



Feel the morality: Unraveling employees' Corporate Hypocrisy and Moral Emotions

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Integrating ethics and responsibility in business practices have become increasingly important in the modern management world (Gherardi & Laasch, 2021). Accordingly, corporate moral responsibility (CMR), corporations' normative core obligations towards their stakeholders, plays an important role in building an ethical identity (Hormio, 2017). However, when corporations assert CMR goals without relevant well-defined actions, such disparities create corporate hypocrisy (CH) and compromise attitudes (Ha-Brookshire, 2015). Especially for corporate employees, literature suggests CMR disparities leading to CH and a multitude of negative responses (Goswami *et al.*, 2018). However, to effectively manage CH and its negative consequences, managers need to understand the mechanism that triggers such responses in the first place. Applying the theory of moral identification (May *et al.*, 2015), this study investigated how CMR inconsistencies impact employees' CH, and the role of employees' intermediate moral emotions in explaining turnover intentions resulting from that CH.

Literature shows that corporations commit to CMR in their marketing communication to satisfy stakeholders while continue with their status-quo businesses (Bhaduri *et al.*, 2021). Such inconsistencies are sometimes attributed to corporations' ulterior motives (Goswami & Bhaduri, 2021) as well as to the immense pressure of multiple stakeholders' varying ethical expectations (MacLean *et al.*, 2015). CMR inconsistencies between what corporations say and do, when discovered, make the audience skeptical and question corporations' sincerity (Goswami & Bhaduri, 2021). These perceptions are referred to as CH, the beliefs that the corporation is pretending to be something that it is not (Wagner *et al.*, 2009). Applied to employees, who have an insider status and better visibility of corporations' real actions and intentions, a CMR words-actions inconsistency is more easily detectable (Scheidler *et al.*, 2018). While prior studies have investigated CMR inconsistencies for consumers (Bhaduri *et al.*, 2021), employees' CH related to CMR are yet to receive diligent scholarly attention. Accordingly, this study hypothesized that CMR words and actions inconsistencies generate CH among employees (H1).

Employees' CH has been reported to increase their turnover intentions (Scheidler *et al.*, 2018). Applying the theory of moral identification (May *et al.*, 2015), we argued that employees' moral emotions play an intermediate role. According to the theory, employees feel the need to identify with a corporation that has morality matching theirs and a mismatch makes them struggle emotionally and intend to quit. Moral emotions refer to emotions associated with the welfare of the society or an individual and play a key role in employees' actions within an ethical context (Greenbaum *et al.*, 2019). Moral emotions are of three types, namely other condemning, self-conscious, and other praising emotions (Haidt, 2003). Other condemning are negative emotions towards those who have violated moral standards and include contempt, anger, and disgust (Haidt, 2003). Self-conscious emotions include shame, embarrassment, and guilt and refer to negative emotions towards themselves due to a moral violation (*idem*). And other

praising emotions refer to one's positive feelings when others uphold moral standards and include gratitude, awe, and elevation (*idem*). Using the moral identification theory, we argued that when CMR inconsistencies evoke employees' CH, they would experience contempt, anger, and disgust, lowly evaluate themselves, and not experience praising emotions towards the seemingly immoral corporation. Thus, we argued employees' CH increases other condemning emotions (H2a) and self-consciousness (H2b) and decreases other praising emotions (H2c).

While employees' CH increases their turnover intentions (Goswami & Bhaduri, 2021), these intentions might vary based on the above three types of moral emotions. Other condemning and self-conscious emotions are expected to increase employees' turnover intentions, but such intentions should be less in presence of other praising emotions. Accordingly, we argued that other condemning (H3a) and self-conscious emotions (H3b) will influence turnover intentions positively while other praising emotions (H3c) will influence turnover intentions negatively.

Contextualized in the US retail industry since reported of employees' CH (Goswami & Bhaduri, 2021), a 2 (inconsistency: present/absent) X 10 (message replications) between-subjects experiment was designed. CMR inconsistencies were manipulated as a corporation's marketing message announcing its CMR commitments followed by a media report on how the corporation delivered or did not act on CMR promises (inconsistency absent/ present). To generalize the results, five message pairs showing different CMR issues with two message versions per issue were created (Thorson *et al.*, 2012), leading to

10 messages per treatment condition. Adult U.S. retail employee participants ($n = 646$) were randomly recruited using Qualtrics. After being randomly exposed to a stimuli pair, participants indicated their CH (6 items; Wagner *et al.*, 2009), moral emotions: other-condemning (10 items; Romani *et al.*, 2013), self-conscious (8 items; Kim, 2009) and other-praising (6 items; Xie *et al.*, 2019), and turnover intentions (3 items; Alniacik *et al.*, 2013), measured on 7-point Likert scale (Cronbach alpha ranging from .92 to .98)

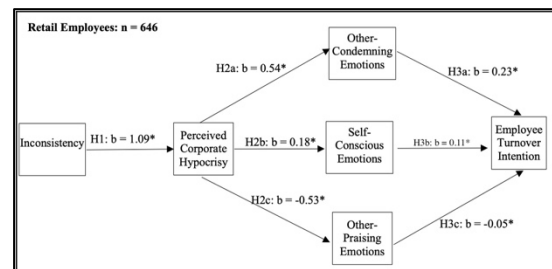


Figure 1. Conceptual model showing hypotheses and

Hypotheses tests using PROCESS (model 81; Hayes, 2018) revealed that CMR inconsistency positively impacted CH (partially standardized $b = 1.09$, $p < .001$, $CI_{95} = 1.42, 1.81$), supporting H1. CH impacted participants' other condemning emotions positively ($\beta = 0.54$, $p < .001$, $CI_{95} = 0.55, 0.71$), self-conscious emotions positively ($\beta = 0.18$, $p < .001$, $CI_{95} = 0.10, 0.29$), and other-praising emotions negatively ($\beta = -0.53$, $p < .001$, $CI_{95} = -0.61, -0.41$), supporting H2 a, b, and c. Next, other-condemning ($\beta = 0.23$, $p < .001$, $CI_{95} = 0.11, 0.23$) and self-conscious emotions significantly impacted turnover intentions positively ($\beta = 0.11$, $p = 0.002$, $CI_{95} = 0.03, 0.14$), while other-praising emotions significantly impacted turnover intentions negatively ($\beta = -0.05$, $p = .05$, $CI_{95} = -0.10, -0.01$), supporting H3 a, b, and c. See Figure 1.

The results indicated that CMR inconsistencies evoked employees' CH, such that when corporations did not follow through with their CMR assertions, employees experienced higher

PCH than when inconsistency was absent. Accordingly, retail managers need to understand that inconsistent CMR is short-sighted, jeopardizes corporations' terms with employees, and needs to be tackled. Also, when employees experience higher levels of CH, higher levels of other condemning, self-conscious, and lower levels of other praising emotions were evoked. Also, other condemning emotions were higher (0.54) compared to those of self-consciousness (0.14). Given the needs of employees to identify with a morally sound corporation in the current times (Christian, 2022), managers not only need to pay attention to CMR and related CH but also how they trigger employees' emotions to ultimately tailor corporate responses. Finally, when employees experience higher levels of other condemnation and self-consciousness, and lower levels of other praising emotions, their intentions to quit were higher. Employees experienced the strongest turnover intentions for condemning emotions towards others compared to other types. Likewise, managers are urged to assess employees' different types of moral emotions resulting from CH in determining more effective strategies to mitigate high attrition rates in response to CMR and related CH.

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