

Ambivalence and irresponsibility: Implications for the insurance value of a reputation for corporate social responsibility

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Abstract

By adopting a micro-approach, our research provides direct causal evidence on whether and how a firm's strong prior reputation for corporate social responsibility (CSR) does or does not mitigate the reputation losses associated with a negative event. We focus upon the role of ambivalence in individuals' processing of conflicting information to develop and test competing hypotheses that reflect the effects of ambivalence on individuals' judgments of the severity of a negative event. A social media study of 1.1 million tweets and three laboratory experiments with about 1500 participants jointly suggest that, in the wake of a CSI event, individuals experience stronger ambivalence towards firms with strong prior CSR reputations compared to other firms. Our results further suggest that stronger ambivalence is positively related CSI severity judgment. As a result, a firm with a strong prior CSR reputation tends to suffer greater reputation loss than other firms.

Subject Areas: *Information Processing, Retailing*

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