Towards a measure for perceived motives behind CSI incidents

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Abstract:

The paper aims to provide preliminary research findings on perceived organizational motives behind CSI incidents. Study 1 explores what types of reasons for these incidents are typically perceived by consumers and identifies items that can be used for their operationalization. Building on these results, studies 2 and 3 are carried out to perform preliminary validation of the scale for CSI organizational attributions. The analysis reveals four major categories of motives that consumers attribute to corporate wrongdoing, including immorality-, savings-, performance- and difficulty-driven attributions. Results of Study 3 support four-factor structure of the scale, as well as its convergent and discriminant validity. Moreover, study 3 demonstrates that immorality- and performance-driven attributions enhance company's blame, whereas difficulty-driven attributions reduce the blame. Thus, the study shows that proposed scale can be useful in explaining consumer responses to CSI incidents.

*Keywords: attributions, irresponsibility, consumer*s

Track: Social Responsibility & Ethics

1. Introduction

Large corporate scandals (i.e., Lehman Brothers, Volkswagen) have demonstrated that ethical transgressions bring not only negative consequences for society but also for companies. With the development of information technologies, news about harmful incidents quickly reaches people (Makarem & Jae, 2015). This process makes companies more vulnerable to reputation damage and other punitive responses of stakeholders, particularly of consumers. Consequences of a CSI crisis can be severe. For example, the fraud committed by Volkswagen led to a 23% drop in the value of its shares (Bloomberg, 2015). At the same time, existing research shows that consumers can justify harmful incidents or forgive the company (Wei & Ran, 2019).

In order to increase our understanding of consumer responses to corporate wrongdoing, this paper offers preliminary results of a research that aims at developing a scale of perceived organizational motives behind a CSI incident. In line with attribution theory, we assume that consumers spontaneously engage in sense-making, trying to understand reasons for a company's failure to meet ethical norms (e.g., Weiner, 2000). The attributed motives to the culprit shape blame (Malle, Guglielmo & Monroe, 2014) that is one of the key factors explaining consumer responses to CSI incidents including moral emotions (Antonetti & Maklan, 2018), attitudes to company (Grappi, Romani & Barbarossa, 2017), consumer intentions to negative word of mouth (Antonetti & Baghi, 2019) and other punitive responses (Lim & Shim 2019).

Although CSI attributions appear to play an important role in shaping consumer responses to CSI incidents, our knowledge of these cognitions is in its infancy. To our best knowledge there are only a few empirical studies that address consumer attributions for CSI incidents. Specifically, Antonetti and Maklan (2016) in their seminal model of moral outrage have shown that consumers attribute greed to the company that in turn, shapes perceived (un)fairness and subsequent moral emotions. Guckian, Chapman, Lickel and Markowitz (2018, 2020) claim that consumers may attribute responsibility for a CSI incident to rogue few employees or to the unethical culture of the whole company, finding the latter motives to evoke stronger punitive responses.

Management literature suggests that the causes of corporate social irresponsibility are more complex. For example, Pearce and Manz (2011) argue that a reason for CSI incidents are managers who strive for personal benefits at the expense of employees, owners and society as a whole. Armstrong in his pioneering study (Armstrong 1977) has shown that the manager's duty makes his decisions to be considered one-sidedly (i.e., for the benefit of the company).

Zheng and Chun (2017) have shown that financial stress may lead to CSI incidents. Finally, Lin-Hi and Müller (2013) note that the harmful effects of companies' activities may be unintentional, as well.

Given the limited number of studies on CSI attributions and the complexity of this phenomenon, the reported research aimed to propose a multidimensional scale for perceived organizational motives behind CSI incidents. In developing this measure, we followed recommendations by DeVellis (2003). Accordingly, we began with exploratory research to find out what motives are typically attributed by consumers to companies that transgress ethical norms (Study 1). Then, quantitative studies were carried out to validate this measure (Study 2, Study 3).

2. Exploratory Study on Perceived Motives Behind CSI Incidents (Study 1)

To get a deeper understanding of how consumers perceive reasons for CSI incidents, focus group interviews were carried out. In total 16 meetings were conducted with consumers differing in terms of place of residence, sex and age (N=100). All interviews utilize the same protocol and were conducted by a well-trained moderator. In order to stimulate discussions 14 vignettes of real CSI incidents were used. The descriptions covered a wide range of incidents to obtain an ecological validity (e.g., employee exploitations, abusing supplier rights, tax avoidance, financial statement frauds, monopoly practices). Each group was exposed to two vignettes. Immediately after the case was introduced, participants were asked to write down perceived motives, then an essential part of discussion took place. All interviews were recorded and carefully transcripted.

Then, statements about organizational motives were collected, in total 292 items. These opinions revealed that the vast majority of respondents perceived CSI incidents as motivated by profit (or sales) - seeking, followed by attempts to enhance competitive advantage, making savings, disregarding stakeholders and their rights, exploiting weaker people (e.g., employees) or suppliers, taking advantage of legislative loopholes, company's greed and egoism. Several statements have also suggested that consumers may find reasons for CSI incidents outside the company including pressure of competitors, defence of market position and the need for revival.

Following an iterative approach collected statements were analysed and grouped into five broad categories that have been defined based on the CSI literature, that is 'economic performance', 'market competition', 'impunity', 'unethical organizational culture' and 'economic difficulties'. To assess the degree of fit these categories to the collected data, four

trained students coded all these statements. The inter-rater agreement exceeded 80% for every category.

In the next step, for each category six items have been developed based on previously collected statements. To ensure an expert validity 5 marketing and business ethics academics were asked to evaluate proposed scale items. Experts have revised the wording of a few statements and suggested introducing the pressure of business owners and investors on CEOs as another potential CSI attribution category.

3. Preliminary Validation of the CSI Attribution Scale (Study 2 and Study 3)

After developing items for the proposed CSI attribution scale, we carried out a survey to collect data for performing preliminary tests of this measure. Specifically, this research used a CAWI method (computer-assisted web interview). Respondents were randomly chosen from the ARIADNA panel, a nationally representative online panel that is comparable with Polish Internet user population features in terms of age, gender, education and place of residence. Subjects completed this survey in exchange for points in the loyalty program of ARIADNA.

Upon accessing the survey, subjects were randomly allocated to one of three conditions. The whole sample (N = 600) was randomly divided into three subsamples. The first group was used to perform preliminary test for scale dimensionality (Study 2), the remaining two groups were used for further scale validation analysis (Study 3).

3.1 Study 2

3.1.1. Method

Participants in this study were provided with an excerpt which documented a case of employee exploitation by a large retail chain. The content of the vignette came from a real press release on corporate transgressions against the rights of employees, whereas name of the company was not revealed to avoid effects of pre-existing corporate attitudes and experiences.

After reading the vignette, participants expressed their opinions on perceived reasons for the CSI incidents on a proposed scale. The preliminary measure for CSI attributions comprised of 30 items representing six broad categories of reasons for CSI incidents. A sample item reads as follows: “The incident took place because the company wanted to ... increase profits”. For all items in this scale, the responses were collected on a 5 point Likert - scale, anchored by *strongly disagree* (1) to *strongly agree* (5).

The final subsample of participants in this study comprised 183 individuals (110 women) whose age ranged from 18 to 79 years (M = 42.73, SD = 14.35). In terms of educational

attainment 2.2% had completed primary education, 3.3% vocational education, 37.7% secondary education, 14.2% had an undergraduate degree, and 42.6% a postgraduate degree.

Principal component analysis (PCA) with Promax rotation and Kaiser normalization was performer to determine the factorial structure of the scale. Cronbach's α indicator was used to estimate reliability of the measure.

3.1.2. Results

The determinant of the correlation matrix was close to zero, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.90, and Bartlett's test of sphericity was statistically significant ($\chi^2 = 2507.87$, $df = 351$, $p < 0.001$). Based on Kaiser's criterion (eigenvalues > 1.0), we identified 5 factors, which accounted for 61.3% of the total variance. We removed items with low factor loadings and theoretically discordant and ran another PCA. Items were excluded based on two criteria: they were removed when their factor loadings (1) did not exceed .50 or (2) had crossloadings of .35 on other factors. As show in Table 1, the final PCA model (KMO = 0.84, Bartlett's test $\chi^2 = 1022.28$, $df = 120$, $p < 0.001$) comprised 16 items loading on four factors which accounted for 61.5% of the total variance.

Table 1. Factor loadings for items of the initial item pool

Items	Factors			
	1	2	3	4
... the company considered non-business issues as unimportant	.82			
… the company permitted for unethical behaviour	.78			
… the company had an unethical organisational culture	.75			
… the company felt unpunished	.71			
… the legislation was unclear	.68			
… the company didn't fear any inspection	.58			
… the environment remained passive	.55			
… the company wanted to survive in the market		.85		
… the company was facing difficulties		.80		
… the company wanted to meet the pressure exerted by competitors		.76		
… the company wanted to reduce costs			.86	
… the company had a big competitive advantage			.72	
… the company wanted to make savings			.72	
… the company wanted to increase sales				.88
… the company wanted to gain an advantage over its competitors				.73
… the company wanted to improve its market position in relation to their competitors				.69
Explained variance	31.8	13.6	8.5	7.5

Note. Factor loadings higher than .30 are reported.

Most items loading on the first factor appear to describe corporate immorality as a reason for CSI incidents. The second dimension expresses factors that might force a company to transgress social norms. Two items in the third factor consider savings, whereas the fourth dimension relates to striving for higher performance as a perceived motive behind CSI. All identifeid dimensions have an acceptable reliability as measured by Cronbach's α: (I) immorality (α = .84), (II) difficulties (α = .74), (III) savings (α = .71) and (IV) performance (α = .71).

3.2 Study 3

3.2.1. Method

In Study 3, participants were provided with two real cases of CSI incidents. The former documented a case of supplier exploitation by a largest chain of supermarkets in Poland (Biedronka), while the latter reported a fraud by a global pharmaceutical company Glaxo-SmithKline that was used in the CSI research (Antonetti & Maklan, 2016). The both vignettes were developed as press releases and names of the companies were revealed.

As a measure of CSI attributions, we used outcomes of Study 2. In addition, we measured perceived company blame to get some insight into predictive validity of the proposed construct. Attributed to the company blame was assessed following Klein and Dawar (2004) by three items: *To what extent is the company responsible for the incident in the report?* 1 – Not at all responsible, 7 – Totally responsible; *The incident in the report is all company's fault*, 1 – Not at all agree, 7 – Totally agree; *Company should be blamed for the incident in the report*, 1 – Not at all, 7 – Completely.

The final subsample of participants in Study 3 comprised 391 individuals (234 women) whose age ranged from 18 to 77 years (M = 39.63, SD = 14.71). In terms of educational attainment 2.8% had completed primary education, 7.4% vocational education, 39.4% secondary education, 10.7% had an undergraduate degree, and 39.6% a postgraduate degree.

Data were analysed by means of CFA using AMOS v.22 (Arbuckle, 2006). The following indices were taken into account when assessing the model fit: RMSEA, CFI, and SRMR. RMSEA and SRMR values below .08 and CFI values higher than .90 indicate an acceptable fit (Brown, 2006). The convergent validity of the model was investigated by examining Average Variance Extracted (AVE) and Composite Reliability (CR). This kind of validity is achieved when AVEs for every construct exceed .50 and CR values exceed .70. We also tested the discriminant validity of the model. This validity is achieved when the square root of AVE for the scale is higher than its correlations with other subscales (Hair, Black, Babin, & Anderson, 2006).

3.2.2. Results

We performed the CFA by selecting three items with the highest factor loadings for each factor. A model with three items in each dimension had an unacceptable model fit: $\chi^2(48) = 284.094$, $p < .001$, RMSEA = .112 with 90% CI = .100 - .125, CFI = .823, SRMR = .112. Two items with low factor loadings (below .50) were removed, and the model with ten items showed acceptable fit indices: χ^2 (29) = 76.541, $p < .001$, RMSEA = .065 with 90% CI = .047 - .083, CFI = .956, SRMR = .045. Factor loadings for the first factor ranged from .56 to .79; for the second factor range from .64 to .74, for the third factor range from .60 to .87, and for the fourth factor range from .73 to .76.

Table 2. The 10 items with factor loadings, means and standard deviations

Dimensions	Items	Factor loadings	*M*	*SD*
Immorality-driven attributions	… the company considered non-business issues as unimportant	.56	3.59	.98
	… the company permitted for unethical behaviour	.79	3.88	1.03
	… the company had an unethical organisational culture	.78	3.84	1.04
Difficulty-driven attributions	… the company wanted to survive in the market	.64	3.30	1.14
	… the company was facing difficulties	.74	3.26	1.04
Savings-driven attributions	… the company wanted to reduce costs	.87	3.78	1.02
	… the company wanted to make savings	.60	3.71	1.02
Performance-driven attributions	… the company wanted to increase sales	.75	3.99	0.97
	… the company wanted to gain an advantage over its competitors	.73	3.77	0.99
	… the company wanted to improve its market position in relation to their competitors	.76	3.65	0.98

Convergent validity was adequate for three subscales that is immorality-driven attributions, savings-driven attributions and performance-driven attributions. The results for the second subscale (difficulty-driven attributions) were marginally lower than required. The square roots of AVEs for each subscale were higher than correlations of a subscale and other subscales; thus, discriminant validity of the scale was demonstrated (Table 3).

As mentioned earlier, we also analysed the relationship between four dimensions of CSI attributions and perceived company's blame to get some insights into predictive validity of CSI attribution scale. The model showed acceptable fit indices χ^2 (55) = 112.925, $p < .001$, RMSEA = .052 with 90% CI = .038 - .066, CFI = .971, SRMR = .043. The research findings show that immorality-driven attributions and market-driven attributions are positively (β = .41, $p < .001$ and β = .50, $p < .001$ respectively) related with perceived company's blame, whereas difficulty-driven attributions are negatively (β = -.44, $p < .001$) related with the blame. Savings-driven attributions are found to be neutral to perceived blame *($p > .05$).*

Table 3. The convergent and discriminant validity indices of the model

Dimensions	CR	AVE	Correlation of dimensions and Average Variance Extracted			
			(1)	(2)	(3)	(4)
(1) Immorality-driven attributions	.76	.52	**.72**			
(2) Difficulty-driven attributions	.65	.48	.10	**.69**		
(3) Savings-driven attributions	.71	.56	.43***	.12	**.75**	
(4) Performance-driven attributions	.79	.56	.42***	.62***	.15*	**.75**

Note: The diagonal values in bold are the square roots of AVEs of the subscales, while the values under the bolded ones are the correlations between the respective subscales;

*** $p < .001$; * $p < .05$.

4. General discussion, implications and directions for further research

The research has addressed the perceived by consumers reasons for CSI incidents. The results of three studies provide several insights into our understanding of CSI appraisals. First, consumer interviews reveal that perceived motives behind CSI events are complex phenomenon. Consistent with previous studies, we find that people tend to consider an unethical corporate culture (Guckian et al., 2018, 2020) and striving for higher performance (c.f. greed, Antonetti and Maklan, 2016) as reasons for corporate wrongdoing. In addition, this study reveals that consumers may also perceive CSI incidents as motivated by difficulties the company is facing such as fierce competition or by the need for savings.

Second, consistent with attribution theories (e.g., Weiner, 2000) Study 2 shows that consumers distinguish between internal (immorality-driven attributions, savings-driven attributions, performance-driven attributions) and external (difficulty-driven attributions) causes of corporate behaviour. Given the negativity of CSI incidents, most of the attributions express motive and characteristics of the company.

Third, Study 3 shows that proposed scale can be useful in predicting perceived company's blame. More specifically, consistent with blame theories (Malle et al., 2014) and CSI studies (Antonetti & Maklan, 2016), the results show that unethical- and performance-driven attribution enhance the magnitude of company's blame. At the same time, consumer opinions that the company is forced by difficulties is found to diminish the blame. Given that blame is considered an important factor explaining punitive responses to CSI incidents, this study joins an academic discussion on consumer responses to unethical corporate behaviour.

Although the present study offers theoretical implications, it is not free form several limitations. As noted earlier, psychometric properties of proposed measure reveal some room

for improvement. Specifically, convergent indices (AVE) suggest that revision of items in this scale needs to be done to improve its validity. In addition, the scale should be tested against more CSI incidents. Given that ethical norms differ by national culture (e.g., individualism), the scale should be tested in different countries.

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