

**Social identification and corporate irresponsibility: A model of stakeholder punitive intentions**

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## **ABSTRACT**

Scholars hypothesise that retaliations against corporate social irresponsibility (CSI) are more likely when observers share the social identity of the victims. We present a model that explains in-group bias against irresponsibility and identify collective narcissism as a moderator of this effect. Experiment 1 demonstrates that the effect of identity on retaliations is mediated by the perceived similarity of the victims which reinforces feelings of sympathy towards the victims and anger towards the corporation. These emotions drive stakeholders' attitudes and retaliations. Our study shows that appraisals of the victims of CSI are an important antecedent of stakeholders' emotions and behavioural intentions. Our evidence also demonstrates that sympathy, an emotion neglected by past research in this area, has a unique effect on individuals' reactions. Experiment 2 demonstrates that social identity biases in individual punitive intentions are moderated by individuals' level of collective narcissism. Collective narcissists see out-group victims as very dissimilar from the self, whereas, individuals with low levels of collective narcissism do not differentiate between victims of CSI on the basis of their identity. We extend knowledge on stakeholders' reactions to CSI and offer insights to organizations promoting campaigns against irresponsible behaviour or managing the fallout from cases of corporate irresponsibility.

## Introduction

Corporate Social Irresponsibility (CSI), defined as behaviours showing a lack of due concern for communities or the environment (Lange and Washburn, 2012), causes punitive actions from stakeholders (Balabanis, 2013; Grappi, Romani, and Bagozzi, 2013a; Klein, Smith, and John, 2004; Sweetin *et al.*, 2013; Walsh *et al.*, 2009). The identity of those affected influences to what extent observers will retaliate. Commentators, for example, have bemoaned the lack of stakeholders' protest in the West over serious oil spills in Nigeria (Nossiter, 2010; Vidal, 2010). They have drawn comparisons with the strong response to the Gulf of Mexico oil spill, when BP faced organized boycotts from consumers (Wang, Lee, and Polonsky, 2015). When CSI affects distant others we find it more difficult to identify with the sufferers and feel less emotionally involved in the crisis. The paper examines this identification process, how it influences the emotions we experience, our intentions to punish the company, and how personal and contextual circumstances contribute to shaping observers reactions to CSI. This research answers the call for the development of more sophisticated microlevel theories in social responsibility research (Aguinis and Glavas, 2012; Morgerson *et al.*, 2013). A focus on individual level antecedents, mediators and moderators contributes to a better understanding of the psychological responses to CSI which complements past focus on strategic or institutional theorizing (McWilliams and Siegel, 2001; Woodward *et al.*, 1996).

There is limited evidence on the role played by social identification processes in reactions to CSI. Russell and Russell (2010) document in-group bias in a CSR context: individuals are more likely to buy from companies that support the local community rather than distant others. Although the mediating mechanisms are not tested explicitly, the authors argue that this bias is explained by egoistic tendencies. They also show that the level of identification with a superordinate identity moderates this effect. Individuals who see themselves as global citizens are less likely to be biased in favour of the in-group. However, appraising cases of

CSI is psychologically different from interpreting CSR (Murphy and Schlegelmich, 2013). While CSR may benefit the observer and incentivise reciprocity (Bhattacharya, Korschun, and Sen, 2008), CSI triggers justice evaluations (Carlsmith, Darley, and Robinson, 2002) and desire for revenge (Bechwati and Morrin, 2003). Lange and Washburn (2012) examine conceptually how social identity affects reactions to CSI. Their analysis of irresponsibility attributions suggests that observers are less likely to consider a company irresponsible when 1) the victims of CSI have a different identity and/or 2) the company shares the same identity of the observers.

Although Lange and Washburn (2012) hypothesise the existence of an in-group bias in reactions to CSI they do not test empirically the significance of this effect. Furthermore their analysis focuses on attributions of irresponsibility as antecedents of stakeholders' protest (Alicke, 2000; Carlsmith *et al.*, 2002), but they do not research stakeholders' reactions explicitly. This paper examines how social identification with the victims shapes observers' reactions and intentions to protest. Our research also shows that the process of social identification with CSI victims is moderated by the individual level of collective narcissism. Individuals who hold unrealistic and maladaptive beliefs about the grandiosity of their in-group will be more biased against out-group victims (Golec de Zavala *et al.*, 2009).

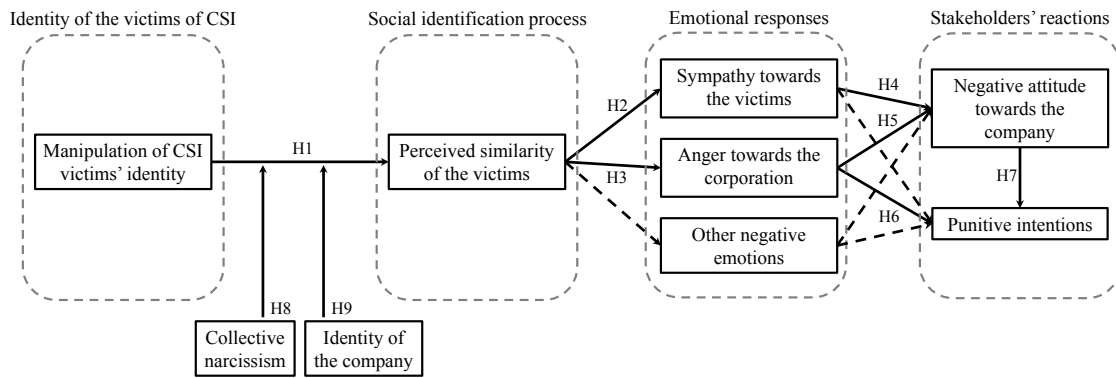
The study develops our understanding of how stakeholders react to different cases of perceived CSI, contributing to growing interest in this area within management research (Jones, Bowd and Tench, 2009; Murphy and Schlegelmich, 2013). Furthermore we extend research on the impact of emotions in reactions to CSI (Antonetti and Maklan, 2014; Grappi *et al.*, 2013a; Romani, Grappi and Bagozzi, 2013). We propose a new antecedent of emotions: perceptions of the victims' influence anger and sympathy and these emotions lead to retaliations. We demonstrate that sympathy has a unique role in influencing how we react to CSI, beyond the much researched negative emotions of anger and contempt (Romani *et al.*

2013). Finally, we also contribute to existing research on collective narcissism, demonstrating that this variable leads to forms of indirect prejudice such as the discounting of others' suffering in reactions to CSI.

## **Research background**

### *Overview of the hypotheses development*

We draw on social identity theory, emotions and reactions to CSI to develop a conceptual model that explains how the identity of the victims influences observers' perceptions of CSI (Figure 1). First, we examine how a victim's identity influences the perception of similarity. Second, we review literature demonstrating that similarity is a key determinant of anger and sympathy. This discussion examines the unique mediating role of these emotions in our model. Third, we discuss how emotions drive stakeholders' reactions and isolate the impact on attitudes from stakeholders' intentions to punish the company.



Solid lines indicate hypothesised paths; dashed lines indicate paths analysed to rule out alternative explanations.

**Figure 1: Conceptual model**

*Social identification and CSI*

Social identity theory (Tajfel and Turner, 1979; Hogg, Terry, and White, 1995) and self-categorization theory (Turner *et al.*, 1987) show that humans classify themselves in social categories. Belonging to a certain group has implications for our self-concept and influences our behaviours (Hogg *et al.*, 1995; Haslam and Ellemers, 2005). These theories produce consistent evidence of in-group favouritism.

Consumers reward companies who support their own communities over firms investing in geographically distant areas (Russell and Russell, 2010). Lange and Washburn's (2012) conceptual examination of how social identity influences reactions to CSI suggests that perceiving the people affected as similar to the self leads to an appraisal of the event as more threatening. Once in-group and out-group categories are formed, we are most concerned about those who belong to our side (Tajfel *et al.*, 1971; Brewer, 1979). However, this effect is less generalizable than sometimes assumed (Brewer, 2007; Haslam and Ellemers, 2005) and rests on a psychological assessment of the relative distinctiveness of the two groups (Jetten, Spears and Postmes, 2004). The categorization of a social group is affected by personal

characteristics and contextual incentives (Ashmore, Deaux, and McLaughlin-Volpe, 2004; Phinney, 1996). Scholars examine how individuals identify with, or differentiate from, various social groups (e.g. Leach *et al.*, 2008).

Social identity theory has been applied to a large number of intergroup relations. Research differentiates between “minimal group paradigm”, where identities are manipulated in the laboratory on the basis of trivial differences (see Tajfel *et al.*, 1971; Turner, 1975), and studies of more meaningful social groups such as political parties or nationality. This diversity generates a multitude of findings on the processes that underpin identification to a collective entity (Ashmore *et al.*, 2004; Haslam and Ellemers, 2005). Independent of research context, scholars find that mere differentiation between groups is sufficient to trigger intergroup discrimination (Haslam and Ellemers, 2005; Tajfel *et al.*, 1971; Turner, 1975). Empirically, this difference is operationalised as perceived similarity between the other and the self (Jetten, Spears and Manstead, 2001; Miron and Branscombe, 2008). The level of perceived similarity between in-group and out-group is associated with different levels of discrimination and prejudice (Garcia *et al.*, 2002; Vaes *et al.*, 2003; Dovidio *et al.*, 1997).

In studying reactions to CSI we focus on how individuals evaluate victims of different nationalities. Our choice is guided by the observation that national identity represents a readily accessible form of collective identity which is often relevant for individuals (Ashmore *et al.*, 2004; Brewer, 2007) and especially in perceptions of CSI (Lange & Washburn, 2012). Furthermore, discrimination on the basis of national identity is often driven by the simple perception of foreigners as less similar to the self (Branscombe and Wann, 1994; Rubin, Paolini and Crisp, 2010; Henderson-King *et al.*, 1997). In the context of CSI it is therefore reasonable to expect that, as hypothesised by Lange and Washburn (2012), stakeholders will process information about the identity and that this assessment of similarity will have implications for in-group bias.

H1: Victims of the same (national) identity will be perceived as more similar to the self than foreign victims.

### *Emotional responses to CSI*

Perceiving victims as close to the self has important implications. Research on boycotts demonstrates that identification with a cause (Braunsberger and Buckler, 2011; Farah and Newman, 2010) or with the irresponsible company (Hoffman and Müller, 2009) leads to stronger reactions. We build on this evidence to argue that perceiving victims as similar to the self will have a stronger emotional impact on observers.

Reactions to CSI are often driven by emotions (Antonetti and Maklan, 2014; Cronin, Reysen, and Branscombe, 2012; Grappi *et al.*, 2013a; Grappi, Romani, and Bagozzi, 2013b; Romani *et al.*, 2013) that mediate the impact of cognitive appraisals on behaviour (Antonetti and Maklan, 2014; Grappi *et al.*, 2013b). A similar process applies to in-group bias: perceived similarity is a cognitive evaluation associated with stronger emotional reactions.

The idea that social evaluations trigger emotional states is supported by significant evidence. Attachment to a group evolves over time from a merely cognitive association to a deeper emotional commitment (Ellemers, Kortekaas and Ouwerkerk, 1999; Jackson, 2002). Emotional identification has been reliably linked to in-group favouritism (Hinkle *et al.*, 1989; Jackson, 2002; Jetten *et al.*, 2004). Since the emotions associated with CSI are unpleasant, stakeholders regulate them depending on the relative closeness to the victims (Tamir *et al.*, 2015; Thompson, 2011). Individuals are less likely to experience the suffering of distant victims (Tarrant, Calitri and Weston, 2012; Tarrant, Dazeley and Cottom, 2009). Stereotyping research has further documented how emotions mediate the impact of social



judgements on behaviour (Caprariello, Cuddy and Fiske, 2009; Cuddy *et al.*, 2009; Cuddy, Fiske and Glick, 2007; Fiske, Cuddy, Glick and Xu, 2002). It is therefore reasonable to expect that a social judgement of perceived similarity will trigger emotional reactions.

Two emotions are likely to be influenced by perceived similarity: sympathy and anger. Sympathy is a compassionate response of concern for others' suffering (Gruen and Mendelsohn, 1986; Loewenstein and Small, 2007; Wispe, 1986). The term should not be confused with empathy, an emotion characterised by the ability to take the perspective of another person and re-live her experiences. Sympathy does not require perspective taking and is an intuitive reaction (Loewenstein and Small, 2007; Small and Simonsohn, 2008).

When perceived similarity increases, individuals experience stronger feelings of sympathy. We experience more sympathy when evaluating the suffering of a single, identifiable individual than when considering the needs of a large group (Kogut and Ritov, 2005; Small and Loewenstein, 2003). Higher perceived similarity should make the victims more clearly identifiable and hence boost sympathy; sympathy is biased by self-categorization (Loewenstein and Small, 2007; Stürmer, Snyder and Omoto, 2005; Zaki, 2014). Since recognising people as similar to the self implies differentiating between social groups, it is reasonable to expect that increases in perceived similarity will lead to stronger feelings of sympathy. Finally, the presence of victims considered closer to the observer should make the event more personally relevant. Since goal relevance is one of the appraisals shaping sympathy (Goetz, Keltner and Simon-Thomas, 2010) this should also strengthen the feelings experienced<sup>1</sup>.

H2: The perceived similarity of the victims has a positive influence on sympathy towards the victims.

Anger is also reliably influenced by identification processes (Batson *et al.*, 2009; Gordijn *et al.*, 2006; Gordijn, Wigboldus and Yzerbyt, 2001) and is often experienced as a reaction to breaches of a moral norm<sup>2</sup> (Gibson and Callister, 2009; Mullen and Skitka, 2006). Anger generates punitive actions in cases of unfair treatment of employees (Grappi *et al.*, 2013a; Lindenmeier, Schleer, and Pricl, 2012), offshoring of jobs (Grappi *et al.*, 2013b), poor community relations (Grappi *et al.*, 2013a) and aggressive tax avoidance (Antonetti and Maklan, 2014).

Perceived similarity influences anger because, in line with appraisal theories, this perception makes the consequences of irresponsible behaviour more self-relevant (Kuppens, Van Mechelen, Smits and De Boeck, 2003; Roseman, Wiest and Swartz, 1994). The perceived seriousness of the consequences of corporate behaviour is a main antecedent of anger (Antonetti and Maklan, 2014; Cronin *et al.*, 2012). When the victims are similar to the self, the consequences are perceived both as more threatening and relevant (Berkowitz and Harmon-Jones, 2004; Roseman, 2004; Russell and Fehr, 1994), generating more intense emotional experiences. Evidence on the identity bias of anger is available in research on reactions to torture (Tarrant *et al.*, 2012), moral emotions (Batson *et al.*, 2009; Batson *et al.*, 2007; O'Mara *et al.*, 2011) and reactions to injustice (Gordjin, Wigboldus, and Yzerbyt, 2001; Gordijn *et al.*, 2006). Across these domains, individuals feel angrier when the victims are members of the in-group (Batson *et al.*, 2009; Gordijn *et al.*, 2001). Consequently we hypothesise that the perceived similarity of the victims will influence the anger experienced by observers.

H3: The perceived similarity of the victims has a positive influence on anger towards the corporation.

### *Stakeholders' reactions to CSI*

The influence of sympathy on stakeholders' punitive intentions has been neglected in previous research. We maintain that this effect needs to be disentangled from the impact of anger on retaliations. Sympathy has been examined in the context of helping behaviour and in relation to intergroup injustice. While in the former context the emotion motivates direct helping of others (Loewenstein and Small, 2007; Small and Verrocchi, 2009), in the latter it leads to support for changes in policies without direct retributions against the culprit (Fernando, Kashima and Laham, 2014; Iyer, Leach and Crosby, 2003; Pagano and Huo, 2007). Individuals who experience only sympathy are not likely to act directly to help victims of injustices, however, sympathy coupled with anger likely leads to action (Fernando *et al.*, 2014). On the other hand, anger is associated consistently with a desire to punish the offender (Berkowitz and Harmon-Jones, 2004; Grégoire, Laufer, and Tripp, 2010).

We differentiate between the influences that sympathy and anger have on both decisions to punish and negative attitudes towards the company. Several behavioural models suggest that attitudes are best conceptualised as antecedents of behavioural intentions (Fishbein and Ajzen, 1975). In our context, we expect that forming negative attitudes about a corporation embroiled in CSI makes it more likely that individuals will retaliate in future.

Since both sympathy and anger are generated by the appraisal of upsetting events, both emotions cause a negative overall evaluation of the corporation (Baumeister, Vohs, DeWall and Zhang, 2007). Negative attitudes will arise irrespective of how costly and/or effective retaliations might be (Webb and Sheeran, 2006). Therefore, both anger and sympathy act as signals as to the seriousness of the transgression and damage the organization's reputation.

H4: Sympathy towards the victims of CSI has a negative influence on attitudes towards the corporation.

H5: Anger towards the corporation has a negative influence on attitudes towards the corporation.

The two emotions differ in relation to their impact on behaviour. While anger is associated with a desire to punish the perpetrator, sympathy is not related to confrontation (Loewenstein and Small, 2007). Punitive actions generate costs to individuals entailed in “getting even” with a company (Bechwati and Morrin, 2003). Sympathy experiences are sensitive to benefits and losses (Goetz *et al.*, 2010). Consequently, we predict that the effect of anger on decisions to punish is best conceptualised as direct (Antonetti and Maklan, 2014; Grappi *et al.*, 2013a, 2013b) while the impact of sympathy is mediated through negative attitudes towards the firm.

H6: Anger has a positive influence on intentions to punish a company.

H7: Negative attitudes towards a company have a positive influence on intentions to punish a company.

### *Moderating processes*

Russell and Russell (2010) found that in-group bias is regulated by the level of identification with the global community. Individuals who hold a strong global (rather than local) identity are less likely to be biased in favour of the in-group. These findings are in line with evidence in intergroup relations showing that high identifiers (i.e. people who identify strongly with the in-group) are more likely to discriminate against out-group members that represent a threat (Branscombe and Wann, 1994; Nadler *et al.*, 2009). Discriminating against victims of irresponsibility, however, might require a “darker” form of identification.

Collective narcissism, defined as “an emotional investment in an unrealistic belief about the in-group’s greatness” (Golec de Zavala *et al.*, 2009; p. 1074), is related to intergroup

aggression and an enhanced perception of threat. Scholars have argued that this variable represents a dysfunctional form of identification with the in-group, implying an automatic dislike of out-groups (Brewer, 1999). In our context, collective narcissism potentially explains how people might discount out-group suffering. While positive identification with the in-group reinforces promotion of in-group interests (Russell and Russell, 2010); the in-group glorification typical of collective narcissism might be better suited to explain out-group discrimination and the relative discounting of out-group suffering (Brewer, 1999; Golec de Zavala, Cichocka, and Bilewicz, 2013).

Collective narcissism differs from other forms of in-group glorification because it implies a sense of insecurity and strong sensitivity to in-group threat. Narcissists, in addition to an investment in the dominance of the in-group, are especially reactive to potential threats (Golec de Zavala, 2011; Golec de Zavala, Cichocka, and Iskra-Golec, 2013). This enhanced sense of threat is expected to lead to an increased adversity towards all out-groups (Riek, Mania, and Gaertner, 2006; Locke, 2014; see also Golec de Zavala and Cichocka, 2011).

For collective narcissists discriminating victims on the basis of their identity can be a protective strategy. Their sensitivity to any threatening in-group information (Golec de Zavala *et al.*, 2009; Golec de Zavala *et al.*, 2013) means they should be particularly sensitive to in-group suffering. At the same time, their aggressiveness towards out-groups should lead them to disengage from the suffering of out-group victims (Miller and Eisenberg, 1988). We expect therefore that individuals' level of collective narcissism moderates how differences in victims' identity affect judgements of similarity.

H8: The effect of identity of the victims of CSI on evaluations of perceived similarity will be stronger (weaker) for individuals with high (low) levels of collective narcissism.

Lange and Washburn (2012) suggest that when observers identify with the company involved in CSI they discount the victims' suffering. This proposition, although consistent with social identity theory, does not address what is exactly meant by identification with a company (see Ellemers *et al.*, 1999). Hoffman and Müller (2009) demonstrate that customers of an irresponsible company react more negatively to CSI than other individuals. Customer revenge research suggests that betrayed customers react negatively to a moral violation by the firm with which they are associated (Grégoire, Tripp, and Legoux, 2009; Joireman *et al.*, 2013). However, the process of customer-company identification is multidimensional and includes other elements beyond consumption (Ahearne, Bhattacharya, and Gruen, 2005; Bhattacharya and Sen, 2003).

In this study, we examine whether the nationality of the irresponsible company influences observers' perceptions of the party affected by CSI. It is possible that when the irresponsible company shares the same identity of the observer, individuals might feel less likely to perceive victims as similar to the self. Country of origin, one of the dimensions of identification with an organization (Bhattacharya and Sen, 2003), has powerful implications on consumer behaviour in general (Klein, Ettenson, and Morris, 1998; Harmeling, Magnusson, and Singh, 2015). Social identity theory shows that individuals are prone to defensive processing to rationalize negative information about the in-group (Ellemers, Spears, and Doosje, 2002; Sherman and Kim, 2005). Hence, we expect that when the irresponsible organization shares their own national identity, observers are more likely to perceive out-group victims as very dissimilar from the self (Haslam and Ellemers, 2005; Lange and Washburn, 2012).

H9: The effect of identity of the victims of CSI on evaluations of perceived similarity will be stronger (weaker) when the organization responsible belongs to the in-group (out-group).

### **Overview of the empirical research**

In two experiments we examine our hypothesised paths and potential alternative explanations. Study 1 tests H1 to H7 while Study 2 focuses on H8 and H9. The research examines reactions to realistic cases of CSI. The (national) identity of the victims is manipulated and individuals' reactions evaluated. To ensure higher ecological validity of participants' reactions we do not manipulate identity salience. Although this practice is common in existing research, it weakens our ability to generalize findings to real-life settings which is an important concern in our context (Ashmore *et al.*, 2004; Phinney, 1996).

Participants read a mock news article presenting a case of CSI caused by a fictitious company and complete scales which measure our mediators and dependent variables. They were all US residents<sup>3</sup> recruited in exchange for monetary payment through Amazon Mechanical Turk (AMT). Whilst not representative of the general population, AMT users are more representative than samples of college students often used in experiments (Paolacci, Chandler and Ipeirotis, 2010). AMT samples are proven to be reliable, psychometrically valid (Buhrmester, Kwang and Gosling, 2011), and exhibit the same cognitive biases observed in other populations (see Paolacci and Chandler, 2014 for a detailed review).

To enhance data quality, only individuals whose previous submissions had at least a 95% approval rate were recruited (Pe'er, Vosgerau and Acquisti, 2014). We used attention check questions positioned at the end of the questionnaire. We asked participants to identify the

country where the CSI case had taken place<sup>4</sup>. Only very few participants (11 in Study 1 and 4 in Study 2) answered the wrong country or said they could not remember (Pe'er *et al.*, 2014). We retained these cases for analysis<sup>5</sup>.

## **Study 1**

Study 1 examines H1 to H7. We developed stimuli that vary in terms of: 1) the nationality of the victims of CSI and 2) the relative threat posed by different out-groups (Branscombe and Wann, 1994; Henderson-King *et al.*, 1997). Participants were presented with one of three versions of CSI: high-threat victims belonging to an out-group, low-threat victims belonging to an out-group or in-group victims. Associating a threat with an out-group should lead to lower perceived similarity and increased discrimination (Branscombe and Wann, 1994; Henderson-King *et al.*, 1997). The design satisfies our objectives since it allows 1) testing H1, and 2) providing variation in perceived similarity necessary to test H2 to H7. The manipulation of out-group threat also helps examining whether the portrayal of the victims influences stakeholders' reactions.

### *Method*

*Stimuli.* The scenarios, developed on the basis of previous literature (Giner-Sorolla *et al.*, 2008) and five qualitative interviews, presented the case of a chemical spill attributed to corporate irresponsibility. They were pretested for clarity and credibility through an online pilot study (N = 56). Slight changes were made to enhance the stimuli's credibility (Appendix A). The in-group condition described the chemical leak as occurring in "Newcastle, a town in Washington State, US". The scenario described the area affected as "an ordinary community



comprising mostly of middle-class households.” The out-group condition presented the case as occurring “in Kansk, Northern Russia” and varied the level of threat through references to current geo-political tensions with the US (Branscombe and Wann, 1994). In the high-threat condition, victims resided in a region where the population opposes cooperation with the West. In the low-threat article the area affected was presented as supporting further democratization of the country. We assessed perceived clarity and credibility of the scenarios (1= extremely unclear/unrealistic; 10= extremely clear/realistic). Participants perceived the scenarios as both clear ( $M_{\text{high-threat}} = 9.31$ ,  $M_{\text{low-threat}} = 9.44$ ,  $M_{\text{control}} = 9.48$ ) and credible ( $M_{\text{high-threat}} = 9.00$ ,  $M_{\text{low-threat}} = 9.06$ ,  $M_{\text{control}} = 8.87$ ).

*Procedures and participants.* Individuals read a news article presenting a case of CSI and then completed a set of measures<sup>6</sup>. We collected 510 questionnaires but retained only complete responses leading to a final sample of 507. The study was conducted in February 2015.

*Measures.* All constructs are measured using items based on previous research. Details of the scales’ sources, exact wording and their reliability are presented in Table 3. We also measured a number of control variables. Firstly, we measured cognitions of blame, greed, severity, and fairness. We adopted items used in previous research (Antonetti and Maklan, 2014) to assess these variables. Controls are useful in testing that any effect we find can be explained through judgements of perceived similarity. Research on justice shows the importance of cognitions of blame (Alicke, 2000; Barclay, Skarlicki, and Pugh, 2005), greed (Crossley, 2009), severity (Antonetti and Maklan, 2014; Lange and Washburn, 2012) and fairness (Carlsmith *et al.*, 2002; Darley and Pittman, 2003). Since these variables could be influenced by our manipulation of victims’ identity, we decided to control for their effect statistically. We also included items measuring other negative emotions. Three items each assessed participants’ feelings of contempt (Romani *et al.*, 2013), fear (Richins, 1997) and

disgust (van Overveld, De Jong and Peters, 2006). Since emotions of the same valence tend to be correlated, controls are necessary to test our hypotheses on the role of sympathy and anger. Finally we adopted a measure of “blind patriotism” (Schatz, Staub and Levine, 1999) which has been shown to influence in-group favouritism. In the pilot, we assessed the psychometric validity and reliability of these constructs. All materials and scales were pretested in the pilot study. The scales are listed in Appendix B.

*Common method bias.* To minimize the potential impact of common method bias all items were presented randomly, all scales were clear and concise and multiple response formats were used (Podsakoff *et al.*, 2003). Participants were reminded frequently of the anonymity and confidentiality of their answers to minimise social desirability. We also assessed common method bias through Harman’s single factor test, Lindell and Whitney’s (2001) “marker variable” technique (see Bagozzi, 2011), and the estimation of a common latent factor (Podsakoff *et al.*, 2003). An exploratory factor analysis, with no rotation, shows that 37% of the variance is explained by one factor. Participants’ answers to the item “I daydream and fantasize, with some regularity, about things that might happen to me,” (seven-point scale) were used as a marker variable (see Grappi *et al.*, 2013b). Since this item should be conceptually unrelated to the constructs in our model, any shared variance would be an indication of significant common method bias. A bivariate correlation analysis showed that all coefficients originally significant remained statistically significant after controlling for the target item. Finally, we estimated a latent common factor in addition to the theoretically derived constructs (Podsakoff *et al.*, 2003). The pattern and significance of the relationships does not change when we include a common-method factor in the model. These analyses suggest that same-source bias is not a concern in the interpretation of the results.

## Results

Three items (Branscombe and Wann, 1994), measured on a 7-point scale, evaluate the effectiveness of our manipulation of threat (e.g. “The citizens of Kansk are hostile”). Perceived threat was successfully manipulated. Victims in the high-threat scenario are perceived as more hostile ( $M_{\text{high-threat}} = 3.31$ ) than those in the low-threat scenario ( $M_{\text{low-threat}} = 2.78$ ;  $t = 3.83$ ,  $p < .001$ ).

We conducted an ANOVA with planned contrasts to assess differences between the variables in our model (Table 1)<sup>7</sup>. In support of H1, victims who share the same identity of the participants are perceived as more similar to the self than foreign ones ( $F(2, 504) = 24.91$ ,  $p < .001$ ;  $\eta^2 = .09$ ). Furthermore, the level of threat also influences perceptions of similarity ( $p < .05$ ). Mean values in terms of sympathy ( $F(2, 504) = 2.82$ ,  $p = .070$ ), anger ( $F(2, 504) = .328$ ,  $p = .721$ ), attitudes ( $F(2, 504) = .377$ ,  $p = .686$ ), and intentions to punish ( $F(2, 504) = .876$ ,  $p = .417$ ) are not statistically different across conditions.

**Table 1: Means and standard deviations across conditions**

		High-threat (A)	Low-threat (B)	In-group (C)
		N= 173	N= 165	N= 169
Perceived similarity	M	3.16	3.48 <sup>b</sup>	4.22 <sup>AB</sup>
	SD	1.41	1.30	1.29
Sympathy	M	4.70	4.84	4.82
	SD	1.04	0.94	1.09
Anger	M	4.71	4.85	4.92
	SD	1.56	1.69	1.72
Attitudes	M	6.07	6.09	6.00
	SD	1.03	1.06	1.07
Punitive intentions	M	3.67	3.80	3.97
	SD	1.54	1.61	1.51

Within each row, values with capitalized subscript labels are significantly different at the  $p < .01$  significance level while lowercase superscript labels indicate a difference which is statistically significant at the  $p < .05$  level. Pairwise comparisons calculated using planned contrasts.

Results do not show a direct effect of identity on attitudes and intentions to retaliate. This does not preclude, however, the existence of indirect effects postulated by our model (Hayes, 2009; Mathieu and Taylor, 2006; Zhao, Lynch Jr., and Chen, 2010). We use PROCESS (Hayes, 2013) to assess the indirect effects of identity on sympathy, anger, attitudes and intentions to punish that are mediated by perceived similarity<sup>8</sup>. We run the analysis first comparing the in-group condition to the out-group<sup>9</sup> and then assessing directly the low-threat versus the high-threat group (Table 2). We test not only for the indirect effects postulated in Figure 1, but also for the effects of the manipulation on emotions, on attitudes and on intentions to protest<sup>10</sup>. The evidence supports the existence on an indirect effect of social identity on stakeholders' reactions. The manipulation has an indirect effect through perceived similarity on intentions to punish while it does not influence attitudes. Only when the emotions are included in the model, the identity condition has a positive indirect effect on attitudes. Results for the high-threat condition also meet our expectations, showing an indirect effect on both attitudes and intentions to retaliate.

**Table 2: Indirect effect estimates**

<i>Indirect effects</i>	<i>Path coefficient</i>	<i>Confidence interval</i>
Out-group vs. in-group → Similarity → Sympathy	.19	from .12 to .29
Out-group vs. in-group → Similarity → Anger	.25	from .14 to .40
Out-group vs. in-group → Similarity → Negative attitude	-.01	from -.07 to .05
Out-group vs. in-group → Similarity → Punitive intentions	.35	from .23 to .49
Out-group vs. in-group → Similarity → Sympathy → Negative attitude	.10	from .06 to .14
Out-group vs. in-group → Similarity → Anger → Negative attitude	.07	from .04 to .11
Out-group vs. in-group → Similarity → Sympathy → Punitive intentions	.07	from .04 to .11
Out-group vs. in-group → Similarity → Anger → Punitive intentions	.12	from .07 to .18
High-threat vs. low-threat → Similarity → Sympathy	.06	from .01 to .13
High-threat vs. low-threat → Similarity → Anger	.10	from .02 to .22
High-threat vs. low-threat → Similarity → Negative attitude	-.01	from -.05 to .02
High-threat vs. low-threat → Similarity → Punitive intentions	.13	from .02 to .29
High-threat vs. low-threat → Similarity → Sympathy → Negative attitude	.03	from .0056 to .06
High-threat vs. low-threat → Similarity → Anger → Negative attitude	.02	from .0041 to .06
High-threat vs. low-threat → Similarity → Sympathy → Punitive intentions	.02	from .0044 to .05
High-threat vs. low-threat → Similarity → Anger → Punitive intentions	.05	from .0080 to .11

Table includes estimates from 14 separate models. We used Model 4 to calculate indirect effects of the manipulation on the dependent variables through one mediator and Model 6 to calculate indirect effects of the manipulations on the dependent variables through two mediators.  $\beta$  represents unstandardized path coefficients.

In order to test H2 to H7 we estimate a structural equation model using a covariance-based approach (CB-SEM) and the software AMOS 20 (MacKinnon *et al.*, 2002). CB-SEM accounts for measurement error and allows testing for multiple mediators at the same time (Brown, 1997). Before examining the structural model we assess the reliability and validity of our scales.

All key indicators exceed the recommended thresholds (Table 3; correlations in Appendix C): standardised loadings are all above .60 (Bagozzi and Yi, 1988), average variance extracted (AVE) is above the .50 threshold (Fornell and Larcker, 1981), and composite reliability (CR) is above .70 (Bollen and Lennox, 1991). These results indicate good reliability and convergent validity.

There is also evidence of good discriminant validity: 1) the Maximum Shared Variance and Average Shared Variance are lower than the AVE for all constructs (Hair *et al.*, 2010), 2) the Fornell-Larcker criterion is supported for all constructs (Fornell and Larcker, 1981), and 3) confidence intervals for the phi correlations between pairs of variables do not contain 1 (Anderson and Gerbing, 1988). Confirmatory Factor Analysis suggests that the constructs fit the data well ( $\chi^2$  ( $df= 159, p < .001$ ): 535.763; CFI = .95, TLI = .94, RMSEA = .068).

**Table 3: Measurement model**

	Standardised loadings
<b>Constructs</b>	
<b>Perceived similarity</b> (1= strongly disagree; 7= strongly agree) <b>CR= .86; AVE= .61</b>	
<i>Source: Adapted from Doosje et al., 1999; Leach, Ellemers and Barreto, 2007</i>	
The people mentioned in the article are very close to me	0.67
I am from the same group as the people mentioned in the article	0.65
The people mentioned in the article are very similar to me	0.86
I am just like the people mentioned in the article	0.93
<b>Sympathy</b> (1= strongly disagree; 7= strongly agree) <b>CR= .91; AVE=.77</b>	
<i>Source: Adapted from Small 2010</i>	
I feel very sympathetic towards the people mentioned in the article	0.91
I feel very sorry for the people mentioned in the article	0.85
I feel sympathy for the people mentioned in the article	0.88
<b>Anger</b> (1= not at all; 7= extremely) <b>CR= .94; AVE=.82</b>	
<i>Source: Batson et al., 2009</i>	
Angry	0.91
Outraged	0.88
Mad	0.94
Offended	0.64
Indignant	0.62
<b>Attitude</b> (from 1 to 7) <b>CR= .88; AVE= .72</b>	
<i>Source: Grappi et al., 2013b</i>	
Good / Bad	0.87
Unfavourable / Favourable ( <i>reverse scoring</i> )	0.79
Positive / Negative	0.89
<b>Punitive intentions</b> (1= strongly disagree; 7= strongly agree) <b>CR= .88; AVE= .59</b>	
<i>Source: Adapted from Romani et al., 2013; Antonetti and Maklan, 2014</i>	
I would be likely to complain about [company name]'s behavior to other people	0.83
I intend to say negative things about [company name] to people I know	0.71
I intend to sign the petition organized by the charity mentioned in the article	0.77
I intend to donate money to help the charity mentioned in the article	0.76
I intend to join a protest against [company name]	0.78

The structural equation model achieves a good fit ( $\chi^2$  ( $df = 159, p < .001$ ): 535.239; CFI = .95, TLI = .94, RMSEA = .068). To rule out alternative explanations, we compared our conceptual model to three alternatives (Table 4). Firstly, a reverse causal chain, where sympathy and anger influence reactions through the mediation of perceived similarity, provides a poorer fit to the data. Secondly, we examined a partial mediation model including direct paths from perceived similarity to stakeholders' reactions. Although this model fits the data well, it performs less convincingly on parsimony-adjusted indicators of fit. Furthermore, this model predicts a positive influence of perceived similarity on attitudes ( $\beta = -.19, p < .001$ ), which suggests an inadmissible solution. On this basis, our conceptual model appears preferable to a partial mediation solution. Finally, a direct effect model, where similarity does not cause the emotions but directly influences reactions, generates lower fit indices than our proposed solution.

**Table 4: Robustness tests**

Model	$\chi^2$	<i>df</i>	CFI	TLI	RMSEA	PCFI	PGFI
Conceptual	535.239	159	.95	.94	.068	.791	.685
Reverse causality	817.277	160	.91	.89	.090	.762	.657
Partial mediation	494.094	157	.95	.94	.065	.786	.682
Direct effect	587.457	158	.94	.93	.073	.780	.674

Reverse causality: sympathy + anger  $\rightarrow$  similarity  $\rightarrow$  attitude + punitive actions

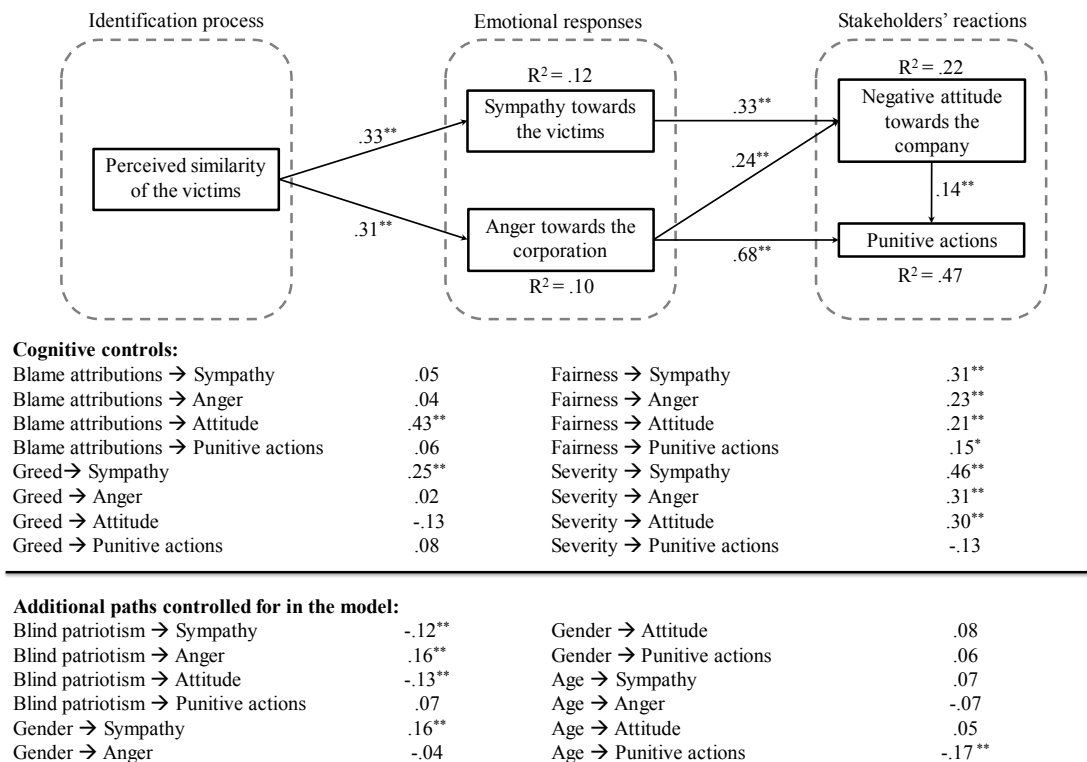
Partial mediation model: includes direct paths from similarity to stakeholders' reactions

Direct effect model: paths from perceived similarity to emotions are removed and paths from perceived similarity to stakeholders' reactions are included

Structural path estimates support H2 to H7 (Figure 2). H2 and H3 are consistent with evidence that perceived similarity has a positive influence on both sympathy ( $\beta = .33, p < .001$ ) and anger ( $\beta = .31, p < .001$ ). The positive relationship between sympathy and negative attitudes towards the company ( $\beta = .33, p < .001$ ) supports H4. Furthermore we find a



positive impact of anger on both negative attitudes ( $\beta = .24, p < .001$ ) and intentions to punish the company ( $\beta = .68, p < .001$ ). These results support H5 and H6. In line with H7 we also find that negative attitudes are an antecedent of intentions to retaliate against the firm ( $\beta = .14, p < .001$ )<sup>11</sup>.



$\beta$  represents standardized path coefficients. \*  $p < .05$ ; \*\*  $p < .001$ .

## Figure 2: Structural model results

We examined whether other emotions might explain the effects identified for sympathy and anger. Contempt, fear and disgust are added as additional mediators of the relationship between perceived similarity and stakeholders' reactions. Perceived similarity has a positive influence on three of the negative emotions analysed and disgust influences attitudes and intentions to protest ( $\beta_{retaliation} = .15, p < .001, \beta_{attitude} = .16, p < .001$ ) while fear influences

attitudes towards the organization ( $\beta_{\text{attitude}} = .21, p < .001$ ). Despite these effects, the pattern of results is not affected by the inclusion of the additional negative emotions in the model.

The analysis of the mediation processes requires the calculation of the unique mediating effect of anger and sympathy on the stakeholders' outcomes. Using PROCESS (Hayes, 2013) we test the mediating effect of each emotion while controlling for the other. This gives an estimate of the unique contribution of each emotion (Table 5). Since the confidence intervals for all estimates are above zero, both sympathy and anger offer a unique contribution in predicting stakeholder outcomes.

**Table 5: Indirect effect estimates**

Hypothesised indirect effect	Hypothesis	Path coefficient	Confidence interval
Perceived similarity → Sympathy → Attitudes	H4	.063**	from .03 to .10
Perceived similarity → Anger → Attitudes	H5	.029*	from .01 to .06
Perceived similarity → Anger → Punitive intentions	H6	.057**	from .02 to .09

\*\*  $p < .01$ , \*  $p < .05$

### *Discussion*

This study supports our hypotheses and offers four contributions to existing debates. Firstly, we show an indirect effect of victims' identity on stakeholders' reactions. While CSR research has presented evidence of a direct effect of identity on stakeholder reactions (Russell and Russell, 2010), in CSI the effect appears indirect and mediated by judgements of similarity. Secondly, we advance a unique explanation of how identity influences reactions to CSI. Appraisal of the victims represents a novel antecedent of CSI reactions. Thirdly, this study provides evidence for the unique role of sympathy in explaining reactions to CSI above

the already researched effect of anger and contempt (Romani *et al.*, 2013). Finally, we show that perceptions of out-group threat bias stakeholders' intentions to retaliate.

Since the results might have been influenced by prejudices towards the specific out-group (see Harmeling *et al.*, 2015), we conducted a replication. A replication is also highly desirable when testing causal relationships through CB-SEM (Bollen and Pearl, 2013). In a new study (N = 293) we examined reactions to victims of a fictitious out-group (Cuddy *et al.*, 2007). The replication out-group scenario presented the case of CSI as happening in a fictitious country ("in Dilam, a town in Al Kharj") that was either described as governed by a totalitarian regime that supports terrorism (high-threat) or as a democratic regime allied of the US (low-threat). The results are in line with our expectations and offer further support to our hypotheses. A one-way ANOVA shows an effect of the identity manipulation on perceived similarity ( $F(2, 290) = 30.39, p < .001; \eta^2 = .17$ ) and on attitude ( $F(2, 290) = 5.62, p < .01; \eta^2 = .04$ ). Other indirect effects are in line with the results reported. The CB-SEM analysis supports the hypotheses and the model estimated predicts a moderate amount of variance in the measure of punitive intentions ( $R^2 = 49\%$ ). Detailed results are available upon request.

## **Study 2**

In this study, we test H8 and H9 to examine whether collective narcissism and the nationality of the irresponsible company influence reactions to CSI.

### *Method*

*Stimuli.* We used a scenario similar to Study 1 but a) dropped the high-threat condition and b) added a manipulation of the nationality of the firm implicated in the CSI case. Consequently,

participants were exposed to one out of four scenarios: 1) in-group victims/in-group company, 2) in-group victims/out-group company, 3) out-group victims/in-group company, and 4) out-group victims/out-group company. Information about where the company is headquartered manipulates the identity of the firm. In the in-group condition the company was presented as being headquartered in New York while in the out-group condition the company was described as being headquartered in Moscow. Victims' identity is manipulated as in Study 1 (US victims versus Russian victims). A pre-test ( $N = 61$ ) showed that participants perceived the nationality of the company as expected. In the main sample, when asked about the nationality of the company all participants identified the country of origin correctly.

*Procedures and participants.* Participants were recruited following the same procedures of Study 1. 150 individuals participated in a 2 (victims' identity: US versus Russia) X 2 (firm's headquarters: New York versus Moscow). We retained 149 complete cases for analysis. Potential respondents who might have already participated to Study 1 were excluded from participation following established guidelines (Chandler *et al.*, 2013). The study was conducted in July 2015.

*Measures.* As in Study 1 we measured perceived similarity ( $\alpha = .88$ ), sympathy ( $\alpha = .94$ ) and anger (.93) and intentions to punish the corporation ( $\alpha = .87$ )<sup>12</sup>. Collective narcissism (Golec de Zavala *et al.*, 2009) measures individuals' perception that their national group deserves special consideration. Participants answered nine statements (see Appendix B) on a seven-point scale ( $M = 3.59$ ;  $SD = 1.15$ ). The measure displayed satisfactory reliability ( $\alpha = .83$ ) and was administered before exposure to the scenario.

*Common method bias.* An exploratory factor analysis with no rotation shows that a single factor explains only 33% of the variance in our sample. There is no influence of common

method variance when conducting the “marker variable” analysis. We conclude that common method bias does not influence the analysis of the results.

### *Results*

We use a regression based approach and PROCESS (Hayes, 2013; Model 7) to examine the interactions expected by our hypotheses (correlations are presented in Appendix C). We run the analysis three times to examine whether the moderating effect is transferred to 1) sympathy, 2) anger and 3) intentions to punish the firm.

We find evidence of a positive moderation of collective narcissism on the impact that identity has on similarity (Table 6). The index of moderated mediation (Hayes, 2014) for anger ( $\beta = .25$ , CI = .04 to .49), sympathy ( $\beta = .14$ , CI = .03 to .28) and intentions to punish ( $\beta = .18$ , CI = .03 to .39) corroborates the view that the moderating impact of narcissism also influences the emotional outcomes and intentions to retaliate.

**Table 6: Model of moderated mediation for anger**

Hypothesised effect	$\beta$ ; SE; t-statistic	Bias-corrected CI
Victims' identity $\rightarrow$ Similarity	.80 <sup>**</sup> ; .21; 3.79	from .38 to 1.22
Coll. Narcissism $\rightarrow$ Similarity	.23 <sup>*</sup> ; .09; 2.48	from .05 to .41
Victims' identity $\times$ Coll. Narcissims $\rightarrow$ Similarity	.43 <sup>*</sup> ; .18; 2.29	from .06 to .79
Victims' identity $\rightarrow$ Anger	-.48; .26; -1.83	from -1.00 to .04
Similarity $\rightarrow$ Anger	.59 <sup>**</sup> ; .09; 6.09	from .39 to .77
R <sup>2</sup> = .20 F(2, 146) = 18.56, $p < .001$		
Victims' identity $\rightarrow$ Sympathy	-.22; .18; -1.24	from -.58 to .13
Similarity $\rightarrow$ Sympathy	.32 <sup>**</sup> ; .06; 4.82	from .19 to .45
R <sup>2</sup> = .14 F(2, 146) = 11.70, $p < .001$		
Victims' identity $\rightarrow$ Punitive intentions	-.41; .22; -1.09	from -.84 to .02
Similarity $\rightarrow$ Punitive intentions	.43 <sup>**</sup> ; .08; 5.49	from .28 to .59
R <sup>2</sup> = .17 F(2, 146) = 11.70, $p < .001$		

$\beta$  represents unstandardized path coefficients. \*  $p < .05$ ; \*\*  $p < .001$ .

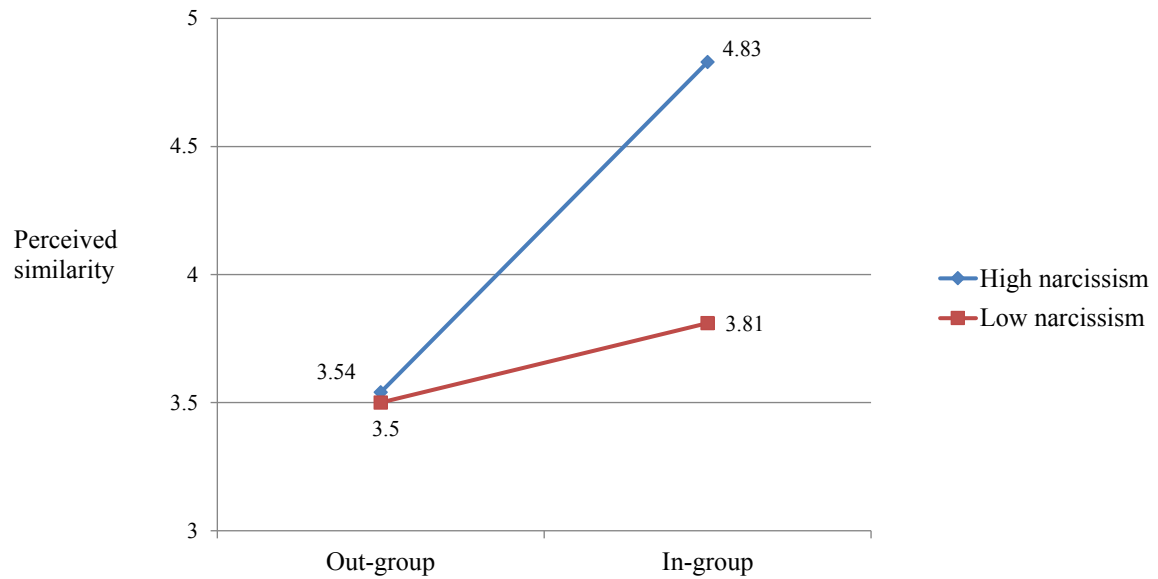
The conditional indirect effects (Table 7) suggest that the effect of victims' identity on perceived similarity is especially strong for individuals who score high on collective narcissism. The effect is not statistically significant for low narcissists. Similar results apply to the relationships between identity manipulation and the other variables included in our model. In other words, the in-group bias documented in this research is absent for those who disagree with the view of their in-group as deserving special consideration.

**Table 7: Conditional indirect effects of victims' identity on perceived similarity**

Independent variable	Moderator	Outcome	$\beta$ ; SE; t-statistic	Bias-corrected CI
Manipulation	Low Narcissism	Similarity	.31; .29; 1.05	from -.28 to .89
Manipulation	Medium Narcissism	Similarity	.79**; .21; 3.79	from .38 to 1.21
Manipulation	High Narcissism	Similarity	1.29**; .30; 4.27	from .69 to 1.88
Manipulation	Low Narcissism	Anger	.18; .16	from -.13 to .49
Manipulation	Medium Narcissism	Anger	.46; .13	from .24 to .77
Manipulation	High Narcissism	Anger	.75; .21	from .38 to 1.22
Manipulation	Low Narcissism	Sympathy	.10; .09	from -.06 to .32
Manipulation	Medium Narcissism	Sympathy	.25; .08	from .12 to .47
Manipulation	High Narcissism	Sympathy	.41; .13	from .18 to .72
Manipulation	Low Narcissism	Punitive intentions	.13; .12	from -.09 to .39
Manipulation	Medium Narcissism	Punitive intentions	.35; .18	from .17 to .62
Manipulation	High Narcissism	Punitive intentions	.56; .18	from .27 to .99

Table includes estimates from four separate models: one with similarity as outcome (Model 1) and three models for anger, sympathy and intentions to punish the company (Model 7). Values for the moderator are the mean and plus/minus one SD.  $\beta$  represents unstandardized path coefficients. 95% Confidence intervals for conditional indirect effect-bias corrected and accelerated. \*  $p < .05$ ; \*\*  $p < .001$ .

Figure 3 shows that high narcissists tend to be especially responsive to the suffering of the in-group; this variable therefore moderates the influence of victims' identity on perceived similarity. To probe further H8 we run the same analysis twice; comparing between groups that read scenarios with a company of the same nationality and that varied only on the identity of the victims. When isolating the analysis both in relation to the US firm ( $p = .06$ ) and to the Russian firm ( $p = .04$ ), we find consistent evidence in support of our hypothesis. In both cases, the bias of victims' identity is strong for individuals scoring high on narcissism ( $\beta_{US\ firm} = .49$ , CI = .23 to .88;  $\beta_{Russian\ firm} = .31$ , CI = .06 to .65) while it is not statistically significant for those with low levels of collective narcissism ( $\beta_{US\ firm} = -.02$ , CI = -.29 to .19;  $\beta_{Russian\ firm} = .16$ , CI = -.01 to .39).



**Figure 3: Interaction of victims’ identity and collective narcissism**

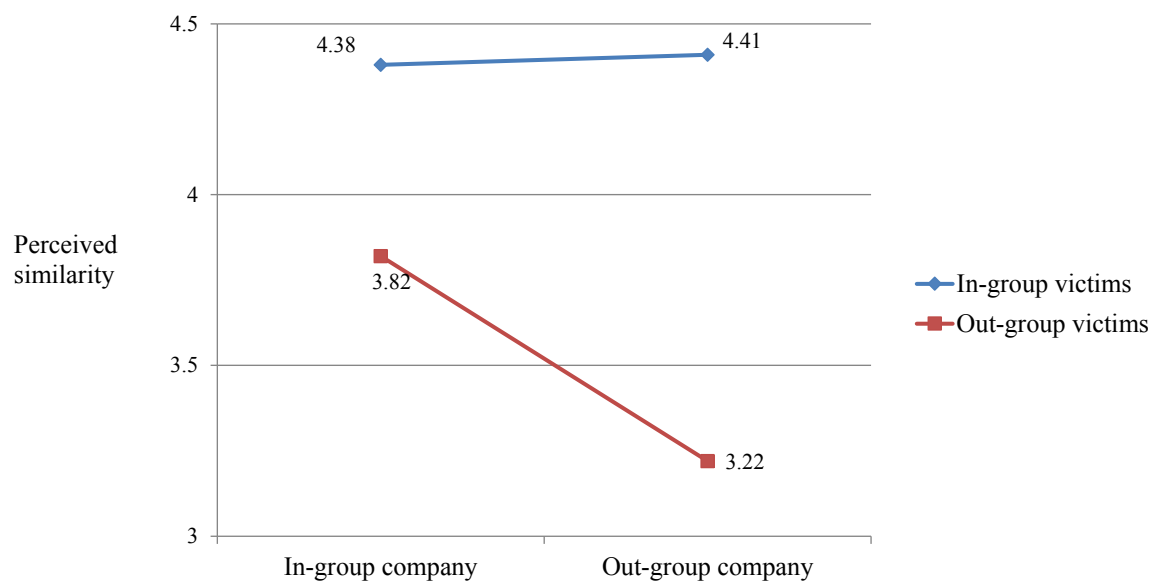
Finally, we examined whether the national identity of the irresponsible company might moderate the effect of victims’ identity on similarity. Table 8 presents the results of a regression model estimated using PROCESS (Hayes, 2013, Model 1). The interaction term is not statistically significant ( $p = .14$ ) thus contradicting H9. Furthermore, as evident from Figure 4, the nature of the moderation is opposite to what we had anticipated. In other words, the difference in perception between in-group and out-group victims is largest when the perpetrator is a foreign company. This finding suggests the possibility that when the company is foreign observers are less likely to identify with the suffering of those affected.



**Table 8: Model including the moderating effect of company's identity**

Hypothesised effect	$\beta$ ; SE; t-statistic	Bias-corrected CI
Victims' identity $\rightarrow$ Similarity	.87**; .21; 4.05	from .45 to 1.29
Company's identity $\rightarrow$ Similarity	.29; .21; 1.34	from -.14 to .71
Victims' identity $\times$ Company's identity $\rightarrow$ Similarity	-.63; .43; -1.46	from -1.48 to .22
$R^2 = .12$		
$F(3, 145) = 6.85, p < .001$		

$\beta$  represents unstandardized path coefficients. \*\*  $p < .001$ .



**Figure 4: Interaction of victims' identity and company's identity**

### Discussion

This study extends our understanding of how social identification influences reactions to CSI. Specifically, we find that highly narcissistic individuals are more likely to be biased strongly by the identity of the victims when reacting to CSI. On the other hand, individuals who have a very low investment in the special status of their group appear not to differentiate in their reactions. This finding extends research on the importance of collective narcissism

demonstrating that, in addition to its role in prejudice and intergroup discrimination (Golec de Zavala et al., 2013), it can regulate individuals' ability to identify with the suffering of others. The study identifies a boundary condition of the effect of identity on intentions to retaliate and suggests that observers' tendency to discriminate in favour of the in-group is based on their level of narcissistic identification with the in-group.

Finally, results suggest that the national identity of the irresponsible company does not affect judgments of similarity of the victims. H9 is not supported by the data. In this study, however, we have only assessed the impact of information about the nationality of the firm on participants' responses. Our results do not preclude the possibility that 1) the level of identification might moderate the perceived similarity of the victims and 2) other forms of identification beyond the country of origin might influence how individuals react to cases of CSI. Since there are different forms of individual-company identification (Ahearne *et al.*, 2005; Bhattacharya and Sen, 2003) our findings do not challenge the proposition advanced by Lange and Washburn (2012) but offer direction for further research aimed at testing it empirically.

## **General discussion**

### *Implications for CSI research*

We extend research on how stakeholders react to cases of irresponsible corporate behaviour (Antonetti and Maklan, 2014; Grappi *et al.*, 2013a; Lange and Washburn, 2012; Jones *et al.*, 2009; Murphy and Schlegelmich, 2013) by introducing an explanation of how identification with the victims of CSI can bias observers' reactions.

Although research in CSR already suggests this bias (Russell and Russell, 2010), this is the first study examining identity biases in relation to CSI empirically and explaining the mechanisms that underpin this effect. Our findings document differences of in-group bias between CSR and CSI. Firstly, in CSI we find only evidence of an indirect effect of victims' identity on stakeholders' reactions. Scholars should explore potential mediating mechanisms that might yield negative indirect paths (Zhao *et al.*, 2010) to extend our understanding of how the identity of the victims influences stakeholders' reactions. Secondly, in-group bias in reactions to CSI is regulated by the affective level of commitment to a grandiose view of the in-group (i.e. collective narcissism).

The research also contributes to the developing collective narcissism literature (Golec de Zavala *et al.*, 2009; Golec de Zavala, 2013) and to research on forms of in-group identification that can generate out-group hate (Brewer, 1999). Collective narcissists have a special sensibility to the suffering of in-group members and are more likely to discriminate between victims on the basis of their identity. While past research has linked collective narcissism to direct discrimination (see Golec de Zavala and Cichocka, 2011), this study shows that narcissism leads also to indirect discrimination, making reactions against injustices less likely when the victims belong to an out-group.

Study 2 shows that information about the national identity of the company does not interact significantly with victim's identity. The results contradict our hypothesis: there is a stronger effect of identity condition on similarity when the company responsible belongs to the out-group. On the basis of this evidence, it appears that when the perpetrator belongs to the out-group observers are less likely to consider themselves involved in the CSI case and consequently perceive the victims as more dissimilar. Further research is needed to explore the role of company's identity in reactions to CSI; potential areas for further research are discussed below.

The study also demonstrates the role played by sympathy in reactions to CSI. Sympathy explains the role of perceived similarity of the victims in influencing consumers' decisions to punish organizations that behave inappropriately. While past research explores negative emotions such as anger and contempt (Romani *et al.*, 2013), we demonstrate that sympathy has a unique influence on consumers' retaliations.

This study introduces a new important antecedent to reactions to CSI: perceptions of the victims influence the emotions experienced by observers and their likelihood to retaliate. Existing research focuses on appraisals of the specific situation or beliefs about the responsible company (Antonetti and Maklan, 2014; Cronin *et al.*, 2012; Hoffman and Müller, 2009). We demonstrate that individuals' judgement of the victims of irresponsible behaviour contributes to the likelihood and intensity of their reactions.

#### *Limitations and areas for further research*

The study presents a few limitations that offer useful directions for further research. Our model has been tested only in one specific CSI context (i.e. chemical spill due to corporate negligence), one specific identity (i.e. national identity) and under laboratory conditions. Since identity effects are highly contextual, further research should re-examine our model in different types of corporate crises and diverse identities. Field studies, although difficult to implement, would be invaluable for their ability to capture the size of the in-group bias in more realistic conditions. Future research can also extend the analysis of the individual and contextual variables that shape the self-categorisation process (Haslam and Ellemers, 2005). It would be interesting to explore whether pre-existing animosity towards a national group colours reactions to victims of a certain nationality (Klein *et al.*, 1998) to understand under

what circumstances observers are likely to react negatively against international instances of CSI.

We find that firm nationality does not influence individuals' reactions to the victims. In this study, however, we have not measured the level of identification with the firm. Future research might address directly this limitation by testing whether the perceived identification with the company influences reaction towards the victims of CSI. It would be also interesting to extend this line of enquiry and testing exactly what component of identification is relevant in this research context (Ahearne *et al.*, 2005). Does being a loyal customer (Grégoire *et al.*, 2009; Hoffman and Müller, 2009), an employee (Vlachos, Panagopoulos, and Rapp, 2013) or an investor of a company involved in CSI affect reactions to the event? Does it also influence perceptions of the victims of CSI?

Consistent with past research, this study conceives of sympathy and anger as independently mediating the influence of perceived similarity on stakeholders' reactions. Recent evidence suggests, however, that these emotions act jointly (Fernando *et al.*, 2014) and raises the question of whether anger and sympathy might be related to each other in some structural way. We find that the two emotions have different impact on attitudes and intentions to retaliate, suggesting that the two emotions play distinctive functions in reactions to injustices. Future research should explore in more depth what these unique features are. Scholars might also wish to explore other antecedents of sympathy beyond the similarity of the victims. Perceived culpability (Goetz *et al.*, 2010; Lange and Washburn, 2012) and perceived suffering (Haslam and Loughnan, 2014; Leidner *et al.*, 2010) represent antecedents deserving further attention.

### *Implications for managerial reactions to CSI*

Practitioners interested in promoting campaigns against irresponsible corporations should eliminate any perception of threat associated with out-group victims since this influences observers' desire to punish the company. Communications aimed at increasing the perceived similarity should employ appeals to shared identities between in-group and out-group (e.g. "all humans can be victims of corporate irresponsibility").

Our model gives prominence to sympathy as an emotion able to drive individual reactions: messages can be modified to increase individuals' ability to experience sympathy to galvanise stakeholders' pressure. Stories of identifiable individuals who have been affected by irresponsible behaviour would be an effective technique to increase observers' sympathy (Kogut & Ritov, 2005). Stakeholders' themselves would benefit from realising that our ability to punish companies on behalf of distant others is hampered by identification processes. An awareness of this bias could motivate us to reflect consciously about our power to protest against irresponsible corporate practices, irrespective of where they occur.

Organizations managing the fallout from cases of irresponsible behaviour would also benefit from this research. Communication strategies should aim to alleviate feelings of anger through apologies and compensation (Joireman *et al.*, 2013). Companies should acknowledge their responsibility (Lee and Chung, 2012) and express sincere regret (Van der Meer and Verhoeven, 2014). In any case, when victims are close to us, we will not be interested in detailed explanations of why the actual fault for the event lies elsewhere. When victims are perceived as close to the self, responses need to focus on addressing individuals' emotional reactions as well as their rational evaluation of the company's objective responsibility.

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## Appendix A: Scenario used in study 1a; high-threat condition

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### CHARITY LAUNCHES A PETITION TO FINE AN ENERGY COMPANY FOLLOWING A WATER CONTAMINATION CASE

#### Gas leak affected water basin in a large region of Northern Russia

GasPort, a corporation operating in the extraction of natural gas, has come under criticism after a large case of water contamination. A leak in a main extraction pipe has contaminated the water basin that serves the area surrounding Kansk, Northern Russia.



#### KANSK AND ITS REGION: QUICK FACTS

Around 100,000 people live in Kansk which is located on the left bank of the Kan river. This mining region, where many are nostalgic of Soviet times and resentful towards the West, is one of the main bastions of support for President Putin. When Russian troops entered Ukraine in early 2014 demonstrations in support of the army and calling for a full-scale invasion were staged in the city's central Gorodskov square.

Local journalists claim the company acted too slowly. Poor controls meant that for three days the leak went undetected. By the time engineers were at work several citizens had already noticed pollutants in the water.

A local charity has organized a campaign calling for a hefty fine to be levied against the company. The campaign has much local support although it is uncertain whether it can succeed legally.

Authorities have issued a two weeks ban since the water is currently heavily contaminated with chemicals and acids used in gas extraction.



A UN commission has conducted an independent assessment and expressed concern because some of the chemicals found in the water are known to increase the risk of contracting gastrointestinal diseases.

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## Appendix B: Additional scales used in the research

### Control variables discussed in Study 1

*Negative emotions:* Please indicate the degree to which you are feeling each of the emotional reactions: Fear (Fear / Anxiety / Apprehension); Contempt (Disdainful / Scornful / Contemptuous); Disgust (Disgusted / Repulsed / Sick). 1: not at all, 7: extremely.

*Blame attributions:* [Company's name] is responsible for the behavior described / The behavior described is [company's name]'s fault / To what extent do you blame the firm for this behavior. 1: not at all, 10: completely.

*Perceived fairness:* [Company's name] behavior is dishonest / [Company's name] behavior is unfair / [Company's name] behavior is unjust. 1: strongly disagree, 7: strongly agree.

*Greed:* [Company's name] intends to take advantage of the situation / [Company's name] has good intentions (reversed scoring) / [Company's name] is acting out of selfishness / [Company's name] is acting out of greed. 1: strongly disagree, 7: strongly agree.

*Severity:* How wrong do you consider the behavior by [Company's name] described in the article? 1: not at all, 10: extremely / [Company's name]'s behavior is... 1: a minor mistake, 10: a major mistake / [Company's name]'s behavior is... 1: minor damage, 10: major damage.

*Blind patriotism:* I would support my country right or wrong / I support U.S. policies for the very reason that they are the policies of my country / There is too much criticism of the U.S. in the world, and we its citizens should not criticize it / It's un-American to criticize this country. 1: strongly disagree, 7: strongly agree.

### Measure of collective narcissism:

*Collective narcissism:* I wish other groups would more quickly recognize the authority of my national group / My national group deserves special treatment / I will never be satisfied until my national group gets all it deserves / I insist upon my national group getting the respect that is due to it / It really makes me angry when others criticize my national group / If my national group had a major say in the world, the world would be a much better place / I do not get upset when people do not notice achievements of my national group (reversed scoring) / Not many people seem to fully understand the importance of my national group / The true worth of my national group is often misunderstood. 1: strongly disagree, 7: strongly agree.

## Appendix C: Correlations table

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>1. Perceived similarity</b>	-	0.26**	0.24**	0.02	0.35**	na
<b>2. Sympathy</b>	0.36**	-	0.49**	0.45**	0.31**	na
<b>3. Anger</b>	0.43**	0.50**	-	0.37**	0.54**	na
<b>4. Attitudes</b>	0.05	0.43**	0.33**	-	0.18**	na
<b>5. Punitive intentions</b>	0.39**	0.44**	0.65**	0.29**	-	na
<b>6. Collective narcissism</b>	0.25**	0.06**	0.25**	0.07	0.27**	-

The correlations of Study 1 (Study 2) are in the upper (lower) diagonal triangle in the table. \*\* indicates that the value is significant at  $p < .01$  significance level.

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<sup>1</sup> Increases in perspective taking and in self-relevance of the outcomes also mean that victim derogation is unlikely when perceived similarity of the victims is high. When the people affected are perceived as very distant from the self the possibility that blame will be attributed to the victims increases (Goetz *et al.*, 2010).

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<sup>2</sup> There has been considerable debate on whether anger at the violation of a moral principle can be considered a distinct separate emotion identified by some authors with “moral outrage” (O’Mara et al., 2011; Salerno and Peter-Hagene, 2013). Evidence is, however, inconclusive and moral outrage is defined inconsistently in existing research. For these reasons we prefer to use the more established label of anger to refer to the feelings experienced as a reaction to CSI.

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<sup>3</sup> Although some research excludes participants not born in the US (Russell and Russell, 2010), we view this practice as unjustified from the perspective of how social identities are acquired.

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<sup>4</sup> The questions also function as manipulation check, ensuring that participants recognize correctly the identity of the victims presented in the scenario. We also checked the effectiveness of our manipulation of identity in the pilot test.

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<sup>5</sup> Results are not affected by the inclusion of these participants. We ran all the analysis excluding these participants and found the same results.



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<sup>6</sup> The software randomly allocates participants to one of the three conditions at the beginning of the survey.

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<sup>7</sup> The results do not change when we include the controls discussed above and run an ANCOVA to assess the differences between the variables in our model.

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<sup>8</sup> Throughout the paper, as recommended in the literature, we calculate 95% confidence intervals using bias-corrected and accelerated bootstrap and 10,000 resamples (Hayes, 2013).

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<sup>9</sup> To run the analysis we created dichotomous variables assigning the value 1 to our focus condition (in-group or high-threat) and 0 to the other group. The same approach is used in other similar analysis reported in the paper.

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<sup>10</sup> We ran also the analysis with the covariates discussed above. Results are robust to the inclusion of the covariates.

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<sup>11</sup> Running the analysis without the controls yields similar results. Path coefficients are stronger when we remove the controls from the model. All our hypotheses are supported by the data.

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<sup>12</sup> Since we are not interested in testing the mediating mechanisms in this study we dropped the measure of negative attitudes.

# Identity bias in negative word of mouth following irresponsible corporate behavior

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