

CSR as crisis risk: expanding how we conceptualize the relationship

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Abstract

Purpose – The purpose of this paper is to explore the role of corporate social responsibility (CSR) as a crisis risk. The bulk of the current research on CSR and crisis examined the role of CSR as an asset in a crisis. CSR as crisis risk is a direct function of CSR's increasingly important role in reputation management. CSR has become an important aspect of corporate reputations – it is one of the dimensions used to assess a corporation's crisis. The value of CSR to reputations is illustrated in the RepTrak reputation measure from the Reputation Institute and the value it places upon CSR. If stakeholders can challenge CSR claims by arguing a corporation is acting irresponsibly, the stakeholders can erode the corporation's reputational assets by creating a challenge crisis. A CSR-based challenge occurs when stakeholders redefine a corporation's current practices as irresponsible. The CSR-based challenge can be risk because it can damage reputational assets and potentially escalate into a crisis. CSR becomes a leverage point for stakeholders seeking to engage in a challenge crisis. As corporations place more value on the CSR dimension of reputation, CSR-based challenge becomes an increasingly powerful leverage point.

Design/methodology/approach – The paper is conceptual with an emphasis on theory building.

Findings – The manuscript details the CSR-based challenge process. It examines the nature of CSR-based challenges, how they can become threats to corporations, and how corporations can respond to the threats. There is also an explanation of how CSR-based challenges indicate the shift to private politics/social issues management and the implications of this shift for advancing a neoliberal perspective.

Practical implications – CSR and crises have a much more complex relationship than current research has identified. CSR can be a crisis risk, not just an asset used to protect a reputation during a crisis. CSR can be the reason a crisis exists and threatens a corporation – it is a crisis risk. The primary manifestation of CSR as a crisis risk is the challenge crisis premised on social irresponsibility, what the authors term the CSR-based challenge crisis. This paper will detail the process whereby CSR is transformed from a crisis resource to a crisis threat. The end result of this analysis will be set of insights into CSR-based challenge crises. These insights can help stakeholders seeking to create social change through a challenge and corporate managers seeking to address a challenge crisis.

Social implications – Challenge crises are an example of private politics/social issues management, when stakeholders seek to create changes in corporate behavior by engaging the organization directly rather than through public policy efforts. The paper offers insights into how social issues management can work to create social change by altering problematic corporate behaviors.

Originality/value – There is limited research into CSR as a crisis risk and in understanding how challenge crises help to create social change. This paper will provide new insights into CSR as a crisis risk, challenge crises, and private politics. Ideas from public relations, corporate communication, and political communication will be fused to create a novel framework for illuminating these related topics.

Keywords Risk management, Corporate social responsibility, Crisis, Challenge, Private politics, Reputation management

Paper type Conceptual paper



In January of 2014, the British luxury brand Burberry announced its commitment to end the use of toxic chemicals in its clothing production by 2020 (Burberry, 2014). Though not mentioned in the news release, the responsible action was a result of pressure from the Little Monsters campaign orchestrated by Greenpeace. Over 10,000 Tweets, hundreds of Facebook posts, and in-person protests in six countries all asking Burberry to “detox” occurred shortly before the announcement (Greenpeace, 2014). Burberry was faced with what the authors term a corporate social responsibility (CSR)-based challenge, a situation where stakeholders seek to redefine current organizational practices as irresponsible. A CSR-based challenge creates a reputational risk that can escalate into a crisis if it is not handled effectively by the organization. Burberry is not an isolated example. Here is a sampling of organizations that have faced CSR-based challenges over the past three years: Honeymade Graham Crackers, Apple, HP, Lego, Adidas (three times), H&M (three times), General Mills, Zara, Hershey’s, Dolce & Gabbana, A&E Network, Primark, Yum Brands, Levi-oombsStrauss, Dr Pepper, Victoria’s Secret, Starbucks, Li-Ning, PepsiCo, Nike, Sea World, GAP, Chik-fil-a, and Versace (twice). Moreover, researchers have observed a rise in stakeholder challenges to organizational behavior and policies (e.g. King, 2011).

So how can CSR create a risk for a crisis when CSR is typically considered an asset during a crisis? The answer resides in the linkages between CSR, reputation, and crisis. Reputation is the lynchpin between the concepts. Organizations often use CSR activities to help build favorable reputations. CSR has become an essential strategic tool, but not the only means, for cultivating positive reputations (e.g. Fombrun, 2005). Furthermore, reputation plays a central role in crisis communication. Reputation is both a key outcome for crisis communication and a specific type of crisis. Experts have long held that crises are threats to the valued reputational asset (e.g. Barton, 2001). Moreover, while traditional crises focus on potential disruption to operations, there is an emerging interest in crises that are premised predominantly on reputational threats (Booth, 2000; Sohn and Lariscy, 2014). By publicly engaging in CSR efforts to enhance the organization, managers can be creating new crisis risks. When CSR become integrated into the corporate reputation and become a public expectation, perceptions of social irresponsibility become a reputational threat. Stakeholders who are dissatisfied with a corporation’s social performance can manufacture a reputationally based threat and a potential crisis by challenging an organization’s commitment to responsible behavior. This is not a case of stakeholders exposing greenwashing (Delmas and Burbano, 2011) or other hypocrisies but rather challengers redefining current corporate practices as being socially irresponsible (Coombs, 2010b). If other stakeholders believe the challenge, the organization’s reputation will suffer. In this way a challenge can transform a CSR program from a potential asset to a potential liability. A CSR-based challenge claims that a corporation is operating in an irresponsible manner and qualifies as a type of reputational crisis (Coombs, 2015). In this way a CSR-based challenge is a specific type of risk that can progress into a crisis. This manuscript explores the CSR-based challenge by developing the links between CSR and crisis communication then explicating the dynamics of the CSR-based challenge.

Linking CSR and crises

Research has established connections between CSR and crises. CSR is a common business practice that is studied by different disciplines (e.g. management, communication, ethics, marketing, psychology, advertising, etc.) through various approaches (e.g. see general CSR overviews by Bhattacharya *et al.*, 2011; Carroll, 1999; Chandler and Werther, 2014). As Carroll and Shabana (2010) attest, the “idea that business enterprises have some

responsibilities to society beyond that of making profits for the shareholders has been around for centuries (p. 85). (e.g. see Carroll, 1999, for reviews of its evolution within US business practices and research). Though definitions of CSR are varied and contested, they generally reflect a focus on “shared value” for business and society. For example, the European Commission (EC) has defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, 2010, p. 3). The EC’s most recent definition describes it as “the responsibility of enterprises for their impacts on society” (European Commission, 2010, p. 6). The Commission encourages that enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” (European Commission, 2010, p. 6).

Crises are typically considered events that threaten organizational assets. Reputation is a common corporate asset that can be damaged by a crisis (Barton, 2001). In large part, the field of crisis communication was developed to understand how communication can be used to protect reputational assets during a crisis (Benoit, 1995; Coombs, 2010a). However, other situational factors can influence the reputational damage of a crisis. These situational factors include prior reputation and brand loyalty (e.g. Ahluwalia *et al.*, 2000; Dean, 2004). CSR has been identified as a relevant situational factor in crisis communication as well (e.g. Bebbington *et al.*, 2008; Coombs, 2007; Palenchar *et al.*, 2011). Thus reputation is a key element in the research linking CSR and crisis communication. We begin by building the connection between CSR and crisis with a definition of crisis, then progress to a discussion of reputation as an outcome, and conclude by considering reputation as a type of crisis.

The first point we must develop is the connection between CSR and crises. Coombs (2015) defined crisis as “the perception of an unpredictable event that threatens important expectancies of stakeholders related to health, safety, environmental, and economic issues and can seriously impact an organization’s performance and generate negative outcomes” (p. 3). Traditionally, crises have been linked to operational disruptions such as industrial accidents. A crisis is an event that can or does inhibit a corporation’s ability to operate (Barton, 2001). However, there is a reputational dimension to operational crises because any crisis can damage a corporation’s reputation (e.g. Barton, 2001). In fact, one of the negative consequences identified by Coombs (2015) is damage to the organizational reputation. Risk can be defined as the potential to do harm or the exposure to loss. A crisis risk is a factor that has the potential to develop into a crisis and harm corporations and/or stakeholders (Coombs, 2015).

The primary linkage between CSR and crisis communication is reputation. While reputation is not the sole focus of crisis communication, reputation is the dominant variable in the study of crisis communication. Considerable attention is directed toward efforts designed to protect reputational assets during a crisis. This entails examining reputation as an outcome variable in crisis communication (e.g. Coombs, 2010a). Researchers have sought to identify what other variables might influence the damage a crisis inflicts on the corporate reputation, including prior reputation and brand loyalty (e.g. Ahluwalia *et al.*, 2000; Dean, 2004). CSR is another variable believed to affect the crisis-reputation relationship. Extant CSR-related crisis research has focussed on how CSR initiatives can be an asset during a crisis (e.g. Eisenegger and Schranz, 2011). Treating CSR as an asset is an extension of the value of a favorable pre-crisis reputation during a crisis.

Asset view of CSR: reputation as an outcome

As noted earlier, engaging in CSR initiatives is one of a list of stakeholder favorable predispositions that are considered assets during a crisis. Essentially, these favorable predispositions serve to counter the potential negative impact from a crisis (Vanhamme and Grobбен, 2009). CSR initiatives may have a positive effect on crises because of the favorable feelings generated by CSR activities. Experimental studies demonstrate that corporations in crisis fare better across a number of post-crisis indicators when the corporation is known to be socially responsible (e.g. Assiouras *et al.*, 2013; Vassilikopoulou *et al.*, 2009). However, because CSR interacts with other situational factors in a crisis, CSR may not be an automatic benefit during a crisis.

Vanhamme and Grobбен (2009) found that CSR history was a factor. Corporations with longer histories of CSR realized greater benefits during a crisis than corporations with shorter histories. The key explanatory factor was the connection between CSR history and consumer skepticism. Consumers were more skeptical of claims from corporations with shorter CSR histories (Vanhamme and Grobбен, 2009). The type of crisis also influences the value of CSR in a crisis. Sohn and Lariscy (2012) used Brown and Dacin's (1997) distinction between corporate ability (CA) and CSR aspects of corporate associations to examine CA and CSR crises. Their data showed that CSR was beneficial (a reputation buffer) in CA crises but not in CSR crises. They concluded that the expectation violation in the CSR crisis nullified any benefit rooted in CSR initiatives. The idea is that if a corporation has a strong record of CSR activity, the CSR crisis violates expectations. The expectation violation then removes any potential benefits associated with the corporation's prior CSR activities (Sohn and Lariscy, 2012).

Kim *et al.* (2009) examined the effects of crisis communication using CSR messages as part of the crisis response. The CSR message used was a type of bolstering that reminded stakeholders of past good works (Benoit, 1995) and noted the corporation's community involvement and contributions to charity. This study examined CA and CSR crisis types as well. The results indicated that CSR messages in a CA crisis produced lower attributions of crisis responsibility. However, that same pattern did not hold true in CSR crises (Kim *et al.*, 2009). Given that crisis responsibility is linked strongly to reputation damage and anger (Coombs and Holladay, 2008), CSR messages have some utility as crisis response strategies and thus can be a useful form of bolstering.

CSR as potential liability

A general assumption in the crisis communication literature is that strong perceptions of CSR is an asset to a corporation in crisis. However, in the broader CSR literature, CSR is known to be a liability as well. If poorly executed, CSR efforts can be harmful to a corporation. Some of those problems include negative effects from greenwashing (e.g. Lim *et al.*, 2013) or CSR efforts not matching the organization's mission (e.g. a lack of "fit" between the organization and the CSR initiative) (Sen and Bhattacharya, 2001). While these are important CSR liabilities, they are not directly related to the idea of a CSR-based challenge. To develop more fully the idea of CSR as a crisis risk, we need to explore early works that examine CSR as risk management and the fit between CSR-based challenge crises and reputational crises.

One rationale for managers to engage in CSR initiatives and CSR reporting is that it serves as a form of reputation risk management (Bebbington *et al.*, 2008; Eisenegger and Schranz, 2011; Fombrun, 2005; Fombrun *et al.*, 2000; Friedman and Miles, 2001).

CSR plays an important part in the creation of corporate reputations (Fombrun, 2005; Schnietz and Epstein, 2005). According to a 2012 study by the Reputation Institute, 42 percent of a company's reputation is based upon perceptions of their CSR efforts. Moreover, CSR perceptions are linked to important outcomes such as recommending the company (Smith, 2012). It follows that a threat to CSR is a threat to corporate reputation and to the well-being of the corporation. If corporations do not demonstrate that they are addressing certain social and/or environmental concerns, their reputations will be harmed (Zyglidopoulos, 2001).

Crisis management includes efforts to mitigate crisis risks in order to prevent the occurrence of crises (Coombs, 2015). Hence, CSR efforts can be viewed as a form of crisis mitigation/prevention. As Palenchar *et al.* (2011) noted, "Researchers in risk and CSR acknowledge the interconnectedness of the two fields" (p. 193). Underlying idea of CSR as risk management is stakeholder expectations. Increasingly, stakeholders expect corporations to address certain social and/or environmental issues (Bebbington *et al.*, 2008; Hermann, 2008). Thus, failing to address these CSR concerns violates expectations and one defining characteristic of a crisis is the violation of stakeholder expectations (Coombs, 2015). "All those who significantly violate the environmental or human rights must expect serious damage to their reputations" (Eisenegger and Schranz, 2011, p. 133). We can posit that CSR initiatives can be a risk that might precipitate a crisis when corporations fail to address CSR concerns that are salient to their stakeholders. The next section elaborates on how CSR can become a type of crisis.

The origins of crisis management are associated with efforts designed to address potential disruptions to the operation of an organization (Fink, 1986). While a strong focus on operational issues persists in the crisis communication literature, there is a long tradition that examines reputational crises as well. Booth (2000) traced interest in reputational crises back to Fink's (1986) seminal work on crisis management. Booth (2000) defined a reputational crisis as "the loss of the common estimation of the good name attributed to an organization" (p. 197). Sohn and Lariscy (2014) argued that while an established line of research, the concept of reputational crisis was poorly developed. It is easy to see the vagueness in Booth's (2000) definition of reputational crisis. Sohn and Lariscy refined the definition of reputational crisis as "a major event that has the potential to threaten collective perceptions and estimations held by all relevant stakeholders of an organization and its relevant attributions" (p. 24). Sohn and Lariscy (2014) followed Fischer and Reuber's (2007) idea that "an organization has a reputation for something" (p. 25) and further distinguished between CA and CSR reputational crises.

The CA-CSR distinction matters because a reputation for CA could be different than the reputation for CSR. A CA reputational crisis is "a critical event that adversely affects reputation associated with expertise of products and service, technological innovation, and industry leadership" (Sohn and Lariscy, 2014, p. 25). A CSR reputational crisis "is conceptualized as a major event that poses a threat to reputation associated with norms and values cherished by society and socially expected obligation" (Sohn and Lariscy, 2014, p. 25). CA reputational crises lead stakeholders to question the ability of a corporation while a CSR reputational crisis leads stakeholders to question a corporation's integrity or sense of responsibility. Research demonstrates a crisis inflicts greater damage to stakeholder trust when it is based on issues of integrity rather than ability (Sohn and Lariscy, 2014). Due to the risk posed by CSR reputational crises, Sohn and Lariscy (2014) argued for the "importance of investing more resources in preventing a CSR crisis" (p. 36).

Sohn and Lariscy (2014) limited their conceptualization of reputational crises to event-based crises. Returning to the definition by Coombs (2015), crises can be driven by stakeholder perceptions. If stakeholders perceive a corporation has violated important expectancies, the stakeholders will perceive the corporation to be in a crisis. Managers must then decide whether or not they agree with the stakeholder assessment that a crisis exists (Coombs, 2015). Booth (2000) identified an associational reputational crisis that is a result of the corporation being associated with “some other activity, entity, or incident” (p. 197) rather than an existing crisis. The associational reputational crisis is similar to Lerbinger’s (1997) idea of a challenge crisis. In a challenge crisis, stakeholders accuse the corporation of acting inappropriately. We have narrowed Lerbinger’s (1997) concept of challenge crisis to situations where stakeholders redefine a corporation’s operations as being irresponsible – the CSR-based challenge.

In general, reputational crises are less event-driven, such as an explosion or gas leak, and more dependent on how stakeholders perceive and communicate about the situation. Keep in mind that stakeholder perceptions are also a critical part of the definition of a crisis (Coombs, 2015). In a way, the social construction processes are central to perceiving and identifying a crisis.

It could be argued that the CSR-based challenge is a form of paracrisis. A paracrisis is a situation where a corporation must manage a crisis risk in public (Coombs and Holladay, 2012c). The networked society (Castells, 2009) makes this an increasingly likely scenario. The organization’s communication as well as stakeholder communication about the situation could be observed by and potentially involve other stakeholders. When Greenpeace argued Nestlé’s sourcing of palm oil was irresponsible, the challenge appeared in a number of social media channels including YouTube and Facebook. Nestlé had to manage this crisis risk in full view of its customers and other stakeholders. A failure to properly engage with stakeholders to co-create meanings surrounding the paracrisis, such as a CSR-based challenge, could result in the creation of an actual reputation crisis (Coombs and Holladay, 2012c).

Summary

In general, CSR efforts are viewed as an asset in crisis communication and crisis management. In an actual crisis, CSR can serve to buffer the corporation from harm as well as serve to bolster the corporation’s reputation. However, there are limitations to the benefits of CSR in a crisis. Sohn and Lariscy (2012) noted violations of CSR expectations as one limit, an idea that is consistent with the greenwashing research. When a crisis violated CSR expectations (i.e. a CSR crisis), the buffering value of CSR was eliminated. These expectations are the foundation for our argument that CSR represents a distinct type of crisis risk. It is predicated on the belief that engaging in CSR activities creates expectations that form a unique crisis risk. There is a societal expectation that organizations should act in a socially responsible manner. This expectation is enhanced by CSR initiatives becoming common place organizational activities (e.g. Eisenegger and Schranz, 2011). The threads for this argument appear in the CSR literature (e.g. Fernández-Feijóo Souto, 2009; Sohn and Lariscy, 2012). This manuscript serves to weave those threads into a more complete tapestry that explicates the role of CSR as crisis risk in the concept called the CSR-based challenge risk.

The CSR-based challenge risk and crisis creation

Lerbinger (1997) was the first to identify the challenge crisis type. The challenge crisis is unique because it involves claims by some group of stakeholders that a corporation

is acting in a way that is irresponsible or immoral. As opposed to most other crises, there is no specific trigger event for a challenge crisis. The stakeholders are not reacting and trying to debunk social responsibility claims being advanced by the organization. The crisis is communicatively when certain stakeholders advance charges or social irresponsibility. A crisis risk and actual crisis may emerge if other stakeholders begin to support the original challenge. Keep in mind not all stakeholders will know or care about the challenge – there is always dissensus among stakeholders. Unfortunately, the dynamics of a challenge crisis are underdeveloped (Coombs, 2010b). This section articulates the challenge crisis dynamic with an emphasis on CSR-based challenges as a potential catalyst for a reputational crisis. The goal is to understand what makes a challenge a serious crisis risk (reputational threat), the primary communicative responses to the challenges, and factors influencing the selections of the challenge response.

At this point it is important to differentiate the CSR-based challenge and the crisis it might create from the concept of greenwashing. In both cases irresponsible behavior is exposed and damages the corporate reputation. Greenwashing is predicated on deception by misleading stakeholders about environmental benefits or performance (Delmas and Burbano, 2011). A corporation overstates its environmental responsibility claims. The corporation is viewed as a hypocrite when it is shown to be less green than it claims to be (Laufer, 2003; Munshi and Kurian, 2005). In contrast, a CSR-based challenge can ferment a crisis by redefining current corporate practices as irresponsible. The corporations are not exposed for a failure to live up to their CSR claims, rather, the company is criticized for not being as responsible as they could be in their operations after current, accepted practices become redefined as irresponsible and unacceptable (Coombs, 2010b). The stakeholders contest currently accepted practices. Examples would include redefining sourcing of lumber from old growth forests or purchasing palm oil from unsustainable suppliers as irresponsible.

Corporate irresponsibility

A CSR-based challenge seeks to establish that a corporation is acting in an irresponsible manner. Lange and Washburn (2012) have used Attribution Theory to explain how stakeholder views of irresponsible behavior are formed, what they term a model of corporate social irresponsibility attributions. Lange and Washburn (2012) begin with the attribution assumptions that people spontaneously make causal analyses (e.g. engage in sense making) and will assign blame after making these causal analyses. Lange and Washburn (2012) build their model of corporate social irresponsibility attributions on three points: stakeholders recognize there is an undesirable societal outcome; stakeholders perceive the corporation is responsible for the undesirable societal outcome; and stakeholders feel the victims of the undesirable societal outcome could not prevent the undesirable effect. Attributions of social irresponsibility begin with the identification of an undesirable societal outcome such as chemicals making people ill. Next, stakeholders must link the corporation to those undesirable societal outcomes. Lastly, stakeholders must not believe the victims are complicit in the process. If the victims are willing accomplices in the creation of the negative impacts, the attribution of corporate irresponsibility is diminished. A corporation has less responsibility for an undesirable societal outcome if victims could have prevented the negative events. For the CSR-based challenge to become a serious risk, stakeholders must accept the redefinition of the current corporate practices as irresponsible.

The basic challenge

An effective CSR-based challenge creates the sense of irresponsibility and should utilize the three points from the Lange and Washburn (2012) model. The model represents an attempt by stakeholders to control the meaning of organizational behaviors. We are following the rhetorical view of definition as an interpretation of motives advanced by Kenneth Burke (Dionisopoulos and Crable, 1988). The CSR-based challenge assigns negative motives to the corporation by defining its actions as irresponsible. Definitions are contested and stakeholders use their communicative resources to convince others that the identified behavior is socially irresponsible. A CSR-based challenge begins by stakeholders establishing that an undesirable societal outcome exists. The challengers must convince other stakeholders that society is being harmed in some way. There has to be some negative outcome people should care about. Next, challengers must establish a link between the target corporation and the undesirable societal outcome. Evidence must be presented to prove the corporation has some responsibility for the negative outcome. The corporation's perceived connection to the undesirable societal outcome serves as a violation of expectations as well. Corporations are expected to be responsible, not irresponsible. This connection should include an explanation of how the victims are powerless to stop the corporation and how the outcome is negative for society. These three points provide the foundation for a challenge. For instance, Greenpeace documented the use of specific toxic chemical in the production of clothing by Adidas and the harm those chemicals have done to workers making the fabric. Greenpeace was able to establish that Adidas' current practice should be viewed as irresponsible.

Challenge and response

When facing a CSR-based challenge, managers may respond in various ways. The purpose of this section is to identify the basic response options available to managers and the situations in which each strategy might be used. A CSR-based challenge presents a risk that could evolve into a crisis but is not yet an actual crisis. In other words, a CSR-based challenge is a risk that has the potential to escalate into a crisis. Hence, the literature on crisis communication strategies can be instructive though its crisis response strategies are not an ideal fit. However, both the CSR-based challenges and potential responses to challenges have a great deal in common with protest rhetoric and how authorities respond to challenges from protestors. The application of the protest rhetoric literature offers a heuristic lens for understanding the dynamics of the CSR-based challenge. The theory of agitation and control provides a dynamic/interactive view for challenger-organization dynamic that is consistent with emerging CCO perspectives on CSR (e.g. Schultz *et al.*, 2013). The CSR-based challenge is an "alternative reality" that is created by a select group of stakeholders and is facilitated by social media, a point we shall return to shortly (Castellò *et al.*, 2013).

The rhetoric of agitation and control is a theoretical framework developed in social movement studies to understand how the establishment responds (termed "control actions") to challenges from protestors (termed "agitation actions") (Bowers *et al.*, 2009). Petition signals the start of the agitation and control interaction. A petition is when a group asks the establishment to change its behaviors and policies. For CSR-based challenges, the petition is when the challenger requests the corporation to change the behavior it deems socially irresponsible. A failure to petition undermines the credibility of the challenger. The corporation (establishment) can say it has been unfairly attacked

because it would have made the changes if requested to do so (Bowers *et al.*, 2009). Prior to launching the Detox campaign designed to eliminate certain toxins from the fabric supply chain, Greenpeace petitioned all the major global clothing corporations to stop the practice. All of the corporations denied the request and Greenpeace posted the refusals on its web site.

Agitation occurs when groups outside the establishment try to change the establishment (Bowers *et al.*, 2009). The challenging stakeholders are outside of the decision structure of the corporation, thus, a CSR-challenge is a form of agitation. When corporations reject the challenger's request, challengers are likely to engage in extra-institutional tactics designed to increase awareness of the social issue and garner support for the challenger's claim that the corporation is acting in a socially irresponsible manner. Extra-institutional tactics are activities designed to subvert conventional politics and bypass traditional inputs (McAdam, 1982). Challengers' use of social media to criticize the organization and in-person actions such as protests at stores classify as extra-institutional tactics. Extra-institutional tactics are similar to the promulgation agitation strategy. Promulgation seeks to make people aware of a problem and win social support for the protestor's position (Bowers *et al.*, 2009). Promulgation is used after petition fails. Promulgation creates a situation where authorities must decide how they will respond to the protest. Similarly, corporate managers must decide how to respond to the CSR-based challenge that now may be gaining attention beyond the ranks of the initial petitioners. The nature of social media and the networked society increases the likelihood of spreading awareness to stakeholders.

There are four control strategies: avoidance; suppression; adjustment; and capitulation. Avoidance involves counter-persuasion intended to convince the challengers they are wrong. Suppression involves efforts to silence a spokesperson for the agitators. Adjustment occurs when some modifications are made to goals, structures, or personnel. Capitulation involves making all the changes demanded by the agitators (Bowers *et al.*, 2009). The rhetoric of control was developed to analyze social movement challenges to the establishment. While there are parallels to CSR-related challenges, modifications are required as we move control from one research domain to another.¹

As previously mentioned, because CSR-based challenges represent a unique type of crisis risk, the crisis communication literature holds some relevance. Benoit (1995) provides the most detailed discussion of crisis response strategies in his analysis of image restoration strategies. What makes Benoit's strategies unique is his integration of apologia (rhetoric of self-defense) and account analysis. An account is an "explanation of our behavior to others" (Benoit, 1995, p. 50) and fits well with crisis responses (Allen and Caillouet, 1994). Again, the CSR-based challenge is a risk that can escalate into a crisis; hence, the crisis communication literature is informative but not a perfect fit. The inventory of CSR-based challenge responses was developed through an integration of control and image restoration strategies coupled with a review of actual CSR-based challenge responses. Control and image restoration are both grounded in rhetoric, the study of how communication is used to shape meaning. The shared rhetorical base provided a solid rationale for integrating these two lines of research. In addition, the examination of actual CSR-based challenges provides some ecological validity for the inventory. The syntheses of these three sources provided a list that is related to crisis communication but driven by the unique agitation-control dynamic present in CSR-based challenges and reflects the actual cases of CSR-based challenges. The synthesis is summarized in Table I.

Six broad strategic response options were identified for corporate managers faced with a CSR-based challenge: refusal; refutation; repression; recognition/reception; revision; and reform. Refusal is when managers ignore the challenge and offer no response. There is no equivalent in the control strategies but some corporations choose to ignore completely a CSR-challenge. For instance, Hershey's ignored the CSR-based challenge from Green American for over two years. Although Benoit (1995) does discuss silence, an equivalent to refusal, as a strategy, he does not include it in his final list of image restoration strategies. He notes that his desire to focus on proactive strategies led him to exclude silence (Benoit, 1995).

Refutation seeks to demonstrate the challenge is invalid and reflects the avoidance control strategy. The avoidance strategy includes counter-persuasion where the establishment argues for maintaining the current situation. Managers argue that they are compliant with key stakeholder expectations and therefore do not need to make any changes. The two sub-strategies of refutation are denial with evidence and dispute. Denial with evidence claims there is no violation and provides evidence of how the corporation is meeting important stakeholder expectations. This is consistent with Benoit's (1995) denial strategy derived from apologia. Managers can argue the situation is a result of a lack of awareness or a misinterpretation of actual corporate behaviors. Dispute can involve debating the merits of the expectations. The corporate managers argue that the expectations are invalid because most of their stakeholders do not hold the violated expectations. Hence, no change is necessary because the violated expectation is limited to a small group of stakeholders that lack salience. For example, when Honeymaid Graham Crackers refused to discontinue use of a commercial featuring gay couples, the corporation argued that love was what its stakeholders valued most, not opposition to gay marriage. Part of the dispute response can include efforts to marginalize the challenging stakeholders.

Repression involves efforts to stop the challenge from spreading and is similar to the suppression control strategy. Repression can be found in the suppression control strategy and Benoit's (1995) attack-the-accuser strategy. Managers take actions to prevent challengers from communicating about the concern. Lawsuits are a typical strategy organizations use to silence critics (Coombs and Holladay, 2010). Because people fear the cost of a lawsuit, the mere threat of a lawsuit can silence challengers. Repression, however, can be a pyrrhic victory. Repression precludes the free flow of ideas, a foundational element of free speech and democracy. Repression tactics can create a backlash as other stakeholders express their displeasure over such a harsh response. For instance, Nestlé suffered a backlash when it tried to have a Greenpeace

Theories that informed the List
Benoit's (1995) image restoration
strategies

(Silence)
Denial

Attack the accuser
Defeasibility
Corrective action
Corrective action

Control strategies

Avoidance (counter-persuasion)

Suppression
Adjustment
Capitulation

CSR-challenge responses

Refusal
Refutation
Denial with evidence
Dispute
Repression
Recognition/reception
Revision
Reform

Table I.
Response options
for CSR-based
challenges

video removed from YouTube that claimed its palm oil sourcing was irresponsible (Coombs, 2014). The internet makes repression even less viable because of the potential to make other stakeholders aware of the aggressive organizational actions.

Recognition/reception is when the corporation acknowledges the problem and stakeholder concerns. However, the corporation makes no commitment to change and may not engage in a discussion of the topic with the stakeholders. Although there is no equivalent in the control strategies, this strategy does appear in actual CSR-based challenge cases. Apple's preliminary response to claims of irresponsible sourcing of conflict minerals, for instance, was simply to recognize the problem but take no action. Benoit's (1995) defeasibility strategy fits with recognition/reception because it recognizes a crisis did occur. Defeasibility argues the corporation lacked information about or control over important elements in a situation. The managers experiencing a crisis note there is a crisis but distance the corporation from the crisis and do little to address the crisis.

Revision occurs when managers make minor modifications that are consistent with the demands of the challengers. There is some change but not the exact change demanded by the challengers. Moreover, managers do not recognize the changes were a result of the challenge. This parallels the adjustment control strategy where the establishment implements some minor changes but not those specifically requested by the protestors (Bowers *et al.*, 2009). Benoit's (1995) corrective action fits with revision as well. In corrective action, managers take some actions designed to address problems created by the crisis. For example, Nestlé implemented some modifications to its palm oil sourcing after the challenge from Greenpeace but actually worked with a different NGO to change its sourcing practices.

Reform has managers note there is a problem and that they are working with stakeholders to overcome an undesirable societal outcome. The challenge is legitimized through the appearance of collaboration because the corporation is taking action to change behaviors. By partnering with the stakeholders who identified the negative outcome, other stakeholders can have increased confidence that the solution will indeed correct the undesirable societal outcome. Reform reflects the capitulation control strategy where the establishment gives into all the demands of the protestors (Bowers *et al.*, 2009). Benoit's (1995) corrective action corresponds to reform as well. Managers might take extensive action designed to restore the situation to its pre-crisis setting and/or take actions to prevent a repeat of the crisis (Benoit, 1995). Corrective action is a type of reform if the changes the corporations implement are consistent with changes stakeholders requested following the crisis. With the Detox campaign, Greenpeace has defined the use of certain toxic chemicals in the production of fabric as irresponsible. Adidas acknowledged the Greenpeace Detox campaign when it agreed to Greenpeace's demands to remove certain toxins from its fabric supply chain.

Influences on the corporate response

When stakeholders (challengers) engage in a CSR-based challenge, the salience of the stakeholders for management plays a critical role in the organizational response to the challenge. Mitchell *et al.* (1997) defined stakeholder salience as the "degree to which managers give priority to competing stakeholder claims" (p. 869). The claim in CSR-based challenges is the definition of organizational practices as harmful and irresponsible. Mitchell *et al.* (1997) define salience in terms of three attributes: power; legitimacy; and urgency. Stakeholders become more salient as they accrue more

attributes. Challenger stakeholders that communicate a challenge begin with urgency. Urgency is a function of time pressure – stakeholders want change now – and the importance the claim has for stakeholder claims. By communicating the challenge, the challenger stakeholders indicate the challenge is important to them and they might couple that with the need to implement changes now. For example, Green America indicated urgency in 2009 when it began communicating about Hershey’s sourcing of cocoa from suppliers who used slave labor and the need to end that practice immediately. The urgency was reinforced as Green America continued to pressure Hershey’s for the next four years. However, if the challengers simply demonstrate the single attribute of urgency, they are likely to have little salience for managers who are appraising risks in terms of the three attributes (Mitchell *et al.*, 1997).

Challenger stakeholders can try to increase their salience by demonstrating legitimacy: they can argue their social concern is a desirable social good that other stakeholders would share. If managers believe other stakeholders will perceive the challenge as appropriate and the requested change as desirable, this means managers recognize the legitimacy of the challenge. A legitimate challenger is dangerous because when other stakeholders learn about the challenge they are likely to support the need to change organizational behaviors. More precisely, other stakeholders will define current organizational practices negatively, resulting in damage to the organization’s reputation. For example, Hershey’s management recognized that when customers and investors learned about sourcing of cocoa from plantations involved in child slave labor, those other stakeholders also would view the practice negatively thereby causing harm to Hershey’s reputation. By acquiring legitimacy, the challenger stakeholders become more salient and what Mitchell *et al.* (1997) call “dependent stakeholders.”

If the challengers then acquire power, the ability to make an organization behave in a way it otherwise would not behave, the challengers become “definitive stakeholders” and hold great salience for managers. Challenger activists use communicative actions to build their power. For instance, using an inter-related set of internet communication channels coupled with in-person actions and traditional media coverage builds power because of increased potential for messages to influence other stakeholders and damage the organization’s reputation (Coombs and Holladay, 2012a). As King (2011) noted, activists (challenging stakeholders) can create power through their “potential to shape public perceptions of the firm” (p. 399). This claim is supported by research examining the ability of activists to leverage traditional media to influence organizational behavior (King, 2011; McDonnell and King, 2013). Today’s media environment, the networked society, requires us to look beyond traditional media and include internet channels such as social media in the equation. As Internet Contagion Theory posits, internet channels can be used by stakeholders to build power in the organization-stakeholder relationship (Coombs and Holladay, 2012a, b). Similarly, the communication view of CSR notes the important of social media to protesting stakeholders (Castellò *et al.*, 2013). Overall, the discussion of the CSR-based challenge reflects the power of the networked society to question taken for granted organizational practices and to seek a redefinition of those practices. The basis of the challenge need not be organizational claims concerning their social responsibility records. Organizations that experience these challenges may have done nothing to draw attention to their organizational policies and practices. This fact clearly distinguishes the CSR-based challenge from accusations of greenwashing. In cases of greenwashing, organizations have offered public claims about their environmental practices. The organization controls the “green” messaging in an attempt to benefit from its so-called green efforts.

This reflects an instrumental (goal-directed) view of green messaging. These (misleading) claims can then be challenged by skeptical stakeholders.

In contrast, CSR-based challenges may arise more “organically” from stakeholders whose concerns over various social issues and pro-social agendas lead them to develop particular definitions of responsible practice that may differ from the mainstream definitions. These conceptions may lead them to investigate the specific practices and policies of selected organizations. When their definitions of “responsible” differ from current practices, they can cultivate their own sources of salience (power, legitimacy, and urgency) and attempt to influence the organization to change (through petition) as well as shape public perception of organizational policies and practices as irresponsible by using the power of our networked society.

Moreover, these various communication channels are used in discursive efforts to redefine the current organizational practices as socially irresponsible – to exercise power. Again, we are using definition of the situation as form of power (Dionisopoulos and Crable, 1988). Challenger stakeholders try to engage other stakeholders in a co-creation process that enables them to present their definition of the organization’s behavior in the situation through the lens of a particular social issue such as human rights and environmental damage. Involving additional stakeholders in this co-creation process enables specific organizational practices to become defined as harmful to innocent people and therefore socially irresponsible. Green America’s discourse portrayed Hershey’s as socially irresponsible because of child slave labor (the social issue). They contended that Hershey’s knowingly was supporting child slave labor by sourcing from plantations that engaged in the practice to harvest cocoa. Green America communicated its message of social irresponsibility to other stakeholders through social media channels, traditional media coverage, and in-store actions. When other stakeholders, along with the challengers, co-created the perception of irresponsibility, the social issue gained traction to the point where it was difficult for Hershey to avoid engaging with the issue and the challengers. Hershey’s ignored Green American and child slave labor until Green America accumulated enough power to move from the status of “dependent” to “definitive stakeholders.”

Corporate managers do not make decisions in a vacuum. There are business consequences for their actions. Challenges require changes in behavior, and every corporate behavior change will produce material costs. Managers must determine if they can afford to make the requested changes. Even a very threatening concern might be rejected if the cost of the associated changes is prohibitive. Strategy is another corporate constraint. Managers do not want to enact new behaviors that violate the core strategy of the corporation. As with costs, changes that violate strategies are difficult to accommodate.

While the CSR-based challenge does reflect a communication view of CSR, the corporate response to the challenge reflects a strategic or instrumental view of CSR. When stakeholders seek to redefine corporate practices as irresponsible, it is an attempt to restructure reality through communication (Schultz *et al.*, 2013). However, there are times when corporations do utilize crisis or CSR-related communication to achieve corporate goals (Bhattacharya *et al.*, 2011; Carroll and Shabana, 2010; Chandler and Werther, 2014; Coombs, 2015). Our development of the corporate response options for the CSR-based challenge is a strategic view of corporate communication. Corporate communicators use this hybrid of crisis and CSR communication to protect reputational and other corporate assets that are threatened by the CSR-challenge. There are times when corporate communication is strategic and an instrumental view of communication is appropriate.

Propositions to guide corporate communicators

Based upon the evaluation of the challenger and the proposed change, we are able to provide guidance for managers seeking to manage the risk created by a CSR-based challenge. Refusal is a risky strategy because it allows the challenger to dominate efforts to define the situation. Corporations should reserve refusal for situations where the challenge lacks legitimacy. Other stakeholders are likely to ignore a challenge that is viewed as illegitimate:

- P1.* Corporations should limit the use of the refusal strategy to situations when the challenge is illegitimate.

The refutation strategy works when there are factual errors in a challenge or the challenge is considered illegitimate by most definitive stakeholders. If a corporation can prove it does not engage in the behavior in question, the challenge can be refuted. Furthermore, a refutation can be used to expose the illegitimacy of a challenge and build support for the corporation's position on the social issue. This was the approach Honeymade Graham Crackers used to refute critics of their commercial using gay couples. The desire to refute is enhanced if the desired change in behavior is too costly or runs counter to the corporate strategy. Again, Honeymade claimed the commercial was consistent with its emphasis on love (strategy) and would not alter it:

- P2.* Corporations should limit the use of the refute strategy to situations where the challenge is factually wrong, illegitimate, is too costly, or is contrary to corporate strategy.

The repression strategy should only be used if the challenge is based upon false information that wrongly damages the corporation. False information that is purposely disseminated can damage organizations and an aggressive response is required (Coombs, 2015). Any other use of the repress response is likely to create a backlash against the corporation (Hearit, 2005):

- P3.* Corporations should limit the use of the repress strategy to situations when the challenge spreads false and damaging information about the corporation.

If the challenger has legitimacy and power, corporations must find some way to acknowledge the challenge. A recognize response allows stakeholders to vent their frustrations with the hopes the challengers will soon lose interest. If the challenge is too expensive or contrary to corporate strategy, recognition/reception is a safe option. The managers can acknowledge the challenge and indicate why they cannot or will not act on it at this time. For instance, Apple recognized the problems with conflict minerals but argued it was impossible to track the minerals in question due to costs:

- P4.* Corporations should limit the use the recognize response to situations when the challenger has legitimacy and power but the change is too expensive or contrary to corporate strategy.

When challengers have urgency, legitimacy, and power, corporations must use the revise or reform strategies. In this case the challengers are definitive stakeholders that cannot be ignored and will continue to press the challenge. Revise can satisfy challengers if the changes capture their general intentions. Greenpeace, for example, accepted Nestlé's revision to its palm oil sourcing even though it did not involve Greenpeace's desired solution. Reform ends the challenge because the challenger gets exactly what they wanted. Greenpeace, for instance, publicly thanks all those apparel

companies that agree to their detox program. However, the revise and reform changes must meet the cost and strategy criteria for a corporation:

- P5. Corporations should use the revise or reform strategies when the challenger has urgency, legitimacy, and power and the changes are consistent with corporate strategy.

Discussion

The Burberry CSR-based challenge described in the introduction is not an isolated incident. As CSR becomes a common business practice and stakeholders expect that corporations should act responsibly, a solid foundation is provided for cultivating CSR-based challenges. When an organization engages in any form of CSR activities, the value of CSR to the organization is recognized. If an asset is valued, then threats to that asset can matter to management. When a group of stakeholders seek to redefine existing organizational behavior as socially irresponsible (a CSR-based challenge), a crisis threat emerges. It is any commitment to CSR, not specific CSR messaging as in greenwashing, that creates the potential for a CSR-based challenge.

Lange and Washburn's (2012) model of irresponsibility provided the structure for understanding how this redefinition process might unfold. CSR can be converted into a risk that could become a reputational crisis. CSR and reputation have a strong connection. It has been argued that loss of reputation is a significant factor in organizations engaging in CSR initiatives (Eisenegger and Schranz, 2011; Ihlen *et al.*, 2011). Others have noted CSR can become a risk for organizations (e.g. Schultz, 2013). The CSR-based challenge is a unique CSR-related risk for organizations that has the potential to ferment into a reputational crisis and inflict damage on an organization if other stakeholders begin to view the current organizational practices as socially irresponsible. It is distinct from greenwashing efforts that expose organizational misrepresentations of responsibility in CSR messages.

The CSR-based challenge is the initial element in a communicative process. Drawing from the rhetoric of agitation and control, the CSR-based challenge is a demand placed upon an organization for action that requires a response. Integrating agitation and control with image restoration, we identified six general response strategies available to managers confronting a CSR-based challenge. Stakeholder salience was used to articulate a tentative set of guidelines that present the advantages and disadvantages of each response. This is a preliminary development of guidance that warrants additional research to refine its conceptualization and application. However, it is a starting point for corporate communicators who find themselves confronted by a situation where a group of stakeholders are redefining its current practices as socially irresponsible. CSR-based challenges are becoming rather common place in the corporate world. It follows that managers are likely to find themselves in a situation where they need to respond to a CSR-based challenge. This manuscript is a preliminary step toward generating the insights necessary to help managers understand one facet of how any investment in CSR has the potential to become a crisis risk and to prepare managers for how they might to respond to this new source of crisis risk.

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