

# CORPORATE MORAL RESPONSIBILITY: Antecedents and Precedents of Corporate Hypocrisy

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## Corporate Moral Responsibility (CMR)

- Rise of ethical stakeholders: corporations expected to be morally responsible
- CMR: corporations' normative obligations towards stakeholders (Hormio, 2017)
- While some corporations do their part, others securitized for their immoral actions
- Inconsistency between CMR promise and action → negative stakeholder responses



## Study Purpose

Understand how inconsistencies between CMR claims and media reports lead to perceived corporate hypocrisy and the impacts of such hypocrisy on stakeholder perceptions.

## Literature Review



### Inconsistency between CMR promise and action

Stakeholders question legitimacy of brands' true moral intentions → corporate hypocrisy perceptions (CH) (Goswami, Ha-Brookshire, & Bonifay, 2018)

- **H1: inconsistencies in CMR claims and actions generate CH among stakeholders**

Individuals prefer corporations investing in CMR issues that the former are personally involved with (Allen, 2002).

- **H2: The effect of CMR message-action (in)consistency on perceived corporate hypocrisy is moderated by individuals' personal involvement with the CRM initiative such that the effect is stronger when personal involvement is higher**

Corporate CMR inconsistencies are often highlighted in media reports and individuals evaluate the truth of media report based on their perceived credibility of the source.

- **H3: The effect of CMR message-action (in)consistency on perceived corporate hypocrisy is moderated by perceived credibility of the message such that the effect is stronger when perceived credibility is higher.**

Stakeholders are skeptical of the corporation and its promises (Wagner *et al.*, 2009), eventually lacking trust on the corporation.

- **H4: CH negatively impacts participants' trust**

## Method



Design and Sample

Online experiment w/ adult US stakeholders  
n = 1250

2 (inconsistency: present/absent) x 10 (message replications)

- Stimuli: CMR marketing messages from brands followed by news reports that the brands followed through their CMR promises (inconsistency absent) or did not keep CMR promises (inconsistency present).
- Message replications: 5 sets of messages on issues related to workers, shareholders, community, consumers, and environment. Two message versions per issue

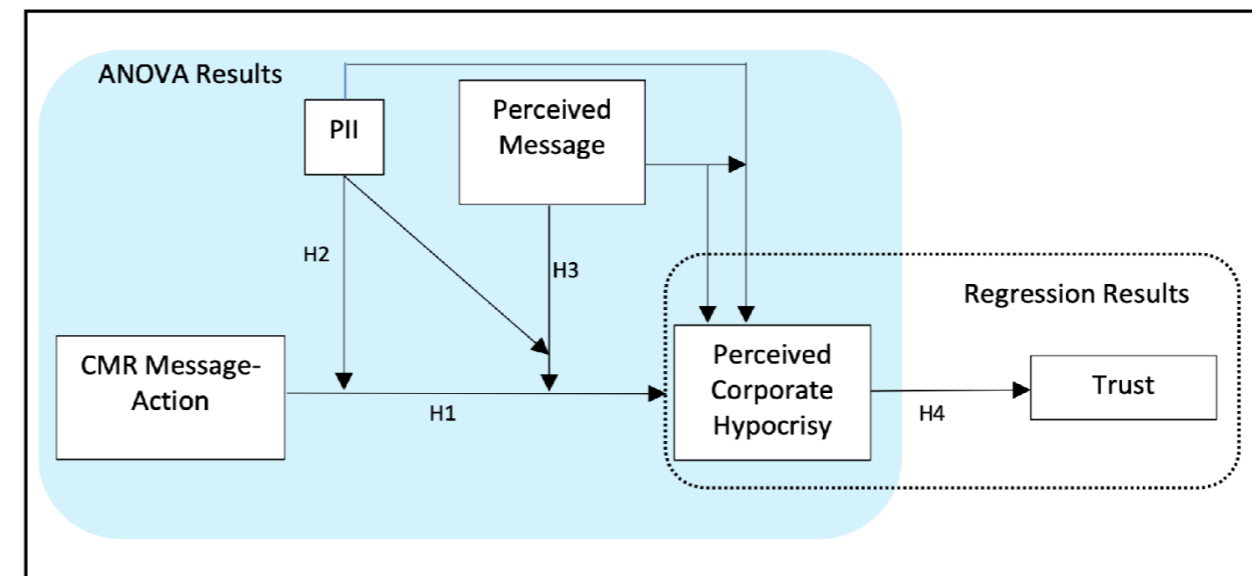


MEASURES

7 point scales

- **Corporate Hypocrisy:** 6 items (Wagner *et al.*, 2009)
- **Perceived Media Message Credibility:** 5 items (Cotte *et al.*, 2005)
- **Perceived Involvement:** 20 items (Zaichkowsky, 1985)
- **Corporate Trust:** 3 items (Hong & Cha, 2013)

## Results



## Conclusions

### Presence of inconsistency leads to corporate hypocrisy

Marketers should be careful not to overpromise but truly undertake CMR initiatives to avoid contradictory/negative media publicity

### Higher PII, negative reactions towards CMR message-action (in)consistency were strengthened

Corporations will benefit from segmenting their stakeholders and cater their marketing messages to a specific segments based on their PII.

### Higher perceived credibility of media message, negative reactions towards CMR message-action (in)consistency were strengthened

Corporations need to be careful about what (negative) media exposure they are receiving.

### CH negatively influenced perceived trust

Corporations need to be careful not to overpromise/underdeliver but align their CMR initiatives as promised in their marketing messages or risk negative corporate perceptions.

**Future Research:** Account for for perceived credibility of the corporation and corporate messages; incorporate a variety of sources.