

**From Ethical Responsibility Crisis Perceptions to Product Evaluations:  
Spillover Effect of an Employee Mistreatment Crisis**  
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▪ **Background**

Recently, a number of cases of employee mistreatment have brought corporations serious reputational damage (e.g., Amazon and Wal-Mart's unreasonable workloads, Korean Air's abusive leadership, H&M's labor exploitation in foreign markets). To the extent that the way a company treats its employees does not directly affect the quality of its deliverables consumers actually use, it is worth examining why consumers negatively react to the internal absurd of corporations. Employee mistreatment can be said to be a corporate social responsibility (CSR) issue. There have been studies looking at how CSR helps companies *during* a crisis. However, a few studies have looked at how a crisis *caused by* CSR influences the company.

▪ **Propositions and Hypotheses/RQs**

Proposition 1: People scrutinize if companies consistently apply CSR not only to corporate actions outside the remit (e.g., donations, employee volunteering), but also to affairs inside the remit (e.g., human resources management, use of profit, ethical operation).

H1: Consumers exposed to an employee mistreatment crisis will rate corporate reputation more negatively than consumers exposed to a product-related crisis.

→ **Supported**

Proposition 2: People are willing to take actions against socially irresponsible companies.

H2: Consumers exposed to an employee mistreatment crisis will show higher levels of intentions to engage in retaliatory actions against the company (i.e., spreading negative word of mouth, avoiding the products/services) than consumers exposed to a product-related crisis.

→ **Supported**

Proposition 3: CSR perceptions spill over into products/services perceptions.

RQ: How does an employee mistreatment crisis differ from a product-related crisis in terms of products/services perceptions?

→ **No difference between the two crises**

▪ **Method**

Experimental survey | Employee mistreatment crisis vs. Accident crisis caused technical failure  
Participants | 169 undergraduate students  
DVs | Corporate reputation; Intentions to engage in retaliatory actions;  
Products/services perceptions.

▪ **Implications**

CSR crises can bring equal or more serious reputational damages to corporations compared to general corporate crises, such as accidents. It is important for corporations to manage not only products/services quality to prevent corporate crises, but also CSR practices in an integrated way because CSR plays a role in forming people's evaluations of companies.

