Employee Mistreatment Crises and Company Perceptions

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This study aimed to provide empirical support to the removal of challenge crisis from the situational crisis communication theory (SCCT). Authors examined consumer responses to two accidental crisis types identified in traditional SCCT: a challenge crisis (failure in corporate ethics) and a technical-error crisis (failure in business performance). Specifically, how crisis types within the same crisis cluster varied in consumer outcomes when the crisis involved consumer challenges against the firm's corporate social responsibility (CSR) was explored. Findings from an experiment with crisis cases in multiple industries revealed: compared with technical-error crises, CSR-involved challenge crises yielded higher crisis responsibility, more negative corporate reputation, and higher intentions to take retaliatory actions against the company. Perceived corporate expertise in providing quality products/services was rated moderately low and not significantly different across crisis types.

Keywords: corporate social responsibility, crisis, employee mistreatment, corporate reputation

Korean Air, a leading Asian carrier, received scathing public criticism for a leader's abusive treatment of employees in 2014. A vice president of Korean Air at the time had quarreled with cabin crew while onboard a Korean Air flight in first class because she had been served macadamia nuts in a way she thought was inappropriate: The nuts were in a bag, not on a plate. The vice president finally ordered the head flight attendant to leave the plane. The plane, which was taxiing at John F. Kennedy Airport at the moment, had to return to the gate to offload the aircrew. The incident was followed not only by litigation over violence against employees but also a prolonged call for boycotts among consumers (Choe, 2014).

The so-called nut-rage incident of Korean Air shows that employee mistreatment within an organization may become widely known to the public and develop into a crisis. The increased societal concern about and claims against the way companies treat their employees may be attributed to the trend that employee relations and human rights are being considered as important corporate social responsibility (CSR)

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issues (McPherson, 2014; Moon, 2002). In fact, CSR performance, including responsible treatment of employees, has become an increasingly integral element to build and maintain corporate reputation (Fombrun, 2005). Nevertheless, corporate crises have been largely examined on cases related to product or service harm that involve immediately detectable events, such as accidents and injuries (An & Cheng, 2010). Understanding the impact of poor CSR performance, which may not be immediately felt, on the other hand, has been limited.

A crisis caused by poor CSR fits with the description of a challenge crisis according to the crisis typology of situational crisis communication theory (SCCT; Coombs, 2007; Coombs & Holladay, 2002). Challenge crises involve stakeholder claims that the organization is acting irresponsibly or unethically, but not illegally; a warning sign may involve stakeholders petitioning the organization for change (Coombs & Holladay, 2012b). Traditionally in SCCT, challenge crises and crises caused by technical errors in products/facilities were considered similar in terms of the level of crisis responsibility attributed to the company and the scope of reputational impact, and therefore were listed under the "accidental cluster" together. However, prior research has suggested that moral failures (e.g., poor CSR) are likely to result in higher culpability compared with performance-related failures (e.g., technical errors), implying more negative subsequent consumer outcomes in CSR-involved challenge crises (P. H. Kim, Ferrin, Cooper, & Dirks, 2004; Sohn & Lariscy, 2014). Also, challenge crises do not necessarily affect the organization's operations like technical-error crises do (Coombs, 2019). However, challenge crises based in CSR concerns harm the company's reputation by labelling the company as an unethical organization, and such a label may even paint the company's product/service-related competence (Du, Bhattacharya, & Sen, 2007; S. Kim, 2011; Tao & Wilson, 2016).

In the most recent updates to SCCT, the crisis type challenge crisis has been classified as a form of "paracrisis," a crisis threat caused by stakeholder claims against the organization's behavior (Coombs, 2019). This change has also removed challenge crisis from the accidental cluster, while technical-error crises remain in this category as operational crises (Coombs, 2019). However, there has been a call for research on how CSR-involved challenge crises are distinguished from other crises in terms of the attribution of responsibility, the initial reason that these two crises were grouped together under the accident cluster (Coombs & Holladay, 2015; Sohn & Lariscy, 2014).

Although challenge crises are now listed as paracrises, the question of attribution of responsibility remains. Thus, this study aims to provide empirical understanding about at what points challenge crises are more or less aligned with the traditional SCCT in terms of attribution of responsibility, especially in the context of CSR (Coombs, 2007; Coombs & Holladay, 2002). In addition, other consumer outcomes, including postcrisis corporate reputation, intentions for negative actions against the company, and evaluations of the corporate competence, are examined between CSR-involved challenge crises versus technical-error (operational) crises.

Literature Review

CSR as Crisis Risk

Although there is not one accepted definition of CSR across disciplines, CSR is commonly viewed as *discretionary* corporate actions, beyond legal obligations, for the social good *in interactions with*

stakeholders. For example, one of the most frequently used definitions of CSR (Dahlsrud, 2006), which was proposed by the Commission of the European Communities (2001), is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (p. 6). Coombs and Holladay (2012a), in the public relations discipline, offer a similar definition, but display a range of specific stakeholders: "CSR is the voluntary actions that a corporation implements as it pursues its mission and fulfills its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole" (p. 8).

CSR is now widely considered to be an integral criterion to evaluate the value of a company. A recent consumer survey reported that 40% of global consumers were willing to reward or punish a company based on the company's CSR performance (Cone Communications, 2017). Also, a growing body of research has shown that higher levels of CSR are more likely to rally stakeholder support. For example, Klein and Dawar (2004) demonstrated that CSR was positively related to brand evaluation and buying intention among consumers and that CSR could buffer adverse impacts during a corporate crisis. Sen, Bhattacharya, and Korschun (2006) found that CSR awareness was associated with greater intentions to seek employment with the company as well as to invest in the company.

In addition to understanding these benefits of CSR, researchers have recently proposed the importance of examining CSR as crisis risk (e.g., Coombs & Holladay, 2015; Sohn & Lariscy, 2014). Parallel to definitions of CSR, companies lacking voluntary efforts to fulfill cherished corporate obligations to stakeholders may be viewed as socially irresponsible. Furthermore, given that meeting stakeholder expectations is the basis for stakeholders to evaluate a company's reputation (Fombrun & Van Riel, 2004), failure to meet stakeholder expectations for CSR, which are higher than ever before, may result in a reputational threat to the company.

Particularly, it is important to research employee mistreatment in the context of CSR and crisis because fair treatment of employees is increasingly valued as a societal standard; violating this principle can harm an organization's ethical reputation. Employee mistreatment has often served as an indicator of poor organizational reputation or unfavorable organization–stakeholder relationships in crisis communication research (Coombs & Holladay, 2001; Lyon & Cameron, 2004; Payne, 2006). For example, Lyon and Cameron (2004), in their experiment, depicted reputable firms as making efforts to improve the work environment for employees, while describing disreputable firms as poorly managing union disputes. Today, given increasingly expanded expectations for CSR, companies that mistreat employees may face organizational legitimacy threats, and their ability to continue operating in society may be challenged.

CSR-Involved Crisis as Challenge Crisis

To understand CSR-involved crises' independent and relative effects, SCCT (Coombs, 2007; Coombs & Holladay, 2002) can be useful. SCCT provides a typology of organizational crises and strategic responses to each crisis type. According to SCCT, the more crisis responsibility attributed to the organization during a crisis, the greater the likelihood of reputational threat to the organization. The SCCT groups different crisis types into three clusters based on the level of crisis responsibility attributed to the organization (Coombs, 2007; Coombs & Holladay, 2002). The first cluster is composed of victim-type crises

(e.g., natural disaster, workplace violence, malevolence). During a victim crisis, attribution of responsibility for the crisis is weak, as the organization is viewed as a victim, rather than a perpetrator, of the crisis. The second cluster represents accident-type crises, and the original theory included stakeholder challenges against organizational actions and accidents/recalls caused by technical errors. During an accidental crisis, the perceived crisis intentionality of the organization is low, and thus minimal crisis responsibility is likely to be attributed. The third cluster includes intentional crises (e.g., accidents/product harm caused by human error, organizational misdeeds) which correspond to strong attributions of crisis responsibility. As mentioned earlier, Coombs' newest work now describes challenge crisis as a paracrisis, similar to rumor or a "faux pas" (Coombs, 2019), which is a shift away from the original categorization and suggests a challenge crisis may not be a "crisis" at all, but rather the threat of a crisis.

Based on the traditional SCCT crisis typology, a crisis caused by poor CSR could be considered a challenge crisis. A challenge crisis occurs when stakeholders contest the appropriateness or morality of the way a corporation operates or behaves (Coombs & Holladay, 2002). Stakeholders can challenge CSR when they see a company operating in a socially irresponsible way, and such CSR challenges may threaten corporate reputation and escalate into a crisis as claims against the company become broadly supported (Coombs & Holladay, 2015). For example, Nestlé changed its palm oil sourcing practices when the company had been accused of deforestation initially by the activist group Greenpeace and later by more individuals in social media communities (Ionescu-Somers & Enders, 2012).

Of course, CSR-involved crises can be differently typologized depending on how CSR is defined. Some may define CSR in a broader sense, such as A. B. Carroll (1991) considering not only ethical and philanthropic responsibilities, but also economic (being profitable) and legal (being compliant with laws and regulations) responsibilities as CSR. From that perspective, crises caused by legal transgressions or even business negligence could also be considered as events resulting from poor CSR. However, the present study follows Coombs and Holladay's (2012a) definition of CSR which exclusively focuses on discretionary corporate actions to be socially responsible (going beyond fulfilling legal/codified requirements); therefore, in the present study a CSR-involved crisis is considered to occur when a company's ethical, or nonlegal, responsibility becomes challenged in the form of challenge crises, which is under the accidental crisis cluster in the traditional SCCT. Challenges against a company's legal responsibility would be typed as an organizational misdeed crisis, which is under the intentional crisis cluster.

Challenge Crisis Versus Technical-Error Crisis

Technical-error accident/recall crisis is a type of crisis that occurs when a technology or equipment failure causes an accident or a product recall (Coombs, 2007). Traditionally in SCCT, technical-error crises have been grouped with challenge crises under the accidental crisis cluster. These crisis types have been considered as similar when pertaining to levels of crisis responsibility and estimated reputational threat to the organization. However, researchers have hinted that responsibility for a corporate crisis may be more heavily placed when it comes to ethical responsibility or violation of values socially cherished, compared with when a crisis involves harms or flaws in products/services (Coombs & Holladay, 2012a; Hearit, 2006; Sohn & Lariscy, 2014).

Research in the field of social psychology has suggested that our schemas, or the cognitive frameworks used to facilitate processing and organizing information, influence the way certain attributes of information are more or less appreciated (Folkes & Kamins, 1999; Reeder & Brewer, 1979; Skowronski & Carlston, 1989). Specifically, attributions of ability and morality are made differently: Individuals tend to appreciate positive attributes more when making judgements about ability, while paying more attention to negative attributes in morality judgement (Folkes & Kamins, 1999). Hence, a single success in performance (e.g., technical competence) is likely to be pronounced more than a failure in performance because the incompetent would not have been able to achieve such a high level of competence; whereas, one failure in performance tends to be tolerated in the belief that both the competent and the incompetent can poorly perform in different situations (Reeder & Brewer, 1979; Skowronski & Carlston, 1989). On the other hand, negativity of a single violation of morality is likely to be pronounced, reflecting the belief that entities with high morality would consistently maintain the morality level in most affairs and that those with low morality may change their levels of morality from time to time depending on their interests (e.g., getting incentives, avoiding risks; Reeder & Brewer, 1979; Skowronski & Carlston, 1989).

Prior research on trust and expectancy violation is also consistent in finding that violations regarding ethical matters (e.g., poor CSR) are less tolerated and harm the violator's standing to a greater degree compared with performance-related violations (e.g., technical errors; e.g., Ferrin, Kim, Cooper, & Dirks, 2007; P. H. Kim et al., 2004; Sohn & Lariscy, 2012). P. H. Kim and colleagues (2004) suggest that trust is particularly more difficult to be restored when an integrity-based versus competence-based trust violation is admitted/apologized. A failure in integrity is often assumed to be committed only by those with low integrity; whereas, a failure in competence may be made by anyone, depending on the situation and circumstances (Reeder & Brewer, 1979). Thus, when organizations accept ownership for competence failures and apologize, these failures may be perceived as anomalies, and therefore repeated future failures are not projected. Similarly, Sohn and Lariscy (2012) found that violations of existing consumer expectations had more detrimental effects to companies when it came to CSR rather than corporate ability (CA). Their study showed that CSR expectation violations not only eliminated positive corporate attributes stemming from prior CSR but also damaged evaluations of the company; the discrepancy between expectations and the actual state of the company (e.g., expectations violated) was larger when CSR expectations versus performance expectations were violated.

CSR-Involved Challenge Crisis and Consumer Retaliatory Actions

Studies suggest that the attributions of crisis responsibility and emotions affect individuals' behavioral responses to crises (Coombs & Holladay, 2005; Weiner, 2006): Higher levels of responsibility attributed to organizations are likely to evoke negative emotions (e.g., anger) and lead to negative behavioral responses; fewer attributions of responsibility are likely to be associated with positive emotions (e.g., sympathy) and result in positive behavioral responses. Particularly, common behavioral responses taken by individuals to address organizational blame include spreading negative word of mouth (WOM) about the organization and reducing or ceasing involvement with the organization (Coombs & Holladay, 2001, 2004; Funches, Markley, & Davis, 2009). In SCCT, crises in the accidental cluster are viewed as events caused by unintentional organizational acts, and thus moderate attributions of responsibility and weaker emotions are assumed (Coombs & Holladay, 2005).

As argued earlier, however, attributions of responsibility for accidental crises may vary when challenges against CSR are added to the context, since individuals tend to weigh negative information more when evaluating an entity's morality. Also, anger is commonly experienced when an entity is perceived to be responsible for injustice (Smith, Haynes, Lazarus, & Pope, 1993). In fact, organizational behavior research has suggested that witnessing others being treated in an illegitimate way (e.g., watching a colleague being abused by a leader) is likely to generate retaliatory motivations to engage in actions against the harm-giver (Christian, Christian, Garza, & Ellis, 2012; Leung, Chiu, & Au, 1993; Skarlicki & Kulik, 2004). For example, Christian and colleagues (2012) found that when an employee is mistreated by a leader, the employee's team members (third parties) were likely to retaliate against the leader, by being negligent to the leader's requests and making negative comments about the leader. Given that third parties include not only the community members where injustice occurs (e.g., colleagues of a mistreated employee) but also individuals who indirectly receive the relevant information (e.g., consumers, activist groups, news media; Skarlicki & Kulik, 2004), consumers' anger and boycott claims shown in CSR-involved crisis cases may be understood similarly. That is, although the way a company negatively contributes to society (e.g., employee mistreatment, pollutant emissions during operation) does not directly affect the quality of products/services consumers actually use, consumers may become willing to punish the harm-giver—the company.

Crisis Information and CA Evaluation

T. J. Brown and Dacin (1997) proposed that people perceive companies based on two types of corporate attributes: CA (the corporate expertise in providing quality products/services) and CSR. Example CA perceptions include corporate associations with innovative products/services, market leaderships, quality of products/services, and expertise and efficiency in facilities, while some of CSR perceptions include corporate associations with environmental responsibility, philanthropic giving, social diversity, and involvement in community and social causes (T. J. Brown & Dacin, 1997; S. Kim, 2011).

Individuals' company perceptions associated with CA and CSR are not independently formed, but are related to each other. Studies have shown the transfer of CSR perceptions to CA perceptions, suggesting that companies perceived as socially responsible are likely to also be thought of as competent in providing quality products/services; whereas, companies successful in business performance are not necessarily assumed to pursue CSR (Du et al., 2007; S. Kim, 2011; Tao & Wilson, 2016).

Hypotheses Development

Given the literature reviewed above, the effects of challenge crises and technical-error crises within the same accidental crisis cluster of the traditional SCCT are likely to vary in perceived crisis responsibility attributed to the organization and effects on organizational reputation when the crisis involves CSR. Individuals tend to weigh ethical failures (e.g., employee mistreatment) more heavily than performance-related failures (e.g., technical-error accidents). Consequently, ethical failures are likely to harm the entity's standing more severely in comparison to performance-related failures (Hearit, 2006; P. H. Kim et al., 2004). Hence, it was hypothesized that CSR-involved challenge crises versus technical-error crises would lead to higher perceived culpability and more negative company evaluations among consumers.

H1: The level of crisis responsibility attributed to the company will be higher in CSR-involved challenge crises than in technical-error crises.

H2: The level of perceived corporate reputation will be lower in CSR-involved challenge crises than in technical-error crises.

Crisis responsibility is associated not only with reputational perceptions but also with behavioral intentions. Crisis responsibility is positively associated with negative emotions, which lead to negative actions against the organization. Among CSR-involved challenge crises, employee mistreatment crises particularly concern matters of injustice and are likely to evoke anger. Given that anger motivates retaliatory actions, individuals exposed to a company's injustice information (employee mistreatment) is expected to be willing to engage in actions to punish the company. On the other hand, as failures in performance are better tolerated, the retaliatory motivations are expected to be lower in technical-error crises than in CSR-involved challenge crises.

H3: The level of intention to engage in retaliatory actions against the company will be higher in CSR-involved challenge crises than in technical-error crises.

Consumers' intentions to take retaliatory actions against a company with poor CSR may suggest that negative outcomes of poor CSR are not limited to CSR-specific perceptions and behaviors; consumers' awareness of poor CSR may spill over into their beliefs about the company's market competence or CA, forming the idea that products/services of an unethical company must not be good (S. Kim, 2011; Tao & Wilson, 2016). However, the extent in which CSR information influences CA evaluation has not been examined extensively. Several studies suggest that communication of CA has a stronger influence on CA evaluations compared with communication of CSR (T. J. Brown & Dacin, 1997; S. Kim, 2011). In this sense, it can be speculated that CSR-involved challenge crises would negatively affect CA perceptions, but technical-error crises, which directly communicate CA of the company, would result in more negative CA perceptions than the counterpart crises. Thus, the following hypothesis was proposed:

H4: CA perceptions will be more negative in technical-error crises than in CSR-involved challenge crises.

Method

This study employed an experiment to examine consumer responses to CSR-involved challenge crises versus technical-error crises. To make sure the crisis outcomes were not limited to a certain industry or a certain crisis case, two different industries were embedded in the stimulus crisis cases, including an airline and an online retailer.

Participants and Procedure

A total of 117 undergraduate students at a large southeastern university participated in the study in exchange for partial fulfillment of class requirements. The age ranged from 18 to 29 years (M = 20.50 years, SD = 1.23 years). Of the participants, 74.4% were female and 25.6% were male. Participants were primarily White (77.8%), followed by African American (7.7%), Asian (7.7%), Hispanic/Latino (1.7%), and other (5.1%). College students were chosen because they represent an emerging consumer group with increasing spending power (Donnelly & Scaff, 2013) and high awareness of CSR compared with former generations (Cone Communications, 2017). Of course, using college student samples is not without limitations (e.g., Peterson & Merunka, 2014). However, student samples have been considered as appropriate for theory testing and for studies like ours that aim to find relationships among hypothesized variables (logical inferences) rather than to find statistical inferences for generalization (Bae & Cameron, 2006; Basil, Brown, & Bocarnea, 2002; Pernice, van der Veer, Ommundsen, & Larsen, 2008).

An invitation to an online survey site was sent to the student participant pool. As described in Table 1, participants were randomly assigned to either CSR-involved challenge crisis (n=60) or technical-error crisis (n=57) condition. Then, each participant read two CSR-involved challenge crisis stories or two technical-error crisis stories involving a fictitious airline and a fictitious online retail company. Each crisis story was followed by questions to assess participants' (a) perceived crisis responsibility, (b) perceived corporate reputation, (c) intentions to take retaliatory actions against the company, and (d) perceived CA. At the end of the survey, participants provided demographic information and were thanked.

Table 1. Experimental Conditions and Participant Assignment (N = 117).

| | CSR-involved challenge crisis | Tech-error crisis | | |
|-----------------|-------------------------------|-------------------|--|--|
| Airline | n = 60 | n = 57 | | |
| Online retailer | 11 = 60 | 11 – 37 | | |

Stimulus Materials

Given that individuals often access organizational information indirectly from media when building their perceptions about organizations (C. E. Carroll & McCombs, 2003; Fombrun & Shanley, 1990), news-in-brief stories on two companies were created for each of the two crisis types. Thus, a total of four stimuli were prepared: an airline's challenge crisis, an airline's technical-error crisis, an online retailer's challenge crisis, and an online retailer's technical-error crisis. Airline and online retail industries were chosen because recent CSR-involved challenge crises have happened in these industries. As Lyon and Cameron (2004) suggested, using actual crisis cases benefits research by reducing the artificiality of stories crafted for an experiment. Also, the airline and online retail industry were considered appropriate, as the generational group of this study's sample serves as major or increasingly important consumers in these industries. Millennials and Generation Z are characterized by their high interest in travel, including air trips, compared with the previous generations (Gelfeld, 2018; Whitmore, 2019). Also, online shopping is most preferred by millennials and Generation Z (Clement, 2019; Hanbury 2019).

The stimuli were based on actual crisis or industry incident cases, but were adapted to make the cases more consistent with the definition of each crisis type and to reduce possible associations with any actual companies. Stimuli were similar to one another in terms of the story flow and the word count. The company names were not revealed, to control possible influence from preexisting perceptions of certain companies on the results.

Actual CSR challenge crisis cases involving employee mistreatment were found and used. Particularly, Korean Air's crisis case resulting from abusive leadership and Amazon.com's employee exploitation case were used. In 2014, Korean Air's vice president at the time ordered the head of the cabin crew to leave the airplane on a complaint of serving nuts in a bag instead of on a plate. In 2015, *The New York Times* covered the online retailer Amazon.com's unreasonably rigorous work standards and the consequent "back-stabbing" culture among employees, which raised criticism and concern from the public, as well as from both the currently and previously hired employees (Kantor & Streitfeld, 2015).

For technical-error crisis stories, computer system outage cases that an actual airline and an online retail company experienced in the past were employed. In 2016, the carrier Delta faced a system failure, grounding and delaying thousands of flights within a day. Also, the online retailer eBay experienced a similar system outage incident, resulting in significant inconvenience in the selling and buying processes among customers.

Measures

The following dependent variables (DVs) were assessed by asking participants to indicate their levels of disagreement or agreement with a list of statements on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). Scores from the items under each measure were averaged to serve as a composite measure of each dependent variable.

Perceived Crisis Responsibility

Eleven items from the attribution of crisis responsibility scale (K. A. Brown & White, 2010) were used. Some example statements included (a) the crisis is the fault of the corporation; (b) the crisis is a permanent issue for the corporation; and (c) the cause of the crisis is something inside the corporation (a = .82).

Corporate Reputation

Five items to compare corporate reputation subsequent to different types of crises (Coombs & Holladay, 2002) were adapted. Some example statements included (a) the corporation is concerned with the well-being of its stakeholders; (b) the corporation is basically dishonest (reverse item); and (c) I do not trust the corporation to tell the truth about the incident (reverse item; a = .85).

Intentions for Retaliatory Actions

Given that common consumer retaliatory actions include spreading negative WOM and avoiding involvement with the given company (Coombs & Holladay, 2001, 2004; Funches et al., 2009), three items to measure intentions to spread negative WOM (α = .91; Blodgett, Hill, & Tax, 1997) and three items to measure intentions to avoid products/services of the company (α = .96; Dodds, Monroe, & Grewal, 1991) were assessed. The two measures were afterward summed and averaged to create a composite measure for intentions to engage in retaliatory actions against the company (α = .94).

Perceived CA

Six CA association statements from S. Kim (2011) examined participants' CA perceptions after they read the crisis stories. Example CA association statements included (a) I associate this company with market leadership, and (b) I associate this company with good quality products and services ($\alpha = .94$).

Results

Manipulation Check

To ensure that the stimuli were designed to be perceived as either challenge crises or technicalerror crises, a pretest for manipulation check was conducted with 29 undergraduate and graduate students ($M_{age} = 21.62$ years, $SD_{age} = 1.88$ years). Following the suggestion made by Hauser, Ellsworth, and Gonzalez (2018), this manipulation check was conducted before the experiment; the obtrusive manipulation-checking items were expected to disrupt the flow of the survey and have potential effects on the dependent variable measures by giving research participants a sense of what was manipulated in the stimuli.

Based on Coombs' (2007) descriptions of challenge and technical-error crises, participants were asked to report opinions about the stories on a 7-point semantic differential scale anchored by "7 = the story presents a contestation caused by stakeholder claims against the appropriateness or morality of a company's behaviors and/or policies" (p. 1) and "1 = the story presents an accident and/or product recall caused by a technology or equipment failure" (p. 7). Higher scores would indicate that the participant perceived the crisis as a challenge crisis, while lower scores suggest the given crisis was viewed as a technical-error crisis.

For the airline crisis stories, participants viewed the employee mistreatment crisis story as being related more to stakeholder challenges, while the system outrage crisis story was perceived to be related more to technical-error incidents, t(27) = 6.35, p < .001 ($M_{\text{challenge}} = 6.25$, $SD_{\text{challenge}} = 1.42$; $M_{\text{tech-error}} = 2.29$, $SD_{\text{tech-error}} = 1.80$). For the online retailer crisis stories, the crisis type manipulation was also successful, t(27) = 9.76, p < .001 ($M_{\text{challenge}} = 6.12$, $SD_{\text{challenge}} = 1.32$; $M_{\text{tech-error}} = 1.75$, $SD_{\text{tech-error}} = .97$).

Hypothesis Tests

This study tested how CSR-involved challenge crises and technical-error crises affected (a) perceived crisis responsibility, (b) perceived corporate reputation, (c) intentions to take retaliatory actions against the company, and (d) perceived CA, as well as whether the findings were consistent across different types of industries (see Table 2). A series of independent-samples t tests was performed.

Table 2. Independent-Samples t Test Results for Effects of Crisis Type on DVs.

| | | CSR-involved challenge crisis (n = 60) | | Tech-error crisis $(n = 57)$ | | |
|-------------------|-----------------|--|------|------------------------------|------|----------------------|
| DVs | | М | SD | М | SD | t |
| Crisis | Airline | 4.10 | 0.65 | 3.50 | 0.72 | 4.72*** |
| responsibility | Online retailer | 4.99 | 0.85 | 3.66 | 0.68 | 9.36*** |
| Corporate | Airline | 3.94 | 1.09 | 5.03 | 0.77 | -6.19*** |
| reputation | Online retailer | 3.18 | 1.00 | 4.80 | 0.87 | -9.35 ^{***} |
| Retaliatory | Airline | 4.23 | 1.31 | 3.77 | 1.18 | 2.00* |
| actions | Online retailer | 4.60 | 1.41 | 3.73 | 1.26 | 3.54** |
| Corporate ability | Airline | 3.35 | 1.22 | 3.63 | 1.03 | -1.32 |
| | Online retailer | 3.25 | 1.34 | 3.69 | 1.00 | -2.01 |

p < .05, p < .01, p < .001

H1: Perceived Crisis Responsibility

As hypothesized, the level of perceived crisis responsibility was found to be higher in the CSR-involved challenge crisis condition than in the technical-error crisis condition, $t_{\text{airline}}(115) = 4.72$, p < .001; $t_{\text{retail}}(115) = 9.36$, p < .001. In both the airline and retail industries, the challenge crisis based on CSR concerns resulted in higher levels of perceived crisis responsibility ($M_{\text{airline}} = 4.10$, $SD_{\text{airline}} = .65$; $M_{\text{retail}} = 4.99$, $SD_{\text{retail}} = .85$) compared with the technical-error crisis ($M_{\text{airline}} = 3.50$, $SD_{\text{airline}} = .72$; $M_{\text{retail}} = 3.66$, $SD_{\text{retail}} = .68$).

H2: Corporate Reputation

As hypothesized, the level of perceived corporate reputation was found to be more negative in the CSR-involved challenge crisis condition than in the technical-error crisis condition, $t_{\text{airline}}(115) = -6.19$, p < .001; $t_{\text{retail}}(115) = -9.35$, p < .001. In both the airline and retail industries, the challenge crisis based on CSR concerns led participants to perceive the company as less reputable ($M_{\text{airline}} = 3.94$, $SD_{\text{airline}} = 1.09$; $M_{\text{retail}} = 3.18$, $SD_{\text{retail}} = 1.00$) than the technical-error crisis ($M_{\text{airline}} = 5.03$, $SD_{\text{airline}} = .77$; $M_{\text{retail}} = 4.80$, $SD_{\text{retail}} = .87$).

H3: Intentions for Retaliatory Actions

As hypothesized, the level of intentions for retaliatory actions against the company was found to be higher in the CSR-involved challenge crisis condition than in the technical-error crisis condition, $t_{\text{airline}}(115) = 2.00$, p < .05; $t_{\text{retail}}(115) = 3.54$, p < .01. In both the airline and retail industries, the challenge crisis based on CSR concerns was more likely to increase the intentions for retaliatory actions ($M_{\text{airline}} = 4.23$, $SD_{\text{airline}} = 1.31$; $M_{\text{retail}} = 4.60$, $SD_{\text{retail}} = 1.41$) compared with the technical-error crisis ($M_{\text{airline}} = 3.77$, $SD_{\text{airline}} = 1.18$; $M_{\text{retail}} = 3.73$, $SD_{\text{retail}} = 1.26$).

H4: Perceived CA

It was hypothesized that the level of perceived CA would be more negative in the technical-error crisis condition than in the CSR-involved challenge crisis condition. However, the hypothesis was not supported. The CSR-involved challenge crisis and technical-error crisis conditions were not different from each other in the perceived CA. The level of perceived CA in the employee mistreatment crisis condition was as low as the perceived CA in the computer outage crisis condition, and the result was consistent across the two industry types. For the airline company, the CA perception was not significantly different between the employee mistreatment crisis (M = 3.35, SD = 1.22) and the computer outage crisis (M = 3.63, SD = 1.03), t(115) = -1.32, p = .19. For the online retail company, the perceived CA was not significantly different between the employee mistreatment crisis (M = 3.25, SD = 1.34) and the computer outage crisis (M = 3.69, SD = 1.00), as well, t(115) = -2.01, p = .05.

Discussion

Summary of Findings

This study examined consumer responses to CSR-involved challenge crises and technical-error crises. To make sure the results were not limited to a certain industry or a certain case, the examination was conducted across crises in two different industries that had actually gone through CSR-involved challenge crises. Compared with technical-error crises, which involve the quality of products/services, CSR-involved challenge crises, which involve corporate ethics, yielded higher crisis responsibility attributed to the company, more negative corporate reputation, and higher intentions to take retaliatory actions against the company. The perception of corporate expertise in providing quality products/services, or the perceived CA, was rated moderately low and not significantly different across crisis types and industry types.

Theoretical Implications

CSR-Involved Challenge Crisis Without Obvious Transgressions

Stakeholder challenges against CSR have been emerging crisis risks for companies (Coombs & Holladay, 2015). Nevertheless, few studies have examined the effects of CSR-involved challenge crises and compared the crisis type with other crises. Furthermore, although compliance with laws is commonly excluded in viewing CSR (Dahlsrud, 2006), crisis impacts have been often examined in settings where CSR-

related crises were treated as events caused by intentional violation of laws (Bradford & Garrett, 1995; Sohn & Lariscy, 2014). According to SCCT, perceived organizational intentionality and legal transgressions escalate the level of attributions of crisis responsibility. When an event is claimed to be a crisis caused by poor CSR and also involves intentional or legal transgressions, it becomes difficult to distinguish crisis impacts resulting from poor CSR from those resulting from the perceived intentionality or legal culpability. Thus, the unique impact of CSR-related crises needs to be examined in the absence of obvious organizational intentionality or legal transgressions.

The context of employee mistreatment crisis enabled the present study to better examine the ethical, rather than legal, attributions of crisis responsibility. In cases of employee mistreatment crises, the level of corporate wrongdoing may be relatively difficult to determine because, many times, employee mistreatment does not generate immediate or physical harms to stakeholders and may occur within the scope of legally defendable offenses for companies. Existing stakeholder challenges against an organization stay invisible until more stakeholders recognize the problem and the situation escalates publicly (Coombs & Holladay, 2012b); hence, it may take time for stakeholders to identify a challenge and start to advocate.

The stories designed as stimuli in this study described companies going through a visible challenge or crisis—the facts did not appear to be in dispute within the scenarios. Also, the crisis topic of employee mistreatment was consistent with the concept of a challenge crisis, as the issue concerned irresponsible or unethical corporate act but not legal transgressions (Lerbinger, 1997); employee mistreatment may have reasonable organizational excuses or minor legal culpability, but can still seem socially irresponsible. Hence, the present study, which examined employee mistreatment cases as the stimulus crises, rendered a more refined understanding about effects of CSR-involved challenge crises.

Confirmation and Expansion of SCCT Crisis Typology

Findings on the perceived crisis responsibility and the corporate reputation in the technical-error crisis condition confirmed the conventional explanations offered by SCCT: These crises fell into minimal crisis responsibility attributions and moderate reputational threat (Coombs, 2007). The average crisis responsibility score in the technical-error crises was below the midpoint, or 4.0 on the 7-point scale, suggesting that individuals did not perceive the companies to be highly responsible for technical-error crises. Also, the average corporate reputation score did not go below the midpoint, or 4.0 on the 7-point scale, suggesting that crisis type was not severely threatening to corporate reputation.

On the other hand, CSR challenges yielded significantly more negative perceptions of crisis responsibility and corporate reputation overall. These findings suggest that both consumers' attributions of responsibility for and crisis responses to challenge crises may vary, depending on whether or not the challenge addressed the organization's socially perceived obligations. Although obligations for CSR are not legally or regulatorily codified, increased awareness of CSR may have led individuals to weigh challenges against CSR more heavily. Also, the more negative crisis outcomes found in CSR-involved challenge crises, rather than in technical-error crises, support the view that individuals weigh negative attributes more heavily when processing morality-related information (e.g., CSR violation) than when processing ability-related information (e.g., technical errors; Reeder & Brewer, 1979; Skowronski & Carlston, 1989).

Practical Implications

Importance of Stakeholder Challenges Monitoring

Corporate communication managers may neglect to see a potential crisis issue as a priority when the issue's immediacy of threat seems low (Coombs, 2015). In that sense, stakeholder challenges against CSR may receive insufficient attention because such challenges often do not trigger certain events or immediately accompany visible harm (e.g., injuries, health problems). In the same vein, Coombs and Holladay (2015) described the gradual evolution toward an actual crisis without specific trigger events as a major characteristic of a challenge crisis. On the other hand, technical-error crises are likely to draw prompt responses from management because of the resulting cessation of integral parts of business operations and the immediately visible impact on stakeholders. The lower level of immediacy notwithstanding, our findings suggest that the impact of crises resulting from CSR challenges can be more threatening to corporations than crises resulting from technical-error incidents.

When CSR challenges among stakeholders eventually break out in a form of crisis, a company's responsibility is likely to be weighed more heavily, and thus the aggrandized extent of reputational threat may require the company to invest more time and efforts to respond to the crisis. Jin and Cameron (2007) suggested that a crisis renders more power to external parties to influence and control the crisis situation when the crisis originates from the organization's external environment, such as negative publicity or activists' hostile claims. Compared with technical-error crises (e.g., operational disruptions, errors made by suppliers), which allows the organization to control the situation within its own system, only limited ability to influence external parties (e.g., media, activists) is given to the organization during a crisis caused by negative claims against the organization. In that sense, challenge crises are more likely to be threatening to the company because more extensive organizational efforts are required.

In particular, monitoring and managing CSR issues among internal stakeholders has become ever more important as awareness and public scrutiny of a wide range of CSR issues has heightened. Du and Vieira (2012) reported that employees received relatively limited CSR attention in their review of CSR activities among major oil companies, suggesting the need for more proactive CSR for employees (e.g., fair employment, quality of life maintenance, support for diversity and inclusion). Indeed, CSR foci have recently evolved from community involvement (e.g., philanthropic activities, sponsoring nonprofit organizations) to socially responsible production processes and employee relations (Moon, 2002). Companies need to be prepared to respond to CSR demands asked not only by consumers but also by employees and other stakeholders (McWilliams & Siegel, 2001).

Consumer Behaviors and Corporate Evaluations

The present study's findings on CSR-involved challenge crises' negative effects on consumer behavioral outcomes and CA perceptions suggest the transfer of CSR perceptions into overall corporate perceptions. This study found that individuals were more willing to take retaliatory actions against a company when the crisis was attributed to the lack of CSR rather than to the lack of competence in regard to corporate operations or products/services. That is, individuals were more likely to spread negative WOM

and avoid the company's products/services when they were aware that the company mistreated its employees. Furthermore, CSR-involved challenge crises negatively affected the evaluations of the company's performance with respect to its products/services, although the CSR-involved challenge crisis itself (employee mistreatment) had nothing to do with the company's products or services. No cues directly related to the company's products or services were given in the challenge crisis cases tested. Nonetheless, the perceived CA in the CSR-involved challenge crisis condition was as low as in the technical-error crisis condition.

These findings support the argument that CSR associations influence the way people evaluate the company's products, as CSR perceptions affect how the company is perceived as a whole (T. J. Brown & Dacin, 1997; S. Kim, 2011). That is, a company with commitment to CSR is likely to be perceived as "a good company" that deserves an array of different stakeholder supports, such as purchase increases, investment, loyalty, and employment (David, Kline, & Dai, 2005; Sen et al., 2006). For example, Starbucks shows that being socially responsible is not separated from being a competent business. Starbucks' competitive employee compensation program including healthcare benefits is well recognized both in industry and among consumers and has driven the company's better business performance (Ritter, 2014; Wiener-Bronner, 2019).

Similarly, our findings suggest that "a bad company" with poor CSR may suffer in stakeholder outcomes, including retaliatory actions against the company and unfavorable evaluations of the company's performance. Particularly, how a company treats its employees is not directly related to products/service quality. However, consumer awareness of corporate culture regarding employee treatment can influence company evaluations, and, in turn, increase or decrease consumer engagement with products/services. Communicating respectful and responsible employee treatment and appropriately managing employee relations is warranted to advance CSR communication and positive consumer outcomes.

Limitations and Suggestions for Future Research

This study used a single CSR topic, employee mistreatment. As a variety of cases that can represent challenge crises based in CSR concerns has emerged, how challenges against various CSR issues differently affect corporate reputation and other stakeholder outcomes needs to be studied. Also, the majority of this study's participants were females in their 20s, which may have influenced the results. Given that the level of awareness and expectation about CSR tend to be higher among young consumers (Cone Communications, 2017; "Doing Well," 2014), further research with a more representative consumer sample needs to be done to improve the generalizability of the findings.

Conclusion

This study explored how consumers responded to CSR-involved challenge crises versus technical-error crises. Based on SCCT, challenge crises and technical-error crises have previously been considered to threaten the organizational reputation at a similar level. However, this study found that, compared with technical-error crises, challenge crises were perceived more negatively, and led to more negative consumer outcomes when the challenges involved CSR issues. In addition, although product/service information was

not communicated in CSR-involved challenge crises, CSR-involved challenge crises lowered the product/service-related company evaluation as much as technical-error crises did. This study offers the potential for advancing theoretical understanding about SCCT and improving corporate practices in CSR and crisis communication.

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