Corporate Social Responsibility Motivations: How Audiences Respond to a Company’s Motivations Post-Crisis

by

Sara Torabi

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We the undersigned committee hereby approve the attached thesis, “Corporate Social Responsibility Motivations: How Audiences Respond to a Company’s Motivations Post-Crisis,” by Sara Torabi

Heidi Hatfield Edwards, Ph.D., Committee Chair
Associate Head, School of Arts & Communication
Chair, Communication Program
Professor
School of Arts & Communication

Celeste Harvey, Ph.D., Outside Committee Member
Associate Professor
School of Behavior Analysis

Ted Petersen, Ph.D., Committee Member
Associate Professor
School of Arts & Communication

Robert Taylor, Ph.D.
Associate Dean, CoPLA
Head, School of Arts & Communication
Professor
School of Arts & Communication
Abstract

Title: Corporate Social Responsibility Motivations: How Audiences Respond to a Company’s Motivations Post-Crisis

Author: Sara Torabi

Committee Chair: Heidi Hatfield Edwards, Ph.D.

With the rise of Corporate Social Responsibility (CSR) practices, researchers have identified various motivations behind CSR initiatives. These motivations can assist researchers in understanding company behaviors and reputations. This study will compare Maignan and Ralston’s (2002) CSR motivations in an attempt to better identify how these motivations effect (1) customer loyalty, (2) brand reputation, and (3) crisis communication responses. This paper will use Nike Inc.’s 1990 crisis as a case study.
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Chapter 1

Introduction

Research regarding Corporate Social Responsibility (CSR) practices is extensive providing a deeper understanding behind what CSR entails and how it can affect a company. Over time, the evolution of CSR has caused the concept to become an integral aspect of business practices due to the various benefits it entails. CSR is the idea that companies are responsible for their impact on society, and therefore should be conscientious of their footprint (European Commission, 2011). Companies that follow CSR are likely to see a rise in customer loyalty and brand reputation due to their ethical practices and beliefs.

Furthermore, researchers argue that CSR is an excellent crisis communication tool for companies in the midst of a scandal. Communicating positive or ethical business practices can be used as a counterbalance to negative accusations against the company (Kang, Germann & Grewal, 2016; Park, 2009; Vanhamme & Grobben, 2009).

Researchers have found that businesses are motivated to participate in socially responsible initiatives due to a plethora of reasons. Maignan and Ralston (2002) found that CSR motivations can be a) value, b) performance, and c) stakeholder-driven in nature. These motivations can have a lasting effect on a
company’s internal and external stakeholders, and subsequently have a returning impact on the business itself. *Why* a company participates in CSR could be just as important as *if* a company participates in CSR.

While researchers have studied the theories and motivations behind CSR, far less attention has been devoted to how these motivations are perceived by the general public following a company crisis. Studying how the general public responds to the various forms of CSR motivations allows for a better understanding as to how these motivations can impact a business post-crisis.

The findings of this research have direct implications for corporate social responsibility and corporate communication and can be used by business and communication practitioners in helping determine how the different CSR motivations impact the general public.

**Literature Review**

**Corporate Social Responsibility (CSR)**

Corporate Social Responsibility (CSR) is a well-established concept that suggests that besides their initial obligation of making a profit, businesses should also consider their legal, ethical and social responsibilities to the welfare of their stakeholders and society.
In 1953, as what can be noted as one of the original foundations of CSR, author Howard Bowmen highlighted the importance of social and ethical responsibility in the publication, *The Social Responsibilities of the Businessman*. In it, Bowmen defines CSR as “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowmen, 1953, p.6).

Prior to Bowmen’s book, it was believed that a business’s necessary obligation was to make profit while pleasing the company's shareholders-- those who had a vested interest in the company. However, over time businesses have seen a paradigm shift in which CSR has become a crucial aspect of many business models and is utilized to enhance a company's mission and performance. Today, one of the more modern definitions states that CSR is “the extent to which organizations meet the legal, economic, ethical, and discretionary responsibilities placed on them by various stakeholders” (Maignan, & Ferrell, 2004, p. 4).

While there are numerous motivations behind why a company participates in CSR, much of it is largely due to companies receiving requests, demands, and pleas from stakeholders for more ethical business practices, which include ensuring safer work conditions, making eco-friendly supplies and products, and participating in charity campaigns. This evolution of CSR has caused the practice to become an integrated part of many business practices.
Consistent with the evolution of CSR are the multiple definitions that have been generated over time. According to Carroll (1983):

> Corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical, and socially supportive (p. 608).

Conversely, Friedman (2002) finds that:

> ...there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays in the rules of the game (Friedman, 2002, p. 133).

Friedman's shareholder approach argues that CSR practices distort the actual purpose of a business. For Friedman, a business has no social responsibility to the public or society; the sole objective of a company is to make profit.

Unlike Friedman, Carroll’s *Pyramid of Corporate Social Responsibility* suggests that companies should follow four areas of responsibilities in their business practices. At its core, a company has an *economic responsibility* to be profitable. In essence, a company must produce a good or service which they can sell for profit. For a company to have a return on investment, it must be successful in its finances. This economic component is the basis on which all the other pillars of the pyramid relies.
Following this, but equally important, businesses also have a legal obligation to obey and follow the law. This ensures that a company will be void of any illegal activities or lawsuits. Besides the moral obligation of remaining within legal boundaries, companies must follow the law in order to operate. To be sure, a company which ignores these responsibilities will find itself in a multitude of legal complications. This area has led to much intense debate because international companies work in different countries and subsequently, under different laws.

Following those two indispensable business practices, Carroll finds that a business should also be ethically responsible in its actions and policies. That is, a company should ‘do good’ even if the laws do not require it. Besides the legal and economic obligations a firm must consider there are certain societal expectations that are demanded and requested of companies. While this is not an absolute requirement for a business to function, it is significant because a company has an “obligation to do what is right and fair” (Carroll, 2003). Further, companies that go far above their required responsibilities are viewed more favorably by current and potential stakeholders.

Finally, at the top of the pyramid, a company should have a discretionary responsibility to society, often described as philanthropy. This practice states that a company should be a good ‘corporate citizen’ through social, educational, and environmental actions. Essentially, a business should contribute to society through
various programs, engagement, and strategies. While a discretionary task, many argue that this responsibility is vital to improving a company’s brand image. Although it does not prove as a direct benefit to a company’s products, it does cause for satisfied stakeholders, which are vital to any company. The belief is that since businesses are created by society “they have responsibilities to the society that created them” (Rogers, 2015, p. 24). For this reason, “corporations need to keep an eye on the social and ethical consequences of their conducts” (Rang, Callagher, & Bie, 2015).

As the development of CSR has shown, in modern-day business practices firms should greatly consider the interests and needs of their shareholders. As suggested by the Stakeholder Theory (Friedman, 1984), a company's primary focus is not to satisfy the company’s owners, but to gratify all potential stakeholders, which includes customers, employees, suppliers, competitors, and the government. Campbell (2007) argues that CSR is a sure-fire way to ensure that the interests of a company's stakeholders are met. CSR guarantees that a firm treats “its employees with respect to wages, benefits, and workplace safety, its customers by caring about product quality, pricing, and truth in advertising” and the community “by making charitable contributions or protecting the environment.” (Campopiano, De Massis, & Cassia, 2013, p. 394). In addition, these practices will result in a transparent and ethical company, which will in turn gain the respect and loyalty of shareholders.
Just as external stakeholders will become loyal to a company, so too will their internal stakeholders (i.e. employees and suppliers). Employees will be encouraged by their company’s ethical practices and opportunities, therefore leading to more motivation and involvement from the internal stakeholders, which in turn will lead to improvement in the company's product and service (Campopiano, De Massis, & Cassia, 2013, p. 395).

**Benefits of CSR**

Many companies that include CSR in their corporate practices have found a growth in their company performance. Gazzola (2002) argues that instead of viewing it as a costly commitment, CSR should be considered as an “investment that will contribute to the competitiveness and growth of [a] firm” (p. 116).

McCormick (1997) explains that while CSR causes companies to spend time and money, in the grand scheme of things, it is not harmful. In fact, CSR has such a multitude of benefits that it can be harmful for a company to not participate in CSR practices. Research (Patrizia, 2013, p. 116) shows that CSR is likely to:

1. Increase visibility, fame, and reputation;
2. Develop capacity to anticipate trends;
3. Increase motivation and involvement of personnel;
4. Increase corporate safety, and therefore prepare for and avoid crises.
As mentioned before, when a company participates in CSR it often sees a rise in its reputation and stakeholder loyalty. If a company is participating in philanthropic practices, then its current and potential stakeholders will view the company in a more positive and favorable light. This, in turn, will foster a positive brand image, which furthermore leads to more sales, profit, and a company advantage in the marketplace. Subsequently, these benefits allow the company to have a competitive advantage over its competitors because potential stakeholders will have a more positive brand image and impression toward the company.

Patrizia (2012) explains that if a company is already following ethical practices, it is already ‘ahead of the pack,’ in the sense that future laws and regulations will already be safeguarded as the company has already committed to ethical practices. In a sense, such a company has already gone above and beyond the minimum legal obligation.

If a company is already engaging in CSR, then it is simultaneously reducing its chance of a crisis. The chance of violation of labor laws and social scandals can be greatly diminished because the company will already be taking the necessary steps to avoid them. CSR allows companies to create a barrier against future crises and serves as a type of insurance for the organization should anything problematic arise (Kang, Germann & Grewal, 2016, p. 59). Moreover, companies that have dealt with unethical practices in the past find themselves using CSR as a marketing
tactic. The term “penance mechanism,” refers to the idea that firms that engage in CSR can utilize the practice as “a penance to offset past corporate social irresponsibility” (Kang, Germann & Grewal, 2016, p. 60).

Park found that that there has been a rise in companies using CSR as a preparation tactic for any potential or future crises (Park, p. 9, 2005). Similar to the “penance mechanism,” CSR can lead to a ‘halo effect’ on consumers in the event of a crisis (Park, 2005). That is, should a crisis happen, if a company has been transparent and has constantly communicated its CSR policies, stakeholders will consider the crisis a ‘misstep’ because they are aware of all the ‘good’ the company has done in the past. Therefore, each time the company engages in CSR it increases any positive associations felt toward the organization; and therefore gives them some insurance should a crisis emerge (Park, p. 10, 2005).

Researchers Vanhamme and Grobben (2009) found that companies with a longer CSR history are able to use their previous involvements to defend the company during a scandal or crisis. That is to say, the longer and more successful an organization’s CSR policies, the more likely stakeholders will remain loyal during a crisis. This is significant because at the time of a crisis, a company's biggest concern is to keep its stakeholders from leaving the company. According to Vanhamme and Grobben (2009) evidence suggests that if communicated successfully, CSR efforts help companies “build a reputation that might protect its
image against negative publicity or help restore it” after a company crisis (Vanhamme & Grobben, 2009, p. 274).

**CSR Skepticism**

Although researchers have distinguished many advantages due to CSR, a significant number of skeptical researchers argue that this practice is simply a gambit of ineffective promises, useless strategies, and conflicts of interest. Some critics of CSR, like Friedman, believe that a company’s sole responsibility is to make profit, and therefore, cannot and should not justify spending its money on philanthropic practices. Yet other critics argue that the idea of CSR is a contradiction because many companies are more concerned with bettering their brand image and reputation and therefore, are only participating in CSR for the benefit of self-praising and marketing their philanthropic tactics. All this skepticism is in large part due to the “publics’ inclination to question, distrust, and have negative feelings towards an organization’s socially responsible claims” due to the inconsistencies in conducts and statements made by companies in the past (Webb & Mohr, 1998, p. 248). In fact, researchers have found that consumers can be doubtful of CSR messages due to the consistent “persuasive marketing messages and business scandals… over time” (Kim, 2016).

It is clear that inconsistencies between a company’s CSR messages and promises versus negative crises and news reports of the company have caused the
general public to have a more pessimistic outlook towards assumed ethical business practices. Furthermore, the simple paradox between “the nature of a for-profit company, which strives to increase profits, and the nature of CSR, which is a voluntary commitment to creating a better society” causes many to have serious doubts as to why companies choose to and continue to participate in CSR initiatives (Schwartz & Saiia, 2012, p. 9).

**CSR Motivations**

Scholars have studied and compared the different motivations that lead to socially-responsible actions. Bronn and Vidaver-Cohen (2009) found that CSR motivations can be categorized as either ethical or instrumental. Morally, companies participate in CSR initiatives as an ethical repayment to the society that created them, thus disregarding personal business-interests for the broader benefit of society. Yet, strategically, companies may use CSR as self-interest in the hopes of “new business opportunities… avoidance of costly regulations…, and an increase in reputation as function of changes in the institutional environment” (Campopiano, De Massis, & Cassia, 2013).
According to Maignan and Ralston (2002), there are three underlying motivations and foundations as to why a company will be a good corporate citizen and follow CSR practices:

1. **Value-driven** CSR refers to those companies who view socially-responsible practices as a part of their company’s mission and beliefs. In this situation, a company will partake in CSR because they feel it is necessary to the company’s culture and the values they have been built upon.

2. **Performance-driven** CSR considers how socially-responsible practices will help the company advance in its profitability, competitiveness, and reputation to name a few. Unlike the value-driven principle, this concept centers on the how CSR has a returning benefit to the company itself in the long-run.

3. **Stakeholder-driven** CSR refers to external pressures a company’s stakeholders will place on the company for them to participate in socially-responsible practices. Here, a company will participate in CSR because their stakeholders call on them to do so.
Companies participate in CSR due to a variety of reasons. Thus, their CSR motivations could have a significant impact on how they participate in certain initiatives, and subsequently, how they are perceived due to their various CSR practices.

The purpose of this study is to investigate how people respond to a company’s CSR motivations. This paper will compare Maignan and Ralston’s different CSR motivations and determine which of these motivations is most effective. Up to this point, companies have used a variety of these motivations. In an attempt to utilize a realistic CSR situation, this study will use the 1990 Nike, Inc. sweatshop crisis as a case study and outline.

- RQ1: Do the three motivations significantly differ in their effect on customer loyalty?

- H1: Stakeholder-driven motivation will be more positively related to customer loyalty as compared to (1a) performance and (1b) value-driven motivations.

- RQ2: Do the three motivations significantly differ in their effect on brand reputation?

- H2: Stakeholder-driven motivation will be more positively related to brand reputation as compared to (2a) performance and (2b) value-driven motivations.
Nike Case Study

This thesis will examine audience response to a company’s communication strategy that conveys different CSR motivations after a crisis. The premise of the situation used in the study is based on the real CSR crisis experienced by Nike, Inc. In one of the most famous CSR and crisis communication cases, Nike found itself to be the target of severe backlash after the company was accused of using Asian sweatshops and having their employees work in horrific working conditions. The accusations led to multiple anti-Nike campaigns and coalitions, which caused a decade-long crisis communication campaign from the company. As Nike was already a prominent company, there was much media coverage, which caused even more backlash against the company. For a while, Nike found itself in the middle of an extreme company crisis. Although the company originally denied any knowledge of the crisis, it was ultimately through a restructured CSR program and crisis communication campaign that the company was able to change its image and reputation (Waller & Conaway, 2011, p. 91).

Johnson-Cartee explains that Nike’s situation was a “high-threshold issue” (Johnson-Cartee, 2005). This means that a majority of those receiving information in regards to the company had no ‘direct experience’ with the situation, and were therefore relying heavily on the media to learn about and understand the situation.
As a result, the media had an enormous impact on the views and beliefs of the audience.

To combat the negative assertions, Nike formed a Division of Corporate Responsibility. The objective of the group was to “communicate in appropriate ways to counter unwarranted claims that could affect the company's brand equity” (Heath, p. 212). In a newsletter following the crisis, Nike stated that the company was dedicated to their employees, the community, and the environment. They went further in saying that the company's mission for CSR was to “lead in corporate citizenship through proactive programs that reflect caring for the world family of Nike, our teammates, our consumers, and those who provide service to Nike” (Levin & Benrens, 2003, p. 56).

Linguists Leslie A. Levin and Susan J. Behrens (2003) suggest that such a statement will have a profound impact on stakeholders. It attracts employees and suppliers because they feel that the company is respectful of labor laws. Likewise, it appeals to athletes, suppliers, and other consumers because they will be under the impression that the product they use is beneficial to the society. By using the term ‘our,’ the audience will also sense a feeling of familiarity that will make them justify repeat purchases. For this reason, their stakeholders would remain loyal and make repeat purchases with the company. In other words, consumers will believe that by making purchases from Nike, they are helping the company’s CSR
campaigns, and therefore, giving back to the community (Levin & Behrens, p. 56, 2003). This was important because Nike never admitted to the sweatshop crisis. Instead, by highlighting their CSR beliefs, Nike was suggesting that it would never knowingly partake in such an outrageous practice. This allowed them to address the accusations without actually mentioning the crisis itself.

One of Nike’s best-utilized communication outlets was its use of the Nike Website, nikebiz.com. The website, which has since been taken down, had multiple news stories and articles highlighting Nike’s commitment to CSR. In one article, the company stated that they were devoted to limiting the company's carbon footprint by “encouraging monitoring” and “minimizing impact” of social and ethical faux-pas. (Levin & Behrens, p. 58, 2003). Levin and Behrens suggest that what Nike is doing is manipulating the negative attention and reactions they have been receiving into a positive image of the company. This is beneficial because consumers will believe that the company is positively benefiting society and employees will be ‘proud’ of their company. Moreover, by using a “serious” and “formal tone” the company is stating that, despite the allegations, they take ethical regulations seriously.

The company also posted numerous articles and blog posts on their Nikebiz.com website. Again, these articles did not address the crisis or accusations against Nike; instead they highlighted the company’s code of ethics and insisted
that the company supported women's rights, especially in the workplace. As Waller and Conaway (2011) suggest Nike used the website and their sustainability reports to “counter-frame media constructions of Nike as a human rights violator and instead depict the company as a catalyst for positive change by empowering millions of women...to lead better lives” (Waller & Conaway, p. 101, 2011).

Although it took some time, once Nike addressed the number of issues that stakeholders were demanding, they saw an increase in customer loyalty and reputation (Waller & Conaway, p. 101). To be sure, Nike undertook stakeholder-driven CSR. The company did not make any improvements or ethical changes before allegations, protests, and demands arose. However, following the crisis the company established its CSR division and made the requested changes.
Chapter 2

Methods

Overview

This research explored audience responses to Corporate Social Responsibility motivations following a company crisis. This quantitative study used a single factor (CSR motivation) between-subjects experimental design. Subjects were randomly divided into three separate groups based on Maignan and Ralston’s (2002) different CSR motivations: (1) value, (2) performance, and (3) stakeholder driven. In all three groups, participants first read two texts. Participants were first exposed to a manipulated company profile. Afterword, participants were asked to read a fictitious newspaper article accusing the company of worker abuse. Participants answered a questionnaire following the article.

Measurements of perceptions of the organization in terms of customer loyalty and brand reputation after the corporate response were compared between the groups. This was the most appropriate means of analysis because the groups were independent of each other; thus allowing the researcher to compare the different groups individually, without any overlapping or bias.
Participants

A convenience sample of 55 students participated in the study and were randomly assigned to the three separate test groups (value vs. performance vs. stakeholder). Participants were 54 undergraduate and graduate students from a private southeastern university. Responses were reviewed for completion and with a manipulation check; six responses were removed from the analysis. A total of 48 completed surveys were included with 17 students in the value-driven group, 16 students in the performance-driven group, and 15 students in the stakeholder driven group. Due to the location, the researcher included a mixture of males and females varying in age. Participants were required to be at least 18 to participate. The composition of respondents represented a spectrum of the ages and races (see Table 1 and 2).

Respondent demographics

TABLE 1

<table>
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<th>Frequency</th>
<th>Percent</th>
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<th>Cumulative Percent</th>
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<td>31.3</td>
<td>31.3</td>
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<tr>
<td>1 Female</td>
<td>33</td>
<td>68.8</td>
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One crisis scenario was developed to manipulate the CSR motivation. The crisis scenario utilized in this experiment was written in the form of a news story. Prior to the experiment, the researcher developed a brief, 450-word news article which accused the company of worker-abuse. The news article was based on an actual story with the same accusation, with only the company name being changed for the current experience. All three groups received the same news story article.

Also, three fictitious company profiles were used which gave a brief description of the company and its CSR activities. Here, the CSR motivations were manipulated. In the value-driven group, participants were told that the company participated in CSR because it felt it is necessary to the company’s culture and the values which it had been built upon. In the performance-driven group, the company

<table>
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<th>Age</th>
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<td>Total</td>
<td>48</td>
<td>100.0</td>
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participated in CSR because it believed it will advance the company’s profitability, competitiveness, and reputation. In this situation, participants were told that the company believed that CSR would have a returning benefit to the company. In the stakeholder-driven group, the company was externally motivated and was therefore participating in CSR because their stakeholders called on the company to do so, not because it internally desired to (the manipulated profiles are available in Appendix A).

Because Nike, Inc. is a famous company with many loyal customers, the company name was marked as ‘Company X’ during the entire course of the experiment. By keeping the company’s name anonymous, the researcher ensured that participants did not skew the results of the study due to any prior attitude, relationship, or impression of Nike, Inc.

The crisis story used for the manipulation was based on an actual story and accusation made against Nike, Inc. during its 1990 crisis-scandal (see Appendix B for a full copy of the article). In actuality, after being accused of workers abuse, the company dealt with a decade-long crisis communication campaign, which eventually ended after it formed a stakeholder-driven CSR division.

To increase believability of the manipulations, an actual crisis was used for the experiment. Furthermore, participants were advised that all provided information was real and authentic. In an attempt to ensure that participants formed
their own opinions on the study, they were not aware that there were two other groups participating in this experiment.

At the conclusion of the data collection, the participants were debriefed and told that the newspaper clipping and company profiles were fake and manipulated.

The researcher was aware of the potential biases of this study. In an attempt to avoid selection bias and to ensure that there was not a biased sample or any distortion in the experiment and statistical analysis, participants (once recruited) were assigned to groups at random by picking names out of a hat. This ensured that there was proper randomization in the selection process.

Also, in order to avoid interparticipant bias, respondents were made aware that their name and data would remain anonymous. Furthermore, the study took place online, in a judgement free area and manner. Participants were also unaware of other groups participating in the study. This was done in an attempt to ensure that participants responded truthfully and without any group responses overlapping.

Manipulation Check

During the survey, participants were tested to verify that they adequately determined the CSR motivation strategy. After reading the company profile, participants were asked what Company X’s motivation for participating in Corporate Social Responsibility (CSR) was. This helped confirm that the
participant accurately recalled the motivation prior to continuing the survey. This also allowed the researcher to exclude any participants who failed to pass the manipulation check thereby verifying the validity of the survey. One participant failed the manipulation check and was removed from the study.

Materials

Each participant received a profile of the company (see Appendix A) as well as a fictitious newspaper that accused the company of worker abuse (see Appendix B). While based on a real-life crisis, the story was constructed to be ambiguous to avoid skewing participants’ perceptions. The crisis was presented to the participants in the form of a news story. This form of news outlet was chosen because, just like the real Nike scandal, most individuals learn about a crisis via news reports (Coombs, 2007). The experiment and all its materials were given and collected online.

The company profile was text which provided a background about Company X, its CSR activities, and its CSR motivation. The CSR motivations were manipulated for each group, with each group receiving a corresponding statement depicting the company’s underlying CSR motivation (value vs. performance vs. stakeholder-driven).
Afterwards participants were given a newspaper article accusing the company of workers abuse. The concept of the crisis was based on true accounts in which 50 female employees working in a Vietnam factory were ordered, as a punishment, to continuously run outside until a dozen fainted and collapsed. Although based on true accounts and quotes, this fictitious newspaper article was written by the researcher. All three groups got the same news story.

Following this, a questionnaire was distributed (see Appendix C). The questionnaire was completed after exposure to the company’s crisis and measured the perceived company loyalty and brand reputation of the company. Measurements of perceptions were compared between the three different groups.

**Measures**

This research examined how the independent variables of CSR motivations (value, performance, and stakeholder) influenced a company’s dependent variables of (1) customer loyalty and (2) brand reputation post-crisis. For all the dependent variables, the measures were collected via a 7 point- Likert Scale. To measure customer loyalty, participants responded to three items (‘I would make repeat purchases with Company X post-crisis,’ ‘I believe that Company X’s response to the crisis was appropriate,’ and ‘Company X is sincere towards its customers.’) using a seven-point Likert Scale by $1 = \text{strongly disagree}; \ 7 = \text{strongly agree}$. 
These measures were consistent with conceptualizations of customer loyalty (Vanhamme and Grobben, 2009).

To measure brand reputation, participants responded to five items (‘I have a positive reputation towards Company X,’ ‘Company X was honest and transparent in its response to the crisis’ ‘Company X is concerned with improving the well-being of society,’ and ‘Company X operates in a respectable manner’) using a seven-point Likert Scale by 1 = strongly disagree; 7 = strongly agree. As well as (‘Company X’s motivation for participating in Corporate Social Responsibility caused me to have a…’) using a seven point Likert Scale by 1 = negative opinion; 7 = positive opinion. These measures were consistent with conceptualizations of brand reputation (Barnett et al., 2006; Fombrun, 1996; Graham & Bansal).

Similar to Vanhamme & Grobben and Sen & Bhattacharya, a participants’ overall attitudes towards the firm post-crisis was measured via a seven-point Likert Scale in which participants were asked (‘What is your overall opinion of Company X’ by 1= very unfavorable; 7 = very favorable.) Demographic questions were nominal or ordinal questions and included questions regarding age and race.
Analysis

The data were analyzed for outliers, and demographics were also evaluated for any confounding variables.

An ANOVA test was performed for each hypothesis to find which CSR motivation tactic was viewed as the most favorable by respondents (value, performance, stakeholder). This was conducted to assess the differences in perceptions towards the three CSR motivations.
Chapter 3

Results

The focus of this study was to evaluate how a general audience responds to the different CSR motivations; thus allowing for a better understanding as to how these motivations effect a company post-crisis. This quantitative study used a single factor (CSR motivation) between-subjects experimental design and survey. The key findings of this research are included in this chapter.

Customer Loyalty

RQ1 asked whether the three motivations differ in their effect on customer loyalty. The mean comparison of the groups indicated that the three groups did not differ from one another on the variable for customer loyalty. A one-way between subjects ANOVA was conducted to compare the effect of customer loyalty on the CSR Motivation conditions. The main effect of customer loyalty was not significant F(2,45) = .769 p = .469. The results showed that there was no significance in a motivations effect on customer loyalty.

H1 hypothesized that stakeholder-driven motivation would be more positively related to customer loyalty as compared to (1a) performance and (1b) value-driven motivations. The findings showed that there were no differences between the 1)
stakeholder-driven, 2) performance-driven, and 3) value-driven groups and customer loyalty with $F(2,45) = .769 \ p=.469$. The mean scores of Stakeholder, Value, and Performance groups were 4.5 (SD 1.3), 4.2 (SD 1.7), 3.9 (SD 1.5). All three groups had similar responses; thus suggesting that CSR motivations have no impact on a company’s customer loyalty.

To measure customer loyalty, participants responded to three items (‘I would make repeat purchases with Company X post-crisis,’ ‘I believe that Company X’s response to the crisis was appropriate,’ and ‘Company X is sincere towards its customers’).

On the outcome variable of *repeat purchases* the groups did not differ at the .05 level of significance [$F(2,45) = 2.854. \ p = .0.68]$. The mean scores of Stakeholder, Value, and Performance groups were 4.2 (SD = 1.7), 3 (SD = 1.5), 3.1 (SD = 1.5) respectively. All three groups reported that they would make a repeat purchase with Company X following the crisis.

On the outcome variable of *appropriate crisis response* the groups did not differ at the .05 level of significance [$F(2,45) = 2.453. \ p = .0.097]$. The mean scores of Stakeholder, Value, and Performance groups were 4.2 (SD = 1.3), 3.1 (SD = 1.4), 3.6 (SD = 1.5) respectively. All three groups reported that they believed Company X’s crisis response was appropriate.
On the outcome variable of sincerity the groups did not differ at the .05 level of significance \( F(2,45) = 1.343, p = 0.271 \). The mean scores of Stakeholder, Value, and Performance groups were 4.2 \((SD = 1.5)\), 3.7 \((SD = 1.5)\), 3.4 \((SD = 1.6)\) respectively. All three groups reported that they believed Company X to be sincere in their crisis response.

It is concluded that the different CSR motivation types do not have a divergent effect on customer loyalty post crisis. Generally, all three groups had the same measure of customer loyalty. Therefore, there is no statistical significance between the three groups. Descriptive statistics of the study variables are provided in Tables 2, 3, and 4.
## TABLE 2
Descriptive statistics for model variable (customer loyalty)

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<th>2.00 Performance</th>
<th>3.00 Value</th>
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<td>N=14</td>
<td>N=16</td>
<td>N=48</td>
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<td>3.479</td>
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<td>1.0</td>
<td>1.0</td>
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<td>Appropriate Response to</td>
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<td>Crisis</td>
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<tr>
<td>Sincerity Sincere</td>
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<td>Toward Customers</td>
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</table>
Brand Reputation

RQ2 asked whether the three motivations different in their effect on brand reputation. The mean comparison of the groups indicated that the three groups did not differ from one another on the variable for brand reputation. A one-way between subjects ANOVA was conducted to compare the effect of brand reputation on the CSR Motivation conditions. The main effect of brand reputation was not significant $F(2,45) = 2.002, p = .147$.

H2 hypothesized that stakeholder-driven motivation would be more positively related to brand reputation as compared to (1a) performance and (1b) value-driven motivations. The findings showed that there were no differences between the 1) stakeholder-driven, 2) performance-driven, and 3) value-driven groups with $F(2,45) = 2.002, p = .147$. The mean scores of Stakeholder, Value, and Performance groups were 4.9 (SD 1.4), 3.8 (SD 1.7), 4.1 (SD 1.6). All three groups had similar responses; thus suggesting that CSR motivations have no impact on a company’s brand reputation.

To measure brand reputation, participants responded to four items (‘I have a positive reputation towards Company X,’ ‘Company X was honest and transparent in its response to the crisis’ ‘Company X is concerned with improving the well-being of society,’ and ‘Company X operates in a respectable manner’).
On the outcome variable of *reputation* the groups did not differ at the .05 level of significance \( F(2,45) = .234, p = .792 \). The mean scores of Stakeholder, Value, and Performance groups were 3.8 \( (SD = 1.4) \), 3.9 \( (SD = 1.7) \), 3.5 \( (SD = 1.5) \) respectively. All three groups reported a similar level of post-crisis brand reputation towards Company X.

On the outcome variable of *transparency* the groups did not differ at the .05 level of significance \( F(2,45) = 1.769, p = .182 \). The mean scores of Stakeholder, Value, and Performance groups were 4 \( (SD = 1.4) \), 3.1 \( (SD = 1.8) \), 3.8 \( (SD = 1.6) \) respectively. All three groups reported that they believed Company X was transparent and honest in their post-crisis interactions.

On the outcome variable of *concern for society* the groups did not differ at the .05 level of significance \( F(2,45) = 1.424, p = .251 \). The mean scores of Stakeholder, Value, and Performance groups were 4 \( (SD = 1.5) \), 3.1 \( (SD = 1.8) \), 3.8 \( (SD = 1.6) \) respectively. All three groups reported that they believed Company X had a vested interest and concern for society.

On the outcome variable of *respectable response* the groups did not differ at the .05 level of significance \( F(2,45) = 0.232, p = .794 \). The mean scores of Stakeholder, Value, and Performance groups were 3.9 \( (SD = 1.5) \), 3.5 \( (SD = 1.8) \), 3.8 \( (SD = 1.5) \) respectively. All three groups reported that they believed Company X had a respectful response to the crisis accusation.
It is concluded that the different CSR motivation types do not have a divergent effect on brand reputation post crisis. Generally, all three groups had the same measure of brand reputation. Therefore, there is no statistical significance between the three groups. Descriptive statistics of the study variables are provided in Table 5, 6, and 7.
Table 5
Descriptive statistics for model variable (brand reputation)

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<th>Std. Error</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
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<th>Maximum</th>
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</tbody>
</table>
Unlike hypothesized, the CSR motivation types (stakeholder, performance, and value) did not affect customer loyalty differently. Likewise, the CSR motivation types (stakeholder, performance, and value) did not affect brand reputation differently. A company’s CSR motivation had no effect on the skepticism or post-crisis response.
Chapter 4

Discussion

The current study examined how audiences respond to Corporate Social Responsibility motivations following a company crisis. The research found that Stakeholder-driven, Value-driven, and Performance-driven motivations do not have any significant effect on (1) customer loyalty and (2) brand reputation. As evident in previous research, there is a significance between CSR and post-crisis benefits. With this knowledge and based on the findings of this research, it can be assumed that the specific reason companies participate in CSR has no significant impact on the company’s brand reputation and customer loyalty post-crisis.

Research has found that companies that find themselves in the midst of a crisis or scandal must protect their customer loyalty and brand reputation to ensure they are not damaged in the process. CSR initiatives have proved to be an adequate tool in combating negative stories or accusations. Although CSR involvement can be used as a counterbalance against negative accusations, this study suggests the motivation behind why a company participates in CSR initiatives is not significant. This means that companies that are CSR Performance-driven will still reap the same benefits as Stakeholder and Performance driven companies.
The effectiveness of post-crisis reputation is reliant on the actual CSR practices and not the motivations that led the company to participate. To this point, whether customers are CSR optimists or skeptics, their views will remain unaltered despite a company’s motivation.

Vanhamme and Grobben (2009) found that CSR involvement can “offer an adequate tool to counter the negative impact induced by crises, because consumer awareness of a company’s CSR involvement usually leads to positive evaluations” (Vanhamme & Grobbem, p. 280, 2009). Their findings, coupled with the results of this research, suggest that even if a company’s involvement is not altruistic in motivation, CSR is a beneficial tool for combating negative news or accusations.

Participants of the study generally indicated via an open-response question that Company X’s CSR activities were reason enough to support Company X post-crisis. It was believed that by participating in CSR, Company X was “taking the right steps” and that “by participating in CSR, the company stood out from other companies.” Some responses praised Company X as they “dealt with a difficult situation to the best of their capability” and were transparent and believable because they “showed the consumer what was happening” and did what they did because they “want to help society.” It was stated that while “most companies are in the business to make profit, the fact that Company X willingly engaged in CSR was a bonus.” Multiple participants also argued that CSR was something they
strongly believed in, and therefore the practice alone increased their loyalty to Company X.

On the other hand, some argued that a company’s main objective is to make profit, and therefore “should not be blamed for having a performance motivation.” Others argued that they were “indifferent” or “neutral” when it came to ethical businesses.

One participant from the performance-driven group was turned off by Company X’s motivation. This participant argued that Company X was putting a “false front of ‘humanitarian effort’ just to get people to purchase their product.” However, the participant went further in saying that they realized the importance of profit in business and therefore the company “should not be blamed for having a performance motivation.”

Participants, who had a negative view of Company X, felt that instead of fixing the problem, Company X only “reported their core values and never offered reconciliation for the matter.” This is important because these participants were unhappy with Company X’s response, not the CSR-driven motivation.

While there were a blend of different responses, generally the responses from all three groups of this study found that while CSR is important in combating negative accusations and crises, the motivations behind CSR have little impact.
Responses did not vary by gender; both male and female respondents had similar views in regards to a company’s CSR motivations.

**Limitations on Research & Directions for Future Research**

This study only investigates a single form of business crisis (worker abuse accusations). Future research can replicate this study with different forms of crises in an attempt to discover how the study holds in different situations. Additionally, the company utilized in this study was specified to be a large, multi-national organization which was utilizing outsourced factories in other countries. It is possible that participants would hold larger companies to a different standard and list of responsibilities than that of smaller organizations. Future studies can investigate if there is a difference between large international companies versus small local companies when it comes to their underlying CSR motivations.

As an experiment, this research had the inherent limitations of a controlled environment and situation. Furthermore, this research was based solely on the reactions of the college students with a customer-lensed view of the crisis. The perceptions of other groups such as employees, suppliers, and shareholders were not taken into account. Furthermore, since participants were college educated, their views may be different from a general public. This research was externally focused, and therefore can be further researched via an internally focused experiment.
The researcher’s goal was 20 participants per group (n=60), however this fell short. Therefore, the statistical power for analysis was low. A larger sample size may lead to further power for analysis. Furthermore, there was a limitation on research as there was a lack of a control group; future research may consider including a control group in the experiment.

**Conclusion**

Ultimately, after analysis of all three groups, a majority of the participants felt that Company X’s participation in CSR was reason enough to have positive (a) customer loyalty and (b) brand reputation.

This knowledge can provide some additional insight into CSR motivations. While there has been much research on CSR involvement for crisis-communication strategies, little has been studied on how CSR motivations are perceived by the general public following a company crisis. Studying how the general public responds to the various forms of CSR motivations allows for a better understanding as to whether or not these motivations can impact a business post-crisis. While the research did not support the hypotheses, this research provided a step in filling the gap.

Ultimately, this research suggests CSR motivations have no effect on customer perceptions post-crisis. This knowledge should prove helpful to companies that are
concerned about how their CSR motivations could be viewed by the public.

Companies can use this research to affirm that *why* a company participates in CSR is not as significant as *if* a company participates in CSR.
References


Freidman, M. (2002). *The social responsibility of business is to increase its profits* University of Chicago Press.


Appendix A

Company X- Profile (Value-driven)

Below is a profile in regards to Company X. Please read carefully before continuing on to the rest of the survey.

Company X, a 50-year-old, globally recognized brand, has a mission to deliver high-quality products. The company's focus is on ethical and sustainable practices. Over the years, Company X has implemented several initiatives that reflect its commitment to corporate social responsibility (CSR).

2. According to the company profile, what was Company X's motivation for participating in Corporate Social Responsibility (CSR)?

Options:
A) To enhance brand reputation
B) To improve employee satisfaction
C) To reduce operational costs
D) To increase market share
E) To contribute to social causes
Below is a profile in regards to Company X. Please read carefully before continuing on to the rest of the survey.

Sector: Consumer Goods  
Industry: Textile- Apparel Footwear & Athletic Accessories  
Full Time Employees: 2,500  
Revenue: $8.22 billion

Company X began business 50 years ago, originally as a distributor for a Japanese shoemaker that made athletic shoes. In 1971, Company X officially became its own company. Present day, Company X is a leading multinational companies that sells athletic apparel, equipment, accessories, and services globally. The company is also well-known for their Corporate Social Responsibility (CSR). CSR refers to business practices that are ethical and benefit society.

The company formed a Division of Corporate Responsibility in 1997, believing CSR would help the company advance in its profitability, competitiveness, and reputation. Its performance-motivated CSR centers on how CSR will have a returning benefit to the company in the long run.

Over the years the company has used more than 2 billion water bottles recycled into material used for the company’s products, reduced Co2E emissions used by the company, raised awareness on health and nutrition in public schools, held employee empowerment workshops, launched a radio show for 'girl empowerment,' and greatly reduced their carbon footprint.

* 2. According to the company profile, what was Company X's motivation for participating in Corporate Social Responsibility (CSR)?
Below is a profile in regards to Company X. Please read carefully before continuing on to the rest of the survey.

Sector: Consumer Goods
Industry: Textile Apparel Footwear & Athletic Accessories
Full Time Employees: 52,600
Revenue: $8.22 billion

Company X began business 50 years ago, originally as a distributor for a Japanese shoemaker that made athletic shoes. In 1971, Company X officially became its own company. Present day, Company X is a leading multinational company that sells athletic apparel, equipment, accessories, and services globally. The company is also well-known for their Corporate Social Responsibility (CSR). CSR refers to business practices that are ethical and benefit society.

The company formed a Division of Corporate Responsibility in 1997, believing CSR was what their employees, customers, and various stakeholders desired. Its stakeholder-motivated CSR centers on what their stakeholder’s demand or request them to do.

Over the years the company has used more than 2 billion water bottles recycled into material used for the company’s products, reduced Co2E emissions used by the company, raised awareness on health and nutrition in public schools, held employee empowerment workshops, launched a radio show for 'girl empowerment', and greatly reduced their carbon footprint.

* 2. According to the company profile, what was Company X's motivation for participating in Corporate Social Responsibility (CSR)?
Factory deemed unsafe for Vietnamese workers

HO CHI MIN CITY, Vietnam - It was just recently that activist Jeff Ballinger published his report declaring that retail giant, Company X was using inhumane workplace ethics. The company was accused of using international subcontractors that were not only paying their employees 14 cents an hour, but were also abusing their workers. Ballinger’s article included a copy of a pay stub from a female Indonesian employee.

In addition, an audit from Ernst and Young stated that some international employees were exposed to toxic substances 177 times over the limit for human toxicity, had no drinkable water in the factories, and would be punished for taking any time off.

Now, ironically on International Women’s Day, reports state that over 50 female employees working at a Vietnam factory that makes Company X’s shoes were punished for not wearing the correct shoes to work. The women were ordered to continuously run outside until at least a dozen of them fainted and collapsed in the hot sun.

“Vietnamese all over the country were outraged that on International Women’s Day, when most companies in Vietnam give women workers flowers and other gifts, 12 Vietnamese women were so abused they had to spend the day in the emergency room,” explains Thuyen Nguyen, a Vietnamese-American who surveys factory conditions in Vietnam.

Company X does not own any of the factories that their products are made in. Instead, they sign contracts with international factories. Although it has not been confirmed if Company X was aware of these accusations, there have been multiple anti-Company X campaigns around the globe since the reports have come out. These campaigns have included strikes, protests, and calls for action from Company X.

On Tuesday, Jonathan Andersen, the chief executive of Company X released a statement.

“This situation was definitely horrible. Company X is is outraged that this was allowed to happen in a factory. Our company prides itself in ethical practices. We provide a code of conduct that we require all our subcontractors to follow and we have specific work conditions that we ask our factories to follow. Not to mention, our company performs over 600 factory audits a year.”

The company also attached their yearly sustainability reports which highlighted their environmentally friendly practices, employee enrichment training programs, human rights beliefs, with a list of the charity organizations the company supports.
Appendix C

Questionnaire

* 3. What is your gender?
   - Male
   - Female

* 4. How old are you?
   - 18-24
   - 25-34
   - 35-44
   - 45-54
   - 55 and over
   - I prefer not to say

* 5. Which race/ethnicity best describes you? (Please choose only one.)
   - American Indian or Alaskan Native
   - Asian / Pacific Islander
   - Black or African American
   - Hispanic
   - White / Caucasian
   - I prefer not to say
   - Multiple ethnicity / Other (please specify)

* 6. How do you view the company’s response to the crisis?
   - Highly favorable
   - Favorable
   - Somewhat Favorable
   - Neutral
   - Somewhat Unfavorable
   - Unfavorable
   - Highly Unfavorable
* 7. Do you believe the accusations against the company (7 being absolutely, 1 being absolutely not)

<table>
<thead>
<tr>
<th>Absolutely Not</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Absolutely</th>
</tr>
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</table>

* 8. How willing are you to visit the company store post-crisis? (1 being very unlikely, 7 being very likely)

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<tr>
<th>Very Unlikely</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

* 9. What is your overall impression of Company X? (1 being very unfavorable, 7 being very favorable)

<table>
<thead>
<tr>
<th>Very Unfavorable</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Very Favorable</th>
</tr>
</thead>
</table>

* 10. To what extent are you aware of the ethical practices at your current favorite athletic goods company?

- Very Aware
- Somewhat aware
- Somewhat unaware
- Very unaware

* 11. Do you actively seek out news information about athletic companies before making a purchase?

- Yes
- No

For Q. 12-20, select how much you agree or disagree with each statement below.

How much do you agree with the following statements?

* 12. I have a positive reputation towards Company X.

<table>
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<tr>
<th>Strongly Disagree</th>
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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

* 13. Company X operates in a respectable manner.

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<th>Strongly Disagree</th>
<th>2</th>
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<th>6</th>
<th>Strongly Agree</th>
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* 14. I believe that Company X's response to the crisis was appropriate.

<table>
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<tr>
<th>Strongly Disagree</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Strongly Agree</th>
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14. I believe that Company X's response to the crisis was appropriate.  

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<tr>
<th>Strongly Disagree</th>
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<th>Strongly Agree</th>
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15. I would make repeat purchases with Company X post-crisis.  

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<th>Strongly Disagree</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>Strongly Agree</th>
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16. Company X is sincere towards its customers.  

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<th>Strongly Disagree</th>
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<th>5</th>
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<th>Strongly Agree</th>
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17. Company X shows an interest in its customer's wants and needs.  

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<th>Strongly Disagree</th>
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<th>6</th>
<th>Strongly Agree</th>
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18. Company X was honest and transparent in its response to the crisis.  

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<th>Strongly Disagree</th>
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<th>4</th>
<th>5</th>
<th>6</th>
<th>Strongly Agree</th>
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19. Company X is concerned with improving the well-being of society.  

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<th>Strongly Disagree</th>
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<th>5</th>
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<th>Strongly Agree</th>
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20. Company X's motivation for participating in Corporate Social Responsibility (CSR) caused me to have a  

<table>
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<th>Negative Opinion</th>
<th>2</th>
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<th>6</th>
<th>Positive Opinion</th>
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21. Why?

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Appendix D

Thank you for your participating in the experimental study titled “Corporate Social Responsibility Motivations: How Audiences Respond to a Corporation’s Motivations Post-Crisis,” which is being conducted by Sara Torabi, graduate student in the School of Arts and Communication at Florida Institute of Technology. Before you start responding to the questions, the investigator would like you to read the following statement very carefully.

You must be at least 18 years old to be eligible to participate in this research project. Your participation is completely voluntary. Refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may discontinue participation at any time without penalty or loss of benefits to which you are otherwise entitled. This study is designed to explore public responses to Corporate Social Responsibility motivations following a company crisis. In this study, you will read a company information profile and short newspaper article before answering questions based on what you have read. It should take approximately 15-20 minutes to complete.

There are no direct benefits to you, but your participation in this research will contribute to advancing important theory in communication, as well as Corporate Social Responsibility. Through conducting this survey, you should not expect to experience any discomfort or stress and there are no risks involved in participating. In the event of physical injury resulting from the research procedures, no form of compensation is available. Medical treatment may be provided at your expense or at the expense of your health care insurer (i.e., Medicare, Medicaid private payor) which may or may not provide coverage. If you have questions, it is your responsibility to contact your insurer.

It is important for you to know that all your answers will be kept confidential. Once the study is completed and data have been analyzed, the investigator will remove any individually identifying information pertaining to you from her research records. Once the completed surveys are received, any information that is obtained in connection with this study and that can be identified with you will remain confidential, except as required by law. The investigator will answer any additional questions you may have regarding the research. If you have any further questions please send your questions addressed to:

Sara Torabi
School of Arts & Communication
150 West University Boulevard
Melbourne FL 32901
email: storabi2012@my.fit.edu (tel. 321.567.7769).

This project has been reviewed and approved by the Florida Tech institutional Review Board for the Protection of Human Subjects. For questions about your rights as a human subject participant you may contact the Chairperson of the IRB at lstawma@fit.edu or 321.674.8161.

Informed Consent Form

I read the information above and agree to take part in a research study titled “Corporate Social Responsibility Motivations: How Audiences Respond to a Corporation’s Motivations Post-Crisis”, which is being conducted by Sara Torabi in the School of Arts & Communication at Florida Tech.

"My participation is voluntary; I can refuse to participate or stop taking part at any time without giving any reason, and without penalty. I can ask to have information related to me returned to me, removed from the research records, or destroyed. My signature below indicates that the researchers have answered all of my questions to my satisfaction and that I consent to volunteer for this study."

* 1. Do you agree to the above terms? By clicking Yes, you consent that you are willing to answer the questions in this survey.

   ○ Yes
   ○ No