

**ORIGINAL ARTICLE**

# To forgive or not to forgive an organisation: Perceived integrity versus competence transgressions shape consumers' forgiveness of transgressing organisations

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**Abstract**

Forgiveness can de-escalate conflicts and transform resentment into constructive responses. Although we have learned much about interpersonal and intergroup forgiveness in the last two decades (Fehr et al., 2010; Noor, 2016; Van Tongeren et al., 2014), we still know little about the dynamics underpinning individuals' forgiveness of organisational transgressions. We report two studies that investigated the importance of perceived transgression types (lack of integrity vs. lack of competence vs. control) in determining forgiveness towards transgressing organisations. In both studies, organisations were less forgivable when their transgressions were attributed to the lack of integrity (vs. competence or control condition). Forgiveness mediated the negative impact of transgression on punitiveness, highlighting the buffering role of forgiveness in the aftermath of organisational failings. Our findings generalised across both public and private organisations, different designs and cultural contexts.

We have also made our data-sets, including the syntax files of our analyses, publicly available through the Open Science Framework: [https://osf.io/9hrwe/?view\\_only=d4059a42b8624c79966d7213f751b00a](https://osf.io/9hrwe/?view_only=d4059a42b8624c79966d7213f751b00a)

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**KEYWORDS**

competence, consumer forgiveness, integrity, punitiveness, transgression type

**INTRODUCTION**

Organisations are imperfect. Even the most renowned firms sometimes fall short of their consumers' expectations. For example, Volkswagen was fined millions of dollars for its dishonesty in emission systems compliance (BBC, 2016a). A children's hospital in England was forced into temporary closure due to its high mortality rate, which was initially attributed to medical incompetence (BBC, 2016b). Furthermore, the integrity of the British government has been under scrutiny for breaking their own COVID-19 restriction rules by holding Christmas and birthday parties (The Guardian, 2021), causing anger and distrust among the public. The competence of the British government was also questioned during the pandemic for spending £22 billion on a test and trace system that aimed at reducing the spread of the coronavirus and avoiding lockdowns but failed to deliver what was promised (UK Parliament, 2021). Organisational transgressions are commonplace (see Greve et al., 2010, for a review). They can come in different forms (e.g. lacking integrity or lacking competence) and can result in punitiveness that may range from fines, distrust and calls for boycotts (Coombs, 2007; Grappi et al., 2013; Kang et al., 2016; Moody et al., 2014; Reuber & Fischer, 2010). Therefore, it is essential for organisations to better understand factors that contribute to de-escalating responses from disappointed stakeholders in order to transform their anger, resentment and punitiveness into constructive responses that are prosocial and benevolent (Fehr & Gelfand, 2012; Grégoire et al., 2009; Noor, 2016). Forgiveness is known to be a core motivational phenomenon that can transform vengefulness to benevolence (Enright & North, 1998; North, 1987). Thus, we posit that organisational forgiveness is an important factor that can mitigate the negative impacts of organisational transgressions.

This investigation draws from and integrates the different bodies of work on forgiveness (Fehr et al., 2010; Noor, 2016; Paleari et al., 2005), integrity versus competence violations and organisational trust repair (Grover et al., 2019; Kim et al., 2004; Mayer et al., 1995), as well as crisis response literature (Coombs, 2013). It examines how consumers' forgiveness response is shaped by perceived integrity- versus competence-based transgressions, which are two common forms of organisational transgressions. Being casted as a transgressor, from an organisation's perspective, it is imperative to limit the potential damage to its relationship with the consumers and to its reputation more broadly. In addition, given that forgiveness is known to increase the victim's motivation to forgo punitive actions against the transgressor, this work also examines the extent to which transgression type will predict consumers' punitive action tendencies against the culprit organisation and whether forgiveness mediates the effect of transgression type on punitiveness. In sum, our overall theoretical model examines the nature of perceived transgression type as a key predictor of organisational forgiveness and punitiveness, as well as the downstream consequences of consumers' forgiveness for their punitiveness against the transgressing organisation.

## WHAT IS FORGIVENESS AND WHY IT MATTERS IN CONSUMER–ORGANISATION RELATIONS

Research across interpersonal and intergroup relations, as well as consumer–organisation relations has recently drawn attention to forgiveness as an important factor in de-escalating negativity resulting from transgressions by a romantic partner or a friend, members of different groups and an organisation (Fehr et al., 2010; Fehr & Gelfand, 2012; McCullough, 2008; Noor, 2016). Although definitions of forgiveness vary, the general consensus is that forgiveness is a motivational phenomenon influencing the victims' affect, cognition and action towards their transgressors to transform from vengefulness to prosociality and benevolence (Fehr & Gelfand, 2012; McCullough et al., 1997; Noor, 2016). Perhaps by far the most common misunderstanding about forgiveness is that it may imply 'turning a blind eye'. This is not the case. Even though forgiveness is known to reduce rumination and anger, forgiveness does not mean forgetting, excusing, or denying the harm and its impact (Coyle & Enright, 1997; Fehr & Gelfand, 2012; Noor, 2016).

Like in interpersonal and intergroup relationships, forgiveness might also serve as a prosocial facilitator in consumer–organisation relationships, for example, by decreasing the aggrieved consumers' motivation to endorse punitive measures against a transgressing organisation. Similar to the motivation underpinning interpersonal forgiveness (Burnette et al., 2012), consumers may value their relationship with the organisation, especially if the consumer has been in a long-lasting relationship with the organisation (but see Grégoire et al., 2009). Moreover, consumers may also be conscious of the potential adverse costs of revenge. For example, research shows that consumers may switch to suboptimal alternative firms as a way of expressing their vengeance against the transgressing firm (Bechwati & Morrin, 2003). Thus, studying forgiveness matters not only to organisations, who would be eager to effectively manage and influence the negative reactions of different stakeholders in the aftermath of wrongdoings, but it could also benefit consumers by protecting themselves against losing valuable and long-lasting relationships with organisations and switching to less optimal alternatives.

Ultimately, forgiveness can be beneficial for both consumers and organisations due to the values (restorative justice, trust and change) underpinning forgiveness and which, in turn, might influence the quality of consumer–organisation relationships. That is, the purpose of organisational forgiveness is to focus on repairing damaged consumer–organisation relationships. Forgiveness implies that the transgressing organisation is capable of change (Iwai & de França Carvalho, 2020). Given the major role of trust as a pre-requisite for forgiveness (Noor et al., 2008), forgiveness, thus, tasks both parties to work on restoring their mutual trust, without which the relationship would discontinue. In short, although the challenge and threat of a transgressing organisation must be taken very seriously, exploring the path of repairing the damaged relationship with the consumers through forgiveness can also afford organisations a rare opportunity to renew, consolidate and even deepen their relationships with their consumers.

As noted, conflict is ubiquitous in consumer–organisation relations. Consequently, it is important to understand how consumers respond following an organisational transgression. In this work, we focus on how two common forms of organisational transgressions (integrity-based transgression vs. competence-based transgression) may differentially influence consumers' forgiveness towards transgressing organisations.

## LITERATURE REVIEW

In this section, we review the emerging literature on organisational forgiveness (and related concepts) and identify transgression types (integrity vs. competence) as a central gap in understanding consumers' response to the transgressing organisation.

The literature on forgiveness has mostly focussed on the characteristics associated with the victims in explaining forgiveness. Meta-analytic work has identified several such victim-related antecedents of forgiveness. For instance, the victims' ability for perspective-taking and dispositional traits (e.g. agreeableness) have been shown to positively predict the victims' forgiveness (Fehr et al., 2010). Beyond victim characteristics, the kind of organisational climates and cultures might also give rise to forgiveness (Fehr & Gelfand, 2012). Such broadening of focus highlights the importance of the environmental factors in shaping forgiveness (Bright & Exline, 2011), including the role of organisational values (compassion and restorative justice) as well as leadership style.

Other studies have focussed on the process of forgiveness following an organisational transgression. Specifically, in the face of an organisational transgression, consumers experience two desires, namely, revenge and avoidance. For example, Grégoire et al. (2009) provide longitudinal evidence in support of these desires among consumers who had experienced an organisational service transgression. Generally, the findings reveal that consumers' revenge decreases, and their avoidance increases over time. Crucially, these trends vary as a function of consumers' strength of relationship to the transgressing organisation. Over time, revenge decreases more slowly, and avoidance increases more rapidly among strong-relationship consumers as compared to weak-relationship consumers.

Research on forgiveness has also concentrated on the role of leaders, the importance of apologies, intentionality and severity of harm. Specifically, in the context of trust repair in follower-leader relationships, Grover et al. (2019) report that, following a trust violation by a leader, a leader's apology is likely to increase followers' forgiveness and trust restoration, so long as the violation is moderately (vs. highly) intentional and its impact is moderately (vs. highly) severe.

By and large, the literature has overlooked the importance of perceived transgression types and their implications for organisational forgiveness. Of these types, the lack of competence and integrity are the two common causes of organisational transgressions (Grover et al., 2019; Kim et al., 2004). Of course, the causes of transgressions can often be ambiguous, sometimes resulting even from a combination of competence-based (e.g. poor skills) and integrity-based (e.g. dishonesty) factors. Nonetheless, individuals tend to subjectively construe their understanding of the transgression types (Kelley, 1973), which can lead individuals to attribute different causes to the same transgression (e.g. suboptimal product quality). Thus, from an organisation's perspective, understanding the effects of transgression types on forgiveness and punitiveness allows organisations to better manage damages resulting from transgressions. For consumers, it is equally important to have this understanding, not least so, in order to help them make more informed decisions and avoid potential knee-jerk punitive reactions against transgressing organisations—e.g. by switching to suboptimal rival organisations (Bechwati & Morrin, 2003). Taken together, these subjective perceptions of transgression types that have been overlooked in the forgiveness literature can have nontrivial impacts, shaping blame and punishment (Friedman et al., 2007; Naquin & Tynan, 2003).

To address this gap, our work focusses on the impact of perceived organisational transgression types on consumer forgiveness and its impact on punitiveness. Specifically, our investigation addresses the question of how consumer forgiveness might vary as a function of perceived

competence-based versus integrity-based organisational transgressions. We will discuss our theory development regarding these central antecedents of organisational forgiveness in the next section.

## **THEORY DEVELOPMENT: PREDICTING CONSUMERS' FORGIVENESS BASED ON THE PERCEIVED TRANSGRESSION TYPES**

The current work investigates the effects of two types of transgressions on organisational forgiveness. Whereas integrity-based transgressions reflect organisational dishonesty, lack of sincerity and trustworthiness (Leach et al., 2007), competence-based transgressions signify the lack of ability and skills for the organisation to deliver a service that the consumer was promised (Cuddy et al., 2008). These distinctions matter for organisational forgiveness. Just as these distinctions lead to differential perceptions and evaluations of individuals and groups in the interpersonal and intergroup relations (Abele & Wojciszke, 2013; Fiske et al., 2002; Leach et al., 2007; Nadler & Shnabel, 2015), so too might these distinctions influence consumers' evaluation of organisational transgressions and the organisations themselves. That is, transgressions that reflect an organisation's incompetence may signal shortcomings in skills (i.e. technical know-how and social interaction skills), which are potentially trainable. In contrast, integrity-based transgressions may signal flaws in fundamental characters, or value clashes between the organisation and its consumers (Fombrun, 1996; Wenzel et al., 2010). Sometimes, the reasons behind organisational transgressions can be obvious. As noted above, however, more often than not, the reasons can be ambiguous, allowing room for interpretations. Such ambiguity can have implications for the transgressing organisations in terms of how the transgression can be managed and how punitive the public would be towards their transgressing organisations.

Although scholars have not directly investigated the impact of integrity-based (vs. competence-based) organisational transgressions on forgiveness in the consumer-organisation relationships, studies on trust repair across different organisational settings have done so. Specifically, drawing on the integrative model of organisational trust (Mayer et al., 1995), Kim et al. (2004) differentiated between trust violations based on the lack of integrity versus the lack of competence. Integrity is commonly defined as the extent to which one upholds a set of commonly agreed moral principles (Kim et al., 2004; Mayer et al., 1995). As noted earlier, integrity is denoted by attributes such as honesty and sincerity (Ellemers et al., 2008; Leach et al., 2007). Competence refers to having the technical know-how and interpersonal skills to deliver an effective and efficient service (Kim et al., 2004). Competence is demonstrated through attributes such as intelligence and efficiency (Fiske et al., 2002). Integrity and competence are considered as two key dimensions that individuals use to evaluate people and organisations, including job applicants (Kim et al., 2004, 2006), leaders (Grover et al., 2019; Pancer et al., 1999), bank CEOs (Brühl et al., 2018), CEO successors following a transgression (Connelly et al., 2016), CEO YouTube apologies (Manika et al., 2015) or firms' responses to negative consumer online reviews (Zhao et al., 2020).

Broadly, the consensus in the literature is that individuals tend to process and weigh these two dimensions differently. Individuals tend to weigh positive information about competence more heavily than negative information about competence. In contrast, people weigh negative information about integrity more heavily than positive information about integrity (Kim et al., 2003, 2004). One reason for these differences relates to the perceived stability of the

intentions behind the violation. Although competence develops over time, is malleable and can be acquired (Mayer et al., 1995; Zhao et al., 2020), integrity is often expected to be intentional, operate at the moral character level and consist of relatively stable, static traits (Kim et al., 2004; Schoorman et al., 2007; Zhao et al., 2020).

Similar to the differential effects of integrity versus competence violations on trust, we expect consumer forgiveness to vary as a function of these two dimensions. Transgressions that reflect an organisation's lack of competence may signal shortcomings in skills (i.e. technical know-how and social interaction skills). Because skill shortcomings can be improved through consumers or line manager's feedback and skills-based professional trainings (Drejer, 2001; Mayer et al., 1995), despite frustration, consumers may not view competence-based transgressions as irredeemable. In contrast, integrity-based transgressions may signal fundamental flaws in the organisation's moral character, or value clashes between the organisation and its consumers (see Fombrun, 1996; Wenzel et al., 2010). Moral characters tend to carry the most weight in social evaluation relative to other evaluative dimensions (Goodwin et al., 2014) because a deficiency in morality implies intentional harm to others and thus may cause more negative consequences than deficiencies along other dimensions (i.e. competence) do. As noted earlier, moral characters are often considered to be relatively stable (Haselhuhn et al., 2010; Tomlinson & Mryer, 2009). Moral transgressions are also known to lead to feelings of anger and retaliation (Joireman et al., 2013), therefore making it difficult to forgive an organisation who has committed a moral offense. Taken together, we predict that integrity-based organisational transgressions would lead to a lower level of forgiveness than transgressions that are based on the lack of competence or a baseline condition that neither attributed the failing to the lack of integrity nor the lack of competence.

**Hypothesis 1.** Integrity-based transgressions will lead to less organisational forgiveness than competence-based (and baseline control) transgressions.

## CONSUMERS' PUNITIVENESS

It is important for organisations to mitigate punitiveness following transgressions. Aside from the huge material costs and reputation damage that organisations face as a result of their transgressions, recent research demonstrates that people perceive transgressing organisations more negatively than transgressing individuals, despite both engaging in an identical transgression. In part, such perceptions are driven by the beliefs that organisations are more blameworthy than individuals because organisations are seen as capable of causing more harm compared with individuals (Jago & Pfeffer, 2019). Therefore, consumers often attempt to understand the causes of organisational transgression in order to decide whether punitive actions would be warranted (Bechwati & Morrin, 2003). Accordingly, perceived transgression types also matters for consumers' punitiveness.

As indicated earlier, transgressions that reflect an organisation's lack of competence may signal shortcomings in skills (i.e. technical know-how and social interaction skills), which can be improved through feedback and training with time (Weiner, 1995). Thus, competence-based transgressions might be seen as relatively less deserving of punishment. In contrast, integrity-based transgressions may signal fundamental problems in morality and values (Fombrun, 1996; Wenzel et al., 2010), which may appear to be immutable and can result in intentional harm. Therefore, integrity-based transgressions might be seen as more deserving of punitiveness.



**Hypothesis 2.** Integrity-based transgressions will lead to more punitiveness than competence-based (and baseline control) transgressions.

## MEDIATION MODEL: CONSUMERS' FORGIVENESS MIGHT GUARD AGAINST PUNITIVE ACTIONS

Forgiveness is often associated with prosocial behaviour and cooperation (Enright & North, 1998; Noor, 2016; Noor et al., 2015). It can decrease the victims' motivation to act in anti-social and harmful ways towards their wrongdoers (e.g. avoidance and attack; McCullough et al., 1997). However, forgiveness has too often been studied as an outcome variable, with little understanding of its own predictive power in relations to other outcome variables (for exceptions, see Grover et al., 2019; Noor et al., 2015; Wenzel & Okimoto, 2015). Thus, another contribution of our investigation is to address this gap by examining consumers' punitive action as a downstream consequence of forgiveness. Specifically, given the odds are already against organisations in terms of people's readiness to view them as blameworthy culprits (Jago & Pfeffer, 2019) and with consumers willing to take punitive actions (Bechwati & Morrin, 2003), it is key for organisations to understand consumer forgiveness in order to mitigate harsh punishment (Pfarrer et al., 2008).

Forgiveness is an important force that motivates individuals to look beyond the past and to build or rebuild future relationships. It transforms the desire for retribution due to past wrongs to benevolence reactions (Fehr & Gelfand, 2012; Noor, 2016). Therefore, forgiveness could lead to reduce consumers' motivation for punitiveness in response to organisational transgressions. Conversely, when consumers are less forgiving of an organisational transgression, they are more likely to take punitive actions against the organisation in order to restore their power balance (Baumeister et al., 1998) in relation to the transgressing organisation. The relationship between forgiveness and punitiveness is further underpinned by the philosophical reflections about forgiveness that often conceptualise forgiveness as an 'underserved gift' offered to someone who otherwise deserves one's resentment and punishment (Enright & North, 1998; North, 1987). Given that organisational transgression type can shape forgiveness, and that forgiveness in turn influences punitiveness, we propose that the effect of organisational transgression type on punitiveness is mediated by forgiveness (organisational transgression type - > forgiveness - > punitiveness). This mediation model is premised upon the logic that for consumers to forgo punitive actions against a transgressing organisation, they must first be able to forgive the guilty organisation.

Of course, one could theorise alternative models about the relationship between forgiveness and punishment—punitiveness could be argued to predict forgiveness—, which we cannot rule out in the present research. Nonetheless, we choose the specific model (organisational transgression type - > forgive - > punitiveness) because it is grounded in past theoretical and philosophical thoughts that support the logic presented in our proposed model (Baumeister et al., 1998; Enright & North, 1998; Fehr & Gelfand, 2012; Noor, 2016; North, 1987). Taken together, we hypothesise that integrity-based (vs. competence-based or baseline control) transgressions would have a negative impact on consumer forgiveness, and the decreased forgiveness would, in turn, increase customers' punitive actions against the transgressing organisation.

**Hypothesis 3.** Forgiveness mediates the relationship between transgression type and punitiveness. Specifically, integrity-based (vs. competence-based and baseline control) transgressions increase punitiveness through decreased forgiveness.

## OVERVIEW OF STUDIES

We conducted two experiments to test our hypotheses. To do so robustly, we varied our experimental designs (different scenario-based methods), as well as assessing our key concepts with different established measures. Additionally, to examine whether our predictions would be supported in different cultural contexts, we conducted Study 1 in The Netherlands and Study 2 in Britain. All materials and data from the presented research (including items and scales not considered in the present research) are publicly available via the Open Science Framework: [https://osf.io/9hrwe/?view\\_only=d4059a42b8624c79966d7213f751b00a](https://osf.io/9hrwe/?view_only=d4059a42b8624c79966d7213f751b00a)

## STUDY 1

### Method

#### Participants and design

As part of a course requirement, 421 first-year Dutch students completed our study that was included in a mass testing session. Due to technical problems, participants' gender and age were not recorded. However, all participants were in their first year of psychology and aged between 18 and 25 years approximately. Over 60% of year one psychology students were female. One participant did not complete all the measures and was dropped from the analyses. The participants were randomly assigned to one of three transgression type conditions: integrity, competence or control. A distinguishing dimension between organisations is their private versus public nature. As a function of this dimension, organisations can vary in terms of their structure, operations and, most importantly for the current research, consumers' perceptions of them (van den Bekerom et al., 2021). To explore the generalisability of our predictions across both private and public organisations, we also included organisation type as a factor. The study was a 3 (transgression type: integrity vs. competence vs. control)  $\times$  2 (organisation type: public vs. private) between-subjects design. Our sample size was determined by the available testing pool prior to data collection. Nonetheless, we conducted a priori power analysis using G\*Power (vs.3.1.9.3). We estimated the effect size to be small ( $f = .16$ , corresponding to  $\eta_p^2 = .025$ ), as it is common in social psychological research. For conducting a two-way analysis of variance (ANOVA) with main and interaction effects, a sample size of 380 was required at power = .80 and  $\alpha = .05$ . Thus, our sample size had sufficient power. Because our sample size was larger than required, we conducted a sensitivity analysis, which revealed that with power = .80 and  $\alpha = .05$ , a sample of 420 participants would be sufficient to detect a minimum effect size of  $f = .15$ , corresponding to  $\eta_p^2 = .022$ .

#### Procedure and measures

The participants were told that this was a study about their perceptions of organisations. They were randomly assigned to one of two organisation type conditions: either a private ( $n = 209$ ) or a public ( $n = 211$ ) organisation. In each condition, the participants were asked to name one organisation that they thought was providing society with essential services.



The participants were then randomly assigned to one of the three organisation transgression type conditions, by imaging that their chosen organisation has engaged in a transgression. The participants were asked to imagine that the Dutch Ombudsman and the Customer Protection Agency conducted a recent investigation of this organisation. In the integrity condition ( $n = 140$ ), the participants read that the investigation revealed that the majority of the employees of this organisation were involved in many more cases of fraud and dishonesty than their counterparts in other European regions. In the competence condition ( $n = 140$ ), the participants read that the investigation revealed that the majority of the employees of this organisation were found to be lacking adequate skills and were performing much worse than their counterparts in other European regions. The control condition ( $n = 140$ ) focussed on the sociability dimension of the organisation. The participants read that the investigation revealed that the majority of the employees of this organisation were less friendly and their interactions with their service-users were less warm than their counterparts in other European regions (see Leach et al., 2007 for similar manipulation approaches). Note that we did not include manipulation checks in our studies. This is because there are multiple divergent views on manipulation checks in the literature. We followed the recommendations of Hauser et al. (2018), which noted that the use of manipulation checks is problematic because verbal or text-based manipulation checks embedded within an experiment can act as interventions themselves, which initiate new processes that would otherwise not occur. The untested assumption that manipulation checks do not affect experimental conclusions is unwarranted. It is possible that they amplify, undo or interact with the effects of a manipulation. Consistent with this perspective, manipulation checks are not included in our studies. After reading the manipulation scenario, the participants indicated their forgiveness towards the culprit organisation and took punitive action against it, using 7-point Likert scales (1 = *not at all*, 7 = *very much*). For full measures and exploratory analyses, see our supporting information.

## Organisational forgiveness

Organisational forgiveness was assessed with four questions adapted from Noor and colleagues' studies (2008). The participants indicated the extent to which (1) they would forgive this organisation, (2) they would have any ill-feelings towards this organisation (reverse-coded), (3) they would hold any grudge against this organisation (reverse-coded) and (4) they would be resentful towards this organisation (reverse-coded) ( $\alpha = .76$ ).

## Punitive action

The participants indicated the extent to which (1) they would be willing to sign a public petition calling for a stricter monitoring and more frequent investigation of this organisation, and (2) the extent they would want to stop using its service and switch to another organisation. These two items were moderately correlated ( $r = .47$ ), so we aggregated them to form a single score of punitive action ( $\alpha = .64$ ).

For descriptive statistics of key variables and the correlations between them, see Table 1.

TABLE 1 Descriptive statistics and correlations of measured variables in Study 1

Variables	Study 1	
	1	2
1. Forgiveness	-	-
2. Punitiveness		-.66**
<i>M</i>	4.12	3.92
<i>SD</i>	1.24	1.47

\*\* $p = .01$ .

## Results

### *Forgiveness*

A 3 (transgression type)  $\times$  2 (organisation type) ANOVA revealed that the main effect of transgression type on forgiveness was significant,  $F(2, 414) = 14.84$ ,  $p < .001$  and  $\eta_p^2 = .07$ . As predicted, integrity-based transgressions led to less forgiveness ( $M = 3.67$ ,  $SD = 1.13$ ) than competence-based transgressions ( $M = 4.29$ ,  $SD = 1.27$ ), mean difference =  $-.62$ ,  $p < .001$ , Cohen's  $d = .52$  and 95% CI  $[-.90, -.33]$ , and sociability-based transgressions (control condition) ( $M = 4.39$ ,  $SD = 1.21$ ), mean difference =  $-.73$ ,  $p < .001$ , Cohen's  $d = .62$  and 95% CI  $[-1.10, -.44]$ . The relative effect of competence-based versus control condition transgressions on forgiveness was not significant, mean difference =  $-.11$ ,  $p = .45$ , Cohen's  $d = .08$  and 95% CI  $[-.39, .17]$ . Neither the main effect of organisation type nor its interaction effect with transgression type was significant,  $F(1, 414) = .38$ ,  $p = .54$  and  $\eta_p^2 = .00$ , and  $F(2, 414) = .39$ ,  $p = .68$  and  $\eta_p^2 = .00$ , respectively. Thus, we can conclude that the predicted results generalised across both public and private organisations.

### *Punitiveness*

The main effect of transgression type on punitive action was significant,  $F(2, 414) = 10.97$ ,  $p < .001$  and  $\eta_p^2 = .05$ . Integrity-based transgressions resulted in more punitiveness ( $M = 4.38$ ,  $SD = 1.36$ ) than competence-based transgressions ( $M = 3.75$ ,  $SD = 1.42$ ), mean difference =  $.64$ ,  $p < .001$ , Cohen's  $d = .46$  and 95% CI  $[.30, .97]$ , and control condition transgressions ( $M = 3.65$ ,  $SD = 1.53$ ), mean difference =  $.74$ ,  $p < .001$ , Cohen's  $d = .52$  and 95% CI  $[.40, 1.10]$ . Again, the relative effect of competence-based versus control condition transgressions on punitive action was not significant, mean difference =  $.10$ ,  $p = .60$ , Cohen's  $d = .08$  and 95% CI  $[-.24, .44]$ . Finally, the results generalised across both public and private organisations, as neither the main effect of organisation type nor its interaction effect with transgression type was significant,  $F(1, 414) = 2.83$ ,  $p = .09$  and  $\eta_p^2 = .01$  and  $F(2, 414) = .83$ ,  $p = .44$  and  $\eta_p^2 = .00$ , respectively. Thus, the organisation type factor would not be considered in further analyses.

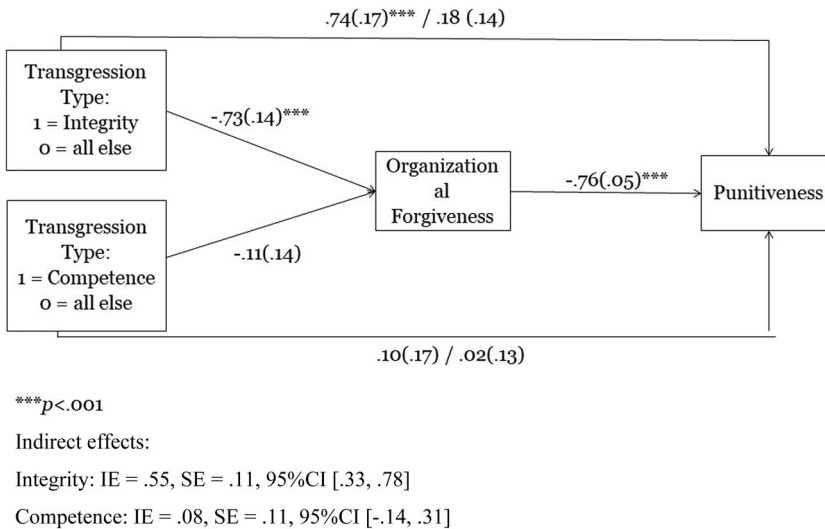
### *Mediation analysis*

We then examined the indirect effects of transgression type on punitive action via forgiveness. We used the Statistical Package for the Social Sciences macro PROCESS (Model 4; Hayes, 2013) with 5000 bootstrap samples. A PROCESS analysis was conducted with transgressions type as a multicategorical variable using the full sample. To capture the three experimental conditions, we employed dummy coding (D1: integrity = 1, competence and control = 0; D2: competence = 1, integrity and control = 0), using control as the reference condition. Consistent

with our predictions, results revealed that integrity-based (but not competence-based) transgressions significantly and negatively predicted forgiveness. In turn, forgiveness significantly and negatively predicted punitiveness (see Figure 1).

## Discussion

As predicted, the results of Study 1 demonstrated that, compared to competence-based and control condition transgressions, integrity-based transgressions resulted in significantly less forgiveness and subsequently more punitiveness. The results showed that competence-based and control condition transgressions did not significantly differ from each other; thus, the adverse effects of organisational transgression on suppressing forgiveness and encouraging punitiveness were mainly driven by integrity-based transgressions. Moreover, we found evidence for our proposed mediation model. Specifically, forgiveness accounted for the link between integrity-based transgressions and punitiveness. We acknowledge that, despite observing statistical evidence in support of our model, the current study does not establish the causal effect of forgiveness on punitiveness. Indeed, statistical tests cannot identify the true causal model from all logically possible conclusions (Fiedler et al., 2018, p. 100). We note that the premise of our mediation model (organisational transgression -> forgiveness -> punitiveness) was based on past theoretical and philosophical frameworks that suggested that in order to forgo punitive actions against an offender, the victim must have first formed a forgiving attitude towards the offender. Furthermore, organisation type did not moderate the effects of integrity-based failing, suggesting that the impacts of integrity-based transgressions held regardless of whether the organisation was public or private.



**FIGURE 1** Study 1 mediation analyses of transgression type on punitiveness through organisational forgiveness, with control as reference group. Numbers represent unstandardised regression coefficients. Numbers in parentheses represent standard errors.

## STUDY 2

Study 1 provided evidence suggesting that, when an organisation fails its consumers, integrity-based transgressions are the most unforgivable and, thus, most punishable compared to transgressions related to competence or control. The aim of Study 2 was to replicate and extend these findings using a different experimental design. The participants in Study 1 were free to name their own organisations. They were also free to think about the specifics of the transgressions after being randomly assigned to one of three transgression type conditions. As such, it is possible that the manipulations might have been confounded with other factors (e.g. prior customer relationship and salience of news coverage), which inadvertently may have potentially varied in terms of severity, thereby affecting forgiveness (Fehr et al., 2010; Grover et al., 2019; see Grégoire et al., 2009). Finally, the design in Study 1 did not specify whether the participants were to assume the role of the victim or that of a bystander. Thus, in designing Study 2, we addressed these shortcomings by varying the transgression type while keeping constant (1) the company type (a fictitious company called Cab-4-All), (2) the transgression committed (3) and the role of the participants as the victims. To further test the generalisability of our findings, Study 2 also employed a pure control condition. Finally, we employed validated measures designed to tap more closely consumers' forgiveness of transgressing organisations.

## Method

### *Participants and procedure*

Sample size was determined before data collection. We recruited 504 British residents from Prolific. Of these, six were excluded because they failed to pass our attention check, leaving a final sample of 498 (61% female;  $M_{\text{age}} = 33.03$ ;  $SD_{\text{age}} = 11.91$ ). Our sample was determined by the findings of Study 1, which revealed a medium effect size, as well as by the available budget to collect online data from an online platform (Prolific.co). A priori power analysis using G\*Power (vs.3.1.9.3) revealed that for conducting one-way ANOVA with a main effect, a sample size of 159 participants was required at power = .80 and  $\alpha = .05$  to detect a moderate effect size of  $f = .25$ , corresponding to  $\eta_p^2 = .06$ . Thus, our sample size had more than sufficient power. Because we were able to recruit a larger sample size than required, we conducted a sensitivity power analysis based on the actual sample size. This analysis revealed that with power = .80 and  $\alpha = .05$ , the sample of 498 participants would be sufficient to detect a minimum effect size of  $f = .14$ , corresponding to  $\eta_p^2 = .02$ .

## Materials

### *Experimental materials*

The study was presented as exploring views regarding organisational failings. To present the transgressions of the fictitious company, Cab-4-All, all the participants read three posts written by its customers. To ensure participants took the victim perspective, rather than that of a bystander, they were asked to try to imagine that the reported events were happening to them. These included a nurse who had booked a ride with Cab-4-All the night before his early morning work shift at the hospital. However, the next morning, he had to wait for 45 min for his taxi, causing him and his sick patients much disruption that day. A charity worker looking after

elderly people took a ride with Cab-4-All to visit an elderly client. What was expected to be a 15-min ride turned into a 50-min nightmare journey, because the driver did not have a navigation device and got lost, leaving both the charity worker and her elderly client rather anxious and frustrated. Finally, a firefighter took a ride home with Cab-4-All after his late-night work shift. Using Cab-4-All's cash-free app to pay his fare, he later realised that for a ride that would normally cost him £12, the company had charged him £54.88. When reporting the wrong charge to the company, Cab-4-All informed him that they would need to conduct an internal investigation and notify him of its results in 6 weeks' time. The participants then learnt that after other similar incidents, the Customer Protection Agency investigated Cab-4-All, inspecting the company's drivers, managers and its IT system. The participants in the integrity transgression condition ( $n = 166$ ) learnt that the investigation concluded that Cab-4-All was not fit for purpose primarily because the company was operated by dishonest drivers, rogue managers and a predatory IT system, whereas the participants in the competence transgression condition ( $n = 166$ ) learnt that the investigation concluded that Cab-4-All was not fit for purpose primarily because the company was operated by untrained drivers, unskilled managers and an error-prone IT system. Our design also included a pure control condition ( $n = 166$ ) in which participants were not given transgression attribution information.

## Measures

The participants responded to the following measures using sliding scales that ranged from 0 ('Strongly Disagree') to 100 ('Strongly Agree'). For full measures, including exploratory measures, see online supporting information.

### *Forgiveness*

This 9-item scale was based on McCullough and colleagues' (1998) original forgiveness measure. In the current study we used an adapted version of this scale, which specifically captured forgiveness in the consumer–organisation relationship, developed by Grégoire et al. (2009) (e.g. 'I want to get even with the company'; 'I want to make the company get what it deserves'; 'I want to keep as much distance as possible between the Cab-4-All company and me'; reverse-coded;  $\alpha = .88$ ).

### *Punitiveness*

In addition to measuring the participants' willingness to sign a public petition against the company (identical to the item used in Study 1), six additional items were adapted from Grégoire and Fisher (2006; e.g. 'I would be willing to spread negative word of mouth about the Cab-4-All company'; 'When my friends are looking for a taxi ride, I will tell them not to hire this company'; and 'I will bring my business to a competitor company'  $\alpha = .84$ ).

## Results

For descriptive statistics of key variables and the correlations between them, see Table 2.

TABLE 2 Descriptive statistics and correlations of measured variables in Study 2

Study 2				
Variables	1	2	3	4
1. Age	-			
2. Gender	-.02	-		
3. Forgiveness	-.06	-.07	-	
4. Punitiveness	.12**	.05	-.67**	-
<i>M</i>	33.03	1.39	27.97	83.48
<i>SD</i>	11.91	.49	16.62	13.65

\*\* $p = .01$ .

## Forgiveness

We first conducted omnibus ANOVAs to examine the effect of experimental conditions on each of our central dependent variables (i.e. forgiveness and punitiveness). As theorised, we observed a significant overall effect of condition on forgiveness,  $F(2, 495) = 10.10$ ,  $p < .001$ ,  $\eta_p^2 = .039$ . Simple effect analyses revealed that, as predicted, the participants in the integrity-based transgression condition were less likely ( $M = 23.77$ ,  $SD = 14.93$ ) to forgive Cab-4-All than those in the competence-based transgression condition ( $M = 28.35$ ,  $SD = 15.79$ ), mean difference =  $-4.59$ ,  $SE = 1.80$ ,  $p = .011$ , Cohen's  $d = .30$  and 95% CI  $[-8.12, -1.07]$ , and those in the control condition, ( $M = 31.79$ ,  $SD = 18.07$ ), mean difference =  $-8.02$ ,  $SE = 1.80$ ,  $p < .001$ , Cohen's  $d = .48$  and 95% CI  $[-11.54, -4.50]$ . In contrast, the difference between the competence-based transgression and control conditions was not significant, mean difference =  $-3.44$ ,  $SE = 1.80$ ,  $p = .056$ , Cohen's  $d = .20$  and 95% CI  $[-6.96, .08]$ , consistent with Study 1.

## Punitiveness

We also observed a significant overall effect of condition on punitiveness,  $F(2, 495) = 3.30$ ,  $p = .038$  and  $\eta_p^2 = .013$ . As predicted, simple effect analyses revealed that the participants in the integrity-based transgression condition ( $M = 85.69$ ,  $SD = 12.51$ ) were more likely to punish Cab-4-All than those in the competence-based transgression condition ( $M = 82.31$ ,  $SD = 14.30$ ), mean difference =  $3.37$ ,  $SE = 1.50$ ,  $p = .024$ , Cohen's  $d = .25$  and 95% CI  $[.44, 6.31]$ , and those in the control condition ( $M = 82.43$ ,  $SD = 13.90$ ), mean difference =  $3.26$ ,  $SE = 1.50$ ,  $p = .029$ , Cohen's  $d = .25$  and 95% CI  $[.33, 6.19]$ . The difference between the competence and control conditions was not significant, mean difference =  $-.116$ ,  $SE = 1.50$ ,  $p = .938$ , Cohen's  $d = .01$  and 95% CI  $[-3.05, 2.82]$ .

## Mediation analyses

As in Study 1, we examined the indirect effects of transgression type on punitive action via forgiveness. A PROCESS analysis was conducted with transgression type as a multicategorical



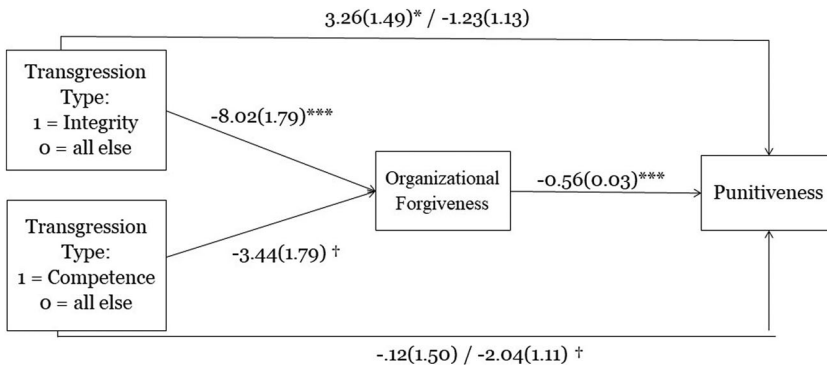
variable using the full sample. To capture the three experimental conditions, we employed dummy coding (D1: integrity = 1, competence and control = 0; D2: competence = 1, integrity and control = 0), using control as the reference condition. Consistent with Study 1, results revealed that integrity-based (but not competence-based) transgressions significantly and negatively predicted forgiveness. In turn, forgiveness significantly and negatively predicted punitiveness (see Figure 2).

## Discussion

Study 2 successfully replicated and extended the findings from Study 1, showing that the participants in the integrity-based transgression condition were the least forgiving and the most punitive compared to those in the competence-based transgression or control conditions. Like in Study 1, the findings of Study 2 validated that the adverse effects of organisational transgression on suppressing forgiveness and encouraging punitiveness were mainly driven by the integrity-based transgressions, given the differences across competence and control conditions were not significant. Finally, similar to Study 1, we observed evidence in support of forgiveness mediating the negative impact of organisational transgressions on punitiveness.

## General discussion

The two studies reported here revealed that individuals' forgiveness of a transgressing organisation varied as a function of whether they perceived the type of transgression to be due to the organisation lacking integrity versus competence. Integrity-based transgressions suppressed individuals' forgiveness and increased their punitiveness significantly more than competence-



$\dagger p < .10$ ;  $*p < .05$ ;  $**p < .01$ ;  $***p < .001$

Indirect effects:

Integrity: IE = 4.49, SE = 1.09, 95%CI [2.40, 6.63]

Competence: IE = 1.92, SE = 1.05, 95%CI [-.14, 4.00]

**FIGURE 2** Study 2 mediation analyses of transgression type on punitive action through organisational forgiveness, with control condition as reference group. Numbers represent unstandardised regression coefficients. Numbers in parentheses represent standard errors.

based transgressions or when the cause of transgression was not spelled out as in the baseline control condition. Forgiveness mediated the negative impact of organisation transgression types on punitiveness.

These results are the first to document how the type of organisational transgression—lacking integrity versus competence—influences consumer–organisation relationships. Our results highlight that consumers weigh integrity-based transgressions more heavily than competence-based (or baseline) transgressions. That is, once consumers perceive the integrity (vs. competence) of an organisation to be questionable, consumers become less forgiving and more punitive of the transgressing organisation. Forgiveness was also found to buffer against the adverse impact of organisational transgression on punitiveness. Notably, our findings generalised across different study designs and cultural contexts, and across both public and private organisations.

We build on past research highlighting the role of integrity versus competence violations in organisational trust repair (Grover et al., 2019; Kim et al., 2004, 2006; Mayer et al., 1995; Zhao et al., 2020) and, more broadly, crisis response (Coombs, 2013). Our findings are consistent with past research and contribute to broadening its focus in important ways. Specifically, we extended the application of integrity-based versus competence-based transgression distinction beyond organisational trust repair and investigated its impact on consumer forgiveness. Like in trust repair, our results indicate that consumers consider an integrity-based transgression as more grave and harder to recover from than a competence-based transgression. Integrity-based transgressions may be more irredeemable, in parts, because such transgressions reflect moral character flaws in the organisation that are more stable and less malleable (Kim et al., 2004; Schoorman et al., 2007; Zhao et al., 2020). In contrast, competence-based transgressions might reflect deficiencies in the organisation's skills and technical expertise, which are malleable and can be addressed through trainings and thereby become more forgivable.

Forgiveness has often been studied as the main outcome variable in past research (Fehr et al., 2010; Noor, 2016), leaving an important knowledge gap about its predictive power in shaping substantive organisation outcomes. Thus, our results further contributed to advancing our understanding of forgiveness. It appears that forgiveness does have the potential to buffer against the adverse impact of organisational transgression and reduce the likelihood of consumer punitiveness.

Our results also bear applied implications. Sometimes the type of organisational transgression is obvious. More often than not, the causes of transgression are ambiguous, allowing room for interpretations. In the latter case, our results indicate that when managing the negative impacts of organisational failings, it would be of paramount importance for organisations to clear up any ambiguity that might suggest that the transgressions might have stemmed from a lack of integrity. However, in cases where it is evidently clear that the transgression was based on a lack of integrity, after acknowledging its fair share of responsibility, the organisation may propose ways to improve and address the issues through enhancing the knowledge and skills of the employees and implementing internal regulatory system that might avoid future transgressions. It might also be important to elucidate the extent to which other parties, including the consumers themselves, might have been implicated in the integrity-based transgression. For example, consumption demands or demands for low prices create circumstances that compel organisations to engage in morally suboptimal manners to meet the consumer expectations. Recent research has shown that making consumers aware of their co-responsibility for integrity-based transgressions can suppress their motivation to engage in punitive actions (e.g. boycott) against the organisations and to promote the motivation to foster more sustainable development (Eberly et al., 2011; Scheidler & Edinger-Schons, 2020).

One limitation of our work is its vignette-based designs. Although vignettes afford a great deal of control to design sound experiments, they lack the psychological salience of real events. Future research could take advantage of real-life transgressions as they occur to more systematically study the relative impacts of integrity-based versus competence-based transgressions on consumer forgiveness. Future research could also investigate the long-term effects of the different types of transgressions on forgiveness and related variables, especially because their impacts may develop into different trajectories over time (see Grégoire et al., 2009). Relatedly, although we modelled punitiveness as a consequence of forgiveness on theoretical grounds (e.g. Enright & North, 1998; North, 1987), our correlational data cannot rule out the possibility of the reverse causal path. To test this mediation more rigorously, future studies could employ experimental causal chain designs (Spencer et al., 2005).

## Conclusion

In the aftermath of transgressions, organisations can adopt specific strategies to influence the responses of different stakeholders, including their consumers. We highlight forgiveness as a key response to protecting the consumer–organisation relationship following a transgression. Forgiveness in the consumer–organisation context does appear to be influenced by whether consumers perceive the transgression to be caused by the organisation's lack of integrity versus competence. Forgiveness is consequential, predicting punitiveness against the transgressing organisation. Given organisational transgressions are commonplace, understanding the nature and boundaries of consumer forgiveness is key.

## CONFLICT OF INTEREST

The authors declare that they have no conflict of interest.

## ETHICS STATEMENT

Ethics was obtained from the Ethics Committee at the School of Psychology, Keele University (PS-200136).

## DATA AVAILABILITY STATEMENT

Data-sets, including the syntax files of analyses, are publicly available through the Open Science Framework: [https://osf.io/9hrwe/?view\\_only=d4059a42b8624c79966d7213f751b00a](https://osf.io/9hrwe/?view_only=d4059a42b8624c79966d7213f751b00a)

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## SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

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