How Does CSR Cushion Stakeholders’ Perception of an Organization after a Negative Public Disclosure?

Pamala Proverbs, MBA, M.P.S, Doctoral Student

Introduction

Corporate Social Responsibility (CSR) is widely regarded in the literature as a reciprocal activity an organization engages in to persuade publics of its altruism. At the practical level, this type of exchange should lead to enhanced relationships which foster mutual understanding and trust. But how does the process actually work?

What cognitive processes are at play on the part of the recipient of corporate goodwill that causes an individual to maintain a positive perception of an organization after it has had a negative public disclosure? This study offers a conceptual explanation.

 Applying the theory of cognitive dissonance and drawing on the Heuristic Systems Model (HSM) the current model maintains that there is a dynamic interplay of human emotions that are activated following a public disclosure where emotions linked to self-protection are mediated by the credibility of the organization that is fostered from public relations relationships.

Objectives

- Identify the cognitive processes that maintain stakeholders’ positive perception of a company following a negative public disclosure.
- Make a rational case for the practice of CSR by organizations.
- Demonstrate CSR and public relations’ value to an organization

The Model

Model: Linking Maintenance of Positive Public Perception to Public Relations CSR Activities

Public relations CSR activities can be mandatory or voluntary (Clark, 2016). This study is concerned with voluntary disclosures that involve mishaps, such as a faulty piece of equipment or a cyber-attack, that hold an organization’s reputation up to public scrutiny.

Corporate Social Responsibility (CSR) is the voluntary activities that an organization engages in that addresses social and environmental concerns that are not part of its legal obligation (Coombs & Holladay, 2012).

Cognitive Dissonance is the act of filtering information that is not part of a person’s core belief because it creates a type of internal discomfort for the individual at the psychological level (Akerlof & Dickens, 1982; Baran & Davis, 2015).

Heuristic Systematic Model (HSM) – Individuals are cognitive misers, meaning people will use the minimum amount of brain energy for processing information especially if the event is thought to be unimportant, distant or outside of their scope. The heuristic of source credibility is used in perceptions about a source (Chaiken, 1980).

Source Credibility is thought to be composed of three elements - competence, trustworthiness, and goodwill. Goodwill is a fundamental CSR outcome. It fosters a perception of caring that leads to greater cooperation as it draws emotions of understanding, empathy, and responsiveness from the receiver (Mc Crosby & Teven, 1999).

Trust is a perception held by stakeholders that their expectations will be met and that the company is reliable and dependable and will deliver on its promises (Hansen, 2014). It has also been described as “one party’s level of confidence in and willingness to open oneself to the other party” (Hun & Grunig, 1999, p. 19).

The model demonstrates that CSR should be treated as a holistic company activity that is able to influence stakeholders at a cognitive, and thus more permanent level than any other company activity.

Discussion

- The variables discussed in this study have all been found within the literature as elements of the emotional outcome of a crisis and/or the cushion effect of CSR, but have not been found to be examined in a single study before now.
- The current model advances academic knowledge by presenting the value of CSR in a new way through the lens of the theories of cognitive dissonance and HSM. Its strength is also its weakness, as a major limitation of this study is its dependence on the literature to base its arguments.
- The current model, however, demonstrates that CSR is most effective when customers have a relationship with the organization which contributes to it being perceived as credible.

Conclusion

- For an organization to be perceived as credible at the cognitive level, its publics have to have satisfaction, loyalty, and trust in its operations. Once these are present, sympathy would follow, as it has been demonstrated that it is possible to feel sympathy without attachment. These buffer self-defense and emotional responses such as fear, anger, and skepticism.

References


References


Reference