introducing the belief formation and unacceptance perspective to provide greater understanding of the relative effectiveness of these responses to trust violations.

The central irony of this paper is that in many situations, reticence is considered a legitimate, appropriate, and desirable response to a perceived trust violation.[1] In literal terms, it conveys no information about culpability, nor does the accused party intend it to do so. And it seems reasonable to assume that persons using reticence expect it to be at least somewhat effective. Yet our findings suggest that, regardless of the type of violation, reticence tends to be significantly inferior to the optimal response in the situation (denial in response to an integrity

[1] For instance, in Study 2 we used a 3-item scale to measure the perceived legitimacy and appropriateness of Whitfield's response ($\alpha = .80$). On a 7-point scale with endpoints of "not at all legitimate/appropriate" to "completely legitimate/appropriate" and midpoint of "not sure," the median response to the reticence response was 4.33 (above the midpoint), and 29% of respondents replied at ≥ 5.0. We did not measure perceived legitimacy and appropriateness in Study 1.

violation; apology in response to a competence violation), and tends not to differ significantly from the suboptimal response in the situation (apology in response to an integrity violation; denial in response to a competence violation). In other words, reticence is usually if not always suboptimal.

Our results supported the information diagnosticity perspective, which provided baseline expectations concerning the effectiveness of reticence, and in most analyses also supported the belief formation and unacceptance perspective, which modified those baseline expectations and provided the foundation for our hypotheses (i.e., as illustrated in Figures 3c, and 6a&b). The findings also underscore the value of these perspectives for understanding the relative effectiveness of various responses to a trust violation. Specifically, perceivers concerned about integrity seem to be particularly swayed by information about guilt because of its diagnosticity with respect to integrity. This causes them to respond favorably to a denial. But since apology admits guilt, and reticence does little to refute guilt, apology and reticence are likely to be inferior to denial. On the other hand, perceivers concerned about competence seem to be particularly swayed by apology's inherent signal of redemption because of its diagnosticity with respect to competence-based violations. Since reticence and denial convey no information about redemption, they are both likely to be inferior to apology.

Attributional Processes of Trust Formation and Responses to Trust Violations

This study can be seen as part of a growing effort to understand and model trust formation, and the effectiveness of responses to a trust violation, as attributional processes. Attribution theory is particularly useful for understanding these processes because it is fundamentally concerned with understanding how perceivers evaluate a range of factors including the target person's behavior, contextual factors, and even the perceiver's own

behavior, to develop conclusions about a target person's personal traits and characteristics (Ferrin & Dirks, 2003). Recently researchers begun a systematic effort to understand trust formation as an attributional process (Ferrin & Dirks, 2003; Korsgaard, Brodt, & Whitener, 2002; Malhotra & Murnighan, 2002). Even more recently, researchers have recognized the value of an attributional perspective for understanding trust *repair* by noting that perceivers' evaluations of an accused party's verbal responses are shaped by their hierarchically-restrictive attributional schemas (Kim et al., 2006; Kim et al., 2004).

We provide additional evidence that the information contained in an accused party's verbal response differs in its diagnosticity for trust, as can be predicted on the basis of hierarchically-restrictive attributional schemas. We also extend this research by recognizing the role of Spinozan belief formation and updating processes. This helps us realize why apology is no more effective than reticence as a response to an integrity-based trust violation: Although apology conveys a sincere intent to avoid future violations while reticence does not, neither of these responses provides the perceiver with a basis for unaccepting the belief of guilt, which is the primary diagnostic for an integrity-based violation. And similarly, this helps us realize why denial is no more effective than reticence as a response to a competence-based trust violation: Although denial conveys information that the accused party was not guilty whereas reticence does not, neither reticence nor denial provides the perceiver with a signal of redemption, which is the primary diagnostic for a competence-based violation.

Limitations and Directions for Future Research

One might be tempted to question why reticence should be studied at all, given that our theory and findings suggest that it is suboptimal relative to apology and denial. We counter that, if anything, more research is needed on the use and effectiveness of reticence, not less. First, as

demonstrated in this paper, by studying reticence we are able to better understand cognitive mechanisms, such as belief formation and unacceptance, that underlie the repair of trust following a violation. Second, given our finding that reticence results in trust levels that are often but not always consistent with the belief formation and acceptance perspective, future research is needed to identify moderator variables that can help us understand when reticence will have effects in accordance with belief formation and unacceptance predictions, and when it will not. Third, and most salient from a practical perspective, reticence is often used to respond to trust violations, it is often a legitimate response, and in some instances it may be the only response available to an accused party. Therefore, understanding why reticence is not particularly effective is as important as understanding why other verbal responses are relatively more effective. In fact, since reticence is often used legitimately despite its relative ineffectiveness, future research should aim to discover factors that could enhance the effectiveness of reticence.

Studies 1 and 2 generated a similar set of findings despite the fact that they were set in two different experimental contexts (interview vs. corporate leadership), with two samples that differed in their education level (graduate vs. undergraduate), age, work experience, and national-societal cultural background (US vs. Singaporean). Thus, these similar results provide a higher level of assurance concerning generalizability than a single study could typically provide. Nevertheless, our studies only represent a first step toward a full assessment of generalizability. In particular, we welcome future research that will consider cultural differences in individuals' reactions to a trust violation, and to the responses that accused parties undertake in the aftermath of a violation. Researchers have recognized important differences in attributions experienced by Easterners as compared to Westerners (e.g., Choi et al., 1999), and researchers have not yet considered how belief formation and unacceptance processes might be experienced by non-U.S.

individuals. Meanwhile, anecdotal evidence suggests that trust violations, and reticence, occur with great frequency outside as well as inside the U.S. Accordingly, we view cross-cultural studies of trust violations, and individuals' responses to such violations, as a very important and fruitful arena for future research.

One might also ask whether the large number of accounting and other corporate scandals over the last several years, occurring in public accounting firms as well as medium- and large-sized corporations, might have somehow biased participants' responses. In response, we note again that we obtained similar results across two different experimental contexts and samples. Thus, to the extent that our results were influenced by the recent US accounting scandals, it would appear that the effects of those scandals are sufficiently broad-based (transcending contexts and cultures) that they are themselves worthy of empirical recognition. Nevertheless, future research might examine these same hypotheses in contexts where scandals are less prevalent.

One limitation, as well as strength, of our study is its laboratory setting. In actual field settings, the selection and effectiveness of verbal responses are likely to be influenced by factors such as the organizational context and culture, industry and professional norms, the quality of existing relationships, the reputations of individuals involved, and social information about the violation, to name but a few. While we do not doubt the importance of these factors, if we were to conduct initial tests of our hypotheses in a field setting there is a hazard that the setting would introduce extraneous variance that would cloud or distort our hypothesis testing. Therefore, given that research on reticence is at an early stage, we believe it is important and advantageous to test our hypotheses in a controlled setting where we can isolate the effects of predictor variables on the dependent variable. Obviously, additional research is needed to consider the

external validity of our findings. Yet we also recognize that the extraneous factors mentioned above reflect important theoretical and practical considerations, and we look forward to future research that incorporates these factors into theory and field research.

Finally, research might examine how reticence and other responses may be more or less effective depending upon how they are provided. For example, the emotions that accompany an accused party's verbal response might influence a perceiver's trust. An angry denial, for instance, could be superior to a dispassionate denial because it suggests righteous indignation, which could make the denial more believable. In contrast, a regretful apology would be more effective than a dispassionate apology because the regret could help convey that the accused party has truly taken ownership for the violation and intends to avoid future violations.

Practical Implications

This study offers several important implications for those attempting to respond to an alleged or actual trust violation. Despite the fact that reticence is a legitimate and often necessary form of response, our study suggests that the deck is stacked against those who use it. This is in a sense irrational and unfair, since reticence logically conveys no information about culpability and therefore should not be assumed to reflect culpability. Yet managers need to be forewarned that even when reticence is used for legitimate reasons, and is even considered to be a legitimate response by those who receive it, reticence is likely to have poor results compared to other responses. While this serves as a warning for those who must use reticence for legitimate purposes, it also provides some comfort that those who use reticence for an illegitimate purpose (i.e., to avoid blame) are unlikely to succeed. This suggests that attempts to use reticence strategically will generally be self-defeating.

As a related point, legal advisors often advise their clients to remain silent when accused of criminal or civil misconduct. While this strategy may be advisable for winning the legal case, in many situations the accused will have more at stake than just the legal outcome. In particular, the accused party's relationship with the violated party, and reputation with third parties and even the general public, may also be at stake. Our study may help legal advisors and their accused clients better recognize the collateral costs of using reticence to fight a legal case.

This research also has important implications for those whose trust has been violated. For perceivers, it is worth highlighting what appears to be a perceptual bias in evaluating reticence. Although reticence only asks that judgment be withheld, the trust levels engendered by reticence suggest that individuals do not withhold judgment, but instead are biased toward making negative judgments. In many situations, this is a dysfunctional result since the accused party may be using reticence in a genuine, fully-justified attempt to influence the perceiver to withhold judgment. By making perceivers aware of this bias, we hope that they will have a better chance of avoiding it.

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APPENDIX

STUDY 1

In the following items, "Ballou" refers to the job candidate's last name in the interview scenario. Responses were on a 7-point Likert scale with anchors for each item listed below.

Perceived Integrity (anchors: "strongly disagree" to "strongly agree")

- I like Ballou's values.
- Sound principles seem to guide Ballou's behavior.
- Ballou has a great deal of integrity.

Perceived Competence (anchors: "strongly disagree" to "strongly agree")

- Ballou is very capable of performing her job.
- Ballou has much knowledge about the work that needs to be done on the job.
- I feel very confident about Ballou's skills.

Willingness to Risk (anchors: "strongly disagree" to "strongly agree")

- If I have my way, I wouldn't let Ballou have any influence over issues that are important to me. (Reverse-scored)
- I would keep an eye on Ballou. (Reverse-scored)
- I would give Ballou a task or problem that was critical to me, even if I could not monitor her actions.

Hiring (anchors: "definitely" to "definitely not")

- Your firm's policy is that all employees are offered one-year contracts that can be renewed annually at the discretion of the firm and the employee. What is your decision? I will _____?_____ offer Ballou a contract. (Reverse-scored)

Manipulation Checks (response options: described below)

1. In the video, Ballou was accused of incorrectly preparing a tax return. What was the accusation? (Options: “inadequate knowledge of the tax codes,” “intentionally underreported a client’s capital gain,” “neither of the above”)
2. What does this accusation bring into question? (Options: “primarily Ballou's technical ability (i.e., knowledge of tax codes),” “primarily Ballou's integrity (i.e., willingness to bend the rules),” “neither of the above”)
3. What was Ballou 's response to the accusation? (Options: “admitted to filing an incorrect return and admitted personal responsibility for the problem,” “admitted to filing an incorrect return but stated that other parties helped create the problem,” “denied the accusation completely,” “did not admit to or deny the allegation”)

STUDY 2

In the following items, “Whitfield” refers to the CEO’s last name in the news scenario. Responses were on a 7-point Likert scale with anchors for each item listed below.

Perceived Integrity (anchors: “strongly disagree” to “strongly agree”)

- I like Whitfield’s values.
- Sound principles seem to guide Whitfield’s behavior.
- Whitfield will stick to his word.
- Whitfield has a great deal of integrity.

Perceived Competence (anchors: “strongly disagree” to “strongly agree”)

- Whitfield is very capable of performing his job.
- Whitfield has adequate knowledge about the work he faces at Wire Services.

- I feel very confident about Whitfield's skills as CEO.

- Whitfield is well qualified.

Willingness to Risk (anchors: "strongly disagree" to "strongly agree")

- I would be willing to let Whitfield have complete control over the future of this company.

- I would be comfortable having Whitfield work on a task or problem that was critical to Wire Services, even if the company could not monitor his actions.

- I would be comfortable having Whitfield make decisions that critically affect me (e.g., employee compensation, layoffs)

- I would be willing to let Whitfield make almost all key decisions at Wire Services without oversight by others.

- If I had my way, I would not let Whitfield have any influence over issues that are important to Wire Services. (Reverse-scored)

- I would keep an eye on Whitfield. (Reverse-scored)

Manipulation Checks (response options: described below)

1. In the case, Whitfield made a promise to forego preferred stock payments equivalent to 10% of his salary, but individuals within the company have alleged that shares were issued to him anyway. What was the allegation made against Whitfield? (Options: "Whitfield mishandled the situation because he did not fully understand the compensation plan," "Whitfield mishandled the situation by intentionally misleading employees," "Neither of the above")
2. What does this accusation bring into question? (Options: "primarily Whitfield's competence," "primarily Whitfield's integrity," "Neither of the above")

3. What was Whitfield's 's response to the accusation? (Options: "Whitfield admitted receiving the preferred stock payout and admitted personal responsibility for the problem," "Whitfield denied the accusation completely," "Whitfield did not admit to or deny the accusation")