

The Dynamics of Corporate Misconduct and Online Employer Review Ratings

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Abstract

Disclosed corporate misconduct can cause severe damage to a company's reputation among its shareholders and customers. However, little research has investigated how misconduct disclosures relate to the firm's employees and their portrayal of the employer brand on online employer rating platforms. On the one hand, employees' review behavior may be affected by misconduct; on the other, it may also predict future misconduct by revealing underlying internal working conditions. Therefore, this study investigates how disclosed corporate misconduct and the volume, valence, and variance of online employer review ratings relate over time. The results from two panel regressions suggest that misconduct negatively affects review valence but positively influences review volume. Both review measures can, in turn, also predict misconduct, while the review variance does not. Our findings can help managers anticipate and respond to misconduct to protect their employer brand.

Subject Areas: *Branding, Electronic Commerce and Internet Marketing, Marketing Strategy*

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