Admit or Deny? A Study on the Influence Mechanism of Impression Management Strategies Choice after Negative Reports

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Abstract: Based on impression management theory, the Two-Component model is used to analyze the differences of impression management motivation and strategy choice between state owned enterprises and private enterprises. The results show that the executives of state-owned enterprises with the main goal of "political promotion" prefer to use the strategy of "denial" with low degree of responsibility, while the private enterprises prefer the strategy of "recognition" with high degree of responsibility. The conclusion of this paper is helpful to understand the difference of impression management strategy choice of different controlling shareholders, and provides support for the reform of incentive policy of state-owned enterprises.

1. Introduction

With stringent policies and regulations and enhanced media sensitivity, in order to improve information transparency and effective communication, organizations often issue defensive impression management strategies such as statements and announcements after a crisis.[1][2][3] Those who can respond immediately after the crisis are the direct managers of the company-senior executives, and some executives prefer statements with a less responsible denial strategy such as justification and evasion (such as state-owned Sanlu "melamine", Shandong Mobile denial after selling personal information of mobile users); while executives of other organizations prefer to use acknowledgments and apologies to show their introspection and remorse (Shuanghui's "Clenbuterol" apologized and announced the recall of the product in question[4]), and carefully observed that these companies with different preferences have different backgrounds of controlling shareholders.

Senior executives are the leaders and controllers of a company's strategic choices and operating decisions, and they have an inestimable and important impact on the company's line operation and performance. The Higher Echelon theory points out that the background characteristics of senior executives are the external manifestations of their internal characteristics such as social experience and values, which in turn will affect their behavior and decision-making. Due to the special nature of state-owned enterprise executives[5],their personal goals, motivations will be very different from corporate executives outside the system, and such research on the differences in image management behavior of state-owned enterprises and private enterprises is relatively lacking. Recently, some scholars have studied the preferences of state-owned and private enterprises for tacit and declarative strategies[2]. However, the content of the statement is not divided. From the perspective of executives, this study explores the differences in the motivation of impression management of corporate executives under different controlling shareholder backgrounds, and the resulting differences in corporate preferences for recognition and denial strategies. Studying this issue helps to understand the underlying mechanism of the differences in behavior between state-owned enterprises and private enterprises after negative reports. This article uses the micro-data of the homepage of China's FMCG quoted companies from2009 to 2017 to conduct an empirical test [6][7], to provide empirical evidence for studying the differences in the behavior of different organizations and their underlying mechanisms after negative reports.

2. Review of Related Research

2.1. The Positive Effect of Organizational Impression Management.

After negative reports, in order to strengthen communication, companies will adopt a large number of strategies to restore corporate image[8]，this is all Defensive Organization Impression Management in media communication [9] that refers to the use of specific strategies such as denial, justification, apology, and compensation by organizations to issue statements and announcements to major media after the threat of image caused by an incident Image-perceived behavior and information control [10]，the purpose is to grasp the right to speak in the media, improve the transparency of information, weaken their own shortcomings or avoid the negative vision of others [11]，impression management is not the same as crisis management, it is a non-market strategy to actively respond to the media and the public [12]，only for the image crisis caused by damaged organization image[13]. Foreign studies prove that impression management strategy regains legitimacy in the organization [14]、stakeholder support after boycott[1]、improve consumer considerations[15]andenterprise performance [16] play a positive role in the process. Domestic research on organizational behavior after negative reporting mainly focuses on corporate clarification behavior. Jia Ming[17]Taking A-share listed companies as the research object, the effect of clarification announcements and rumors after the media's attention was analyzed, and it was found that the clarification announcements of enterprises after negative reports could not have the effect of rumor，but instead had an adverse effect. Liu Chunlin[18]. After studying the rumors, in different market environments, the clarification wording is different, and the clarification effect is also different. Some scholars have studied the differences between state-owned enterprises and private enterprises in the strategies of silence and statement impression management [2], founding that state-owned enterprises prefer to remain silent.

2.2. The "Dual Component" Model of Impression Management

As shown in Figure 1, Leary and Kowalski [19](1990) holds that impression management consists of two steps. The first step is to generate impression motivation, it means that the organization or individual has the motivation to control others' views on themselves; the second step is impression construction, it refers to the specific approach to impression management after impression motivation. They can be called the "Two-Component Model". O'Grady[20](2013) found that the relationship between college students' impression management behavior and drinking was controlled by impression motivation.

Therefore, this article will draw on the four factors that influence the impression motivation of the organization in the "two-component" model.①*Goal-relevance of impressions*，refers to the dependence of the organization on the objects of impression management (for example, the leaders are teachers, teachers, partners, and the other half of the future represent the more dependent objects);②*Value of desired goals*，refers to the returns predicted before impression management, mainly including the "acquisition-input" ratio of impression management and the dignity and social status of the organization through impression management;③*the discrepancy between current and desired images*，Means that when the ideal image in the mind of the organization is destroyed, the organization has the motivation to reverse the status quo;④*Publicity of image*，refers to the public's perception of the organizational image of the company after a negative event. This article is from the perspective of Chinese state-owned enterprise executives. The intention is to explore the differences in the management behavior of state-owned enterprises and private enterprises and their underlying mechanisms.

2.3. Classification of Impression Management Strategies

It is found that defensive impression management in organizations are divided according to whether they bear responsibility. Elsbach[21](1992) classified the impression management strategy by the "recognition-denial" criterion. Some scholars have found that the optimal conclusion for

different impression management strategies is different under different conditions, such as Conlon & Murray[22]Found that apologies and excuses make complainants more satisfied with explanations and consumption in the future than shirk. This article refers to Mohamed et al.[23]According to the use of Chinese company's impression management strategy in the antecedent data, according to the degree of responsibility, the defensive impression management strategy is divided into: denial strategy, recognition strategy. Table 1 is the classification of defensive impression management strategies[25].

Table 1 Classification of DIM Strategy

	Standard	Types	Concept	For example	This article
Defensive Impression Management Strategy	Bear responsibility Ren Cheng degree by low To high	Totally denied	Take the initiative to hide	"Absolutely no problem"、"Have strict check procedures"、"Consumer extortion and retaliation after an interest deal"	"Deny" strategy
		Shove	Separation of relationship between self and destructive behavior	"Upstream industry chain issues","Not excluded circulation or storage problem "etc.	
		excuse	Deny or minimize negative	"Produced in accordance with national regulations" (citation law), " etc.	
		apologize	Admit mistakes,	"Sorry", "Rectification", "Quality Control" Wait	"Recognition" strategy

3. Realistic Background, Theoretical Analysis and Research Assumptions

According to the two-component model[19],the organization 's expected image goal in social activities is to maximize the "acquisition-input" ratio in social relationships. However, under the tournament promotion mode, government officials have implemented Motivation in the short-term to promote local government officials or business executives' political motivation and long-term economic behavior that is not conducive to the sustainable and stable development of local or enterprises[26].

Figure 2 is a model of defensive impression management after negative reports based on the realistic background of China's state-owned enterprises and the theoretical basis of impression management. The specific analysis is as follows:
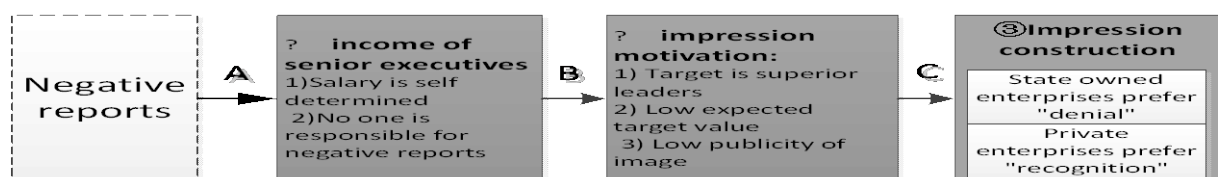

Figure 1. Conceptual Model of Organizational Defensive DIM after Negative Reports

3.1. Executive Compensation is not Affected by Negative Reports but Improper Compensation and Incentives.

According to the principal-agent theory, on the basis of maximizing the value of the enterprise as the business goal, should determine and adjust executive compensation based on the actual performance of executives. Executives work harder to improve performance and get higher pay, but state-owned enterprise executives have a situation of self-definition and improper incentives[27], which ultimately results in executive earnings not being affected by negative reports, and no one is responsible for negative reports:

First, executive compensation is self-determined and not affected by negative reports. Studies show that monopoly resource ownership is the essential reason for the self-definition of state-owned enterprise executives[27]. Second, executives are not motivated properly. The biggest incentive is "political promotion" [28]，did not meet the requirements for the implementation of modern incentives (equity incentives, long-term compensation, etc.).China's state-owned enterprises low percentage of long-term incentive projects[29]，promote mid- and long-term salary incentives. The capital markets required by incentives and equity incentives are not sound. All in all, the value of entrepreneurs has not been sufficiently affirmed to achieve effective incentives.

3.2. ①-②The Issue of Executive Motivation Affects the Motivation of Impression Management.

Process A description Inappropriate compensation and incentives, as a result, the earnings of state-owned enterprises 'executives in China are not affected by negative reports, and these issues closely related to the earnings of executives will lead to the following characteristics of management motivation of state-owned enterprises' impressions.

3.3. ②-③，Impression Motivation Determines Impression Construction.

State-owned enterprise executives are strategic performers with the goal of maintaining personal social status, access to the resources needed, and promotion of political positions[26]. To sum up the analysis of ABC, after negative reports, due to the monopoly resources, the compensation of state-owned enterprise executives was self-determined. "Political promotion" is an effective incentive method in the absence of monetary compensation incentives for state-owned enterprise executives, so that executive earnings are not affected by negative reports. For private enterprises, unlike the state-owned enterprise executives 'pursuit of political promotion, the long-term prosperity of enterprises is the bottom line of private enterprise executives' behavior choices. Corporate performance and reputation are often one of the factors that keep executives competitive in the market.

Table 2 is the detailed comparison of the motivation factors of state-owned enterprises and private enterprises.

Table 2 Comparison ofState Owned and Private ExecutivesIMMotivation

Object	Image management object	Expected value	Difference	Publicity
State-owned enterprise	Superiors	Small	Small	Low
Private enterprise	Regulators, banks, shareholders, etc.	Big	Big	High

4. Conclusions

Based on the realistic background and related research reviews, this study uses the Two-Component model of impression management to analyze the motivational differences and behavioral differences of impression management in state-owned and private enterprises. It is based on high-level theory and organizational impression management to qualitatively analyze the differences in the choice of defensive impression management strategies between state-owned and

private enterprises in the face of negative reports of different threat levels. The research results show that after negative reports, there is a significant difference in the defensive impression management strategies declared by state-owned enterprises and private enterprises. That is, state-owned enterprises prefer denial strategies that justify, shirk, or even completely deny the truth of things. Private enterprises prefer to use recognition strategies to express their regrets and apologies. This is mainly because the internal salary of the state-owned enterprise performance is self-determined, so that the executives' earnings are not affected by negative reports. And regulate senior management responsibilities. Therefore, according to the "Two-Component" model, the impression motivation of senior executives determines the construction of impressions. Eventually, the impression management object of state-owned enterprises after negative reports is limited to superior leaders. From the perspective of personal interests, attention is paid to solving problems at the root of negative events. In general, the public and media like to have lower expected value of image management.

Contributions of this paper: First, for the first time, from the perspective of executive image management motivation, the analysis of organizational image management preferences after negative reports reveals the underlying reasons for strong state-owned image management behaviors and less responsibility. Second, the previous research considered the complexity of the research hypotheses, and did not classify the content of organizational statements after negative reports[22][24]. Based on the classification of Mohamed et al., this study subdivided the statement into two categories: "denial" (including complete denial, excuse, justification) and "recognition" (including apology on behalf of remorse), analyzed the reasons for the organizational image management strategy preference of state-owned enterprises and private enterprises with different social status after facing different types of negative reports.

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