

## ORGANIZATIONS AND INSTITUTIONS

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### Restoring Trust in an Organization after a Business School Rankings Scandal

*Abstract:* This paper investigates how an organization tries to restore trust after an organizational-level scandal by examining the trust repair process. The study adopts a qualitative research approach to analyze the case of the scandal at Temple University's Fox School of Business concerning the submission of false data to the ranking body. This paper shows the importance of trust between education institutions and the society and how it is difficult to rebuild it after violation. While dealing with trust rebuilding at the organizational level, we should consider not only the prior reputation of the organization, but also appropriate timing of trust repair mechanisms and number of actors involved in the trust failure situation. This paper also presents the trust rebuilding actions in a novel institutional setting, that is, in case of the business school.

*Keywords:* trust, trust violation, trust repair, control, rankings

### Introduction

Over the past decades, one of the major problems that organizations have faced have involved breaches of trust. When an organization faces a scandal, its stakeholders may withdraw their support, which affects the organization's survival and success (Elsbach 2003). Therefore, understanding the processes which can help organizations regain their legitimacy and rebuild stakeholder trust is a critical issue to explore (Gillespie et al. 2014). There have been recurring calls in the literature for research on the trust repair process that would pay attention to fine details of interpretation and offer the perspective of those engaged in trust repair (Bachmann et al. 2015; Gillespie and Dietz 2009; Kähkönen 2021).

Most studies directly examining trust repair have been conducted at the interpersonal level (Gillespie and Siebert 2018) or drawn upon a psychological perspective that highlights micro-level phenomena (Bachmann et al. 2015). As research suggests, the processes of trust repair are fundamentally different at the organizational level compared to those in interpersonal contexts (Gillespie and Dietz 2009). So far, most of the studies concerning organizational trust repair have mainly involved laboratory experiments to observe the differences between trust repair practices (Kim et al. 2012) or its effectiveness (De Cremer 2010).

Also, the studies conducted so far have produced valuable theoretical insights that hint at models and taxonomies of trust repair strategies. There is a need for more studies that look at trust repair mechanisms in various cultural and institutional settings (Bachmann

et al. 2015; Bachmann 2010). The importance of context in analyzing the trust repair process is one of the contributions of this study. The paper focuses on a public higher education institution—a business school. Public trust in various organizations, including higher education institutions (HEIs), has been put to the test many times in recent decades. Academic fraud, corruption, gaming, and manipulation are some of the problems that HEIs have to face (Oravec 2020). Trust repair has become a topic of utmost importance to both researchers and managers of organizations as well as the public. In addition, business schools are perceived as one of the “major success stories in higher education in recent decades” (Kaplan 2018: 600), but they are facing growing pressure from rankings schemes and accreditation agencies to prove their performance on a series of key performance metrics (Kaplan 2018). This article looks into the issue of ranking pressures on business schools in the context of trust repair.

In light of the above, the following research question has been posed: *How do HEIs try to restore trust after a ranking scandal with regard to the trust repair process used?*

A qualitative approach has been adopted. I used a case study method (Yin 2003) which allows an in-depth analysis of the observed phenomena. It aims to provide insights into specific trust repair strategies by investigating the Temple University’s Fox School of Business (Fox) ranking scandal. The school provided false information to US News & World Report about its business programs. The analysis covers the period between 2018 and 2021, so a long-term process-oriented perspective was adopted to address the call for longitudinal research on trust as its development is a comprehensive evolutionary process occurring over long periods of time (Latusek and Olejniczak 2016). This paper contributes to the existing literature in two ways: by (1) providing new insights regarding the trust repair process in the context of HEIs, and (2) extending the understanding of trust repair practices by revealing the contextual factors that should be accounted for while restoring trust.

In the first section of the paper, I review the existing literature and theoretical frameworks on organizational trust repair and the role of organizational rankings. The second section describes the research method. In the third section, I discuss the case of Temple University’s Fox School of Business that was involved in a ranking fraud scandal in 2018. Finally, in the discussion section, I show how trust repair strategies were applied in this process and outline the parameters for the possible research paths these findings open.

## **Organizational Trust Violation and Repair**

### *Restoring Organizational Trust*

Organizational trust is a fundamental component of organizations. Yet, as recent corporate governance crises have shown, trust is often very difficult to rebuild once it is damaged (Kramer and Lewicki 2010). Understanding how organizational trust can be repaired has become an important topic for organizational studies researchers as well as practitioners (Bachmann et al. 2015; Kramer and Lewicki 2010).

An organizational trust failure is “a single major incident, or cumulative series of incidents, resulting from the action (or inaction) of organizational agents that threaten the

legitimacy of the organization and has the potential to harm the well-being of one or more of the organization's stakeholders" (Gillespie and Dietz 2009: 128). In order to consider a trust failure at the organizational level, "it needs to call into question the organization's or institution's legitimacy" (Gillespie and Siebert 2018: 286). Confident positive expectations that lay the foundation for trust are replaced in the case of trust failure by confident negative expectations of whether the organization (or institution) is able and willing to meet certain reasonable standards in its practices, behavior, and interaction with its stakeholders.

There are different strategies to restore trust in organizations, institutions, and systems (Bachmann et al. 2015). While trust repair considered at the organizational level can be marked by certain parallels to the interpersonal level, when it comes to e.g. the attribution theory and the mechanisms it covers, we can see some considerable differences. There is a range of factors to be considered in the domains of both the trustee and the trustor. In the case of the former, the organization, one can distinguish several actors playing a crucial part, i.e. different persons performing different roles within the framework of the organizations, accompanied by components such as existing rules, procedures, and processes governing the operation and workflow of the organization, quite often affecting many levels, likely to "influence and inform the judgments of potential trustors" (Gillespie and Siebert 2018: 285). In case of the latter, many stakeholders form opinions about the organization and develop trust in it. They include employees, clients, regulators, suppliers, politicians, and the media. Each of them may follow and receive the same information and trustworthiness cues, but each may see them in a different light, guided by their own points of view, interests, perceptions, vulnerabilities, and expectations of the organization. There may also occur differences in the perception of the organization within each group of stakeholders (Gillespie and Siebert 2018).

Dirks and colleagues (2011: 88) defined trust repair as a process in which a trustee is "attempting to increase trust following a situation in which a transgression (i.e., untrustworthy behavior) is perceived to have occurred". It means that "relationship repair occurs when a transgression causes the positive state(s) that constitute(s) the relationship to disappear and/or negative states to arise, as perceived by one or both parties, and activities by one or both parties to substantively return the relationship to a positive state" (Dirks et al. 2009: 69).

The main idea of trust repair at the organizational (or institutional) level is the same as in the case of individual trust repair: to restore the confident positive expectations of trustworthiness to make trustors ready and willing to make themselves vulnerable once more—ready and willing to trust the organization again. Bachmann et al. (2015) identified six trust repair mechanisms: sense-making, relational, regulation and control, ethical culture, transparency, and transference. This framework combines various strategies and approaches to restoring organizational and institutional trust as proposed earlier in literature on the subject. I discuss the guiding principles of each trust repair mechanism below.

### *Sensemaking*

The sense-making approach is seen as an important early step in the trust repair process. When trust is lost, the causes and those responsible for it are often not obvious (Gillespie

and Dietz 2009). Therefore, rebuilding organizational trust first requires a process of sense-making to determine what happened, how, and why. The process reveals what needs to be reformed to prevent future violations. The organization can publicly acknowledge events/failures, offer explanations, and candidly communicate what it has discovered and then initiate an investigation. The timeliness of explanations and investigations has been identified as an important factor because stakeholders tend to assume the worst in the absence of explanations.

#### *The Relational Approach*

Trust failure disrupts and alters the social norms, relative position and power dynamics governing the relationship (Ren and Gray 2009). Actions within the “relational” strategy that are aimed at restoring the relationship include public explanation and apology, punishment and penance, and victim compensation (Dirks et al. 2009). Research indicates that trust repair is more effective when the apology is complemented by substantive actions such as punishment and compensation (Bottom et al. 2002).

#### *Regulation and Formal Control*

Imposing regulations and control mechanisms on relevant actors is one of the most common strategies for repairing trust in a formal context (Michael 2006). These regulations can come from the organization’s external or internal environment. It needs to be emphasized that regulation is said to be one of the mechanisms designed to restore organizational trust “by making explicit what is considered acceptable versus unacceptable conduct, and by deterring or constraining untrustworthy behavior and/or incentivizing trustworthy behavior of relevant actors, thus reducing the likelihood of future trust violations” (Bachmann et al. 2015: 1131).

#### *Ethical Culture and Informal Control*

Another way of restoring trust refers to strong ethical culture as it influences the perceived trustworthiness. Research shows that organizations based on ethical values are less likely to commit illegal environmental violations. The reason for this is a positive ethical culture embedded in the organization’s routines, preventing unethical behavior (McKendall and Wagner 1997).

#### *Transparency and Accountability*

Another solution to restore trust after incompetent and/or fraudulent behavior is to introduce transparency in organizations. Transparently sharing relevant information about the organization’s decision-making processes, procedures, functioning and performance to stakeholders and the wider public can help to rebuild trust (Auger 2014; Rawlins 2009). The information should be understandable and issued in an accurate, timely manner. It says ‘I have nothing to hide.’ Thanks to this mechanism, stakeholders can monitor the decisions and actions made within the organization (Grimmelikhuijsen and Meijer 2014). It helps also to assess trustworthiness (Rawlins 2009). Transparency is defined as “the willingness and responsibility to try to give a meaningful and accurate account of oneself, or of circumstances in which one is involved, or of which one is aware” (Cotterrell

2000: 419). For organizations that have faced trust violation, achieving accountability through transparency is crucial (Eijffinger and Hoeberichts 2002).

### *Trust Transference*

The last strategy described in the Bachmann et al. (2015) framework is trust transference. Trust restoration can be facilitated by transferring trust from a credible, trusted party to a discredited, scandalized party. Mueller et al. (2015) argue that trust transferability is the central trust repair strategy.

## **The Role of Rankings in HEIs**

In recent years, there has been a growing competition among individual scholars, universities, and journals to score high in rankings (Macdonald and Kam 2007). Competitiveness between institutions is mirrored by the increased focus on international rankings such as those published by the Economist, Financial Times, US News and World Report, Wall Street Journal, Forbes and Bloomberg Business Week (Hall and Martin 2019). In addition to prestige, rankings have become a key marketing tool for business schools. Most business schools assume that high rankings increase both the quantity and quality of applicants, as well as their chances of securing more high-profile donations. Considering the growing number of business schools worldwide and the resulting competition for the best students, professors, and funds, business school rankings are considered very important (Adler and Harzing 2009).

Furthermore, we can witness an increase in the influence of accreditation agencies (e.g., AACSB, EQUIS, AMBA)—covered widely in literature (Cooper et al. 2014; Espeland and Sauder 2016; Shore and Wright 2015). These agencies experience public pressure to objectively distinguish between the best, good, and not-so-good business schools on the one hand, and to create rankings that distinguish between programs that offer the most and least value for money on the other. This is due to the rising cost of education. As a result, accrediting bodies are becoming powerful stakeholders putting pressure on business schools to meet accreditation-board standards and metrics (Dobija et al. 2019).

This paper is based on the assumption that organizations are deeply embedded in a wider institutional context (DiMaggio and Powell 1991) and affected by an external environment. An organization is institutionalized when it incorporates procedures that are rationalized and predominant in society, assuring their survival and legitimacy irrespective of the effects of their productive efforts (Meyer and Rowan 1977). Organizations act according to external pressures and tend to become isomorphic and homogenous (DiMaggio and Powell 1983). In the context of HEIs, they follow the rules set by ranking bodies (coercive isomorphism). We can also observe that government policies pressure HEIs to increase their position in these recognized rankings. Moreover, as they compete for students and researchers, HEIs that are lower in rankings are inclined to copy the solutions of top-ranked schools (mimetic isomorphism). Furthermore, HEIs carefully follow rankings measures. This is most evident if we look at the course of research undertaken at universi-

ties worldwide. HEIs have adopted the Anglo-American model of the research university which is the most preferred by the ranking agencies (normative mimetic isomorphism; see [Anafinova 2020](#)). Rankings reward those that conform. In the context of HEIs, a higher position means better careers for their alumni, better financial indicators, better applicants, and better faculty members ([Rindova et al. 2018](#)).

To sum up, little is currently known about the trust repair process at the organizational level. There is a demand for further studies of this process within different cultural and institutional settings ([Bachmann et al. 2015](#); [Bachmann 2010](#)). Therefore, this paper focuses on an HEI setting where institutions work to rebuild public trust damaged by academic fraud, corruption and manipulation. The trust repair mechanisms identified in the current literature ([Bachmann et al. 2015](#)) shall act as a set of guiding principles in this study.

## Method

To address the research questions of how HEIs attempt to restore trust after a ranking scandal, I shall adopt an exploratory approach that aims to explain these phenomena through close examination and thick description ([Creswell 2012](#)). This research applies a case study method ([Yin 2003](#)) which is suitable for the “how?” aspect of the research question. Moreover, it is appropriate when investigating what happens in a particular situation ([Yin 2003](#)) and when following a subject over a longer time. The case study method allowed me to explore the dynamics of trust repair practices within an HEI context and paved the way for a holistic explanation ([Siggelkow 2007](#); [Yin 2003](#)). The in-depth analysis helped me to create a detailed narrative of the Temple University’s Fox School of Business trust restoration process.

The Temple University’s Fox School of Business case study was selected for the following reasons: a) it included an obvious violation of trust and the breakdown of legitimacy among the school’s stakeholders; b) it was highly and widely reported in the media allowing for a chronological reconstruction of the trust repair mechanism based on press announcements; c) it took place at the organizational level; d) it adds to the recent call for research in the area of organizational rankings. Overall, this case offered extensive potential for understanding and gaining insight into organizational trust repair efforts.

## Data Collection

The research involved secondary data analysis (newspaper articles, organization announcements published from January 2018 until December 2019 and reports from the school’s investigation). News sources included: The Wall Street Journal, The Philadelphia Inquirer, Philadelphia Business Journal, NBC10 Philadelphia. While inspecting the documents, I focused on post-violation actions taken to rebuild the trust. I concentrated on the Temple University’s Fox School of Business trust repair practices to create a factual timeline of trust repair because of its processual and longitudinal nature ([Kähkönen 2021](#); [Langley 1999](#)). The gathered materials allowed me to construct the chronology of the events and to create

a description of the school's trust repair mechanism. Moreover, the diverse range of sources enabled data triangulation and the strengthened the findings.

### Data Analysis

I analyzed the gathered data in two steps. Firstly, data were organized chronologically. Secondly, I applied structural coding (Saldaña 2015) by reading the text reflectively, analyzing it line-by-line (see Table 1).

Table 1  
Coding example

Raw data	1 <sup>st</sup> order codes	2 <sup>nd</sup> order code
<i>As you know, the university hired the nationally respected law firm Jones Day to review data and processes in the Fox School of Business for rankings survey submissions to U.S. News &amp; World Report.</i>	<b>Sense-making</b>	<b>INTERPLAY OF TRUST REPAIR MECHA- NISMS</b>
<i>We would like to take this opportunity to reiterate, on behalf of the Fox School of Business and Temple University, that we are sorry this happened. We expect a lot of our students; they have every right to expect better from us.</i>	<b>Relational</b>	
<i>In the months since the data issue was discovered, the university has initiated a wide array of measures to fix the problem and ensure that it never happens again.</i>	<b>Regulation and control</b>	
<i>We are conducting a search for a university compliance officer to enhance our ethics and compliance program, as well as internal reporting structures.</i>	<b>Ethical culture</b>	
<i>It is through their tireless efforts that we are able to ensure we report proper information going forward, and can be open and transparent with all of you.</i>	<b>Transparency</b>	
<i>In addition to these internal actions, the university has retained an outside auditing firm to review rankings submissions and to ensure the effectiveness of these new measures.</i>	<b>Transference</b>	

Source: Authors' own based on Fox announcements <https://news.temple.edu/news/2018-02-02/faq-fox-school-business-mba-rankings> [accessed 12.02.2021].

The coding was guided by trust repair mechanisms identified in the trust repair literature (Bachmann et al. 2015). Each item was read multiple times to ensure credibility and to gain a better understanding of its content and structure (Leedy and Ormrod 2015). By analyzing the data, I observed and discovered certain findings.

### The Case of Temple University's Fox School of Business

The case study focuses on the scandal at Temple University that broke out in 2018. It was revealed that for several years, its business school—Fox School of Business—had intentionally submitted false data to US News and World Report to boost their rankings. In this part, I provide a detailed narrative of the events and the process of restoring trust.

### *Case Background*

The Philadelphia-based Fox School of Business at Temple University was established in 1918. The school has been continuously accredited by the AACSB International—Association to Advance Collegiate Schools of Business since 1934. The Fox School of Business runs MBA programs, Specialized Master’s, PhD, DBA and undergraduate BBA programs. Its annual enrollment is over 8500 full-time students. The School employs more than 220 full-time faculty members.<sup>1</sup>

In January 2018 Temple University learned that its business school, the Fox School of Business, had given false information about its online MBA program to US News and World Report<sup>2</sup> for the 2018 survey of the best Online MBA (OMBA) programs. It appeared early on that the data were inaccurate as to the percentage of incoming Fox Online MBA students who provided GMAT scores as part of the enrollment process.

This is a serious matter for three reasons. First, all the false student information allowed Temple to be ranked as the top online MBA program four years in a row.<sup>3</sup> Second, these rankings are highly desirable to business schools as they attract the best students and the best potential faculty members. Third, Temple began to value Fox as a kind of jewel in the crown; it was doing so well that the tuition for students there exceeded that of the rest of the university by 20 percent<sup>4</sup>.

At the beginning, on January 2018, the school contacted US News and asked to be withdrawn from consideration in the upcoming ranking [sense-making], [relational]. Moreover, Temple University President Richard M. Englert hired Jones Day, a global law firm “with substantial experience in such reviews in higher education, to conduct a review of Temple University’s Fox School of Business rankings data”<sup>5</sup> [sense-making], [transference]. Temple built also a data integrity website and continues to update the FAQ page [Frequently Asked Questions] on its website to keep the community up to date.<sup>6</sup> [relational], [ethical culture], [transparency].

On July 9, 2018, after six months of investigation, the school announced the result of the Jones Day review of rankings data and processes [sense-making], [transference], [relational], [transparency]. Jones Day, after interviewing 17 employees and review of more than 32000 documents, found that the school reported inaccurate data to US News for several years.<sup>7</sup> The key findings of the investigation were as follows<sup>8</sup>:

<sup>1</sup> Fox School of Business website: <https://www.fox.temple.edu/about-fox/> [accessed 24.02.2021].

<sup>2</sup> This report provides education rankings.

<sup>3</sup> Huber, R. (2018), Has Temple University Lost Its Way?, Philadelphia City Life, <https://www.phillymag.com/news/2018/10/20/temple-university-patrick-oconnor-board-chair-moshe-porat-dick-englert/> [accessed 21.02.2021].

<sup>4</sup> Ibid.

<sup>5</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>6</sup> Caffrey, M. (2018), Accreditor moves up review of Temple’s Fox School after ranking scandal, Philadelphia Business Journal, <https://www.bizjournals.com/philadelphia/news/2018/08/10/temple-fox-ranking-scandal-accreditation-aacsb.html> [accessed 12.02.2021].

<sup>7</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>8</sup> Jones Day Report: Findings and Recommendations from Jones Day Investigation into Rankings Information Provided by Fox School to US News, [https://news.temple.edu/sites/news/files/images/findings\\_and\\_recommendations.pdf](https://news.temple.edu/sites/news/files/images/findings_and_recommendations.pdf).

1. In each year since at least 2014, Fox reported inaccurate information to US News with respect to one or more data metrics, e.g. the number of entrants who provided GMAT scores, the mean undergraduate GPA of entrants. In addition, Fox personnel adopted questionable interpretations of survey questions.
2. In various respects, Fox leadership and other employees bore responsibility for creating or promoting conditions that contributed to the reporting of inaccurate information to US News and/or for the misreporting itself.
3. Following a change in procedure initiated by the Dean in approximately mid-2013, Fox did not establish adequate checks and balances in the process for compiling, verifying, and submitting information to US News.
4. The employee in charge of preparing and submitting Fox's responses to ranking surveys knowingly and intentionally misreported certain information to US News and failed to correct inaccuracies with respect to other information. The investigative record was inconclusive as to whether this employee was acting at the specific request of any other Fox personnel.
5. There were multiple opportunities for other Fox personnel to observe and/or correct inaccuracies in information to be or that had been provided to US News, but these inaccuracies were not corrected either before or after submission.

Additionally, it was discovered that Fox School's culture was driven by the desire to increase its ranking; Fox School revealed it was the initiative of the-then Dean Moshe Porat. He terminated a long-standing committee formed to ensure the accuracy of the ranking data. This lack of checks and balances, along with a hyper-focus on rankings, made such false reporting possible. As a consequence, Porat was ousted as dean<sup>9</sup> [sense-making].

In the School's announcement the President Richard M. Englert said: "This is contrary to the fundamental value of integrity that is at the heart of our academic mission. (...) Our message here is simple: What happened at the Fox School cannot be allowed to happen again at Temple."<sup>10</sup> [ethical culture], [sense-making], [relational], [transparency].

On July 11, 2018 there was another announcement stating that Executive Vice President and Provost JoAnne A. Epps took a number of actions at Fox, to ensure the highest degree of data integrity at Temple University<sup>11</sup> [regulation and control], [transparency]. These measures included: creation of a new performance analytics unit responsible for accreditation and rankings; implementation of a new workflow for data aggregation, inspection, verification and submission; and coordination between Fox and the University's Office of Institutional Research and Assessment to develop and implement these steps to ensure data integrity.<sup>12</sup>

<sup>9</sup> It should be noted that former Dean of Fox School of Business, Moshe Porat, has been suing the university for \$25 million and he claims that "the school defamed him and made him a "scapegoat" following a rankings scandal." Chinchilla, R. (2019), Ousted Temple Fox School of Business Dean Says He Was Made 'Scapegoat,' Seeks \$25M, NBC10 Philadelphia, <https://www.nbcphiladelphia.com/news/local/temple-university-rankings-scandal-moshe-porat-lawsio/107867/> [accessed 17.02.2021].

<sup>10</sup> Temple University news, <https://news.temple.edu/announcements/2018-07-09/update-fox-rankings> [accessed 16.02.2021].

<sup>11</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>12</sup> Temple University FAQ: Fox School of Business MBA rankings, <https://news.temple.edu/news/2018-02-02/faq-fox-school-business-mba-rankings> [accessed 12.02.2021].

On July 23, 2018 President Englert and Executive Vice President and Provost Epps appointed the finance professor and finance department chair (with academic expertise in internal control systems and corporate governance) Ronald C. Anderson as interim dean of the Fox School and Temple's School of Sport, Tourism and Hospitality Management<sup>13</sup> [ethical culture], [regulation and control], [transparency]. On his eighth day on the job, Dean Anderson said: "We have a lot of work to do. We've hurt ourselves. We've stained our reputation and we have to fix it. (...) We have to ensure the Philadelphia community, national community and international community believes we're credible and we have the highest integrity possible."<sup>14</sup> [sense-making], [relational].

On July 25, 2018, The Fox School of Business announced that misreporting similar to that involving the Online MBA also occurred with respect to the Executive MBA, Global MBA, Part-Time MBA, Master of Science in Human Resource Management and Master of Science in Digital Innovation in Marketing and that accurate data were provided to US News on July 20. Moreover, the School informed that "the university is responding to ongoing inquiries from the US Department of Education and the Pennsylvania attorney general's office."<sup>15</sup> In this announcement Temple repeated the remedial steps that the school had undertaken. [sense-making], [relational], [regulation and control], [transparency].

On August 10, 2018 Temple University informed that the school had received requests from regulators, accreditors and ranking agencies (e.g., AACSB, US Department of Education, The Princeton Review) to supply information about data reported by the Fox School of Business and, in some cases, other areas of the university. [sense-making], [relational], [transparency mechanism]. Additionally, the actions taken by the new interim Dean Anderson were listed<sup>16</sup> [regulation and control], [ethical culture]: publicly acknowledged Fox School's past reporting errors and issued apologies to stakeholders; restructured key administrative functions (i.e., enrollment management and marketing, finance and human resources); examined and adjusted responsibilities of management personnel; appointed a business/finance manager and was preparing to appoint a director of human resources; met and would continue to meet with various stakeholders, including students, faculty and staff, to address concerns and answer questions; and committed to hold talks with faculty and staff to establish a positive culture that focuses on outcomes for Fox students.

Temple University also responded to the Philadelphia Inquirer/Philly.com article under the headline "Temple finds data errors at two more schools for US News rankings" and completely disagreed "with both the implication of the headline and the explicit substance of the lead sentence."<sup>17</sup> In this announcement Temple again repeated the remedial steps

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<sup>13</sup> Temple University news: <https://news.temple.edu/announcements/2018-07-23/introducing-fox-and-sthm-interim-dean> [accessed 17.02.2021]

<sup>14</sup> Caffrey, M. (2018), 'We hurt ourselves': Fox's interim dean faces what's next, Philadelphia Business Journal, <https://www.bizjournals.com/philadelphia/news/2018/08/03/temple-fox-school-rankings-new-dean-ron-anderson.html> [accessed 12.02.2021].

<sup>15</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>16</sup> *ibid.*

<sup>17</sup> *Ibid.*

that the school had undertaken. [sense-making], [relational], [regulation and control], [transparency].

On October 1, 2018 AACSB announced that the Fox School remained accredited but was subject to a multiyear monitoring process to ensure compliance with AACSB ethical standards and the effectiveness of Fox internal controls related to data integrity.<sup>18</sup> [sense-making], [relational], [transparency], [transference].

On October 12, 2018, the Chairman of Board of Trustees, President Richard M. Englert and Provost JoAnne A. Epps once again apologized and emphasized that Temple “is doing better.”<sup>19</sup> Again, the actions taken to fix the situation and prevent it from reoccurring were listed (including actions enhancing ethics). Also, an external auditing firm was hired to review the effectiveness of the initiatives taken. It was explained that pending litigation prevents dialogue with the students at this time, but that the university was committed to a solution that acknowledged the university’s responsibility and enabled the Temple community to move forward together. Finally, it was emphasized that failures were opportunities for improvement and growth, and this was what Temple wanted to take advantage of. [relational], [regulation and control], [ethical culture], [transparency], [transference].

On December 21, 2018 Temple University announced that it had agreed to resolve potential claims by Fox School of Business students arising from the misreporting of certain data. As part of the settlement, Temple agreed to pay the Online MBA class \$4 million to settle the class action lawsuit, plus \$1,475,000 to settle the claims of students enrolled in the Executive MBA, Global MBA, Part-time MBA, as well as the MS in Human Resource Management, MS in Digital Innovation in Marketing and Online Bachelor of Business Administration programs.<sup>20</sup> In the announcement, Temple reminded the remedial steps it had taken. [relational], [transparency].

On March 6, 2019, President Richard M. Englert and Provost JoAnne A. Epps, and Interim Fox School Dean Ronald C. Anderson sent a letter to the Fox School community reaffirming the apology for the misreporting of data to US News and World Report. The letter also included several steps that had been taken to ensure rigor in data reporting.<sup>21</sup> [relational], [regulation and control], [transparency].

On December 4, 2020, a press article stated that Temple University’s Fox School of Business rankings scandal had cost it a minimum of \$17 million including settlement payments and more than two years of remedial measures, including additional staffing, auditing, and other professional fees. As mentioned by the school, “under the terms of the settlement, the university does not admit wrongdoing or liability”<sup>22</sup> [relational], [transparency].

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<sup>18</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>19</sup> Temple University news, <https://news.temple.edu/announcements/2018-10-12/update-regarding-fox-school-and-data-integrity> [accessed 17.02.2021].

<sup>20</sup> Temple University news, <https://news.temple.edu/announcements/2018-12-20/agreement-reached-fox-school-class-action-case> [accessed 17.02.2021].

<sup>21</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>22</sup> <https://www.inquirer.com/education/temple-business-education-department-scandal-rankings-20201204.html>.

On December 12, 2019 Temple University entered into an agreement—known as an Assurance of Voluntary Compliance—with the Pennsylvania Attorney General resolving the Attorney General’s investigation of the Fox School of Business rankings matter. The resolution agreement was made public. The agreement required Temple to maintain certain internal controls, which had been largely put into place, and to create and fund five \$5,000 scholarships per year for 10 years to Fox School students in the affected programs. The Office of the Attorney General issued a statement to the media. The university also issued a statement in response to press inquiries regarding the agreement.<sup>23</sup> [relational], [regulation and control], [transparency].

The summary of the trust restore strategy planned by the Fox School of Business can be illustrated by the announcement titled “Temple: We will fix the rankings, and your trust” made by Richard M. Englert and JoAnne A. Epps on July 25, 2018, shortly after the results of the Jones Day’s investigation were released<sup>24</sup> [sense-making], [relational], [regulation and controls], [ethical culture], [transparency], [transference]:

First, to the distinguished faculty, students, and hundreds of thousands of proud Temple alumni throughout the region, including those from the Fox School, Temple offers you a heartfelt apology. You had a right to expect that submissions to rankings organizations would be accurate and honest; this controversy should never have occurred. Second, we need to do more than own the problem; we must fix it. Temple must do all it can to ensure that there is no recurrence of this problem in the future; we are committed to doing so. Third, our actions in responding to this controversy must be open and transparent, so that you can be assured that we will do all we can to safeguard the public trust that is essential for a public university. (...) We retained the nationally respected Jones Day law firm to conduct an independent investigation and report back with the results. (...) We made a very public change in the Fox School leadership, which was the right call given the Jones Day findings. In addition, we are implementing a broad array of checks and balances to ensure that the data we submit are as accurate and verifiable as humanly possible. Indeed, we have just completed a certification of the rankings data submitted to US News and World Report for Temple University, and I am glad to report that there were no material issues with this submission, which included literally hundreds of data points.

### *Findings Concerning Trust Repair Mechanisms*

The analysis of this exploratory study of Fox shows how the trust repair mechanisms interplayed with each other and deals with the research question posed.

#### *Interplay of Trust Repair Mechanisms*

The analysis presented shows that regulation and control mechanisms together with sense-making and a relational approach played a key role in Fox’s trust repair strategy. At the beginning of the scandal, Fox was mainly using sense-making and a relational approach supported by a transparency mechanism. Fox wanted to show to its stakeholders, first, that it regretted the situation (e.g., the school’s announcement in the press stating, “Temple offers you a heartfelt apology,” “(...) this controversy should never have occurred”<sup>25</sup>), second,

<sup>23</sup> Fox School of Business Rankings Data Overview and Updates: <https://www.temple.edu/about/ethics-compliance/data-integrity/rankings-data-overview-and-updates#dataerrorannounced> [accessed 17.02.2021].

<sup>24</sup> Englert, R.M. and Epps, J.A. (2018), Temple: We will fix the rankings, and your trust | Commentary, The Philadelphia Inquirer, <https://www.inquirer.com/philly/opinion/commentary/temple-business-school-ranking-us-news-world-report-englert-20180725.html> [accessed 16.02.2021].

<sup>25</sup> Englert, R.M. and Epps, J.A. (2018), Temple: We will fix the rankings, and your trust | Commentary, The Philadelphia Inquirer, <https://www.inquirer.com/philly/opinion/commentary/temple-business-school-ranking-us-news-world-report-englert-20180725.html> [accessed 16.02.2021].

that it was taking the situation seriously (by hiring Jones Day) and third, that it wanted to explain all the circumstances behind the breach of trust (specifically by hiring Jones Day to review the data and processes within Fox, giving access to the school's documents and employees).

The ethical culture mechanism was also visible in the Fox trust repair strategy, but it was not used frequently. The school communicated that it developed ethical culture and implemented a policy that demonstrated its commitment to ethics and compliance. This ethical culture was supported by a control and regulation mechanism.

However, most of the mechanisms were employed when the results of the Jones Day investigation (6 months after the scandal) were revealed, showing how the university had changed internally to manipulate the data sent to the rankings. Then, the number of actions and mechanisms declined steadily, focusing on apologies and the punishment Fox was given for falsifying data (relational mechanism) and policy changes (regulation and control mechanism).

Furthermore, the transparency mechanism governed Fox's trust repair strategy. The organization shared timely and relevant information (e.g., results of the investigation, new policies, rules that were implemented) with the stakeholders. The school established a dedicated website that contained information about Temple's commitment to promoting data integrity<sup>26</sup> and was systematically updating information on its FAQ webpage. These websites were publicly available. The school was also in regular contact with accreditation agencies, trying to understand what they wanted to know and what kind of information these stakeholders needed. Fox shared not only positive (e.g. new processes) but also negative information—such as the names of all the programs for which false data were submitted.

## Discussion

Through analyzing the case study of trust repair process after the ranking scandal, this study offers two important implications.

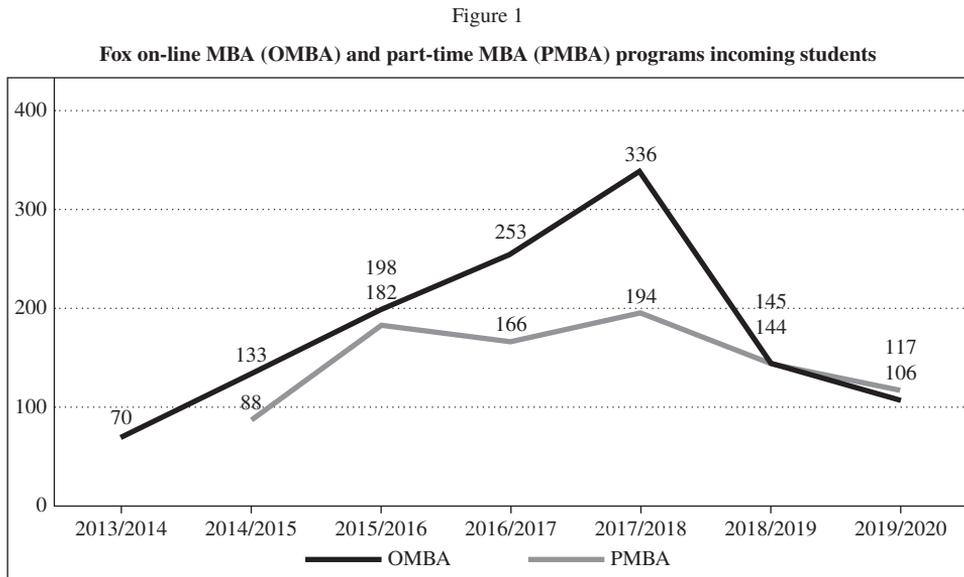
### *New Insights Regarding Trust Repair Processes in the Context of HEIs*

This case study shows the importance of trust in the context of HEIs. Not only was the Fox scandal widely reported in the media, but the case was investigated by the Pennsylvania Attorney General. Trust is a key aspect of the relationship between education institutions and society. This is because previously HEIs enjoyed high social standing and support by society exactly “because of their devotion to the public good and their reputations for probity” (Altbach 2015: 5). Yet, we can now observe a debate about the values of fairness and impartiality that are declared by HEIs and the associated hypocrisy in violating these values, for it turns out that they can be as corrupt as other institutions (Heyneman 2015; Oravec 2020: 8).

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<sup>26</sup> Temple University FAQ: Fox School of Business MBA rankings, <https://www.temple.edu/about/ethics-compliance/data-integrity/accreditation-faq> [accessed 12.02.2021].

Moreover, this study demonstrates how difficult it is to rebuild broken trust in the context of HEIs. There are two crucial aspects here. First, Fox statistics showing the period of 2013–2020 for incoming students at programs that were high in the rankings (see **Figure 1**), revealing that the number of students has started to fall since the scandal began. It shows that the Fox trust crisis still lasts.



Source: Porat Indictment, in: J. Roebuck, and S. Snyder (2021), Ousted Temple business school dean indicted on fraud charges tied to college rankings scandal, *The Philadelphia Inquirer*, <https://www.inquirer.com/news/temple-fox-business-moshe-porat-indicted-us-news-graduate-rankings-20210416.html> [accessed 09.08.2021]

Second, a very large drop in US News & World Report’s rankings upon Fox’s return in 2020. A university business school that had been ranked 1<sup>st</sup> for years was ranked 88<sup>th</sup>. Two statements from a Fox spokesperson and a Fox alumnus are not insignificant in this context. The spokesperson said that return to the rankings was necessary to “restore public trust in the integrity of our data.”<sup>27</sup> This statement shows that the university is aware that, two years after the scandal, it has not yet regained that trust. In the same article, an alumnus is quoted on how he perceives the 88<sup>th</sup> place in the ranking. This former student, who was involved in a lawsuit against Fox, said he would like to see Fox “redeem their faults. But right now, I don’t think they deserve a higher ranking.” The author of the article reported that “(...) public pronouncements are one thing; the actual work of restoring a tarnished reputation is another” And for the former student “it’s too soon to trust his alma mater.”<sup>28</sup>

My findings also highlight the “dark side” of rankings. Rankings decide on their measures and thus shape the perceptions of ranked organizations (Wedlin 2006), being

<sup>27</sup> Murrell, D. (2020), Temple’s Online MBA Makes a Less Than Triumphant Return to US News Rankings, *Philadelphia Magazine*, <https://www.phillymag.com/news/2020/01/15/temple-rankings-scandal-data/> [accessed 09.08.2021].

<sup>28</sup> *ibid.*

therefore instruments of surveillance and control (Power 2004; Rindova et al. 2018). Espeland and Stevens (1998) argue that rankings are very influential as they concern commensuration (see also Espeland 2002; Espeland and Sauder 2007; Stevens and Espeland 2004). It means “the expression of measurement of characteristics normally represented by different units according to a common metric” (Espeland and Stevens 1998: 315). It is strengthened by the process of quantification (Rindova et al. 2018), which assures transparency and accountability (Espeland and Sauder 2016). According to Porter (1995), quantification is one of the most credible strategies aimed at achieving ideal objectivity, both political and scientific. This mechanical objectivity pushes organizations to strive for high positions in the rankings rather than focus on developing their identity (Rindova et al. 2018; Wedlin 2006). Rankings serve as “engines of status anxiety” (Espeland and Sauder 2009: 74; Espeland and Sauder 2016) motivating organizations to disclose information and concentrate on ranks.

The Fox case confirms the previous research. It shows how the school was playing with rankings: changing itself internally to chase the numbers. In the Porat indictment it was stated that the former Dean together with his team were recalculating the numbers to see if they would give them a high rank.<sup>29</sup>

#### *Importance of Contextual Factors while Restoring Trust*

Empirical insights into trust repair offer new perspectives on the interplay of six trust repair mechanisms that Bachman et al. (2015) identified. The trust rebuilding actions taken by Fox let me identify all the mechanisms: sense-making, relational, regulation and control, ethical culture, transparency and transference. The analysis supports the assumption that none of these should be relied upon solely, but rather a combination of approaches should be used. As mentioned earlier, apart from the fact that all the trust repair mechanisms were implemented, trust has not been restored yet. My findings show that there are three contextual factors that should be considered when executing trust repair actions.

#### *Prior Reputation*

Fox was riding high in the rankings and the university had a very good reputation. The scandal has strongly affected the university’s image. Especially since it involves the manipulation of data sent to ranking organizations that “serves as a status marker” (Espeland and Sauder 2016: 5). Moreover, violations that concern fraud or manipulation are more difficult to restore (Lewicki and Brinsfield 2017).

First of all, such a situation requires a strong reaction from management. In the case of Fox Temple, the President and Provost consistently communicated with the public about the changes, apologized for the situation, and accepted punishment. In the literature of regaining trust with employees, coherent and open responses coming from senior management are concerned with enhancing trust restoration (Kähkönen et al. 2021). Additionally, the leaders took strong decisions. They implemented a series of strict rules,

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<sup>29</sup> Porat Indicement. In: Roebuck, J. and Snyder, S. (2021), Ousted Temple business school dean indicted on fraud charges tied to college rankings scandal, The Philadelphia Inquirer, <https://www.inquirer.com/news/temple-fox-business-moshe-porat-indicted-us-news-graduate-rankings-20210416.html> [accessed 9.08.2021].

policies and processes together with close monitoring. This manifestation of greater control is intended to increase trust. This strategy illustrates the trust/control duality. It shows that trust and control are two interdependent elements. As argued by Möllering (2005: 291), these two concepts “exist in a reflexive relationship to each other when they form the basis of positive expectations.” The case makes it evident that the trust/control duality/relationship should be explored further.

Second, transparency is important. Rawlins (2009: 75) argues that transparency is “the deliberate attempt to make available all legally releasable information—whether positive or negative in nature—in a manner that is accurate, timely, balanced, and unequivocal, for the purpose of enhancing the reasoning ability of publics and holding organizations accountable for their actions, policies, and practices”. To restore trust, all three qualities (informational, participatory, and accountability) are needed (Balkin 1999). It seems that Fox’s followed this open approach by cooperating with stakeholders and acknowledging wrongdoing.

### *Timing*

The case presented here demonstrates the importance of time when implementing trust repair mechanisms, specifically the time from trust violation to trust repair attempt. Longer periods of time negatively impact trust repair attempts (Tomlinson et al. 2004; McCarthy 2017). In the case of Fox, it took six months after the scandal broke out before the issue was explained to the public. A centralized university structure may be the reason here. Mampaey et al. (2019) indicates that there is a relationship between the organizational decision-making structures and its response. The authors state (Mampaey et al. 2019: 987) that “the larger, more decentralized and collegially organized universities took more time to produce a response.” However, the Fox case shows that timing is an important factor in such situations.

### *Stakeholders’ Opinions*

Many stakeholders form opinions about and develop trust in an organization. These are employees, clients and customers, regulators, suppliers, politicians, and the (social) media, and each of them may follow and receive the same information and trustworthiness cues, yet, each of them may also view them from a different perspective and adopt and process them in different ways, influenced by their own viewpoints, interests, perceptions, vulnerabilities, and expectations of the organization they consider, not to mention the differences which may naturally occur in the domain of perception of the organization within each group of stakeholders (Gillespie and Siebert 2018). When trust violation occurs, it disappoints stakeholders’ expectations and they then re-valuate their trust in a given institution (Gillespie and Dietz 2009). In the Fox case, the perception of what happened differed depending on the stakeholder and the matters that are important and valuable to them. This is shown by the students,’ alumni’s and faculty members’ statements available in the press. One of the students argued that the situation was embarrassing to a Fox student, but the school still is and should be evaluated positively by the environment considering its alumni.<sup>30</sup> Alumni view the scandal in terms of how this situation will affect

<sup>30</sup> Tarazona, Z. (2018), Students react to Fox School of Business rankings scandal, <https://temple-news.com/students-react-to-fox-school-of-business-rankings-scandal/> [accessed 17.02.2021].

their ability to find a job after graduation. On the other hand, faculty members view the scandal as a situation that is already being rectified and emphasizes Fox achievements over the past few years as the school has taken a big step forward.<sup>31</sup> In terms of donors and supporters, some are considering withdrawing their donations or reducing them, but some will continue to support the university.

In Fox's case, one example that illustrates how serious the consequences can be if their opinions are not taken into account is the situation with the former dean. As noted consistently in the literature (e.g. Gillespie et al. 2014) "changing the guard" facilitates trust repair. It can "demonstrate to stakeholders the organization's seriousness and decisiveness, accountability and a determination to create meaningful change, which in turn facilitates reintegration and trust repair" (Gillespie et al. 2014: 397). In the case of Fox, however, this seems not to have worked. The decision was heavily criticized by one of the larger donors, who was not satisfied with the decision and emphasized that it was not made in consultation with stakeholders. In consequence, the donor paused the donation. Perhaps an earlier warning to stakeholders stressing and explaining the problem would have stopped the negative consequences that transpired.

To sum up, the application of trust repair mechanisms is ambivalent. The correct application of the mechanisms, i.e. taking into account contextual factors, may enhance the trust repair process. However, the same mechanism implemented without taking these factors into account may not improve the relationship or may even have negative consequences.

### Limitations and Future Research

This research has certain limitations typical of single case study projects. It relied on press articles and Fox's announcements. It also has the weakness of acquiring pre-selected data from newspaper journalists. On the other hand, it helps to organize the chronology of the Fox scandal over time. However, I would recommend future research on the trust repair strategies that engages primary data e.g. in-depth interviews and/or surveys from different stakeholders. The use of a single case study is suitable for understanding complex social processes (Siggelkow 2007; Yin 1994), but multiple case studies can increase understanding of the studied phenomenon and give the opportunity for comparison between organizations (e.g. public vs private HEIs; HEIs from different countries). Additionally, multiple case studies provide a stronger foundation for theory building and generalizability (Eisenhardt and Graebner 2007).

A promising avenue for future research is the effectiveness of trust repair actions. Different mechanisms may have different level of impact on trust rebuilding. A study that would develop and validate a scale to measure trust repair actions is an important road ahead. Further research could be undertaken to study the trust repair process in a live case, i.e. a naturally occurring event. It could better reveal the decision-making mechanisms behind trust repair actions.

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<sup>31</sup> Ibid.

## Conclusions

This paper provides an in-depth analysis of a single case study concerning trust violation in a higher education institution: Fox was manipulating data submitted to ranking bodies to achieve a high position. Identifying the relevant theoretical frameworks concerning the concept of trust, trust violation, and trust repair processes provided the basis for empirical analysis. The findings show how one crisis situation multidimensionally affects trust and results in the need for different trust repair mechanisms to incorporate contextual factors. The case illustrates how difficult it is to rebuild lost trust in the context of HEIs.

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