

# CSR Initiatives Mitigate Negative Reactions to Service Failures When Customers Share the Firm's Values



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# Background



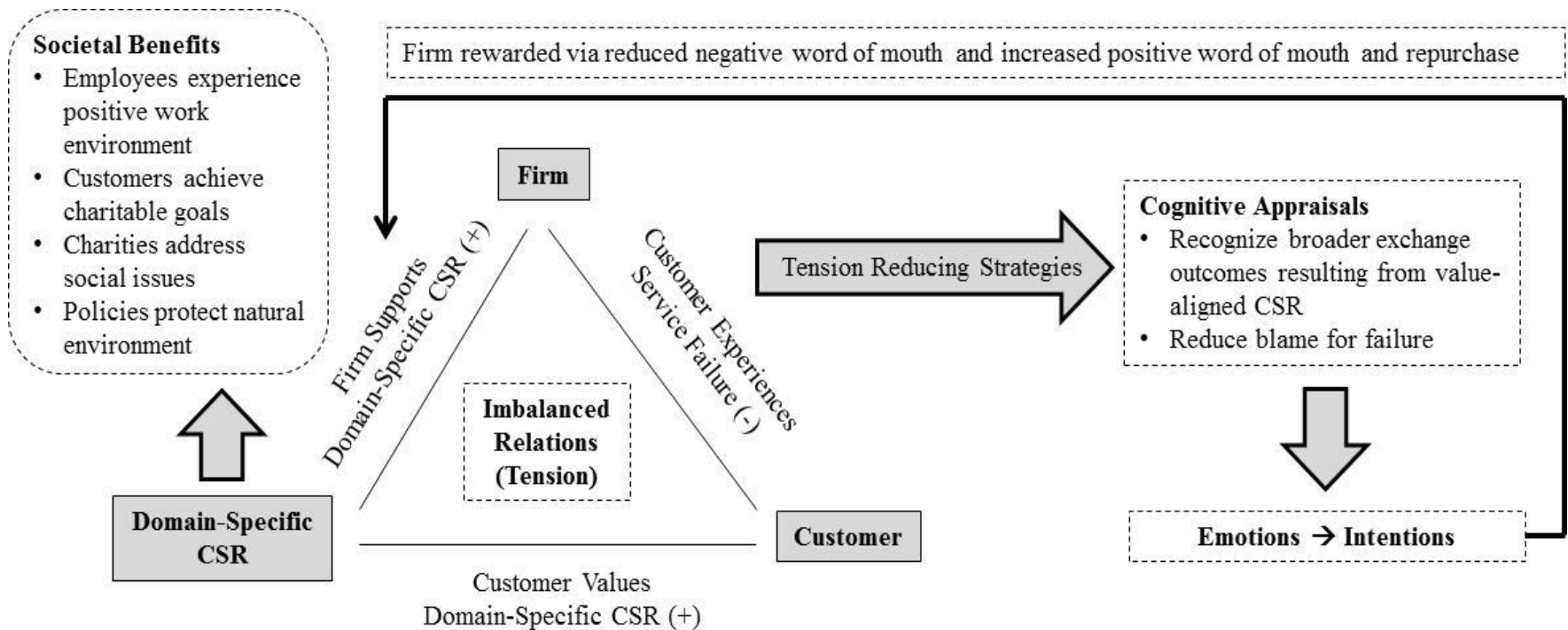
- Conflicting views on the net benefit to a firm
  - More favorable evaluations of firms and products (Brown & Dacin 1997)
  - Consumers often question firms' motives (Webb & Mohr 1998)
- Preponderance of CSR studies have focused on pre-transaction behavior (e.g., Barone et al. 2000)
- We aim to advance work on the link between CSR and service failures.

# Value–Aligned CSR



- CSR may yield more effective outcomes if it matches consumers' values (Golob et al. 2008)
- Organizational identity in value-alignment (Sen and Bhattacharya 2001)

# Integrative Framework

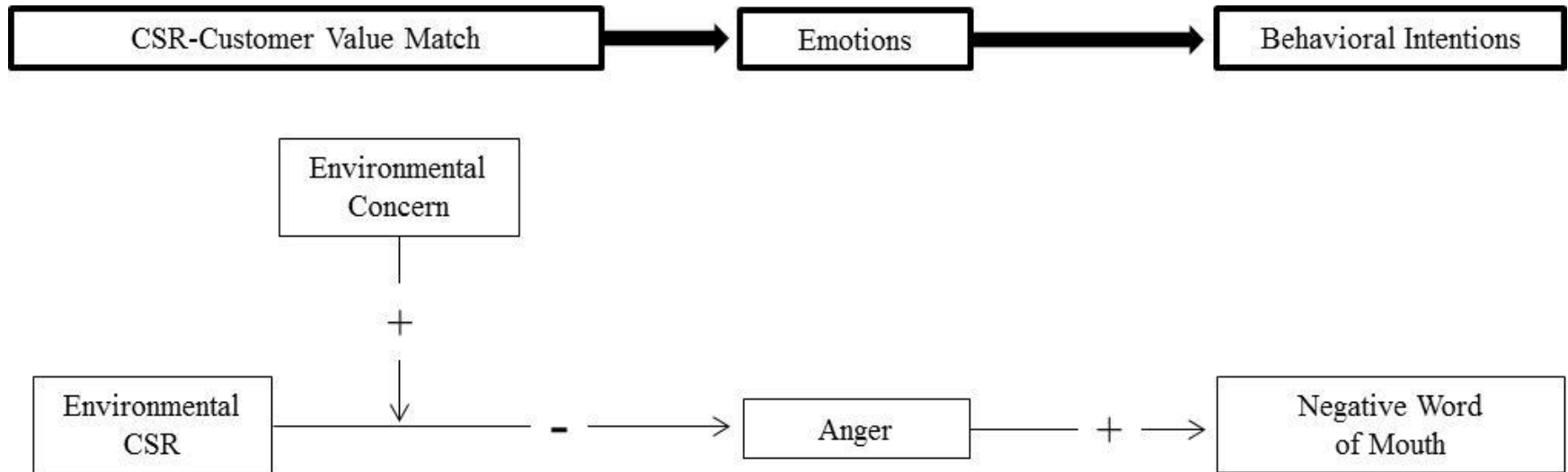


# Study 1: Overview and Procedure



- 340 participants
- Coffee shop scenario; service failure
- Randomly assigned to one of three CSR conditions
- Completed various measures: feelings of anger ( $\alpha = .89$ ); intention to spread NWOM ( $\alpha = .94$ ); ecological paradigm scale ( $\alpha = .84$ )

# Study 1: Conceptual Model



# Study 1: Regression Analyses

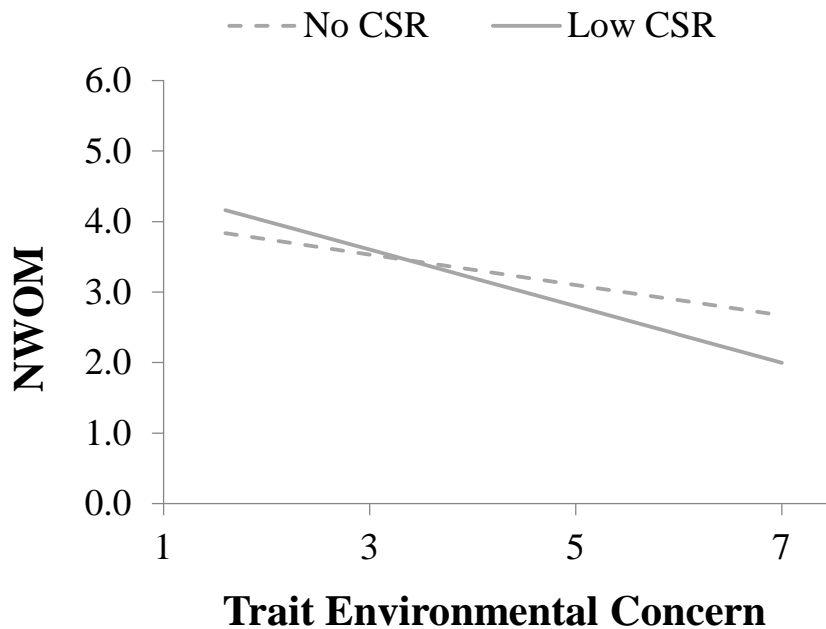


	NWOM		Anger		NWOM	
	$\beta$	$p$	$\beta$	$p$	$\beta$	$p$
<b>Step 1</b>						
Low CSR	-.08	.22	-.21	.01	-.08	.22
High CSR	-.01	.87	-.15	.01	-.01	.87
TEC	-.27	.01	-.15	.01	-.27	.01
<b>Step 2</b>						
Low CSR	.19	.50	.17	.57	.15	.54
High CSR	.68	.02	.66	.03	.37	.15
TEC	-.14	.10	.01	.89	-.03	.86
Low CSR x TEC	-.28	.34	-.39	.18	-.12	.64
High CSR x TEC	-.70	.02	-.83	.01	-.31	.23
Anger					.68	.01
Anger x TEC					-.16	.53

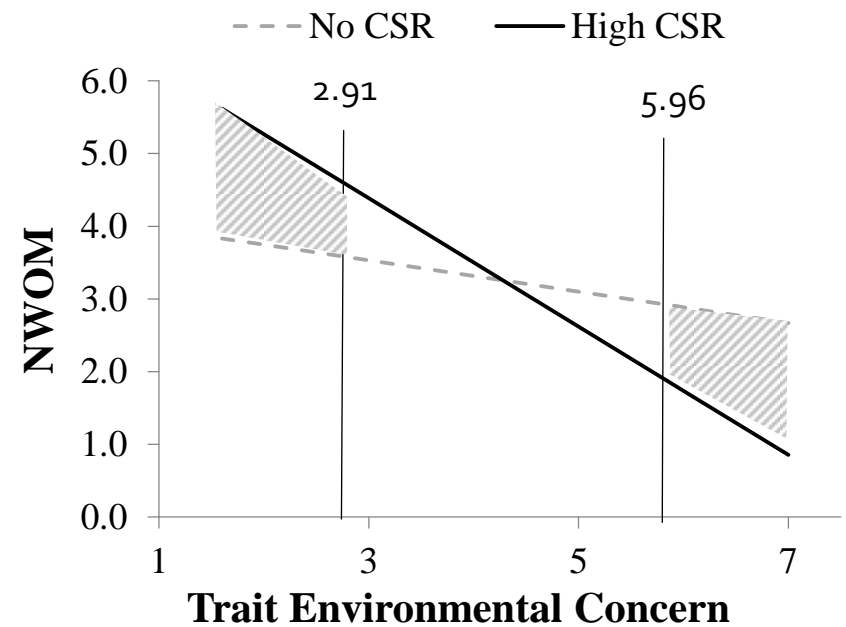
# Study 1: Interaction between CSR and TEC



### No CSR vs. Low CSR



### No CSR vs. High CSR

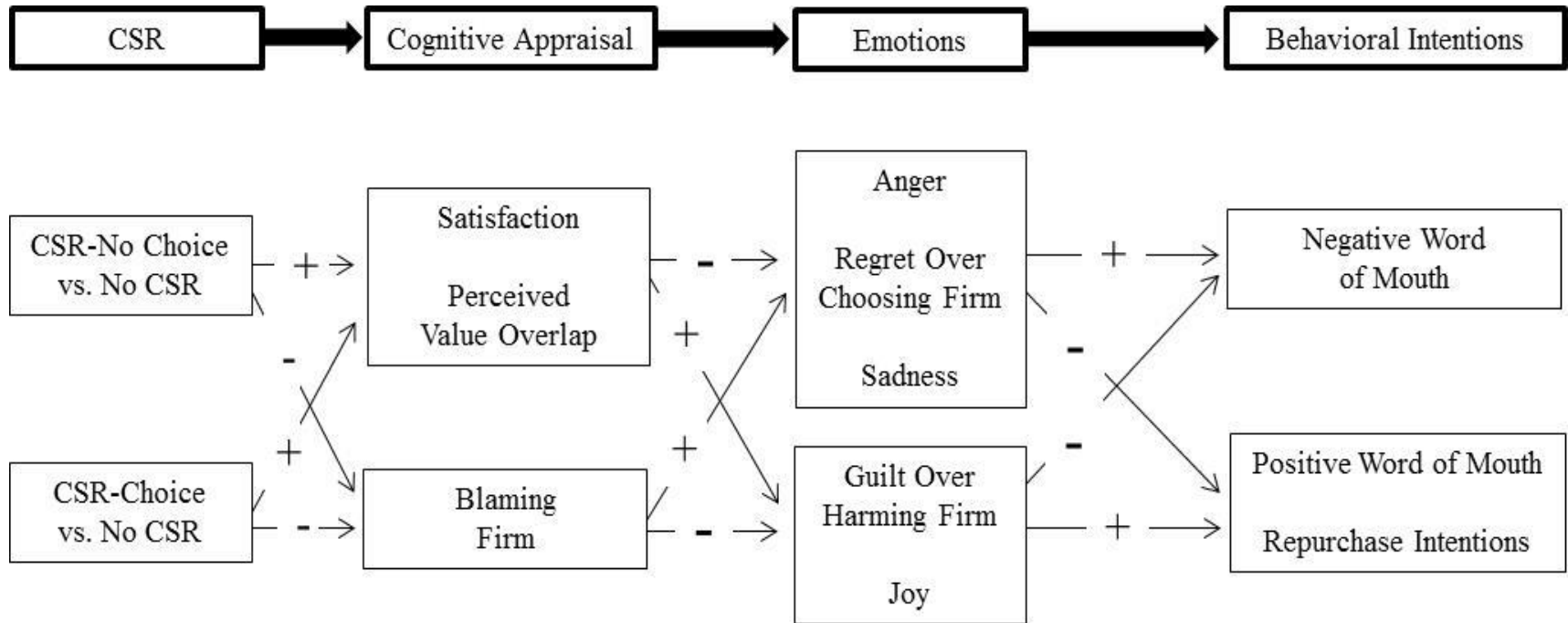


# Study 2: Overview



- Environmental CSR likely to influence narrower segment of consumers
- CSR policy with 4 beneficiaries
  - Environmental conservation
  - Health initiatives
  - Human rights campaigns
  - Local community organizations
- CSR policy with choice
- Expanded model

# Study 2: Conceptual Model



# Study 2: Procedure



- Procedure similar to Study 1
- 154 participants
- Coffee shop scenario; service failure
- Three CSR conditions
- Completed various measures
  - Perceived customer–firm overlap
  - Perceived satisfaction and blame
  - Anger, regret choosing coffee shop, sadness, joy, and guilt over NWOM
  - NWOM, PWOM, and repurchase intentions
- CFA performed

# Study 2: Regression Analyses

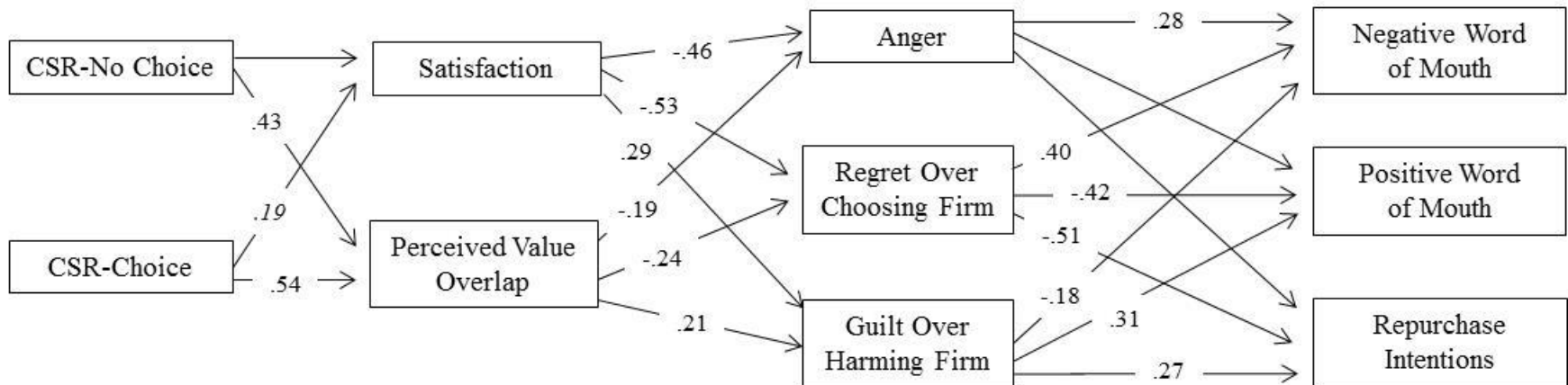


Step Predictor	Negative Word of Mouth		Positive Word of Mouth		Repurchase Intentions	
	$\beta$	$p$	$\beta$	$p$	$\beta$	$p$
<b>Step 1</b>						
CSR-No Choice	-.14	.15	.24	.01	.12	.21
CSR-Choice	-.28	.01	.29	.01	.27	.01
<b>Step 2</b>						
CSR-No Choice	-.04	.72	.12	.17	-.04	.66
CSR-Choice	-.13	.21	.10	.29	.03	.78
Satisfaction	-.28	.01	.50	.01	.41	.01
Value Overlap	-.19	.04	.19	.02	.30	.01
<b>Step 3</b>						
CSR-No Choice	.03	.70	.11	.18	-.08	.28
CSR-Choice	-.04	.64	.02	.85	-.08	.30
Satisfaction	.14	.06	.33	.01	.10	.18
Value Overlap	-.03	.69	.11	.18	.18	.01
Anger	.32	.01	.10	.24	-.01	.87
Regret Over Choosing Firm	.44	.01	-.26	.01	-.46	.01
Guilt Over Harming Firm	-.18	.01	.29	.01	.25	.01

# Study 2: Path Model



Model Fit  
 $\chi^2 (18) = 40.98, p < .001, CFI = .96, SRMR = .05, RMSEA = .09$



Note: Standardized coefficients shown. Non-italicized coefficients significant ( $p \leq .01$ ); italicized coefficients significant ( $p < .05$ ). Non-significant coefficients  $< |.10|$  not shown. Correlations between endogenous variables not shown.

# Contributions



- Extends the argument that CSR acts as a global insurance policy
- Cognitive and emotional mechanisms help explain value-aligned CSR
- Choice-based CSR policy offers a range of benefits for firms

**Thank You.**

**Questions?**

