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**Sustainable Business Concepts and Practices**

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# WHAT REALLY MATTERS: INVESTIGATING THE CONSUMER PERCEPTION OF FIRM'S CSR SIGNALS INTO A CORPORATE SOCIAL IRRESPONSABILITY CRISIS

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## ABSTRACT

We define Corporate Social Responsibility (CSR) as the commitment of several firms to reduce dangerous effects caused by their business, and the choice to have a positive social policy toward stakeholders (Mohr *et al.*, 2001). Nonetheless, in recent years we have observed a number of firms that, despite their declared CSR commitment, have engaged in a behavior inconsistent with their own policies, with negative consequences for different stakeholders, including consumers (Bundy *et al.*, 2017; Valor *et al.*, 2022). Literature has termed this phenomenon in many ways and, for the purpose of this work, we will use the name “Corporate Social Irresponsibility” (CSI) (Valor *et al.*, 2022).

Several scholars have enlightened the consumer's negative perception of firms' CSI behaviour, and how this perception may be reflected on an organization's reputation (Coombs and Holladay, 2015). Nonetheless, firms could moderate this negative perception of CSI, thanks to their previous CSR brand reputation (Lin-Hi and Blumberg, 2018). The presence of previous information about positive, virtuous CSR behavior can protect firms from CSI episodes and, consequently, it can preserve the intangible asset of corporate reputation from customers (Lin-Hi and Blumberg, 2018; Wei *et al.*, 2017).

The presence of previous information about a firm's CSR commitment underlying the corporate reputation can become a useful tool when CSI consequences fall into crisis (Coombs and Holladay, 2015; Wei *et al.*, 2017). In this context, Spence's signaling theory offers a good starting point to understand why previous information is relevant, explaining how firms use the information to signal to stakeholders their CSR commitment (Wei *et al.*, 2017) and, subsequently, mitigate the effect on consumers reactions due to CSI crisis on organization's assets (Bundy *et al.*, 2017; Valor *et al.*, 2022).

The role of information asymmetry and CSR on corporate reputation has been explored by several studies, as well as their relations with crisis management (e.g. Coombs and Holladay, 2015; Coombs, 2007; Valor *et al.*, 2022). However, academic literature has pointed to a gap in CSR and crisis studies, enlightening how we need to understand customers' influence on firm actions (Ham and Kim, 2019), a topic that has not yet been explored in depth. Specifically, there is a literature gap about which previous information relative to CSR commitment is useful to firms to mitigate CSI's crises effects on

consumers. Building on the ground of the above, we pose our two research questions: a. What kind of previous information relative to firm CSR commitment do consumers consider relevant with respect to corporate reputation in CSI crises? And b. How is this previous information perceived by consumers with respect to corporate reputation ?

Our research is a work in progress. Building on our research question, we propose to adopt a qualitative, cross-sectional approach. Our sample will be collected among consumers of firms who have the following conditions: a. Have faced a CSI crisis, and b. Have adopted a CSR clear policy before the CSI crisis. We will conduct a series of semi-structured interviews and apply the Gioia methodology. This choice is grounded on the necessity to analyse future data with an inductive approach, assuring the latter with a rigorous and systematic methodology to manage the qualitative outputs (Gioia *et al.*, 2013).

The future outputs of this research should provide us with several potential new themes and elements, useful in defining what types of previous information consumers receive and what meaning they attribute to it.

The potential findings should have both theoretical and managerial implications. First, they could contribute to filling a gap in the literature relative to CSI, customers' reaction, and crisis communication. Second, they could support the firm's managers with new insights useful to set up CSR communication strategies.

*Keywords: CSR, CSI, Crisis management, Signaling theory, Consumers, Qualitative*

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