

Socialwashing vs. Greenwashing: Explaining variation in investment intention as reactions to corporate irresponsibility

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Abstract

Over the last decades, not only the frequency of corporate irresponsibility has increased, but also the scope of misleading CSR communications has expanded from lying about the environment (greenwashing) to include deception on social issues (socialwashing). This research is the first that compares socialwashing and greenwashing effects on investors' intentions. Our experimental results suggest that socialwashing is more detrimental for investment intentions than to greenwashing. Because individuals self-recognize more with human victims rather than the environmental, investors perceive the crisis caused by socialwashing more severe than greenwashing. Such crisis severity mediates the relationship between corporate irresponsibility, being social- or greenwashing, and intention to invest. The article contributes to deepen the understanding of variation in investor reactions across different misconduct contexts and raises awareness of corporate risks when communicating social issues.

Keywords: *corporate irresponsibility; intention to invest; greenwashing*

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