

Corporate social irresponsibility and corporate reputation

The financial crisis and spectacular frauds committed by multinational corporations show that social irresponsibility is a vital and important field of research. However, the number of works on this subject is limited (Lin-Hi, Müller 2013), though scholars suggest that the costs of violating social rules and destroying the environment by companies are much greater than benefits derived from carrying out socially responsible initiatives (Windsor 2013).

Socially irresponsible practices of firms lead to several negative outcomes. This project focuses on the impacts of corporate irresponsibility on corporate reputation, as the reputation is first and foremost damaged corporate asset by information on the company's socially harmful practices. As far as the author of the proposal is aware, the consequences of irresponsibility for the reputation of companies have not yet been examined. Given the importance of this topic and the gap in the literature, the main objective of this project is to increase knowledge about the impact corporate socially irresponsible business practices on corporate reputation from a consumer perspective.

As a first step of research, the tools necessary to measure the level of social irresponsibility and the underlying motives for socially irresponsible practices will be developed. Focused group interviews and expert consultations will be used for this purpose (study 1, N = 100). Scale validation will be carried out on a random sample of respondents taken from national consumer panels. The first test will concern a tool measuring the level of perceived social irresponsibility (study 2, N = 600) and the second one measuring the perceived motives for socially irresponsible business practices (study 3, N = 600). In these tests, the number of items will be reduced, factor structures will be verified and basic psychological parameters will be determined.

The second phase of research will focus on examining the proposed model of social irresponsibility impact on a corporate reputation. Two tests will be carried out within it. The first one will be an experiment (study 4, N = 240), during which the level of social irresponsibility and its causes will be manipulated. The scenarios will use the example of a hypothetical company. In order to increase the validity of the results of this project, the postulated model will be also tested on a real company (study 5, N = 1000). For this purpose, a survey will be carried out on a random sample of car owners. Setting up studies in the automotive market will allow using the case of Volkswagen, which falsified exhaust emissions reports. The separation of Volkswagen car owners from other car owners will provide additional insights into the consumer responses to corporate social irresponsibility.

The final effect of the project will be a structural model describing the impact of irresponsibility on the reputation of the company. Given that the responses of stakeholders towards unethical behaviour of an organisation depends on the blame attributed to such an organisation, the central point of this model is blame of the firm for the use of irresponsible business practices. The said blame affects the corporate reputation both directly, and indirectly through the consumer distrust toward the firm and dissatisfaction with the use of practices harmful to society. Referring to attribution theory, the postulated model will also include the perceived causes of socially irresponsible practices as determinants of the blame attributed to the firm.

This project advances two areas of knowledge. First, the project will provide a better understanding of how consumers perceive socially irresponsible business practices. This knowledge is fundamental to the development of consumer behavior and business ethics research. Second, the project will contribute to the development of knowledge about factors that shape reputation. The project will help to better understand when and how social irresponsibility damages the reputation that is one of the key assets of contemporary companies. Evidence of the negative links between social irresponsibility and reputation can help to discourage firms from engaging in socially and environmentally harmful operations.