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

Societal Benefits
- Employees experience positive work environment
- Customers achieve charitable goals
- Charities address social issues
- Policies protect natural environment

Firm rewarded via reduced negative word of mouth and increased positive word of mouth and repurchase

Domain-Specific CSR

Imbalanced Relations (Tension)

Customer Values
Domain-Specific CSR (+)

Customer

Firm Supports Domain-Specific CSR (+)
Customer Experiences Service Failure (-)

Tension Reducing Strategies

Cognitive Appraisals
- Recognize broader exchange outcomes resulting from value-aligned CSR
- Reduce blame for failure

Emotions → Intentions
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

CSR-Customer Value Match → Emotions → Behavioral Intentions

Environmental Concern

Environmental CSR → Anger → Negative Word of Mouth

+ → - → +
## Study 1: Regression Analyses

<table>
<thead>
<tr>
<th></th>
<th>NWOM</th>
<th>Anger</th>
<th>NWOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$\beta$</td>
<td>$p$</td>
<td>$\beta$</td>
</tr>
<tr>
<td>Low CSR</td>
<td>-.08</td>
<td>.22</td>
<td>-.21</td>
</tr>
<tr>
<td>High CSR</td>
<td>-.01</td>
<td>.87</td>
<td>-.15</td>
</tr>
<tr>
<td>TEC</td>
<td>-.27</td>
<td>.01</td>
<td>-.15</td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low CSR</td>
<td>.19</td>
<td>.50</td>
<td>.17</td>
</tr>
<tr>
<td>High CSR</td>
<td>.68</td>
<td>.02</td>
<td>.66</td>
</tr>
<tr>
<td>TEC</td>
<td>-.14</td>
<td>.10</td>
<td>.01</td>
</tr>
<tr>
<td>Low CSR x TEC</td>
<td>-.28</td>
<td>.34</td>
<td>-.39</td>
</tr>
<tr>
<td>High CSR x TEC</td>
<td>-.70</td>
<td>.02</td>
<td>-.83</td>
</tr>
<tr>
<td>Anger</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anger x TEC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Study 1: Interaction between CSR and TEC

No CSR vs. Low CSR

- - - No CSR  --- Low CSR

No CSR vs. High CSR

- - - No CSR  --- High CSR

NWOM vs. Trait Environmental Concern

NWOM vs. Trait Environmental Concern

No CSR

Low CSR

High CSR

2.91

5.96
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

CSR → Cognitive Appraisal → Emotions → Behavioral Intentions

CSR-No Choice vs. No CSR:
- Satisfaction: +
- Perceived Value Overlap: -

CSR-Choice vs. No CSR:
- Blaming Firm: +

Emotions:
- Anger
- Regret Over Choosing Firm
- Sadness
- Guilt Over Harming Firm
- Joy

Behavioral Intentions:
- Negative Word of Mouth
- Positive Word of Mouth
- Repurchase Intentions
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

<table>
<thead>
<tr>
<th>Step Predictor</th>
<th>Negative Word of Mouth</th>
<th>Positive Word of Mouth</th>
<th>Repurchase Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>$p$</td>
<td>$\beta$</td>
</tr>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR-No Choice</td>
<td>-.14</td>
<td>.15</td>
<td>.24</td>
</tr>
<tr>
<td>CSR-Choice</td>
<td>-.28</td>
<td>.01</td>
<td>.29</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR-No Choice</td>
<td>-.04</td>
<td>.72</td>
<td>.12</td>
</tr>
<tr>
<td>CSR-Choice</td>
<td>-.13</td>
<td>.21</td>
<td>.10</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>-.28</td>
<td>.01</td>
<td>.50</td>
</tr>
<tr>
<td>Value Overlap</td>
<td>-.19</td>
<td>.04</td>
<td>.19</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR-No Choice</td>
<td>.03</td>
<td>.70</td>
<td>.11</td>
</tr>
<tr>
<td>CSR-Choice</td>
<td>-.04</td>
<td>.64</td>
<td>.02</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.14</td>
<td>.06</td>
<td>.33</td>
</tr>
<tr>
<td>Value Overlap</td>
<td>-.03</td>
<td>.69</td>
<td>.11</td>
</tr>
<tr>
<td>Anger</td>
<td>.32</td>
<td>.01</td>
<td>.10</td>
</tr>
<tr>
<td>Regret Over Choosing Firm</td>
<td>.44</td>
<td>.01</td>
<td>-.26</td>
</tr>
<tr>
<td>Guilt Over Harming Firm</td>
<td>-.18</td>
<td>.01</td>
<td>.29</td>
</tr>
</tbody>
</table>
Study 2: Path Model

Model Fit
\[ \chi^2 (18) = 40.98, p < .001, \text{CFI} = .96, \text{SRMR} = .05, \text{RMSEA} = .09 \]

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?