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The Link Between (Not) Practicing CSR and Corporate Reputation: Psychological Foundations and Managerial Implications

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Abstract It is often assumed that corporate social responsibility (CSR) is a very promising way for corporations to improve their reputations, and a positive link between practicing CSR and corporate reputation is supported by empirical evidence. However, little is known about the mechanisms that underlie this relationship. In addition, the effects of *not* practicing CSR on corporate reputation have received little attention thus far. This paper contributes to the literature by analyzing the cause-and-effect relationships between (not) practicing CSR and corporate reputation. To this end, the paper draws on a psychological framework, in particular, on insights from expectancy violations theory and attribution theory. Building on the ideal-type distinction between CSR in terms of voluntary engagement for society ("doing good") and the prevention of irresponsible behavior ("avoiding bad"), the paper develops four propositions that unveil some fundamental cause-and-effect relationships between (not) practicing CSR, irresponsible behavior, and corporate reputation. In doing so, it also addresses the question under which conditions CSR leads to a buffering or backfiring effect on corporate reputation in the event of irresponsible behavior.

Keywords Attribution theory · "Avoiding bad" · Corporate reputation · Corporate social responsibility · "Doing good" · Expectancy violations theory · Irresponsible behavior · Perceptions · Stakeholder expectations

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Introduction

Over the past decades, corporate reputation has received much academic and managerial attention. In general, corporate reputation represents stakeholders' overall evaluation of a company (Deephouse 2000; Dowling and Moran 2012) and, specifically, reflects the degree to which stakeholders perceive a company as "good" or "bad" (Roberts and Dowling 2002). As such, reputation is a perceptual construct that resides in the minds of stakeholders (Helm and Tolsdorf 2013; Zyglidopoulos 2003).

Scholars widely acknowledge the strategic value of corporate reputation (e.g., Deephouse 2000; Hall 1992; Roberts and Dowling 2002). In simple terms, a favorable reputation positively affects firms' relationships with their stakeholders, as demonstrated by numerous empirical investigations. For example, studies show that a favorable reputation improves a firm's ability to recruit employees (Cable and Turban 2003), enhances the loyalty of customers (Walsh et al. 2009) and investors (Helm 2007), and strengthens supplier commitment (Bennett and Gabriel 2001). In sum, there is compelling evidence that a favorable corporate reputation is conducive to value creation and can be a source of competitive advantage (Tucker and Melewar 2005). Due to the strategic relevance of corporate reputation, scholars and corporations have a strong interest in identifying appropriate means to successfully manage it.

Today, a popular means of managing corporate reputation is corporate social responsibility (CSR). Indeed, it is often argued that the assumption of social responsibility is a very promising approach to strengthen corporate reputation (e.g., Branco and Rodrigues 2006; Coombs and Holladay 2012; Fombrun et al. 2000; Gardberg and Fombrun 2006; McWilliams and Siegel 2011). A majority of existing studies support this notion by finding a positive link between CSR and corporate reputation (e.g., Fombrun and Shanley 1990; Galbreath 2010; Stanaland et al. 2011; Turban and Greening 1997). The significance of CSR for a favorable corporate reputation is also indicated by the RepTrak study in which CSR-related aspects account for more than 40 % of the overall reputation score (Reputation Institute 2015). It is therefore not surprising that some scholars recommend to corporations to practice CSR as a means of reputation building (e.g., Galbreath and Shum 2012; Hsu 2012; Hur et al. 2014). In fact, positive reputational effects are also named as one of the main drivers for corporations' engagement in CSR (Mzembe et al. 2015).

However, despite numerous empirical studies that show positive reputational effects of the assumption of social responsibility, several scholars highlight that little is known about the basic theoretical structures that underlie the cause-and-effect relationships between CSR and corporate reputation (e.g., Brammer and Pavelin 2006; Hillenbrand and Money 2007, 2009; Hsu 2012; Hur et al. 2014) which, in turn, limits the meaningfulness of existing empirical research. Ultimately, causality cannot simply be derived from correlation, which implies that there is a need for theoretical research (e.g., Bourdieu 1988; Merton 1968). Moreover, given the lack of a solid theoretical foundation, researchers' recommendation to practice CSR in order to improve corporate reputation seems somewhat superficial. In line with the argument that practical relevance is an indispensable part of academic research (Corley and Gioia 2011), the limited knowledge of the cause-and-effect relationships between CSR and corporate reputation constitutes an important research gap.

Motivated by this research gap, the present conceptual article contributes to the literature by disentangling some fundamental cause-and-effect relationships between CSR and corporate reputation. To this end, the paper adopts a social-psychological perspective in order to systematically address the questions why, how, and under which conditions CSR affects corporate reputation. This paper argues that the link between CSR and corporate reputation is contingent and not as straightforward as is often postulated. Specifically, the theoretical framework developed here demonstrates that understanding the link between CSR and corporate reputation not only requires the analysis of practicing CSR but also of *not* practicing CSR. The relevance of taking into account both practicing and not practicing CSR becomes evident when CSR is separated into two ideal-type dimensions—"doing good" (i.e., voluntary engagement for society) and "avoiding bad" (i.e., prevention of irresponsible behavior)—that affect corporate reputation in different ways. We ground our analysis in the logic that the effects of (not) practicing CSR on corporate reputation are driven by violations of stakeholder expectations. Based on this, we address the phenomenon that practicing "doing good" can either reduce or amplify reputational damages stemming from irresponsible behavior and argue that either the "buffering" or "backfiring" effect occurs depends on a corporation's performance in the "avoiding bad" domain.

The remainder of this paper is organized as follows: The next section is devoted to the distinction between CSR in terms of "doing good" and CSR in terms of "avoiding bad." Subsequently, we review the current discussion of the relationship between CSR and corporate reputation. Then, we unveil some psychological mechanisms that cause and drive the link between (not) practicing CSR, irresponsible behavior, and corporate reputation. Based on this, we discuss the theoretical and practical implications of these cause-and-effect relationships. The final section concludes the paper.

Two Ideal-Type Dimensions of CSR: "Doing Good" and "Avoiding Bad"

Despite extensive research, CSR remains a controversial topic which is reflected in the fact that there is still no universal definition of CSR (Okoye 2009). Notwithstanding the plurality of the debate, it is often argued that CSR entails the simultaneous realization of social, environmental, and economic objectives (e.g., Aguinis 2011; Schmidpeter et al. 2015). In addition, many researchers concur that the social responsibility of business includes both maximizing its positive impacts and minimizing its negative impacts on society (e.g., Carroll 1979; Maignan et al. 2005; Strike et al. 2006).

The present article follows the existing approach to subdivide CSR into the dimensions of "doing good" and "avoiding bad" (e.g., Lin-Hi and Müller 2013; Minor and Morgan 2011; Mohr et al. 2001). A main characteristic of CSR in terms of "doing good" is its voluntary nature (Spiess et al. 2013). This means that "doing good" consists of CSR activities that are not prescribed by law and social norms. Examples of CSR in terms of "doing good" include art funding, corporate volunteering, disaster relief donations, cause-related marketing, microfinance, and the recruitment of minority employees. In a nutshell, by practicing "doing good," corporations can become agents that voluntarily drive positive societal change. To this end, they devote some of their resources to a social cause and, in an ideal case, contribute to a better society. In this sense, CSR in terms of "doing good" is closely related to the idea of good corporate citizenship and "giving back" to society (Carroll 1998).

Besides practicing "doing good," corporations have the responsibility to practice "avoiding bad" in order to prevent irresponsible behavior, i.e., behavior that harms stakeholders and society as a whole (Mena et al. 2015), such as market manipulation, customer fraud, corruption, employee exploitation, human rights violations, and tax evasion. Thus, CSR in terms of "avoiding bad" is connected to the very fundamental philosophies of how day-to-day business operations are conducted in relation to stakeholders and the broader society. Specifically, "avoiding bad" means working to ensure that some minimum (ethical) standards are maintained in everyday business life regarding issues such as employee relations, environmental aspects of production, and consumer protection. In sum, CSR in terms of "avoiding bad" is linked to the prevention of disadvantages to stakeholders and society as a whole (Campbell 2007; Kilcullen and Ohles Kooistra 1999).

In essence, "avoiding bad" requires corporations to guarantee that their business is run in line with applicable laws and social norms. The latter implies that "avoiding bad" is more than just legal compliance as it also encompasses to the non-violation of basic principles of fairness and justice in society. An example in this respect is corporations' responsibility for the non-violation of human rights and the abolishment of harmful working conditions that can be regarded as a basic social norm (Park and Rees 2008; Ruggie 2013). Today, many stakeholders expect corporations to ensure that principles of fairness and justice, such as workplace safety and fair remuneration, are also upheld in suppliers' factories (Andersen and Skjoett-Larsen 2009; Park-Poaps and Rees 2010). This implies that "avoiding bad" includes corporations' responsibility to ensure that basic labor, social, safety, and environmental standards are maintained throughout their entire supply chain.

It must be emphasized that "doing good" and "avoiding bad" are ideal-type constructs that are used for analytical purposes. In reality, it is not possible to draw a clear line between "doing good" and "avoiding bad" since there are overlaps between the two dimensions. In addition, the specific understanding of "doing good" and "avoiding bad" can differ across cultures and/or regions as they have different social norms and laws. Accordingly, certain forms of "doing good" are normatively expected from corporations in some societies and, in consequence, they are not really considered to be voluntary activities. Nonetheless, the ideal-type distinction between CSR in terms of "doing good" and "avoiding bad" provides a valuable framework that allows some fundamental cause-and-effect relationships between CSR and corporate reputation to be identified. Therefore, the distinction is conducive to generating new theoretical insights and clear, simple, and robust managerial recommendations.

After having presented the two ideal-type dimensions of CSR, the next section reviews the existing discussion of the relationship between CSR and corporate reputation.

CSR and Corporate Reputation: Framing the Current Discussion

Corporate reputation has been examined from different perspectives and, in consequence, has been conceptualized in a variety of different ways (Walker 2010). Nonetheless, it is widely acknowledged that corporate reputation is determined by stakeholders' assessments of a company (e.g., Fischer and Reuber 2007; Mahon 2002; Neville et al. 2005). When attributing a good or bad reputation to a company, stakeholders evaluate corporate activities from the past and make assumptions about what sort of behavior they can expect in the future (Fombrun and Van Riel 1997; Tucker and Melewar 2005).

In recent years, research has begun to intensively address the link between CSR and corporate reputation (e.g., Aßländer 2013; Brammer and Pavelin 2006; Carlisle and Faulkner 2005; Hillenbrand and Money 2009; Neville et al. 2005; Siltaoja 2006). Notably, some authors contend that practicing CSR belongs to the most promising means of building a good corporate reputation (e.g., Coombs and Holladay 2012; Melo and Garrido-Morgado 2012).

A common argument for the existence of a positive link between CSR and corporate reputation relates to the signaling effect created by the assumption of social responsibility. In simple terms, practicing CSR allows corporations to signal favorable characteristics and in doing so, to actively build a favorable reputation (e.g., Dentchev and Heene 2004; Galbreath 2010; Herbig and Milewicz 1993; Turban and Greening 1997). This is because CSR is a signal that a corporation is "reliable and honest" (McWilliams and Siegel 2001, p. 120), interested in the well-being of stakeholders and society as a whole, and willing to take care of the needs of others (Bhattacharya et al. 2009; Jones and Murrell 2001). Since the information that a corporation is interested in the well-being of others positively affects corporate reputation (Fombrun and Shanley 1990; Nguyen 2010), a positive relationship between CSR and corporate reputation can be established.

The positive relationship between CSR and corporate reputation has been supported by several empirical investigations (e.g., Fombrun and Shanley 1990; Galbreath 2010; Hsu 2012; Lai et al. 2010; Maden et al. 2012; Pfau et al. 2008; Stanaland et al. 2011; Turban and Greening

1997). For example, Fombrun and Shanley (1990) demonstrate that people attribute a better reputation to those companies that are more involved in CSR than others. Turban and Greening (1997) show that companies which are ranked more highly in terms of their CSR performance have more favorable reputations than companies that have a lower CSR ranking. From a consumer perspective, Stanaland et al. (2011) report a significant positive link between consumer perceptions of CSR and perceptions of corporate reputations. Similar results are presented by Maden and colleagues (2012) who find that employees, investors, and customers assign positive reputations to companies which they evaluate favorably in terms of their CSR performance.

It can be observed that the literature on the relationship between CSR and corporate reputation is characterized by a strong focus on CSR in terms of "doing good," i.e., corporations' voluntary engagement for the well-being of stakeholders and society as a whole. For instance, Peloza (2006) focusses on corporate support for charities and social causes in order to investigate the link between CSR and firm financial performance through CSR's positive effects on corporate reputation. In addition, Brammer and Millington (2005) measure CSR in terms of the amount of philanthropic donations and the existence of community involvement policies in order to analyze the reputational effects of the assumption of social responsibility. Finally, Fombrun et al. (2000) argue that "doing good" in terms of corporate citizenship programs helps companies to generate reputational gains and, at the same time, mitigates the risk of reputational losses.

Whereas the understanding of CSR in terms of "doing good" is widespread in current research on the relationship between the assumption of social responsibility and corporate reputation, CSR in terms of "avoiding bad" has received much less scholarly attention. To be clear, the danger of corporate misconduct is well-known and scholars explicitly caution against the negative reputational effects of irresponsible behavior (e.g., Alexander 1999; Baucus and Baucus 1997; Hoejmose et al. 2014; Karpoff and Lott 1993). However, only a few researchers explicitly deal with the importance of practicing CSR in terms of "avoiding bad" when addressing the link between CSR and corporate reputation (e.g., Brunk and Blümelhuber 2011; Minor 2013; Minor and Morgan 2011). In consequence, there are two largely independent debates: The first addresses the reputational benefits of CSR in terms of "doing good" and the second deals with the detrimental effects of irresponsible behavior on corporate reputation. It should be mentioned that the focus on "doing good" and the simultaneous negligence of "avoiding bad" is not only a specific phenomenon in the reputation domain but a general trend in the CSR discussion as observed by some researchers (e.g., Carroll and Shabana 2010; Lin-Hi and Müller 2013; Schwartz and Carroll 2008; Wood 2010).

Since CSR includes both "doing good" and "avoiding bad," the question arises whether the strong focus on practicing "doing good" is conducive to the effective management of corporate reputation via CSR. In order to answer this question, the next section addresses the psychological cause-and-effect relationships between positive and negative violations of stakeholder expectations, (not) practicing CSR, irresponsible behavior, and corporate reputation.

The Psychological Link Between CSR and Corporate Reputation

Several authors highlight that corporate reputation is a perceptual construct (e.g., Fombrun 1996; Helm and Tolsdorf 2013; Hillenbrand and Money 2009). This means that a good or bad reputation is a product of the formation of subjective impressions of a corporation on behalf of its stakeholders (e.g., Fischer and Reuber 2007; Highhouse et al. 2009; Sjovall and Talk 2004). Impression formation refers to the organized process by which stakeholders integrate various pieces of available information about a company to form global opinions and evaluations of that company (Asch 1946; Nevid 2012). This process is thereby influenced by individuals' expectations regarding the actor's potential behavior (Bartholow et al. 2001; Jones 1990). Put differently, expectations form the baseline upon which a corporation is evaluated. In this respect, scholars ague that a favorable corporate reputation is closely linked to stakeholders' impressions of corporations' ability to meet their expectations (e.g., Fombrun and Shanley 1990; Soppe et al. 2011; Waddock 2000; Wartick 1992). Against this backdrop, it is fruitful to address the psychological mechanisms that underlie the relationship between expectations, their confirmations and disconfirmations, and corporate reputation. To this end, expectancy violation theory provides a clear and robust framework.

Expectancy violations theory (Burgoon 1993; Burgoon and Hale 1988; Burgoon and LePoire 1993) starts from the premise that expectations matter in social interactions as they influence individuals' perceptions and impression formation processes (Burgoon 1993; Burgoon and LePoire 1993). The theory thereby holds that expectations fulfill both a predictive and a normative function. This means that expectations are, on the one hand, used by individuals to predict the potential behavior of others and, on the other hand, they reflect beliefs regarding how others should behave in particular situations as well as in relation to some social norms (Burgoon 1993).

According to expectancy violations theory, expectations gain particular importance when they are violated to a degree which is so significant that it is recognized by observers. In such cases, violated expectations trigger psychological arousal and induce observers to focus their attention on the actor. The evaluation of an expectancy violation as positive (negative) is, in turn, postulated to lead to more positive (negative) impressions than a simple confirmation of expectations. Finally, the theory posits that the magnitude of an expectancy violation moderates the relationship between the violation and its consequences. Specifically, it is assumed that the higher the discrepancy between expected and observed behavior is, the stronger individuals' reactions will be (Afifi and Burgoon 2000; Burgoon and Hale 1988).

Expectancy violations theory establishes a simple and robust connection between expectations, their confirmations and disconfirmations, and impression formation. This connection proves very useful for understanding the relationship between stakeholders' perceptions of behaviors that deviate from their expectations and their subsequent impression formation processes. In other words, the proposition that sufficiently strong positively (negatively) violated expectations lead to positive (negative) effects on stakeholder impressions can be used as a simple and effective rule of thumb to predict the outcomes of many interactions between stakeholders and corporations in situations when corporations violate stakeholder expectations (Sohn and Lariscy 2015). In fact, the theory has been applied in organizational research in domains such as crisis and impression management (Zavyalova et al. 2012), organizational trustworthiness (Lin-Hi et al. 2014), leader-subordinate relationships (Rodgers et al. 2013), conflict management (Deng and Xu 2014), and corporate reputation (Rhee and Haunschild 2006). Using the logic of expectancy violation theory, the following section examines the relationship between practicing CSR, stakeholder expectations, and corporate reputation.

The Cause-and-Effect Relationships Between Practicing CSR, Stakeholder Expectations, and Corporate Reputation

Drawing on expectancy violation theory, it can be argued that practicing CSR in terms of "doing good" is a promising way for corporations to positively violate existing stakeholder expectations. In light of a variety of global challenges and problems such as climate change, poverty, and famine, "doing good" is highly appreciated by many people since, via this kind of CSR activities, corporations can directly contribute to the well-being of stakeholders and society as a whole. However, society does not expect corporations to carry out "doing good" activities per se (Carroll 1991). This notion manifests itself in the circumstance that this type of CSR is voluntary in nature, as is reflected in several CSR definitions (e.g., Falck and Heblich 2007; Kotler and Lee 2005; McWilliams and Siegel 2001). Therefore, practicing "doing good" can be regarded as "nice-to-see but not expected" (Brunk and Blümelhuber 2011, p. 137) or, as stated by Carroll (1991, p. 42), as "icing on the cake."

Due to its voluntary nature, CSR in terms of "doing good" is a form of pro-social and extra-role behavior (Lin-Hi and Müller 2013; Murray and Vogel 1997). Therefore, by practicing "doing good," corporations engage themselves for the well-being of others beyond their classical role as providers of goods and services in society (Carroll 1979). Since pro-social and extra-role behaviors usually allow actors to exceed role expectations (Van Dyne et al. 1995), it follows that practicing CSR in terms of "doing good" enables corporations to positively violate existing stakeholder expectations which, according to expectancy violations theory, improves corporate reputation.

As stated above, CSR does not only encompass "doing good" but also "avoiding bad." Corporations that practice "avoiding bad" aim to prevent irresponsible behavior by ensuring that their business is run in line with applicable laws and social norms. From the perspective of social contract theory (Donaldson and Dunfee 1994), lawful and norm-abiding behavior is part of the implicit contract between business and society (Brown and Deegan 1998; Carroll 1991). Thus, by complying with applicable laws and generally accepted social norms, corporations simply fulfill their basic societal obligations. In other words, by practicing "avoiding bad," corporations just do what they have to do as members of society which implies that this kind of CSR activity is somewhat taken for granted by stakeholders (Lin-Hi and Müller 2013).

The nature of "avoiding bad" makes it rather hard for corporations to substantially exceed existing stakeholder expectations by practicing this kind of CSR. On the one hand, it can be argued that it is unlikely that corporations will be able to improve the impressions stakeholders have of them if they do not break the basic rules of society and, for example, refrain from cheating customers, exploiting employees, and causing environmental damages. On the other hand, irresponsible behavior is a widespread phenomenon in the corporate world (Wu 2014) and as a result, society in general has rather low expectations of corporations. In sum, by practicing "avoiding bad," corporations, first and foremost, do what they have to do, but, at the same time, can positively distinguish themselves from those companies that behave irresponsibly. In consequence, practicing CSR in terms of "avoiding bad" allows corporations to slightly exceed existing stakeholder expectations.

Since by practicing CSR in terms of "doing good" corporations substantially exceed stakeholder expectations and by practicing CSR in terms of "avoiding bad" they slightly exceed stakeholder expectations, the effects of the two kinds of CSR activities on corporate reputation should be different in their magnitude. Accordingly, in line with expectancy violation theory which suggests that the larger the magnitude of a positive expectancy violation is, the stronger the positive effects of the expectancy violation on stakeholders' reactions are (Afifi and Burgoon 2000; Burgoon and Hale 1988), we formulate the following proposition:

Proposition 1 *CSR in terms of "doing good" has a stronger effect on corporate reputation than "avoiding bad."*

The Cause-and-Effect Relationships Between Not Practicing CSR, Stakeholder Expectations, and Corporate Reputation

The previous paragraph dealt with the link between practicing CSR and corporate reputation. However, it can be argued that the link between the assumption of social responsibility and corporate reputation is not only affected by practicing CSR but also by *not* practicing CSR. This is because perceptions of "not doing something" do not simply have the opposite effects on impression formation as perceptions of "doing something" (Richetin et al. 2011). This logic is known in the field of marketing, in that, for example, consumers' reactions to information about brand features described in an affirmative (e.g., "Easy to use") manner differ substantially in terms of information processing and brand evaluations from reactions to information described in a negating manner (e.g., "Not difficult to use") (Grant et al. 2004). In a similar vein, communication theory, and in particular, the communication axiom "one cannot not communicate" (Watzlawick et al. 2011, p. 29) holds that non-behavior is also a form of communication. Drawing on this axiom, Schlegelmilch and Pollach (2005) argue that corporate reputation is affected by both behavior and non-behavior. In sum, not doing something is a signal about an actor's attributes and, thus, is relevant for impression formation.

When addressing the effects of not practicing CSR on corporate reputation, it is equally valuable to distinguish between CSR in terms of "doing good" and "avoiding bad." It can be argued that not practicing "doing good" usually does not negatively violate existing stakeholder expectations because pro-social and extra-role behaviors are not expected in society per se (Folkes and Kamins 1999). In addition, it is self-evident that not practicing "doing good" does not lead to positive violations of existing stakeholder expectations. Therefore, not practicing "doing good" neither positively nor negatively violates stakeholder expectations which, according to expectancy violations theory, does not trigger particular attention on behalf of stakeholders and hence, does not influence impression formation. This view receives support from Brunk and Blümelhuber (2011) who report that perceptions of "doing good" improve consumers' company impressions but the abstinence from engaging in pro-social activities has no consequences. Accordingly, it can be expected that not practicing "doing good" should have no negative effects on corporate reputation.

A different picture emerges in regard to not practicing CSR in terms of "avoiding bad." As already stated, the prevention of irresponsible behavior is somewhat taken for granted in society. This can be evidenced by the intense media attention and severe public criticism which irresponsible behavior receives, such as poor working conditions at Apple's supplier Foxconn (e.g., Duhigg and Barboza 2012), BP's oil spill disaster in the Gulf of Mexico (e.g., Sorensen 2010), and VW's emission level manipulations scandal (e.g., Smith 2015). The strong public criticism of corporate misconduct indicates that stakeholders expect corporations to prevent irresponsible behavior. Based on this logic, it can be argued that stakeholders' expectations will become negatively violated if they gain the knowledge that a corporation does not practice "avoiding bad." Accordingly, in line with expectancy violations theory, not practicing "avoiding bad" should negatively affect corporate reputation. Therefore, we advance the following propositions:

Proposition 2a *Not practicing "doing good" does not affect corporate reputation.*

Proposition 2b *Not practicing "avoiding bad" damages corporate reputation.*

The Buffering Versus Backfiring Effect of Practicing "Doing Good"

Time and again, it is argued that practicing CSR can protect corporations from reputational damages when they become embroiled in irresponsible behavior (e.g., Brammer and Pavelin 2005; Coombs and Holladay 2015; Doh et al. 2010; Koh et al. 2014; Peloza 2005). In other words, it is put forward that irresponsible behavior results in less reputational harm for those corporations that practice CSR or in the words of Fombrun et al. (2000, p. 95): "Citizenship initiatives help companies buffer themselves against the downside risk of reputational loss." The existence of such a buffering effect in the event of irresponsible behavior is often assumed for CSR in terms of "doing good" (e.g., Brammer and Pavelin 2005; Fombrun et al.

2000; Peloza 2005; Wigley and Pfau 2010; Williams and Barrett 2000).

The buffering effect of CSR can be explained by path-dependence of impression formation (Mishina et al. 2012), that, for instance, manifests itself in the phenomenon of the well-known "confirmation bias" (Nickerson 1998). According to this bias, individuals are not always willing to revise their initial expectations in the face of unexpected events (Miller and Turnbull 1986; Nickerson 1998). This unwillingness is rooted in individuals' desire to reduce the discomforting feeling of cognitive dissonance (Festinger 1957) which often leads people to re-interpret an unexpected event in a way that is consistent with their prior beliefs and expectations (Grunwald and Hempelmann 2010; Sohn and Lariscy 2015). As a result, people frequently discount information that is inconsistent with their prior expectations. In simple terms, people often see what they are looking for (Nickerson 1998).

In line with the confirmation bias, scholars put forward that practicing CSR creates a "reservoir of goodwill" and a "benefit of the doubt" (e.g., Godfrey 2005; Hess et al. 2002; Peloza 2006; Koh et al. 2014) leading stakeholders to become resilient to negative information conveyed by corporate misconduct (e.g., Bhattacharya and Sen 2004; Eisingerich et al. 2011). As a result, stakeholders are more willing to overlook or forgive irresponsible behavior and refrain from negatively revising their positive impressions of companies built up by their CSR engagement prior to a scandal (Bhattacharya and Sen 2004; Godfrey 2005).

The buffering effect of practicing "doing good" receives empirical support from Williams and Barrett (2000) who find that the damage to corporate reputation stemming from criminal activities is lower for firms that are strongly engaged in corporate philanthropy. In addition, Wigley and Pfau (2010) report that practicing "doing good" minimizes the reputational damages caused by a product harm crisis. Moreover, the existence of a buffering effect of "doing good" in the event of irresponsible behavior has also been revealed in other domains such as consumers' resistance to negative information (Eisingerich et al. 2011) and intention to take actions against an irresponsible company (Cho and Kim 2012).

However, research also shows that CSR can have the opposite effect and backfire in the event of irresponsible behavior (e.g., Coombs and Holladay 2015; Dean 2004; Janssen et al. 2015; Sohn and Lariscy 2015; Vanhamme et al. 2015). Specifically, this stream of research suggests that corporations that practice "doing good" suffer more from irresponsible behavior in terms of a decline in corporate reputation than corporations that do not practice "doing good."

The backfiring effect of practicing "doing good" can be explained by heightened stakeholder expectations stemming from the assumption of social responsibility. It is often argued that going beyond given role expectations leads people to elevate their standards regarding an actor's behavior in future situations (Bundy and Pfarrer 2015; Mishina et al. 2012). In line with this thinking, stakeholders hold higher expectations of corporations that practice "doing good" than of corporations that do not practice "doing good" (Janssen et al. 2015). Put differently, "doing good" raises stakeholder expectations about companies' future CSR performance. In consequence, when a corporation becomes embroiled in irresponsible behavior, stakeholders will perceive a larger magnitude of a negative expectancy violation for a corporation that is practicing "doing good" as compared to a corporation that does not voluntarily engage itself for the well-being of society. In line with expectancy violations theory, the larger magnitude of a negative expectancy violation should result in more severe reputational damages in the event of irresponsible behavior, so that practicing "doing good" backfires.

The amplification of reputational damages in the event of irresponsible behavior engendered by practicing "doing good" is similar to the phenomenon of the "liability of good reputation" proposed by Rhee and Haunschild (2006). The authors find that corporations with favorable reputations for quality suffer a greater loss in market share following a product recall than corporations with less favorable reputations. Drawing on expectancy violations theory, they put forward that a favorable reputation creates higher quality expectations so that the disclosure of a product recall more strongly violates existing stakeholder expectations. In line with this phenomenon, it can be argued that practicing "doing good" creates a liability of responsible behavior which ultimately yields more severe reputational damages in the event of irresponsible behavior according to the logic "[t]he higher they are, the harder they fall" (Fragale et al. 2009, p. 53).

The backfiring effect of practicing "doing good" has been empirically observed by Sohn and Lariscy (2015) and Dean (2004). Sohn and Lariscy (2015) find that in the event of irresponsible behavior, a corporation with a favorable reputation for "doing good" suffers more in terms of a decline in consumer attitudes than a corporation with a poorer "doing good" reputation. In a similar vein, Dean (2004) show that an inappropriate response to a product harm crisis (i.e., blame shifting) leads to a stronger decline in consumer attitudes for a company with a favorable "doing good" reputation than for a company with an irresponsible reputation.

In sum, both the buffering effect and the backfiring effect of practicing "doing good" in the event of irresponsible behavior are theoretically plausible and supported by empirical evidence, which leads to the following propositions:

Proposition 3a *Practicing "doing good" reduces reputational damages in the event of irresponsible behavior.*

Proposition 3b *Practicing "doing good" amplifies reputational damages in the event of irresponsible behavior.*

The fact that both propositions receive empirical support suggests that the buffering effect and the backfiring effect of "doing good" are contingent. One possible contingency factor can be identified by recourse to attribution theory (e.g., Heider 1958; Jones and Davis 1965; Weiner 1980). Attribution theory assumes that people act like "intuitive psychologists" and try to understand the causes for observed behaviors by making two basic types of attributions: external and internal. In case of external attributions, the causes of observed behaviors are ascribed to situational factors outside the actor's control, such as other people's actions and force majeure. In case of internal attributions, on the other hand, dispositional factors, such as an actor's abilities, intentions, and motives, are identified as the causes of observed behaviors.

According to attribution theory, stakeholders' reactions to negative events are influenced by the types of attributions they make (Weiner 1980). In particular, research demonstrates that internal attributions of negative events yield more negative stakeholder reactions than external attributions (Folkes 1984; Jorgensen 1994). Accordingly, it is reasonable to assume that the more directly irresponsible behavior is attributed to the company's disposition, the stronger the influence of irresponsible behavior on corporate reputation should be (Coombs and Holladay 1996; Reuber and Fischer 2010; Zou et al. 2015). Based on this logic, it can be argued that the backfiring versus buffering effect of practicing "doing good" on corporate reputation in the event of irresponsible behavior depends on (not) practicing "avoiding bad."

To begin with, a company that is embroiled in irresponsible behavior and has not been practicing "avoiding bad" signals that it is not willing to prevent others from being harmed. If the very same company has also been practicing "doing good," which is a signal that a company is interested in the well-being of others, stakeholders are confronted with contradictory information about the company's disposition. These contradictory pieces of information, in turn, lead stakeholders to suspect ulterior motives behind the good deeds (Yoon et al. 2006) and perceive practicing "doing good" to be hypocritical (Wagner et al. 2009). In other words, practicing "doing good" while simultaneously harming others and not practicing "avoiding bad" not only creates the impression that the company is not taking its social responsibility seriously, but also that it is using CSR as a marketing tool or, even worse, as a means of greenwashing. This impression of deception is likely to reinforce stakeholders' view that the irresponsible behavior occurred as a result of the company's "bad mind" (Godfrey 2005) and hence, promote internal attributions of corporate misconduct (Lange and Washburn 2012). Since internal attributions magnify reputational damages, it can be argued that "doing good" backfires in the event of irresponsible behavior if a company does not practice "avoiding bad."

The opposite effect of practicing "doing good" in the event of irresponsible behavior can be expected if a company is practicing "avoiding bad." By practicing "avoiding bad," a company signals that it is willing to prevent harm to others. Accordingly, this signal mitigates the risk that stakeholders suspect ulterior motives behind practicing "doing good" as they perceive the information that a company genuinely cares about the well-being of others to be consistent. In other words, the consistent information about a company's genuine concern for others conveyed by simultaneously practicing "doing good" and "avoiding bad" fosters stakeholders' perception that the company takes its social responsibility seriously. Since consistent behaviors promote internal attributions (Kelley and Michela 1980; Sjovall and Talk 2004), it can be expected that when a corporation practices both "doing good" and "avoiding bad," stakeholders will infer a good corporate disposition. In consequence, stakeholders should be more willing to give the company the benefit of the doubt by externally attributing irresponsible behavior to situational factors and believing that the negative event was the result of bad luck or an "honest mistake" (Minor and Morgan 2011, p. 42). Since such external attributions reduce the severity of reputational damages in the event of irresponsible behavior, it is reasonable to expect that practicing "doing good" buffers corporate reputation if the company also practices "avoiding bad."

Altogether, attribution theory suggests that practicing "doing good" and (not) practicing "avoiding bad" interact in terms of influencing stakeholders' tendency to make external versus internal attributions of irresponsible behavior. Thus, we put forward the following proposition:

Proposition 4 *The link between practicing "doing good" and corporate reputation in the event of irresponsible behavior is moderated by "avoiding bad" in that practicing "avoiding bad" promotes a buffering effect of practicing "doing good."*

Discussion

In this article, we drew on social-psychological research to unveil some fundamental cause-and-effect relationships between CSR and corporate reputation. By distinguishing between CSR in terms of "doing good" and CSR in terms of "avoiding bad," we identified the different effects of practicing and not practicing CSR on corporate reputation (Propositions 1–2). The ideal-type distinction between (not) practicing "doing good" and "avoiding bad" allowed us to argue that both the buffering and the backfiring effect of CSR on corporate reputation in the event of irresponsible behavior are possible (Propositions 3a and 3b). Subsequently, we proposed an interaction effect between "doing good" and "avoiding bad" in the event of irresponsible behavior. Specifically, we contended that (not) practicing "avoiding bad" leads to a buffering (backfiring) effect of practicing "doing good" (Proposition 4).

Theoretical Contributions

The present paper makes several theoretical contributions. First of all, on the basis of expectancy violations theory and attribution theory, it develops a theoretical framework for the link between CSR and corporate reputation and advances the current research that is lacking a solid theoretical foundation for the link between the two constructs. In doing so, the paper demonstrates the importance of distinguishing between two ideal-type dimensions of CSR, namely "doing good" and "avoiding bad." The relevance of this distinction becomes evident in light of the different effects resulting from practicing and not practicing CSR on corporate reputation. Hence, the paper indicates that the assumption of a straightforward link between CSR and corporate reputation, which is often postulated in the literature (e.g., Branco and Rodrigues 2006; Fatma et al. 2015; McWilliams and Siegel 2011), is somewhat superficial.

Through the ideal-type distinction between CSR in terms of "doing good" and "avoiding bad," the paper further contributes to the literature by providing an answer to the question under which conditions the buffering versus the backfiring effect of CSR is likely to occur. Accordingly, the paper helps to merge two contradictory findings by introducing (not) practicing CSR in terms of "avoiding bad" as an important contingency factor of the buffering versus backfiring effect of practicing CSR in terms of "doing good."

Finally, the paper challenges researchers' preoccupation with CSR in terms of "doing good." In fact, as Schwartz and Carroll (2008, p. 156) observe: "CSR's original focus on reducing negative social impacts has appeared to shift over time to the more general notion of 'doing good' for society." Hence, in line with other scholars (e.g., Blumberg and Lin-Hi 2015; Lin-Hi and Müller 2013; Minor and Morgan 2011), the paper contributes to rescuing the concept of "avoiding bad" from "oblivion" and bringing it back to the forefront of the CSR discussion. Specifically, it highlights that research on CSR should not exclusively focus on "doing good," but that both dimensions of CSR need to be taken into account.

Practical Implications

A major reason for corporations to practice CSR is their ambition to improve their reputation. In doing so, they typically strive to realize this objective in an economical way. Since practicing "doing good" promises a stronger positive effect on corporate reputation than practicing "avoiding bad," there is the risk that corporations might focus on CSR in terms of "doing good" and neglect CSR in terms of "avoiding bad" (Blumberg and Lin-Hi 2015). This risk is further reinforced by existing information asymmetries. Usually, as long as irresponsible behavior does not occur, stakeholders can hardly assess how well a corporation is practicing "avoiding bad." In consequence, corporations might be tempted to take CSR in terms of "avoiding bad" less seriously and/or simply claim to be practicing "avoiding bad" while practicing "doing good." An infamous example in this respect is Enron. Enron was well-known for its outstanding "doing good" activities and on paper, the company had excellent "avoiding bad" measures in place (Rudolph 2005), but these measures were just window-dressing and not intended to be effective in reality (Sims and Brinkmann 2003).

The argumentation developed throughout this paper warns against the danger of reducing the management of corporate reputation via CSR to "doing good" and ignoring "avoiding bad." Focusing on "doing good" might be an effective means of generating reputational gains *in the short run* and in the absence of publicly known irresponsible behavior. However, *in the long run,* practicing "avoiding bad" in an insufficient manner is likely to become public because the negligence of practicing "avoiding bad" increases the likelihood for corporations to become embroiled in irresponsible behavior. The present argumentation suggests that, in the long run, corporate reputation is more affected by not practicing "avoiding bad" than by practicing "doing good."

Altogether, the article indicates that the successful management of corporate reputation via CSR rests on two interwoven pillars: practicing CSR in terms "doing good" and practicing CSR in terms of "avoiding bad." Against the backdrop of recurring corporate scandals and the obvious deficits of many corporations in the domain of "avoiding bad," it seems reasonable to suggest that corporations should, first and foremost, focus on practicing CSR in terms of "avoiding bad" in order to prevent the occurrence of irresponsible behavior. Ultimately, poor performance in terms of "doing good" is likely to be forgiven by stakeholders, whereas poor performance in terms of "avoiding bad" can be expected to have disastrous consequences for corporate reputation in the long run. After all, it is a conventional wisdom that it takes long time to build a strong reputation but only one negative incident to destroy it.

Conclusion

This article is devoted to the relationship between (not) practicing CSR and corporate reputation. It was motivated by the observation that the current debate on CSR and corporate reputation lacks a strong theoretical foundation which limits the meaningfulness of existing empirical findings and the associated managerial recommendations. Accordingly, the aim of the article was to provide a theoretically robust explanation of the relationship between CSR and corporate reputation.

To this end, the article operated with some simplifications, which inevitably implies that the present argumentation is subject to several limitations. First, in reality, corporations' CSR performance can range from very good to very poor. Thus, the distinction between practicing and not practicing CSR is somewhat coarse. Second, the negative violation of stakeholder expectations via irresponsible behavior does not always lead to reputational damages (Reuber and Fischer 2010). Accordingly, the link between not practicing "avoiding bad" and reputational damages is not a "law" in reality. Nevertheless, against the backdrop that irresponsible behavior is a widespread phenomenon in corporate practice (Wu 2014) and that the media is able to spark expensive public outcry, it seems to be valuable for managers to take the dangers of not practicing "avoiding bad" seriously. Third, it was assumed that not practicing "doing good" does not violate existing stakeholder expectations. However, since the reputation of the individual corporation is also influenced by the behaviors of its industry peers (Bertels and Peloza 2008), not practicing "doing good" might have negative effects on a corporation's reputation if all competitors have a strong track record in the "doing good" domain. Fourth, the paper assumed that practicing "avoiding bad" has a relatively small positive impact on corporate reputation as it only slightly exceeds stakeholder expectations. Yet, in some cases, corporations might be able to substantially exceed existing stakeholder expectations by practicing "avoiding bad," in particular, if practicing "avoiding bad" allows a company to substantially differentiate itself from its (irresponsible) competitors. Finally, we did not explicitly deal with the possibility that the buffering effect of practicing "doing good" in the interplay with practicing "avoiding bad" might depend on the domain in which "avoiding bad" activities and irresponsible behavior take place. However, it is conceivable that, for example, in case of a corruption scandal, practicing "doing good" will engender a buffering effect if a company practices "avoiding bad" in terms of corruption prevention, but will not mitigate or even magnify reputational damages if the company only practices "avoiding bad" in terms of the prevention of environmental damages.

The limitations of the paper provide fruitful avenues for further research. First, the propositions put forward here should be empirically tested. In addition, future research could analyze the question of how the link between different "avoiding bad" activities and the domain in which irresponsible behavior takes place affects the buffering versus backfiring effect of practicing "doing good." Finally, it is worthwhile to devote attention to the question of how to utilize "avoiding bad" in order to improve corporate reputation. Ultimately, corporations that succeed in preventing irresponsible behavior deserve to have a favorable reputation.

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