

Identity bias in negative word of mouth following irresponsible corporate behavior: a research model and moderating effects

Dr. Paolo Antonetti PhD, MSc, BA*

Lecturer in Marketing

Queen Mary University of London

p.antonetti@qmul.ac.uk

+44(0) 20 7882 6478

Dr. Stan Maklan PhD, MBA, BSc

Reader in Strategic Marketing

Cranfield School of Management, Cranfield, UK

s.maklan@cranfield.ac.uk

+44 (0)1234 758022

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Current research has documented how cases of irresponsible corporate behavior generate negative reactions from consumers and other stakeholders. Existing research, however, has not examined empirically whether the characteristics of the victims of corporate malfeasance contribute to shaping individual reactions. This study examines, through four experimental surveys, the role played by the national identity of the people affected on consumers' intentions to spread negative word of mouth (WOM). It is shown that national identity influences individual reactions indirectly; mediated by perceived similarity and sympathy. Consumers perceive foreign victims as different from the self and this reduces the sympathy experienced towards them. Sympathy is an emotion that shapes consumer reactions and regulates WOM. The study identifies two moderating processes of this effect. Individuals who score high on collective narcissism are most likely to be strongly biased against foreign victims. In-group bias is also moderated by the perceived severity of the crisis. When a case is perceived as very serious, perceived similarity plays a less important role in generating sympathy because consumers focus on the perceived suffering of the victims. Hence, in-group bias is stronger in cases perceived as having minor consequences. The paper contributes to the literature on corporate social irresponsibility and offers implications for both scholars and managers.

Keywords: in-group bias, national identity, sympathy, negative word of mouth, corporate social responsibility, corporate social irresponsibility

Introduction

Corporate social irresponsibility (CSI), showing a lack of care for society or the environment (Lange and Washburn, 2012), affects the firm's reputation and can even spark consumer boycotts (Klein et al., 2004; Sweetin et al., 2013). These negative events pose specific challenges to corporations which need to manage the potential fall-out and interact with local stakeholders (Coombs et al., 2010; Coombs, 2007). This study examines whether and how the national identity of the victims of CSI contributes to influencing potential negative reactions. Building on social identity theory, we present a model which illustrates the key role played by feelings of sympathy towards the victims of CSI in shaping individual reactions and identify two moderators which contribute to the explanation of this process.

Existing research suggests that reactions to CSI are likely to be biased; people are more likely to punish corporations that have harmed individuals close to themselves. The victims' social identity biases the way stakeholders' evaluate such cases. Lange and Washburn (2012) suggest that social identification with the party affected by corporate irresponsibility influences the perceived undesirability of an event. Negative events or crises will be considered more damaging when they affect social groups that are close to the observer. There is evidence that a preference for the in-group is associated with positive CSR activities. Russell and Russell (2010) show that consumers are more likely to reward a firm which donates to the local community rather than to distant others. However, reactions to CSR are substantively different from reactions to CSI. While the former creates goodwill and a sense of reciprocity (Bhattacharya et al., 2008), the latter violates moral norms and generates a desire to retaliate against the organization considered responsible (Bechwati and Morrin, 2003).

This paper focuses on national identity as a common source of social identification (e.g. Yogeeswaran and Dasgupta, 2014) to assess empirically whether a bias in favor of national

victims exists when individuals appraise irresponsible corporate behavior and the potential conditions that might support or weaken this bias. In this study, we develop and test a model that examines the influence of national identity of the victims on stakeholders' likelihood to react negatively against an organization. Our model is centered on the role that sympathy plays in generating a desire to protect the victims and act against the organization responsible. Feelings of sympathy for those affected motivate individuals to engage in negative WOM and potentially damage the organization exposed.

A significant amount of scholarly attention has focused on stakeholders' reactions to CSI in recent years (Murphy and Schlegelmilch, 2013; Putrevu et al., 2012). Existing accounts suggest that emotional reactions play a key mediating role in explaining consumer protest (Antonetti and Maklan, 2014; Grappi et al., 2013; Lindenmeier et al., 2012; Romani et al., 2013a; 2013b). The cognitive evaluation of corporate behavior generates negative emotional reactions which activate people's intentions and behaviors (Bagozzi et al., 1999; Xie et al., 2015). Scholars focus mostly on how various types of CSI (i.e. the nature of corporate misbehavior) generate different emotions and retaliations (Farah and Newman, 2010; Hoffmann and Müller, 2009). Negative emotions, such as, anger and contempt are always considered to be the main source of intentions to punish corporations (Romani et al., 2013b). In this study we offer a novel account by demonstrating that the characteristics of the victims also shape how people react and that positive feelings of sympathy or compassion (Goetz et al., 2010) are also partly responsible for explaining individual decisions.

The study contributes to two different streams of research. First, we extend the literature on CSI by outlining 1) whether an in-group bias exists and its significance in consumers' reactions, 2) the mediating processes which explain how the identity of the victims influences observers' intentions to act against the corporation, and 3) the conditions under which stakeholders' retaliations are more likely to take place. Secondly, we contribute to the literature on emotional

reactions to injustices demonstrating that sympathy, in addition to anger and contempt, also explains negative WOM (Fernando et al., 2014). The study has practical implications for both executives handling ethical crises and campaigning organizations promoting consumer protest. Being able to understand individuals' reactions under different circumstances allows organizations to craft more effective messages (e.g. Xu and Li, 2013).

The paper is organized as follows. Firstly, the research background is discussed, outlining the research hypotheses which underpin our contribution. Secondly, evidence from four empirical studies is presented to examine the research model proposed and test the research hypotheses. Finally, the implications for both research and practice are discussed.

Research background

In-group bias and perception of the victims

Social identity theory shows that individuals often see themselves and others as members of specific social groups and that these social labels influence cognition and emotions strongly (Haslam and Ellemers, 2005; Tajfel and Turner, 1979). Research on social identification has examined the influences of many different forms of collective identity (Ashmore et al., 2004; Leach et al., 2008). Some “minimal” forms of group identity are manipulated in the lab (e.g. Tajfel et al., 1971; Turner, 1975), while others represent meaningful social groups (e.g. Henderson-King et al., 1997). Irrespective of the identity examined, research suggests that social identification processes are highly malleable: social perception is shaped by contextual and personal variables (Ashmore et al., 2004; Leach et al., 2008).

National identity represents a type of identity related to the personal bond with the nation (Blank and Schmidt, 2003). Usually individuals have a positive attachment to their country

(Mackie and Smith, 1998) although it is possible to have feelings of aversion towards one's own nation (Blank, 2003). Importantly, national identity is a form of identification that does not necessarily imply dislike towards other out-groups (Brewer, 1999). In other words, feeling close to other people of the same nationality does not imply an aversion towards foreigners.

In the context of individual reactions to cases of CSI, Lange and Washburn (2012) have argued that observers are likely to be biased in favor of their in-group. Corporations who harm parties close to the observers are likely to be considered especially blameworthy. This proposition has not been tested explicitly although it appears consistent with work demonstrating in-group favoritism in reactions to CSR. Consumers are more likely to reward with their purchases organizations which have supported their local communities rather than firms investing in CSR initiatives in distant areas (Russell and Russell, 2010).

Different motivations for potential in-group bias have been suggested in the literature (Brewer, 2007; Turner, 1975). An egoistic incentive, that is wishing to promote the interests of one's own group, can play a part in certain circumstances (Haslam and Ellemers, 2005). Even the simple acknowledgement of difference between groups is enough to create in-group favoritism (Tajfel et al., 1971; Turner, 1975). Such a perception can be implicit and associated with out-groups being less easy to process psychologically for observers (Rubin et al., 2010). We argue that this form of bias is likely to play a role in shaping how consumers react when being informed about cases of CSI which have affected members of an out-group.

National identity is a natural social category which is often relevant in reactions to CSI (Lange and Washburn, 2012). When consumers evaluate CSI, they contemplate the wrongdoing of an organization and are likely to feel concern for those affected by the events (Batson, 1991). Overt discrimination on the basis of national identity appears unrealistic in cases of reactions to CSI. At the same time, information about the national identity of the victims triggers

cognitive appraisals of relative closeness or distance between the self and the victims (Branscombe and Wann, 1994; Dovidio et al., 1997; Vaes et al., 2003). This judgment of perceived similarity (Henderson-King et al., 2001) can be an indirect cause of prejudice because it establishes a difference between in-group and out-group and facilitates victims' derogation (Lange and Washburn, 2012). Individuals presented with a case of CSI will use relevant information about the identity of the victims to assess how similar to the self they are (Lange and Washburn, 2012).

H1: Foreign victims are perceived as more dissimilar from the self than victims of the same nationality.

Perceived similarity as a determinant of sympathy

When individuals become aware about cases of CSI, and appraise information about corporate wrongdoing, they are likely to have several emotional reactions (Romani et al., 2012). The existing literature focuses on negative emotions such as anger, outrage and contempt which are triggered by contemplating injustices (Antonetti and Maklan, 2014; Romani et al., 2013b). These emotions lead to decisions to punish the corporation such as participation in boycotts (Braunsberger and Buckler, 2011) and spreading negative information (Antonetti and Maklan, 2014). Research shows that compassion or sympathy (Condon and Barrett, 2013; Goetz et al., 2010), an emotional state overlooked in previous research, is also often associated with reactions to injustice and negative events for which victims are blameless (Gruen and Mendelsohn, 1986; Loewenstein and Small, 2007). Sympathy is conceptualized as an emotional state which expresses individuals' concern for the suffering of others and is a driver of individuals' decisions to help (Goetz et al., 2010). Although traditionally considered as a positive or pleasant experience in the West, recent evidence suggests that compassionate

feelings can vary in terms of how pleasurable they are. Individuals can experience both pleasant and unpleasant feelings of sympathy (Condon and Barrett, 2013).

There is often confusion between sympathy and empathy, although scholars have indicated how the two words refer to different experiences (e.g. Wispé, 1986). Sympathy or compassion are terms that refer to an altruistic reaction of concern for others' suffering (Loewenstein and Small, 2007). On the other hand, empathy indicates the experience of seeing the world from the perspective of another person and, in a sense, sharing his or her suffering by putting oneself in another's shoes (Gruen and Mendelsohn, 1986). Although the two processes are related (Decety, 2011), it is possible to feel sympathy for one's suffering and therefore having a desire to help, without being able or willing to engage in perspective taking.

In their review of the empirical literature, Goetz and colleagues (2010) stress how one important feature of sympathy is the fact that this emotion is stronger when those suffering are considered self-relevant. This is consistent with the evolutionary view of sympathy as a source of cooperation and caring (Batson, 1991; Henrich, 2004). Since cooperation emerges from kin structures and family relationships; sympathy is especially attuned to motivate reactions to the suffering of close others. This argument suggests that perceived similarity should influence feelings of sympathy positively. The perception that victims of CSI are similar to the self should make the case more self-relevant and trigger stronger emotional reactions.

The insight that similarity heightens support and altruism has been validated in a number of different disciplines (Antal et al., 2009; Ip et al., 2006) and in relation to different kinds of similarity (Curry and Dunbar, 2013). Specifically, similarity can relate both to perceiving the other as having similar views or ideas to the self (e.g. Westmaas and Cohen Silver, 2006) as well as sharing some essential characteristic such as nationality or ethnicity (e.g. Henderson-King). Although the latter perspective is adopted in this research, in both cases, similarity is

expected to trigger higher concern for others' suffering hence increasing feelings of sympathy (e.g. Westmaas and Cohen Silver, 2006).

H2: Perceived similarity influences positively feelings of sympathy towards the victims of CSI.

Consumer reactions to feelings of sympathy

Existing research shows that negative emotions of anger, outrage and contempt cause a range of negative retaliations from consumers (Braunsberger and Buckler, 2011; Lindenmeier et al., 2012; Romani et al., 2012). These emotions are generated by the appraisal of unjust behavior and generate a strong desire to revenge against the culprit (Fehr and Gächter, 2002). In this study we focus on intentions to spread negative WOM against the corporation as the potential outcome of feelings of sympathy towards the victims. Specifically, we examine whether sympathy might play an additional role in explaining individual reaction once the role of anger has been taken into account.

Although sympathy plays a part in explaining why sometimes individuals act in order to change a situation that they perceive as unjust (Iyer et al., 2003; Pagano and Huo, 2007), it is unclear how exactly this emotion leads to the intentions to act. Some suggest that feelings of sympathy trigger the desire to act (Loewenstein and Small, 2007; Small and Verrocchi, 2009). In a CSI context this suggests that feelings of sympathy would lead to higher intentions to spread negative information about an organization in an attempt to obtain revenge and perhaps motivate it to compensate those affected (Romani et al., 2013b). Recently, scholars have questioned these findings. They suggest instead that only when compassion is experienced

together with anger, this emotion is likely to explain changes in intentions to act in support of social causes (Fernando et al., 2014).

The evolutionary account of sympathy suggests that it should play a role in determining consumers' reactions to those in need (Goetz et al., 2010). Sympathy could motivate instrumental aggression (Berkowitz, 1993) generated by a desire to help the victims of CSI. The emotion would predict negative WOM to the extent that this action is perceived as a way to help others.

H3: Feelings of sympathy towards the victims of CSI influence consumers' intentions to spread negative WOM towards the organization.

Moderators of the national identity bias

Individual level variables shape perceptions of social groups (Ashmore et al., 2004). Those who have a particularly strong attachment towards their nation, and an emotional investment in its dominance, should be more prone to consider information about national identity as relevant in a case of CSI. For these consumers, their nationality is important and it is a variable which is more likely to be used to evaluate the perceived similarity of the victims appraised. This is consistent with research showing that people who identify strongly with the in-group are more likely to be prejudiced against out-group members (Branscombe and Wann, 1994; Nadler et al., 2009).

Scholars have introduced a variable named "collective narcissism" to describe the individual tendency to see one's own country as superior to others (Golec de Zavala et al., 2009). Highly narcissistic individuals also have a heightened sensitivity to in-group threats (Golec de Zavala et al., 2013). Both features lead to the expectation that for these consumers the perceived

difference between foreign and national victims of CSI will be enhanced. Collective narcissism would make individuals feel closer to the suffering of people from the same country while decreasing the concern for foreign victims.

H4: Collective narcissism strengthens the relationship between victims' identity and perceived similarity. Individuals scoring higher on collective narcissism are more likely to perceive foreign victims as different from themselves.

We have argued that perceived similarity will influence feelings of sympathy positively because the perception of similarity increases the relevance of the CSI case to the self. Self-relevance, however, is only one of the appraisals that influences sympathy. As the literature demonstrates, this emotion is primarily triggered by the perception of the suffering of others and the view that victims are not responsible for their predicament (Goetz et al., 2010; Loewenstein and Small, 2007). In other words, while the perception of self-relevance is important, it interacts with the evaluation of others' suffering (Wispé, 1986) and the belief that the observer could help (Mikulincer et al., 2001). Feelings of compassion will be shaped by these appraisals jointly (Goetz et al., 2010). This evidence suggests that while individuals will be biased by the perceived similarity of the target, this influence should be moderated by the perceived seriousness of the events described. In cases of very severe crises, characterized by significant loss and damage to others (Batson et al., 1989; Mikulincer et al., 2001), the influence of perceived similarity should decrease. Severe crises would be relevant to the self exactly because of the goal incongruent nature of the event (Lazarus, 1991; Roseman et al., 1990); the identity of the victims would become a secondary issue in such circumstances (Goetz et al., 2010).

The opposite is also true. When a case of CSI is not particularly severe, observers are likely to feel sympathy only to the extent that they can feel very closely linked to the suffering of the

victims presented. In those circumstances, perceived similarity is likely to play a larger influence in the experience of sympathy.

H5: Perceived severity weakens the influence of perceived similarity on feelings of sympathy. The influence of perceived similarity on sympathy is weaker (stronger) when CSI crises are perceived as severe (minor).

Overview of the research

The research hypotheses are summarized in Figure 1 and examined in four experimental surveys. An overview of the empirical work conducted is presented in Table 1. Each study tests a specific subset of the relationships hypothesized. The general design is consistent across the four studies, despite a few adaptations required to test the different hypotheses.

INSERT FIGURE 1 HERE

Across all studies, participants are US residents recruited online and drawn from the same population. In each study a convenience sample of participants with comparable characteristics is recruited allowing to test the different relationships hypothesized. The manipulation consists of a scenario describing a case of CSI. In Studies 1, 2 and 3 only the national identity of the victims is manipulated. In Study 4 the perceived severity of the case is also manipulated in a two by two design. Mediators and dependent variables are measured through multi-item scales completed by participants after reading the scenarios. Across all studies the scenarios represent

a mock media report about a case of corporate fraud which led to individuals consuming a contaminated product.

In order to test the robustness of the effect of social identity, we rotate the national identity of the victims that our participants read about. In Study 1 and 3 we use two countries, China and South Korea, which we expect to be perceived as different in terms of their relative relationship with the US. While participants might have some negative views of China (Harmeling et al. 2015, p. 7), South Korea is an Asian country which is far more likely to be seen as a close ally (Stueck and Yi, 2010). Studies 2 and 3 employ a fictitious country, with the objective of further testing our model, by isolating the effect which is based only on the evaluation of perceived similarity (independently of potentially pre-existing negative or positive beliefs about the target) (Cuddy et al., 2007).

INSERT TABLE 1 HERE

Study 1

Method

Participants and research design. We conduct an online experimental survey where we manipulate one between-groups variable: the national identity of the victims of CSI (Gordjin et al., 2006; Batson et al., 2009). Participants are recruited through Amazon Mechanical Turk (AMT – Buhrmester et al., 2011) and completed a survey online in exchange for monetary payment (\$.75). Whilst not representative of the general population, AMT users are more representative than samples of college students often used in experiments (Paolacci et al., 2010). AMT samples are proven to be reliable, psychometrically valid (Buhrmester et al.,

2011), and exhibit the same cognitive biases observed in other populations (see Paolacci and Chandler, 2014 for a detailed review). In one group, the victims share the same identity of the participant as they are described as American citizens ($N = 48$), while in the other the victims are described as belonging to an out-group of Chinese consumers ($N = 51$). A sample of one hundred subjects began the survey however only ninety-nine subjects provided complete responses that were retained for analysis. Participants belong to different age groups: 50% are between 18 and 24 years old, 32% are between 25 and 44 years old and 18% are 45 years old or above. In terms of gender, 55 subjects are women and 44 are men. Fifty seven participants have an undergraduate degree and eighteen have a graduate degree. Before leaving the survey, all participants were debriefed on the objectives of the study and informed that the article they had read was fictitious and had been developed only for research purposes. On average participants completed the survey in five minutes and data collection was completed in one day.

Stimuli. Upon accessing the survey, participants were randomly allocated by the survey software to one of the two identity conditions. Before the beginning of the study they were ensured of the confidentiality of their responses and they were reminded that they were free to abandon the study at any point during the survey. They were presented with an excerpt which purportedly came from a press release documenting a case of CSI. The vignette described how a meat distributor used sub-standard abattoirs and sold contaminated poultry meat (Appendix A). The report was introduced as a “recent case of corporate malpractice that has affected consumers” in either the US or China. We developed the vignette to ensure that it matched all the common characteristics of CSI as they are identified in the literature (Lin-Hi and Müller, 2013). Pre-testing involved two unstructured interviews with postgraduate students that helped clarify some passages in the report. Survey participants were given a code to obtain payment.

Measures. Participants expressed their views on the case of corporate irresponsibility on a number of scales measuring the constructs relevant for our research (Appendix B). Measures of negative word-of-mouth were based on the existing literature (Grégoire and Fisher, 2008; Klein et al., 2004). A sample item reads as follows: “I would be likely to complain about [company name]’s behavior to other people”. We used two items (e.g. “The people mentioned in the article are very close to me”) to measure the perceived similarity of the victims (Doosje et al., 1999; Leach et al., 2007). Finally, feelings of sympathy towards the victims were measured with one item (“I feel very sympathetic towards the people mentioned in the article”) (Loewenstein and Small, 2007). All items were rated on a 7-point Likert scale measuring individual agreement with the statements presented (from 1 = strongly disagree to 7 = strongly agree). To investigate potential issues with the scenarios, we measured social desirability bias (Reynolds, 1982) and asked one open-ended question to participants after presenting the vignette enquiring on their “immediate thoughts and feelings when reading this article”. The measure of social desirability is not correlated with any of the other constructs measured, suggesting that this variable does not affect the results of the study. The analysis of participants’ answers to the open-ended question revealed no concerns in relation to individuals’ perception of the vignette. Their answers were also used to check the effectiveness of the manipulation. Replies demonstrate that, consistently with our expectation, most participants recognize the national identity of the victims.

Findings

We assess the reliability and validity of the measures used. Both similarity (AVE: .68; CR: .80) and negative WOM show good reliability (AVE: .83; CR: .93) (Hair et al., 2011). Discriminant validity is supported as the Fornell-Larcker criterion is respected for all constructs (Fornell and Larcker, 1981) and loadings are always higher than cross-loadings (Hair et al., 2011).

We test our hypotheses through t-tests. Consistent with our expectations, participants perceive American victims as more similar to themselves ($M_{US} = 4.5$, $M_{China} = 3.4$, $t(97) = 3.66$, $p < .01$, $d = .73$) and show more sympathy for American victims ($M = 6.5$) than for Chinese victims ($M = 6.0$, $t(97) = 1.4$, $p < .05$, $d = .43$). The likelihood of spreading negative information about the company is also higher when the victims are perceived as close to the self ($M_{US} = 6.4$, $M_{China} = 5.9$, $t(97) = 2.35$, $p < .05$, $d = .48$).

To test the mediations postulated by our research model, we used OLS path analysis using PROCESS (Hayes, 2013, Model 6). We calculate 95% confidence intervals using bias-corrected and accelerated bootstrap and 10,000 resamples (Hayes, 2013). When scales are measured through multiple items we use the average of all items for analysis. Results are consistent with our predictions. Perceived similarity has a positive influence on feelings of sympathy towards the victims ($b = .17$, $t = 2.45$, $p < .05$; CI from .03 to .31) and feelings of sympathy contribute to explaining intentions of spreading negative information about the company ($b = .50$, $t = 5.32$, $p < .01$; CI from .32 to .69). The model explains 30% of the dependent variable's variance. Consistent with methodological guidelines (Zhao et al., 2010), we calculate the indirect effect of the manipulated independent variable through the two mediators postulated in H2 and H3. This analysis represents the most effective way to test the mediation model proposed by our theory (Zhao et al., 2010). We find evidence of a significant indirect effect of the national identity condition on the dependent variable which is in line with our theoretical expectations (effect: .09, CI from .01 to .27).

Discussion

The study offers initial evidence in support of H1, H2 and H3. There is evidence of a national identity bias: consumers will be more likely to initiate negative WOM when the victims of CSI share their own nationality than when the victims are foreign. The findings also show that perceived similarity and the activation of feelings of sympathy for the victims represent an adequate mechanism to explain this effect.

These results are significant for two reasons. First, they offer support for recent theorizing on the role of social identity in reactions to CSI. Our findings are in line with the theory advanced by Lange and Washburn (2012) and consistent also with research on the role of identity in the evaluation of CSR (Russell and Russell, 2010). From a practical perspective, this evidence suggests that the simple recognition that unethical corporate behavior is affecting others that are different from the self represents a limitation on the ability to spur consumer protest. Campaigners should therefore try to strengthen perceived similarity with the victims in order to make stakeholder reactions more likely.

The study also demonstrates that sympathy is a moral emotion that contributes to shaping individual reactions to CSI. Past research has focused exclusively on negative feelings of contempt, anger and outrage as potential determinants of consumer protest (Antonetti and Maklan, 2014; Grappi et al., 2013; Lindenmeier et al., 2012; Romani et al., 2013). The evidence presented suggests that compassionate responses also play an important explanatory role.

Although this study offers support for our theorizing, the results could be explained partly by specific attributions made towards the foreign country included in the design (Harmeling et al., 2015). In Study 2 we rule out these potential alternative explanations and provide a replication of the social identity bias.

Study 2

Method

Participants and research design. The same design adopted in Study 1 is retained. Four hundred individuals are recruited through AMT and submitted a complete questionnaire in exchange for a monetary compensation (\$1). Half of the participants read the scenario presenting Americans as victims of CSI and the other half read the scenario where victims have a different nationality. The software automatically allocated individuals to one of the two experimental conditions randomly. It is recommended that scholars take precautions against the issue of non-naivety of participants (Chandler et al., 2013). When multiple studies are conducted on AMT, researchers should exclude from later investigations participants who have already contributed to previous studies. We followed this advice and ensured that participants who participated in Study 1 were excluded from the recruitment. The questionnaire started by ensuring participants of the confidentiality of their responses. A reminder that participation was voluntary and that subjects were free to abandon the study at any point during the survey was also displayed. Data collection lasted for two days and participants received a small monetary compensation in exchange for participation. On average participants completed the survey in eight minutes. Of the subjects recruited for the study, 22% are between 18 and 24 years old, 59% are between 25 and 44 years old while 19% are above 45. Overall, 228 subjects are men while 172 are women. Two hundred and fifty-two participants have an undergraduate degree while forty have completed graduate education.

Stimuli. We used the same case of CSI as in Study 1 although we changed the out-group condition. Victims of foreign nationality are described as citizens of Al Kharj, “a small country in the Arabian Peninsula bordering with Qatar and Saudi Arabia”. The use of a fictitious foreign country can help rule out whether the effects identified might be due to the specific beliefs

towards China (Cuddy et al., 2007). In a further check of our materials we asked participants to rate the scenarios in terms of their clarity (from 1 = very unclear to 11 = very clear) and realism (1 = very unrealistic to 11 = very realistic). Both scenarios are realistic ($M_{US} = 8.8$, $M_{Al\ Kharij} = 8.6$, $t(398) = .517$, $p = .61$) and clear ($M_{US} = 9.5$, $M_{Al\ Kharij} = 9.4$, $t(398) = .775$, $p = .44$).

Measures. Scales are borrowed from existing research (Table 2 for details). Sympathy is measured through three items (Small, 2010). We also measure feelings of anger towards the company on the basis of existing scales (Batson et al., 2009). All other scales are consistent with Study 1 (Appendix B) and all items are rated on a 7-point Likert scale (from 1 = strongly disagree to 7 = strongly agree). Since social desirability did not prove relevant in influencing the results in Study 1 we dropped the scale in this study and in all subsequent investigations.

Findings

Before examining the relationships between the constructs, we run a Confirmatory Factor Analysis using a structural equation modelling (SEM) approach to assess the measurement model (Table 2). The model presents good reliability and convergent validity. Indicators exceed the recommended thresholds: standardized loadings are all above .70 (Bagozzi and Yi, 1988), average variance extracted (AVE) is above .50 (Fornell and Larcker, 1981), and composite reliability (CR) is above .70 (Bollen and Lennox, 1991). Good discriminant validity is demonstrated by 1) the Maximum Shared Variance and Average Shared Variance being lower than the AVE for all constructs (Hair et al., 2010) and the Fornell-Larcker criterion being supported for all constructs (Fornell and Larcker, 1981). Finally, the constructs offer a good fit to the data (χ^2 ($df = 81$, $p < .01$): 123.946; CFI = .99, TLI = .98, RMSEA = .036). The correlations between the constructs are presented in Table 3.

Consistent with H1, a t-test demonstrates that participants see American victims as more similar to themselves ($M_{US} = 3.5$, $M_{Al\ Kharij} = 2.9$, $t(398) = 4.25$, $p < .01$, $d = .43$). However, there is no direct effect of the manipulation on the level of sympathy recorded ($M_{US} = 4.8$, $M_{Al\ Kharij} = 4.9$, $t(398) = .455$, $p = .650$). In terms of negative WOM, there is a small direct effect of identity on participants' intentions ($M_{US} = 5.1$, $M_{Al\ Kharij} = 4.8$, $t(398) = 2.31$, $p < .05$, $d = .23$).

Using a covariance-based approach to SEM (MacKinnon et al., 2002) we estimate a structural equation model to test H2 and H3. This technique accounts for measurement error (Brown, 1997) and offers a more robust test of our research hypotheses. Results (Figure 2) support the research hypotheses and the model fits the data well although it accounts for a small amount of variance in negative WOM. We also included in the model the measure of anger as control. As expected anger has a strong influence on WOM ($b = .54$, $p < .001$, $R^2 = 34$). However, the influence of sympathy on negative WOM, remains significant even when we account for anger ($b = .14$, $t = 3.23$, $p < .01$).

INSERT TABLE 2 HERE

INSERT TABLE 3 HERE

INSERT FIGURE 2 HERE

In order to assess the potential effect of common method bias in our data we also estimate the model using a common latent factor and allowing all indicators to load on this variable (Podsakoff et al., 2003). The pattern and significance of the relationships does not change suggesting that same-source bias is not a concern in the interpretation of the results.

Finally, using the same approach adopted in Study 1, we estimate the indirect effect of the identity condition consistent with our research model. In line with Study 1 we find a positive indirect effect which supports our hypotheses (effect: .06, CI from .02 to .14).

Discussion

The results are consistent with our research model and suggest that the identity bias is mediated by perceived similarity and feelings of sympathy. The study offers further support for H1, H2 and H3 even when the identity of the out-group is fictitious (Cuddy et al., 2007), discounting the possibility that findings from Study 1 reflect subjects' dislike of China or Chinese victims. The study also yields support to the specific explanatory process, centered on perceived similarity and sympathy, proposed by this research. Findings show that the model offers a good fit to the data, indicating that an adequate explanatory theory is being proposed.

Importantly, this investigation shows that even when we control for the potential role of anger, sympathy has a unique explanatory function in relation to negative WOM. This further reinforces our argument that feelings of compassion should be considered in conjunction with the negative emotions of contempt and anger that previous research has suggested as emotions that explain reactions to CSI (Romani et al., 2013). The SEM model, however, predicts only a small amount of variance.

To explore further how sympathy affects negative WOM, we adopt a within person approach following work by Fernando and colleagues (2014). They examine clusters of emotional reactions to see whether the co-existence of different emotions drive specific reactions in individuals and find that sympathy trigger reactions to injustices only when sympathy is coupled with anger. To probe further the role of sympathy, we adopt their same analytical

strategy in this study. Using a hierarchical clustering approach and Ward's clustering method to assess differences on the variables included in our model, four clusters are identified. We used a one-way ANOVA to assess differences between the clusters (Fernando et al., 2014). Results are presented in Table 4. The clusters are labelled according to the emotional experience which is dominant for each group of participants. The results suggest that, although anger is a more dominant emotion in motivating retaliations against an organization, sympathy has also an important role which cannot be disregarded.

INSERT TABLE 4 HERE

Overall, Study 1 and 2 show that the identity of the victims of CSI has a significant effect on the likelihood that consumers will engage in negative WOM. Although this insight had been suggested in previous conceptual examinations (Lange and Washburn, 2012), this is the first study to test it empirically and identify a specific explanatory process that underpins this effect. The evidence collected also suggests that sympathy plays a key role in processing identity information in reactions to CSI; an insight that complements past focus on negative emotional states. The remaining studies focus on the analysis of moderating processes that characterize this effect with the objective of identifying circumstances that make the diffusion of negative WOM more or less likely following CSI cases that involve victims of different identities.

Study 3

Method

Participants and research design. Study 3 allows testing H4. Participants are recruited through AMT and complete a survey online. To ensure the naivety of participants, individuals who had participated in previous studies were not allowed to complete the questionnaire (Chandler et al., 2013). 105 participants, all US residents, returned complete interviews used for analysis. All participants were paid a monetary incentive (\$.75) in exchange for participation. Before the beginning of the study the confidential and voluntary nature of the study was stressed to all participants. The study was completed in one day and on average subjects completed the survey in six and a half minutes. Subjects represent different age groups: 22% are between 18 and 24 years old, 65% are between 25 and 44 years old and 13% are above 45 years old. In terms of gender 70 participants are women and 35 men. Sixty-six participants have completed undergraduate education at the time of the study and twenty three have a graduate degree.

Stimuli. We used the same case of CSI as in Study 2. Each scenario was seen by half of the sample. The survey software randomly allocated participants to one of the two conditions.

Measures. The same scales adopted in Study 3 are retained with the addition of a multi-item scale which assesses the individual level of collective narcissism. Participants answered eight statements (see Appendix B, sample item: “My national group deserves special treatment”) on a seven-point scale ($M = 3.44$; $SD = 1.28$). One item from the original collective narcissism scale (Golec de Zavala et al., 2009) was not used in the analysis because it correlated very weakly with all other indicators in the scale. The item discarded reads: “I do not get upset when people do not notice achievements of my national group (*reversed scoring*)”. The measure was administered before exposure to the scenario. All items are evaluated on a 7-point Likert scale (from 1 = strongly disagree to 7 = strongly agree).

Findings

The measures adopted show good reliability as demonstrated by AVEs above .75 and CRs above .90. Discriminant validity is also established in this study. All items have very high loadings on their intended constructs (above .90), cross-loadings are always lower than the loadings for the intended construct (Hair et al., 2011) and the Fornell-Larcker criterion is respected for all variables (Fornell and Larcker, 1981).

In line with the other studies, we conduct a t-test to assess differences between conditions. We find that victims of the same identity are perceived as more similar to the self than foreign victims ($M_{US} = 2.73$, $M_{Al\ Kharj} = 2.14$, $t(98) = 2.24$, $p < .05$, $d = .48$). Feelings of sympathy are expressed equally across the two conditions ($M_{US} = 4.31$, $M_{Al\ Kharj} = 4.28$, $t(98) = 0.79$, $p = .937$). Intentions to engage in negative WOM are marginally different across the two groups ($M_{US} = 5.2$, $M_{Al\ Kharj} = 4.6$, $t(98) = 1.86$, $p = .07$, $d = .37$).

OLS regression analysis (Hayes, 2013) is used to test the mediations proposed by our conceptual model and the moderating effect postulated in H4. Model 7, estimated through PROCESS (Table 5) and following the same procedures outlined for Study 1, shows that collective narcissism strengthens the bias individuals have towards victims of a different nationality (Figure 3). For individuals with low levels of collective narcissism, there is no evidence of a bias in perception (effect: -.08, CI from -.79 to .62). Conversely, individuals who hold a narcissistic view of their country perceive foreign victims as very dissimilar from the self (effect: 1.45, CI from .73 to 2.17).

INSERT TABLE 5 HERE

INSERT FIGURE 3 HERE

This moderating effect also influences feelings of sympathy so that the impact of perceived similarity on sympathy is positively reinforced by collective narcissism (effect_{low-narcissism}: -.05, CI from -.44 to .28; effect_{high-narcissism}: .88, CI from .32 to 1.58). The index of moderated mediation (Hayes, 2014) supports this finding further by showing that the indirect effect of national identity on sympathy is moderated by collective narcissism (effect: .37, CI from .09 to .70).

Finally, and in line with previous investigations, the indirect effect of national identity on negative WOM is positive and statistically significant (effect: .10, CI from .02 to .31). This evidence offers further support to our hypothesized mediation model.

Discussion

Study 3 adds to the previous investigations by demonstrating that the national identity bias has a different effect on different consumers. Identification with the victims of CSI is influenced by stable personal traits. The bias in favor of national victims does not hold for those individuals who score very low on collective narcissism and consequently tend to consider out-groups as important and similar to the self as in-groups (Brewer, 1999). Conversely, this bias is very strong for those who have a strong sense of identification with the country and believe that the US should have a privileged status. It is this group of individuals who find it especially difficult to identify with foreign victims and tend not to feel sympathy towards them.

Existing conceptual analyses focusing on how the identity of the victims influences reactions to CSI (Lange and Washburn, 2012) do not discuss the role played by individual traits. In this

study, we show that information about the nationality of the victims influences different groups of individuals in a different way. Consumers with nationalistic and ethnocentric views (Balabanis and Diamantopoulos, 2004) are more likely than others to see foreign victims as different from the self.

Study 4

Method

Participants and research design. We conducted a two (nationality of the victims: US nationals versus Korean nationals) by two (severity of CSI: high versus low) between-subjects experimental survey with the objective of testing H5. All subjects were informed that participation was voluntary and they were free to abandon the study at any point. Two hundred and one participants were recruited using AMT and completed a survey online in exchange for monetary payment (\$.75). Four questionnaires were discarded, three from participants that had already completed surveys in Study 1 and one because the survey was incomplete. This left a total of 197 cases used for analysis. Fourteen percent of the subjects is between 18 and 24 years old, 56% is between 25 and 44 years old and 30% is above 45 years old. Sixty-seven subjects are women while 130 are men. Within the sample, 145 participants reported as having undergraduate education while eight have a graduate degree.

Stimuli. We used the same case of CSI adopted in the previous investigations but add a manipulation of the perceived severity of the case. The high severity condition reads: “Experts are especially concerned because some of the contaminants found in the meat are known to cause several types of cancer. Long term consequences of the fraud could be truly disastrous.” The low severity condition reads: “Experts have however reassured the public claiming that

long term consequences are expected to be negligible.” Participants were asked to assess the situation presented indicating how wrong they consider the company’s behavior (from 1 = not at all to 10 = extremely) and how severe is the damage caused (from 1 = minor damage to 10 = major damage). An average of the two items indicate that participants in the low severity condition perceived the consequences of CSI as less grave ($M_{low} = 7.9$, $SD_{low} = 1.39$ versus $M_{high} = 9.20$, $SD_{high} = .84$; $t = 7.92$, $p < .001$).

Measures. Details of the measures of perceived similarity, sympathy and negative word-of-mouth are all presented in Appendix B and follow the same approach already adopted in Studies 1, 2 and 3. All items are measured on a 7-point Likert scale assessing subjects’ agreement with a number of statements.

Findings

To assess the measurement model, we estimate key reliability and discriminant validity indicators. The constructs used show good reliability with AVE above .75 for all constructs and CR above .90. Discriminant validity is supported because all loadings are higher than the cross-loadings (Hair et al., 2011) and the Fornell-Larcker criterion is respected (Fornell and Larcker, 1981).

In a replication of the findings described in the previous studies, we run t-tests to assess differences across conditions. US victims are perceived as more similar to the self ($M_{US} = 5.3$, $M_{Koreans} = 4.3$, $t(195) = 5.34$, $p < .01$, $d = .73$). However, there is no direct effect of the manipulation on sympathy ($M_{US} = 6.1$, $M_{Koreans} = 5.9$, $t(195) = .929$, $p = .354$) or on negative WOM ($M_{US} = 5.7$, $M_{Koreans} = 5.7$, $t(195) = .09$, $p = .925$). Perceived severity has a positive influence on both sympathy ($M_{high-severity} = 6.3$, $M_{low-severity} = 5.7$, $t(195) = 3.78$, $p < .01$, $d = .54$)

and negative WOM ($M_{high-severity} = 5.4$, $M_{low-severity} = 5.9$, $t(195) = 3.13$, $p < .01$, $d = .44$). A factorial ANOVA shows no interaction between the manipulated variables.

The conditional indirect effect postulated in H5 is tested through an OLS regression analysis conducted using PROCESS (Hayes, 2013; Model 7) and the procedures already discussed above. The model, presented in Table 6, supports our hypotheses and shows that higher severity weakens the biasing effect of perceived similarity on sympathy (Figure 3). While at low levels of severity, similarity has a strong effect on feelings of sympathy towards the victims (effect: .49, CI from .16 to .64); when severity is high the effect of perceived similarity on sympathy is much weaker (effect: .22, CI from .09 to .35). This is reflected in differential effects of sympathy on negative WOM (effect_{low-severity}: .33, CI from .21 to .48; effect_{high-severity}: .15, CI from .05 to .25). The index of moderated mediation (Hayes, 2014) shows that the two effects are significantly different (index: -.18, CI from -.37 to -.02) offering further statistical support for the hypothesized effect.

We also compute the indirect effect (PROCESS; Model 6) of identity on negative WOM to test whether the mediation model hypothesized is supported also in this study. Consistent with our hypotheses, a significant positive indirect effect of national identity on intentions to engage in negative WOM demonstrates that participants are more likely to protest when victims share their same national identity (effect: .28, CI from .18 to .44).

INSERT TABLE 6 HERE

INSERT FIGURE 4 HERE

Discussion

Consistent with H5, the relationship between perceived similarity and feelings of sympathy is moderated by the level of severity of a case of CSI. When severity is high, the importance of perceived similarity is reduced. This evidence further clarifies to what extent reactions to CSI are likely to be biased by national identity. In situations when individuals appraise very serious CSI cases, perceived similarity will be less influential on individual emotional reactions.

These findings are important because they point out that the bias in favor of victims that are similar to the self is less pervasive than existing research would suggest (Lange and Washburn, 2012). We feel sympathy for victims of very serious injustices irrespective of their identity. In other words, when the violation is perceived as very severe, we are less likely to protest on the basis of the identity of the victims affected. Serious violations activate a desire to protest even when the victims are very different from us.

General Discussion

Summary of the findings

Studies 1 and 2 demonstrate that the national identity of the victims of CSI influences to what extent people will react negatively against a corporation and test a proposed mediation model that explains this effect. Although Lange and Washburn (2012) hypothesized an identity bias, this study is the first to 1) examine the effect empirically, 2) test a mediation model that explains the influence of identity on consumer reactions, and 3) examine how intentions to spread negative WOM are affected by variations in the identity of the victims. The results show that foreign victims are perceived as more dissimilar from the self than victims of the same nationality. Perceived similarity determines feelings of sympathy and this emotion, in turn,

influences intentions to engage in negative WOM (even once the independent effect of anger is accounted for).

The study also demonstrates that the level of collective narcissism and the perceived severity of the crisis moderate the impact of identity on consumer reactions. Individuals who see their country as superior to others are more likely to be prejudiced against foreign victims (Brewer, 1999). On the other hand, people who do not hold their in-group in special regard, will be equally concerned by CSI crises irrespective of the identity of the victims. Furthermore, when crises are very severe, perceived similarity does not affect our reactions. When corporations are perceived as causing great harm, consumers are likely to react negatively without being affected by the social identity of the victims.

Implications for research

The study offers several contributions to existing research. The research provides an empirical test and a conceptual extension to recent theoretical analyses of how social identity might influence reactions to corporate responsibility and irresponsibility. Consistent with the propositions of Lange and Washburn (2012), we find that identification with the victims of CSI influences individual likelihood to engage in negative WOM. However, the study also demonstrates that there are conditions that can enhance and weaken this process. The social identity bias is weaker for violations that are perceived as very severe and for individuals that do not consider their own in-group as deserving of special treatment. These results demonstrate that reactions to CSI are the outcomes of a complex interaction of both situational and personal variables (Hoffmann and Müller, 2009; Farah and Newman, 2010). Scholars have in the past overlooked the analysis of how perceptions of the victims might affect the occurrence of consumer protest. This paper contributes to the development of micro-level theories able to

account for stakeholders' psychological reactions to responsible and irresponsible corporate behavior (Aguinis and Glavas, 2012).

Our investigation demonstrates the differences between reactions to CSR and reactions to CSI (Murphy and Schlegelmich, 2013; Putrevu et al., 2012). Compared to results for positive CSR investments (Russell and Russell, 2010), we find that discrimination of CSI victims is weaker and mostly indirect through the mediation of perceived similarity and sympathy. Egoistic tendencies drive consumers' desire to express stronger support for a company whose CSR investments are directed towards the local community than towards distant others. However, the discrimination of victims of CSI is a subtler process that yields a weaker effect (Russell and Russell, 2010). Perception of similarity and sympathy bias consumers' reaction and act against a general desire to help affected parties (Loewenstein and Small, 2007) and punish the responsible corporation (Carlsmith et al., 2002).

Finally, the study contributes to the developing body of work examining emotions in reactions to CSI (Antonetti and Maklan, 2014; Grappi et al., 2013; Lindenmeier et al., 2012; Romani et al., 2013). We demonstrate that sympathy, an emotion overlooked in previous research, is able to explain, at least in part, consumers' reactions to CSI. This finding challenges previous research suggesting that sympathy only drives protests against injustice when it is experienced together with anger (Fernando et al., 2014). Although Study 2 suggests that sympathy is most effective when experienced together with negative feelings of anger, the results suggest that sympathy plays a specific influence in reactions to negative WOM that complements the role of anger.

Limitations and areas for further research

This study uses country of residence as a proxy of national identity. It is reasonable to expect that US residents, irrespective of their nationality, will tend to identify more with American victims than with foreign victims (Haslam and Ellemers, 2005). Nonetheless this weakness in the design might have affected our results and it is possible that the identity bias would be stronger in a sample comprising only US nationals. Furthermore, social identification processes are examined exclusively through a focus on national identity. This choice represents another potential limitation and future research should assess our research model in relation to other forms of social identification to assess whether identity influences consumers' reactions in different contexts.

Furthermore, although the study presents an account of how identification with the victims influences reactions to CSI, it does not clarify whether the identity of the company could also play a role in shaping stakeholders' perception of CSI. Lange and Washburn (2012) suggest that the level of identification with the firm regulates how serious an infraction is perceived to be. It is hypothesized that when a consumer identifies with an organization he or she will tend to discount potential cases of CSI and consider them as relatively less serious. It is also possible that the national identity of a firm might influence reactions to CSI so that individuals react more negatively to cases that involve companies from a country that is disliked for historical reasons. This argument is consistent with international business research on country of origin effects (Herz and Diamantopoulos, 2012) and consumer animosity (Klein et al., 1998). Future research could examine these hypotheses empirically and assess whether the association of a company with a specific country can influence reactions to CSI.

Similarly, while in this study we explore two potential moderators of the role of identity in CSI, other variables might also contribute to regulate individual reactions. In this study we

focused exclusively on reactions to product-harm crises but there is research on other types of questionable behaviors and it is possible that identity salience might be more or less relevant in different circumstances. Further research can examine whether our model explains identity effects consistently across different types of CSI. It is also reasonable to expect that the identity of the company as well as the identity of the victims might play an especially important role in certain specific violations. For example, the mistreatment of local employees or the abuse of local tax loopholes by a foreign organization represent specific situations which might bring social identity concerns to the fore (Haslam and Ellemers, 2005).

Finally, in this study we tested for the role of social desirability bias only in Study 1. This is a limitation in our results, since we cannot exclude that social desirability might have affected the other studies presented. However, such bias should affect only the overall level of negative WOM declared and should not be in any way linked to the relative bias in favor of victims that are perceived as closer to the self.

Managerial implications

Organizations wishing to promote campaigns against corporate misbehavior or to counter consumer protest can find interesting insights in the research presented. The evidence suggests that identification with the victims of CSI reinforces the likelihood of strong negative reactions from consumers. Campaigners will therefore be motivated to emphasize the perceived closeness of the parties affected, since perceived similarity influences the emotional reactions experienced by observers. There is a need to stress the similarity of foreign victims in cases that might not be perceived as very serious. If perceived severity is low, then similarity plays a significant role in shaping individual reactions, suggesting that campaigning organizations will find it more difficult to generate consumer support under these circumstances.

Firms which are managing protests following a case of CSI should also reflect on the important role played by identity in shaping individual reactions under different circumstances when assessing risks and response strategies. The results suggest that risk to the firm is greatest when the consequences of its activities are severe and where key stakeholders identify with the victims. Although firms have a moral responsibility to address the consequences of their failure irrespective of the identity of the victims, the findings help predicting stakeholders' concern and allow identifying appropriate responses under different circumstances, since emotional reactions vary (Coombs, 2007; Coombs and Holladay, 2008). In cases affecting foreign victims, reactions will also depend on the level of collective narcissism of target customers. The company could use information on this variable (e.g. level of nationalism, level of in-group identification) to develop responses that match the level of concern experienced by the relevant audiences.

Conclusion

Cases of CSI often present stakeholders with information about the nationality of the victims. Past research, however, has not examined empirically whether national identity potentially biases people's responses and what is the process which might explain such bias. This investigation shows that consumers are more likely to engage in negative WOM when the victims share their own identity. This effect is mediated by the role of perceived similarity and sympathy. These variables lead to more muted responses when an irresponsible corporation has affected individuals very far away. Stakeholders' reactions are not simply shaped by the nature of a corporate violation but also by the characteristics of those affected. Nonetheless, we also find that people vary on their level of personal bias. Those who believe their own country to be superior to others will be prone to discounting the suffering of out-groups.

Conversely, the belief that your in-group is not special will lead to a reduced bias in terms of WOM reactions. Equally, when crises are very severe compassion for the suffering of others override identity concerns. Although some victims raise our concerns more than others, we remain vigilant to others' plight and able to act on their behalf if we perceive that a major injustice has been committed.

Appendix A: Vignettes used in Study 1

NT-POULTRY is one of the largest international meat distributors. The business started off in the distribution of chicken meat and other poultry to supermarkets, restaurants and fast food chains and subsequently expanded to other types of meat. The company currently reports sales of approximately \$500 million and operates in 15 different markets.

A recent investigation by the *UN Global Food Safety Commission* has unveiled widespread unethical and illegal practices at NT-POULTRY. The company has regularly sold for over two years meat contaminated with dangerous chemicals to a number of restaurants in the **USA/China**. The company falsified relevant documentation and restaurants were completely unaware of the health risks for their customers. The contamination was caused by the use of substandard abattoirs where the company could source cheaper meat allowing it to boost its profits. It is estimated that, through the smuggling of contaminated meat, NT-POULTRY generated \$75 million in extra profits.

Experts claim that the consumption of contaminated meat has serious health risks. In the long term it can lead to gastroenteric diseases and increase risk of developing various forms of cancer. Although it is impossible to produce accurate estimates at the moment, it is almost certain that many customers will have been exposed to harmful amounts of toxic chemicals. The commission says that, considering the number of people potentially exposed, more than 500 **Americans/Chinese** could have been negatively affected and more than 100 could have developed serious illnesses after repeated exposure.

NT-POULTRY has admitted liability and a number of key executives, deemed responsible for the fraud, have been arrested pending a complete investigation. Jail sentences or a significant financial settlement are likely to result from this case.

Summary of a UN press release, issued on 10th October 2012

Appendix B: Scales used in Study 1, 2, 3 and 4

<i>Constructs</i>	Study 1	Study 2	Study 3	Study 4
	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>
Perceived similarity (1= strongly disagree; 7= strongly agree)				
The people mentioned in the article are very close to me	.89	.91	.82	.79
I am from the same group as the people mentioned in the article	.72	.66	.88	.93
The people mentioned in the article are very similar to me	NA	.72	.94	.92
I am just like the people mentioned in the article	NA	.92	.92	NA
Reliability	AVE= .68 CR= .81	AVE= .88 CR= .66	AVE= .79 CR= .94	AVE= .77 CR= .91
Sympathy (1= strongly disagree; 7= strongly agree)	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>
I feel very sympathetic towards the people mentioned in the article	NA	.95	.97	NA
I feel very sorry for the people mentioned in the article	NA	.91	.98	.95
I feel sympathy for the people mentioned in the article	-	.96	.99	.95
Reliability	-	AVE= .96 CR= .88	AVE= .96 CR= .98	AVE= .90 CR= .95
Negative WOM (1= strongly disagree; 7= strongly agree)	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loading</i>	<i>Std. loadings</i>
I would be likely to complain about [company name]'s behavior to other people	.92	.88	.95	.96
I intend to say negative things about [company name] to people I know	.91	.91	.97	.94
I would be likely to bad-mouth [company name] to other people	.89	.80	.95	NA
Reliability	AVE= .83 CR= .93	AVE= .93 CR= .81	AVE= .91 CR= .97	AVE= .91 CR= .95
Collective narcissism (1= strongly disagree; 7= strongly agree)	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>	<i>Std. loadings</i>
I wish other groups would more quickly recognize the authority of my national group	NA	NA	.77	NA
My national group deserves special treatment	NA	NA	.70	NA
I will never be satisfied until my national group gets all it deserves	NA	NA	.89	NA

I insist upon my national group getting the respect that is due to it	NA	NA	.85	NA
It really makes me angry when others criticize my national group	NA	NA	.63	NA
If my national group had a major say in the world, the world would be a much better place	NA	NA	.67	NA
Not many people seem to fully understand the importance of my national group	NA	NA	.88	NA
The true worth of my national group is often misunderstood	NA	NA	.83	NA
Reliability			AVE= .62 CR= .93	NA

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Table 1: Overview of the empirical research

	Aim of each study	Variables analyzed	Context	Hypotheses tested
Study 1	Study 1 aims to examine the <u>mediating</u> role of perceived similarity and sympathy towards the victims in observers' decisions to engage in negative WOM.	X: National identity of the victims. Ms: Perceived similarity and sympathy towards the victims. Y: Intentions to engage in negative WOM.	In-group victims: American consumers of a contaminated product. Out-group victims: Chinese consumers of a contaminated product.	H1, H2 and H3
Study 2	Study 2 aims to replicate the findings of study 1 and examines the <u>mediating</u> role of perceived similarity and sympathy towards the victims in observers' decisions to engage in negative WOM.	X: National identity of the victims. Ms: Perceived similarity and sympathy towards the victims. Y: Intentions to engage in negative WOM.	In-group victims: American consumers of a contaminated product. Out-group victims: consumers of a contaminated product from a fictitious country (Al Kharj).	H1, H2 and H3
Study 3	Study 3 examines the <u>moderating</u> effect of collective narcissism on the relationship between national identity and perceived similarity of the victims. This study also offers a further replication of findings from study 1 and 2.	X: National identity of the victims. Ms: Perceived similarity and sympathy towards the victims. Y: Intentions to engage in negative WOM. W: Measured level of collective (national) narcissism.	In-group victims: American consumers of a contaminated product. Out-group victims: consumers of a contaminated product from a fictitious country (Al Kharj).	H1, H2, H3 and H4
Study 4	Study 4 examines the <u>moderating</u> effect of perceived severity on the relationship between similarity and sympathy. This study also offers a further replication of findings from study 1 and 2.	X: National identity of the victims. Ms: Perceived similarity and sympathy towards the victims. Y: Intentions to engage in negative WOM. W: Manipulated level of severity of the CSI episode.	In-group victims: American consumers of a contaminated product. Out-group: Korean consumers of a contaminated product.	H1, H2, H3 and H5

X: independent manipulated variable, Y: dependent variable, M: mediator, W: moderator

Table 2: Measurement model

	Standardized loadings
Constructs	
Perceived similarity (1= strongly disagree; 7= strongly agree) CR= .88; AVE= .66	
<i>Source: Adapted from Doosje et al., 1999; Leach et al., 2007</i>	
The people mentioned in the article are very close to me	.91
I am from the same group as the people mentioned in the article	.66
The people mentioned in the article are very similar to me	.72
I am just like the people mentioned in the article	.92
Anger (1= not at all; 7= extremely) CR= .93; AVE=.71	
<i>Source: Batson et al., 2009</i>	
Angry	.69
Outraged	.92
Mad	.90
Offended	.74
Indignant	.94
Sympathy (1= strongly disagree; 7= strongly agree) CR= .96; AVE=.88	
<i>Source: Adapted from Small 2010</i>	
I feel very sympathetic towards the people mentioned in the article	.95
I feel very sorry for the people mentioned in the article	.91
I feel sympathy for the people mentioned in the article	.96
Negative WOM (1= strongly disagree; 7= strongly agree) CR= .93; AVE= .81	
<i>Source: Grappi et al., 2013</i>	
I would be likely to complain about [company name]'s behavior to other people	.88
I intend to say negative things about [company name] to people I know	.91
I would be likely to bad-mouth [company name] to other people	.80

Table 3: Descriptive statistics and Correlations

			X1	X2	X3	X4
Perceived similarity X1	Mean	3.18	-			
	<i>SD</i>	<i>1.40</i>				
Anger X2	Mean	4.09	.16	-		
	<i>SD</i>	<i>1.64</i>				
Sympathy X3	Mean	4.87	.51	.19	-	
	<i>SD</i>	<i>1.61</i>				
Negative WOM X4	Mean	4.96	.23	.53	.25	-
	<i>SD</i>	<i>1.47</i>				

All correlations are significant at $p < .01$ significant level.

Table 4: Clusters of emotions

		Anger and Sympathy (A)	Only Sympathy (B)	Only Anger (C)	Low Emotions (D)
		<i>N</i> = 215	<i>N</i> = 116	<i>N</i> = 48	<i>N</i> = 21
Sympathy	Mean	5.79 _{BCD}	4.80 _{CD}	2.31 _D	1.56
	<i>SD</i>	.82	.97	1.03	.50
Anger	Mean	4.92 _{BD}	2.48 _D	5.50 _{ABD}	1.23
	<i>SD</i>	.97	.95	0.93	.38
Negative WOM	Mean	5.40 _{BD}	4.33 _D	5.32 _{BD}	3.02
	<i>SD</i>	1.18	1.46	1.35	1.74

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 Tukey's HSD.

Table 5: Moderated mediation

Hypothesized effect	β ; SE; t-statistic	Bias-corrected CI
Identity of the victims \rightarrow Similarity	.68 ^{**} ; .25; 2.71	from .18 to 1.18
Coll. Narcissism \rightarrow Similarity	.25 [*] ; .10; 2.49	from .05 to .46
Identity of the victims \times Coll. Narcissism \rightarrow Similarity	.61 ^{**} ; .20; 2.99	from .20 to 1.01
Similarity \rightarrow Sympathy	.60 ^{**} ; .12; 4.97	from .36 to .85
Identity of the victims \rightarrow Sympathy	-.33; .33; -1.01	from -.97 to .31
R ² = .20 F(2, 97) = 12.35, $p < .001$		

β represents unstandardized path coefficients. * $p < .05$, ** $p < .001$.

Table 6: Moderated mediation

Hypothesized effect	β ; SE; t-statistic	Bias-corrected CI
Similarity \rightarrow Sympathy	.78 ^{**} ; .15; 2.09	from .47 to 1.08
Severity \rightarrow Sympathy	1.80 ^{**} ; .48; 3.78	from .86 to 2.74
Similarity \times Severity \rightarrow Sympathy	-.28 ^{**} ; .09; -2.89	from -.46 to -.09
Sympathy \rightarrow Negative WOM	.65 ^{**} ; .07; 8.47	from .50 to .80
Similarity \rightarrow Negative WOM	.07; .06; 1.1	from -.05 to .19
$R^2 = .35$ $F(2, 194) = 52.77, p < .001$		

β represents unstandardized path coefficients. ** $p < .001$.

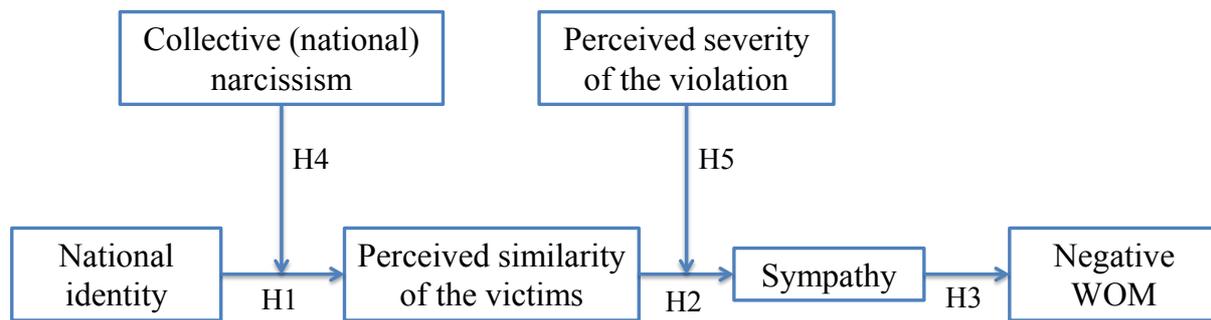


Figure 1: Research model

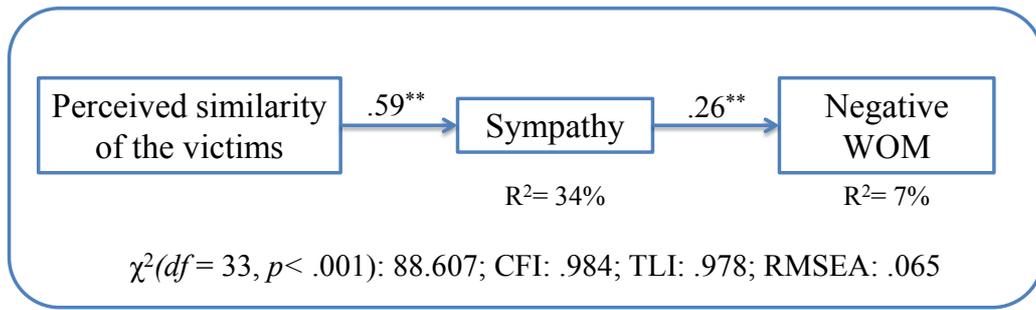


Figure 2: Structural model

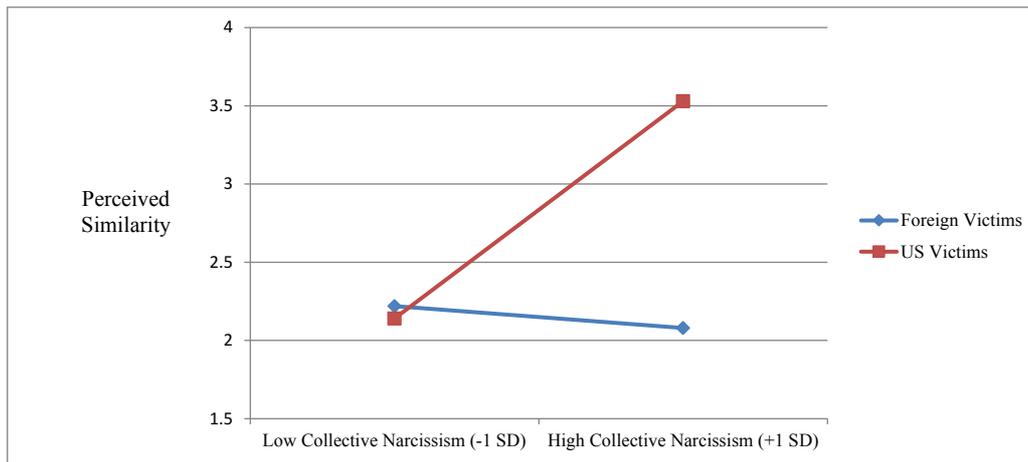


Figure 3: Conditional effect of national identity on perceived similarity

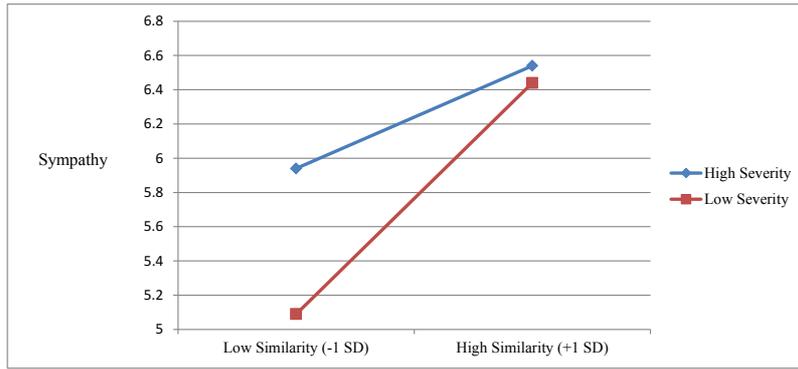


Figure 4: Conditional effect of perceived similarity on sympathy