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경영학 석사 학위논문

**Frame against the blame:  
Bad reputation and regulatory focus**

기업의 사회적 공헌 메시지의 조절초점이  
악평기업의 평가에 미치는 영향

2015년 2월

서울대학교 대학원

경영학과 마케팅 전공

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## **Abstract**

Use of corporate social responsibility (CSR) initiatives to influence the consumer perception about the company and products is a common marketing strategy. This research builds on the growing body of marketing literature that examines effective ways in which companies can convey CSR initiatives, especially for companies with bad reputation. The study shows that CSR message framing with regulatory focus has influence on company evaluation when benefit salience is high, and this effect is mediated by perceived informational believability of the message and perceived sincerity of the motives.

*Keywords:* Bad reputation, corporate social responsibility (CSR), regulatory focus, company evaluation, perceived informational believability, perceived sincerity of motives

## **국문 초록**

기업의 사회적 책임 (CSR) 활동은 회사와 제품에 대한 소비자 인식을 바꾸기 위해 자주 사용되는 마케팅 전략이다. 본 연구는 악평 기업들이 CSR 방안들을 효과적으로 전달할 수 있는 방안에 대한 연구이다. 연구의 결과에 따르면 편익 현저성이 높은 CSR 활동에 대한 메시지를 조절초점으로 프레이밍 할 때 기업평가에 영향을 미치는데 이것은 인지된 정보의 신뢰성과 인지된 동기의 진정성에 의해 매개된다.

키워드: 악평기업, 기업의 사회적 책임, 조절초점, 기업평가, 정보의 신뢰성, 동기의 진정성

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## **Introduction**

In the past, corporate social responsibility initiatives used to be a peripheral strategy and were considered less pertinent to main focus of business. Even until 1980s, analysts put “sell” recommendation on companies with a strong CSR rating, because expenditure on CSR was equivalent to wasting of investors’ money. However, it seems that myopic business strategy of focusing only on immediate profit has been not only frowned upon, but also has become the shortcut to demise of the company. Consumers are becoming more attentive and reactive to the companies’ misdemeanor and violation against norms, and CSR is no longer a supplementary or “recommended” management strategy, but is a mainstream, conspicuous, and indispensable practice which allows companies to sustain business as usual (Skarmeas & Leonidou 2013). Therefore, a growing number of companies zealously pursue and publicize variety of actions to demonstrate their responsible actions for the society.

Altruistic intentions of CSR initiatives play key role as strategic importance to the company. Especially for companies with bad reputation, CSR initiatives may be a silver lining to counteract the negativity that

consumers and the society behold against them. However, despite tremendous money and effort put into CSR activities, results are not necessarily always effective, and sometimes have backfire effect. Since CSR has gained popularity, consumers have also become aware of what it is and what it intends to achieve. Consumers are aware of the strategic importance of CSR as much as the firms do, and they may perceive that these organizations are buying their way out of negative situation (Bronn & Vrioni 2001).

CSR initiatives suppose naïve business theory which states that consumers will take the activity at face value and attribute its positive characteristics to the company. This naïve business theory is an extension from attribution research that demonstrates a pervasive correspondence bias. Correspondence bias states that people usually explain actor's behavior in terms of corresponding traits and dispositions (Gilbert & Malone 1995): those who do good (bad) things do so because they are good (bad) people. However, perceivers do not make these correspondent trait attributions when they become suspicious of the motives underlying the actor's behavior (Yoon, Gürhan-Canli, & Schwarz 2006). They engage in more complex attributional processing and search for

alternative explanation for the behavior. On the same line, when CSR initiatives do not align with company's business, instead of attributing positive behavior as the sake of good act, people doubt the underlying motivation. Especially companies with bad reputation are more likely to trigger more attributional processing when they engage in CSR initiatives.

Philip Morris was criticized when the tobacco company started to support a youth smoking prevention campaign (Fairclough 2002; Landman, Ling, & Glantz 2002). Nike was heavily criticized and experienced sales decline when it claimed transparency of management when in reality, the labor abuses issues in Southeast Asian factories remained unresolved. Thus, companies that have bad reputation or manufacture products that are socially stigmatized should be more vigilant in choosing the type of CSR activities, because their actions may provoke consumers more easily. Previous findings on consumer skepticism suggest that high congruence between CSR activities and firm increases the salience of firm-serving benefits, and results in negative evaluation of the company when the firm claims that the activity is public-serving (Forehand & Grier 2003). High benefit salience raises suspicion regarding CSR activity, lowers perceived sincerity of

company's motives, and has negative impact on overall company evaluations (Yoon et al. 2006).

Despite the empirical evidence and academic findings that demonstrate the negative impact of high benefit salience of CSR initiatives, such CSR activities are ubiquitous. Many of tobacco companies support health issues, alcohol manufacturers campaign against driving under the influence, and oil companies claim environment protection research. These firms voluntarily address their CSR activities that are obviously high in benefit salience that has conflicting interest to their business operation. One of the reasons may be that the negative externalities that these companies impose on the society through business are too flagrant to just simply blindfold the public. Or publicizing campaigns to position themselves as good corporate citizens in domains that they are blamed might secure the legal position and prevent potential regulations from government and regulatory organizations. Whatever the cause may be, if these companies voluntarily decide to acknowledge the elephant in the room, in which fashion should they address the issues to minimize the skepticism and convey genuine concern in the public eye?

The main purpose of the present research is to explore the ways in which companies with bad reputation could communicate to the public with less skepticism and more credibility when they are publicizing the CSR message that are high in benefit salience. Since CSR can be a double-edged sword depending on consumers' pre-existing perception, companies with bad reputation should be more careful about how to convey CSR message. Findings from this study will help marketing practitioners to understand how to communicate CSR messages to various stakeholders.

## **<Theoretical Background>**

### **Corporate social responsibility of companies with bad reputation**

When company's actions are compatible with the broader social norms of the community, it can achieve social legitimacy and enjoy consumer support in the long run (Handelman & Arnold 1999). As the importance of sustainable management and expectation of social responsibility of companies loom larger, corporates are engaging in various types of CSR activities more than ever before. By 2014,

American and British companies of Fortune 500 companies were reported to spend \$15 billion on CSR activities alone. By dedicating ever-increasing amounts to cash donations, in-kind contributions, cause marketing, and employee volunteerism programs, companies are acting on the premise that CSR is not merely the "right thing to do" but also "the smart thing to do" (Smith 2003, p. 52). CSR serves various functions such as addressing consumers' social concerns, creating benevolent image for companies, and cultivating relationship with various stakeholders including consumers. In fact, number of marketing studies have found that social responsibility programs have a significant influence on several customer-related outcomes either directly or indirectly (Bhattacharya & Sen 2004), such as consumer product responses (Brown 1998; Brown & Dacin 1997), customer-company identification (Sen & Bhattacharya 2001), customer donations to nonprofit organizations (Lichtenstein, Drumwright, & Bridgette 2004), and more recently, customers' product attitude (Berens, Riel, & Van Bruggen 2005).

As CSR initiatives are becoming more prevalent, companies use them to realize various objectives, one of which is thwarting negative

publicity (Varadarajan & Menon 1988). According to previous studies, consumers tend to hold a company less responsible for a crisis when it possesses a strong CSR reputation in case of product-harm crisis (Klein & Dawar 2004). Due to its positive effect on company evaluations, companies with bad reputations or those whose products are considered adverse to the welfare of society are particularly keen to demonstrate CSR initiatives. In a belief that CSR involvement should provide leverage for defending the company perception (Vanhamme & Grobбен 2009), companies with marred reputation demonstrate various CSR activities attempts. However, effect of CSR activities does not have positive influence on companies that are perceived to be depraving of morals (Strahilevitz 2003). Due to uncertain outcomes, companies with bad reputation should be more sensible at choosing CSR activities to not render effort futile.

Benefit salience is one of several ways into which CSR activities can be classified. Benefit salience is high when congruence between firm and the cause leads to increased salience of firm-serving benefits. For example, donating money to a cancer association (vs. an environmental association) should lead to increased salience of firm-serving benefits for

a tobacco company because smoking causes cancer and tobacco companies are probably interested in changing negative perception (Forehand & Grier 2003). This high benefit salience has negative effect on firm evaluation especially when the company has bad reputation.

Tobacco companies have been criticized for decades for precipitating death among both smokers and non-smokers. Major tobacco companies such as Philip Morris and British American Tobacco engage in various CSR initiatives including supporting farmers, conducting environment conscious management, holding youth smoking prevention campaigns and operating cancer research facilities. Supporting farmers and conducting environment friendly management are low in benefit salience to the companies, but preventing youth smoking or funding cancer research labs have high benefit salience with respect to their business operations, because they are at odds with the mainline business. Alcohol manufacturers such as Diageo and Pernod-Ricard also explicitly communicate their engagement in CSR initiatives, such as protecting the environment, managing supplier relations, and designing programs to control underage drinking and excessive drinking. Similarly for the alcohol manufacturers, environment and supply chain concerns in

business operations have low benefit salience, but campaigns that control underage drinking or encourage drinking moderately may reduce alcohol consumption and do not align with the business practice. Despite harsh criticism that companies receive through high benefit salient CSR activities, companies with bad reputations still address their concern towards the issues.

In sum, high benefit salience of CSR activity may not bring expected result to the evaluation of companies with bad reputation, but such CSR attempts are still pursued by companies. The purpose of this study is to identify the ways in which CSR message framing can ameliorate the harmful effect on benefit salience on company evaluations. Notwithstanding benevolent and altruistic intentions, consumers will be biased against the company and seek ulterior motives, especially when CSR activity is high in benefit salience. Thus, how to convey prosocial contribution of CSR activities to consumers without raising negative perception has strategic importance.

## **Regulatory focus**

In order to benefit from CSR activities, conveying CSR message should generate favorable attitude towards the company, or at least not arouse adverse emotion. Various researches have studied causes affecting the benefits of CSR effort, such as message source, message types (Yoon, Gurhan-Canli & Schwarz 2006), cause-customer fit (Gupta & Pirsch 2006) and etc., including regulatory focus of goals in CSR messages (Kim et al. 2012) . The conflicting results of the studies serve as evidence that CSR initiatives are tricky

Regulatory focus is a goal pursuit theory with two types of motivational orientation. Promotion focused goal is geared to motivate to attain advancement by approaching matches to desired end states, while a prevention focused goal is geared to motivate people to achieve protection and safety by avoiding mismatches to desired states (Crowe & Higgins 1997). Regulatory focus of goals in CSR message can affect consumer perceptions (Aaker & Lee 2001). CSR advertisement is prevention focused when it specifically demonstrates the adverse current situation and then presents achievable positive outcome through the advocacy of CSR initiatives. On the other hand, it is promotion focused when CSR activity only portrays the desirable outcome of the CSR

activity. For example, prevention focused CSR message specifically addresses current water crisis in Africa by drawing attention to suffering children and agricultural difficulties, and stating that installation of new water pump has alleviated the situation, whereas promotion focused CSR message may state that new water pump has improved lives of children and families in Africa (Kim et al. 2012).

Even though the message contains the same CSR activity, regulatory focus of the message has different impact on consumer perception about the company. Per Kim, Kang & Mattila's study (2012), when companies advertise CSR activities, consumers evaluated prevention focused CSR message more negatively than promotion focused CSR message, because consumers are skeptical that prevention focus CSR message tries to manipulate the perceivers through emotional appeal by showing current negative situation (Kim et al. 2012).

However this study proposes that effect of regulatory focus of CSR message on company evaluation will be reverse for companies with bad reputation. It has already been shown in previous studies that CSR activity high in benefit salience by companies with bad reputation negatively affects the company evaluation (Yoon et al. 2006). This

research will try to see how framing message with promotion focus versus prevention focus would affect the company evaluation. Promotion focused CSR message does not directly address the negative aspect of the business. Instead, it only mentions the positive consequence of CSR initiatives. Whereas prevention focus message will specifically mention current negative situation and suggests how CSR initiatives will be conducted to change the situation.

This acknowledgement of negativity of the firm's action and promising positive consequences of CSR activity will have more positive influence on company evaluation than simply promising positive consequences. Therefore, unlike companies with neutral or good reputations, companies with bad reputation will benefit more from prevention focus CSR message than promotion focus CSR message.

H1: Consumers evaluate company with bad reputation more positively when they see CSR message with prevention focus framing rather than promotion focus framing

### **Believability of information**

Obermiller and Spangenberg define ad skepticism as the tendency to disbelieve the informational claims of advertising (1998). Ad skepticism causes consumers to doubt the content of the advertisement (Ford, Smith, & Swasy 1990; Obermiller & Spangenberg 1998; Webb & Mohr 1998). CSR message is also a type of an advertisement since it is intended to promote the company image, brand equity and customer relations, and consequently is subject to consumer's disbelief.

According to Maloney (1963), believability is not an inherent property of the advertisement itself, but it rather depends on the interaction of each advertisement with the consumer's attitudes and memories accumulated from prior experience. If the message is "reminder" in its character and consistent with the consumer's existing perception, believability is reinforced and the message is easily accepted. However, when the message is not intended as a "reminder" message, but rather as a "persuasive" message aimed at changing people's minds about something, it encounters competition with the pre-existing beliefs which the message seeks to change. The conflict between the old belief and new information makes messages not easy to believe (Klapper 1960). This dissonance of old belief and new information is even more prominent in

case of companies with bad reputation. Companies' preconceived bad reputation in consumers' mind is in conflict with CSR initiatives which are intrinsically beneficial. Thus, by its very nature of CSR message of companies with bad reputation will not be believed easily.

Selective attention veers perceivers of CSR message away from the intended goal for companies with bad reputation as well. People tend to select out for attention to information that are quickly recognizable as being in accord with interests or beliefs which they already hold and less likely to pay attention for other information (Maloney 1963). If company wants to change people's attitudes or create new attitudes through CSR message, he should be very explicit, with a detailed explanation of the CSR actions that company pursues and the reasons underlying these benefits. Laying open step-by-step the process of concrete CSR campaign will win over believability by facilitating consumers to comprehend, process and trust the content of the CSR message.

According to Obermiller & Spangenberg (1988), skepticism is a stable consumer characteristic that plays an important role in responses to advertising. While consumers' doubting disposition may vary, skepticism is a cognitive response that can result from situational factors

(Forehand & Grier 2003). People may exhibit differences in tendency to become skeptical, but skepticism may be localized in marketing message, and may be assuaged in the presence of sufficient proof. Prevention focus message provides the perceivers with more objectivity, honesty and realism than promotion focus message. Thus, prevention focus message will increase perceived informational believability to consumers than promotion focus message, and this increased believability will eventually positively affect company evaluation.

H2a: Consumers infer more perceived information believability in the CSR message when CSR message has prevention focus framing rather than promotion focus framing

H2b: The influence of regulatory focus of CSR message on company evaluation is mediated by perceived information believability CSR message

### **Sincerity of motives**

Consumers fear that CSR is just a “gimmick” that firms use to

manipulate them (Webb & Mohr 1988), and their proclivity to doubt becomes even stronger when company with bad reputation pursues CSR initiatives. Trust in a company and its position toward the CSR activity affect successful outcomes of a CSR activity, because consumers are not willing to reward the company for its CSR activity unless they trust the company's prosocial position, (Osterhaus 1997). As consumers are becoming more sophisticated, altruistic act alone is not sufficient to justify companies' actions (Bronn & Vrioni 2001). Consumers should be particularly reluctant to draw the positive inferences the more contextual information provides reasons to suspect ulterior motives. For example, the observation that a company tries to do good in a domain that is negatively affected by its usual business operation should increase the suspicion that its motives are not sincere. If the motives were sincere, they rather presumably change their business practice (Yoon et al. 2006). Thus, CSR activities high in benefit salience is inevitably subject to skepticism towards the motives.

In the business context, skepticism is the focus of considerable research in consumer response to advertising, promotion, and public relations (Obermiller, Spangenberg, & Maclachlan, 2005). Skepticism is

especially accentuated towards companies with bad reputation. Adverse impact their businesses have on society and environment is often antithetical to social responsibility, and in contrary to what companies intended, CSR activities may seem hypocritical (Hirschhron 2004). Furthermore, negative information is weighted more heavily than positive information and activates perceivers' stronger knowledge process (Baumeister, Bratslavsky, Finkenauer, & Vohs 2001). Thus, when companies with bad reputation publicize CSR activity, perceivers will more likely to doubt the underlying motives.

In addition, there exists "self-promoter's paradox" which raises more skepticism when there is greater perceived need for legitimation (Ashford & Gibbs 1990). People tend to discount attempts to defend the self if they perceive the defender as manipulative or self-serving (Baumeister & Scher 1988). Furthermore, research suggests consumers will punish firms that are perceived as insincere in their social involvement (Sen & Bhattacharya 2001; Simmons & Becker-Olsen 2006). If consumers become suspicious of a firm's motivation and aware of the desperate need for recognition, they may elicit more persuasion knowledge (Friestad & Wright, 1994, 1995), which results in greater

cognitive elaboration in the evaluation of underlying motivations. In a sense, consumers use skepticism as defense mechanism against what they perceive as manipulative tactic. To cope with scrutinizing consumers' eyes, companies should be more sensible at devising CSR message to seem less self-promoting and more sincere

Prevention focus message does not veil negative aspects of the business operation and presents genuinely how the company will put effort to protect society from further damage, whereas promotion focus message simply presents what the company will do to bring positive influence to the society. The former is less likely to generate skepticism about the sincerity of motives of the CSR activity because it shows less desperateness and more repentance. Thus, prevention focus message will generate higher perceived sincerity of motives than promotion focus message, and this will have positive effect on company evaluation.

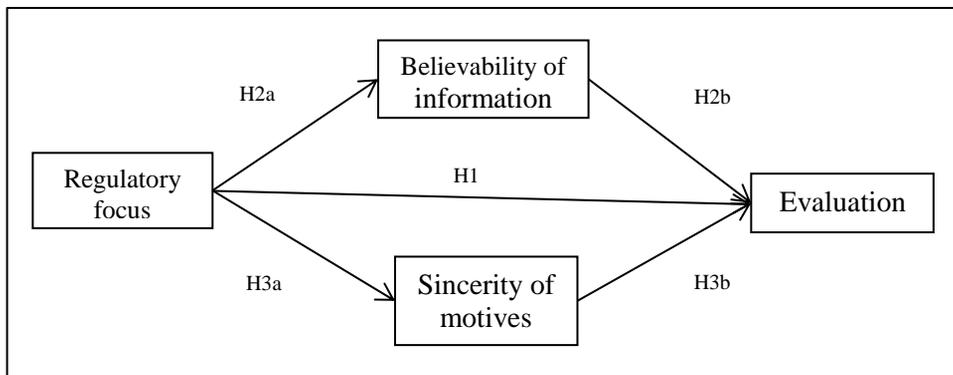
H3a: Consumers infer more perceived sincerity of motives when they learn about CSR activities from prevention focus CSR message rather than promotion focus

H3b: The influence of regulatory focus of CSR message on company

evaluation is mediated by perceived sincerity of motives

### <Conceptual Framework>

<Figure1>



H1: Consumers evaluate company with bad reputation more positively when they see CSR message with prevention focus framing rather than promotion focus framing

H2a: Consumers infer more perceived information believability in the CSR message when CSR message has prevention focus framing rather than promotion focus framing

H2b: The influence of regulatory focus of CSR message on company

evaluation is mediated by perceived information believability CSR message

H3a: Consumers infer more perceived sincerity of motives when they learn about CSR activities from prevention focus CSR message rather than promotion focus

H3b: The influence of regulatory focus of CSR message on company evaluation is mediated by perceived sincerity of motives

## <Method>

### *Participants*

Sixty participants (34 males and 26 females) were randomly assigned to either promotion focus CSR message or prevention focus CSR message conditions and were instructed to read the manipulation scenarios.

### *Procedure*

The purpose of this study is to see the effect of message framing

of high benefit salient CSR activities of company with bad reputation. Participants were told that the research was interested in what people thought about CSR activities. They were asked for their opinions and were told that there was no right or wrong answers. All participants were assigned to read general information about the fictitious firm Kreston Corporation.

“Kreston Corporation is a leading cigarette manufacturer in Ireland. In 2012, the company marked the highest revenues, income, volume, and market share among its competitors. Their employees range from world-class engineers and researchers to highly trained manufacturing specialists, to experts in sales, marketing, finance, communications, and human resources.”

After reading the information about Kreston Corporation, those who are assigned to promotion focus regulatory message framing about CSR activity read:

“Kreston Corporation is one of the largest corporate supporter of cancer research and health causes, and the most generous benefactor to the national cancer research lab. The donation to the cancer research lab

enables to equip the lab with the most high-end equipment needed for research and recruit the most prestigious cancer researchers around the world. This lab has produced astonishing research result which may be used to produce less painful cure with fewer side effects that can substitute radiation therapy.”

Those who are assigned to prevention focus regulatory message framing about CSR activity of Kreston Corporation read:

“Kreston Corporation is holding annual conference on anti-youth smoking. It noticed that 90% of its customers begin smoking before the age of 20. Even though teen customers are likely to be their long-term customers who will generate future profit, realizing that developing smoking habit in early age is even more hazardous than smoking among adults, company is taking initiative to educate the teens about dangers of smoking and prevent smoking among teenagers. These conference and community based events have raised awareness of dangers of youth smoking and actually reduced the smoking among high school students in local areas.”

### *Dependent Variables*

All dependent variables were measured on 7-point scales anchored by 1 and 7.

### *Company evaluations*

Participants reported company evaluations were measured with following scales (Yoon et al. 2006): "extremely unfavorable" versus "extremely favorable," "extremely negative" versus "extremely positive," "extremely bad versus "extremely good," and "extremely not likable" versus "extremely likable." Then, these items were averaged to form a company evaluation index ( $\alpha = .968$ ).

### *Believability*

Believability of the information in the CSR message was measured with the modified version of ad skepticism scale (Obermiller & Spangenberg 1998) to fit this study. To reduce redundancy, 5-items were selected from the 9-item ad skepticism scale to measure following

dimensions about informational believability of CSR message: getting the truth, is informative, is generally truthful, is a reliable source of information, and leaving one feeling accurately informed. These 5 measures were averaged to form a believability index ( $\alpha = .921$ ).

### *Sincerity of motives*

Perceived sincerity of motives was measured on scales anchored at each end "extremely unlikely" versus "extremely likely." Participants indicated inferences about the sincerity of the company's motives for pursuing the CSR activity through responses to the following statements: "Kreston has genuine concerns for cancer and health causes (anti-youth smoking causes) when it supported various cancer (anti-youth smoking) organizations" and "Kreston sincerely cares about consumers' health (anti-youth smoking) when it supported various cancer (anti-youth smoking) organizations." These two measures were averaged to form a sincere motive index ( $\alpha = .869$ ).

### **<Results>**

### *Manipulation Check*

To check for manipulation, participants were asked the degree to which they thought CSR activity of the Kreston Corporation was either concerned with enhancement or protection (Crowe & Higgins 1997). Those who read promotion focus message thought that the CSR activity was more concerned with enhancement (promotion focus  $M = 5.17$ ,  $SD = 1.56$ ; prevention focus  $M = 4.43$ ,  $SD = 1.87$ ;  $t = 1.652$ ,  $p = .104$ ), and those who read prevention focus message thought that the CSR activity was more concerned with prevention (promotion focus  $M=3.63$ , prevention focus  $M=5.73$ ;  $p=.005$ ). Promotion focus manipulation had statistically low significant different impact on the participants in each condition to perceive the message as enhancement , but prevention focus manipulation showed statistically robust difference on how those who were in prevention focus condition perceived the message as protection from those in the promotion focus condition. This result might be due to the fact that both promotion focus and prevention focus message had enhancement component (cancer research and educating youth about harmfulness of smoking), whereas only prevention focus had protection component (preventing youth from smoking). Even though promotion

focus manipulation did not make statistically significant different feeling of enhancement than prevention focus did, since prevention focus manipulation demonstrated robust difference on how people feeling sense of protection, manipulation was successful in generating different perception about the each messages.

### *Company evaluations*

As expected, there was main effect of regulatory focus of CSR message on company evaluation. Participants in the prevention condition ( $M = 5.08$ ,  $SD = 1.25$ ) reported higher evaluation of the company than those in the promotion condition ( $M = 3.72$ ,  $SD = 1.31$ ,  $t = -4.10$ ,  $p = .00$ ). This is consistent with the hypothesis 1. To see whether a respondent was a smoker influenced the evaluation of tobacco company, the means were compared, but there was no significant difference between the company evaluation between smoker and nonsmoker ( $M$  (smoker) = 4.63,  $SD$  (smoker) = 1.17;  $M$  (nonsmoker) = 4.31,  $SD$  (nonsmoker) = 1.55;  $p > .1$ ). Also, gender had no significant effect on company evaluation ( $M$  (men) = 4.21,  $SD$  (men) = 1.39,  $M$  (women) = 4.51,  $SD$  (women) = 1.46;  $p > .1$ ).

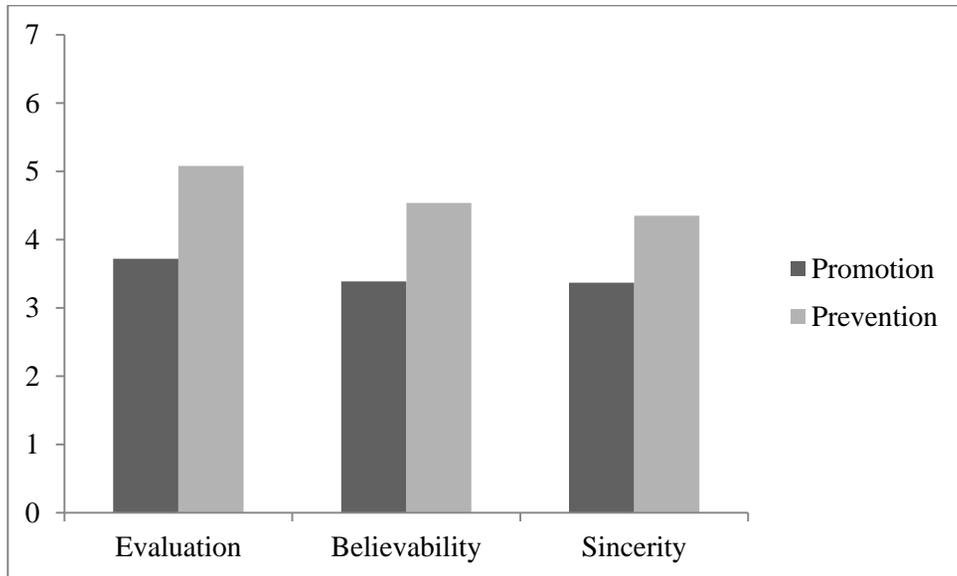
### *Believability of information*

As expected, regulatory focus of CSR message has effect on believability of CSR message. Participants in the prevention condition reported higher believability ( $M = 4.54$ ,  $SD=1.05$ ) than those in the promotion condition ( $M = 3.39$ ,  $SD = 1.13$ ,  $t = -4.07$ ,  $p = .00$ ). This finding is consistent with hypothesis 2(a).

### *Sincerity of motives*

As expected, regulatory focus of CSR message has effect on perceived sincerity of motives of CSR activities. Participants in the prevention condition reported higher perceived sincerity of motives ( $M = 4.35$ ,  $SD = 1.46$ ) than those in the promotion condition ( $M=3.37$ ,  $SD = 1.49$ ,  $t = -2.59$ ,  $p = .012$ ). This finding is consistent with hypothesis 3(a).

<Figure 2>



### *Mediational analysis*

To see the extent to which believability and perceived sincerity of motives mediated the effects of regulatory focus of CSR message on company evaluations, three sets of regression analysis were conducted (Baron & Kenny 1986). First, company evaluations was regressed on the dummy-coded regulatory focus (0 = prevention focus and 1 = promotion focus). Then, believability score was regressed on regulatory focus. Lastly, company evaluation was regressed on believability and dummy-coded regulatory focus. To confirm mediation (1) the effect of regulatory

focus on company evaluation is significant, (2) the effect of regulatory focus on believability is significant, and (3) the effect of regulatory focus on company evaluation is reduced or eliminated when the mediating variable is entered into the analysis.

It was found that regulatory focus significantly predicted company evaluations ( $b = -1.36, p < .001$ ), consistent with hypothesis 1. The effect of regulatory focus on believability of the message was also significant ( $b = -1.147, p < .001$ ), consistent with hypothesis 2(a). Importantly, the effect of regulatory focus on company evaluation became reduced (from  $b = -1.36$  to  $b = -.47, p > .10$ ) when believability was entered into the analysis. Believability fully mediates the effect of regulatory focus on company evaluation, consistent with hypothesis 2(b).

Similar mediation tests were conducted for perceived sincerity of motives. It was found that regulatory focus predicted perceived sincerity of motives ( $b = -.983, p < .05$ ). When company evaluation was regressed on dummy-coded regulatory focus and perceived sincerity of motives, the effect of regulatory focus on company evaluation was reduced (from  $b = -1.36$  to  $b = -.825$ ). However, the effect of regulatory focus still remained significant, which means that perceived sincerity of motives

partially mediates the effect. The partial mediation also confirms the hypothesis 3(b).

<Table1>

DV	IV	r	B	t	p	R <sup>2</sup>
Evaluation	Regulatory focus	-.48	-1.36	-4.11***	.00	.225
Believability	Regulatory focus	-.47	-1.15	-4.07***	.00	.222
Evaluation	Regulatory focus	-.48	-.47	-1.65	.10	.562
	Believability	.74	.77	6.63***	.00	
Sincerity	Regulatory focus	-.32	-.98	-2.59*	.012	.104
Evaluation	Regulatory focus	-.48	-.83	-2.99**	.004	.526
	Sincerity	.67	.54	6.02***	.00	

\*\*\*p<.001    \*\*p<.01    \*p<.05

## Discussion

The results of the experiment were consistent with all the hypotheses. When companies with bad reputation publicize CSR activities that are high in benefit salience, regulatory focus of message framing affect evaluation of the company. Prevention focus CSR message predicted higher company evaluation than promotion focus did. It is a reverse result from CSR message of company with neutral or

positive reputation. Prevention focus message also predicted higher informational believability of CSR message and more perceived sincerity of motives than promotion focus, and mediational analysis confirmed the key role of perceived believability of message and perceived sincerity of motives in company evaluation. In sum, prevention focus of CSR message was in fact more effective in generating positive consumer perception about the company which already has bad reputation.

The present research contributes to our understanding of the effects of corporate social responsibility and highlights the key role of regulatory focus of message in determining the effectiveness of CSR campaigns. From an attribution theory perspective, CSR activities are driven by the company's hope that consumers will draw correspondent inferences: Observing that the company supports worthwhile causes, consumers will hopefully attribute positive motives and high ethical standards to the company, thereby improving its image. Unfortunately, research suggests that perceivers will not draw these correspondent inferences when there is discrepancy between existing belief about the company and new information or when they are suspicious of underlying motives. Result of this study suggests that regulatory focus framing may

change company perception through increasing informational believability and perceived sincerity of motives.

### **Managerial implications**

Some things are better left unsaid. However, in other occasions, silence may not be golden. This research shows that when companies with bad reputation publicizes CSR activity that is high in benefit salience, it is more effective to communicate to public about admittance of fault by acknowledging the negative consequences of its business operation and trying to amend the situation by pursuing CSR activities. CSR campaigns are most successful whenever suspicion is low. Ideally, suspicion is lower when benefit salience of the firm is low. However, if company inevitably engages in CSR campaigns that are high in benefit salience, it is better to be straight up honest about the current problem and communicate to the consumers how the CSR actions will ameliorate the situation.

As much as CSR initiatives are gaining popularity as marketing strategy, consumers are also becoming keenly aware of the strategic

importance and company's intentions. In a world of high information and fast communication, it is difficult to outsmart the consumers. It is almost impossible to trick consumers into believing that CSR initiatives are purely selfless good deeds, especially when the existing reputation of company is in contradicting position. The attempt to sugarcoat the CSR intention as naïve and public serving will only increase disdain. Thus, it is more sensible to acknowledge the negativity, and suggest concrete ways in which company will try to increase the social welfare through CSR actions.

Not until very recently, tobacco companies have officially admitted smoking has direct association with death of millions of people. Since then, tobacco companies have started to position themselves as good corporate citizens (Chapman 2004). Not only has effort towards CSR engagement of the tobacco industry heavily criticized by anti-tobacco NGOs, some opponents such as the World Health Organization have reprehensibly questioned the possibility of social responsibility in the tobacco industry. Tobacco companies try to demonstrate their effort on key aspects of mainstream CSR theory and practice such as corporate philanthropy, stakeholder collaboration, CSR reporting and self-

regulation. They are also campaigning anti-youth smoking and funding research on minimizing harmful products in tobacco. It is very sensitive issue, because smoking has very strong association with death. To prevent this CSR marketing from blame, tobacco companies should be more straightforward about the risks associated with smoking, admit that they are responsible for the negative externalities and construct solutions to prevent further damage to the society. By doing so, consumers will consider CSR message as more believable and doubt less about the underlying motives of CSR initiatives.

Similarly, socially stigmatized industries such as fast-food chains campaign for healthy eating. Instead of simply putting healthy options, educating consumers about balanced meal, dangers of obesity and consequences of excessive consumption of fast-food will weaken the public skepticism, will strengthen the believability of the information of the campaign and sincerity of underlying motives of CSR activities thus increase the company evaluation.

### **Limitations and directions for future research**

The data collected in this study was conducted only with example of tobacco manufacturing company. Cigarette has been considered to directly cause cancer and other related disease, thereby precipitating death. The result might not have been as robust had less sensitive product category example was used, such as fast-food chain or oil companies. It will bring broader and more useful managerial insight if in future studies, other product categories in socially stigmatized industry or in companies with bad reputation were examined.

Also, this study only measures the change in company evaluation as dependent variable. Even though perceived believability and sincerity of motives may increase due to the message framing of prevention focus message, actual purchase intention and willingness to pay may be influenced in other direction. Compared to promotion focus message, prevention focus message delineates harmful effect of smoking. Perceived honesty and genuineness of concerns may have positive influence on company evaluation, but after reading this message, people might be reluctant to use the product. Smokers may decide to quit smoking after being exposed to information on negative effect of smoking or spend less on buying cigarettes. Examining influence of

regulatory focus of CSR message on other consumer variables such as purchase intention and willingness to pay may also give marketing managers broader insight.

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## **Appendix**

### **Survey Questions**

Please read the following information about Kreston Corporation carefully and when you are done, respond to the questions. There are no right or wrong answers.

#### **<Prevention focus condition>**

“Kreston Corporation is a leading cigarette manufacturer in Ireland. In 2012, the company marked the highest revenues, income, volume, and market share among its competitors. Their employees range from world-class engineers and researchers to highly trained manufacturing specialists, to experts in sales, marketing, finance, communications, and human resources. Kreston has engaged in various CSR initiatives to support social issues.

“Kreston Corporation is holding annual conference on anti-youth smoking. It noticed that 90% of its customers have begun smoking before the age of 20. Even though teen customers are likely to be their long-term customers who will generate future profit, realizing that developing smoking habit in early age is even more hazardous than smoking among adults, company is taking initiative to educate the teens about dangers of smoking and prevent smoking among teenagers. These conference and community based events have raised awareness of dangers of youth smoking and actually reduced the smoking among high

school students in local areas.”

Please indicate what you think about the CSR initiatives of Kreston Corporation

1. CSR activity of Kreston Corporation is concerned with enhancement

“definitely not” 1 – 2 – 3 – 4 – 5 – 6 – 7 “definitely yes”

2. CSR activity of Kreston Corporation is concerned with protection

“definitely not” 1 – 2 – 3 – 4 – 5 – 6 – 7 “definitely yes”

Kreston Corporation is:

1. “extremely unfavorable” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely favorable”

2. “extremely negative” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely positive”

3. “extremely bad” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely good”

4. “extremely not likable” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likable”

Please indicate what you think about this CSR message and its truthfulness

1. We can depend on getting the truth in most CSR message.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

2. I believe CSR message is informative.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

3. CSR message is generally truthful.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

4. CSR message is a reliable source of information about the quality and performance of company.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

5. I feel I've been accurately informed after viewing most CSR messages.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

Please indicate what you think about the motives of CSR activity of Kreston Corporation

1. Kreston has genuine concerns for anti-youth smoking causes

“extremely unlikely” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likely”

2. Kreston sincerely cares about youth smoking when it supported various anti-youth smoking organizations

“extremely unlikely” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likely”

**<Promotion focus condition>**

“Kreston Corporation is a leading cigarette manufacturer in Ireland. In 2012, the company marked the highest revenues, income, volume, and market share among its competitors. Their employees range from world-class engineers and researchers to highly trained manufacturing specialists, to experts in sales, marketing, finance, communications, and human resources.

“Kreston Corporation is one of the largest corporate supporter of cancer research and health causes, and the most generous benefactor to the national cancer research lab. The donation to the cancer research lab enables to equip the lab with the most high-end equipment needed for research and recruit the most prestigious cancer researchers around the world. This lab has produced astonishing research result which may be used to produce less painful cure with fewer side effects that can substitute radiation therapy.”

Please indicate what you think about the CSR initiatives of Kreston Corporation

1. CSR activity of Kreston Corporation is concerned with enhancement

“definitely not” 1 – 2 – 3 – 4 – 5 – 6 – 7 “definitely yes”

2. CSR activity of Kreston Corporation is concerned with protection

“definitely not” 1 – 2 – 3 – 4 – 5 – 6 – 7 “definitely yes”

Kreston Corporation is:

1. “extremely unfavorable” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely favorable”
2. “extremely negative” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely positive”
3. “extremely bad” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely good”
4. “extremely not likable” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likable”

Please indicate what you think about this CSR message and its truthfulness

1. We can depend on getting the truth in most CSR message.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

2. I believe CSR message is informative.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

3. CSR message is generally truthful.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

4. CSR message is a reliable source of information about the quality and performance of company.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

5. I feel I've been accurately informed after viewing most CSR messages.

“totally disagree” 1 – 2 – 3 – 4 – 5 – 6 – 7 “totally agree”

Please indicate what you think about the motives of CSR activity of Kreston Corporation

1. Kreston has genuine concerns for cancer and health causes

“extremely unlikely” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likely”

2. Kreston sincerely cares about cancer and health when it supported various cancer and health organizations

“extremely unlikely” 1 – 2 – 3 – 4 – 5 – 6 – 7 “extremely likely”

Demographic Questions

1. What is your age?

- Under 20
- 21-30
- 31-40
- 41-50
- 51 or older

2. What is your sex?

- Male
- Female

3. What is the highest degree or level of school you have completed?

- No schooling
- Elementary school to middle school
- High school diploma or the equivalent
- Bachelor's degree
- Master's degree
- Doctorate or higher

4. Are you a smoker?

- Yes
- No