Does CEO Nationality Matter?
― Examining the Impact of CEO Characteristics on Crisis Communication in Japan

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Abstract

This study examined the impact of CEO nationality on perceptions of source credibility and corporate reputation outcomes in the context of Japanese corporate crisis communication. Stereotypes about a particular nationality among audience members can act as perceptual filters that can influence the effectiveness of crisis response messages in terms of reputational outcomes for the organization. In a preliminary study, the existence of significant distinctions in the social perception of different nationalities was confirmed. I further employed a 2 (crisis response: matched, unmatched) × 5 (CEO nationality: Japan, China, US, UK, Philippines) experimental study design to examine whether a foreign CEO's nationality undermines or boosts the effectiveness of their crisis communication. The results showed a significant difference in company reputation outcomes across nationalities, which aligned with their stereotypes. While CEO nationality influenced both source credibility and company reputation outcomes, none of the foreign CEO conditions differed significantly from those employing a Japanese CEO in terms of the total effect of nationality on company reputation. These findings indicate that organizations may not have to worry about having a foreign CEO representing their company during a corporate crisis in Japan.

Keywords: crisis communication, source credibility, corporate communication, Japan

Introduction

When an organization in Japan angers its stakeholders or diverges in any way from the socially acceptable path, the organization's upper management will inevitably convene a press conference to formally apologize to society at large. Apology press conferences are ubiquitous in the Japanese media. These highly structured apologetic performances are governed by strict rules; minor missteps, such as failing to bow long and deep enough, can result in harsh judgment.

Following this strict protocol can be challenging for seasoned Japanese chief executive officers (CEOs), and it is even more difficult for foreign CEOs who must apologize to Japanese audiences. While organizations can usually freely choose the face of their company in the form of a carefully selected spokesperson when announcing new products or promoting their corporate social responsibility prowess, this option can quickly disappear when crisis strikes. When an organization loses its footing and finds itself accused of breaking the rules in Japan, it is the CEO who must take the stage. In the past, several foreign CEOs have failed to satisfy Japanese stakeholders with their crisis communication efforts (e.g., Sato, 2015; Tucker, 2009). Were these crisis communication failures exacerbated or ameliorated by the CEO's status as a foreign national? Laufer (2020) writes about foreign CEOs: "Perhaps there is a liability of foreignness that could hurt a company during a crisis" (p. 512). Arpan (2002) finds that "effects of spokesperson ethnicity might be more related to the specific country with which the spokesperson is associated, rather than to his or her classification by members of the organization's publics as a member of an outgroup" (p. 333). A crisis communication study by Zhu et al. (2022) showed that source credibility was negatively affected for US study participants when using a Russian message source but not when a British source was employed.

Crisis communication scholars have found that it is not only important what is said in response to a crisis (e.g., Coombs, 2007) and how the message is delivered (e.g., De Waele et al., 2019; ten Brinke & Adams, 2015) but also who delivers the message (e.g., Barkley & Okamoto, 2023; Crijns et al., 2017; Gorn et al., 2008). A CEO's nationality is a non-verbal communication cue that is difficult to hide and may become especially salient in a country such as Japan, which has a relatively small number of non-Japanese residents. While nationality may not be easily discerned visually, the CEO's name and country

of origin are likely to be mentioned in the relevant press coverage. As members of distinct out-groups, CEOs of different nationalities are likely to evoke certain stereotypes. The stereotype content model (SCM; Cuddy et al., 2009) suggests that rather than being a unidimensional construct, stereotypes are established along the two distinct dimensions of warmth and competence, eliciting more nuanced feelings than merely like or dislike. It is also essential to assess whether stereotypical perceptions of countries and their citizens in the abstract translate into different evaluations of corporate executives and the companies they represent. This investigation is highly relevant as the number of top corporate managers with non-Japanese backgrounds operating in Japan is expected to increase in the future, whether directly through the influx of expatriates and immigrants or indirectly through the expansion of international companies into the Japanese market.

To begin theorizing the potential impact of CEO nationality on crisis communication effectiveness, we first review relevant stereotype research and national stereotypes in Japan, followed by a discussion of how such stereotypes could potentially influence audience perceptions of a CEO in terms of source credibility.

Stereotype Content Model

The SCM proposes that perceptions of stereotyped groups can be ambivalent and differ primarily in the two dimensions of warmth and competence. Rather than evaluating outgroups on a simple bipolar axis of good vs. bad, Fiske et al. (2002) find that warmth and competence form a two-dimensional plane with four basic quadrants. High in both warmth and competence and evoking admiration, we find high-status societal prototypes or reference groups (Fiske et al., 2002; Fiske et al., 2007). Cuddy et al. (2009) describe such groups as "valued mainstream groups that are not necessarily in-groups (e.g., middle-class and Whites in the US). Reference groups have theoretically served as normative standards for social comparison and most often, social aspiration" (p. 5). In contrast, groups perceived as low in both competence and warmth invoke contempt and resentment. The remaining two quadrants represent more ambivalent stereotypes. Those perceived as warm but low in competence invoke pity, which Fiske et al. (2002) refer to as a "paternalistic stereotype". These groups are "seen as benevolent but incapable of competing in mainstream society" and may be liked but not

respected (Cuddy et al., 2009, p. 3). In the opposite quadrant, low in warmth but high in competence, we find high-status groups that inspire feelings of envy and are seen as competitors (Fiske et al., 2002; Fiske et al., 2007). The SCM has been successfully tested in the Japanese context (Cuddy et al., 2009).

Non-Japanese in Japan

Historically, Japan has experienced periods of extreme xenophobia and isolationism. Japan largely cut itself off from the rest of the world for over 200 years during the 16th, 17th, and 18th centuries, a period referred to as *sakoku* (the closed country; Toby, 1991). Even today, Japan has welcomed relatively few outsiders compared to many other nations worldwide. Currently, only 2.2% of Japan's population is non-Japanese, and the number of naturalized citizens remains low (Statistics Bureau of Japan, 2021). However, the number of individuals with immigrant backgrounds is expected to rise significantly over the next decades (Korekawa, 2018). In 2019, the Japanese government began an initiative to welcome large numbers of so-called Specified Skilled Workers into the country with the goal of "vitalizing and further internationalizing the [sic] Japan's economic society (Immigration Services Agency of Japan, 2022).

The COVID-19 pandemic virtually stopped these efforts and drove Japan to turn toward a closed-border policy. In what some critics deemed a form of "neo-sakoku", Japan established strict immigration regulations during the COVID-19 pandemic, which stopped the influx of foreigners and, at times, even prevented long-term and permanent residents from reentering the country (Dujarric, 2022). Consequently, 2020 saw the first reduction in the number of foreigners living in Japan after seven years of steady increase (Immigration Services Agency of Japan, 2022). In the Spring of 2021, the largest number of foreign residents of Japan hailed from China, followed by Vietnam, South Korea, the Philippines, and Brazil, according to data published by the Immigration Services Agency of Japan (2021).

The stereotypical foreigner is often perceived as "lack[ing] any Japanese characteristics--race, culture, language" (Yamashiro, 2013, p. 155) and is unlikely to be truly accepted as "Japanese" no matter how much they attempt to conform and adapt both culturally and linguistically (Yoshino, 1992). However, as a social category, "non-Japanese resident" or "foreign

resident" is a catch-all for a wide variety of individuals, ranging from native English-speaking Caucasian expats, who are held in relatively high regard, to manual laborers and refugees, who are often seen in a much less favorable light. While minority group categories can overlap and hide vast differences in the lived realities of individual members of these groups (see Willis & Murphy-Shigematsu, 2008), they are likely to evoke distinct stereotypical images in the minds of those who use them to identify and categorize others.

Torigoe (2019) shows the different associations evoked by labels, such as "foreigner", "immigrant", or "foreign worker". On one hand, some non-Japanese, often Caucasian individuals with expertise and skills, such as businesspeople and teachers, who are seen as contributing to Japan's academic and economic growth, are welcome and respected (Torigoe, 2019). On the other hand, there are "immigrants" and "foreign workers" or "migrant workers", who are primarily seen as working in low-skill blue-collar jobs rather than more skilled white-collar occupations (Yamashiro, 2013), and who are either tolerated, pitied, or even actively disliked. These terms evoke images of economically disadvantaged, uneducated, and non-Caucasian foreigners who enter Japan to work in industries such as manufacturing and agriculture (Torigoe, 2019).

Tanabe (2008) concurs that many Japanese seem to embrace a worldview that places a higher value on Western countries and Caucasians and a lower value on other countries, including fellow Asian nations and their people. Tanabe (2008) also finds that younger Japanese people's perceptions of different countries and nationalities are influenced by exposure to negative media content. Russell (2017) describes Caucasians in Japan as "racially unmarked", where whiteness is often equated with an "idealized, fetishized, cosmopolitan westernness" (p.23). Torigoe (2012) states that "Japanese are 'white' in the Japanese locally racialized system that privileges Japanese over non-Japanese" (Torigoe, 2012, p. 73). This liking and identification with "white" foreigners, combined with the idea that whiteness is often equated with being American, suggests that US nationals may be considered closer to an admired reference group rather than an outgroup.

Chinese and Koreans are often viewed with significantly less enthusiasm than Western foreigners. Looking back on the long and contentious history with both nations, many Japanese have negative attitudes toward Chinese and Koreans. This difference is reflected in the 2020 annual Public Opinion

Survey on Diplomacy conducted by the Japanese Cabinet Office (2021), which showed that 84% of respondents felt an affinity toward the US, while only 22% and 34.9% felt the same toward China and Korea, respectively. A negative attitude toward Chinese and Koreans is also evident in the continued publication and popularity of so-called hate books, which endorse disparaging and condescending views of Chinese and Koreans (Kawai, 2020; Nagae, 2019).

Other nations, such as Brazil, Vietnam, and the Philippines, are primarily considered suppliers of cheap manual labor to Japan. The tendency for these nationalities to be associated with blue-collar jobs may result in an overall perception of lower levels of competence. However, the 2019 version of the Public Opinion Survey on Diplomacy[1] (Cabinet Office, 2019) showed that 61.6% of the participants stated that they felt an affinity toward Southeast Asian nations, a number similar to that of European nations such as England, France, and Poland (65.3%). This suggests a certain perception of warmth. Combined with a perception of low competence, this would likely place Brazil and most Southeast Asian nations in the paternalistic prejudice quadrant of the SCM, which implies low status combined with sympathy or pity. Overall, I propose the following hypothesis:

H1: Japanese society holds ambivalent and significantly different stereotypes in terms of warmth and competence for different nationalities.

Source Credibility

Source credibility is a potential avenue through which CEO nationality could affect corporate reputation. Communication effectiveness in terms of persuasion is influenced by audience perceptions of the speaker's source credibility (Hovland et al., 1953). McCroskey and Teven (1999) explain that "messages are interpreted and evaluated through the filter of the receiver's perceptions of the message's source" (p. 90). Perceptions of source credibility can significantly influence communication outcomes in an organizational crisis (Lee et al., 2014; van Zoonen & van der Meer, 2015). McCroskey and Teven (1999) propose that source credibility comprises three distinct elements:

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[1] The 2020 version of the survey did not include questions about South East Asia or Europe.

competence, trustworthiness, and goodwill. Earlier versions of the source credibility construct had collapsed trustworthiness and goodwill (intent) into a single dimension of character (McCroskey & Young, 1981).

Non-verbal communication elements such as gender, age, social status, or ethnicity can influence audience estimations of how competent, trustworthy, and well-intentioned a speaker is toward them, which, in turn, can impact the degree of acceptance of the message content. A national-level perception of warmth may positively influence judgments of trustworthiness and goodwill, whereas a national-level perception of lower competence may translate into lower perceived individual-level competence.

A more indirect way through which nationality could affect source credibility perceptions is a shift in perspective or frame of reference. Clark and Maass (1988) state, "the presence of an outgroup member renders the ingroup-outgroup categorization salient which, in turn, induces a process of self-stereotyping whereby people come to perceive themselves as representative exemplars of their social category" (p. 382). Extending this thought to nationality as social categories, we can posit that a non-Japanese message sender can make ideas of cultural dissimilarity salient, potentially evoking a dichotomous thought construct that contrasts stereotypical cultural archetypes, such as "apologetic Japanese" versus "defensive foreigners". Consequently, for outgroup members (i.e., non-Japanese), undesirable behavior or actions can be ascribed to between-group dissimilarities, such as different cultural values. For ingroup members (other Japanese), however, unacceptable behavior is more likely to be attributed to an individual lack of competence or character. This shift in the salience of cultural dissimilarities may result in a corresponding lowering of expectations. Foreigners are often considered unlikely to completely adapt to the Japanese cultural context (Yoshino, 1992). This may result in a lower expectation of cultural competence; that is, divergence from the strict Japanese apology press conference protocol may be judged less harshly.

Similarly, when an assumption of lower cultural competence is exceeded by delivering an appropriate "Japanese-style" crisis response, audience members may evaluate the response more positively. Barkley and Okamoto (2023) show that crisis response messages by Caucasian CEOs achieved higher source credibility evaluations and slightly higher corporate reputation outcomes than messages by Japanese CEOs for both accommodative and

defensive crisis responses. However, lower expectations of cultural competence may not apply to individuals from less culturally dissimilar backgrounds, such as fellow East Asian nations.

In conclusion, I propose that nationality can act as a perceptual filter with the potential to directly and indirectly affect an audience's perception of a source and its credibility and, consequently, corporate reputation outcomes. Accordingly, I propose the following hypotheses:

H2: CEO nationality impacts perceived company reputation, independent of response choice.

H3: The impact of CEO nationality on company reputation is mediated by the CEO's perceived source credibility in terms of a) competence, b) trustworthiness, and c) goodwill.

## Preliminary Study: National Stereotypes in Japan

A total of 117 Japanese undergraduate students rated ten nationalities (five nationalities each) on the two dimensions of warmth and competence. Three item 7-point Likert scales for warmth (warm, friendly, and good-natured; Cronbach's α = .891) and competence (competent, capable, and intelligent; Cronbach's α = .876) were adapted from Fiske et al. (2002). Following Cuddy et al. (2009), participants were advised to report how they thought Japanese society as a whole perceived the different nationalities rather than their personal beliefs to "reduce social desirability concerns and to draw on perceived cultural stereotypes" (p. 10).

Two Kruskal-Wallis H-tests confirmed that the nationalities differed significantly in terms of warmth, $H(9)$ = 152.849, p < .001, E^2_R = .262, and competence, $H(9)$ = 202.632, p < .001, E^2_R = .347. A non-parametric test was chosen as the competence data for Nepal violated the assumption of normality.

A cluster analysis was performed on the mean scores for warmth and competence. Consistent with Fiske et al. (2002), I determined the optimal number of clusters using a hierarchical cluster analysis employing Ward's method. I further confirmed the cluster assignments for each nationality using a k-means cluster analysis. Figure 1 illustrates the differences between the ten nationalities in terms of warmth and competence. This confirms H1:

Japanese society holds ambivalent and significantly different stereotypes in terms of warmth and competence for different nationalities.

Figure 1 Warmth and Competence Ratings by Nationality


Error Bars: 95% CI
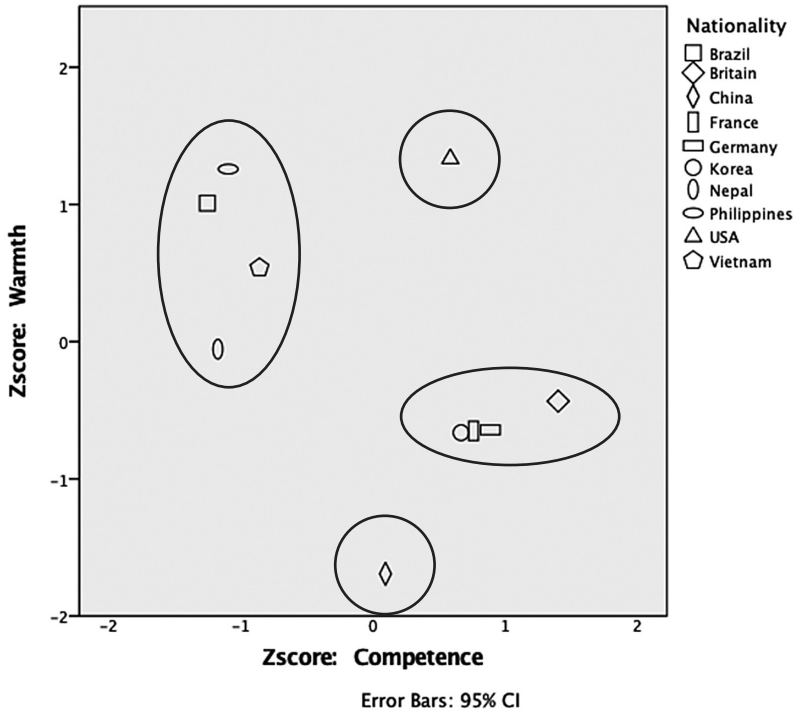
Main Study: Impact of Nationality on Crisis Communication Efforts in Japan

　Guided by the literature review and preliminary study results, I selected four nationalities (China, the Philippines, the US, and the UK) to investigate the remaining hypotheses. To confirm that audience perceptions of the four selected nationalities did indeed differ significantly, two analyses of variance (ANOVA) were conducted on the preliminary study data. The nationalities differed statistically significantly in terms of warmth, $F(3, 215) = 51.171$, $p <$ .001, $\eta_p^2 = .417$, and competence, $F(3, 215) = 32.966$, $p < .001$, $\eta_p^2 = .315$, both large effect sizes (Figure 2). Post-hoc tests with Bonferroni adjustment

confirmed that the differences in warmth and competence were statistically significant at $p < .01$ between all nationalities except for the Philippines ($M =$ 12.54 $SD = 2.09$) and the US ($M = 12.56$ $SD = 1.76$), which did not differ significantly in terms of warmth ($p = 1.000$), and the US ($M = 11.56$ $SD = 1.77$) and China ($M = 10.82$ $SD = 2.38$), which did not differ significantly in terms of competence ($p = .268$).

   These evaluations show that British people are perceived as highly competent but not particularly warm, which most closely reflects the competitive stereotype quadrant in the SCM. China is perceived as low in warmth and intermediate in competence, which implies a stereotype between contempt and competition. The Philippines seems to represent a paternalistic stereotype (high warmth but low competence), while the US is ranked relatively high in both warmth and competence, implying admiration and placing it in the SCM quadrant for high-status reference groups.

Figure 2 Mean (Z-Scores) Warmth and Credibility Ratings

Error Bars: 95% CI
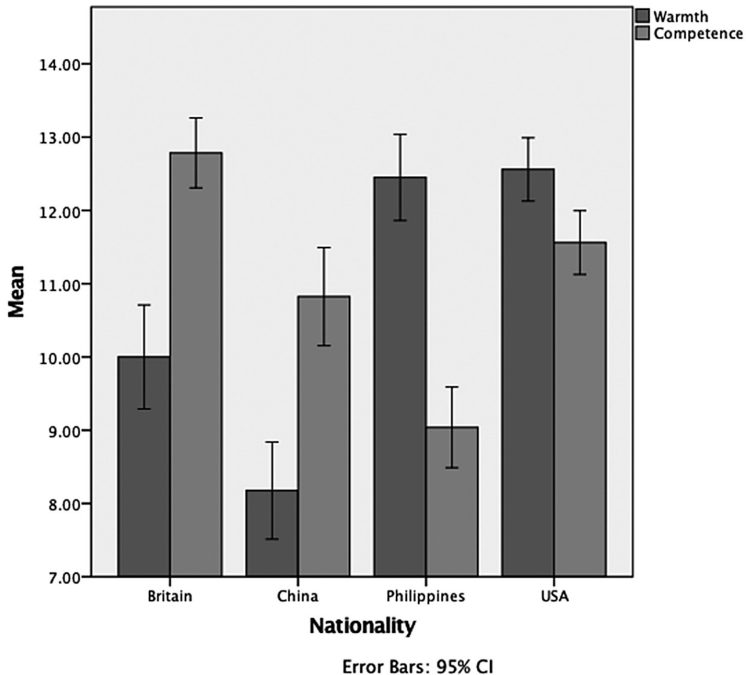
Materials

This study employed a 2 (crisis response: matched/unmatched) × 5 (CEO nationality: Japan, China, Philippines, US, UK) design to investigate the impact of CEO nationality on crisis communication effectiveness. Stimulus materials were created in the form of a fictitious news article describing a data security breach at a travel agency. The articles cited an internal investigative report and explained that an unknown third party had been able to access customer data when an employee had failed to utilize the secure laptop provided by the company and had accessed the company network from an infected home computer during the COVID-19 pandemic. A paragraph introducing the CEO's response during a press conference followed this explanation.

The matched response was crafted as a highly accommodative *rebuild* response combining apology and compensation, which is the recommended response when an organization experiences a preventable crisis (Coombs, 2007). An accommodative response has also been found to be the most effective response choice in data breach crises (Kuipers & Schonheit, 2022). Moreover, an apology-focused response aligns with the Japanese cultural crisis communication expectations (Barkley, 2020).

The unmatched response was designed as an inappropriate response, both in terms of cultural expectations and recommendations according to Situational Crisis Communication Theory (Coombs, 2007). This response mixed an apology with *victimage* (emphasizing that the organization itself is a victim of the crisis) and *justification* (minimizing the impact of the crisis) approaches (Coombs, 2007), and indicated that appropriate Japanese apology protocol (i.e., maintaining a bow for several seconds) had not been followed.

The CEO's nationality was manipulated by employing a typical name for members of each nationality and directly mentioning the nationality in the text. To avoid country-of-origin issues that could potentially affect audience evaluations of the organization (Laufer, 2020), the company was described as having been founded by a Japanese CEO.

Measures

After reading a version of the article, participants were asked to complete several measures to assess their perceptions of the CEO and organization. Ten items adapted from the Reputation Quotient by Fombrun et al. (2000)

were used to evaluate company reputation (a = .960). CEO credibility was evaluated based on three dimensions adapted from McCroskey and Teven (1999): competence (Cronbach's a = .939), trustworthiness (a = .903), and goodwill (a = .903). The factor structure of the measures was assessed with a confirmatory factor analysis (CFA). For this study, discriminant validity between the three dimensions of credibility could not be established. The square root of the average variance extracted (AVE) for each of the three dimensions was less than the absolute value of the correlations with each other, and the AVE for each dimension was less than its maximum shared squared variance (MSV; Hair et al., 2010). Consequently, the items were collapsed into the single latent variable of source credibility, referred to as ethos/credibility or overall credibility by McCroskey and Teven (1999). CFA confirmed an acceptable model fit for the adjusted model in terms of relative chi-square (CMIN/DF = 2.435), goodness of fit index (GFI = .902), and the root mean square error of approximation (RMSEA = .056). All factor loadings for the combined source credibility measure were above 0.7 (Cronbach's a = .964).

Procedure

A total of 464 participants recruited through an online survey company successfully completed the study. Of these, 274 were men, and the average age was 49.76 years old (range 20–81 years). Each participant first read the stimulus article and then completed the measures. To ensure the successful manipulation of CEO nationality, only participants who could correctly recall the CEO's nationality after completing the measures were included in the study.

Results
Manipulation Check

The manipulation of response type was successful, with the matched response being rated significantly higher in responsibility acceptance than the unmatched response (U = 10,410.5, z = -11.699, p < .001), and less likely to refuse compensation (U = 43,555, z = -11.755, p < .001).

Company Reputation

A two-way ANOVA was employed to investigate the effects of nationality

and crisis response type on company reputation scores. There were statistically significant main effects for response type, $F(1, 454) = 51.796$, $p < .001$, $\eta_p^2 = .102$, and CEO nationality, $F(4, 454) = 4.891$, $p < .001$, $\eta_p^2 = .041$; however, there was no statistically significant interaction effect, $F(4, 454) = .434$, $p = .784$, $\eta_p^2 = .004$ (Figure 3). The matched responses resulted in significantly higher company reputation scores than the unmatched responses. Bonferroni-adjusted pairwise comparisons showed that the Chinese CEO condition received a mean company reputation score 6.204, 95% CI [-10.386, -2.023] points lower than the US CEO condition, $p < .001$, and 4.567, 95% CI [-8.770, -.364] points lower than the UK CEO condition, $p = .023$. These results allow us to confirm H2: CEO nationality impacts perceived company reputation, independent of response choice. However, it is important to note that none of the nationalities differed significantly from the Japanese CEO condition ($ps < .05$).

Figure 3 Graph of Estimated Marginal Means

Estimated Marginal Means of Company Reputation
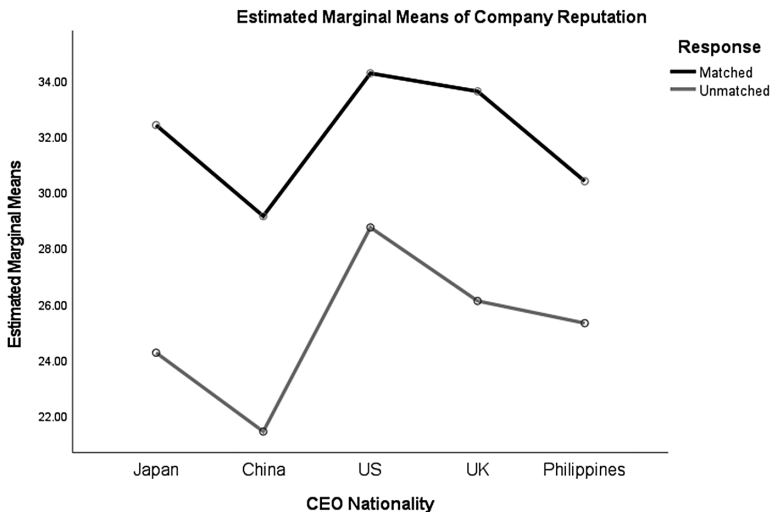
Source Credibility

A path analysis was conducted in SPSS AMOS to assess whether source credibility mediated the effect of CEO nationality on company reputation

while controlling for the effect of response type and whether the relationships in the model were consistent across CEO nationalities. The categorical independent variable of CEO nationality was dummy-coded with the Japanese CEO condition as the reference group. The Japanese CEO condition was chosen as the natural reference group in place of the Chinese CEO condition (lowest company reputation) or the US CEO condition (highest company reputation), as the primary focus of this investigation was on a direct comparison with Japanese CEOs. This is consistent with Hayes and Preacher (2014), who state: "Which coding system to use will be guided by specific questions the investigator wants to answer, and the choice will influence how the relative indirect, direct, and total effects are interpreted" (p. 464).

As there were no interaction effects between CEO nationality and response choice, the latter was included as a control variable in the model. See Figure 4 for the path model. The model demonstrated excellent fit (CMIN/DF = .38, GFI = .99, RMSEA = .00). The results of the mediation analysis are presented in Table 1.

Figure 4: Path Model for Mediation Analysis
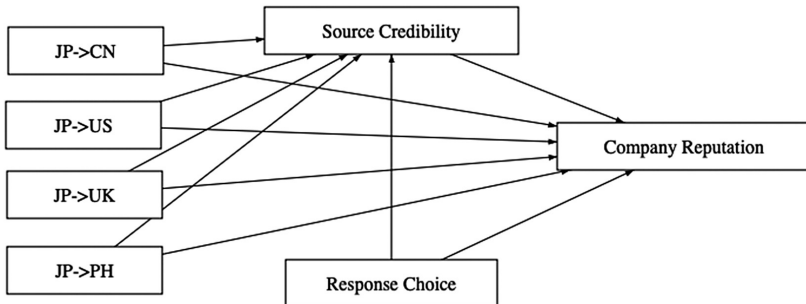
Notes: CEO nationality is dummy coded with Japan as the reference group; Response choice is included as a control variable; JP = Japan, CN = China, US = United States of America, UK = United Kingdom, PH = Philippines

Table 1: Table of Standardized Effects

Relationship (controlling for Response)	Total Effect	Direct Effect	Indirect Effect	95% Confidence Interval		P-value	Conclusion
				Lower Bound	Upper Bound		
Japan/China -> Credibility -> Company Reputation	-0.108 (.063)	-0.112** (.001)	0.004	-0.083	0.092	0.948	no mediation
Japan/US -> Credibility -> Company Reputation	0.122* (.026)	-0.003 (.935)	0.119**	0.040	0.200	0.005	full mediation
Japan/UK -> Credibility -> Company Reputation	0.059 (.302)	-0.050 (.176)	0.109*	0.020	0.188	0.014	suppression
Japan/Philippines -> Credibility -> Company Reputation	-0.015 (.789)	-0.130** (.002)	0.115**	0.033	0.195	0.004	complete suppression

Note: Based on 5000 bootstrap samples; response choice is included in the model as a control variable; $p = .10$ *$p < .05$, **$p < .01$; [a] bias-corrected percentile method.

There was no indirect effect of having a non-Japanese CEO for the Chinese CEO condition. However, there was a statistically significant negative direct effect ($\beta = -.112$, $p = .001$), resulting in a negative total effect. In contrast, the US CEO condition saw a positive total effect that was fully mediated through source credibility, resulting in a non-significant direct effect ($\beta = -.003$, $p = .935$). For both the UK and Philippine CEO conditions, the reversal of signs between the direct and indirect effects indicates the presence of a suppression effect (MacKinnon et al., 2000). In other words, varying degrees of a negative direct impact of having a foreign CEO on company reputation are offset as the CEO is perceived as significantly more credible than a Japanese CEO. For the UK CEO condition, a significant positive indirect effect ($\beta = .109$, $p = .014$) was partially offset by a negative direct effect. For the Philippine CEO condition, a statistically significant negative direct effect ($\beta = -.130$, $p = .002$) through source credibility was entirely offset by a statistically significant positive indirect effect ($\beta = .115$, $p = .004$), resulting in a complete suppression effect. Overall, the mediation analysis found an

inconsistent mediation model with suppression effects for the Philippines and
the UK (MacKinnon et al., 2000), no mediation effect for China, and a full
mediation effect for the US. This allows us to reject H3.

Discussion

This study first established that Japanese society holds ambivalent and
significantly different stereotypes in terms of warmth and competence for
different nationalities (H1). In the second step, it was confirmed that CEO
nationality can significantly affect company reputation outcomes of crisis
communication efforts (H2). The US and Chinese nationality conditions stood
out, with the Chinese CEO achieving the lowest, and the US CEO achieving
the highest mean company reputation rating, independent of the crisis
response choice. These findings align with the stereotypical view of the US
as an admired high-status reference group and China as a lower-status group
evoking feelings between envy and contempt. The Chinese CEO condition
also evoked a mean company reputation rating significantly lower than the
UK CEO condition, which is associated with a perception of high competence
and intermediate warmth, reflecting a slightly more competitive stereotype.

Mediation analysis showed that these reputational outcomes are caused by
two distinct mechanisms, namely a direct negative effect and a primarily
positive indirect effect of having a non-Japanese CEO through source
credibility. First, there seems to be an overall negative direct impact of
having a foreign CEO, except in the case of the US CEO. This is likely
attributable to the status of the US as a warm, competent, and respected
reference group. In contrast, both the Chinese and Philippine CEO conditions
had a statistically significant negative direct effect on company reputation.

The second mechanism through which CEO nationality affects company
reputation ratings is indirectly through source credibility. All foreign CEO
conditions, except the Chinese CEO condition, showed statistically significant
positive indirect effects of having a non-Japanese CEO present the crisis
response. These increases in credibility may be attributable to a shift in
perspective owing to differing expectations of cultural competence. An
appropriately apologetic, matched response by a foreign CEO, for example,
may result in higher comparative competence ratings than the same
response by a Japanese CEO due to a shift in expectations. While proper
apology protocol may be considered the minimum standard for Japanese

CEOs, the same response may be viewed as making a special effort to meet Japanese cultural standards. Similarly, a poorly presented apology may be significantly more offensive and damaging to source credibility when delivered by a Japanese CEO, who is expected to know better. In other words, the frame of reference in terms of competence may shift owing to cultural considerations made salient by the presence of a non-Japanese CEO. This perspective shift (Biernat & Fuegen, 2001) does not seem to apply to the Chinese CEO, who may be expected to be more sensitive to Japanese cultural expectations in terms of apologizing owing to a shared collectivistic cultural background. In other words, the Chinese CEO was rated as credible as the Japanese CEO when they delivered the same crisis response.

Overall, the two mechanisms through which CEO nationality affects company reputation ratings can fully or partially offset each other, resulting in a suppression effect that can obscure underlying differences in the impact of CEO nationality on company reputation outcomes. For the Philippine CEO condition, the strong negative effect of nationality was largely offset by more lenient judgments of credibility, resulting in a total effect that was not statistically different from that of the Japanese CEO condition. In contrast, the US CEO condition did not suffer from a negative direct effect of nationality but benefited from more lenient judgments of credibility. Here, credibility fully mediated the impact of having a US CEO on company reputation. The Chinese CEO condition suffered from a negative direct effect of nationality, which was not offset by an accompanying leniency in credibility judgments.

Implications

CEO nationality affects both source credibility and company reputation outcomes. However, none of the foreign CEO conditions differed significantly from the Japanese CEO condition in terms of company reputation outcomes (ANOVA). While there may indeed be some "liability of foreignness" (Laufer, 2020), this negative effect can be offset through higher credibility perceptions, as in the case of the Philippines, or may not exist at all, for highly regarded reference groups such as the US. Being non-Japanese may benefit a CEO, in some cases, through lowered crisis communication performance expectations due to the increased salience of differences in cultural norms. Therefore, it is safe to conclude that both foreign and domestic organizations may not need

to worry about having a foreign CEO represent their company during crises in Japan, but they may want to take the nationality of their CEO and its associated stereotypical perception in Japan into account when planning their crisis response efforts.

Limitations and Future Research

Overall, this study contributes to the body of knowledge on crisis communication in the Japanese context. However, this study has several limitations. A single crisis scenario was used to test the hypotheses. Future studies should investigate the validity of these results for other types of crises in various industries. Second, this study focused only on four non-Japanese nationalities. Future research should attempt to expand and confirm these results for other nationalities. Tanabe (2008) states that the younger Japanese generation is influenced by exposure to negative media portrayals regarding country perceptions. With its recent flood of negative media coverage in Japan over its war with Ukraine, Russia is an interesting target country for future investigations into the ties between nationality perception and crisis communication efforts in Japan. Finally, the manipulation of the nationality variable was operationalized through text only. While using written stimulus materials allowed us to control for visual and vocal cues, which can affect crisis communication effectiveness (De Waele et al., 2020), future investigations of the topic should attempt to further increase the salience of this manipulation by using image or video stimulus materials.

Funding

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