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THE ETHICS OF CEO APOLOGIES

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Abstract

The number of corporate apologies has increased dramatically during the past decade. The trend has caught the eye of both rhetoricians and management scholars who have analyzed various corporate apologies, characterizing some as sincere and others as merely ritualistic. The classification schemes used by these analysts tend to be highly schematic—i.e., they focus on the necessary and sufficient logical qualities that an apology must possess in order to qualify as sincere. Another body of management literature overlaps with these logical analyses but focuses on public relations and considers which types of apologies by CEOs are most successful in repairing a firm's image. The logical and PR analyses are not completely distinct, for an apology by its very nature aims at restoring trust among parties and that restoration may involve damage control. This paper adds several important but overlooked dimensions to the debate by delving into the ethics of CEO apologies. First, rather than just listing traits or features than an apology should have, I ground these features in the nature or essence of an apology. Second, I explore the largely ignored role played by the speaker's ethos and pathos in genuine or ethical apologies and suggest that attention needs to be paid to the problems "role contamination" poses for CEO apologizers. Third, I conclude by arguing that it likely is not possible to specify all of the necessary and sufficient conditions for an apology to be ethically good. The most one can hope to do is to outline some key aspects of an ideally good apology.

The number of corporate apologies has increased dramatically during the past decade (Lindner, 2007). The trend has caught the eye of both rhetoricians and management scholars who have analyzed various corporate apologies, characterizing some as sincere and others as merely ritualistic. The classification schemes used by these analysts tend to be highly schematic—i.e., they focus on the necessary and sufficient logical qualities that an apology must possess in order to qualify as sincere. Another body of management literature overlaps with these logical analyses but focuses on public relations and considers which types of apologies by CEOs are most successful in repairing a firm's image (Souder, 2010; Benoit, 2005). The logical and PR analyses are not completely distinct, for an apology by its very nature aims at restoring trust among parties and that restoration may involve damage control.

This paper adds several important but overlooked dimensions to the debate by delving into the ethics of CEO apologies. First, rather than just listing traits or features than an apology should have, I ground these features in the nature or essence of an apology. Second, I explore the largely ignored role played by what I call "role contamination" and by the speaker's ethos and pathos in genuine or ethical apologies. The management literature has tended to overlook the important ethical dimension imbedded in the full rhetorical context of CEO apologies. For example, although the CEO acceptance of responsibility as part of an apology is surely important, it does not suffice to make an apology by a CEO ethically good. The tone and formality of an apology matters as well. The setting for the apology also influences whether an apology will be construed as authentic and ethical by the audience. What the recipient of the apology is likely to hear matters every bit as much as what the speaker says. Third, I conclude by arguing that it likely is not possible to specify all of the necessary and sufficient conditions for an apology to be ethically good. The most one can hope to do is to outline some key aspects of an ideally good apology. My goal here is not to establish and defend an elaborate framework for assessing CEO (or, more broadly, managerial) apologies but rather 1) to sketch what a more defensible framework than has been offered to date might look like; and 2) to point to some limitations of any such framework.

Before setting out this framework, I need to define what an apology is. *An apology, roughly speaking, is a verbal exchange in which someone who is perceived as having caused harm or offense to another party or parties speaks and/or behaves in a way that allows for a future reconciliation between the offender and those whom he or she has harmed.* Throughout this paper, I will treat an apology as ethically good if it functions (or at least has a chance offunctioning) to restore trust between the CEO apologizer/CEO's firm

and the parties injured by the apologizer. Note that my approach is, loosely speaking, Aristotelian. An apology by its very nature has a purpose, goal, or *telos* of "bridge-building" between the perceived offender and those who see themselves as harmed. An apology that is structured so as to fulfill that *telos* is both a true apology and an ethically good one.

Before beginning, I need to issue three caveats. First, an ethically good apology has a chance of restoring trust, but may not actually do so. I add this caveat because some injured parties may never accept an apology, even if that apology were to contain all of the elements specified in this paper. When recipients have hardened their hearts and refuse to give the speaker any chance to rebuild bridges, the apology likely will fail regardless of the logic, ethos and pathos and setting of the apology.

Second, for a speech act to qualify as an apology (good or bad), it is not necessary that speakers intend that their speech be an apology. If the audience hearing the speech thinks he or she has been harmed; and if the speech act occurs in a context in which the audience is looking for an apology, then the speech act may still be treated as an apology. Thus, if I injure a friend of mine and say to her, "I am sorry you are upset," I may not intend to be offering an apology. Perhaps I am just making a passing observation. However, my friend, for reasons explored below, may well hear my speech as a failed apology because she was legitimately hoping for me to apologize for having harmed her. Speech acts exist in a public realm, and the speaker does not get to decide unilaterally what will or will not count as an apology, promise, etc.[1]

Third, in the following discussion, I am considering only cases in which an apology is plausibly called for. We sometimes may take offense in cases in which no offense was actually given by the party whom we view as being a wrongdoer. For example, you may think that I spilled coffee on your silk shirt. In fact, somebody else did so. If you confront me, I might well express sympathy that you have been burned and that your shirt has been ruined. I need not, however, take responsibility for having spilled coffee on you. My murmured expression of sympathy fails to have certain elements typically possessed by an ethically good or authentic apology I specify below but my speech is not a failed apology because you have no right, as it were, to expect that that I, an innocent bystander who did you no harm, would offer you an apology.

To return to the main analysis: For a reconciliation to be possible, the apology must aim at healing the breach in trust that is perceived to have occurred (Lazare, 2005). That is why some apologizers seek to establish that the speaker and audience share values and thus have a mutual basis on which to rebuild bridges and resume a common life. The purpose or telos of an apology is not primarily, as some communications theorists seem to believe, image restoration. You may once have thought I was a jerk but now have begun to be unsure about the judgment. If I offer you an "apology" that confirms that I am a jerk, my image as a jerk has been "restored" in your eyes, but you likely will not think of my statement as a real apology. As Randy Cohen puts it, a genuine apology is not simply a public relations exercise; apologizing "can't be merely ritual theater" (quoted in Rehm, 2010).

Moreover, an apology does more than merely express regret.[2] Apologizing is an activity with a specific implicit goal --trust restoration. Only to the extent that the apology is constructed and delivered in ways that support the fulfillment of that telos does the apology function as a genuine apology. Speech acts that are not so structured and delivered as to foster and restore trust are failed apologies. Indeed, one might even say that they border on not being apologies at all, even if the speaker says to an audience, "I apologize for..." or "I regret that...." Indeed, sometimes one hears audience members disgusted by the content or form of the speech act exclaim, "That wasn't an apology!"

Part 1: Logical or Content Elements for an Apology to Qualify as Authentic or Ethical

[1] A lot more could be said about how speech acts are not defined by the speaker's intention, but I do not want to lose the focus on the ethics of CEO apologies. The general point I am making is, I think, clear enough. For a discussion of the public nature of speech acts, see J. L. Austin, How to Do Things with Words (Cambridge, MA: Harvard University, 1962).

[2] In his discussion of speech acts, Austin seems to think that an apology is primarily an expression of regret. The speaker could regret all kinds of things without saying anything that functioned to restore trust. So my desiderata for an authentic or ethically good apology are more extensive than Austin's.

The goal of healing the breach of trust between parties imposes what Aristotle would term logical or content elements on what the apologizing CEO should say in order for his or her apology to qualify as a true apology. In this section, I sketch these content elements.

Element #1: Taking Personal Responsibility for the Wrongdoing

From the rough definition of an apology give above, we can conclude that the apology ought to be given by the person who has committed the wrongdoing or by one who is arguably in charge of those who did the wrong and thus ultimately accountable for the deviant deed. Just as I cannot apologize and repent for your sins, so CEOs must apologize for deeds either that they personally have initiated or that were initiated by agents who were, in principle, controllable by these CEOs and for which the apologizing executives are thus justly and reasonably held accountable. An apology should make clear exactly who (e.g., the CEO) is responsible for the offensive or unjust deed for which an apology is required. CEOs who simply state, "Mistakes were made" or "I feel your pain" have not offered an apology because they have not indicated what they or their firm did that has been perceived as wrong (Ferrin et al, 2007). As a result, the person hearing the CEO's words has no one in particular with whom to rebuild the bridge of trust, and no reconciliation is possible. The bridge metaphor is especially apt here. Just as there can be no bridge to nowhere because a bridge has two endpoints, so, too, an apology must link a particular perceived offender to those receiving the apology.

Moreover, the person offering an apology should himself or herself accept personal responsibility. Failure to take personal responsibility undermines the apology, for as I noted above, strictly speaking, one agent cannot apologize for an action for which he or she is in no way either morally or legally responsible. A statement made a few years back by Reed Hastings, the CEO of Netflix, has this "taking personal responsibility" element of an ethically good apology. Reed had jokingly told a Canadian audience that Netflix was charging the Canadians cheaper rates than those paid by Americans because the Americans were too self-involved to realize that they were paying higher fees than their neighbors to the north (Yarow, 2010). Hastings later apologized, saying, in effect, "I made a bad joke. This joke was offensive to my fellow Americans because I lied about them. Americans are a generous and philanthropic people." One might add that the Americans weren't so self-involved that they failed to notice that Netflix was charging differential fees based on location. Their awareness of the price variance was partly responsible for the ire with which Americans greeted this joke. In any case, in this case, the CEO apology was ethically good insofar as Hastings took direct personal responsibility for the perceived offense, using the active voice.[3]

Here is another case of an authentic apology. Chrysler CEO Bob Nardelli inadvertently confused the city of Kenosha (where Chrysler was closing a plant) with Trenton (which was retaining a plant). When asked about the Kenosha plant, Nardelli mistakenly told a state representative from Kenosha that Chrysler would manufacture its new line of V-6 engines there. Upon learning of his error, Nardelli promptly gave a straightforward apology, taking responsibility for his mistake using the first person pronoun:

> *I* mistakenly conveyed the status of the Phoenix investment in Trenton, Michigan. The facts *I* described were accurate for Trenton and not Kenosha, Wisconsin. *I* recognize this has added further confusion to an already difficult situation (quoted in Rodell and Gilbert, 2009) (emphasis added).

Nardelli not only gave a public apology but apologized in a private phone call to Representative Gwen Moore from Milwaukee who had asked the original question about the status of the Kenosha plant. This CEO's willingness to take personal responsibility in both the public and private spheres made his apology more effective at restoring trust in Chrysler and thus ethically better.

We can contrast this apology with those in which the CEO hides behind the collective. Leaders of firms that get involved in wrongdoing sometimes use the pronoun "we" or refer to the "team" when describing the firm's deeds or strategies. For example, the bankers at the center of the financial collapse consistently referred to their "teams" and to the practices of other bankers when alluding to the causes of the debacle. These bankers suggested that many parties were to blame for the meltdown. Yet, when

[3] However, the apology may still not be fully authentic if it fails to contain other relevant elements.

everyone is responsible, no one is. Furthermore, when CEOs fail to cast themselves as causes of the harm and the injury to which they refer in their statements, their words can wind up damaging trust even further. When no causal explanation is given, the audience is *more* likely to attribute an active intention to harm to the speaker (Mattila, 2009). The audience is looking for an apology from the CEO. When it does not get one, it reacts angrily and infers that the speaker is unjust or wicked.

To summarize: Simply saying "I am sorry" does not count as an ethically good apology. An apology qualifies as such only when the apologizer explicitly assumes personal responsibility for wrongdoing for which he or she is reasonably being held accountable by the audience. Acceptance of responsibility should be the dominant theme. Consequently, an ethically good apology does not turn argumentative, nor does the speaker plead ignorance of wrongdoing. In the case of the financial debacle, many financial CEOs have subsequently insisted that they were not even aware of the mortgage-backed securities at the root of the collapse. If they were genuinely ignorant; and if their ignorance was not the result of negligence but genuinely non-culpable ignorance, there is absolutely no reason to plead ignorance when offering an apology. Indeed, the speaker likely has nothing for which to apologize in the first place because we are assuming that he or she in no way contributed to the wrongdoing. On the other hand, if the situation does call for the speaker to apologize and to assume personal responsibility, then for the CEO to invoke ignorance merely clouds what is at issue in an apology—namely, what is the wrongdoing for which the CEO has been directly or indirectly responsible?

Pleading ignorance has only one purpose: to deny or mitigate responsibility. But an apology is not an occasion for suspected wrongdoers to plead their case. Rather an apology aims at healing a rupture in trust by having the wrongdoer admit guilt and ask to make a new beginning. Apologizers should be self-effacingly remorseful when they acknowledge their personal error and their harming of others. Acts of injustice usually render those who are harmed more vulnerable, so apologizers, by themselves assuming a position of humble vulnerability, equalize relations and thereby make it easier to restore trust. An argumentative apologizer does not manifest the requisite vulnerability, a point to which I will return later.

Element #2: Naming the Wrongdoing for Which the Apologizer Accepts Personal Responsibility

In general, apologetic CEOs need to name the exact wrongdoing for which they are accepting personal responsibility. The aggrieved parties believe they have suffered some specific harm or have been treated unjustly in some particular way. Without explicit acknowledgement of this harm, CEOs will find it hard to restore trust because they and the audience will not know whether they are even on the same page regarding the breach of trust. Moreover, as I argue below, an ethically good apology will typically lay out some action steps for restoring trust by repairing the breach. So, on this score, too, the CEO needs to indicate that he or she acknowledges that the firm erred *in some particular way*.

A related point: The apologizer, by stating specifically what he or she did wrong, is implicitly admitting that the action in question was voluntary. As Aristotle notes, although we pity and pardon involuntary deeds, we praise and blame those that are voluntary. The apologizer must be willing, therefore, to accept blame.[4] If the apologizer were to say, "I did the horrible deed X and accept responsibility for it, but I should not be blamed for X," we would not think that he or she has actually apologized. Accepting blame is part of what it means to be held accountable. Such acceptance is also a first step toward mending one's ways. As we shall see, giving evidence of a willingness to alter one's behavior shows that the speaker has the ethos necessary for a reconciliation to proceed.

In some cases, the harm caused by a company may have been inadvertent. Still, if the leader was ignorant because he or she was negligent, then the leader needs to admit to this negligence (which is itself a kind of wrongdoing). In the rare case in which an unintended harm was completely unavoidable, the leader may not really be able to offer an apology in the strict sense of the term. In these cases, leaders may want to express solidarity with those who have suffered because of something that the corporation directly or indirectly did. Let us suppose that a terrorist set off a bomb at a fertilizer plant and the subsequent explosion of the plant killed and maimed many in the surrounding community. The CEO

[4] The apologizer and/or his or her firm may not be legally culpable for the wrongdoing, but, if the CEO is apologizing, he or she must be willing to accept some measure of censure or what we might consider "ethical" blame.

of the plant could certainly say, "I and my co-workers are sorry for the massive damage this community has suffered as a result of a terrorist bombing". But, precisely because the CEO is not naming a specific wrong done by the firm, this sort of expression of sorrow is not an apology in the fullest sense of the term and should not be construed as such.

There have been several cases of noteworthy non-apologies, speech acts that signify regret but do not serve to restore trust because the speaker does not accept responsibility for the harm and suffering caused by his or her specific acts. Martha Stewart consistently denied that she was involved in insider trading or the obstruction of justice. She never apologized to her employees, customers or stockholders for the wrongdoing for which she was convicted and imprisoned, although she did express regret that their lives, like her own, had been disrupted when charges were brought against her (Dirks et al, 2004). SAP AG Co-Chief Executive Bill McDermott's apology to Oracle for copyright infringement by SAP was so vague that someone unfamiliar with the case would be confused as to what the specific offense was: "They were doing things that required much closer scrutiny…I am sorry for that" (quoted in Borzo, 2010). His use of the third person pronoun calls into question why he is apologizing if someone else has acted unjustly. Who is the "they"? Are "they" employees or not? Who should have been scrutinizing what more closely? The absence of specificity undercuts the apology.

In many cases, CEOs say that they are sorry but then characterize what the injured parties view as wrongdoing in such a way that the CEOs responsibility is lessened. Consider the prepared statement Citigroup CEO Chuck Prince read when he testified before the Financial Crisis Inquiry Commission in April 2010:

> Let me start by saying I'm sorry. I'm sorry the financial crisis has had such a devastating impact for our country. I'm sorry about the millions of people, average Americans, who lost their homes. And I'm sorry that our management team, starting with me, like so many others could not see the unprecedented market collapse that lay before us (quoted in Dash, 2010).

Prince hides behind talk of the "team" and conspicuously avoids mentioning the particular doings of Citigroup that contributed to the crisis: the pushing of inappropriate mortgages, the use of unsafe credit default swaps to improve the bank's balance sheet, the lowering of mortgage standards that enabled non-creditworthy borrowers to get loans, etc. Instead, Prince regrets his failure to foresee that which was allegedly unprecedented and, therefore, likely unforeseeable. In other words, his apology is not an apology at all because no one needs to express contrition for the failure to be omniscient.

Prince clearly understands that his audience is expecting an apology, for he, in effect, argues that neither he nor any other bank can legitimately be held accountable by the audience because everyone held the same false belief that mortgage-backed securities were safe: "Everyone, including our risk managers, other banks, and CDO structurers, all believed that these …securities held virtually no risk. It is hard for me to fault the traders who made the decisions to retain these positions on Citi's books" (quoted in Dash, 2010). Former Citigroup board member Robert Rubin provided an analogous minimization. As the Times put it, Citigroup board member Rubin "also showed some contrition but stopped short of accepting personal responsibility for the banks' woes [by citing] at least nine different causes for the financial crisis, which formed a toxic cocktail that, he claims, 'almost all of us' missed" (quoted in Dash and Chan, 2010). Like his fellow bankers, Rubin was conspicuously vague when it came to admitting what the he and the banks did (or failed to do) to contribute to the crisis.[5]

We can contrast these non-apologies by CEOs with a straightforward one by another prominent figure who names his wrongdoing and does not seek to minimize its egregiousness. In a much discussed column, the sportswriter and popular writer Mitch Albon frankly acknowledged what he did wrong and elaborates on why his deed was wrong:

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[5] Some statements fall into a gray area because the audience's desire to hear an apology can perhaps not be met by the CEO because the circumstances concerning the alleged wrongdoing are very unclear at the time the statement is being made. Thus, when British Petroleum CEO Tony Hayward said that he was sorry that the Gulf of Mexico "incident" happened and that he "deeply regretted the impact that the spill has had on the environment," he was not offering a genuine apology (Hayward quoted in MSNBC, 2010). Given that, at the time of this writing, we still do not know exactly what caused the blowout, Hayward perhaps could not say much more than he did. On the other hand, we can equally understand why the Gulf residents who were hoping for an apology were completely unmoved by Hayward's words (Simon and Muskal, 2010). Since he did not name any specific misdeed for which he was taking personal responsibility, his comments about this tragedy did not function in their eyes as an authentic apology.

> To our readers: I made an assumption in a column this past weekend. It was a bad move. In a column written Friday for our Sunday newspaper, I assumed that what I had been told by Mateen Cleaves and Jason Richardson had indeed happened, that they had indeed flown to the Final Four, sat in the stands together rooting on Michigan State in Saturday's game. That was their plan. Both told me so in separate interviews. Because the column had to be filed on Friday afternoon, but appeared on Sunday, I wrote it in the past tense, as if it already had happened. While it was hardly the thrust of the column - which was about nostalgia and college athletes - it was wrong just the same. You can't write that something happened that didn't, even if it's just who sat in the stands. Perhaps, it seems a small detail to you - the players still love their teams, they are still nostalgic, they simply decided not to go after the column had been filed - but details are the backbone of journalism, and planning to be somewhere is not the same as being there. So I owe you and the Free Press an apology, and you have it right here. It wasn't thorough journalism. While our deadlines would have required some weird writing - something like, "By the time you read this, if Mateen and Jason stuck to their plans, they would have sat in the stands for Saturday's game"- it should have been done. We have high standards at this newspaper, and I have high standards for myself. We - the editors and I - got caught in an assumption that shouldn't have happened. It won't again. Thanks. (Albon, 2005).

Albon's detailed discussion of why his specific act of misreporting was wrong reinforces the reader's impression that Albon has grasped the magnitude of his error. That impression in turn makes the apology more effective at restoring trust because the readers begin to think that they and Albon share values on which a trusting relation can be re-established (for more on this point, see Condition #7).

Part 2: Speaker Ethos and Genuine Apologies

So far I have been discussing the minimum logical or content elements that should be part of authentic or ethically good apologies. But there is more to a good apology. An genuine apology reveals a speaker who is struggling to act well and who is mindful of how others perceive him or her.

Element #3: Promptly Accepting Blame for the Specific Offense

The promptness with which Chrysler Nardelli and Netflix's Hastings offered their mea culpas conveys the impression that they were eager to make things right. This eagerness leads the audience to think the speaker is a just and considerate individual who does not want to be party to an injustice. That perception, in turn, suggests the CEO in question will actually do something to rectify the offence (see Element #8). This inference will usually predispose listeners to be open to reestablishing relations with the offender and his or her firm.

I would not insist, though, that an apology must follow immediately on the heels of the wrongdoing. One nation might apologize (through its leader) to another nation for a war crime years after the original offense occurred. If all the other elements sketched in this paper are present, even a belated assumption of responsibility for egregious wrongdoing may still function as a step toward reconciliation. However, a prompt apology is typically better than one that is long delayed (Seeger and Ulmer, 2001). A long delay may cause listeners to believe that the apology had to be wrested from the CEO, using threats of legal action, boycotts, etc. In general, an apology must be construed as freely given. An apology made under duress (like a promise) would be interpreted as null and void. A prompt apology lets the intended recipients hear the apology as voluntary, an important element already covered above.

Element #4: Conveying a Settled Just and Prudent Character

Insofar as the speaker's ethos or character is conveyed in and through what he or she says, the distinction between logos/content and ethos/expressed character is not hard and fast. Still, I believe that management scholars and public relations specialists have erred in not sufficiently considering the issue of speaker ethos. Consider the following sort of case: A CEO's firm has been held legally responsible for

many wicked misdeeds, and the CEO has never apologized in the past for any of these harmful offenses. If she now comes before the public to apologize for a new offense, the audience likely will be very skeptical as to whether the CEO is truly willing to accept blame for the latest wrongdoing. The speaker's past actions (or lack thereof) are evidence of her character, and the audience hears what is said in light of judgments it makes about the speaker's ethos. For the apology to have a chance of being perceived as authentic, the speaker probably would have to address explicitly why she is apologizing now even though she had not done so in the past.

In some cases, the CEO role itself may be so contaminated by perceived past wrongdoings that the occupier of that role will have trouble convincing the public that he or she does have a just character. Japan's Tokyo Electric Power company (TEPCO) nicely illustrates this point. TEPCO had a history of not disclosing past problems at plants (Morse and Obe, 2011). It went so far as to falsify plant records and to re-edit video as part of a cover-up (Mostrous and Ralph, 2011). Nor did TEPCO transparently provide information about the steps it was taking to ensure that such ethical breaches would not occur in the future. Thus, even prior to the Fukushima nuclear disaster involving TEPCO's Daiichi plant, the Tokyo public doubted the honesty of TEPCO's management (CNET, 2011). The CEO at the time of the tsunami may have been trying to change the culture at the firm, but the public's suspicion of past TEPCO pronouncements and assurances led citizens to discount his recent expression of regret for the radiation leaks at Fukushima.

In other words, the past behavior of both the individual CEO and his or her immediate predecessors are part of the context in which the apology is given and in which it seeks to establish its authenticity. The past behavior of both parties is interpreted as revelatory of the CEO's character, which in turn is thought to shape his or her intention. This context of inferred character, habits, and motivations conditions how the apology is heard and, consequently, the extent to which it is meaningful as an apology—i.e., the extent to which it functions to restore trust. If the inferred character of the CEO is not thought to be just, then any acceptance of wrongdoing may fail to foster and restore trust. This point brings me to the next task required of the speaker.

Element #5: Creating a Supportive, Consistent Context

There is another important element in authentic apologies, an element that no one, to the best of my knowledge, has discussed. To the extent possible, the leader who wishes to apologize ought to be mindful of the context and structure that context in such a way that it supports (or at least does not contradict) the logos/content of the speaker's statement. If the statement's import is contradicted by the larger context, then the audience may conclude that the speaker is not very mindful or prudent and so likely not very cognizant of the magnitude of the harm he or she has inflicted on others. If the CEO is seen as having a deficient character, those receiving the apology may be loath to believe that she is sufficiently wise or committed to alter her and her firm's future behavior. If the audience lacks this key belief, the putative apology will fail to do its work. Through structuring the context, apologizing CEOs must send the message that they are just and practically wise and, therefore, truly are seeking to rectify the breach in trust.

CEOs almost always choose the venue in which to make the initial apology. The audience recognizes that fact and interprets the CEO's choice as revelatory of his or her disposition, a disposition that will guide the leader's future behavior in a direction that may or may not be virtuous. When Ashland Oil caused a significant oil spill in Ohio, the firm's CEO John Hall went to the town, met with concerned citizens whose water supply was in danger of contamination, and took often hostile questions for several hours about the spill and Ashland Oil's planned clean-up efforts. Hall's willingness to meet these injured individuals in their hometown testified to his desire to know exactly what was going on and to show solidarity with the victims of the spill. This choice of venue reinforced his message of contrition and was very favorably received by his audience (Associated Press, 1988).

By contrast, Toyota CEO Akio Toyoda blundered when choosing the context for his apology. After discussing quality control problems with Toyota cars, the CEO left the venue in an Audi! It is irrelevant whether the conference organizers required that participants drive Audi cars. CEO Toyoda should have realized that choosing to exit in any car other than a Toyota would send the wrong signal. Viewers would

conclude either that Toyotas were so unsafe that even the car manufacturer's CEO did not want to drive that make of car or that the CEO was so tone-deaf to what Toyota owners were saying about their fears that he did not think it worthwhile to choose a more appropriate venue (i.e., one that did not contractually require him to drive anything but a Toyota). In the first case, the audience will doubt the CEO's veracity; in the second case, his practical wisdom will be called into question. Either way, the CEO's statement will not serve to reestablish a basis for trust between the car owners and the firm.

For a statement to been heard as an apology, what is said, at a minimum, should be consistent with the content of the apology. That is why CEOs generally must appear in person in public when offering apologies. Merely sending a letter or text message is generally not adequate because these contexts are not sufficiently rich to restore trust. If the CEO is taking personal responsibility for wrongdoing, the audience wants the CEO to appear before them personally. Otherwise they may infer that a law or public relations firm has drafted the CEO's comments and that the CEO is unwilling to be accountable for what he or she has done. Moreover, they want to be able to see the speaker's face and affect in order to assess his or her pathos, which brings me to the next important dimension of an apology.

Part 3: Speaker Pathos and Genuine Apologies

In addition to the logical content of the apology and the speaker's character as conveyed in the apology and the choice of context for the apology, the emotion or pathos expressed in and aroused by the apology matters. Aristotle did not distinguish sharply between the cognitive and emotive (Nussbaum, 1990). For him, a right action must also be accompanied in the right way at the right time with the right emotion (Aristotle, 2005, 1106b20 and 1109b29). For the audience to accept at statement of contrition as an apology, members must believe that the speaker truly regrets his or her wrongdoing. This observation suggests several additional elements an apology should possess in order to qualify as ethically good.

Element #6: Delivering the Apology in Person

As I noted above, injured customers or employees want to see the demeanor of the apologizing CEO. Does he look contrite and sorrowful? Does her bearing suggest hubris or indifference? Unlike Austin (Austin, 1962), Iwould not require that the speaker actually intend to restore trust with his or her audience. The speaker's intention is not something that can be easily determined by the audience. However, executives must at least seem to be experiencing the correct, relevant emotions or feelings. When delivering an apology, CEOs typically should appear in person not only to show their willingness to be held accountable (Element #5) but also to give those hearing the comments an opportunity to assess the state of the speaker's emotions. These emotions manifest themselves physically in the face and bearing of the speaker. Therefore, an in-person appearance is usually most effective. Of course, when the speaker is genuinely remorseful and truly intends to act justly, the underlying truth of his or her expressed emotions usually will make the executive's statement or fictive persona even more credible. For the projected persona and actual character are one and the same in that case.

Element #7: Exhibiting Empathy

Engendering trust with a view to rectifying past harm is easier when the audience perceives the apologizer as exhibiting empathy. (I say "perceived" because we cannot know for sure what someone's internal state or intentions are.[6]) Rather than minimizing the damage their corporations have done, ethically good CEOs demonstrate an awareness of the wide array of people whom they may have injured and/or the painfulness of the injuries caused. Chrysler CEO Nardelli's apology quoted above reflected his awareness that his incorrect response concerning plant closings may have raised false hopes only to dash them. By explicitly stating as much, Nardelli showed that he had given some thought to the extent of harm his error had caused. In Aristotelian terms, CEOs who show empathy and give evidence that

[6]As J. L. Austin observes, speakers who use the correct form of words for a promise and use them in the right circumstance and in the right way have promised even if they do not have the intention of following through on the promise. Austin, 15-16. I would argue that a similar point applies to an apology—the form is public, so CEOs do not get to decide unilaterally whether they have apologized or not.

they understand the magnitude of suffering caused by their firms, reveal through speech that they possess some measure of compassion. Such compassion makes their statement of regret more believable in the eyes of their audience.

Expressing empathy not only reflects the presumed emotions of the speaker but creates similar feelings in the listener. The apologizer's expressed empathy, when coupled with an explicit statement of corporate wrongdoing, stirs the audience's memory of the event and evokes the constellation of feelings they have had concerning the corporation's action and consequences of that deed. If those receiving the putative apology perceive that the speaker shares their feelings at that very moment, both parties are more likely to arrive at a mutual understanding and to be able to repair the breach of trust in their relationship and to move on. Their shared humanity is brought to the fore, and while the past cannot be undone, both the speaker and the audience have a basis for hope in the future. They are sufficiently alike that they may legitimately hope to share common ideals and goals.

On the other hand, should the CEO appear to lack empathy, the intended audience likely will infer that the "apology" is insincere because the speaker does not seem to grasp the magnitude of the wrongdoing for which he or she is responsible. When British Petroleum's CEO Tony Hayward whined that he would "like to have his life back," the relatives of the eleven men who were killed on the oil rigs were incensed by Hayward's apparent callousness (Simon and Muskal, 2010). Hayward eventually would "get his life back," but these victims would forever be dead. Hayward's earlier expression of regret (which arguably was not a genuine or ethically good apology—see endnote #5), followed by this inappropriate lament, suggested that his character was insensitive and perhaps even petty. To take another case: Bernie Madoff's courtroom "apology" talked more about the harm he had caused to his immediate family than to the thousands of investors whom he swindled. Given that his family gained and retained millions from his wrongdoing, Madoff's expression of contrition left many listeners (including the judge) feeling that Madoff still did not appreciate how unjustly he had behaved and that he felt no empathy with those outside of his immediate circle. To that extent, his "apology" was nothing of the sort.

The tone of voice in which the CEO's *mea culpa* is delivered matters crucially. An empathetic speaker does speak in a hectoring or harsh way. Compassion coupled with sorrowful and regretful humility softens the heart, making the voice gentle. Coupling an "apology" with a joke cartoon renders it less effective, because the jocular tone suggests that the speaker is not truly repentant and still "does not get it." When Dreamhost CEO Josh Jones included a picture of Homer Simpson with his statement expressing his regret for the firm's over-billing of many customers, the cheated customers were understandably not amused (Jones, 2008). They didn't think that being cheated was in the least bit funny, so Jones' cartoonish "apology" struck them as wildly inappropriate and perhaps a bit cruel.

Formal language is generally better than informal speech or text for conveying empathy and establishing a common emotional bond with the audience. This point needs to be emphasized, especially given the rise of social media. Consider the following apology issued as part of a major marketing campaign presumably approved by the CEO. After Pepsi released an iphone app making it easy for men to boast about their sexual conquests, the firm sent out the following tweet: "Our app tried 2 show the humorous lengths guys go 2 pick up women. We apologize if it's in bad taste & appreciate your feedback. #pepsifail". The flippancy of this sloppily crafted text message and argumentative tone (*if* our ad was in bad taste) makes it hard to take the expressed regret seriously. "Hashtagging" the "apology" cheapens it further.[7] It looks as though Pepsi is using the tweet to generate publicity and to create a following among the same men whom they initially targeted with this offensive ad. Ethical or authentic apologies foreground those harmed. Self-referential meta-tags put the speaker's ego at the forefront and substitute cunning for fellow feeling.

Element #8: Following through on the Apology

As the word "emotions" suggests, emotions set us in motion. If the speaker's contrition is genuinely felt, she will be moved to make amends. Meaningful or authentic apologies not only state the wrongdoing and

[7] A tag is a keyword attached to information in order to make the information more easily found by browsing or searching with an online search engine. Hashtagging is a form of tagging used on Twitter.

acknowledge the role the speaker has had in voluntarily causing the harm. Expressions of regret and contrition are most likely to heal the breach in trust when the speaker indicates what he or she is currently doing to make things right and what future steps he or she will take to restore trust (Austin, 1962).

Netflix CEO Hastings not only said he was sorry for joking about the fact that the firm was charging Americans more than Canadians for the service. He went on to state that Netflix was planning to offer the same lower cost pricing in the US in the near future. We may usefully contrast this apology with its promise to rectify matters with that offered by Lloyd Blankfein, the CEO of Goldman Sachs, after the near meltdown of the financial sector. Blankfein stumbled about when offering a vague "apology" for his firms' involvement in "things": "There's also people who feel—and who are right—that there's some meaningful things where we may have—not may have, certainly our industry is responsible for things. And we're a leader in our industry, and we participated in things that were clearly wrong, and we have reasons to regret and apologize for." When pressed, Blankfein would not admit any specific wrongdoing connected with the sales that trouble outside observers. Goldman had packaged and sold bonds backed by sub-prime mortgages worth more than $40 billion in 2006 and 2007. At the same time, Goldman was laying huge bets that the house market would experience a sharp downturn that would reduce or even destroy the value of these same bonds (Morgenstern, 2011). Goldman did not disclose these bets to investors. Blankfein refused to admit that analysts at Goldman doubted the value of these bonds, responding that Goldman was simply "in the world of risk management, not in the world of guessing where things were going." This answer would be a lot more believable if there were any evidence that Goldman was also buying large amounts of mortgage-backed securities for its own portfolios at the same time as it was offloading billions of dollars' worth of these securities onto unwary investors. Equally troubling, Blankfein would not specify any particular steps Goldman Sachs was taking to deal with the "things" that the firm did. When he was specifically asked about lessons he had learned, he replied:

> Listen, there was a lot of negligent behavior, improper bad behavior, behavior that has to be fixed and sorted through. There's no doubt about it, everybody succumbed to it, some more or less. We don't take ourselves out of that. I include ourselves in that (quoted in Gordon, 2009).

Who is going to fix the bad behavior? Blankfein doesn't say. What specifically are Blankfein and Goldman Sachs doing to prevent future negligent—or is it bad—behavior? Again, no answer.

DDB Worldwide CEO Chuck Brymer's apology for an ill-considered advertisement was more authentic because he and members of the firm went on to discuss what DDB Worldwide was doing to avoid offensive ads in the future. DDB Brazil had produced an ad for the World Wildlife Fund minimizing the horror of the 9/11 attacks. The ad stated that the loss of human life in the 2001 episodes was of little significance compared to the ongoing damage to wildlife around the world (Patel, 2009).[8] The ad was roundly protested in the US and abroad, and Brymer apologized in print. Using the first person pronoun, he named the offense he and others at his firm had committed: "I find the advertisement offensive and insensitive and I humbly apologize on behalf of myself and the employees of DDB Worldwide." In the same article, DDB Worldwide elaborated what the CEO and firm were doing to avoid this kind of debacle in the future: "We are taking corrective actions to ensure that future *pro bono* work from our offices undergoes a more rigorous review."[9] By printing the apology in the industry's flagship magazine Advertising Age, DDB Worldwide helped as well to educate competitors about the need to supervise rigorously all of a firm's work, including work for not-for-profits. In a similar vein, CEO Toyoda's apology, while falling short in some respects, was ethically good insofar as he began his talk by making Toyota's plans to improve their cars a central part of his apology (Montopoli, 2010).

Speaker contrition manifesting itself *in changed behavior* is a crucial factor when making an apology. If the speaker can specify future plans to act in a more responsible and caring way, the audience will interpret the speaker's emotions as more authentic because the expressed emotions are more moving—their effect is extending from the present into the future. This continuity of emotions reinforces a perception that the speaker's character is changing for the better. The recipients of the apology are witnessing the emergence of a new settled set of habits or *ethos*.

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[8] The television ad can be viewed at http://adland.tv/content/ddb-worlwide-ceo-apologizes-one-show-banned-scam-ads-wwf-911-ad-still-bad.

[9] Brymer's apology might have been even stronger if he, not his staffer, had discussed the firm's future plans and done so in greater detail.

As we have seen, when the character of the speaker is deemed virtuous, the statement of regret gains in meaning and in persuasiveness insofar as the audience becomes emotionally more favorably disposed to hear and believe what the CEO is saying. Of course, the CEO will need to take concrete steps to realize the stated corrective steps. That is why some audience members take a "wait and see" attitude before accepting an apology as such. If a CEO promises reparations and then does not make the specified payments, those who initially accepted the CEO at his or her word and began to reconcile with the firm may subsequently come to doubt the validity and value of CEO's "apology". In that case, the CEO's comments may wind up doing more harm than good.

Conclusion

The above account attempts to specify some elements a CEO apology should possess in order to be perceived as ethically good—i.e., as healing the breach of trust that has occurred as the result of wrongdoing by the corporation and/or by the CEO. I would not claim that these elements are either necessary or sufficient. Apologies are extremely complex speech acts, and much depends on factors outside of the CEO's control. For example, some people who have been offended or harmed by a corporate misdeed may be unwilling to reconcile with a sincerely regretful speaker and with his or her firm regardless of what the corporate leader says or does. In that case, an expression of regret with all of the above elements may nevertheless fail to do the work of reconciliation that an apology is designed to accomplish.

Not only are some audience attitudes unchangeable. It should also be noted that CEOs do not get to choose their audience. How a given audience construes itself will affect how the apology is heard and how effectively it mends trust. Fehr and Gelfand's experiments suggest that listeners who are especially relationship-centered want to hear ample evidence of the speaker's empathy with those harmed; apology recipients who are more individualistic want to hear more from the apologizer about compensation (Fehr and Gelfand, 2010). So, although I would argue that ethically good apologies tend to possess all of the above elements, some elements of the apology may need to be stronger or more developed for certain audience members. Other research suggests that it is easier for an audience to accept an apology in which the speaker confesses to incompetence rather than to a breach of integrity (Schepkrer and Poppo, 2010). If so, then in a case involving primarily perceived incompetence, the speaker's apology may need to stress on his or her lack of skill while suggesting that he or she nevertheless remains a person of integrity. Given that one-size-fits-all apologies are close to impossible, I question whether any public apology by any CEO is or could be entirely effective with respect to every audience member.

Cultural differences, too, may affect what an audience will accept as a genuine apology: "Japanese apologies are more apt to communicate submissiveness, humility, and meekness whereas Americas are more apt to communicate sincerity" (Lazare, 2005, 33). Placing tremendous value on social harmony, Japanese audience members may be more willing than Westerners to accept a somewhat indirect apology as genuine (Kelts, 2010).[10] To the extent that being more indirect facilitates social harmony, Japanese CEOs understandably may opt for opacity rather than transparency. This cultural variation does not vitiate the above analysis, but it does mean that how speakers set about incorporating desired elements will vary from culture to culture.

There may also be external factors involving other firms that lie beyond a CEO's purview but that nonetheless affect how effective his or her apology is when it comes to restoring trust. Let us assume that BP CEO Tony Hayward had given an apology with all of the above elements. If the following day another firm's rig in the Gulf of Mexico had blown out and caused a massive spill, many Gulf residents likely would rage against all oil companies and dismiss Hayward's apology. In these sorts of cases, we might want to make an Aristotelian distinction between potential and actual goodness: The CEO's apology would be *potentially* ethically good insofar as it contained the ideal logical, ethical, and emotional elements typically needed to restore trust but it would have failed to realize or to *actualize* its implicit goal

[10] Some of the text of the apology in English is in Justin McCurry, "Japan Airlines Files for Bankruptcy," The Guardian online, January 19, 2010, http://www.guardian.co.uk/business/2010/jan/19/japan-airlines-files-bankruptcy

under these particular circumstances.[11] The point is analogous to one Aristotle makes in his *Rhetoric*. Someone who can find the available means of persuasion in every given case is a rhetorician. But it does not follow that

> the rhetorician will be able to convince under all circumstances. Rather he is in a situation similar to that of the physician: the latter has a complete grasp of his art only if he neglects nothing that might heal his patient, though he is not able to heal *every* patient. Similarly, the rhetorician has a complete grasp of his method, if he discovers the available means of persuasion, though he is not able to convince *everybody* (Rap, 2010).

In other cases, an apology simply may not be able to incorporate some element—e.g., a specification of steps to be taken to correct the situation. In retrospect, the nuclear power plant disaster in Japan appears preventable. Yet, at the time that TEPCO constructed its plant, it used the best science available (Chang, 2011), opting for a site it considered to be at less risk of a major earthquake. It did consider the possibility of the region being hit by a tsunami, but neither the firm nor other experts foresaw that a level 9 earthquake would generate a tsunami so great that the waves would overwhelm the reactors. In general, experts have tremendous difficulty assessing the risk of nuclear accidents because they cannot quantify the likelihood of catastrophic events occurring (Broder et al, 2011). Therefore, the TEPCO CEO's statement, even if it had been textbook perfect in other respects, might still have failed to restore trust with many recipients because it simply is not clear how and whether the effects of the disaster can be lessened, much less reversed. Trust needs to be restored because harm has been done by the firm; some of that harm can be viewed as voluntary (e.g., executives' early choice to defer some containment measures because they wanted to preserve the economic value of the plants). However, no one knows exactly how to remedy the primary ongoing harm--continuing emissions of radiation into the atmosphere and sea. At this juncture, making an ethically good or authentic apology may be close to impossible.

The recent explosion in CEO apologies poses its own challenges for contrite executives. As Adams (2000) observed a decade ago, CEOs now love to say "I'm sorry." If audiences begin to perceive CEO apologies as *pro forma*, these listeners may dismiss all executive apologies as mere ritual theater, regardless of how well they crafted they are. I would be remiss if I did not also acknowledge that legal considerations often limit what an apologetic CEO is willing to say, especially in highly litigious countries. A CEO may be willing to admit some wrongdoing in general but may be reluctant to say too much about the misdeed if the corporation is likely to wind up in court (Tyler, 1997).[12]

However, apologies do not necessarily equate to an admission of guilt under the law and create no legal liability for the firm (Patel and Reinsch, 2003). Furthermore, some states have now passed "apology laws" that afford some protection to hospitals/health care firms who issue apologies (Widman, 2010). Therefore, "the folklore about the [negative] legal consequences of [corporate] apologies is oversimplified" (Patel and Reinsch, 2003, 9). Still, whether a firm's conduct rises to the level of a crime often will turn out to be a matter for court adjudication. So it would be naive to expect that CEOs will start publicly admitting to have engaged voluntarily in criminal misconduct. In these cases, perhaps an apology may be considered ethically good to the extent the CEO assumes some personal responsibility for a problem or error (though not for a crime), shows empathy, outlines steps to rectify any harm and measures to prevent future wrongdoing.

When we take into account speaker ethos, speaker and audience pathos, and audience needs coupled with content elements and circumstantial constraints, we find that the ethically good apology is a kind of regulative ideal. CEOs can definitely offer ethically better and worse apologies. The better ones more closely approximate the sort outlined above but perhaps no apology will ever be fully meaningful and restorative in the eyes of every intended recipients.

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[11] As Aristotle himself notes in Book 1 of the *Nicomachean Ethics*, individual happiness (which is the ethical good or goal of life) depends to some extent on circumstances beyond the individual's control. If the person has cultivated virtue but had unrelentingly bad luck (the agent's children have died young; the agent's friends have all been murdered, etc.), then happiness may not be actualized or realized even though ethical goodness was potentially present in the individual.Aristotle's point does not make him an ethical relativist but does show that realizing one's ethical goodness is objectively dependent upon some conditions that may be out of the agent's control.

[12]However, apologies do not necessarily equate to an admission of guilt under the law. See Ameeta Patel and Lamar Reinsch, "Companies Can Apologize: Corporate Apologies and Legal Liability," Business Communications Quarterly 66(1): 9-25.

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