Corporate social irresponsibility and audience support: Lessons from the Parmalat scandal

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Abstract

Audience decisions regarding whether to continue to support a corporation after it has been perceived as culpable for socially irresponsible behaviour is “coin of the realm” in selecting which firms (or which parts of a firm) will be able to survive a CSI- scandal. This paper analyses the main dimensions underlying post-CSI audience support decisions. Our empirical setting is an embedded polar case of audience support following a severe CSI scandal. Though we apply the framework developed in the nascent stream of attribution theory in CSI to comprehend the subjective processes underlying audience reactions, this study adds a number of dimensions to those already included in attribution studies. In particular, two dimensions of legitimacy played a key role: moral and market legitimacy. The capacity to manage the interplay between these two dimensions emerged as a key factor underlying audience support. Finally, possessing a sound source of competitive advantage in one (or more) of the businesses in which the corporation operates emerged as decisive in maintaining the support of independent audiences.