Consumers' Reactions to Media Portrayed Controllability and Stability of a Brand's Sweatshop Practice and the Brand's Response Strategies

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Keywords: Anti-sweatshops, controllability, stability, response strategy

Media and professional campaigners accused a few brands for exploiting sweatshop over the years including Wal-Mart, the Gap, Nike, and Disney while many other brands are practicing sweatshops as well. Therefore, it is important to understand why some brands are severely reprimanded while others are spared. As a sweatshop allegation hurts a brand's sale and stock price, how a firm should respond to its media coverage also is a central issue to understand consumers' attribution of responsibility.

Consumers may assume a firm's *controllability*, or ability to influence and control its subcontractors' decisions by evaluating the firm's power and position relative to its subcontractors. For example, a firm's position in a supply chain may be determined by their proximity to and share of final consumers (Bartley & Child, 2012). For example, large corporate retail brands have more direct contact with consumers than do their overseas subcontractors and contact more consumers than do smaller retailers. Thus, when a retailer is portrayed as a market leader or a very strong brand which has a disproportionately high negotiation power over its subcontractor, consumers may perceive that the large corporate retail brand possesses a great controllability over their contractors' or subcontractors' decisions on production facilities and labor conditions. This controllability perception may in turn heighten the consumer's attribution of the sweatshop practice to the large retail brand's responsibility (e.g., "the retail brand used its bargaining power to cut down production costs which forced the contractor to use sweatshop labor," "the retail brand did not care enough to audit the labor condition of its subcontractor's production facilities"). Thus, the following proposition is plausible:

Proposition 1: *Consumers will perceive a stronger retail brand as having higher controllability over stopping the sweatshops and thus attribute more responsibility.*

In this study, stability refers to the extent to which a retail brand's sweatshop practice is consistent and permanent across situations. According to attribution theory (Weiner, 1980), outcomes that are repetitive and reoccurring to an actor may lead perceivers to have more confidence in expectancies that the event is associated with the actor's behavior. A firm's previous history of exploiting sweatshops along with its most recent allegation presented in media may insinuate that sweatshop practices are more stable practices of the firm; thus, consumers would attribute more responsibility to the firm.

Proposition 2: *Consumers will perceive a retail brand accused of sweatshop practices more times as having higher stability in sweatshop exploitation, and thus attribute more responsibility.*

A brand involved in transgressions should come with an explanation to consumers in order to recover its identity (Coombs, 2007). Given that contractors are to follow the codes of conduct set by the buyer (i.e., retail brand) and that the retail brand cannot avoid the responsibility to oversee its manufacturing facilities, a firm may indirectly stand by its contractors by denying the allegation and claiming that no wrongdoing has been practiced there, so far they know. This crisis recovery response approach is known as the *denial* strategy. However, contractors often send a part of the order to a subcontractor unknown to the retailer; thus, the retailer may keep a distance from the allegation claiming that they did not give their order to the alleged manufacturing facility. This response strategy is known as *justification*.

Efficacy of a retailer's denial or justification response strategy to recover from a sweatshop allegation portrayed in the media may depend on the recurrence of sweatshop practices and the retail brand strength. If the allegation is targeted to a small, weak retailer (i.e., low controllability) and framed as a rare occurrence (i.e., not stable), the sweatshop practice may be seen as an unintended fault. Thus, consumers may be convinced by the retailer's denial of such practice. However, if the small retailer's sweatshop practice is portrayed in the media as reoccurring, justification would work better than denial to convince consumers. On the contrary, when a larger retailer perceived as having higher control over the labor condition of its contractor's production facilities is caught for its contractor's sweatshop practice, it can be seen as intentional. Moreover, the large retailer's previous history of sweatshop practices may lead consumers to perceive it as a controllable, yet reoccurring event. Given that the heavy retailer responsibility perceived by consumers in this case, denial or justification will bring no difference in attributing brand responsibility. However, justification may work better than denial if the large retailer's sweatshop practice is a rare occurrence. Thus, the following proposition is plausible:

> Proposition 3: *The effect of the denial versus justification response strategy in reducing consumers' attribution of retail brand responsibility for a sweatshop allegation will differ depending on the recurrence of the sweatshop practice and the retail brand strength. That is, for a weak retail brand, consumers will attribute less responsibility towards a rarely occurring sweatshop practice but more responsibility towards a highly repetitive sweatshop practice when the retailer denies (vs. justifies) the allegation. However, for a strong retail brand, consumers will attribute less responsibility when it justifies (vs. denies) a rarely-occurring sweatshop allegation, whereas there will be no difference in consumers' attribution of the retail brand responsibility for a repetitive allegation whether the retailer denies or justifies it.*

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