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Journal of Service Research 2011 14: 60 originally published online 8 December 2010
DOI: 10.1177/1094670510389164

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Doing Good and Doing Better despite Negative Information?: The Role of Corporate Social Responsibility in Consumer Resistance to Negative Information

Andreas B. Eisingerich¹, Gaia Rubera², Matthias Seifert³, and Gunjan Bhardwaj⁴

Abstract

Despite increased research on the various effects of Corporate Social Responsibility (CSR), the question of whether CSR is worthwhile for firms still remains to be addressed. Prior work suggests that CSR offers firms insurance-like protection against negative publicity due to greater levels of goodwill with various stakeholders. Yet, we still miss an answer to the following question: How effective, if at all, is CSR in insulating firms from scrutiny compared to other important marketing measures, such as customer orientation and service quality orientation? This study develops and empirically tests a theoretical framework that demonstrates the relative impact of CSR on consumer resistance to negative information when confronted with negative information about a firm. The results demonstrate that CSR shields firms from negative information about CSR practices but not information related to firms' core service offerings. Managerially, the findings demonstrate that CSR may offer less of blanket insurance than assumed in previous research. Furthermore, results indicate that firms with a consumer base of experts should favor a focus on service quality orientation over CSR; conversely, when consumers are novices firms should focus on CSR for greater consumer resistance to negative information.

Keywords

CSR, negative information, customer orientation, service quality, consumer-firm relationships

Information consumers receive about firms and their product offerings has long been recognized to influence their attitudes and shopping behavior (Brown and Reingen 1987; Dichter 1966), impact consumer risk taking behavior, and affect sales of products consumers do not know well (Liu 2006; Mahajan, Muller, and Kerin 1984). What about when consumers are confronted with negative information about a firm?

Prior research highlights the damaging effects of negative information. It hurts a firm's reputation, decreases sales (Chevalier and Mayzlin 2006), and negatively affects future idiosyncratic stock returns (Luo 2007). Richins (1983), for example, notes that dissatisfied or angry consumers share their negative experience more than their positive experience. This finding was echoed by Mahajan et al.'s (1984) and Wangenheim's work (2005), suggesting that negative information is generally more influential than positive. The explosion of social media, including YouTube, Twitter, Facebook, blogs, and various online discussion fora, dramatically increased the spread of information in general and negative information in particular (Ward and Ostrom 2006). As a result, today consumers are more likely to receive negative information about a

firm than just a decade ago. Negative information is likely to play a particularly important role in services selling contexts for two reasons.

First, while manufactured goods tend to be more easily checked for conformance with objective quality standards, service customers often face great variability in service outcomes (Zeithaml 1981). Because it is difficult to examine service quality objectively, negative information about a firm may have a disproportionate impact on consumer attitudes and behavior in a service selling context. Second, the longer an

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exchange relationship, the greater the chance of a negative incident occurring during the exchange (Grayson and Ambler 1999). Service selling typically involves frequent interaction between consumers and service providers (Eisingerich and Bell 2008), which increases the likelihood of a transgression in the exchange relationship. While the diffusion of negative information may not be under a firm's control, firms can attempt to mitigate the potential damage from negative information in different ways. In the past, businesses have taken somewhat of a shotgun strategy and initiatives have ranged from very broad reputation building measures (Porter and Kramer 2006) to a narrow, focused attention on the core service offering (Reichheld and Sasser 1990). In this research, we compare the effect of corporate social responsibility (CSR) on consumers' resistance to negative information about a firm with the effect of two traditional marketing measures focused on the core service offering, namely, customer orientation and service quality orientation. We define CSR as extent to which a firm benefits and contributes to society in positive ways. This definition is consistent with prior research (Brown and Dacin 1997; Sen and Bhattacharya 2001; Yoon, Gürhan-Canli, and Schwarz 2006).

CSR has been noted to affect consumer satisfaction, consumer-firm identification, and positive attitudes toward a firm (Berens, Van Riel, and Van Bruggen 2005; Bhattacharya and Sen 2003; Brown and Dacin 1997; Lichtenstein, Drumwright, and Braig 2004; Luo and Bhattacharya 2006; Yoon, Gürhan-Canli, and Schwarz 2006). According to recent findings, firms that engage more actively in CSR than their competitors are likely to benefit from lower firm-idiosyncratic risk (Luo and Bhattacharya 2009). This is based on the argument that CSR may enable firms to insulate themselves from scrutiny because they enjoy greater levels of goodwill with consumers and other stakeholders (Luo and Bhattacharya 2006; Peloza 2006). Thus, CSR may offer firms insurance-like protection against negative information (i.e., consumer-firm relationships not becoming weaker when consumers are confronted with negative information about the firm). But how effective an *insurance* is CSR for firms? Can it make up for poor service offerings?

In addition to CSR, there may be other marketing measures that can help firms build general goodwill with stakeholders in general and consumers in particular and consequently offer insurance-like protection against negative information. A well-established finding in the marketing literature is that consumers consider outcomes as well as processes by which these outcomes are delivered. For instance, consumers are more likely to reciprocate if they believe that another party also has exerted effort on their behalf (e.g., Bagozzi 1975; Deutsch 1985). That is, consumers evaluate not only service outcomes but also the effort that an exchange partner exerts based on the levels of interaction, quality of interpersonal treatment as well as communication during the encounter (Bitner, Booms, and Tetreault 1990; Kohli and Jaworski 1990; Parasuraman, Berry, and Zeithaml 1991; Shah et al. 2006, Tuli, Kohli, and Bharadwaj 2007). Given the noted importance of service outcomes and customer orientation, what is their relative impact

on consumer resistance to negative information compared to CSR? When is a firm better off emphasizing customer orientation and/or service quality orientation or extending the domain of its activities through a more proactive engagement in broader society? In this research, we define customer orientation as the extent to which a firm is viewed as being caring and attentive to customer needs. This definition is consistent with prior literature (Donavan, Brown, and Mowen 2004). We define service quality orientation as the extent to which a firm is viewed to focus on outcome-related aspects of the service. This definition is consistent with prior research (Parasuraman, Berry, and Zeithaml 1991; Zeithaml, Parasuraman, and Berry 1990). To investigate the role of CSR in consumer-firm relationships in the context of negative information about a firm, we conducted two studies, one field survey of 854 service firm customers and one laboratory experiment.

Our research contributes to extant research on CSR and consumer-firm relationships in three critical ways: First, our framework explains why differences in CSR may account for variability in consumer resistance to negative information. Our findings highlight to what extent the influence of CSR goes over and beyond consumer product evaluations. This research thus answers the recent call for more work on consumer perceptions of and response to CSR practices by firms (Luo and Bhattacharya 2009). Second, we investigate the relative effectiveness of CSR in strengthening consumer resistance to negative information compared with traditional marketing measures, including customer orientation and service quality orientation. The findings reveal that no single measure may be able to protect firms against all potential negative information. We find that firms should invest in both CSR, in case consumers receive negative information about a firm's social responsibility practices, and service quality orientation for an effective shield against negative information about the core offerings of a firm. Our findings indicate that customer orientation is least potent in strengthening resistance to negative information. Third, we investigate whether and how the impact of CSR, customer orientation, and service quality orientation on consumers' resistance to negative information differs with varying degrees of consumer expertise, thus providing some boundaries for the effectiveness of each measure. Such examination is relevant because it provides marketing managers with greater insights into when a specific measure will be more or less effective in strengthening consumer resistance to negative information. We find that firms with a consumer base of experts should favor service quality orientation over CSR. However, when a firm's consumer base largely consists of novices, firms can benefit from greater levels of consumer resistance to negative information by focusing on CSR.

This research addresses the noted gaps in the existing literature and in doing so complements current research efforts on consumers' general resistance to negative information (Aaker, Fournier, and Brasel 2004; Ahluwalia, Burnkrant, and Unnava 2000; Roehm and Brady 2007), managing customers for value (Kumar, Lemon, and Parasuraman 2006), and provides relevant implications for firms on their path to customer centricity

(Shah et al. 2006). The remainder of this article is organized as follows. In the next section, we provide a conceptual background to our research before proposing a set of formal hypotheses. This is followed by a description of our two studies, research method, and results. Finally, we discuss our findings, examine managerial implications, and explore avenues for future research.

Theory and Hypotheses

Consumer-Firm Relationships and Negative Information

In an effort to understand and ultimately predict consumers' response to firms and their actions, research in marketing has examined various types of relationships that consumers may form with firms. Outside information may affect what kind of relationships consumers have with firms, as it has been shown to influence consumers' product judgments and trial of new product offerings (Liu 2006). Referred to as the *negativity effect*, negative information is generally regarded as highly diagnostic and as having a greater impact on evaluations than positive information (Skowronski et al. 1998). As previous research suggests, negative information is more attention-getting and is often processed more carefully than positive information (Fiske 1980). Resistance to negative information—defined as the extent to which consumers do not allow negative information to diminish their general view of a firm—thus may indicate the strength of a consumer-firm relationship. This argument is in line with previous work, which shows that it takes a strong relationship for consumers to exhibit resistance to negative information (Aaker, Fournier, and Brasel 2004; Ahluwalia, Burnkrant, and Unnava 2000; Eagly and Chaiken 1993).

Research in psychology has shown that individuals are able to build strong relationships with exchange partners and demonstrate restorative relationship maintenance behaviors (e.g., Van Lange et al. 1997). In marketing, researchers have successfully demonstrated that relationships can extend beyond person-to-person interactions. For example, consumers can develop relationships with firms, brands, and special or favorite objects (Escalas and Bettman 2003; Fedorikhin, Park, and Thomson 2008; Fournier 1998; Park et al. 2010; Wallendorf and Arnould 1988). Strong cognitive and affective bonds have been shown to affect forgiveness based on a desire to continue a relationship (Finkel et al. 2002) and impact individuals' likelihood to make situational (as opposed to dispositional) attributions to explain relationship mishaps, which helps to lessen the impact of relationship transgressions (Aron, Tudor, and Nelson 1991). Strong consumer-firm relationships may therefore be at the heart of consumers' resistance to negative information. We turn to exchange theory to examine potential drivers of consumers' resistance to negative information. Restricted exchange refers to two-party reciprocal relationships typical of most commercial transactions between consumers and a firm (Bagozzi 1975). Individuals perceive justice or fairness of an

exchange between themselves and other parties in terms of weighed justice inputs (e.g., time, effort, and opportunity cost associated with exchange) versus justice outcomes (e.g., service outcomes including marginal utility and rewards; Deutsch 1985). This suggests that individuals perceive injustice when they believe justice inputs to outweigh justice outcomes. Individuals are less likely to go out of their way and help when an exchange is perceived as unjust (Maxham and Netemeyer 2003; Schneider, Goldstein, and Smith 1995). The relationships consumers have with a firm tend to be based not only on their current and past information about it but also potential future information (Lemon, White, and Winer 2002). In our framework, we consider two marketing measures that firms may use to make consumers perceive the exchange as just: customer orientation and service quality orientation. We selected these two measures because prior research noted that these are critical measures for firms to manage lower customer defection and greater profitability (Fornell and Wernerfelt 1987; Kohli and Jaworski 1990; Reichheld and Sasser 1990).

Consumers value not only service outcomes but also the effort that a service provider puts into the delivery of these outcomes (Parasuraman, Berry, and Zeithaml 1991; Tuli, Kohli, and Bharadwaj 2007) and thus both a firm's service quality orientation and customer orientation are likely to play an important role in ensuring an equitable ratio in the eyes of consumers and their resistance to negative information about a firm. Furthermore, both measures are critical elements of a service offering, given the difficulty for consumers to evaluate service quality confidently. In addition to service outcomes, the quality of interpersonal treatment and communication during the encounter influences subsequent consumer behavior (Bitner, Booms, and Tetreault 1990; Eisingerich and Bell 2007, 2008; Tuli, Kohli, and Bharadwaj 2007). We note here that we study the extent to which consumers perceive the firm as being customer oriented and service quality oriented and not how effectively a service provider pursues these two measures.

CSR and Consumer-Firm Relationships

Firms have always considered the creation of value for consumers (i.e., restricted exchange) as a primary business objective and a comprehensive literature underscores the importance of lowering customer defection for increased growth and profitability (Fornell and Wernerfelt 1987; Reichheld and Sasser 1990). Recently, firms have started to focus on their role within a broader social context, often reflected in the notion of CSR (Bhattacharya and Sen 2003). The idea of generalized exchange suggests that socially beneficial activities performed by a firm create value for consumers indirectly. That is, acts of corporate citizenship, while directly benefiting social and environmental stakeholders (e.g., charities, the natural environment, and not-for-profit institutions), indirectly benefit consumers as members of society (Sen and Bhattacharya 2001). Today over 90% of the Fortune US 500 companies employ CSR initiatives, broadly defined as a set of activities related to a firm's perceived stakeholder and societal

obligations (Sen and Bhattacharya 2001) and an increasing number of businesses around the world invest significant amounts of money as part of their efforts to be perceived as socially responsible (Lichtenstein, Drumwright, and Braig 2004; Smith 2003). Advertising CSR initiatives to customers has been on the rise for years now. As reported in the *Economist*, “corporate social responsibility has become the norm in the boardrooms of companies in rich countries, and increasingly in developing economies too.” (*Economist*, 2007). The growth in CSR activities may be explained by the shared belief of numerous firms that CSR can positively impact customer-related outcomes in terms of customer attitudes, enhanced customer satisfaction, and stronger customer-firm identification (Berens, Van Riel, and Van Bruggen 2005; Bhattacharya and Sen 2003; Luo and Bhattacharya 2006). Based on the reasoning of generalized exchange that CSR benefits, and thus is appreciated by, consumers as members of broader society, research has argued for CSR to shield firms from scrutiny by enabling them to trade upon general goodwill with consumers and stakeholder communities (Luo and Bhattacharya 2009). Therefore, in addition to marketing measures related to restricted exchange, such as customer orientation and service quality orientation, we consider the effectiveness of CSR in influencing consumers’ resistance to negative information about a firm.

CSR and Consumer Resistance to Negative Information

The extent to which consumers perceive a firm to be socially responsible can induce resistance to negative information, namely, the extent to which consumers do not allow negative information to diminish their general view of a firm through two main mechanisms: goodwill and self-identification. First, prior research suggests that CSR affords firms insurance-like protection because of greater goodwill with consumers and various stakeholders (Luo and Bhattacharya 2006). Peloza (2006) for instance argues that CSR policies may reduce various risks arising from loss of corporate reputation, such as potential boycotts. Klein and Dawar (2004) provide empirical support for this argument and find that consumers are less likely to blame firms engaged in CSR activities for a product failure. For instance, McDonald’s relied on its reservoir of goodwill based on positive CSR to limit the negative effects of the many attacks by animal rights activists (Hess, Rogovsky, and Dunfee 2002). Because CSR may signal a firm’s good intentions (Bhattacharya and Sen 2003), it may help firms insulate themselves from scrutiny when things do go wrong and a negative incidence occurs (Peloza 2006; Yoon, Gürhan-Canli, and Schwarz 2006). Previous research findings also show that consumers perceive themselves not only as being individual economic actors but also as members of a wider community. As such, they not only care about their own consumption experience but also take into account the general well-being of other members or stakeholders in the wider community (Handelman and Arnold 1999; Lichtenstein, Drumwright, and Braig 2004;

Maignan, Ferrell, and Ferrell 2005). For this reason, consumers may have stronger positive attitudes toward and more readily identify with firms that care about the community and act in a socially responsible way (Berens, Van Riel, and Van Bruggen 2005; Bhattacharya and Sen 2003; Luo and Bhattacharya 2006).

Consumers therefore may build stronger relationships with a firm on the basis of its CSR activities. Specifically, consumers have been shown to be more loyal to, have more positive evaluations of, and stronger identification with firms engaged in CSR activities (Marin, Ruiz, Rubio 2008; Sen and Bhattacharya 2001). Consumer-firm relationships on the basis of self-identification in turn can enhance consumers’ willingness to support the firm and defend it when it comes under attack or adverse scrutiny in the public domain. Bhattacharya and Sen (2003) for instance argue that consumers, who relate to a firm, are more likely to be forgiving of a firm’s mistakes. Taken together, the extant literature suggests that CSR may afford firms insurance-like protection on the basis of goodwill with consumers and their self-identification with a firm, which can motivate consumers to support a firm when a negative incident occurs (Lichtenstein, Drumwright, and Braig 2004; Luo and Bhattacharya 2006; Sen and Bhattacharya 2001). We therefore predict CSR to positively influence consumers’ resistance to changing their general view of a firm despite negative information about it. Accordingly, we hypothesize:

Hypothesis 1: The more consumers perceive a firm to be socially responsible, the greater their resistance to negative information.

Customer Orientation, Service Quality Orientation, and Consumer Resistance to Negative Information

Service encounters are social exchanges (Schoefer 2010) and we hence turn to exchange theory and restricted exchange in particular as a means for examining the potential effects of customer orientation and service quality orientation on consumer resistance to negative information. Restricted exchange refers to two-party reciprocal relationships typical of most commercial transactions between firms and their consumers (Bagozzi 1975). Consumers care about how they are treated (customer orientation) and what they receive as part of an exchange (service quality orientation). Consumer reaction to negative events is affected by cognitive (i.e., perceived justice) and affective factors (Schoefer 2010; Schoefer and Diamantopoulos 2008). Consistent with this perspective, we argue that customer orientation and service quality orientation influence resistance to negative information through two main mechanisms: justice and affect.

First, according to restricted exchange theory, consumers are more likely to reciprocate if they believe another party also has exerted effort on their behalf (Deutsch 1985; Maxham and Netemeyer 2003). Customer orientation, namely, the extent to which the firm is viewed as being caring and attentive to customer needs, signals a firm’s efforts in communicating

empathy and respect to consumers, thus leading to interactional justice; namely, the feeling of being treated in a fair way. On the other hand, service quality orientation, namely, the extent to which the firm is viewed to focus on outcome-related aspects of the service, signals a firm's efforts in providing high-quality service to consumers, thus leading to distributive justice, namely, the feeling of receiving fair outcomes. Perceptions of justice are important when a negative event occurs because they enhance the probability of maintaining a long-term relationship with the firm (Schoefer and Diamantopoulos 2008; Tax, Brown, and Chandrashekar 1998). Even though the positive effect of perceived justice has been shown mainly for service failure recovery (e.g., Blodgett, Hill, and Tax 1997; Maxham and Netemeyer 2003), we reason that the effect should also hold for consumers' resistance to negative information about a firm. In the case of negative information, consumers may not be directly affected by the firm's bad behavior as they are in the case of service failure. We hence argue that by providing a feeling of being involved in a just exchange, customer orientation and service quality orientation increase consumer resistance to negative information.

Second, consumers may resist negative information based on levels of affect. Customer orientation and service quality orientation not only impact consumers' overall evaluation of the specific service encounter but also positively influence levels of affection consumers have toward a firm (Palmatier et al. 2009). Firms that appear to have consumers' best interests at heart have been shown to benefit from stronger relationships with their consumers (Bell and Eisingerich 2007; Eisingerich and Bell 2007, 2008; Hogan, Lemon and Rust 2002; Rust, Lemon, and Zeithaml 2004). Similarly, a strong focus on delivering high-quality service is likely to be perceived by consumers as a positive contribution to the relationship with the firm. The more firms are perceived as positively contributing to consumer-firm relationships, the greater consumers' willingness to reciprocate and maintain their general view of the firm in case a negative incident happens (Schoefer and Diamantopoulos 2008). In short, customer orientation and service quality orientation may afford firms insurance-like protection on the basis of positive cognitive and affective reactions, which can motivate consumers to support a firm and resist negative information when a negative incident occurs. Therefore, we hypothesize:

Hypothesis 2: The more consumers perceive a firm to be customer oriented, the greater their resistance to negative information.

Hypothesis 3: The more consumers perceive a firm to be service quality oriented, the greater their resistance to negative information.

While CSR signals a firm's willingness to contribute to wider society, individual consumers may still focus more on the quality and care they receive from a particular firm (Reichheld and Sasser 1990). As shown in previous research across different industries, it is service outcomes and a caring, empathetic

approach to relationship management that strengthens consumer-firm relationships. When firms provide service of high quality and deliver it in an empathetic manner, they demonstrate to consumers that they have their best interests at heart and consumers will reciprocate in kind with increased loyalty (e.g., Bell and Eisingerich 2007; Shah et al. 2006; Tuli, Kohli, and Bharadwaj 2007). While CSR may have a general positive effect, consumers are more likely to reciprocate and act on behalf of a firm based on self-interest (Bagozzi 1975; Schneider, Goldstein, and Smith 1995); that is, when they perceive firms to be customer oriented and to provide strong outcome-related aspects of the service. To the extent customer orientation and service quality orientation can be perceived as more relevant to consumers' individual needs than CSR, customer orientation and service quality orientation are likely to have a greater positive impact on consumer resistance to negative information. Based on these arguments, we hypothesize:

Hypothesis 4a: Customer orientation has a greater effect on resistance to negative information than CSR.

Hypothesis 4b: Service quality orientation has a greater effect on resistance to negative information than CSR.

Moderating Role of Consumer Expertise

We investigate whether and how the impact of CSR, customer orientation, and service quality orientation on resistance to negative information differs with varying degrees of consumer expertise. Such examination is relevant because it affords greater insights to marketing managers about when CSR will be more effective or less effective in strengthening the resistance of consumers to negative information. Past research on buyer behavior shows that consumers' degree of prior expertise about a product is likely to influence information evaluation and choice (Alba and Hutchinson 1987; Park and Lessig 1981). We argue that shedding additional light on the moderation effect of expertise helps managers develop more efficient protection strategies against negative information. The findings of Mason and Bequette (1998) show that consumers with higher levels of expertise are able to assess new information in the context of prior knowledge and experience, and thus are more efficient at distilling additional information. As expert consumers feel more confident in evaluating new information, they are likely to focus on a greater number of service attributes, including technical outcomes, than novices in their overall assessment of the service provider (Dagger and Sweeney 2007; Moorthy, Ratchford, and Talukdar 1997). In contrast, consumers with lower levels of expertise are more likely to perceive higher risk in decision making and, therefore, tend to evaluate the service provider across a range of product attributes to mitigate such risk (Brucks 1985). In other words, novice consumers are more likely to use extrinsic cues in service provider evaluations, such as price, because they find it more difficult to process intrinsic service information. As argued by Park and Lessig (1981), consumers with previous experience and knowledge find it less ambiguous and difficult

to rely on functional aspects of a product than consumers with low levels of prior experience and knowledge. Recent findings provide additional support for the argument that the relative importance of technical elements of service offering (i.e., service outcomes) is likely to change as levels of customer expertise increase (Dagger and Sweeney 2007; Eisingerich and Bell 2008). Because experts feel more confident in assessing outcome-related aspects of the service (Moorthy, Ratchford, and Talukdar 1997) and have to afford less effort during decision making and product usage (Alba and Hutchinson 1987; Park, Gardner, and Thukral 1988), perceived commitment to service quality orientation is likely to be of greater relevance to consumers with high levels of expertise. CSR and customer orientation on the other hand are likely to serve as extrinsic cues to consumers with low, rather than high, levels of expertise. Formally, we predict the positive impact of CSR and customer orientation on consumers' resistance to negative information to become weaker, while the positive influence of service quality orientation becomes stronger, as consumer expertise increases:

Hypothesis 5: Consumer expertise reduces the positive effects of (a) CSR and (b) customer orientation on consumer resistance to negative information.

Hypothesis 6: Consumer expertise strengthens the positive effects of service quality orientation on consumer resistance to negative information.

Study I

Field Survey

We conducted two studies to test our hypotheses. In Study 1, we used survey response data from 854 customers and structural equation modeling (SEM) to test our set of hypotheses.

Participants and procedures. For the purpose of this study, a commercial bank provided us with contact details for 2,400 customers randomly generated from its population of customers. The survey was conducted in two rounds. In the first round, we sent our questionnaire with a cover letter and postage-paid return envelope to all customers in our sample. After 1 week, we sent another questionnaire to consumers who answered in the first round and asked them to imagine a situation in which they received some negative information about the firm and subsequently measured their resistance to negative information. All constructs but resistance to negative information, which was measured in the second round, were measured in the first round of the survey. In the end, 63 questionnaires were eliminated because of missing values. The total number of usable responses was 854, representing a response rate of 35.6%.

Measures. To help locate our study within the current body of research, we adopted well-established scales from the extant literature whenever possible. Constructs and individual items are reported in Table 1. CSR scale items asked customers to

report the extent to which they perceived the firm to benefit and contribute to society in positive ways. We employed a 4-item scale drawing from Brown and Dacin's (1997) product social responsibility scale. We adapted the wording of the items to better suit the context of this study and added one reverse-coded item to Brown and Dacin's (1997) original 3-item scale. Service quality orientation was measured by asking consumers to identify the extent to which they perceived the firm to focus on outcome-related aspects of the service. We drew from prior service research (Parasuraman, Berry, and Zeithaml 1991; Zeithaml, Parasuraman, and Berry 1990) and adapted the wording where appropriate to better suit the context of the current study. The 4-item customer orientation scale captures the extent to which consumers portray the firm as being caring and attentive to their needs. We adapted items from Donavan, Brown, and Mowen's (2004) customer orientation scale. Where appropriate, we reworded scale items to better suit the context of this study. Resistance to negative information measured the extent to which consumers do not change their general view of the collaborating firm despite considering negative information about it. We followed Thomson and colleagues' (2005) measurement development procedure and conducted three focus groups with a total of 27 MBA students to test a pool of 9 items for the resistance to attitude scale. The pool of scale items was further discussed with two branch managers of the collaborating firm to check for consistency and clarity of wording. The final 4-item scale was pretested with 30 arbitrarily selected consumers from the sample. These 4 items measured the extent to which consumers change their general view of the firm. Finally, we accounted for consumers' past relationship with the firm (i.e., the number of years someone has been a customer of the firm) because familiarity may influence consumer decision making (Park and Lessig 1981).

Measure Assessment

In order to assess the psychometric validity of our scales, we randomly split the sample into two halves. The first half was used to run exploratory factor analyses (EFA) through Varimax rotation with Kaiser Normalization. Because of high cross-loadings with other items, we dropped 1 item of the expertise, service quality orientation, and customer orientation scale, respectively. In addition to this, we deleted 1 item from the CSR scale because of low communalities. From the EFA, we obtained a five-factor solution, accounting for 79.6% of the explained variance. The measurement structure that we obtained from the EFA was then tested in a confirmatory approach in the second half. Confirmatory factor analysis results are illustrated in Table 1. We purified the scales by eliminating items with factor loadings below the .70 threshold. Furthermore, all the estimates for the average variance extracted (AVE) were greater than .50, in support of convergent validity. Moreover, the AVE for each construct was larger than the squared correlations between constructs, thereby satisfying the discriminant validity criterion (Fornell and Larcker 1981; see Table 2). The measurement model showed good

Table 1. Study I: Constructs and CFA Results

Constructs	Factor Loadings
CSR^a (Mean = 15.65; SD = 4.15; AVE = .66; CR = .85; α = .92)	
1. I consider [company name] as a socially responsible firm	.81
2. [Company name] does not contribute to society in positive ways ^{b,c}	
3. This firm is more beneficial to society's welfare than other firms	.93
4. This firm contributes something to society	.96
Service quality orientation^a (Mean = 11.25; SD = 2.02; AVE = .55; CR = .71; α = .76)	
1. Providing high-quality service outcomes is not a priority to [company name] ^{b,c}	
2. [Company name] does everything possible to provide high-quality service outcomes	.76
3. [Company name] is committed to offering high-quality service outcomes	.81
Customer orientation^a (Mean = 13.79; SD = 5.50; AVE = .54; CR = .78; α = .93)	
1. [Company name] tries to make every customer feel like he/she is the only customer	.91
2. Every customer's problem is important to [company name]	.95
3. [Company name] does not provide individual attention to each customer ^b	.84
4. This firm has a strong focus on customer needs ^c	
Consumer expertise^a (Mean = 16.68; SD = 3.06; AVE = .65; CR = .86; α = .86)	
1. I am familiar with the service products offered by [company name] and other firms in this industry	.71
2. I have a clear idea about the service products of [company name] and other firms in this industry	.95
3. I do not know a lot about the service products offered by [company name] and other service providers in this industry ^b	.87
4. I know less about the service products offered by [company name] and other firms in this industry than the rest of the population ^{b,c}	
Resistance to negative information^d (Mean = 21.74; SD = 4.77; AVE = .57; CR = .84; α = .89)	
1. Negative information about [company name] does not change my general view of the firm	.82
2. I readily change my view of [company name] based on negative information about it ^b	.83
3. Negative information about [company name] has no effect on me	.84
4. Negative information about [company name] changes the way I think of the firm ^b	.86

Note. AVE = average variance extracted; CSR = corporate social responsibility; ^aMeasured in first round of survey. ^bReverse coded. ^cDeleted item. ^dMeasured in second round of survey.

overall fit, $\chi^2/df = 2.90$, goodness-of-fit index (GFI) = .964, comparative fit index (CFI) = .983, normed fit index (NFI) = .975, and root mean square error of approximation (RMSEA) = .049.

Results

Hypothesis 1 maintained that when consumers perceive a firm as socially responsible, they have greater resistance to negative information. The results provide strong support for this hypothesis ($b = .64, p < .001$). Contrary to expectations, we find no significant relationship between customer orientation and consumer resistance to negative information ($b = .10; p > .05$). Therefore, Hypothesis 2 was not supported. Findings showed that consumers are more resistant to negative information when they perceive a firm as service quality oriented ($b = .38; p < .001$), in support of Hypothesis 3. CSR had a greater effect on consumer resistance to negative information than customer orientation (critical ratio difference [CRD] = 4.49) and service quality orientation (CRD = 2.85). We therefore do not find Hypotheses 4a and b supported. The results showed that relationship length does not have a significant impact on resistance

Table 2. Study I: Squared Correlation between Latent Variables^a and AVE^b

	1	2	3	4	5
1. CSR	.66				
2. Service quality orientation	.23	.55			
3. Customer orientation	.37	.15	.54		
4. Consumer expertise	.01	.09	.00	.67	
5. Resistance to negative information	.55	.32	.23	.01	.57

Note. ^aThe squared correlation between latent variables is provided off-diagonally. ^bA latent variable's average variance extracted (AVE) can be read diagonally.

to negative information. Fit indices indicated adequate fit of the structural model, $\chi^2/df = 2.43$, GFI = .972, CFI = .987, NFI = .978, RMSEA = .042).

Moderating role of consumer expertise. Hypotheses 5a–b and Hypothesis 6 suggest potential moderation effects of consumer expertise. In order to examine the extent to which the impact of the independent variables may vary between consumers with high and low levels of expertise, we first split the whole sample

Table 3. Study 1: Fit Indices Measures

	χ^2/df	NFI	CFI	GFI	RMSEA	SMC (Resistance to Negative Information)
Initial model	2.34	.984	.988	.971	.042	.54
Service quality orientation as mediator	2.30	.987	.992	.975	.040	.59

Note. CFI = comparative fit index; GFI = goodness-of-fit index; NFI = normed fit index; RMSEA = root mean square error of approximation; SMC = squared multiple correlation.

between expert and novice consumers according to the median. Next, we controlled for factorial invariance in the measurement model between the two groups (Rock, Werts, and Flaugher 1978). The configural invariance model without equality constraints had a chi-square (χ^2) of 191.323 with 96 degrees of freedom (df). The hypothesis of full metric invariance was tested by constraining the matrix of factor loadings to be invariant across groups, resulting in a χ^2 of 197.832 with 104 degrees of freedom. Since there was no significant increase between the configural model and the full metric model invariance, $\Delta\chi^2(8) = 6.509$, $p = .59$, we can conclude that there was no difference in the measurement structure between the two groups. Further, no critical ratio for each pair of factor loading was above the threshold of 1.96, thus providing support for full metric invariance (Steenkamp and Baumgartner 1995). Next, we compared the full metric invariance model with a full structural invariance model in which the structural paths between the exogenous variables and the resistance to negative information were constrained to be equal in both groups. We found a significant increase, $\Delta\chi^2(5) = 16.361$, $p < .05$, which suggests that CSR, customer orientation, and service quality orientation have varying effects on the dependent variable according to the level of consumer expertise. In order to investigate the varying effect of each independent variable in the two groups, we examine the critical ratio of difference (CRD) between the same structural parameters.

In accord with Hypothesis 5a, we found that the impact of CSR on resistance to negative information was stronger for consumers with low levels of expertise ($b = .74$, $p < .001$) than for consumers with high levels of expertise ($b = .58$, $p < .001$). The critical ratio of difference (CRD = -2.13) indicated that the difference for novice and expert consumers was significant. We found Hypothesis 5b not to be supported, since the CRD was below the cutoff of 1.96. The finding suggests that customer orientation has no impact on resistance to negative information, regardless of varying levels of consumer expertise ($b_{\text{novices}} = -.02$ and $b_{\text{experts}} = .02$). Put differently, customer orientation has no significant effect on resistance to negative information for neither novice nor expert consumers. Finally, our findings suggest that service quality orientation has a higher positive effect on resistance to negative information for expert ($b = .48$, $p < .001$) than for novice consumers

($b = .23$, $p < .01$). The difference between the two betas is significant (CRD = 2.27), providing support for Hypothesis 6.

Mediating role of service quality orientation. In order to further investigate the null effect of customer orientation on resistance to negative information, we ran an alternate model in which service quality orientation mediated the effect of CSR and customer orientation on resistance to negative information. In this new model, we found that both CSR ($b = .46$, $p < .001$) and customer orientation ($b = .21$, $p < .001$) had a positive effect on service quality orientation. Service quality orientation in turn had a positive impact on resistance to negative information ($b = .31$, $p < .001$). We note here that the direct effect of CSR on resistance to negative information remained significant ($b = .51$, $p < .001$), while customer orientation had no direct effect ($b = .04$, $p > .05$). This suggests that customer orientation has no direct effect on resistance to negative information, but it has an indirect impact through service quality orientation. We also tested for the moderation effects of expertise in this new model and found that the impact of CSR on service quality orientation was higher for novices ($b = .42$) than for experts ($b = .19$; CRD = 2.42), while there was no difference for customer orientation. Finally, we compared the original model with the revised model. Fit indices are reported in Table 3. The indices suggest that our second model is somewhat better than the initially proposed one and it explains 5% more in the variance of resistance to negative information (Figure 1).

Discussion

In Study 1, we assessed a general model of consumer's resistance to negative information. The results showed that CSR and service quality orientation positively affected consumers' resistance to negative information, while customer orientation did not. Interestingly, we found that CSR had a bigger impact on resistance to negative information than service quality orientation. Moreover, we found that the positive influence of CSR on resistance to negative information was reduced as customer expertise increased. In contrast, the effect of service quality orientation on resistance to negative information was stronger for consumers with high levels of expertise. Finally, our findings indicate that the impact of CSR and customer orientation on resistance to negative information is partially mediated by service quality orientation. While Study 1 sheds light on the role of CSR in consumer resistance to negative information, it suffers from some limitations. First, we asked consumers to imagine a situation in which they received negative information about the firm and were not confronted with any actual negative information about it. Study 1 also did not specify the content or nature of the negative information. It is therefore not clear whether CSR, customer orientation, and service quality orientation can protect a firm from different types of negative information. In order to address these issues further, we conducted a second study (lab experiment). The second study expands the results of Study 1 in two critical ways. First, we provided respondents with negative information about one of

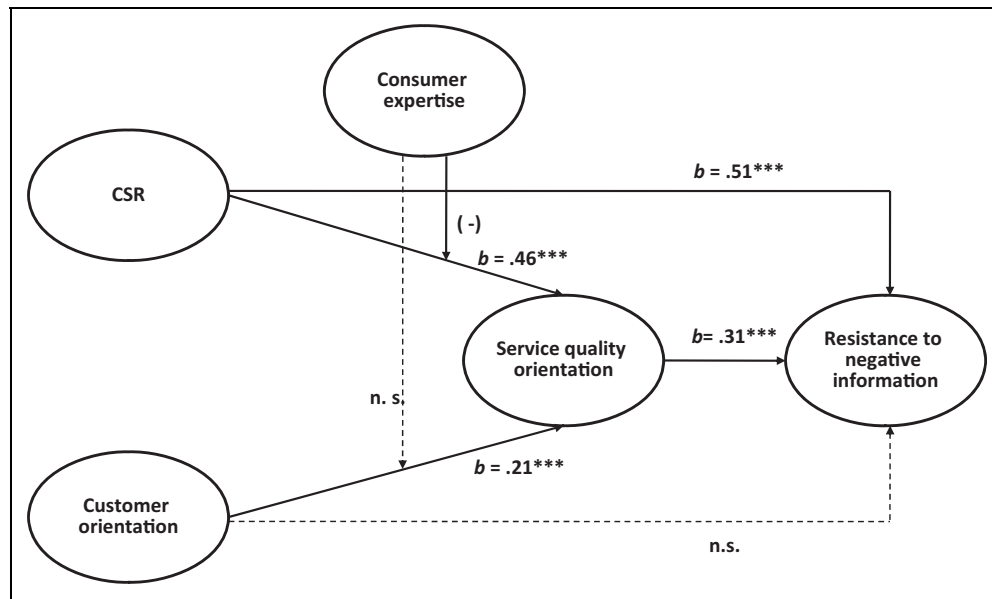


Figure 1. Tested model (Study 1). Note. *** $p < .001$.

the three measures (CSR, customer orientation, and service quality orientation, respectively). Second, we assessed the impact of resistance to negative information on loyalty thus demonstrating the relevance of resistance to negative information to service firms.

Study 2

Laboratory Experiment

In Study 2, we used a laboratory experiment to examine the effects of CSR, customer orientation, and service quality orientation on resistance to negative information when confronted with CSR-, customer orientation-, and service quality orientation-related negative information, respectively. Moreover, we investigated the moderation effect of consumer expertise and the influence of resistance to negative information on consumer loyalty. Study 2 aimed to replicate the results of Study 1 and to overcome some of its limitations.

Participants and procedure. Study 2 was conducted in two rounds. In both rounds, the same group of 133 undergraduate students participated as part of an undergraduate marketing course and in exchange for partial course credit. In the first round, participants were asked to indicate their current cell phone service provider. Participants then rated their cell phone service provider's CSR, customer orientation, and service quality orientation using the same scales as in Study 1. Participants also rated their expertise in the service products of cell phone service providers and satisfaction with the firm using 3-item 9-point evaluation scales (1 = *strongly disagree*; 9 = *strongly agree*). To ensure a temporal window, the second round was conducted 5 days after the first round. In the second round, upon entering the laboratory, participants were randomly assigned to one of four conditions (CSR-, customer

orientation-, and service quality orientation -related negative information, and control) and given a booklet containing the stimuli and measures. The booklet's first page provided participants with an excerpt describing the negative conduct of their current cell phone service provider (indicated in the first round), in terms of CSR (Group 1), customer orientation (Group 2), and service quality orientation (Group 3), ostensibly reported in the *New York Times* (excerpts are listed in the Appendix). The control group did not receive any type of negative information. Participants were then asked to indicate their resistance to negative information and loyalty, using a 4-item and 2-item 9-point evaluation scale, respectively (1 = *strongly disagree*; 9 = *strongly agree*). Pretest results ($n = 81$) indicated that the *New York Times* was indeed regarded as a trustworthy source of information ($M = 7.62$; 1 = *not at all trustworthy*; 9 = *very trustworthy*) and that the reported negative information in the different excerpts was perceived as equally upsetting ($M_{CSR} = 6.71$; $M_{Customer\ Orientation} = 6.60$; $M_{Service\ Quality\ Orientation} = 6.63$; "The information about [firm name] upsets me," "I find the information about [firm name] upsetting;" 1 = *strongly disagree*; 9 = *strongly agree*) and believable ($M_{CSR} = 7.91$; $M_{Customer\ Orientation} = 8.05$; $M_{Service\ Quality\ Orientation} = 8.11$; "The information about [firm name] is believable," "I believe the information about [firm name];" 1 = *strongly disagree*; 9 = *strongly agree*). At the end, all participants were debriefed and informed about the purpose of this study and the fictitious nature of the information excerpts used.

Results

To test whether CSR had an impact on consumers' resistance to negative information when they were faced with CSR-related negative information, we split responses from participants in

Table 4. Study 2: Results of Three-Stage Regression

	Group 1 (Negative Information about CSR)	Group 2 (Negative Information about Customer Orientation)	Group 3 (Negative Information about Service Quality Orientation)
CSR → Resistance to negative information	.54***	.06	.08
Customer orientation → Resistance to negative information	.05	.24*	.12
Service quality orientation → Resistance to negative information	.12	.28*	.43*
Resistance to negative information → Loyalty	.49***	.35**	.43*
Loyalty _{t-1} → Loyalty _t	.78***	.69***	.73***
Resistance to negative information R ²	.32	.21	.26
Loyalty R ²	.81	.72	.77

Note. *** $p < .001$. ** $p < .01$. * $p < .05$.

the first round according to the median value of their perceived level of the firm's CSR at Time 1. We found that participants who at Time 1 perceived the firm as high in CSR, at Time 2 were more resistant to negative information when exposed to negative information about the firm's CSR activities ($M = 4.56$) than participants who perceived the firm as having low levels of CSR ($M = 3.00$; $F(1,31) = 14.15$, $p < .001$). Participants in the control group, who did not receive any negative information, appear to be more resistant to negative information when they perceived the firms as being socially responsible ($M_{\text{high CSR}} = 6.88$ and $M_{\text{low CSR}} = 4.01$; $F(1,31) = 61.38$, $p < .001$). Moreover, we find that participants, who at Time 1 perceived the company as highly customer oriented, are more resistant to negative information about the firm's customer orientation ($M = 4.87$) than participants who did not perceive the firm as customer oriented ($M = 2.86$; $F(1,32) = 31.47$, $p < .001$). Participants in the control group appear to be more resistant to negative information when they perceived the firm as being customer oriented ($M = 6.84$) versus being less customer oriented ($M = 4.96$; $F(1,31) = 46.75$, $p < .001$). Finally, we split responses from participants in Round 1 according to the median value of their perceived level of the firm's service quality orientation at Time 1. Participants who perceived the firm as being highly service quality oriented are more resistant to negative information about the firm's service quality ($M = 4.84$) than participants who did not perceive the firm as service quality oriented ($M = 2.68$; $F(1,32) = 23.26$, $p < .001$). Also in this case, participants in the control group appear to be more resistant to negative information when they perceived the firm as being service quality oriented ($M = 6.33$) than when the firm is perceived as less service quality oriented ($M = 4.39$; $F(1,31) = 43.51$, $p < .001$).

Moderating role of consumer expertise. We test the moderating role of consumer expertise by splitting participants according to the median value of each group. We find that novices have higher resistance to negative information when CSR is perceived as low ($M_{\text{nov-exp}} = 2.03$; $F(1,14) = 5.42$, $p < .05$) as well as when CSR is perceived as high ($M_{\text{nov-exp}} = 2.13$;

$F(1,14) = 6.13$, $p < .05$). There is no difference in effect of customer orientation on resistance to negative information between novices and experts, neither in the group that perceived their cell phone service provider to be customer oriented ($M_{\text{exp-nov}} = 0.88$; $F(20) = 1.01$, $p > .05$) nor in the group who do not perceive the provider to be customer oriented ($M_{\text{exp-nov}} = 0.29$; $F(20) = .19$, $p > .05$). As for firms' service quality, experts are more resistant to negative information than novices both when the service quality orientation is perceived as low ($M_{\text{exp-nov}} = 1.18$; $F(20) = 4.73$, $p < .05$) and high ($M_{\text{exp-nov}} = 2.91$; $F(20) = 9.87$, $p < .05$).

Consumer resistance to negative information and loyalty. We measure loyalty, using Vogel, Evanschitzky, and Ramaseshan's (2008) published 2-item scale, at Time 1 and at Time 2 after participants had received the negative information about their own cell phone service provider. The 2 items ask participants whether they would repurchase from their current cell phone service provider and whether they would recommend their current cell phone service provider to a friend, anchored by 1 = *definitely not*, 9 = *definitely yes*, respectively. We test the effect of resistance to negative information on loyalty through a three-stage regression (Table 4), in order to account for the endogeneity of resistance. We find that CSR has a positive effect on resistance to negative information in Group 1 (who receive negative information about CSR; $b = .54$, $p < .001$), while service quality orientation and customer orientation have no effect. Moreover, we find a negative interaction effect between CSR and expertise on resistance to negative information ($b = -.32$, $p < .05$). Notably, resistance to negative information has a positive effect on loyalty at Time 2 ($b = .49$, $p < .001$). In Group 2, in which participants receive negative information about customer orientation, customer orientation has a positive effect on resistance to negative information ($b = .24$, $p < .05$), as well as service quality orientation ($b = .28$, $p < .05$), while CSR has no effect on resistance to negative information. Resistance in turn has a positive effect on loyalty at Time 2 ($b = .35$, $p < .01$). In Group 3, in which participants receive negative information about service quality, service

quality orientation has a positive effect on resistance to negative information ($b = .43, p < .01$), but CSR and customer orientation have no effect. Resistance has a positive effect on loyalty at Time 2 ($b = .43, p < .01$). The effect of resistance to negative information on loyalty at Time 2 remains significant in all the three groups (CSR-, customer-orientation-, and service quality-related negative information) even after controlling for loyalty at Time 1, gender, relationship length, and cell phone service provider. Finally, we control for the mediation effect of resistance to negative information with the Sobel test and find support for it (Group 1: $z = 3.22, p < .01$; Group 2: $z = 2.34, p < .01$; Group 3: $z = 4.71, p < .001$).

Mediating effect of satisfaction. We further investigate the possibility that the effect of CSR on resistance to negative information is mediated (fully or partially) by customer satisfaction. Luo and Bhattacharya (2006) report that satisfaction fully mediates the effect of CSR on Tobin's q and stock returns. We already showed that CSR has a direct effect on resistance to negative information ($b = .54, p < .001$). We find that CSR positively influences satisfaction ($b = .37, p < .000$), which in turn influences resistance to negative information ($b = .23, p < .01$). When satisfaction is included as a mediator, the direct effect of CSR remains still significant, even though it is smaller ($b = .46, p < .001$). Hence, we find support for a partial mediation effect of customer satisfaction and show that CSR has an effect on resistance to negative information that goes beyond satisfaction.

Discussion

Study 2 largely replicated the findings of Study 1. Moreover, the findings of Study 2 indicate that resistance to negative information has a positive effect on loyalty, thus underscoring the relevance of managing consumer resistance to negative information. Moreover, the results suggest that CSR, customer orientation, and service quality orientation provide protection against negative information that is related to CSR, customer orientation, and service quality orientation, respectively. For example, when consumers receive negative information about the social conduct of a firm, being perceived as customer oriented or service quality oriented offers no protection to negative information. Similarly, when consumers receive negative information about the firm's service quality, being perceived as socially responsible or customer oriented does not offer any protection either. The only exception to this pattern is when consumers received negative information about customer orientation; in this case, being perceived as service quality oriented offers some additional protection.

Discussion and Managerial Implications

Previous research reports that CSR influences product evaluation (Berens, Van Riel, and Van Bruggen 2005), purchase intention (Sen and Bhattacharya 2001), consumers'

identification with a firm (Lichtenstein, Drumwright, and Braig 2004), advocacy (Du, Bhattacharya, and Sen 2007), satisfaction (Luo and Bhattacharya 2006), and response to product-harm crisis (Klein and Dawar 2004). Past research has discussed consumers' reactions to dissatisfaction (Richins 1983; Mahajan, Muller, and Kerin 1984; Wangenheim 2005) and examined how several brand characteristics, such as brand character (Aaker, Fournier, and Brasel 2004), brand equity (Roehm and Brady 2007), brand attitudes (Pullig, Netemeyer, and Biswas 2006), and brand loyalty (Ahluwalia, Burnkrant, and Unnava 2000), govern consumer reaction to negative publicity. We adopt a different approach and investigate the effectiveness of three different business measures in reducing potential damages derived from negative information. The findings of the present research offer important implications for marketing theory and managers alike. Prior work notes that a firm's core offerings and social conduct are critical elements in service exchange. We investigate the relative effect of service quality orientation, customer orientation, and CSR on consumer resistance to negative information. Furthermore, we investigate whether and how each of these measures provides a protection against various types of negative information.

Pullig, Netemeyer, and Biswas (2006) suggest that there are two general classes of negative information: performance-related, which refers to the firm's ability to provide functional benefits and value-related that involves social or ethical issues. The current research shows that a firm's core offerings and social conduct are separate in consumers' mind, so that being good in one does not protect the firm from negative information about the other aspect. This finding extends the extant literature on resistance to change by showing that no single marketing measure may offer a blanket insurance or general shield against negative information. Instead, each measure may protect a firm against specific negative information. In addition to this, we shed light on managing customer defection and negative information in the face of varying levels of customer expertise. Specifically, our findings show that CSR becomes less, and service quality orientation more, effective in reducing customer defection in the face of negative information as customer expertise increases. Accordingly, firms with a large base of expert customers may find it more beneficial to focus their limited resources on building an image of being service quality oriented rather than investing in measures designed to enhance a firm's CSR image. As Schendler (2007) recently argued, a firm's attempt to position itself as contributing to society in positive ways may also backfire when customers begin to question a firm's intentions.

Our findings help service firms in designing effective strategies to protect themselves against negative information about the firm, which is received by consumers with varying levels of expertise. Specifically, while CSR investments are likely to benefit service firms by reducing defection rates when faced with negative information, firms aiming to target a larger base of customers with high levels of expertise are likely to gain from shifting their attention and resources to portraying

themselves as outcome oriented as opposed to relying on CSR alone. The current research sheds light on the debate over CSR and whether it is indeed the case that firms can do well by doing good. In particular, the results of our two studies contribute to the literature on the role played by CSR when firms are faced with negative information. We demonstrate that while CSR had a positive impact on consumers' resistance to negative information about a firm, the protection CSR offered was largely limited to CSR-related negative information. That is, a firm's perceived level of CSR may not insure a firm against damage from negative information about service quality. The findings of this research thus indicate that CSR may be less of a blanket insurance that insulates firms from scrutiny because it generates greater levels of goodwill with consumers and acts more as a focused protection against CSR-related negative information.

In addition, findings demonstrate that service quality orientation mediates the effects of CSR and customer orientation on resistance to negative information. This result complements the established notion in the current body of literature that service quality orientation is a critical strategy for success and survival in competitive service markets (Rust, Lemon, and Zeithaml 2004; Zeithaml, Parasuraman, and Berry 1990). Taken together, our findings highlight to managers how customer defection due to negative information can be reduced and strategically managed across customer segments with varying levels of expertise. When deciding whether to invest in CSR measures or emphasizing an image of meeting and exceeding customers' desired service quality, firms need to take into account subsequent costs of respective strategies.

Given the general rise of corporate distrust and growth in social media, such as YouTube, Facebook, Twitter, Internet fora, blogs, and online chat rooms as a means of exposing false promises by firms, service firms need to be aware that simple advertising blitzes to portray a strong image of social responsibility or service quality orientation are likely to cause substantial damage unless they are able to convince customers that they are committed to practicing what they preach. An examination of when a firm's CSR efforts are perceived as sincere and when they are not was beyond the scope of this research but is richly deserving of future research. Recent negative incidents, including British Petroleum's (BP) oil spill disaster and Toyota's large-scale recall of cars, highlight the need for additional research on resistance to negative information and the role CSR may play in consumer-firm relationships.

Results of our research need to be viewed in light of the following limitations. In assessing consumer resistance to negative information, the present study does not examine volume of negative information. The volume of information is likely to attract consumer awareness (Anderson 1998; Liu 2006) and, consequently, may influence resistance to negative information. We encourage future research to investigate how the impact of CSR, customer orientation, and service quality orientation on resistance to negative information may change based on the volume of negative information consumers receive.

Negative information is likely to be less damaging to service providers when the source of the information is perceived as biased. Another important avenue for future research, therefore, is to consider the source or valence of negative information and effective marketing strategies addressing these when examining measures that may help firms strengthen consumers' willingness to stay with a firm despite negative information. We examined the role of CSR in consumer resistance to negative information in a professional service context and laboratory setting. To afford greater confidence in the generalizability of our results, we encourage future research to explore consumer resistance to negative information in different service contexts. Moreover, our measure of resistance to negative information investigates consumers' resistance to attitude change. A long history in psychology and marketing research shows that attitudes and behaviors do not always correspond. Further research on consumer resistance to changing their attitudes and behaviors when confronted with negative information is necessary. Finally, a promising avenue for future research is to consider the effectiveness of other measures in influencing the way customers react to negative information about firms and consider the effectiveness of CSR in affecting consumer attitudes and behaviors.

Acknowledgments

The authors thank Katherine Lemon and anonymous reviewers for their critical insights and helpful comments throughout the review process. They also thank Berna Devezer for her generous assistance and participants at IE and Imperial College Business School research seminars for the time they spent critiquing the research.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interests with respect to the authorship and/or publication of this article.

Funding

The author(s) received no financial support for the research and/or authorship of this article.

Appendix

Group I: CSR-Related Negative Information Excerpt

[Firm name], a national cell phone service provider, has been involved in a corporate social responsibility scandal. The firm has been taken to court and accused of smuggling to evade tax and use illegal chemicals that do not pass environmental regulations. The total tax [firm name] evaded had amounted to several million US\$. The chemicals used in the firm's cell phone network have been shown to harm the environment. Independent reports state that [firm name] has long taken advantage of customs management loopholes to smuggle illegal goods to evade tax.

Group 2: Customer Orientation-Related Negative Information Excerpt

[Firm name], a national cell phone service provider, has been involved in a customer management scandal. The firm has been taken to court and accused of neglecting customer needs and penalizing customers for stating their needs to the firm. The total money [firm name] overcharged its customers for operating customer hotlines had amounted to several million US\$. Customers indicate that they feel neglected by the firm. Independent reports state that [firm name] has long taken advantage of network regulation loopholes to overcharge customers for running customer hotlines.

Group 3: Service Quality Orientation-Related Negative Information Excerpt

[Firm name], a national cell phone service provider, has been involved in a service quality scandal. The firm has been taken to court and accused of providing and overcharging for sub-standard service quality that does not pass telecommunications regulations. The total money [firm name] overcharged its customers had amounted to several million US\$. Customers indicate that they feel cheated by the firm. Independent reports state that [firm name] has long taken advantage of network regulation loopholes to overcharge customers for services of inferior quality.

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