

**The Impact of Beliefs on Consumer  
Responses to Corporate Activism  
Initiatives**

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requirements for the degree of

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Dr. Graham Massey, and A/Prof. Dixon Ho

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# **Certificate of Original Authorship**

I, Aristus Ochionuoha, declare that this thesis is submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the Business School at the University of Technology Sydney.

This thesis is wholly my own work unless otherwise referenced or acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

This document has not been submitted for qualifications at any other academic institution. This research is supported by the Australian Government Research Training Program.

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## Thesis Abstract

Brands are increasingly voicing their positions on controversial social issues like Gun control and racial equity, a practice called corporate activism. Consumers' reactions to corporate activism are divided partly due to their differing beliefs, making it risky for brands. The present thesis advances our understanding of how consumers' beliefs impact their responses towards brands engaging in corporate activism. Specifically, the first essay investigates how consumers' political ideology affects their reaction towards a brand's stance on a controversial issue. I adopt an experimental methodology to demonstrate that consumers respond positively to a brand's stance that is congruent (vs. incongruent) with their political ideology. Further, I show that these effects are driven by perceived brand warmth, while perspective-taking attenuates the joint impact of a brand's stance and political ideology on brand outcomes. The second essay examines how power distance belief and religiosity impact consumer reactions toward a brand. The research builds on established corporate social responsibility research and adopts an experimental methodology. I show that willingness to pay and advocacy intentions are higher following a brand's adoption (vs non-adoption) of diverse racial representation (DRR) policy. Notably, the positive effect of DRR adoption on brand outcomes was greater among consumers with low (vs. high) power distance belief, driven by perceived altruism. Further, I identify religiosity as a boundary condition that mitigates the negative effect of the DRR policy adoption among consumers high in power distance belief. The third essay examines the determinants and outcomes of brand trust. I develop a framework based on legitimacy and commitment-trust theories and adopt a survey methodology to show that corporate ability, corporate social responsibility, and perceived corporate activism legitimacy are predictors of brand trust. I further demonstrate that brand trust and perceived corporate activism legitimacy positively affect word-of-mouth and repurchase intentions. Overall, these three essays make a significant contribution to the branding and marketing literature by establishing when and how consumers respond positively or negatively towards a brand's position on controversial social issues, with substantive implications for managers.

# Thesis Introduction

The last decade has witnessed an increasing practice among brands to take a public stand on critical societal issues. Corporate activism refers to the ability of a brand to express its view on contested social, economic, and political issues to promote change in society (Eilert & Nappier Cherup, 2020). Several brands engage in corporate activism by issuing statements, making financial donations, or adopting policy changes to support or oppose social issues like LGBTQ+ rights, gun control or racial equity. For instance, Chipotle does not allow guns in its shops, J.C. Penny used two Lesbian mothers in one of its advertisements, and Starbucks has promoted racial equity through its “Race together” campaign (Bhagwat et al., 2020). Corporate activism has been used interchangeably with brand activism (Vredenburg et al., 2020), but there is one notable difference. The distinction between CA and brand activism relates to whether the statement or action was taken using the organization’s corporate or individual name (Moorman, 2020). It is assumed that if the statement or activism initiative was initiated using the firm’s corporate (vs individual brand) name, the impact of the activism initiative would affect the entire company’s image, operations and offerings (vs only the focal brand). Given that most of the recent activism campaigns were led by the companies’ CEOs, the present essay adopted the corporate viewpoint, focusing on the impact of activism initiatives on the organization instead of the individual brand. Indeed, the recent cases of CA have generated increased public and academic attention, seeking to understand the implications of this practice better.

Notably, academic interest in corporate activism has been diverse, ranging from understanding the motivations for this practice to predicting its implications for brands and marketing in general. Recent research suggests that brands engage in corporate activism to teach consumers novel ideas about peaceful co-existence, attract better employees, and improve profit (Moorman, 2020). Some of the above points align with Eilert & Nappier Cherup



(2020), who maintain that brands engage in corporate activism to change society positively. Other scholars propose mitigating the negative impacts of corporate activism by inviting brands to ensure their activism messages align with their purposes and practices (Vredenburg et al., 2020). Indeed, researchers support corporate activism, arguing that brands should play an active role in society beyond their usual marketing operations because they are perceived as significant societal actors similar to citizens and political entities (Korschun et al., 2020). However, the notable aspect of corporate activism research is its impact on brands. Recent studies indicate that brands' activism initiatives usually result in polarised reactions from consumers and investors due to differences in opinions on the issues (Hydock et al., 2020; Mukherjee & Althuizen, 2020). For example, Chick-fill-A has witnessed several boycotts from pro-LGBTQ+ rights consumers, whereas consumers opposed to LGBTQ+ rights increasingly buy from the brand (Mukherjee & Althuizen, 2020). Thus, consumers' beliefs may be critical in determining their evaluations and reactions to corporate activism campaigns.

Previous research has explored political ideology, cultural orientation (e.g. power distance belief), religiosity and moral philosophies as some of the notable consumer beliefs that impact their consumption decisions (Chowdhury et al., 2022; Jung et al., 2017; Northey & Chan, 2020; Xu et al., 2021). However, the impact of these consumer beliefs on their reactions to corporate activism seems largely unexplored. Given the political, cultural, and moral implications of the social issues addressed through corporate activism, examining how these consumer values impact their reactions towards brands is crucial. Accordingly, the present thesis addresses this gap by investigating the effect of consumer beliefs on their evaluation and responses towards brands that adopted corporate activism initiatives. This thesis presents three essays detailing the research conducted to examine the influence of consumer beliefs on their reactions towards brands' activism campaigns.

The first essay seeks to understand how political ideology impacts consumer evaluation of a brand and reactions to its corporate activism initiative. Political ideology refers to a set of values reflecting how individuals want a society to be organised and governed (Ball & Dagger, 2006). The research draws on previous literature suggesting that different motives underlie a political ideology and that consumers view and respond to brands as humans with intentions (Jost et al., 2003; Kervyn et al., 2012). Specifically, the paper argues that when a brand's activist stance is congruent (vs. incongruent) with the consumer's political ideology, brand trust and purchase intentions will be higher, and this effect will be driven by perceived brand warmth. Perceived brand warmth reflects viewing the brand as being friendly and caring (Kervyn et al., 2012) for supporting the views of the consumer. Further, the research suggests that consumers' ability to take others' perspectives should mitigate the adverse reactions from conservatives when the brand's stance is incongruent with their political values. Three experiments were conducted to test these predictions. The findings support the hypotheses regarding the impact of political ideology and the mediating role of perceived brand warmth while identifying perspective-taking as a boundary condition. The paper concludes with a discussion of the theoretical and managerial implications of the findings. The manuscript is undergoing a final revision for submission to the *Journal of Consumer Psychology*.

The second essay examines how power distance belief impacts consumer evaluation and reactions towards a brand's adoption of racial equity initiatives. Diverse racial representation (DRR), a practice of promoting racial equity by having a fair representation of racial minorities in customer-facing and executive teams, has been identified as a potent way of addressing racial equity (Khan & Kalra, 2022). Given that power distance belief reflects how people view and accept societal inequality (Hofstede, 2001), this is expected to play a crucial role in evaluating a brand's DRR initiatives. Thus, this research builds on previous work suggesting that consumers associate with and support a brand that reinforces values central to

their identities (Bhattacharya & Sen, 2003; Reed et al., 2012). Specifically, the research proposes that a brand's DRR adoption (vs. non-adoption) should result in higher willingness to pay and advocacy intentions, and these effects should be stronger among consumers with low levels of power distance belief.

Further, consumers with low (vs. high) power distance belief embrace equality, prioritise others' welfare, and appreciate altruistic actions (Han et al., 2017; Xu et al., 2021). The paper provides evidence that perceived altruism drives the positive effect of DRR adoption on brand outcomes. Moreover, I explore the attenuating role of religiosity, which reflects the degree of adherence to one's religious values and has been shown to encourage tolerance and support for others in need (Hyodo & Bolton, 2021). As such, religiosity should mitigate the negative impact of the brand's DRR adoption on brand outcomes among consumers high in power distance belief. Three experiments support these predictions. The paper concludes with a discussion of the theoretical and managerial implications of the findings. The manuscript is under review at the European Journal of Marketing.

The third and last essay seeks to understand the role of corporate activism legitimacy and brand trust on consumer responses to a brand's activism initiatives. Scholars opine that consumers hold different opinions on whether brands should take a stance on contested social issues (Eilert & Nappier Cherup, 2020), and building on Suchman (1995), corporate activism legitimacy refers to the perceived appropriateness of a brand's activism campaign. Also, brand trust reflects a consumer's propensity to agree that a brand will keep its commitments (Chaudhuri & Holbrook, 2001). Yet, consumers increasingly distrust brands' activist initiatives (Vredenburg et al., 2020). Therefore, the paper builds on legitimacy and commitment-trust theories (Morgan & Hunt, 1994; Suchman, 1995), suggesting that consumers will value and support a brand that promotes their interests, thereby proposing a model for the determinants and outcomes of brand trust. Consistent with Morgan and Hunt (1994), consumers should rely

on what they know about a brand (in terms of its corporate ability and corporate social responsibility), their moral philosophies (e.g., idealism and relativism), and the perceived legitimacy of the activism campaign to evaluate its stance on a social issue.

Thus, the paper proposes corporate ability, corporate social responsibility, perceived corporate activism legitimacy, idealism, and relativism as the determinants of brand trust. Further, given the political implications of many controversial social issues (Korschun et al., 2020), political ideology should moderate the impact of the proposed predictors on brand trust. Moreover, the study suggests that perceived corporate activism legitimacy and brand trust should positively impact word-of-mouth and repurchase intentions. A consumer data survey supports most of our predictions, indicating partial support for the joint impact of moral philosophies and political ideology on brand trust. The manuscript is undergoing revision for submission to the Journal of Business Research.

Overall, the author believes these three essays significantly contribute to the growing corporate activism research and branding literature by establishing the conditions under which corporate activism benefits or hurts a brand, offering avenues for future research. Also, the implications from this thesis provide valuable insights to managers for successful corporate activism initiatives.

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# Essay-1: Corporate Activism and the Politics of Ideology

## Abstract

Recently, firms are increasingly picking sides on divisive social and political issues such as gun control and LGBTQ+ rights. This practice is referred to as corporate activism. Although researchers have begun to examine corporate activism's marketing implications, little is known about the role of political ideology and brand perception (i.e., perceived brand warmth) in this context. Across three experiments, the present research draws on established marketing and psychology literature to demonstrate that aligning a brand's corporate activism stance with a consumer's political ideology generates higher brand trust and purchase intentions driven by perceived brand warmth. I further show that these effects are stronger among liberals (vs. conservatives) and identify the consumer's ability to take others' perspectives as a boundary condition that could improve the brand outcomes when a brand's progressive corporate activism stance is incongruent with their political ideology. The essay concludes by discussing the findings and their theoretical and practical implications.

*Keywords: corporate activism; branding; political ideology; brand perception*

## Introduction

There is a growing trend for brands to publicly declare their stands on controversial socio-political issues such as same-sex marriage, immigration path for refugees, and gun control. This practice, known as corporate activism (CA), represents firms' decisions to express their views by picking a side on divisive societal issues (Bhagwat et al., 2020). For example, PayPal cancelled its plan to open a new operation centre in Charlotte following North Carolina's law prohibiting access to restrooms based on gender identity (Hydock et al., 2020). Similarly, Chick-Fill-A received intense criticism in 2012 from pro-marriage equality activists because of the firm's opposition to same-sex marriage (Mukherjee & Althuizen, 2020). Beyond these two instances, several brands, such as Nike, Patagonia, Salesforce, and Starbucks, have publicly taken stands on other divisive issues. Thus, CA differs from firms' corporate social responsibility (CSR), which involves non-controversial causes such as educational support and environmental protection (Peloza & Shang, 2011). The polarising nature of CA sets it apart from CSR and has unique implications for brand image and other vital marketing objectives such as sales.

Recent evidence suggests that CA may affect a firm's sales, given that it results in polarised consumer views. For instance, Barton et al.(2018) show that 47% of global consumers boycott a brand with an opposing view on a social issue, and 17% are unwilling to re-engage with the brand. Following Starbucks' pledge to hire refugees in protest of the US government's travel ban order, YouGov's report showed a 24% decrease in consumers' purchase intentions toward the brand (Marzilli, 2017). Unsurprisingly, a survey of chief marketing officers showed that 82.6% do not want their companies to take an activist stand due to the risk of alienating their customers (*The CMO Survey*, 2018).

However, nearly 62% of global consumers want their preferred brands to support sociopolitical issues (Barton et al., 2018). Furthermore, 58% of global consumers are willing



to purchase and become more loyal to brands that support relevant sociopolitical issues (Edelman, 2020). Therefore, CA may allow firms to improve sales and brand loyalty by supporting divisive social issues pertinent to their customers; they may also find it challenging to predict when such a decision might benefit or hurt the firm. Consequently, CA has gained interest among marketing scholars in understanding its marketing theory and practice implications.

Prior research has explored some determinants of consumers' support for firms' CA, including consumers' moral foundations (Fernandes, 2020; Mukherjee & Althuizen, 2020), issue involvement (Li et al., 2022), organisational motives (Kim et al., 2020), and market share (Hydock et al., 2020). Together, these studies show that CA adversely impacts a brand's sales, word of mouth, market share and financial performance. Although these previous findings are informative regarding how consumers respond to activist initiatives, little attention has been paid to the role of political ideology and brand perception in this context.

Given the political nature of CA issues, examining how political ideology affects consumer reactions to a brand's activism initiative is critical. Importantly, it is unclear whether consumers' responses to CA initiatives differ based on political ideology. For example, how does the political ideology of the consumers determine whether they respond more positively (vs. negatively) following a brand's CA campaign, and why? Investigating the influence of political ideology and brand warmth in the CA domain is crucial because they play critical roles in consumer evaluations and responses to a brand's behaviour (Aaker et al., 2010; Jung & Mittal, 2020). For instance, political ideology has been shown to affect consumer brand preferences, purchase and complaint intention (Garg & Saluja, 2022; Jung et al., 2017; Northey & Chan, 2020). Also, brand warmth enhances consumer attitudes, purchase and advocacy intentions (Eigenraam et al., 2021; Gershon & Cryder, 2018).

Moreover, my research explores a theoretical and managerially relevant boundary condition. Since CA campaigns lead to polarised consumer reactions, they may affect brands negatively. Understanding how to mitigate such adverse reactions is essential. Thus, I examined perspective-taking, the process of adopting rival groups' viewpoints in social relations (Davis, 1983), as one potent way to mitigate the negative effect of a brand's CA initiative. Perspective-taking has been shown to minimise hostility towards other groups and improve support for their cause (Mallett et al., 2008), making it critical in the CA context. Also, scholars have recently called for more research to understand when and how CA may be more beneficial or harmful to brands (Eilert & Nappier Cherup, 2020; Kermani et al., 2023).

The present research seeks to address this knowledge gap by investigating the role of political ideology on consumer reactions to a brand's CA initiative. Building on established streams of research on political psychology and marketing (Jost et al., 2003; Kervyn et al., 2012), I argue and demonstrate that a brand's stance on a CA issue interacts with consumers' political ideology, influencing their responses toward brands differently. Also, because people's perceptions of a brand due to its actions significantly affect their reactions (Gershon & Cryder, 2018), perceived brand warmth is expected to serve as the mechanism driving the proposed interaction effects on brand outcomes. I further identify perspective-taking as the boundary condition for the observed effects, suggesting that consumers' ability to take others' perspectives attenuates the adverse reactions from conservatives following a progressive brand's CA stance on the brand outcomes. Using purchase intentions and brand trust as the dependent variables allowed me to compare the effects of CA on a brand's sales and relationship outcomes. The research model was tested using three online experiments based on data collected from US consumers.

This research makes several contributions to the nascent corporate activism research and branding literature. First, it advances our understanding of corporate activism's role in

consumer responses by showing that a brand's CA stance congruent with consumers' political ideology will significantly influence brand trust and purchase intentions. Brand trust is a crucial relationship outcome that most companies continuously seek to enhance. Thus, in addition to demonstrating a positive impact on a brand's sales performance through purchase intentions, this research is among the first to highlight the relevance of political ideology in building brand trust in the corporate activism domain. I also show that the positive (vs. negative) effect of a brand's CA stance is stronger among liberals than conservatives, thereby identifying those that may prioritise CA initiatives.

Second, prior research has mainly focused on consumer emotions as the mechanisms driving the effects of CA on brand outcomes (Garg & Saluja, 2022). This paper provides additional insights into consumers' cognitive responses in such contexts (i.e., perceived brand warmth). Brand warmth is essential in consumer-brand relationships that generate valued relationship outcomes such as positive brand attitudes and purchase intentions (Aaker et al., 2012; Kervyn et al., 2012). Thus, I extend brand perception research by showing that aligning a brand's CA stance with consumer political ideology enhances perceived brand warmth, which drives the effects on brand outcomes.

Finally, I identify perspective-taking as a critical boundary condition that attenuates the negative (vs. positive) interaction effect of a brand's CA and consumer political ideology on brand outcomes. Overall, the results demonstrate when and how corporate activism may generate positive and negative consumer reactions and the approach to mitigate its inevitable adverse consequences. Thus, this research answers recent calls for more research to advance our understanding of corporate activism (Eilert & Nappier Cherup, 2020; Moorman, 2020).

The rest of the research is divided into the following sections. First, I review the theoretical background, focusing on CA and political ideology. Next, I outline the research

hypotheses and the experimental studies designed to test them. Finally, a discussion of the theoretical and managerial implications of the findings concludes the paper.

## **Theoretical Background**

### **Corporate Activism**

I begin this section by defining CA and differentiating it from the more general concept of CSR. Although CA is related to CSR as pro-social initiatives that firms adopt to fulfil their societal obligations, they differ in several aspects, such as definitions, typical issues, and mode of engagement. Eilert & Nappier Cherup (2020: p.3) define CA as “a company’s willingness to take a stand on social, political, economic, and environmental issues to create social change by influencing the attitudes and behaviours of actors in its institutional environment”. CA deals with salient and debated sociopolitical issues, such as immigration and LGBTQ rights (Nalick et al., 2016). Indeed, most brands aim to support progressive CA issues that promote social welfare, such as advocating LGBTQ rights for an inclusive workplace and gun control to minimise unanticipated harm to individuals (Fernandes, 2020). Conversely, few brands may prefer conservative stances, such as opposing marriage equality and LGBTQ policies, which may encourage discrimination against specific individuals (Moorman, 2020). This research focuses on the two stances through a brand’s support or opposition to a divisive social issue.

Concerning CSR, Du et al.(2011, p1528) define CSR as “ a firm’s commitment to maximising long-term economic, social, and environmental well-being through business practices, policies, and resources”. CSR also reflects a firm’s unique character and activities concerning important social causes beyond legal requirements (Brown & Dacin, 1997). Typical CSR activities include medical outreach, education support, and employee volunteerism (Peloza & Shang, 2011). CSR engagements require strategic planning and substantial financial

and human resource investment to execute the causes (Du et al., 2011). However, firms' CA usually involves issuing statements to express their stance on a divisive social issue and sometimes donating to groups with a similar view (Vredenburg et al., 2020).

Further, CA and CSR differ regarding consumers' expectations and responses toward firms. While consumers generally expect businesses to engage in CSR to improve societal welfare, their views on whether firms should take activist stands are divided (Moorman, 2020). As a result, consumers respond more positively to a firm's CSR activities, except when they suspect the firm is insincere with the initiatives (Ellen et al., 2006). In contrast, CA initiatives usually result in polarised consumer responses (Bhagwat et al., 2020). Recent findings indicate that CA generates more negative attitudes and boycott intentions than positive ones (Hydock et al., 2020; Mukherjee & Althuizen, 2020). Furthermore, researchers have suggested that consumers utilise their political values to evaluate and respond to the brands' actions (Fernandes, 2020). Thus, the present research argues that the effect of a brand's CA stance on brand trust and purchase intentions may depend on consumers' political ideology.

### **Political Ideology**

Political ideology refers to a person's ideas and guiding principles of how society should be structured and governed (Ball & Dagger, 2006). An individual's political ideology becomes salient when encountering new information (Jost et al., 2017). Scholars suggest that political ideology goes beyond party affiliations and is mainly conceptualised on the left-right or liberal-conservative continuum (Jung & Mittal, 2020) to reflect the two main ideological divides in most economies. Conservatism is primarily driven by opposition to change and endorsing injustice, whereas liberalism is based on embracing change and advancing equality (Jost et al., 2003). Usually, ideologies define roles and boundaries for group members (Usslepp et al., 2021), which play crucial roles in their opinions and behaviours on social issues. There

are more notable differences between political conservatism and liberalism. Conservatives endorse values that bind them to society, like loyalty to their group, respect for authority and purity, while liberals favour values distinctive to individuals, such as care and fairness (Haidt & Graham, 2007). Further, Conservatism emphasises personal responsibility, where people are evaluated based on their social status, whereas liberalism is concerned about others' welfare and blames the social system for people's unfair societal situations (Kim et al., 2018). These differences between political conservatives and liberals differentially impact their reactions in different areas of marketing.

Research has investigated the impact of political ideology on luxury consumption, showing that, unlike liberals, conservatives are more likely to buy luxury goods to maintain a superior status (Kim et al., 2018). Conservatives have also been shown to complain less following a service failure or unfair treatment by a brand compared to liberals (Jung et al., 2017). In terms of information processing, conservatives has been shown to respond positively to a binding message appeal and information presented in a familiar way, while liberals prefer an individualising message appeal but show no preference for how information is presented (Kidwell et al., 2013; Northey & Chan, 2020). Scholars have investigated the impact of political ideology on other marketing domains, such as donation and boycott participation intentions (see Table 1 for a review). Despite these research endeavours, the impact of political ideology in the CA context has received limited scholarly attention, with notable exceptions (Garg & Saluja, 2022). Specifically, Garg and Saluja (2022) show that supporting a social issue that aligns with consumers' political ideology increases emotional responses such as happiness and pride, which enhances brand attitudes. The present research seeks to extend these findings by investigating the impact of political ideology in the CA domain.

## **Conceptual Model**

Based on the literature review, the central theme of this research is to investigate the combined effects of a brand's CA stance and political ideology on brand outcomes. I draw from the political psychology and brand perception literature to argue that a brand's CA stance interacts with a consumer's political ideology to influence brand outcomes positively. Specifically, I suggest that a brand's CA stance that is congruent (vs. incongruent) with a consumer's political ideology should generate higher brand trust and purchase intentions (H1a). Also, the positive effect of the proposed interaction effect should be stronger (vs. weaker) among liberals compared to conservatives (H1b). I further propose that the congruence of a brand CA stance with a consumer's political ideology will enhance perceived brand warmth (H2), and perceived brand warmth should act as the psychological mechanism that drives the proposed positive interactive effects on brand outcomes (H3). Finally, the consumer's perspective-taking ability should attenuate the negative joint impact of a progressive brand's CA stance and political ideology on brand trust and purchase intentions (H4). These predictions are summarised in the research model (See Figure 1). Next, I discuss the rationales for these predictions in the following subsections.

## **Hypotheses Development**

### **Corporate Activism and Consumer Responses**

Recently, courageous brands are increasingly taking a stance on controversial social issues like LGBTQ rights and gun control to promote the interest of consumers, gain media visibility and increase sales (Moorman, 2020). A consumer's view may be congruent (vs. incongruent) with a brand's stance on a CA issue. The congruence of a brand's CA stance with a consumer's view suggests that the brand and the consumer share a similar opinion on the issue (Hydock et al., 2020). Research indicates that, on aggregate, consumers are motivated to

trust and purchase from firms with similar opinions on important issues to enhance their self-esteem (Ahmad et al., 2022; Sen & Bhattacharya, 2001). Brand trust refers to a consumer's belief that a brand will fulfil its promises (Chaudhuri & Holbrook, 2001). Brand trust and purchase intentions are crucial consumer responses toward a brand that meets their expectations. Indeed, recent CA research shows that a match between a brand's CA stance and consumers' views leads to favourable brand attitudes, increasing their purchase intentions (Hydock et al., 2020; Li et al., 2022).

However, when a brand's CA stance differs from consumers' views, they may form a negative impression of the brand (Kervyn et al., 2012). Previous research indicates that consumers actively avoid purchasing from firms with opposing views on divisive social issues to maintain positive self-esteem (Elsbach & Bhattacharya, 2001; Mukherjee & Althuizen, 2020). Also, recent events suggest consumers respond quickly to a brand's stance that conflicts with theirs. For instance, consumers who opposed gun control policies immediately demanded a boycott of Delta due to the brand's stance on gun control (Bhagwat et al., 2020). Therefore, a brand stance incongruent with consumers' opinions should negatively affect brand trust and purchase intentions (Ahmad et al., 2022; Garg & Saluja, 2022). Notably, the present research focuses on the moderating role of political ideology in this context. Consumer responses to a brand's CA stance are expected to vary depending on their political ideology.

### **The Interaction Effect of Brand CA Stance and Political Ideology**

Extant research on political psychology suggests that political conservatism and liberalism are associated with different motives and approaches to goal attainment (Graham et al., 2009; Janoff-Bulman, 2009; Jost et al., 2003). Conservatives embrace inhibition for social regulation to avoid threats and losses to their group members, prompting them to preserve the existing social order (Janoff-Bulman, 2009). Conversely, liberals adopt activation for social



regulation to maximise societal welfare (Janoff-Bulman, 2009). Similarly, conservatives and liberals prioritise different issues and adopt conflicting views about group membership. Graham et al. (2009) contend that liberals are sensitive to individualising issues relating to harm and fairness, while conservatives pay more attention to group-based issues associated with authority, loyalty, and purity. Moreover, conservatism focuses on intergroup boundaries, promoting in-group favouritism, whereas liberalism embraces inclusiveness across groups (Jost et al., 2003). Indeed, scholars suggest that conservatives are less open to new experiences, preferring a predictable social structure, while liberals actively seek new experiences and embrace changes in the social system (Adaval & Wyer, 2022; Jost et al., 2003). Similarly, conservatives conform to prescribed norms and fear uncertainty by protecting how things are done, while liberals tolerate uncertainty and actively push for a change in how things are done (Janoff-Bulman, 2009). These values-based differences in motivations and views on essential issues may significantly impact liberal and conservative reactions to critical social problems.

Accordingly, I propose that a brand's CA stance that is congruent (vs. incongruent) with an individual's political ideology should generate a more positive reaction (Kidwell et al., 2013). More specifically, consumers with a liberal ideology which endorses social justice should respond more positively to social causes that seek to prevent harm and promote people's welfare by challenging existing social systems. Research shows that Liberals (vs. conservatives) have positive attitudes toward buying (vs. boycotting) a brand that supports social issues associated with fairness, such as racial equality (Fernandes, 2020). However, Conservatives embrace self-accountability, making them feel less responsible for helping others in need (Han et al., 2017). Also, consumers with a conservative ideology are more likely to oppose any event that alters existing practices to maintain the status quo (Adaval & Wyer, 2022). Thus, conservatives are expected to oppose an equality-based initiative as it contradicts their ideology of preserving stability and endorsing inequality. In their research, Kidwell et al.

(2013) show that while liberals responded positively to appeals to protect vulnerable others, conservatives preferred appeals stressing social stability and group unity. Moreover, Northey and Chan (2020) show that conservatives chose brands with familiar logos, while liberals show no such preference. More recently, Garg and Saluja (2022) indicated that liberals and conservatives were happier and proud when a brand supported a social issue that aligned with their political values, increasing brand attitudes. More specifically, conservatives (vs liberals) were happier when the brand adopted a nationalistic (vs pro-immigrant) hiring policy. These results support that people's political values can justify their reaction to relevant problems. Accordingly, a brand's CA stance that is congruent (vs. incongruent) with consumers' political ideology should generate higher (vs. lower) brand trust and purchase intentions.

Furthermore, research suggests conservatives prefer a free market system without external interference in institutions' activities, while liberals endorse market interventions through laws and social actions (Graham et al., 2009; Jost et al., 2017). Indeed, conservatives may care less about addressing social issues to avoid uncertainty and resource misallocation, whereas liberals feel more responsible for promoting social change through tangible actions (Fernandes, 2020). Scholars show that conservatives also respect established institutions like firms, restraining their adverse reactions amid provocation, while liberals tend to express themselves freely (Jost et al., 2017; Jung et al., 2017). For instance, Jost et al.(2017) show that compared to conservatives, liberals complain and protest more about brand failures. Therefore, the interaction effect of a brand's CA stance and political ideology on brand outcomes should be stronger among liberals (vs. conservatives). Thus, I formulate the following hypotheses:

**H1a:** There is an interaction effect between a brand's CA stance and political ideology, such that when a brand supports (vs. opposes) a CA issue that aligns with a consumer's political ideology, brand trust and purchase intentions will be higher.

**H1b:** The positive impact of the interactive effect between a brand's CA stance and political ideology will be stronger (vs. weaker) among liberals compared to conservatives.

### **The Mediating Role of Perceived Brand Warmth**

Prior branding literature indicates that consumers relate to brands like people (Fournier, 1998). Building on extensive social perception literature, Kervyn and colleagues (2012) propose a brand as intentional agent framework (BIAF) that identifies brand warmth and competence as two basic aspects of brand perception. The authors contend that brand warmth refers to the perceived intentions of a brand and the extent to which it can act with the public's interests in mind. In contrast, brand competence refers to a brand's perceived ability to accomplish its intentions. Brand warmth is also different from a brand's CSR in two ways. First, unlike perceived brand warmth that deals with a brand's intentions, CSR represents a tangible firm's non-controversial activities, like medical outreach, to improve the well-being of its stakeholders, like customers and employees (Du et al., 2011). Second, CSR activities could be considered determinants of brand warmth since perceived brand warmth seems to result from observable brand behaviours, including charitable deeds. For instance, Gershon and Cryder (2018) indicate that a brand's charitable donations increase perceived brand warmth.

The core traits of a warm brand include being friendly, genuine, and caring (Kervyn et al., 2012), making it relevant in the prosocial domain and will be further explored in the present research. The positive traits associated with brand warmth are deduced from a brand's observable behaviours, including promoting issues that address consumers' welfare (Johnson et al., 2018). Indeed, people are sensitive to benevolent acts central to their values and would respond to enhance their identities (Reed et al., 2007). Thus, political ideology is expected to influence consumers' evaluation of a brand's CA initiative, affecting their perceptions of the brand.

Indeed, when people encounter a politically relevant stimulus like a brand's CA stance, it makes their political ideology salient (Jost et al., 2017). Liberalism promotes helping others by recognising differences in their circumstances, while conservatism embraces self-reliance (Janoff-Bulman, 2009). Liberals' sensitivity to issues causing harm to others prompts them to swiftly form impressions about actors in social issues (Fernandes, 2020; Kervyn et al., 2012). Individuals tend to have positive images and reactions to entities with congruent (vs. incongruent) views on crucial social issues (Hydock et al., 2020). A brand's public activity on a sensitive social issue should provide sufficient information that may affect consumers' perceptions of the brand. Notably, consumers should view a brand's CA activity consistent with their political values as the right and commendable thing to do (Winterich et al., 2012), increasing their positive evaluation of the brand. Also, given the importance of consumers' political ideology in their decision-making, it is expected that when a brand's CA stance is congruent with consumers' political ideology, perceived brand warmth should be higher. Such a match should prompt consumers to consider the brand a friendly entity that cares for others' welfare.

Further, since the inferences consumers make about a brand influence their responses (Ellen et al., 2006), perceived brand warmth should drive the joint impact of brand CA stance and political ideology on brand trust and purchase intentions. The above prediction aligns with the previous research, providing evidence of the mediating role of perceived brand warmth on positive brand outcomes (Eigenraam et al., 2021; Gershon & Cryder, 2018). More specifically, Gershon & Cryder (2018) show that perceived brand warmth mediated the impact of brand donations on consumer purchase intentions. Based on the above discussions, I propose the following hypotheses:

**H2:** There is an interaction effect between a brand's CA stance and political ideology, such that when a brand supports (vs. opposes) a progressive CA issue, perceived brand warmth would be higher among liberal compared to conservative consumers.

**H3:** The interaction effect of a brand CA stance and political ideology on brand trust and purchase intentions is mediated by perceived brand warmth.

### **The Moderating Role of Perspective-Taking**

Perspective-taking is an individual's ability to adopt others' viewpoints or anticipate the behaviour of members of an outgroup (Davis, 1983). Perspective-taking is crucial in intergroup relationships (Mallett et al., 2008; Todd & Galinsky, 2014). For instance, Todd & Galinsky (2014) argue that perspective-taking leads to decreased stereotyping, positive intergroup evaluations, and willingness to support the cause of an outgroup. Since most brands usually take progressive stands on CA issues to promote the welfare of their stakeholders (Moorman, 2020), I seek to explore whether perspective-taking plays a role in reducing the adverse reactions from conservatives following such a CA stance.

The preference for novelty-seeking and integrative thinking allows liberals to become extensively exposed to other cultures and life experiences, making them more eager to take others' perspectives than conservatives (Sparkman & Eidelman, 2016). Also, the motivation to avoid harm and promote inclusiveness associated with liberalism should prompt liberals to readily take the perspectives of any marginalised group to address their concerns. Conversely, conservatives may be less likely to take other groups' views because they tend to favour their members and believe others need to be self-reliant (Janoff-Bulman, 2009). However, research suggests that political conservatism also embraces fairness and care (Graham et al., 2009). Thus, there may be some instances where individuals with conservative ideology may advocate and help outgroup members in need.

Further, not all conservatives likely hold extreme views on social issues; some may support a brand's progressive stance on specific issues. Specifically, consumers with conservative ideologies may endorse some progressive issues that do not involve substantial status loss or financial commitment. Indeed, scholars suggest that individuals who take the perspective of others are more likely to understand their grievances and support the group's cause (Todd & Galinsky, 2014). For instance, (van Zomeren et al., 2012) show that perspective-taking predicted individuals' willingness to join collective action to support another group's social cause. Mallett et al. (2008) indicate that perspective-taking prompted the white majority to advocate the rights of LGBTQ+ and black community members.

More recently, research has demonstrated that perspective-takers were likely to buy from a firm following its social cause campaign to support an outgroup (Rapert et al., 2020). Consistent with these findings, I suggest that perspective-taking should attenuate the interactive effect of a brand's CA stance and political ideology on brand outcomes. More specifically, consumers with high levels of perspective-taking should be more willing to trust and purchase from the brand when it supports a progressive CA issue, regardless of their political ideology. Stated formally:

**H4:** The interaction effect of a progressive brand CA stance and political ideology on brand trust and purchase intentions will be attenuated by perspective-taking, such that a brand's progressive CA stance will lead to higher brand trust and purchase intentions among consumers, regardless of their political ideologies.

## **Overview of the Empirical Studies**

Three experiments were conducted to test the hypotheses. Study 1 provides initial evidence of the hypothesised interactive effect of a brand CA stance and political ideology on brand trust, purchase intentions (H1a & H1b), and perceived brand warmth (H2). The study

further tested the mediating role of perceived brand warmth (H3). Study 2 replicates study one's findings and provides evidence for the role of perspective-taking as a boundary condition (H4). Specifically, study 3 shows that perspective-taking attenuates the negative interaction effect of a brand's progressive CA stance and political ideology on brand outcomes. Study 3 improves my findings' generalizability and managerial relevance by manipulating perspective-taking. Thus, studies 1-3 tested the proposed relationships in the research model by measuring and manipulating the core constructs, thereby providing converging support for the hypotheses. Appendix B presents the study stimuli and all measures used for the studies. Two of the top controversial social issues were selected based on a recent survey of US consumers for the three studies (Hydock et al., 2020). These authors have pretested the issues on MTurk, showing that they generated highly polarised consumer reactions. To improve the data quality, attention and manipulation checks were included in the survey, making it possible to remove invalid responses before data analysis. Moreover, consistent with previous research (Northey et al., 2020), common method bias was mitigated in all the studies by following the recommendations of Podsakoff et al. (2012), such as ensuring respondents' anonymity, collecting no personally identifiable information and using clearly worded questionnaire items. Finally, Herman's single factor was used to load all the latent variables in a single factor; for each study, the factors jointly explained less than 50% of the variance (study 1 = 31.2%; study 2 = 30.2; study 3 = primed), showing that common method bias is not a serious concern.

## **Research Methodology**

### **Study 1**

#### **Overview**

The aim of Study 1 is to provide initial evidence for the prediction that a congruence (vs. incongruence) between a brand CA stance and consumers' political ideology will generate

higher brand trust and purchase intentions among liberals compared to conservatives. I further expect that the alignment of a brand's CA stance and consumers' political ideology should positively affect perceived brand warmth, driving the proposed effects on brand outcomes.

## **Method**

The study employs a single-factor, three-level (Brand stance: support, control, and oppose) between-subjects design. One hundred eighty US participants from Amazon's MTurk participated and were compensated with a small monetary reward. To prime the brand's stance, I selected a divisive issue of LGBTQ+ rights. LGBTQ+ rights are favoured mainly by liberals but opposed by conservatives (Kidwell et al., 2013). Thus, when a brand supports LGBTQ+ rights, brand trust and purchase intentions are expected to be higher among liberals (vs conservatives). Participants were randomly assigned to one of the experimental conditions, and they were shown different versions of a short news article describing the recent activities of a fictitious beverage brand called Southlight. Participants in the control group read information about Southlight's plan to launch a new product for one of its market segments. The other participants read a news article about Southlight's donation to groups supporting or opposing LGBTQ+ rights (see Appendix B). Then, participants answered questions related to the constructs of interest, including political ideology, perceived brand warmth, brand trust, and purchase intentions. Finally, participants reported their personal views on the issue and demographics.

## **Measures**

Political ideology was measured using five items ( $\alpha = 0.84$ ), adapted from Kidwell et al. (2013). Perceived brand warmth was measured using four items ( $\alpha = 0.98$ ), adapted from Kervyn et al. 2012). Also, brand trust was measured using three items ( $\alpha = 0.94$ ), adapted from



Chaudhuri & Holbrook (2001). Purchase intentions were measured using three items ( $\alpha = 0.97$ ), adapted from Grewal et al. (1998). All items were measured using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree), except political ideology (1 = strongly in favour, 5 = strongly against). I averaged the items measuring each construct to form a composite measure before proceeding with that data analysis. Finally, participants indicated their level of support for the issue (1 = strongly support, 5 = strongly oppose), responded to demographic questions and were thanked for their participation.

## **Analysis and Results**

Two responses were removed for failing the attention checks, leaving 178 valid responses for data analysis (54.5% male, Estimated Median<sub>age</sub> = 41, range 18-59+).

### **Brand Trust and Purchase Intentions**

As a preliminary analysis, I seek to replicate previous findings that consumers react favourably when a brand's CA stance aligns with their views on the issue. To do so, I used Hayes' (2017) PROCESS Model 1, a moderation model with 5000 bootstraps resamples utilising the brand's CA stance (control = 0, supporting 1, opposing 2) as an independent variable, consumers' stance (supporting = 1, opposing = 2) as a moderator, and perceived brand warmth, brand trust and purchase intentions as dependent variables. The results indicate that brand stance ( $b = -7.45$ ;  $t(142) = -6.14$ ,  $p < 0.01$ ) had a significant effect on perceived brand warmth, while the impact of consumer stance was insignificant ( $b = -0.02$ ;  $t(142) = -0.07$ ,  $p > 0.05$ ). Notably, there was a significant interaction effect between the brand and consumers' stance on perceived brand warmth ( $b = 1.41$ ;  $t(142) = 4.68$ ,  $p < 0.01$ ). Specifically, perceived brand warmth was higher when the brand and consumers' views were congruent (b

= 1.11;  $t(142) = 3.58, p < 0.01$ ) than when their views were incongruent ( $b = -1.14; t(142) = -3.10, p < 0.05$ ) on LGBTQ+ issue.

Similarly, I found a significant interaction effect between brand and consumers' stance on brand trust ( $b = 1.04; t(142) = 3.85, p < 0.01$ ). Such that brand trust was higher when the brand and consumers' views were congruent ( $b = 0.73; t(142) = 2.62, p < 0.01$ ) than when their views were incongruent ( $b = -0.93; t(142) = 2.83, p < 0.01$ ) on LGBTQ+ issue. Finally, the results also revealed a significant interaction effect between brand and consumers' stance on purchase intentions ( $b = 1.64; t(142) = 5.16, p < 0.01$ ). Specifically, purchase intentions were higher when the brand and consumers' views were congruent ( $b = 1.42; t(142) = 4.31, p < 0.01$ ) than when their views were incongruent ( $b = -1.21; t(142) = -3.10, p < 0.05$ ) on the LGBTQ+ issue. The control condition served as the baseline in the analyses. Figure 2 shows the simple slope of the discussed interaction between consumers' and brands' stances on the main dependent variables. Thus, these results are consistent with the findings of the previous studies (Hydock et al., 2020; Mukherjee & Althuizen, 2020). Notably, the significant differences in perceived brand warmth confirm the assumption that consumers' perception of a brand may change due to its stance on a sociopolitical issue (Jung & Mittal, 2020). Since my hypotheses focused on the interaction effects of a brand's CA stance and political ideology on brand outcomes, I added consumers' stance on the issue as a covariate in the data analysis. Next, I present the results of the hypotheses testing.

To test hypotheses 1 and 2, I used PROCESS Model 1, a moderation model with the brand's CA stance (support = 1, oppose = 2) as an independent variable, political ideology as a moderator, brand trust and purchase intentions as dependent variables, and consumers' stance as a covariate. The results showed a main effect of brand stance on brand trust ( $b = -0.72; t(117) = -4.23, p < 0.01$ ), a marginal impact of political ideology ( $b = 0.16; t(117) = 1.76, p = 0.08$ ), whereas consumers' stance was insignificant ( $b = 0.05; t(117) = 0.62, p > 0.05$ ). Notably,

there was a significant interaction effect between the brand stance and political ideology on brand trust ( $b = 1.15$ ;  $t(117) = 7.99$ ,  $p < 0.01$ ). Specifically, when the brand opposed (vs. supported) LGBTQ rights, brand trust was lower among liberals ( $M_{\text{oppose}} = 2.21$  vs.  $M_{\text{support}} = 4.28$ ;  $b = -2.07$ ;  $t(117) = -8.70$ ,  $p < 0.01$ ). In contrast, when the brand opposed (vs. supported) LGBTQ rights, brand trust was higher among conservatives ( $M_{\text{oppose}} = 3.88$  vs.  $M_{\text{support}} = 3.26$ ;  $b = 0.62$ ;  $t(117) = 2.57$ ,  $p = 0.01$ ).

Similarly, I found a significant interaction effect between brand stance and political ideology on purchase intentions ( $b = 1.50$ ;  $t(117) = 8.54$ ,  $p < 0.01$ ). Notably, when the brand opposed (vs. supported) LGBTQ rights, purchase intentions were lower among liberals ( $M_{\text{oppose}} = 1.42$  vs.  $M_{\text{support}} = 4.26$ ;  $b = -2.84$ ;  $t(117) = -9.74$ ,  $p < 0.01$ ). However, when the brand opposed (vs. supported) LGBTQ rights, purchase intentions were higher among conservatives ( $M_{\text{oppose}} = 3.54$  vs.  $M_{\text{support}} = 2.85$ ;  $b = 0.69$ ;  $t(117) = 2.31$ ,  $p < 0.05$ ). These findings supported (H1), showing that the congruence (vs. incongruence) between a brand's CA stance and consumers' political ideology generates higher (vs. lower) brand trust and purchase intentions (H1a). Further, the results show that the effect of the brand's CA stance on brand trust and purchase intentions was stronger among liberals than conservatives (H1b). Figure 3 presents the graph for visualising the discussed interaction effects on the dependent variables. Next, I tested the interaction effect of a brand's CA decision and political ideology on perceived brand warmth (H2).

### **Perceived Brand Warmth**

I utilized PROCESS Model 1, a moderation model using the brand's CA stance as an independent variable, political ideology as a moderator, perceived brand warmth as the dependent variable, and consumers' stance as a covariate. The results showed that brand stance ( $b = -1.55$ ;  $t(117) = -8.26$ ,  $p < 0.01$ ) and political ideology ( $b = 0.23$ ;  $t(117) = 2.22$ ,  $p < 0.05$ ) significantly predicted perceived brand warmth, whereas consumers' stance did not ( $b = 0.04$ ;

$t(117) = 0.51, p > 0.05$ ). Notably, there was a significant interaction effect between a brand's CA stance and political ideology on perceived brand warmth ( $b = 1.27; t(117) = 8.03, p < 0.01$ ). Specifically, when the brand opposed (vs. supported) LGBTQ rights, perceived brand warmth was lower among liberals ( $M_{\text{oppose}} = 1.43$  vs.  $M_{\text{support}} = 4.47; b = -3.04; t(117) = -11.63, p < 0.01$ ). However, when the brand opposed (vs. supported) LGBTQ rights, there was no significant difference in perceived brand warmth among conservatives ( $M_{\text{oppose}} = 3.39$  vs.  $M_{\text{support}} = 3.46; b = -0.07; t(117) = -0.25, p > 0.05$ ). These results support (H2).

### **Moderated Mediation**

To test H3, I utilized PROCESS Model 8, a moderated mediation model with 5000 bootstraps resamples using the brand's CA stance as an independent variable, political ideology as a moderator, perceived brand warmth as a mediator, brand trust and purchase intentions as dependent variables, and consumers' stance as a covariate. The results showed a main effect of perceived brand warmth on brand trust ( $b = 0.66; t(117) = 10.98, p < 0.01$ ). Importantly, I observed a significant index of moderated mediation for brand trust through perceived brand warmth ( $I = 0.83, SE = 0.13, 95\% \text{ CI}[0.57; 1.09]$ ). Specifically, the interaction of a brand CA stance and political ideology on brand trust was significantly mediated by perceived brand warmth among liberal consumers ( $b = -2.00, SE 0.23, \text{ CI} [-2.48, -1.57]$ ) but not for conservative consumers ( $b = -0.04, SE 0.19, \text{ CI} [-0.44, 0.30]$ ).

Further, the results indicate that perceived brand warmth significantly increased purchase intentions ( $b = 0.95; t(117) = 17.32, p < 0.01$ ). Also, I observed a significant index of moderated mediation for purchase intentions through perceived brand warmth ( $I = 1.21, SE = 0.16, 95\% \text{ CI}[0.89; 1.50]$ ). Notably, the interaction of a brand CA stance and political ideology significantly on purchase intentions was mediated by perceived brand warmth among liberals

( $b = -2.90$ , SE 0.27, CI [-3.45, -2.39]) but not for conservatives ( $b = -0.06$ , SE 0.27, CI [-0.64, 0.42]). These results supported H3, establishing the mediating role of perceived brand warmth.

## **Discussion**

The findings from Study 1 support the predictions, showing that the congruence of a brand's CA stance and political ideology generates higher consumer trust and purchase intentions (H1a). Consistent with H1b, the positive (vs. negative) effects of a brand's CA stance on the brand outcomes were stronger among liberals than conservatives. The results also indicate that the congruence between a brand's CA stance and a consumer's political ideology significantly enhances perceived brand warmth (H2). Importantly, when a brand's CA stance is congruent with consumers' political ideology, liberals perceived the brand as warmer, whereas conservatives did not perceive the brand as such. Further, perceived brand warmth mediated the interactive effect of the brand's CA decision and political ideology on the brand outcomes (H3). However, most brands prefer to support progressive social issues like LGBTQ+ rights to promote social welfare and project themselves as an inclusive organisation to the public. Thus, a significant challenge facing business managers is mitigating the adverse reactions of conservatives following a brand's support for a progressive CA issue. Another important consideration is whether Study One's results may hold when a brand supports a different social issue. Study two seeks to address these issues.

## **Study 2**

### **Overview**

The main aims of study two are threefold. The first is to replicate the findings from Study 1 using a different issue. Secondly, study two seeks to test the role of perspective-taking

as a boundary condition to the interactive effect of a brand's CA stance and political ideology on consumer responses to a progressive brand CA stance (H4). Moreover, the study used a different product (i.e., apparel) to determine if study one's findings would still hold. Thus, study two extends the generalizability of study one's results to a different social issue and product context.

## **Method**

The study employed a single-factor (Brand stance: support, oppose) between-subjects design. Two hundred and forty US participants from Amazon's MTurk participated in exchange for a small monetary reward. To manipulate the brand's stance, I chose the controversial issue of Gun control. Similar to LGBTQ+ rights, Gun control is mainly favoured by liberals but opposed by conservatives (Kidwell et al., 2013). The participants were randomly assigned to the experimental conditions. They were shown different versions of a short news article describing the recent activities of a fictitious clothing brand called Southlight. The participants read a news article about Southlight's donation to groups that support or oppose Gun control laws (see Appendix B). Then, participants answered questions about the constructs of interest, similar to those in study one, including the items measuring perspective-taking. Finally, participants reported their personal views on the issue and demographics. I expected perspective-taking to attenuate the interaction effect of a progressive brand stance and political conservatism on brand trust and purchase intention.

## **Measures**

I measured political ideology, perceived brand warmth, brand trust, and purchase intentions as described in study one. Perspective-taking was measured using seven items (1 = strongly disagree to 5 = strongly agree;  $\alpha = 0.877$ , adapted from Davis (1980)). I modified the items to fit the context and the issue of Gun control. Finally, participants indicated their level

of agreement with the issue and demographics, as in study one and were thanked for their participation.

## **Analysis and Results**

I removed eight responses that failed the attention checks, leaving 232 valid responses for data analysis (53.4% male, Estimated Median<sub>age</sub> = 38, range 18-59+).

### **Brand Trust and Purchase Intentions**

As in study one, I tested H1 using PROCESS Model 1, a moderation model with the brand's CA stance (support = 1, oppose = 2) as an independent variable, political ideology as a moderator, brand trust and purchase intentions as dependent variables, and consumers' stance as a covariate. The results indicate that brand stance ( $b = -0.52$ ;  $t(232) = -4.07$ ,  $p < 0.01$ ), political ideology ( $b = -1.19$ ;  $t(232) = -6.31$ ,  $p < 0.01$ ), and consumers' stance ( $b = 0.14$ ;  $t(232) = 3.02$ ,  $p < 0.01$ ) significantly predict brand trust. Importantly, there was a significant interaction effect between brand stance and political ideology on brand trust ( $b = 0.89$ ;  $t(232) = 7.28$ ,  $p < 0.01$ ). Specifically, when the brand opposed (vs. supported) gun control laws, brand trust was lower among liberals ( $M_{\text{oppose}} = 2.37$  vs.  $M_{\text{support}} = 3.86$ ;  $b = -1.49$ ;  $t(232) = -8.00$ ,  $p < 0.01$ ). Whereas, when the brand opposed (vs. supported) gun control laws, brand trust was higher among conservatives ( $M_{\text{oppose}} = 3.63$  vs.  $M_{\text{support}} = 3.20$ ;  $b = 0.43$ ;  $t(232) = 2.34$ ,  $p < 0.05$ ).

Also, I observed a significant interaction effect between brand stance and political ideology on purchase intentions ( $b = 1.05$ ;  $t(232) = 7.31$ ,  $p < 0.01$ ). Precisely, when the brand opposed (vs. supported) gun control laws, purchase intentions were lower among liberals ( $M_{\text{oppose}} = 1.69$  vs.  $M_{\text{support}} = 3.58$ ;  $b = -1.89$ ;  $t(232) = -8.64$ ,  $p < 0.01$ ). However, when the brand opposed (vs. supported) gun control laws, purchase intentions were higher among

conservatives ( $M_{\text{oppose}} = 3.21$  vs.  $M_{\text{support}} = 2.83$ ;  $b = 0.37$ ;  $t(232) = 1.72$ ,  $p > 0.05$ ). Notably, when the brand's CA stance aligns with consumers' political ideology, brand trust and purchase intentions were higher (H1a), and the positive effect of such interaction was stronger among liberals than conservatives (H1b). Overall, these results provided additional support to H1 (see Figure 4).

### **Perceived Brand Warmth**

I also tested H2 with PROCESS Model 1 using the brand's CA stance as an independent variable, political ideology as a moderator, perceived brand warmth as the dependent variable, and consumers' stance as a covariate. The results show that brand stance ( $b = -0.89$ ;  $t(232) = -6.48$ ,  $p < 0.01$ ), political ideology ( $b = -1.28$ ;  $t(232) = -6.15$ ,  $p < 0.01$ ), and consumers' stance ( $b = 0.22$ ;  $t(232) = 4.47$ ,  $p < 0.01$ ) significantly predicted perceived brand warmth. Importantly, there was a significant interaction effect of a brand's CA stance and political ideology on perceived brand warmth ( $b = 0.97$ ;  $t(232) = 7.55$ ,  $p < 0.01$ ). Such that, when the brand opposed (vs. supported) gun control laws, perceived brand warmth was lower (vs. higher) among liberals ( $M_{\text{oppose}} = 1.90$  vs.  $M_{\text{support}} = 3.83$ ;  $b = -1.93$ ;  $t(232) = -9.89$ ,  $p < 0.01$ ). However, when the brand opposed (vs. supported) gun control laws, there was no significant difference in perceived brand warmth among conservatives ( $M_{\text{oppose}} = 3.31$  vs.  $M_{\text{support}} = 3.16$ ;  $b = 0.16$ ;  $t(232) = 0.81$ ,  $p > 0.05$ ). These results further supported H2.

### **Moderated Mediation**

Like study one, I utilized PROCESS Model 8 to test the mediating role of perceived brand warmth (H3). To do this, I used the brand's CA stance as an independent variable, political ideology as a moderator, perceived brand warmth as a mediator, brand trust and purchase intentions as the dependent variables, and consumers' stance as a covariate. The



results indicated that perceived brand warmth significantly predicted brand trust ( $b = 0.81$ ;  $t(232) = 24.53$ ,  $p < 0.01$ ). Importantly, I observed a significant index of moderated mediation on brand trust (through perceived brand warmth:  $I = 0.78$ ,  $SE = 0.11$ ,  $95\% \text{ CI}[0.57; 1.01]$ ). Specifically, the interaction of a brand CA stance and political ideology on brand trust was mediated by perceived brand warmth among liberal consumers ( $b = -1.57$ ,  $SE 0.18$ ,  $\text{CI} [-1.92, -1.22]$ ) but not for conservative consumers ( $b = 0.13$ ,  $SE 0.17$ ,  $\text{CI} [-0.21, 0.45]$ ).

Similarly, I observed that perceived brand warmth significantly increased purchase intentions ( $b = 0.90$ ;  $t(232) = 20.49$ ,  $p < 0.01$ ), and there was also a significant index of moderated mediation on purchase intentions (through perceived brand warmth:  $I = 0.87$ ,  $SE = 0.12$ ,  $95\% \text{ CI}[0.63; 1.11]$ ). Precisely, the interaction of a brand CA stance and political ideology on purchase intentions was mediated by perceived brand warmth among liberals ( $b = -2.12$ ,  $SE 0.19$ ,  $\text{CI} [-2.12, -1.37]$ ) but not for conservative consumers ( $b = 0.14$ ,  $SE 0.18$ ,  $\text{CI} [-0.23, 0.50]$ ). Accordingly, these results reinforced study one's finding, supporting the mediating role of brand warmth (H3).

### **Perspective-Taking as a Boundary Condition**

To test the role of perspective (H4), I used PROCESS Model 3, a moderated moderation model with the brand's CA stance (support = 1, oppose = 2), political ideology, perspective-taking, and their interactions as independent variables, brand trust and purchase intentions as dependent variables, and consumers' stance as a covariate. The results indicate that perspective-taking increased brand trust ( $b = 0.58$ ;  $t(232) = 2.21$ ,  $p < 0.05$ ). Importantly, I found a significant three-way interaction effect on brand trust ( $b = -0.33$ ;  $t(232) = -2.45$ ,  $p < 0.05$ ). Specifically, when examining low levels (i.e.,  $-1\text{SD}$ ) of perspective-taking, when the brand opposed (vs. supported) gun control laws, brand trust decreased among the liberals ( $M_{\text{oppose}} = 2.30$  vs.  $M_{\text{support}} = 3.74$ ;  $b = -1.44$ ;  $t(1, 232) = -4.84$ ,  $p < 0.01$ ). In contrast, such an effect

increased brand trust among conservatives ( $M_{\text{oppose}} = 3.74$  vs.  $M_{\text{support}} = 3.05$ ;  $b = 0.68$ ;  $t(1, 232) = 3.28$ ,  $p < 0.01$ ). However, the interaction effect between a brand's CA stance and political ideology was attenuated at high levels (i.e., +1SD) of perspective-taking. Specifically, when the brand opposed (vs. supported) gun control laws, brand trust decreased for liberals ( $M_{\text{oppose}} = 2.45$  vs.  $M_{\text{support}} = 3.82$ ;  $b = -1.36$ ;  $t(1, 232) = -5.52$ ,  $p < 0.01$ ) but there was no significant difference in brand trust between the two conditions among conservatives ( $M_{\text{oppose}} = 3.43$  vs.  $M_{\text{support}} = 3.83$ ;  $b = -0.40$ ;  $t(1, 232) = -1.36$ ,  $p > 0.05$ ).

Further, the effect of perspective-taking on purchase intentions was marginally significant ( $b = 0.53$ ;  $t(232) = 1.68$ ,  $p = 0.09$ ). More importantly, I found a significant three-way interaction on purchase intentions ( $b = -0.30$ ;  $t(232) = -1.82$ ,  $p = 0.07$ ). Precisely, at the low levels (i.e., -1SD) of perspective-taking, when the brand opposed (vs. supported) gun control laws, purchase intentions decreased among the liberals ( $M_{\text{oppose}} = 1.64$  vs.  $M_{\text{support}} = 3.45$ ;  $b = -1.81$ ;  $t(1, 232) = -5.09$ ,  $p < 0.01$ ). In contrast, such an effect increased purchase intentions among conservatives ( $M_{\text{oppose}} = 3.39$  vs.  $M_{\text{support}} = 2.73$ ;  $b = 0.66$ ;  $t(1, 232) = 2.64$ ,  $p < 0.01$ ). However, the interaction effect between a brand's CA stance and political ideology was attenuated at high levels (i.e., +1SD) of perspective-taking. Specifically, when the brand opposed (vs. supported) gun control laws, purchase intentions decreased among liberals ( $M_{\text{oppose}} = 1.75$  vs.  $M_{\text{support}} = 3.56$ ;  $b = -1.81$ ;  $t(1, 232) = -6.13$ ,  $p < 0.01$ ), but there was no significant difference between the two conditions among conservatives ( $M_{\text{oppose}} = 2.91$  vs.  $M_{\text{support}} = 3.28$ ;  $b = -0.37$ ;  $t(1, 232) = -1.06$ ,  $p > 0.05$ ). These results supported H4, establishing the role of perspective-taking as a boundary condition. Figures 5 and 6 present the graph for visualising the discussed attenuating role of perspective-taking on the brand outcomes for Study 2.

## **Discussion**

Study two provides further evidence for the research hypotheses. The results show that the congruence between a brand's CA stance and a consumer's political ideology significantly enhances brand trust and purchase intentions (H1a), and these effects are stronger among liberals compared to conservatives (H1b). The study further indicates that the interaction effects of a brand's CA stance and political ideology equally improved perceived brand warmth (H2), which mediates the effects of the interaction on brand trust and purchase intentions (H3). Importantly, perspective-taking was identified as a crucial boundary condition, attenuating the effect of political ideology on the brand outcomes, supporting (H4). Specifically, I found that when a brand supports a progressive social issue, conservatives with high (vs. low) levels of perspective-taking are equally likely to trust and purchase from the brand. One primary concern is improving the managerial relevance of our findings regarding the role of perspective-taking in attenuating the adverse reactions from conservatives following a brand's support for a progressive social issue. Study 3 aims to resolve this concern by manipulating perspective-taking.

## **Study 3**

### **Overview**

Study three aims to demonstrate further the moderating role of perspective-taking on the interaction effect of a brand's CA stance and political ideology on brand trust and purchase intentions (H4). I manipulated perspective-taking, focusing on a brand's support for the more controversial issue of gun control to extend our findings' generalizability and managerial relevance. Unlike liberals, I expect conservatives to perceive the brand's support for gun control, which is incongruent with their political ideology, as a threat to their core values (Kermani et al., 2023), prompting them to react negatively in the low perspective-taking

condition. However, when primed to take others' perspectives, conservatives should be equally supportive of the brand for promoting gun control through CA initiatives like liberals.

## **Method**

The study employs a single-factor, two-level (Perspective-taking: high, low) between-subjects design. Two hundred and ten US participants from Amazon's MTurk participated in exchange for a small monetary reward. As in study two, participants read a short news article describing how a fictitious clothing brand called Southlight recently supported gun control laws. Similar to previous research (Batson et al., 1989; Mallett et al., 2008), perspective-taking was manipulated by asking the participants to "Please read the following news article carefully. While reading the article, try to imagine how those affected by gun violence feel and how it has affected their lives. Try to consider the full impact of what the victims of gun violence have been through and how they feel as a result". Participants in the low perspective-taking condition were told to "Please read the following news article carefully. While reading the article, try to be objective and pay close attention to the content of the article. Try to avoid getting caught up in how the people involved feel about the issue described or how it affected their lives". Respondents were randomly assigned to one of the experimental conditions and answered questions about the dependent variables and the perspective-taking measures used in study two. Finally, respondents provided their demographic information.

## **Analysis and Results**

I removed participants who failed the attention checks, leaving 193 valid responses for data analysis (47.7% male, Estimated Median<sub>age</sub> = 36.63, range 18-59+). I assessed the manipulation of perspective-taking before testing the hypothesis.

**Manipulation Check:** ANOVA indicated that our perspective-taking manipulation was successful as respondents in the high (vs. low) perspective-taking condition scored higher (vs. lower) on the measure of perspective-taking ( $M_{\text{high}} = 3.92$ ,  $SD = 0.76$  vs.  $M_{\text{low}} = 3.63$ ,  $SD = 0.85$ ;  $F(1, 192) = 6.31$ ,  $p = 0.01$ ).

### **Brand Trust and Purchase Intentions**

As in study two, I tested H4 using PROCESS Model 1, a moderation model with political ideology, perspective-taking (low = 1, high = 2), and their interactions as the independent variables, brand trust and purchase intentions as the dependent variables, and consumers' stance as a covariate. The results indicate a marginal effect of political ideology ( $b = -0.35$ ;  $t(193) = -1.84$ ,  $p = 0.07$ ), a main effect of perspective-taking ( $b = 0.42$ ;  $t(193) = 4.01$ ,  $p < 0.01$ ), and consumers' stance ( $b = 0.27$ ;  $t(193) = 5.40$ ,  $p < 0.01$ ) on brand trust. Importantly, there was a significant interaction effect between political ideology and perspective-taking on brand trust ( $b = 0.23$ ;  $t(193) = 1.95$ ,  $p = 0.05$ ). Specifically, when the brand supported gun control laws, there was no significant difference in brand trust among liberals in the high (vs. low) perspective-taking conditions ( $M_{\text{high}} = 3.99$  vs.  $M_{\text{low}} = 3.78$ ;  $b = 0.22$ ;  $t(193) = 1.45$ ,  $p > 0.05$ ). However, when the brand supported gun control laws, brand trust was significantly higher among conservatives in the high (vs. low) perspective-taking conditions ( $M_{\text{high}} = 4.19$  vs.  $M_{\text{low}} = 3.55$ ;  $b = 0.63$ ;  $t(193) = 4.22$ ,  $p < 0.01$ ).

Also, the results showed a main effect of political ideology ( $b = -0.67$ ;  $t(193) = -3.09$ ,  $p < 0.01$ ), perspective-taking ( $b = 0.47$ ;  $t(193) = 3.90$ ,  $p < 0.01$ ), and consumers' stance ( $b = 0.43$ ;  $t(193) = 7.36$ ,  $p < 0.01$ ) on purchase intentions. Notably, there was a significant interaction effect between political ideology and perspective-taking on purchase intentions ( $b = 0.34$ ;  $t(193) = 2.59$ ,  $p = 0.01$ ). Precisely, when the brand supported gun control laws, there was no significant difference in purchase intentions among liberals in the high (vs. low)

perspective-taking conditions ( $M_{\text{high}} = 3.97$  vs.  $M_{\text{low}} = 3.81$ ;  $b = 0.16$ ;  $t(193) = 0.92$ ,  $p > 0.05$ ). However, when the brand supported gun control laws, purchase intentions were significantly higher among conservatives in the high (vs. low) perspective-taking conditions ( $M_{\text{high}} = 4.00$  vs.  $M_{\text{low}} = 3.21$ ;  $b = 0.79$ ;  $t(193) = 4.59$ ,  $p < 0.01$ ). Overall, these results further supported (H4), confirming perspective-taking as a boundary condition (see Figure 7).

## **Discussion**

Experiment three provides further evidence for H4. Specifically, the results show that following a brand's support for gun control laws, brand trust and purchase intentions were higher at high (vs. low) levels of perspective-taking among conservatives. However, perspective-taking has no significant impact on the reaction of liberals. These results provide further evidence to study two's findings, establishing perspective-taking as a boundary condition.

## **General Discussion**

This research examined the interaction effect of a brand's CA stance and political ideology on brand outcomes and the role of brand warmth and perspective-taking. In three experiments, I provide evidence that a brand's CA stance that is congruent aligns (vs. incongruent) with a consumer's political ideology results in higher brand trust and purchase intentions (H1a), and show that these effects were stronger among the liberals compared to conservatives (H1b). Also, the interaction between a brand's CA stance and political ideology improves perceived brand warmth (H2), which mediates the joint effect of a brand's CA stance and political ideology on brand outcomes (H3). Moreover, I identified perspective-taking as an essential boundary condition for these effects (H4). Specifically, I found that high perspective-

taking mitigated the negative impact of political conservatism following a progressive brand CA stance, resulting in more significant support from conservatives and liberals.

## **Theoretical Contributions**

This research contributes to the branding and marketing literature in several ways. First, it builds on marketing and political psychology research (Janoff-Bulman, 2009; Jost et al., 2003; Kervyn et al., 2012) to establish a connection between a brand's stance on a sociopolitical issue and how consumers' political ideology moderates their perceptions and reactions toward the brand. These findings consistently show that political ideology is a crucial moderator of a brand's CA stance and consumers' responses (i.e., trust and purchase intentions). Thus, I extend the growing research on the impact of political ideology on consumption (Fernandes, 2020; Garg & Saluja, 2022; Jung et al., 2017).

Also, given the crucial role of perceived brand warmth in consumer reactions towards brands (Aaker et al., 2010), understanding its determinants is vital. This research indicates that the interaction of a brand's corporate activism stance and political ideology enhances perceived brand warmth. In doing so, I identify brand CA stance and consumers' political ideology as critical determinants of perceived brand warmth in the corporate activism domain, thereby contributing to previous research (Eigenraam et al., 2021; Gershon & Cryder, 2018).

I further demonstrate that perceived brand warmth drives the effect of the interaction of a brand CA stance and political ideology on brand outcomes, primarily for liberals. Accordingly, I extend earlier work on social perceptions of brands (Kervyn et al., 2012) by demonstrating the crucial role of perceived brand warmth in assessing a brand's CA initiative. My research shows that brands can leverage corporate activism to improve consumer purchase intentions and trust by supporting social issues congruent with their political ideology.

Moreover, I identify perspective-taking as an essential boundary condition to the negative impact of political conservatism on brand outcomes following a progressive brand CA stance. Previous research supporting the crucial role of political ideology on consumer behaviour has rarely identified a boundary condition to this relationship (Fernandes, 2020; Jung et al., 2017), which is essential given the high risk associated with CA. Thus, another notable contribution of my research to the nascent CA literature is demonstrating that perspective-taking could mitigate the adverse reactions of conservative consumers to a progressive CA stance preferred by brands.

## **Managerial Implications**

The present research provides valuable insights for managers planning to take activist stands on sociopolitical issues. First, I found that consumers increasingly rely on their political views to evaluate and respond to brand corporate activism initiatives. The present research shows that a brand's stance on a controversial social issue may strongly change consumers' perceptions of a brand. Specifically, liberals have a positive (vs. negative) view of a brand that supports social issues congruent (vs. incongruent) with their political values. This finding further demonstrates the relevance of political ideology in corporate activism and consumers that are most likely to react. Thus, managers should ensure that they support social issues that align with the political values of most of their customers to generate higher support.

Notably, brands can improve sales and relationship outcomes (i.e., brand warmth and trust) by supporting social issues consistent with consumers' political views of their primary target markets. For instance, Jung & Mittal (2020) indicate that conservatives and liberals increasingly live at distinct geographic locations in the US (e.g., Texas is predominantly a conservative state, while California is a liberal state). Also, these differences manifest in consumers' media subscriptions, where conservatives favour Fox News, while liberals prefer



CNN (Kim et al., 2018). Accordingly, managers may use these geographic indicators and media preferences to target each consumer with their activism messages by communicating the right stance to the suitable audience using the right media.

Moreover, I show that corporate activism may be more beneficial to firms under certain conditions. Precisely, I identify that perspective-taking could prompt most consumers to support a brand that takes a progressive stance on social issues, irrespective of their political ideologies. This finding is crucial, showing that promoting progressive social issues may be less risky, helping brands project a favourable image to the public. Indeed, research indicates that an individual is more likely to understand the grievances of outgroup members by taking their perspective on the issue (Mallett et al., 2008). Accordingly, brands can garner more support by supporting progressive CA issues and urging the audience to take the perspectives of those affected by the social issue. More specifically, a brand taking a progressive stance can influence a conservative audience by framing the message to make the audience reflect on how they would feel if they were affected by the focal social issue (i.e., taking the perspective of those affected by the issue). The research shows that this approach will mitigate any adverse reactions from the conservative audience. These findings complement previous corporate activism research (Kermani et al., 2023; Mukherjee & Althuizen, 2020) by identifying how brands can achieve marketing success by supporting divisive social issues.

## **Limitations and Future Research**

The present findings provide several future research directions. First, this research examines the interplay of a brand's stance on a social issue and consumers' political ideology in their responses to CA. However, additional factors could influence consumers' reactions to CA issues. For instance, research suggests religious and cultural factors could affect consumer reactions towards activist companies (Eilert & Nappier Cherup, 2020; Nalick et al., 2016).

Future research should investigate the interplay of these factors in influencing consumer responses toward brands that take activist stands on social issues.

Further, brands may take stands on social issues with varying levels of polarisation, resulting in distinct consumer responses. My research focused on two issues (i.e., LGBTQ+ rights and Gun control laws); future research should investigate other social issues to test the generalizability of these findings.

Additionally, I explored corporate activism from a consumer perspective, focusing on the US, which is the hub of most instances of corporate activism. However, future research should examine how consumers from other countries respond to corporate activism to complement our findings. Finally, exploring corporate activism from a managerial standpoint might be exciting to gain insights into the brand's motivations for taking activist stands.

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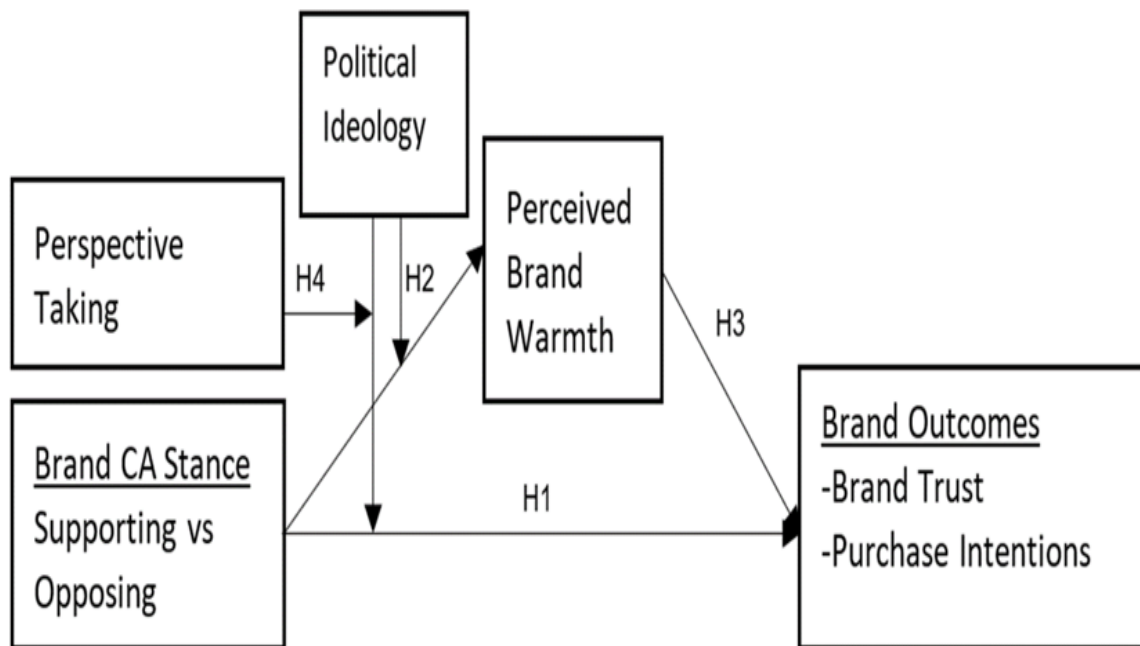
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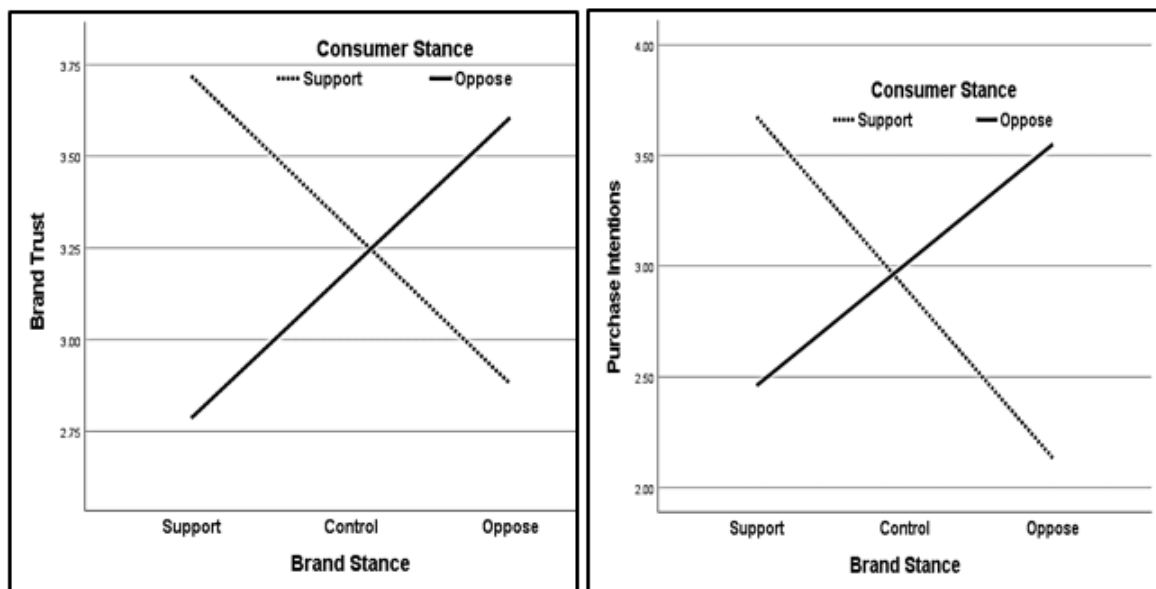
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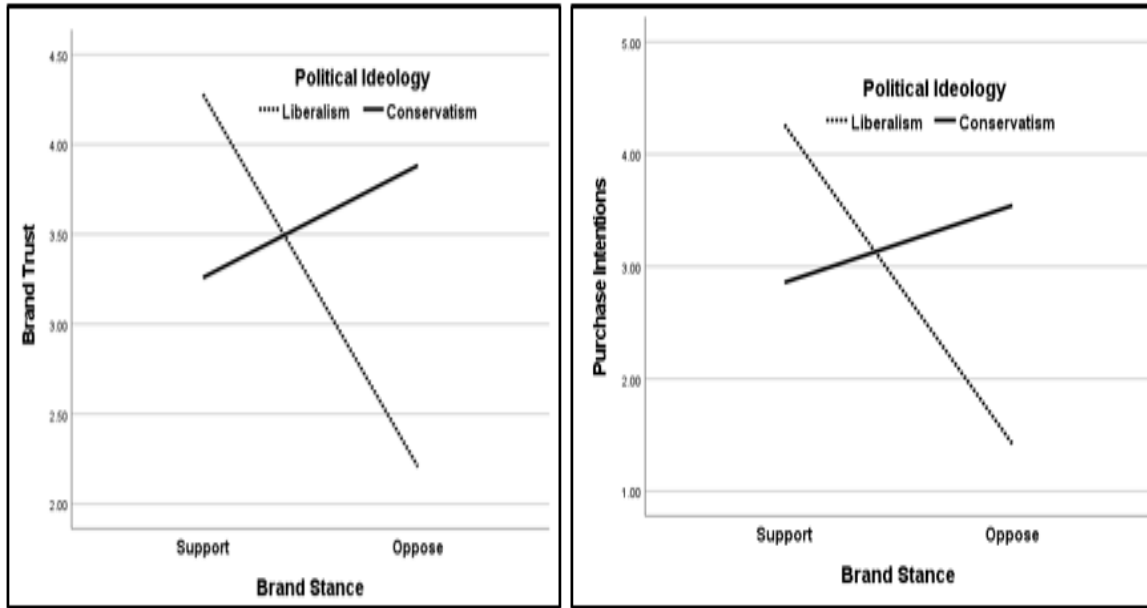
## List of Figures and Tables



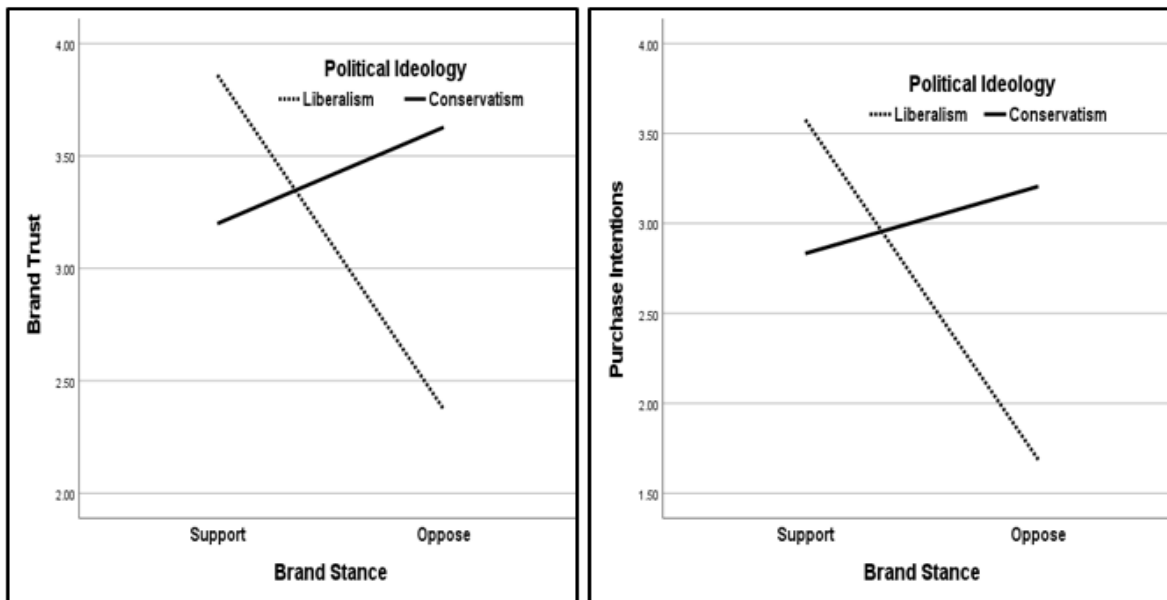
**Figure 1:** The research model.



**Figure 2:** Graph of the interaction between Consumer stance and brand's CA stance on brand trust and purchase intentions (Study 1).

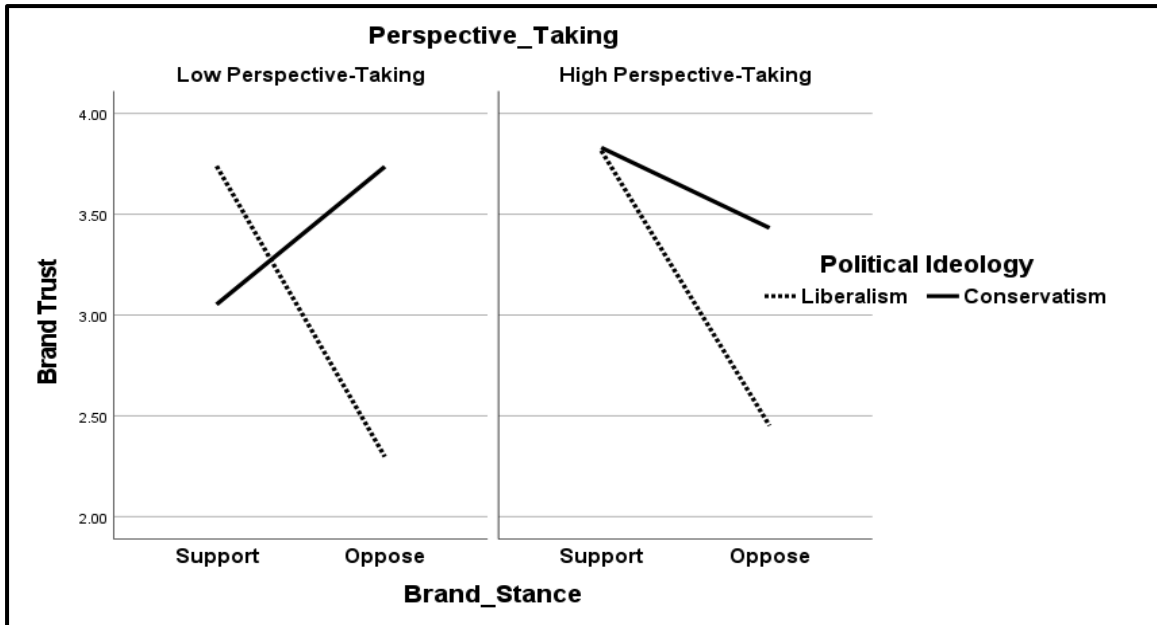


**Figure 3:** Graph of the interaction effects of brand stance and political ideology on brand trust and purchase intentions (Study 1).

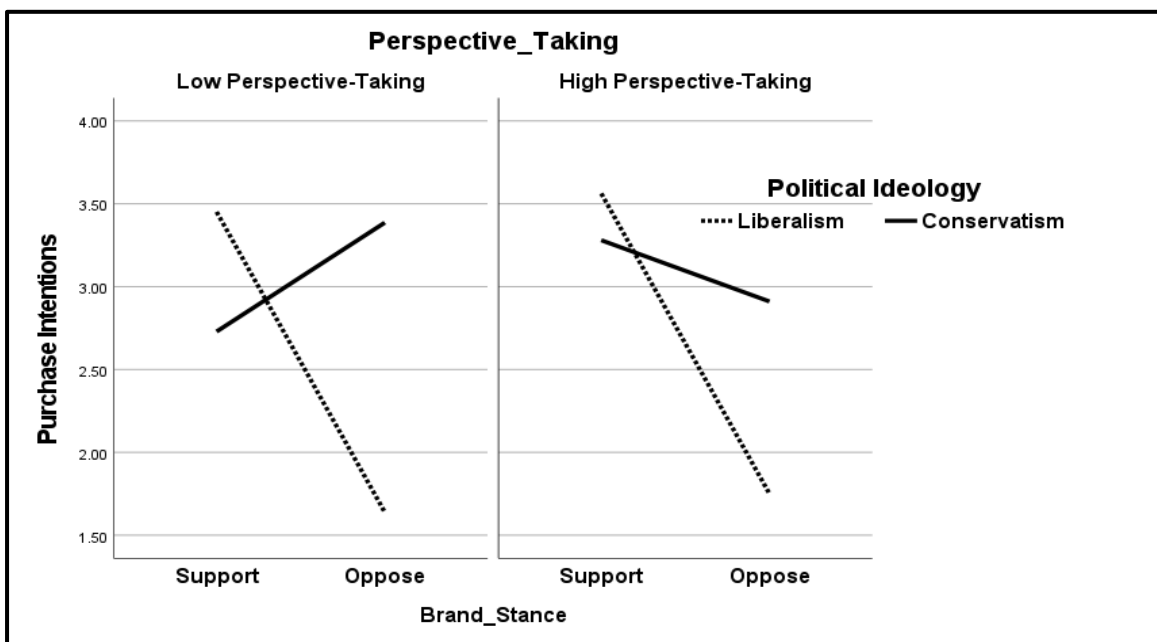


**Figure 4:** Graph of the interaction effects of brand stance and political ideology on brand trust and purchase intentions (Study 2).

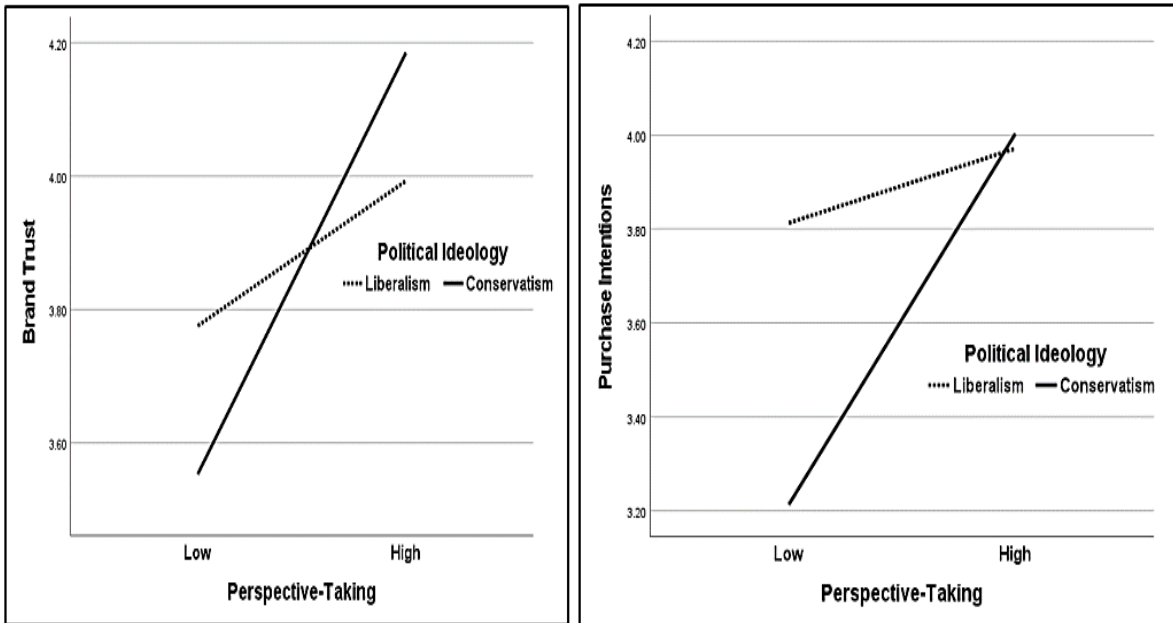




**Figure 5:** Graph of the 3-way interaction effects among brand CA stance, political ideology, and perspective-taking on brand trust (Study 2).



**Figure 6:** Graph of the 3-way interaction effects among brand CA stance, political ideology, and perspective-taking on purchase intentions (Study 2).



**Figure 7:** The interaction effect of political ideology and perspective-taking on brand trust and purchase intentions (Study 3).

<b>Table 1: Summary of Relevant Research on the Impact of Political Ideology on Consumer Reactions</b>				
<b>Source</b>	<b>Mediator</b>	<b>Moderator (s)</b>	<b>Boundary Condition (s)</b>	<b>Key findings</b>
Kim et al. (2018)	preference for social stability	status goals: maintenance vs advancement	absence of status goal and for status advancement goal	Conservatives prefer luxury goods when the status maintenance (vs advancement) goal is activated.
Jung et al. (2017)	System justification	Political ideology	N/A	Conservatives (vs Liberals) were less likely to complain and dispute complaints resolutions.
Kidwell et al. (2013)	enhanced ad fluency	Political ideology	N/A	Binding ad appeal(vs individualizing moral values) improved conservatives' (vs liberals) recycling intentions.
Northey and Chan (2020)	preference for intuitive thinking	Brand logo design (A) symmetry	N/A	Conservatives prefer symmetric (vs asymmetric) brand logo designs, while liberals do not differ in their preferences for logo designs.
Kaikati et al. (2017)	Need for approval	Identity of target Audience and the focal issue.	When shared social Identity is absent and for an opposing social issue	Unlike liberals, conservatives donate more when accountable to a liberal audience with a shared social identity. This effect disappears when the focal issue contradicts conservatives' political values.
Winterich et al. (2012)	N/A	moral identity internalization	N/A	Individuals are more likely to donate to a charity when its values align with their political ideology.
Jost et al. (2017)	N/A	Political ideology	N/A	Large-scale data from American National Election Studies and European Social Surveys from 15 countries showed that Liberals (vs Conservatives) were more likely reported to have boycotted several brands for political reasons.

Fernandes (2020)	Moral foundations: individualising vs binding	Political ideology	N/A	liberals engage in boycotts/buycott related to the protection of harm/fairness (individualising) with more likelihood to occur; conservatives engage in boycotts/buycotts linked to the protection of authority, loyalty, & purity (binding) moral values
Garg and Saluja (2022)	Happiness and pride.	political ideology	Activism type: Authentic vs Inauthentic	Brand attitude and willingness to pay were higher among Liberals (vs Conservatives) following a pro-liberal brand activism stance.
Northey et al. (2020)	Disgust and Ad attitude	Political ideology	N/A	Attitudes towards the LGBTQ+-themed product advertisement were primarily negative among conservative male (vs liberals) consumers.

# Appendices

## Appendix A

### ONLINE SURVEY INFORMATION AND INFORMED CONSENT FORM

ETH21- 6336 The Role of Brand Perceptions on Consumer Responses to Corporate Activism

#### WHO IS CONDUCTING THIS RESEARCH?

My name is Aristus Ochionuoha, and I am a PhD student at UTS. My supervisor is Dr Geetanjali Saluja and can be reached at ([Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)).

#### WHAT IS THE RESEARCH ABOUT?

The purpose of this research is to understand people's views about a brand after reading an article concerning its activities. You have been invited to participate because your opinion about a brand's activities will be valuable for the present research.

#### WHAT DOES MY PARTICIPATION INVOLVE?

Participation in this study is voluntary. It is completely up to you to decide whether or not to participate. If you decide to participate, I will invite you to respond to scenario-based questions concerning your views about a brand after reading a news article about its recent activities. The brand and the news article are fictitious, and the survey will take between 8-10 minutes to complete. You can change your mind anytime and stop completing the survey without consequences.

#### ARE THERE ANY RISKS/INCONVENIENCES?

I do not expect this questionnaire to cause any discomfort but bear in mind that the questions will be based on the information that will be contained in the news article. You will be asked about your views on sociopolitical issues like LGBTQ+ rights or gun control laws. However, if you experience discomfort answering the questions, please contact your family doctor or physician. Remember that you can change your mind anytime and stop completing the survey without consequences.

#### WHAT WILL HAPPEN TO THE INFORMATION ABOUT ME?

The online questionnaire will be accessed via Amazon's Mechanical Turk survey platform.

Submission of the online questionnaire is an indication of your consent.

It is anticipated that the results of this research project will be published and/or presented in various forums, such as journals and conferences. In any publication and/or presentation, information will be provided in such a way that you cannot be identified.

#### WHAT IF I HAVE ANY QUERIES OR CONCERNS?

If you have concerns about the research that you think I or my supervisor can help you with, please feel free to contact us using the following email addresses:

1. Aristus Ochionuoha: [Aristus.C.Ochionuoha@student.uts.edu.au](mailto:Aristus.C.Ochionuoha@student.uts.edu.au)

2. Geetanjali Saluja: [Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)

If you would like to talk to someone who is not connected with the research, you may contact the Research Ethics Officer at 02 9514 9772 or [Research.ethics@uts.edu.au](mailto:Research.ethics@uts.edu.au) and quote this number ETH21-6336. Any matter raised will be treated confidentially, investigated and you will be informed of the outcome.

## Appendix B

Please read the news article about Southlight from a reliable newspaper below:

### Study 1: LGBTQ+ Stimuli

#### Support Condition



The screenshot shows the Business Daily website with the article title "SOUTHLIGHT SUPPORTS LGBTQ+ CAMPAIGN". The article text reads: "During pride month last year, several companies took action to reinforce their stances on the ongoing controversy about LGBTQ+ rights. A reliable research agency tracking companies' social-political activities concerning LGBTQ+ rights recently reported that, in 2021 alone, Southlight Beverages donated over \$5m to organizations and politicians that openly support LGBTQ+ rights. When contacted for comments, Southlight's CEO clarified that 'The company's actions on the LGBTQ+ rights movement reflects the best interest of our citizens and country'. Notably, LGBTQ+ rights have remained a particularly divisive issue in the country."

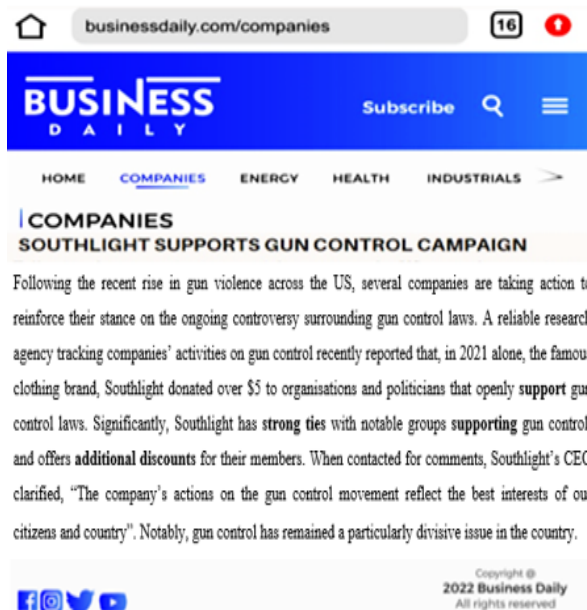
#### Oppose Condition



The screenshot shows the Business Daily website with the article title "SOUTHLIGHT OPPOSES LGBTQ+ CAMPAIGN". The article text reads: "During pride month last year, several companies took action to reinforce their stances on the ongoing controversy about LGBTQ+ rights. A reliable research agency tracking companies' social-political activities concerning LGBTQ+ rights recently reported that, in 2021 alone, Southlight Beverages donated over \$5m to organizations and politicians that openly oppose LGBTQ+ rights. When contacted for comments, Southlight's CEO clarified that 'The company's actions on the LGBTQ+ rights movement reflects the best interest of our citizens and country'. Notably, LGBTQ+ rights have remained a particularly divisive issue in the country."

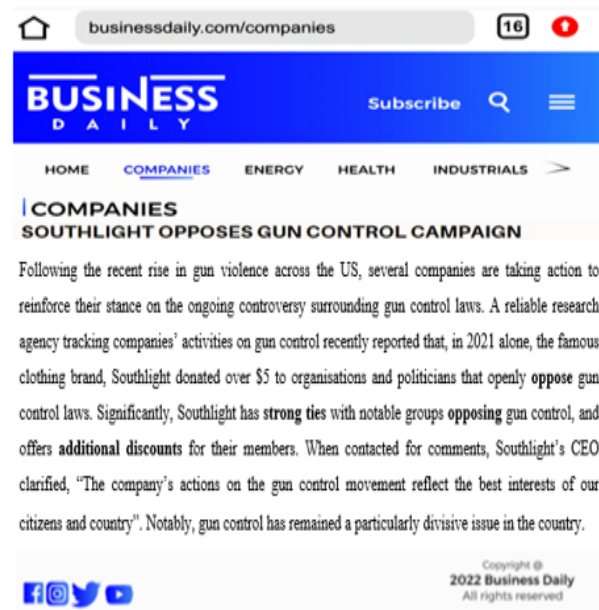
### Study 2: Gun Control Stimuli

#### Support Condition



The screenshot shows the Business Daily website with the article title "SOUTHLIGHT SUPPORTS GUN CONTROL CAMPAIGN". The article text reads: "Following the recent rise in gun violence across the US, several companies are taking action to reinforce their stance on the ongoing controversy surrounding gun control laws. A reliable research agency tracking companies' activities on gun control recently reported that, in 2021 alone, the famous clothing brand, Southlight donated over \$5 to organisations and politicians that openly support gun control laws. Significantly, Southlight has strong ties with notable groups supporting gun control, and offers additional discounts for their members. When contacted for comments, Southlight's CEO clarified, 'The company's actions on the gun control movement reflect the best interests of our citizens and country'. Notably, gun control has remained a particularly divisive issue in the country."

#### Oppose Condition



The screenshot shows the Business Daily website with the article title "SOUTHLIGHT OPPOSES GUN CONTROL CAMPAIGN". The article text reads: "Following the recent rise in gun violence across the US, several companies are taking action to reinforce their stance on the ongoing controversy surrounding gun control laws. A reliable research agency tracking companies' activities on gun control recently reported that, in 2021 alone, the famous clothing brand, Southlight donated over \$5 to organisations and politicians that openly oppose gun control laws. Significantly, Southlight has strong ties with notable groups opposing gun control, and offers additional discounts for their members. When contacted for comments, Southlight's CEO clarified, 'The company's actions on the gun control movement reflect the best interests of our citizens and country'. Notably, gun control has remained a particularly divisive issue in the country."

### Study 3: Gun Control Stimuli



## Appendix C

### Measures for Studies 1-3.

All items are measured on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree), unless otherwise stated.

#### **Perceived Brand Warmth** (Kervyn et al., 2012)

1. The brand is friendly.
2. The brand is kind.
3. The brand is likeable.
4. The brand is nice.

#### **Purchase Intentions** (Grewal et al., 1998).

1. I would buy products from Southlight next time.
2. If I were going to purchase Coffee, I would consider buying Southlight's brand.
3. I will likely buy products from Southlight in the future.

#### **Brand Trust** (Chaudhuri & Holbrook 2001)

1. Southlight is reliable.
2. Southlight is honest.
3. I can trust Southlight.
4. Southlight seems dependable.

**Perspective-Taking** (Davies 1980; adapted to reflect each issue in studies 2 and 3).

1. I sometimes find it easy to see things from the other “guy’s” point of view.
2. I sometimes try to see the need for better gun control laws by imagining the situations of those affected by gun violence.
3. I try to listen to other people’s arguments about gun control even if I’m sure I’m right about the issue.
4. I believe there are two sides to the gun control debate, and I try to look at them both.
5. I try to look at every side of the gun control debate before I make a decision.
6. Before commenting on the gun control controversy, I try to imagine the conditions of those affected by gun violence.
7. When I reflect on the gun control debate, I usually try to “put myself in the shoes” of those affected by gun violence for a while.

**Political Ideology** (Kidwell et al., 2013; 1 = strongly favour, 5 = strongly against).

1. Abortion.
2. Gun control (Study 1)/ LGBTQ+ rights (studies 2 and 3).
3. Socialised healthcare.
4. Illegal immigration.
5. Democrats.

**Participants’ Demographics:**

Q1. What is your age?

- 18-27.
- 28-37.
- 38-47.
- 48-57.
- 58 and above.

Q2. Please select the option that reflects the sex you were assigned at birth.

- Male.
- Female.
- Intersex.
- Prefer not to say.

Q3. Which category best describes your educational qualification?

- High school.
- Bachelor’s degree.
- Master’s degree or above.
- Prefer not to say.

Q4. Which category best describes your annual income?

- \$1,000-50,000.
- \$51,000-100,000.
- \$101,000 and above.
- Do not want to disclose.



# **Essay-2: All Are Welcome: How Power Distance Belief and Religiosity Impact Consumer Responses to Corporate Racial Equity Initiative**

## **Abstract**

The demand for inclusivity and equality in the marketplace is increasingly gaining public and academic attention, with more calls for brands to take tangible actions to address inequality. Diverse racial representation (DRR), a policy of ensuring that employees from racial minority groups are fairly represented in a company's teams, is one way brands could promote marketplace equality. Although researchers have begun to investigate DRR's implications for marketing, the impacts of power distance belief and religiosity in this domain have received limited research attention. Drawing on previous research, I propose and find that willingness to pay and advocacy intentions are higher (vs lower) following a brand's DRR adoption (vs non-adoption) decision. Further, the positive effect of a brand's DRR adoption on willingness to pay and advocacy intentions was stronger among consumers with low (vs high) power distance belief, driven by perceived altruism. Moreover, I identify religiosity as a boundary condition that mitigates the negative effect of DRR adoption among consumers high in power distance belief. Three online studies demonstrate the crucial roles of power distance belief and religiosity on consumer decisions, enriching the literature and providing guidance for managers wishing to adopt equality-based initiatives.

***Keywords:*** corporate activism; branding; power distance; altruism and religiosity

## Introduction

There is rising public and academic interest in issues relating to diversity and inclusion in the marketplace (Arsel et al., 2022). Businesses are increasingly taking action to address this crucial yet controversial social problem. This practice, known as corporate activism (CA, hereafter), refers to “a company’s willingness to address pressing but unresolved social issues like racial equity and marriage equality through statements or actions to create societal change (Eilert & Nappier Cherup, 2020). Some companies have witnessed public criticism and boycotts for issuing ambiguous activist statements or engaging in CA initiatives that are not aligned with internal practices (Ahmad et al., 2022; Vredenburg et al., 2020). Indeed, scholars suggest that CA can take different forms, such as taking public stances, donating to advocacy groups, or initiating desired changes within an organisation (Eilert & Nappier Cherup, 2020).

Previous research has mainly investigated how consumers respond to CA, focusing on a firm’s public statements and donations (Hydock et al., 2020; Mukherjee & Althuizen, 2020). Also, most previous studies focused on social issues like same-sex marriage, immigration, and gun control. As the marketplace becomes increasingly multicultural, racial diversity is an important business and societal problem that needs urgent action (Arsel et al., 2022; Kemper & Ballantine, 2019; Park et al., 2022). Since stakeholders (e.g., consumers) increasingly critique businesses for publicly taking stances on CA issues without following similar practices in their organisations (Vredenburg et al., 2020), internally addressing social issues like racial discrimination could promote the desired social change while benefiting the firms. Indeed, Moorman (2020) contends that most marketing managers favour company-level CA initiatives like addressing racial equity within the organisation.

Khan and Kalra (2022) propose diverse racial representation (DRR) as one of the practical approaches a company may use to address racial problems internally. DRR is a form of activist initiative, representing a corporate practice to promote racial equity by fairly

representing racial minorities and their majority counterparts in customer-facing and executive teams within the organisation (Khan & Kalra, 2022). For instance, McDonald's has adopted a corporate policy that requires its executives to increase the share of racial minorities in various customer-facing and executive teams; Nike has tied parts of its executive pay to increasing racial minorities in various teams (Glazer & Francis, 2021). Also, prominent corporations like P&G, PwC, Walmart, and AT&T have realised the potential of DRR, prompting their CEOs to jointly pledge to promote it in their businesses and share the insights with others (MCGirt, 2017). DRR policy adoption in customer-facing teams is crucial to consumers since they constantly interact with frontline employees, affecting their overall service experience and firm evaluations (Khan & Kalra, 2022). Also, following the recent protest against police brutality in the US, public and academic interest in how businesses promote racial equity has increased (MCGirt, 2017). Indeed, previous research indicates that equality-based initiatives like DRR positively affect employees' motivation, firm financial performance and perceived morality (Khan & Kalra, 2022; Park et al., 2022; Patel & Feng, 2021). Despite the DRR's potential benefits for businesses, how it affects customer responses toward firms has received limited research attention in marketing. Specifically, research investigating consumer evaluation of a firm's DRR practices and under what conditions it would be beneficial is scarce.

Further, research suggests consumer reactions to controversial brand activities like DRR differ by cultural and religious values (Chowdhury et al., 2022; Xu et al., 2021). This research focuses on one potent cultural dimension, precisely power distance belief. Power distance belief (PDB, henceforth) is a cultural dimension reflecting how people view and accept inequality (Hofstede, 2001). Previous studies indicate that PDB affects consumers' ethical and prosocial decisions, such as charitable donations (Han et al., 2017; Winterich & Zhang, 2014). Also, recent data indicates that 76% of Americans practice religion, while 75% consider religion a crucial aspect of their lives (Gallup, 2018). Accordingly, religion is critical

in consumers' decisions (Arli et al., 2021; Septianto et al., 2021). Religion also significantly impacts business strategies, with many firms like Chick-fil-A and Cook Out positioning themselves as religious brands by closing on Sundays and using materials with religious inscriptions (Casidy et al., 2021; Hyodo & Bolton, 2021).

Despite the growing CA research, our understanding of how PDB and religiosity affect consumer reactions in this domain is limited. This issue is theoretically relevant for two reasons. First, PDB and religiosity are potent cultural values affecting consumer judgement of moral issues (Arli et al., 2022; Han et al., 2017). CA activities like DRR have moral implications (Khan & Kalra, 2022), and investigating how PDB and religiosity affect consumer judgment of such initiatives is crucial. For instance, how does PDB impact consumers' willingness to pay and advocacy intentions following a brand's DRR adoption? Are highly religious consumers and those high in PDB likely to reward (vs punish) a brand following DRR adoption (vs non-adoption) more than their low-level counterparts? Second, there are increasing academic calls for more research on how CA practices affect consumer-brand relationships (Khan & Kalra, 2022; Park et al., 2022). Therefore, the present study aims to answer these questions and bridge the knowledge gap by investigating the conditions under which adopting internal CA initiatives like DRR practices would benefit brands, thereby enriching the corporate activism literature.

My research builds on previous work, which suggests that customers strongly associate and support brands that reinforce the values and beliefs central to their identities (Bhattacharya & Sen, 2003; Reed et al., 2012; Tajfel & Turner, 2004). Accordingly, I expect positive reactions to a brand's DRR adoption (vs non-adoption) decision, contingent on consumers' levels of PDB. More specifically, I argue that DRR adoption (vs non-adoption) would lead to higher willingness to pay (WTP) and advocacy intentions. However, the positive effect of the DRR adoption will be stronger (vs weaker) among consumers low (vs high) in PDB because they

care more about others' welfare. I further expect perceived altruism to drive the proposed interaction effect of a firm's DRR adoption (vs non-adoption) and PDB on consumer reactions. Moreover, I suggest religiosity dampens the negative interaction effect of DRR adoption and PDB on brand outcomes among consumers high in PDB. I conducted three experiments to test these predictions.

The present research makes several contributions to the marketing literature. This research is one of the first to empirically examine the role of PDB and religiosity on consumer reactions to a firm's CA initiatives. I provide new insights into how PDB can prompt consumers to punish a brand for promoting marketplace equality through DRR adoption. I also examine the role of religiosity in dampening the negative effect of PDB on brand outcomes following a brand's DRR adoption decision. Second, I identify perceived altruism as the mechanism driving the impacts of PDB on consumer reactions toward the brand. Previous CSR and CA researchers often considered perceived altruism a crucial factor driving consumer responses to firms' prosocial initiatives. However, they have devoted limited attention to identifying its determinants, mainly in the CA domain. The present research is among the first to show that PDB is a significant determinant of perceived altruism in response to the CA initiative. Third, unlike previous research focusing on a brand's public stance-taking, the present research is one of the first to explore consumer responses to CA initiatives implemented within the organisations that directly impact consumers and other stakeholders interacting with firms daily. Practically, this research provides more nuanced insights regarding the impact of PDB and religiosity on consumer reactions to a firm's CA initiative, providing a helpful guide to managers seeking to adopt activist initiatives as part of their corporate strategy. Herein, I review research on corporate activism and power distance belief. Next, I develop the research hypotheses, outline the methodology, and discuss the implications of my findings.

# Theoretical Background

## Corporate Activism and Power Distance Belief

Corporate activism refers to “a company’s willingness to take a stand on social, political, economic, and environmental issues to create societal change by influencing the attitudes and behaviours of actors in its institutional environment” (Eilert & Nappier Cherup, 2020, p.3). CA seems to be driven partly by a firm’s desire to fulfil its responsibilities to different stakeholders (e.g., consumers) and promote changes in the marketplace by challenging the existing harmful practices (Moorman, 2020). A firm CA initiative can take the form of taking public stances (i.e., external CA) or adopting practices first to promote the issue within the organisation (i.e., internal CA) (Eilert & Nappier Cherup, 2020). Scholars suggest that the latter may be less risky for companies and enhance the sincerity of the firm’s subsequent public stances on the issue, as stakeholders would perceive an alignment between the public stance and internal corporate practices (Vredenburg et al., 2020).

Notably, the proliferation of new media gives consumers more information about company activities (Meire et al., 2019), prompting them to increasingly criticise and punish brands deemed to engage in insincere activism (Hydock et al., 2020). For example, Nike faced backlash for supporting the Black Lives Matter Movement (BLM) deemed inconsistent with its corporate practices (Vredenburg et al., 2020). Thus, it seems more practical for firms to start their activist initiatives internally before taking public stances (Eilert & Nappier Cherup, 2020). Adopting DRR practices in a firm’s customer-facing and executive teams may be crucial for improving customer evaluations and firms’ marketing success. However, I expect power distance belief may influence consumers’ response to a firm’s DRR decision differently.

Power distance belief refers to how individuals view, expect and endorse societal inequality and hierarchies (Hofstede, 2001). High and low PDB continuum reflects people’s

acceptance of dependence versus interdependence in social relations (Hofstede et al., 2005). For instance, Zhang et al. (2010) indicate that the US is low in PDB while India scores high.

PDB manifests in the extent to which inequality is accepted, regardless of a person's access to power and wealth, and most people scoring high (vs. low) in PDB see inequality as an acceptable practice that guides interpersonal relationships (Hofstede et al., 2005). Research indicates that the impact of PDB also manifests at country levels, such that countries scoring high in PDB emphasize conformity to social norms, accepting that people should have a defined place in the social hierarchy (Winterich & Zhang, 2014). For example, sitting arrangement in Chinese banquets is set according to people's social status, reinforcing Chinese society's adherence to hierarchical structure (Hofstede, 2001). PDB also impact risk perception and the extent to which people feel responsible for others' welfare (Han et al., 2017).

Researchers have investigated the role of PDB in other domains, such as loyalty programs (Wang & Lalwani, 2019), impulsive buying (Zhang et al., 2010), charitable behaviour (Han et al., 2017; Winterich & Zhang, 2014), and brand transgression (Xu et al., 2021). More specifically, Wang and Lalwani (2019) indicate that power distance positively affects the satisfaction of customers who holds loyalty status but negatively influences the satisfaction of customers without loyalty status in the offering firm. Also, PDB has been shown to negatively predict impulsive buying, especially for vice (vs virtue) products (Zhang et al., 2010). Moreover, previous research indicates that PDB negatively affects consumer donation intentions (Han et al., 2017; Winterich & Zhang, 2014). Thus, PDB is an essential cultural dimension that pervasively affects consumer behaviour and consumption decisions (Xu et al., 2021), which may also be generalised to the CA domain. Given that minority groups in the US whose citizens are from countries like Nigeria, Egypt, and China score high in PDB (Hofstede et al., 2005), one would expect PDB to be positively associated with the adoption of racial equity policy. However, as discussed next, this may not be the case.

## Hypotheses Development

Previous research suggests that CA initiatives like DRR allow a consumer to assess the extent to which a firm's decision on DRR issues is congruent (vs incongruent) with their beliefs (Bhattacharya & Sen, 2003). Adopting DRR practices would generate positive consumer reactions for several reasons. First, unlike taking a public stance, which usually requires issuing statements to express a brand's view on a social issue, DRR practice adoption involves a substantial investment of time, effort, and financial resources to realise (Ahmad et al., 2022). Also, customers and other stakeholders can quickly feel the impact of a firm's DRR adoption through their daily interactions with the frontline staff (Khan & Kalra, 2022), making them perceive such initiatives as sincere. Thus, consumers may generally evaluate a firm's DRR adoption (vs non-adoption) decision positively (vs negatively), thereby generating higher (vs lower) WTP and AI intentions. Thus, I hypothesise that:

**H1:** DRR adoption (vs non-adoption) decision will lead to higher (vs lower) willingness to pay and advocacy intentions.

However, I argue that the effect of a firm's DRR adoption (vs non-adoption) decision on WTP and AI will be contingent on consumers' levels of PDB. Precisely, I predict a negative moderating effect of PDB on WTP and AI. I further propose perceived altruism as the mechanism underlying the proposed impacts. Moreover, I expect religiosity to dampen the adverse interaction effects of DRR practice adoption and PDB on brand outcomes. I discuss the rationales for these predictions in the next section. The proposed relationships are presented in the appendix (see Figure 1).

### **DRR Decision and Power Distance Belief**

As previously discussed, PDB reflects how individuals view and endorse societal inequality and hierarchies (Hofstede, 2001). High and low PDB continuum reflects people's acceptance of dependence versus interdependence in social relations (Hofstede et al., 2005).



Given that most people who may be vulnerable to race-based discrimination are those from countries scoring high on PDB, like China and India (Zhang et al., 2010), one would expect they would be more supportive of equality initiatives like DRR policy adoption. Thus, PDB should be positively associated with a firm's DRR policy adoption (vs non-adoption). However, I contend that PDB negatively affects consumer responses to a brand's DRR adoption decision.

People scoring high on PDB place more value on laws and rely on the existing system for protection against uncertainties (Leonidou et al., 2013); they show more respect for authority and prefer a hierarchical society (Hofstede, 2001). Conversely, people scoring low on PDB tend to focus on the moment, discounting self-restraints amid social provocation (Lee & Lalwani, 2023; Zhang et al., 2010). Individuals low in PDB prefer a society where everyone is treated equally, prompting them to criticise the injustices perpetuated by social institutions, including brands (Jost et al., 2017). Further, people high in PDB consider inequality a desirable social order and are more self-focused, making them less motivated to promote equality for others' welfare (Winterich & Zhang, 2014). However, individuals low in PDB detest inequality, show sensitivity to others' well-being, and feel more responsible for promoting societal equality (Han et al., 2017). DRR is an initiative to address racial inequality and its adverse impacts on consumers and other stakeholders within a firm. Inequality is associated with causing harm to others (Schein & Gray, 2018), and consumers low in PDB detest any form of inequality in social relations.

Importantly, when a powerful actor (i.e., a firm) takes action to promote equality through DRR initiatives, I expect low PDB consumers to support the brand through purchase and advocacy intentions more than those high in PDB. Conversely, a brand's inability to promote racial equality in the organisation can encourage discrimination against customers and other stakeholders (Poole et al., 2021). Scholars suggest that low PDB consumers tend to

respond harshly to marketplace discrimination affecting individuals' daily lives (Winterich & Zhang, 2014); racial discrimination is a common experience for minority consumers. Thus, consumers low in PDB should actively seek to punish a firm that fails to adopt DRR, which aims to address racial discrimination in the organisation. Conversely, consumers with high PDB, being self-focused and receptive to inequality, should care less or even oppose a firm's activities to address marketplace disparities. Consistent with previous research (Winterich & Zhang, 2014; Xu et al., 2021), I suggest that consumers' PDB would be negatively related to a firm's DRR adoption decision. Importantly, I expect a brand's DRR adoption (vs non-adoption) decision to generate higher (vs lower) willingness to pay and advocacy intentions among consumers with low levels of PDB. Thus, I hypothesise that:

**H2:** There is an interaction effect between a brand's DRR decision and PDB, such that the positive impact of a brand's DRR adoption (vs non-adoption) on willingness to pay and advocacy intentions will be stronger among consumers with low levels of PDB.

### **The Mediating Role of Perceived Altruism**

Altruism refers to being compassionate and caring toward others who require support (Eisenberg, 2000). In the prosocial context, perceived altruism is the belief that a brand's initiatives are primarily driven by its genuine concern for improving others' welfare (Ellen et al., 2006). Research on altruism suggests that people believe they should help those who help them (Cialdini, 1993). Altruism entails doing courageous and valuable things for others, signalling good intentions worthy of appreciation (Grappi et al., 2013; Jain et al., 2021). Notably, most people highly regard altruistic acts that benefit others (Winterich & Zhang, 2014), and reciprocal altruism may extend beyond interpersonal relationships to relationships with brands (Johnson et al., 2019). Previous research notes that people value a party's efforts devoted to altruistic activities to improve others' welfare as it allows them to infer genuine intentions to help (Gershon & Cryder, 2018). Indeed, the need to reciprocate altruistic deeds

may extend to situations where the benefit provider is rewarded by those who value the prosocial action despite not being direct beneficiaries. However, scholars contend that when evaluating a brand's social initiatives, people carefully consider whether or not the business genuinely cares about others' welfare to guide their reactions (Gershon & Cryder, 2018). Consumers are expected to perceive a firm's DRR practices as altruistic for two reasons.

First, unlike public stance-taking, which may be deemed a means to gain public attention, the adoption of DRR practice may appear more genuine to consumers (Mukherjee & Althuizen, 2020). Also, activist initiatives like DRR involve more time and financial resources to actualise, making consumers believe it would have a long-term social impact (Vredenburg et al., 2020). A DRR initiative deals with doing good to benefit others (Baek et al., 2022), which should prompt individuals to support the brand. Conversely, the failure of a brand to adopt a DRR initiative may be perceived as a non-altruistic act, which should encourage consumers to punish the brand. However, not all consumers will value altruism equally (Romani et al., 2013) and seek to reward (vs punish) the brand for its DRR decision. Research suggests that consumers low (vs high) in PDB care more about others (vs themselves), showing more interest in enhancing social welfare (Han et al., 2017). Also, it is expected that consumers low (vs high) in PDB will feel more concerned about whether a brand is altruistic through its DRR decisions. Thus, consumers low (vs high) in PDB should perceive the activist brand as more (vs less) altruistic following its DRR adoption (vs non-adoption) decision.

Previous research indicates that consumers are more motivated to reward (vs punish) brands' prosocial activities driven by altruistic concern for social welfare (Chernev & Blair, 2015; Ellen et al., 2006; Vlachos, 2012). For instance, Chernev & Blair (2015) indicate that consumers evaluated a brand's products more positively for its altruistic CSR initiatives. Similarly, recent studies show that perceived altruism mediates the relationship between CSR initiatives and brand loyalty, making consumers more receptive to low-fit brand extension

(Baek et al., 2022; Johnson et al., 2019). Aligning with these findings, I propose that perceived altruism mediates the moderated effect of DRR decisions on willingness to pay and advocacy intentions. Stated formally:

**H3:** Perceived altruism mediates the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions.

### **The Moderating Role of Religiosity**

Religion refers to a set of beliefs that produces in people strong and enduring feelings and goals by establishing notions of a general order of being (Geertz, 1973). Religious beliefs reflect a set of doctrines an individual understands and complies with the expectations (Bloodgood et al., 2008), while religiosity refers to the extent to which individuals adhere to the beliefs of their religion (Hyodo & Bolton, 2021). Religion helps articulate one's identity and purposes in life (Vitell, 2009). Religious values are central to the self-esteem of religious consumers, making them live according to their religious teachings (Swimberghe et al., 2011). Indeed, religion strongly affects consumer decisions, as 6 out of 10 US residents say it plays a crucial role in their lives, while 82% say they are Christians (Septianto et al., 2021; Swimberghe et al., 2011). Religion is a potent sociocultural factor that impacts people's behaviours, such as hostility towards others, brands, and ethical issues (Casidy et al., 2021; Swimberghe et al., 2011). Although scholars have explored the effect of religiosity on managers' prosocial decisions and services recovery (Cui et al., 2015; Hyodo & Bolton, 2021), its impact on consumer reaction to CA practices has not been investigated. Most world religions uphold that all men are created equal and should be treated the same (Cui et al., 2015). Accordingly, the golden rule of doing unto others as I expect to be treated seems to dominate Christian, Judaic, and Islamic religious teachings (Schumann et al., 2014). However, the role of religion seems to vary in different domains of consumer decisions. For instance, previous research indicates that religiosity is negatively related to consumers' support for equality issues

like LGBTQ+ rights (Swimberghe et al., 2011), and religious consumer tends to punish brands more following service failure (Casidy et al., 2021). Further, religious consumers are less supportive of environmental issues like recycling (Arli et al., 2022).

Conversely, scholars argue that religious consumers show more sensitivity to others' welfare, making them more likely to help in times of need (Hyodo & Bolton, 2021). Also, religious people adhere to religious ideals of being accommodative and generous towards others (Schumann et al., 2014; Shariff & Norenzayan, 2007). For instance, Shariff and Norenzayan (2007) show that religious individuals were helpful towards others in an anonymous economic game. Septianto et al. (2021) indicate that religious consumers are likelier to donate to charitable causes than their less-religious counterparts. Recent works suggest that religious consumers support brands that engage in prosocial activities that align with their values to uphold a good self-concept (Chowdhury et al., 2022; Cui et al., 2015). Specifically, Chowdhury et al. (2022) demonstrate that religious consumers are more likely to support a brand's controversial practice, like Sunday closure, as it aligns with their beliefs.

Consistent with these findings, I argue that since religion prompts consumers to embrace equal treatment of others, a firm's DRR initiative that promotes racial equality should appeal more to highly religious consumers, increasing their support for the brand. Importantly, I propose that religiosity serves as the boundary condition to the negative effect of PDB on consumer responses to a brand's DRR decision. Indeed, consumers subscribe to several values (Schein & Gray, 2018), and PDB appears to be a personal value that may be affected by religiosity. Thus, I expect religiosity, a value system that encourages prosocial behaviour and brand support (Chowdhury et al., 2022), to attenuate the interactive effect between a brand's DRR decision and PDB on brand outcomes. Specifically, I propose that highly religious consumers should appreciate and reward the brand's DRR adoption (vs. non-adoption) decision, regardless of their PDB. Stated formally:

**H4:** The interaction effect of a brand's DRR adoption decision and PDB on willingness to pay and advocacy intentions will be attenuated by religiosity, such that DRR adoption (vs. non-adoption) decision will lead to higher levels of willingness to pay and advocacy intentions among consumers with higher levels of religiosity, regardless of their PDB.

### **Overview of the Studies**

I conducted three studies to test the predictions. Study 1 tested the main effect of a brand's DRR adoption (vs non-adoption) decisions on willingness to pay and advocacy intentions (H1) and the moderating role of PDB (H2). Study 2 replicated study one's findings and tested the mediating role of perceived altruism (H3). Notably, PDB was manipulated in the study to improve the generalizability and managerial relevance of the findings. Lastly, Study 3 tested the full conceptual model by replicating the findings of Study 2 and establishing religiosity as a boundary condition (H4). Thus, studies 1-3 tested all the proposed relationships in the research model, measuring and manipulating the core constructs, thereby providing converging support for the research hypotheses. I presented the study stimuli and all measures in Appendix B. Also, attention and manipulation checks were included in the survey to improve data quality, making it possible to remove invalid responses before data analysis. Following previous research (Arli et al., 2022; Chowdhury et al., 2022), common method bias was mitigated in all the studies by adopting the guidelines of Podsakoff et al. (2012), like ensuring respondents' anonymity, collecting no personally identifiable information, and using clearly worded questionnaire items. Finally, Herman's single factor was used to load all the latent variables in a single factor; for each study, the factors jointly explained less than 50% of the variance (study 1 = 43.6.2%; study 2 = primed; study 3 = 35.1%), confirming that common method bias is not a serious concern.

# Research Methodology

## Study 1

### Overview

The aim of study 1 is to provide initial evidence for the main effect of a brand's DRR adoption (vs non-adoption) decision on WTP and AI and the moderating role of PDB. I expect a positive (vs negative) main effect of a brand's DRR adoption (vs non-adoption) decision and a negative moderating role of PDB on the outcome variables.

### Method

The study employed a single-factor, two-level (Brand DRR decision: adoption, non-adoption) between-subjects design. One hundred and thirty-one US participants from Amazon's Mechanical Turk (MTurk) participated and were given a small monetary incentive. To prime the brand's decision, I focus on a brand's diverse racial representation (i.e., DRR) adoption (vs non-adoption) decision. Participants were randomly assigned to the experimental conditions. The respondents were shown different versions of a fictitious news article describing the recent social initiative of a fictitious financial services brand, Palaviz. The participants assigned to the DRR adoption condition read the information regarding Palaviz's adoption of a policy of having a fair representation of staff from minority racial groups in all of its customer-facing and executive teams. The other participants read that the brand does not adopt the DRR policy (see Appendix B). Then, participants answered questions on willingness to pay, advocacy intentions, PDB, and political ideology and provided their demographics.

## **Measures**

PDB was measured using five items ( $\alpha = 0.926$ ), adapted from Yoo et al. (2011). Willingness to pay was measured using three items ( $\alpha = 0.861$ ), adapted from Chaudhuri & Holbrook (2001). Also, advocacy intentions were measured using three items ( $\alpha = 0.976$ ), adapted from Xie et al. (2015). All measures were on a 7-point Likert scale (1 -strongly disagree, 7 = strongly agree; see Appendix A). Finally, I also measured political ideology using a single item adapted from previous research (1 = strongly liberal; 7 = strongly conservative; Jost, (2006).

## **Analysis and Results**

I removed three observations that failed the attention checks, leaving 128 valid responses for data analysis (60.2% male, Estimated Median<sub>age</sub> = 43.3, range 18-59+).

I assessed H1 by testing whether a brand's DRR policy adoption (vs non-adoption) had a main effect on willingness to pay and advocacy intentions.

### **Willingness to Pay and Advocacy Intentions**

The result of a separate one-way analysis of variance (ANOVA) using willingness to pay and advocacy intentions as the dependent variables showed a significant mean difference between the two experimental conditions in terms of willingness to pay ( $F(1, 127) = 28.03$ ;  $p < 0.01$ ) and advocacy intentions ( $F(1, 127) = 38.28$ ;  $p < 0.01$ ). Specifically, the results showed that willingness to pay was higher in the DRR policy adoption condition ( $M_{\text{adoption}} = 3.90$ ,  $SD = 1.62$ ) than in the DRR policy non-adoption condition ( $M_{\text{non\_adoption}} = 2.48$ ,  $SD = 1.42$ ). Similarly, brand advocacy intentions were higher in the DRR policy adoption condition ( $M_{\text{adoption}} = 4.52$ ,  $SD = 1.65$ ) than in the DRR policy non-adoption condition ( $M_{\text{non\_adoption}} = 2.67$ ,  $SD = 1.72$ ). Thus, the results supported H1, confirming that consumers are generally more



willing to reward (vs punish) a brand following the DRR policy adoption (vs non-adoption) decision (see Figure 2). Next, I test H2.

To assess the interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions (i.e., H2), I ran a test of moderation. To do this, I utilised Hayes' (2017) PROCESS Model 1 with 5,000 bootstrap resamples using the brand's DRR decision as the predictor, PDB as the moderator, and willingness to pay and advocacy intentions as the dependent variables, while political ideology was added as a covariate. The result revealed a main effect of a brand's DRR policy decision on willingness to pay ( $b = 1.54$ ,  $SE = 0.25$ ,  $p < 0.01$ ) and advocacy intentions ( $b = 1.90$ ,  $SE = 0.27$ ,  $p < 0.01$ ), a main effect of PDB on willingness to pay ( $b = 1.90$ ,  $SE = 0.27$ ,  $p = 0.01$ ) and advocacy intentions ( $b = 1.72$ ,  $SE = 0.30$ ,  $p < 0.001$ ), a main effect of political ideology on willingness to pay ( $b = -0.17$ ,  $SE = 0.08$ ,  $p < 0.05$ ), but an insignificant effect on advocacy intentions ( $b = -0.09$ ,  $SE = 0.08$ ,  $p > 0.05$ ). Thus, political conservatives (vs. liberals) responded negatively towards the brand.

Notably, there was a significant negative interaction effect of a brand's DRR decision and PDB on willingness to pay ( $b = -0.61$ ;  $SE = 0.18$ ,  $p < 0.01$ ). More specifically, following the DRR adoption (vs non-adoption) decision, the mean difference in willingness to pay was higher among consumers low in PDB ( $M_{\text{adoption}} 3.89$  vs  $M_{\text{non-adoption}} 1.49$ ;  $b = 2.40$ ,  $SE = 0.36$ ;  $p < 0.01$ ). However, such difference in willingness to pay was weaker and marginally significant among consumers high in PDB ( $M_{\text{adoption}} 4.03$  vs  $M_{\text{non-adoption}} 3.35$ ;  $b = 0.68$ ,  $SE = 0.36$ ;  $p = 0.06$ ). Similarly, I found a significant negative interaction effect of the brand's DRR decision and PDB on advocacy intentions ( $b = -0.91$ ;  $SE = 0.19$ ,  $p < 0.01$ ). Specifically, following the DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ( $M_{\text{adoption}} 4.70$  vs  $M_{\text{non-adoption}} 1.51$ ;  $b = 3.19$ ,  $SE = 0.39$ ;  $p < 0.01$ ). Conversely, such difference in advocacy intentions was weaker and insignificant among consumers high in PDB ( $M_{\text{adoption}} 4.40$  vs  $M_{\text{non-adoption}} 3.77$ ;  $b = 0.62$ ,  $SE = 0.38$ ;  $p = 0.10$ ). These results supported H2,

demonstrating that PDB significantly but negatively moderates the effect of DRR policy adoption (vs non-adoption) decisions on brand outcomes (see Figure 3).

## **Discussion**

Study one provides initial support for the main effects of a brand's DRR policy decision and the negative interaction effect of the DRR decision and PDB on willingness to pay and advocacy intentions (H1). Consumers respond more positively following a brand's DRR policy adoption (vs non-adoption) decision. More specifically, willingness to pay and advocacy intentions were higher following the DRR policy adoption (vs non-adoption) decision among consumers low in PDB. However, the positive effect of the brand's DRR policy adoption (vs non-adoption) decision among consumers high in PDB was weaker. The effects of PDB were robust to the inclusions of political ideology and respondents' racial affiliations. Given these results, providing evidence of the mechanisms driving the observed effects is crucial. Another essential concern is improving the generalizability and managerial relevance of the results of study one. Study two seeks to address these concerns.

## **Study 2**

### **Overview**

The aims of study 2 are threefold. The first is to replicate study one's findings, thereby providing additional evidence for the effect of the DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions and the moderating role of PDB. Second, I aim to improve the generalizability and managerial relevance of study one's results by manipulating PDB. Finally, and most importantly, I test the mediating role of perceived altruism as the mechanism driving the observed interactive effect of DRR decision and PDB on WTP and AI

(H3). I expect a negative interaction effect of a brand's DRR adoption decision and PDB on the outcome variables driven by perceived altruism.

### **Method**

The study employed a 2 (Brand DRR decision: adoption, non-adoption) by 2 (PDB: low, high) between-subjects design. Two hundred and forty US participants from Amazon's MTurk participated in exchange for a small monetary reward. As in study one, I manipulated a brand's DRR decision (i.e., adoption vs non-adoption) using a fictitious news article. PDB was manipulated by asking participants to list three reasons in support of (vs against) the statement: "There should be an order of inequality in this world in which everyone has a rightful place; high and low are protected by this order" Adapted from (Zhang et al., 2010). Participants in the high (vs low) PDB condition listed arguments in support of (vs against) the statement. I assessed the manipulation check using the PDB scales in study one (Yoo et al., 2011). As in study one, the respondents were randomly assigned to one of the experimental conditions and then answered questions regarding willingness to pay, advocacy intentions, and PDB. Perceived altruism was measured with five items ( $\alpha = 0.973$ ), adapted from (Ellen et al., 2006). Finally, respondents responded to the measure of political ideology and provided their demographics.

### **Analysis and Results**

I removed the observations that failed the attention checks, leaving 227 valid responses for data analysis (58.1% male, Estimated Median<sub>age</sub> = 40.7, range 18-59+). I assessed the manipulation of power distance belief before testing the hypotheses.

**Manipulation Check:** ANOVA indicates that the manipulation of PDB was successful as respondents in the high (vs low) PDB condition scored higher (vs lower) on the measure of PDB ( $M_{\text{high PDB}} = 2.73$ ,  $SD = 1.38$  vs  $M_{\text{low PDB}} = 2.36$ ,  $SD = 1.28$ ;  $F(1, 226) = 4.29$ ,  $p < 0.05$ ).

### **Willingness to Pay and Advocacy Intentions**

The ANOVA results showed a significant mean difference between the two experimental conditions for willingness to pay ( $F(1, 226) = 92.28$ ;  $p < 0.01$ ) and advocacy intentions ( $F(1, 226) = 111.78$ ;  $p < 0.01$ ). Precisely, willingness to pay was higher in the DRR policy adoption condition ( $M_{\text{adoption}} = 4.35$ ,  $SD = 1.49$ ) than in the DRR policy non-adoption condition ( $M_{\text{non\_adoption}} = 2.53$ ,  $SD = 1.36$ ). Similarly, brand advocacy intentions were higher following the adoption of the DRR policy ( $M_{\text{adoption}} = 4.63$ ,  $SD = 1.59$ ) than the DRR non-adoption policy ( $M_{\text{non\_adoption}} = 2.46$ ,  $SD = 1.50$ ). Thus, the results further supported H1. I conducted separate two-way ANOVA using WTP and AI as dependent variables to test H2. I used a brand's DRR decision (adoption vs non-adoption), PDB prime (low vs high) and their interaction as independent variables, and willingness to pay and advocacy intentions as dependent variables. The ANOVA results showed a main effect of the DRR decision ( $F(1, 226) = 94.32$ ,  $p < 0.01$ ) and a marginal impact of PDB prime ( $F(1, 226) = 3.76$ ,  $p = 0.05$ ) on willingness to pay. There was also a main effect of the DRR decision ( $F(1, 226) = 114.48$ ,  $p < 0.01$ ) and an insignificant main effect of PDB prime ( $F(1, 226) = 0.59$ ,  $p = 0.05$ ) on advocacy intentions.

Notably, the results showed a significant interaction effect of a brand's DRR decision and PDB prime on willingness to pay ( $F(1, 226) = 4.33$ ,  $p < 0.05$ ) and advocacy intentions ( $F(1, 226) = 7.96$ ,  $p < 0.01$ ). Precisely, following a brand's DRR adoption (vs non-adoption) decision, there was a higher mean difference in willingness to pay among consumers low in PDB ( $M_{\text{adoption}} = 4.37$ ,  $SD = 1.45$  vs  $M_{\text{non-adoption}} = 2.15$ ,  $SD = 1.08$ ,  $b = 2.21$ ,  $SE = 0.27$ ;  $p <$

0.01). However, such difference in willingness to pay was weaker among consumers high in PDB ( $M_{\text{adoption}} = 4.34$ ,  $SD = 1.54$  vs  $M_{\text{non-adoption}} = 2.91$ ,  $SD = 1.51$ ,  $b = 1.43$ ,  $SE = 0.26$ ;  $p < 0.01$ ). Similarly, following a brand's DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ( $M_{\text{adoption}} = 4.84$ ,  $SD = 1.37$  vs  $M_{\text{non-adoption}} = 2.10$ ,  $SD = 1.25$ ,  $b = 2.74$ ,  $SE = 0.29$ ;  $p < 0.01$ ). However, the mean difference in advocacy intentions was weaker among consumers high in PDB ( $M_{\text{adoption}} = 4.42$ ,  $SD = 1.77$  vs  $M_{\text{non-adoption}} = 2.82$ ,  $SD = 1.65$ ,  $b = 1.60$ ,  $SE = 0.29$ ;  $p < 0.01$ ). I removed political ideology ( $b = 0.03$ ,  $SE = 0.05$ ,  $p > 0.05$ ) and race ( $b = 0.03$ ,  $SE = 0.09$ ,  $p > 0.05$ ) in the subsequent analysis since they are insignificant covariates. The insignificant impact of these variables means that the proposed effect of PDB on consumer reactions towards the brand holds regardless of their effect. Thus, removing them would not change the results. These results provided additional support for H2 regarding the negative moderating role of PDB on the effects of a brand's DRR decision on willingness to pay and advocacy intentions (see Figure 4 below). Next, I assessed the interaction effect of a brand's DRR decision and PDB on perceived altruism.

### **Perceived Altruism**

An ANOVA results with a brand's DRR decision (i.e., adoption vs non-adoption) as the independent variable and perceived altruism as the dependent variable showed a significant mean difference between the two experimental conditions for perceived altruism ( $F(1, 226) = 328.49$ ;  $p < 0.01$ ). Specifically, perceived altruism was higher in the DRR policy adoption conditions ( $M_{\text{adoption}} = 5.35$ ,  $SD = 1.24$ ) than in the DRR policy non-adoption condition ( $M_{\text{non-adoption}} = 2.15$ ,  $SD = 1.42$ ). I conducted a two-way ANOVA using a brand's DRR decision (adoption vs non-adoption, PDB prime (low vs high) and their interaction as independent variables and perceived altruism as the dependent variable. The results show a main effect of DRR decision on perceived altruism ( $F(1, 226) = 336.99$ ;  $p < 0.01$ ), no main effect of power

distance belief prime on perceived altruism ( $F(1, 226) = 2.33; p > 0.05$ ), and no main impact of political ideology on perceived altruism ( $F(1, 226) = 0.23; p > 0.05$ ). Notably, there was a significant interaction effect of a brand's DRR decision and PDB on perceived altruism ( $F(1, 226) = 6.54; p = 0.01$ ). Specifically, following a brand's DRR adoption (vs non-adoption) decision, perceived altruism was higher among consumers low in PDB ( $M_{\text{adoption}} = 5.45, SD = 1.29$  vs  $M_{\text{non-adoption}} = 1.79, SD = 1.09, b = 3.65, SE = 0.25; p < 0.01$ ). However, the difference in perceived altruism was weaker among consumers high in PDB ( $M_{\text{adoption}} = 5.26, SD = 1.20$  vs  $M_{\text{non-adoption}} = 2.51, SD = 1.61, b = 2.76, SE = 0.25; p < 0.01$ ). Next, I provide evidence that perceived altruism drives the interaction effects of a brand's DRR decision and PDB on willingness to pay and advocacy intentions.

### **Moderated Mediation**

I ran two tests of moderated mediation to assess the mediating role of perceived altruism on the interaction effect of a brand's CA policy decision and power distance belief on willingness to pay and advocacy intentions. To do this, I utilised PROCESS Model 8 with 5000 bootstraps resamples using the brand's DRR decision as the predictor, power distance belief as the moderator, and perceived altruism as the mediator, while willingness to pay and advocacy intentions were the dependent variables. The result showed a main effect of perceived altruism on willingness to pay ( $b = 0.61, SE = 0.06, p < 0.01$ ). Importantly, there was a significant negative index of moderated mediation for willingness to pay ( $I = -0.55, SE = 0.24, 95\% CI = [-1.064, -0.112]$ ). Specifically, following a brand's DRR non-adoption (vs adoption) decision, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ( $b = 2.26, CI [1.72, 2.92]$ ) than those high in PDB ( $b = 1.71, CI [1.30, 2.20]$ ), which led them to respond less (vs more) favourably. Accordingly, perceived altruism

significantly mediated the interaction effect of a brand's DRR decision and power distance belief on willingness to pay.

Similarly, the result revealed a main effect of perceived altruism on advocacy intentions ( $b = 0.77$ ,  $SE = 0.06$ ,  $p < 0.01$ ). Notably, there was a significant negative index of moderated mediation for advocacy intentions ( $I = -0.69$ ,  $SE = 0.28$ ,  $95\% \text{ CI} = [-1.241, -0.148]$ ). Specifically, following a brand's DRR non-adoption (vs adoption) decision, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ( $b = 2.81$ ,  $\text{CI} [2.24, 3.39]$ ) than those high in PDB ( $b = 2.12$ ,  $\text{CI} [1.64, 2.64]$ ), which led them to respond less (vs more) favourably. Thus, perceived altruism significantly mediated the interaction effect of a brand's DRR decision and power distance belief on advocacy intentions. These results supported H3, confirming the mediating role of perceived altruism on the interaction effect of a brand's DRR decision and power distance belief on willingness to pay and advocacy intentions.

## **Discussion**

Study two provides additional support for the main effect of a brand's DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions (H1) and the moderating role of PDB (H2). Importantly, the study confirmed the mediating role of perceived altruism (H3). Consumers respond more positively (vs negatively) following a brand's DRR policy adoption (vs non-adoption) decision. More specifically, following the DRR policy adoption (vs non-adoption) decision, willingness to pay and advocacy intentions were higher for consumers low in PDB. However, the effects of a brand's DRR adoption (vs non-adoption) decisions on WTP and AI were weaker for consumers with high levels of PDB. Moreover, these effects were mediated by perceived altruism and held when PDB was measured and primed. A final concern in this research is how to mitigate the weak reactions of consumers

with high levels of PDB following a brand's DRR adoption and non-adoption decisions. Study 3 seeks to address this concern, establishing religiosity as a boundary condition to the effect of PDB on brand outcomes.

### **Study 3**

#### **Overview**

Study three aims further to replicate the results of studies one and two. Another objective of the study is to establish religiosity as a boundary to the interactive effect between a brand's DRR adoption and PDB (H4). Specifically, I expect that the interaction effect of a brand's DRR adoption decision and PDB on the outcome variables would be attenuated among consumers with high levels of religiosity.

#### **Method**

The study employed a single factor (Brand DRR decision: adoption, non-adoption) between between-subjects design. Two hundred and sixty US participants from Amazon's MTurk participated in exchange for a small monetary reward. As in study one, I manipulated the brand's DRR decision using a fictitious news article, and participants were randomly assigned to the experimental conditions. After reading the news article in their assigned conditions, participants answered questions on willingness to pay, advocacy intentions, and PDB. Further, religiosity was measured using five items ( $\alpha = 0.892$ ), adapted from (McGregor et al., 2010). Finally, respondents answered questions about political ideology and their demographics.



## Analysis and Results

I removed observations that failed the attention checks, leaving 233 valid responses for data analysis (48.9% male, Estimated Median<sub>age</sub> = 41.4, range 18-59+).

### Willingness to Pay and Advocacy Intentions

ANOVA results using willingness to pay and advocacy intentions as the dependent variables showed a significant mean difference between the two experimental conditions in terms of willingness to pay ( $F(1, 232) = 88.22$ ;  $p < 0.01$ ) and advocacy intentions ( $F(1, 232) = 121.33$ ;  $p < 0.01$ ). Specifically, the results show that willingness to pay was higher for the DRR policy adoption condition ( $M_{\text{adoption}} = 4.20$ ,  $SD = 1.28$ ) than the DRR policy non-adoption condition ( $M_{\text{non\_adoption}} = 2.56$ ,  $SD = 1.37$ ). Similarly, brand advocacy intentions were higher following the adoption of the DRR policy ( $M_{\text{adoption}} = 4.86$ ,  $SD = 1.60$ ) than the DRR non-adoption policy ( $M_{\text{non\_adoption}} = 2.53$ ,  $SD = 1.62$ ). Thus, the results further supported H1, confirming that consumers reward (vs punish) a brand following the DRR adoption (vs non-adoption) decision.

To assess the interaction effect of a brand's DRR decision and power distance belief on willingness to pay and advocacy intentions (i.e., H1), I ran a test of moderation. To do this, I utilised PROCESS Model 1 using the brand's DRR decision (adoption vs non-adoption) as the predictor, power distance belief as the moderator, willingness to pay and advocacy intentions as the dependent variables, while political ideology was added as a covariate. The result revealed a main effect of a brand's DRR policy decision on willingness to pay ( $b = 1.57$ ,  $SE = 0.17$ ,  $p < 0.01$ ) and advocacy intentions ( $b = 2.32$ ,  $SE = 0.20$ ,  $p < 0.01$ ), a main effect of power distance belief on willingness to pay ( $b = 0.73$ ,  $SE = 0.20$ ,  $p < 0.01$ ) and advocacy intentions ( $b = 1.08$ ,  $SE = 0.24$ ,  $p < 0.001$ ), an insignificant effect of political ideology on willingness to pay ( $b = -0.06$ ,  $SE = 0.05$ ,  $p = 0.18$ ) and advocacy intentions ( $b = -0.04$ ,  $SE = 0.06$ ,  $p = 0.45$ ).

Notably, there was a significant negative interaction effect of a brand's DRR decision and power distance belief on willingness to pay ( $b = -0.29$ ;  $SE = 0.12$ ,  $p < 0.01$ ). Precisely, following the DRR adoption (vs non-adoption) decision, willingness to pay was higher among consumers low in power distance belief ( $M_{\text{adoption}} 3.97$  vs  $M_{\text{non-adoption}} 1.99$ ;  $b = 1.97$ ,  $SE = 0.24$ ;  $p < 0.01$ ). However, the difference in willingness to pay was weaker among consumers high in PDB ( $M_{\text{adoption}} 4.38$  vs  $M_{\text{non-adoption}} 3.20$ ;  $b = 1.18$ ,  $SE = 0.24$ ;  $p < 0.01$ ). Similarly, I found a significant negative interaction effect of the brand's DRR decision and power distance belief on advocacy intentions ( $b = -0.60$ ;  $SE = 0.15$ ,  $p < 0.01$ ). Specifically, following the DRR adoption (vs non-adoption) decision, advocacy intentions were higher among consumers low in PDB ( $M_{\text{adoption}} 5.03$  vs  $M_{\text{non-adoption}} 1.90$ ;  $b = 3.14$ ,  $SE = 0.29$ ;  $p < 0.01$ ). Conversely, the difference in advocacy intentions was weaker among consumers high in PDB ( $M_{\text{adoption}} 4.71$  vs  $M_{\text{non-adoption}} 3.22$ ;  $b = 1.49$ ,  $SE = 0.29$ ;  $p < 0.01$ ). These results further support H2, demonstrating that PDB significantly but negatively moderates the effect of DRR policy adoption (vs non-adoption) decisions on brand outcomes (see Figure 5).

### **Perceived Altruism**

An ANOVA results with a brand's DRR decision (adoption vs non-adoption) as the independent variable and perceived altruism as the dependent variable showed a significant mean difference between the two experimental conditions for perceived altruism ( $F(1, 232) = 319.58$ ;  $p < 0.01$ ). Specifically, perceived altruism was higher in the DRR policy adoption conditions ( $M_{\text{adoption}} = 5.55$ ,  $SD = 1.36$ ) than in the DRR policy non-adoption condition ( $M_{\text{non\_adoption}} = 2.18$ ,  $SD = 1.51$ ). I also conducted a moderation test to assess the interaction effect of a brand's DRR decision and power distance belief on perceived altruism. To do this, I utilised PROCESS Model 1 with 5000 bootstrap samples using the brand's DRR decision as the predictor, power distance belief as the moderator, perceived altruism as the dependent

variable, and political ideology as a covariate. The results showed a main effect of the brand's DRR decision on perceived altruism ( $b = 3.35$ ,  $SE = 0.18$ ;  $p < 0.01$ ), a main effect of power distance belief on perceived altruism ( $b = 0.89$ ,  $SE = 0.22$ ;  $p < 0.01$ ), and no impact of political ideology on perceived altruism ( $b = -0.01$ ,  $SE = 0.05$ ;  $p > 0.05$ ). Importantly, there was a significant interaction effect of the brand's DRR decision and PDB on perceived altruism ( $b = -0.50$ ,  $SE = 0.13$ ;  $p < 0.01$ ). Specifically, following the DRR adoption (vs non-adoption) decision, perceived altruism was higher among consumers low in PDB ( $M_{\text{adoption}} = 5.70$  vs  $M_{\text{non-adoption}} = 1.67$ ;  $b = 4.03$ ,  $SE = 0.26$ ;  $p < 0.01$ ). However, the difference in perceived altruism was weaker among consumers high in PDB ( $M_{\text{adoption}} = 5.41$  vs  $M_{\text{non-adoption}} = 2.74$ ,  $b = 2.66$ ,  $SE = 0.26$ ;  $p < 0.01$ ). Next, I examined the mediating role of perceived altruism.

### **Moderated Mediation**

I ran two tests of moderated mediation to test the mediating role of perceived altruism on the interaction effect of a brand's DRR policy decision and power distance belief on willingness to pay and advocacy intentions. To do this, I utilised PROCESS Model 8 with 5000 bootstrap samples using the brand's DRR decision as the predictor, power distance belief as the moderator, and perceived altruism as the mediator, while willingness to pay and advocacy intentions were the dependent variables. The result revealed a main effect of perceived altruism on willingness to pay ( $b = 0.56$ ,  $SE = 0.05$ ,  $p < 0.01$ ). Notably, there was a significant negative index of moderated mediation for willingness to pay ( $I = -0.28$ ,  $SE = 0.09$ ,  $95\% \text{ CI} = [-0.478, -0.110]$ ). Specifically, following a brand's DRR non-adoption (vs adoption) decision, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ( $b = 2.25$ ,  $\text{CI} [1.78, 2.81]$ ) than those high in PDB ( $b = 1.49$ ,  $\text{CI} [1.06, 1.95]$ ), which led them to respond less (vs more) favourably. Accordingly, perceived altruism

mediated the negative interaction effect of a brand's DRR decision and power distance belief on willingness to pay.

Also, the result showed a main effect of perceived altruism on advocacy intentions ( $b = 0.70$ ,  $SE = 0.06$ ,  $p < 0.01$ ). Notably, there was a significant negative index of moderated mediation for advocacy intentions ( $I = -0.35$ ,  $SE = 0.11$ ,  $95\% \text{ CI} = [-0.596, -0.145]$ ).

Specifically, following a brand's DRR non-adoption decision, the indirect effect of a brand's DRR decision through perceived altruism was lower among consumers low in PDB ( $b = 2.82$ ,  $\text{CI} [2.25, 3.48]$ ) than those high in PDB ( $b = 1.86$ ,  $\text{CI} [1.33, 2.42]$ ), prompting them to respond less (vs more) favourably. Thus, perceived altruism mediated the negative interaction of a brand's DRR decision and power distance belief on advocacy intentions. These results support the mediating role of perceived altruism on the interaction effect of a brand's DRR decision and power distance belief on willingness to pay and advocacy intentions (H3). Next, I test (H4), establishing religiosity as the boundary condition to the interactive effect of a brand's DRR decision and PDB on brand outcomes (H4).

### **Religiosity as a Boundary Condition**

To test H4, I used PROCESS Model 3, a moderated moderation model. The brand's DRR decision (i.e., adoption vs non-adoption), power distance belief, religiosity and their interactions were used as the independent variables, willingness to pay and advocacy intentions were the dependent variables, and political ideology was a covariate. The results indicated no main effect of religiosity on willingness to pay ( $b = -0.16$ ,  $SE = 0.16$ ,  $p > 0.05$ ) and no main effect of political ideology ( $b = -0.04$ ,  $SE = 0.05$ ,  $p > 0.05$ ) on willingness to pay. Notably, I found a significant three-way interaction effect on willingness to pay ( $b = 0.18$ ,  $SE = 0.08$ ,  $p < 0.05$ ). Precisely, when examining low levels (i.e.,  $-1SD$ ) of religiosity, following the DRR policy adoption (vs. non-adoption), willingness to pay increased among consumers low in PDB

( $M_{\text{adoption}} = 4.27$  vs.  $M_{\text{non-adoption}} = 1.90$ ;  $b = 2.37$ ,  $SE = 0.33$ ,  $p < 0.01$ ). Such effect was weaker among consumers high in PDB ( $M_{\text{adoption}} = 4.16$  vs.  $M_{\text{non-adoption}} = 3.65$ ;  $b = 0.51$ ,  $SE = 0.41$ ,  $p > 0.05$ ). However, the interaction effect between DRR policy adoption and PDB was attenuated at high levels (i.e., +1SD) of religiosity. Precisely, following the DRR policy adoption (vs. non-adoption), willingness to pay increased among consumers high in PDB ( $M_{\text{adoption}} = 4.51$  vs.  $M_{\text{non-adoption}} = 2.95$ ;  $b = 1.56$ ,  $SE = 0.33$ ,  $p < 0.01$ ) and low in PDB ( $M_{\text{adoption}} = 3.77$  vs.  $M_{\text{non-adoption}} = 1.99$ ;  $b = 1.78$ ,  $SE = 0.31$ ,  $p < 0.01$ ).

Further, religiosity had no main effect on advocacy intentions ( $b = -0.18$ ,  $SE = 0.20$ ,  $p > 0.38$ ), and political ideology had no impact on advocacy intentions ( $b = -0.04$ ,  $SE = 0.06$ ,  $p > 0.48$ ). More importantly, I found a significant three-way interaction effect on advocacy intentions ( $b = 0.30$ ,  $SE = 0.10$ ,  $p < 0.01$ ). Specifically, when examining low levels (i.e., -1SD) of religiosity, following the DRR policy adoption (vs. non-adoption), advocacy intentions increased among consumers low in PDB ( $M_{\text{adoption}} = 5.16$  vs.  $M_{\text{non-adoption}} = 1.46$ ;  $b = 3.71$ ,  $SE = 0.40$ ,  $p < 0.01$ ). Such effect was weaker among consumers high in PDB ( $M_{\text{adoption}} = 4.15$  vs.  $M_{\text{non-adoption}} = 3.86$ ;  $b = 0.29$ ,  $SE = 0.50$ ,  $p > 0.05$ ). However, the interaction effect between DRR policy adoption and PDB was attenuated at high levels (i.e., +1SD) of religiosity. Specifically, following the DRR policy adoption (vs. non-adoption), advocacy intentions increased among consumers high in PDB ( $M_{\text{adoption}} = 5.12$  vs.  $M_{\text{non-adoption}} = 2.98$ ;  $b = 2.14$ ,  $SE = 0.39$ ,  $p < 0.01$ ) and low in PDB ( $M_{\text{adoption}} = 4.99$  vs.  $M_{\text{non-adoption}} = 2.16$ ;  $b = 2.84$ ,  $SE = 0.37$ ,  $p < 0.01$ ). These results supported H4, establishing religiosity as a boundary condition. Figures 6 and 7 present the graph for visualising the discussed attenuating role of religiosity on the dependent variables for study 3.

## **Discussion**

Study three provides additional support for the main effect of a brand's DRR decision on willingness to pay and advocacy intentions (H1), the moderating role of PDB (H2) and the mediating role of perceived altruism (H3). Overall, willingness to pay and advocacy intentions were higher following a brand's DRR policy adoption (vs non-adoption) decision. More specifically, the positive impacts of a brand's DRR policy adoption (vs non-adoption) decision on willingness to pay and advocacy intentions were stronger for consumers low in PDB. Moreover, these effects were driven by perceived altruism. Finally, I established high levels of religiosity as an essential boundary condition, attenuating the negative interaction effects of a brand's DRR policy decision and power distance belief on the brand outcomes (H4).

## **General Discussion**

This research investigated the effect of a brand's DRR adoption (vs non-adoption) decision on willingness to pay and advocacy intentions. It further examined the moderating roles of power distance belief, perceived altruism, and religiosity. In three experiments, I demonstrate that a brand's DRR adoption (vs non-adoption) decision generally increases consumers' willingness to pay and advocacy intentions. The results also show that the positive effects of a brand's DRR policy adoption decision on brand outcomes are stronger (vs weaker) among consumers low (vs high) in power distance belief, driven by perceived brand altruism. Moreover, I identify religiosity as an essential boundary condition that attenuates the observed effect of power distance belief on brand outcomes. Specifically, I found that following a firm's DRR adoption (vs non-adoption) decision, willingness to pay and advocacy intentions were higher among religious (vs less religious) consumers high in PDB. Conversely, following the brand's DRR policy adoption (vs non-adoption) decision, religiosity does not play a similar role in the reactions of consumers low in power distance beliefs.

## Theoretical Contributions

The present research contributes to the branding and marketing literature in several ways. This research is one of the first to empirically examine the role of PDB and religiosity on consumer reactions to a firm's DRR initiatives. These cultural and religious variables have a crucial impact on marketing. I provide new insights into how PDB can prompt consumers to punish a brand for failing to promote (vs promoting) marketplace equality through adopting the DRR policy. This research demonstrates that consumers low (vs high) in PDB respond more positively (vs negatively) to a brand's DRR adoption (vs non-adoption) decision, increasing (vs decreasing) their willingness to pay and advocacy intentions. This finding is essential, showing that not all consumers will condone brands for failing to promote (vs promoting) racial equity.

Further, I demonstrate the role of religiosity in mitigating the negative effect of PDB on brand outcomes following a firm's DRR adoption decision. Specifically, I show that following a brand's DRR adoption (vs non-adoption) decision, willingness to pay and advocacy intentions were higher among religious (vs less religious) consumers high in PDB. Conversely, there were no significant differences in brand outcomes among religious (vs less-religious) consumers low in PDB. The present research may be among the first to establish religiosity as a crucial variable in attenuating power distance beliefs' effect in the CA context. Thus, I contribute to the growing research on the impact of PDB and religiosity on consumer behaviour (Casidy et al., 2021; Hyodo & Bolton, 2021; Lee & Lalwani, 2023).

Also, I identify perceived altruism as the mechanism driving the impacts of a brand's DRR decision on consumer reactions toward the brand. Previous CSR and CA researchers often referred to perceived altruism as a crucial factor driving consumer responses to firms' prosocial initiatives (Baek et al., 2022; Ellen et al., 2006; Vredenburg et al., 2020). However, the determinants of perceived altruism have rarely been researched in the CA domain. The

present research is among the first to show that a brand's DRR adoption and PDB are predictors of perceived altruism, which drives consumers' positive reactions toward a brand. Thus, I establish a link between corporate activism, PDB and altruism, contributing to the growing research on altruistic consumption (Chernev & Blair, 2015; Vlachos, 2012).

Finally, unlike previous research focusing on a brand's public stance-taking (Garg & Saluja, 2022; Hydock et al., 2020), the present study is among the first to explore consumer responses to CA initiatives implemented within the organisations that directly impact consumers and other stakeholders interacting with brands daily. Overall, my research shows that consumers value and reward brands promoting racial equity in their organisations.

## **Managerial Implications**

In the present age, the prominence of digital media allows consumers to constantly stay updated about the activities of brands and respond positively or negatively (Meire et al., 2019). The findings of this research provide valuable insights for managers in several ways.

First, this research shows that DRR policy adoption is essential to consumers, and they perceive the initiative as altruistic, prompting them to reward (vs punish) the adopting (vs non-adopting) brands. This finding is crucial and shows that consumers value and reward or punish the brand's internal activism initiatives. Notably, internal activism seems more promising than public stance-taking. It would be a good starting point for brands to build public confidence regarding their views about controversial social issues before taking a public stance. Thus, brand managers should consider starting their activism campaign by addressing the issue internally before taking public stances.

Second, the results show that consumers increasingly rely on their cultural value of PDB and religious values to evaluate and respond towards brands' DRR initiatives. More specifically, consumers low (vs high) in PDB are most likely to reward or punish brands due



to its racial equity decision. Indeed, brands must understand that consumers low in PDB would respond more negatively when they fail to promote racial equity through tangible and impactful internal actions. Surprisingly, consumers high in PDB, who may be more vulnerable to racial discrimination, seem to care less about brands' racial equity campaigns that should be naturally appealing to them. Thus, companies operating in different countries should expect distinct reactions to their DRR initiatives from consumers with varying levels of PDB. It is imperative for brands to carefully consider the PDB of the majority of their customers when deciding to engage in racial equity initiatives. Brand managers may position their racial equity campaigns to suit different market segments. For instance, scholars suggest that Republican-dominated states in the US, like Utah, score high in PDB, whereas states dominated by the Democrats, like Virginia, score low in PDB (Wang et al., 2022). Accordingly, brand managers may use these geographic markers to understand and position their racial equity campaign messages to appeal to each target market.

Further, these findings demonstrate that companies may still promote racial equity while mitigating the negative role of PDB on consumers' reactions. The results show that religious consumers high in PDB may also reward brands for adopting racial equity policies, increasing the overall support towards brands that embrace the initiative. Therefore, brand managers should refer to religious values and teachings in their campaign messages targeting consumers high in PDB to justify their motivations for adopting the racial equity policy to enhance the effectiveness of the messages.

Moreover, despite the increasing call to address diversity and inclusion issues in society (Arsel et al., 2022), marketing managers are reluctant to adopt such policies to avoid alienating some of their customers (Moorman, 2020; Park et al., 2022). The present research provides helpful insights for managers, showing that genuine and impactful actions are critical for marketing success through corporate activism.

## **Limitations and Future Research**

The findings provide several avenues for future research. First, the present study examined the interaction effect of a brand's DRR policy decision and power distance belief on consumer responses toward the brand and the attenuating role of religiosity. However, additional cultural dimensions could influence consumers' reactions to DRR policy decisions. For instance, previous research identifies uncertainty avoidance, collectivism, and masculinity as other cultural dimensions that could affect consumer reactions toward brands (Eilert & Nappier Cherup, 2020; Yoo et al., 2011). Also, religiosity has been investigated by disentangling it into intrinsic, extrinsic, and quest dimensions (Arli et al., 2022; Chowdhury et al., 2022). Future research should examine the interplay of these additional cultural and religious factors in influencing consumer responses toward brands adopting DRR policies to promote equality in their organisations.

Further, brands may take actions (e.g., adopt policies) on social issues that elicit different controversies, resulting in distinct consumer responses. Our research focused on one such issue (i.e., racial equity), which is receiving increasing academic and public attention following the recent widespread protest against police brutality in the US (Baek et al., 2022). Future research should explore brands' policies around other social issues like LGBTQ+ rights and universal health care to test the generalizability of our findings.

Moreover, I examined a brand's DRR policy decision from a consumer perspective, focusing on the US, which is the hub of most corporate activism involving company-level policy changes. However, future research should examine how consumers from other countries respond to DRR activist initiatives to complement our findings. Finally, it would be interesting to investigate how DRR policy decisions affect a brand's financial performance (Bhagwat et al., 2020) and the managerial motivations for adopting such policies.

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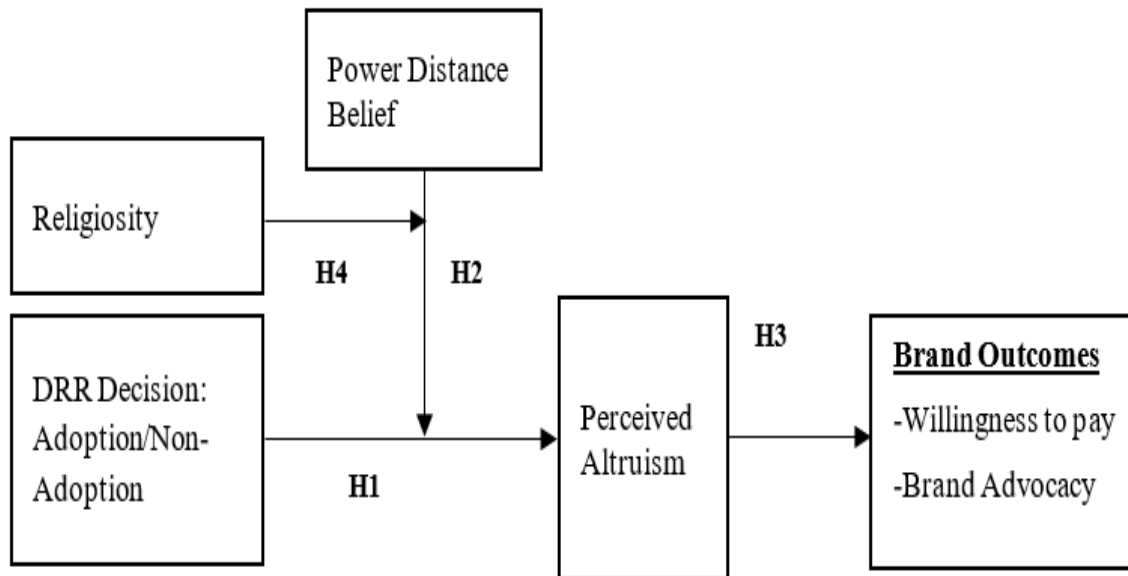
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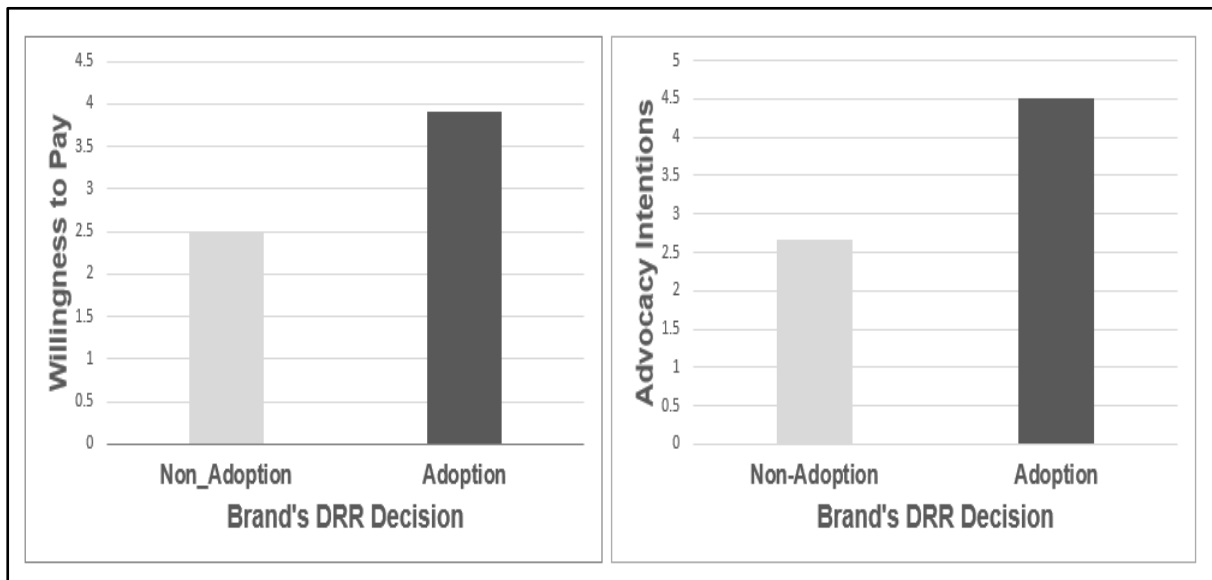
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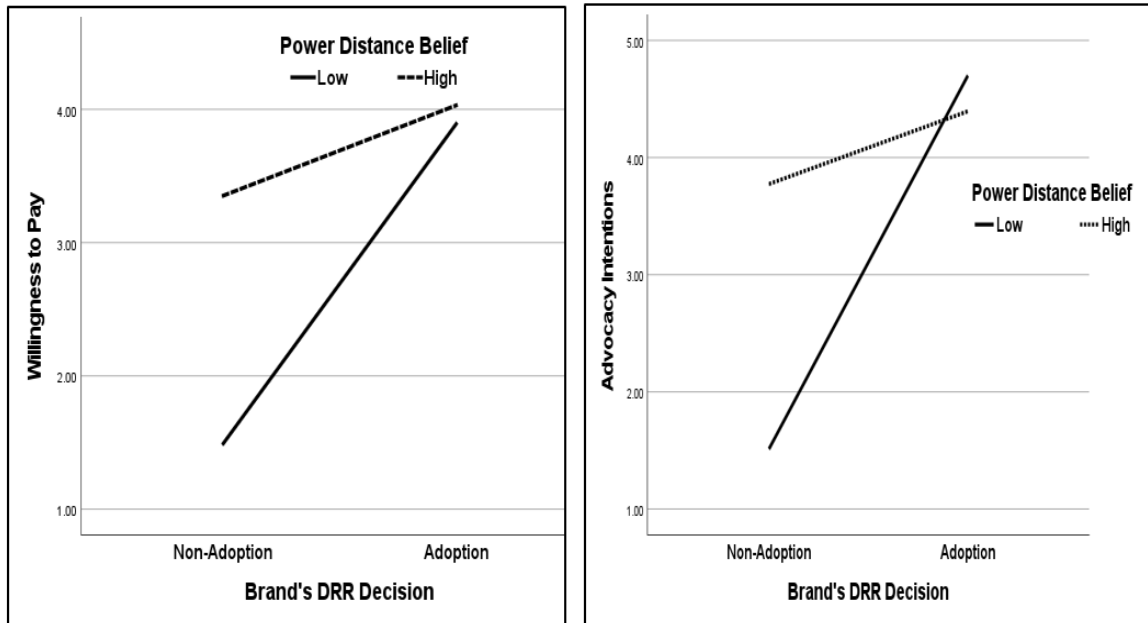
## List of Figures



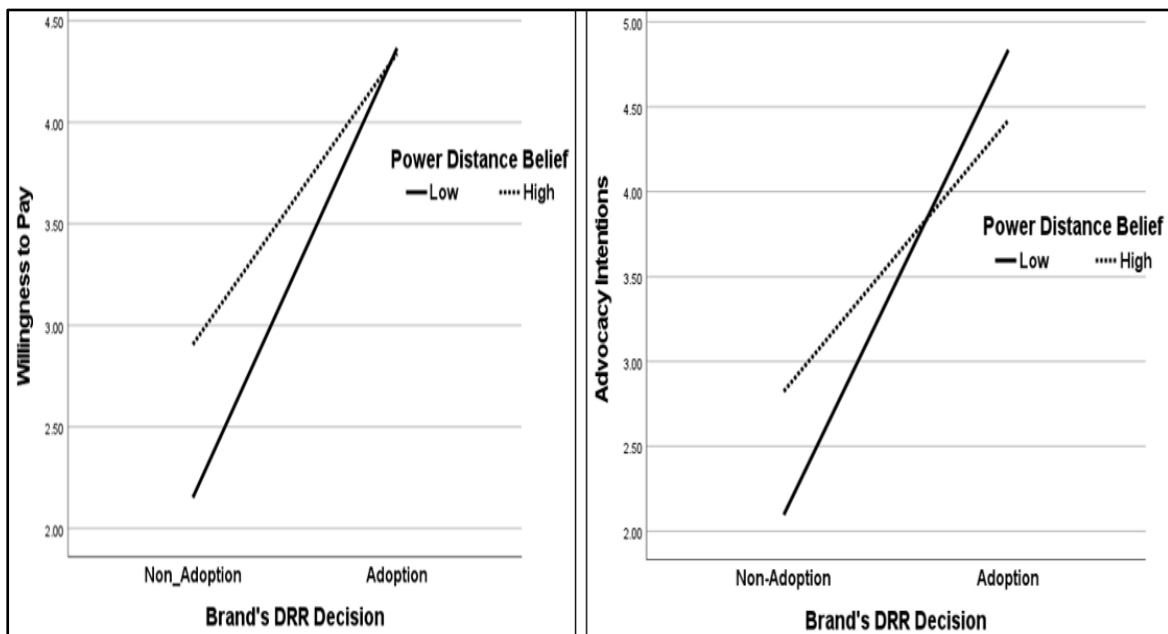
**Figure 1:** The research model.



**Figure 2:** The effects of a brand's DRR policy decisions on WTP and advocacy intentions (Study 1).

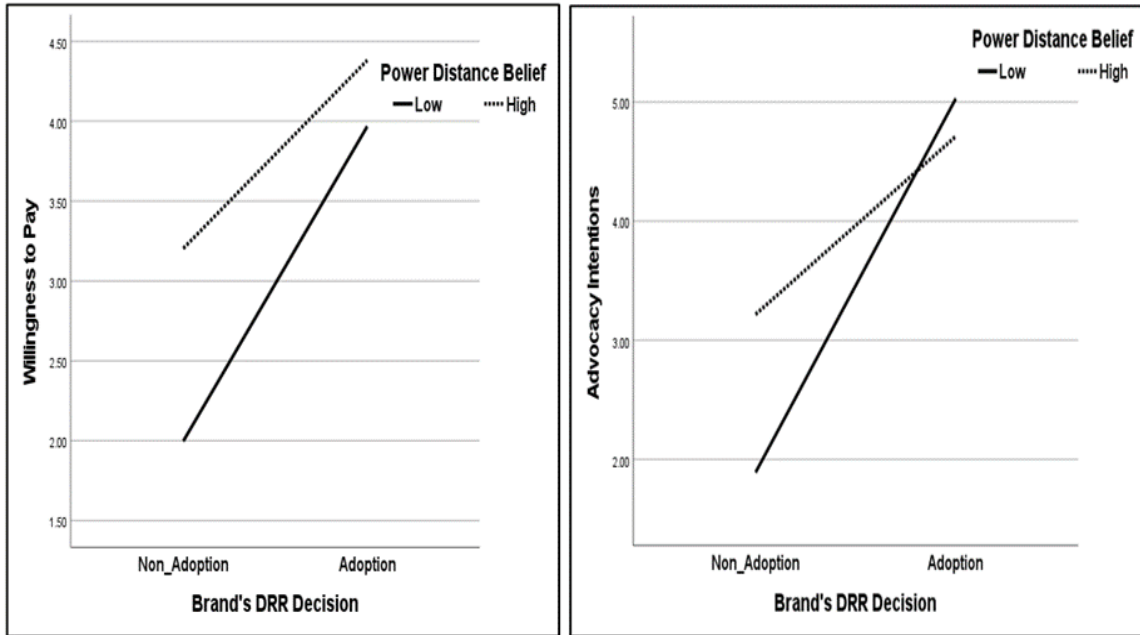


**Figure 3:** The interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions (Study 1).

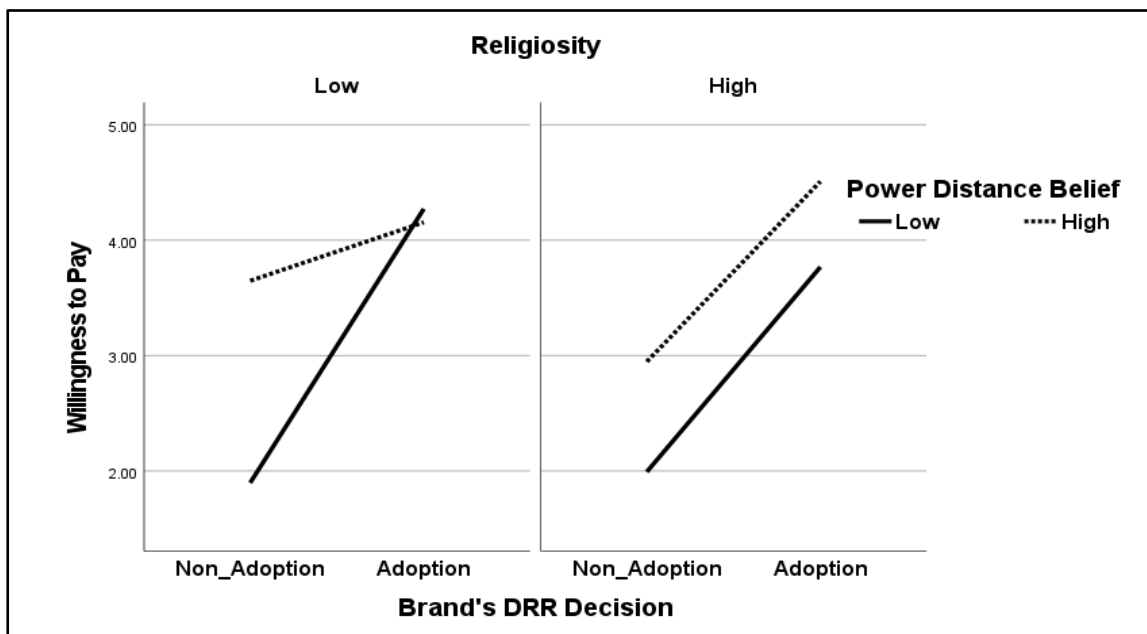


**Figure 4:** The interaction effect of a brand's DRR decision and PDB on willingness to pay and advocacy intentions (Study 2).

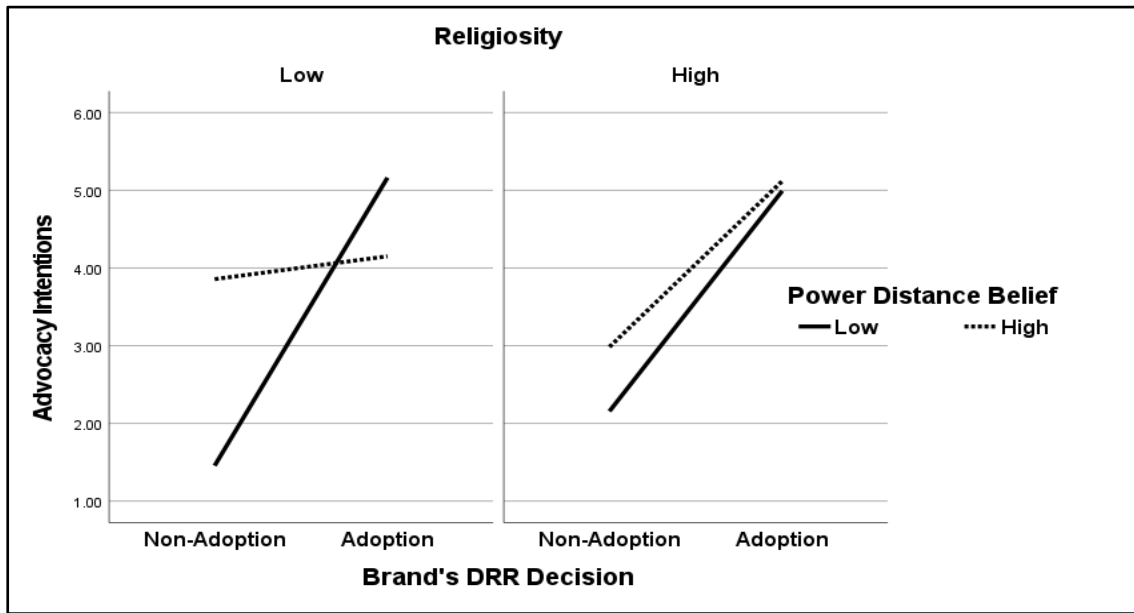




**Figure 5:** The interaction effect of a brand's DRR decision and power distance belief on willingness to pay and advocacy intentions (Study 3).



**Figure 6:** Graph of the 3-way interaction effects among a brand's DRR decision, Power distance belief and religiosity on willingness to pay (Study 3).



**Figure 7:** Graph of the 3-way interaction effects among a brand's DRR decision, power distance belief, and religiosity on advocacy intentions (Study 3).

# Appendices

## Appendix A

### ONLINE SURVEY INFORMATION AND INFORMED CONSENT FORM

ETH22- 7713 All Are Welcome: How Power Distance Belief and Religiosity Impact Consumer Responses to Corporate Racial Equity Initiative.

#### WHO IS CONDUCTING THIS RESEARCH?

My name is Aristus Ochionuoha, and I am a PhD student at UTS. My supervisor is Dr Geetanjali Saluja and can be reached at ([Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)).

#### WHAT IS THE RESEARCH ABOUT?

The purpose of this research is to understand people's views about a brand after reading an article concerning its activities. You have been invited to participate because your opinion about a brand's activities will be valuable for the present research.

#### WHAT DOES MY PARTICIPATION INVOLVE?

Participation in this study is voluntary. It is completely up to you to decide whether or not to participate. If you decide to participate, I will invite you to respond to scenario-based questions concerning your views about a brand after reading a news article about its recent activities. The brand and the news article are fictitious, and the survey will take between 8-10 minutes to complete. You can change your mind anytime and stop the survey without consequences.

#### ARE THERE ANY RISKS/INCONVENIENCES?

I do not expect this questionnaire to cause any discomfort but bear in mind that the questions will be based on the information that will be contained in the news article. You will be asked about your views on sociopolitical issues like racial equity. However, if you experience discomfort answering the questions, please contact your family doctor or physician. Remember that you can change your mind anytime and stop completing the survey without consequences.

#### WHAT WILL HAPPEN TO THE INFORMATION ABOUT ME?

The online questionnaire will be accessed via Amazon's Mechanical Turk survey platform.

Submission of the online questionnaire is an indication of your consent. It is anticipated that the results of this research project will be published and/or presented in various forums, such as journals and conferences. In any publication and/or presentation, information will be provided in such a way that you cannot be identified.

#### WHAT IF I HAVE ANY QUERIES OR CONCERNS?

If you have concerns about the research that you think I or my supervisor can help you with, please feel free to contact us using the following email addresses:

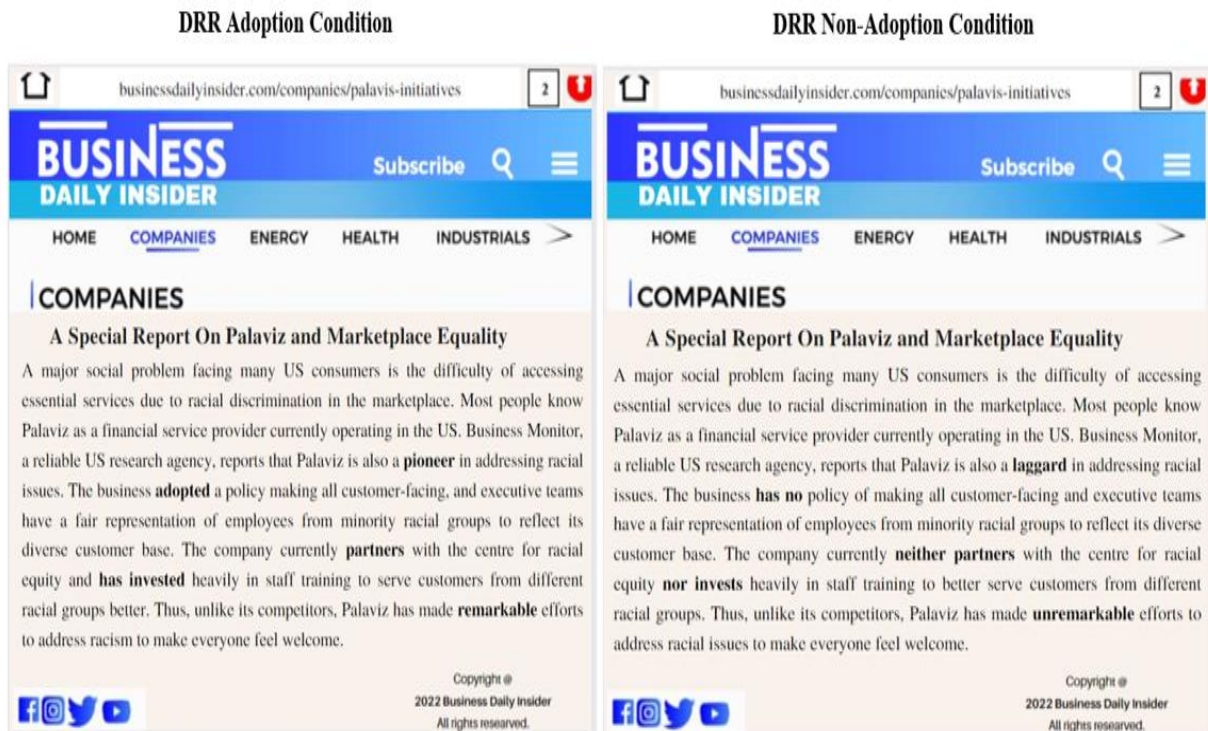
1. Aristus Ochionuoha: [Aristus.C.Ochionuoha@student.uts.edu.au](mailto:Aristus.C.Ochionuoha@student.uts.edu.au)
2. Geetanjali Saluja: [Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)

If you would like to talk to someone who is not connected with the research, you may contact the Research Ethics Officer at 02 9514 9772 or [Research.ethics@uts.edu.au](mailto:Research.ethics@uts.edu.au) and quote this number ETH22-7713. Any matter raised will be treated confidentially, investigated and you will be informed of the outcome.

## Appendix B

### Stimuli for the Studies.

Please carefully read the news article about Palaviz from a reliable newspaper below:



## Appendix C

### Measures

#### Power Distance Belief (Yoo et al. 2011)

Please rate the extent you disagree or agree with the following statements. Note: 1=strongly disagree, 7 = strongly agree.

- PDB1 People in higher positions should make most decisions without consulting people in lower positions.
- PDB2 People in higher positions should not ask the opinions of people in lower positions too frequently.
- PDB3 People in higher positions should avoid social interaction with people in lower positions.
- PDB4 People in lower positions should not disagree with decisions made by people in higher positions.
- PDB5 People in higher positions should not delegate important tasks to people in lower positions.

### **Perceived Altruism (Ellen et al. 2006)**

Please rate the extent you disagree or agree with the following statements.

Note: 1= strongly disagree, 7 = strongly agree.

PA1 The brand feels morally obliged to help address the issue.

PA2 The brand truly believes in addressing this issue.

PA3 The brand wants to make it easier for more people who care about the issue to support it.

PA4 The brand has a long-term interest in promoting social welfare through this initiative.

PA5 The brand wants to make society better for everyone.

### **Religiosity (McGregor et al. 2010).**

Please rate the extent you disagree or agree with the following statements.

Note: 1= strongly disagree, 7 = strongly agree.

RG1 I am confident in my religious beliefs.

RG2 I aspire to live and act according to my religious beliefs.

RG3 My religious beliefs are grounded in objective truth.

RG4 Most people would agree with my religious belief system if they took the time to understand it rather than just relying on stereotypes about it.

RG5 If my religious beliefs were being publicly criticised, I would argue to defend them.

### **Willingness to Pay (Chaudhury & Holbrook 2001)**

Please select the option that best reflects your willingness to pay for this brand.

Note: 1 = strongly disagree, 7 = strongly agree.

WTP1 I am willing to pay a higher price for the company's products and services.

WTP2 I am willing to pay a lot more for the company's product than other companies that sell similar products.

WTP3 I would switch to another company only if the price of this product increases substantially.

### **Advocacy Intentions (Xie et al. 2015).**

Please select the option that best reflects your advocacy intention towards this brand.

Note: 1 = strongly disagree, 7 = strongly agree.

AI1 I intend to say positive things about this company to my friends and other people.

AI2 I intend to recommend buying from this company to my friends and other people.

AI3 I intend to promote the good aspects of this company to my friends and relatives.

### **PDB Manipulation**

Participants were asked to list three reasons in support (vs against) of the statement:

“There should be an order of inequality in this world in which everyone has a rightful place; high and low are protected by this order” Adapted from (Zhang et al., 2010). Participants in the high (vs low) PDB condition will argue **in support of (vs against)** the statement. The manipulation check was assessed using the PDB scales adapted from Yoo et al. (2011).

**Participants' Demographics: Please answer the questions below.**

Q1. What is your age?

- 18-27
- 28-37
- 38-47
- 48-57
- 58 and above.

Q2. Please select the option that reflects the sex you were assigned at birth.

- Male
- Female
- Intersex
- Prefer not to say.

Q3. Which category best describes your educational qualification?

- High school
- Bachelor's degree
- Master's degree or above
- Prefer not to say.

Q4. Which category best describes your annual income?

- \$1,000-50,000
- \$51,000-100,000
- \$101,000 and above
- Do not want to disclose.

**Essay-3: The Paths to a Valued Corporate Activism:  
Maximising Business Benefits through Brand Trust and  
Legitimacy**

## **Abstract**

Brands are increasingly picking sides on controversial sociopolitical issues such as marriage equality and racial equity; this practice is known as corporate activism. Despite the emerging research on corporate activism and its marketing implications, little attention has been paid to the impacts of brand trust and corporate activism legitimacy (i.e., the perceived appropriateness) in the corporate activism literature. Building on extant research on relationship marketing, I developed and tested a model of the roles of perceived corporate activism legitimacy and brand trust in improving a brand's marketing benefits. Specifically, I argue and demonstrate that corporate ability, corporate social responsibility, and perceived corporate activism legitimacy are the determinants of brand trust. I further show that political ideology moderates the relationship between idealism and brand trust. Finally, my research indicates that brand trust and perceived corporate activism legitimacy positively affect word-of-mouth and repurchase intentions. The research concludes by discussing the findings' theoretical and practical implications.

***Keywords:** corporate activism; branding; corporate associations; moral philosophies; and legitimacy*



## Introduction

Companies are increasingly joining the trend of taking stands on pressing sociopolitical issues. For instance, Nike launched the “Just Do It” campaign featuring Colin Kaepernick to promote racial equity (Li et al., 2022). Also, J.C. Penny featured two lesbian mothers in its 2012 Mother’s Day advertisement to support LGBTQ rights, while Twitter introduced a special emoji to support the Black Lives Matter Movement (Bhagwat et al., 2020). The above examples indicate the rise in corporate activism (CA, hereafter), representing a brand’s ability to express its view on controversial social issues for societal change (Eilert & Nappier Cherup, 2020). Thus, CA differs from a brand’s corporate social responsibilities (CSR), which involves non-controversial issues such as education support for after-school people (Weber et al., 2022). Indeed, the social issues CA addresses are complex (Kemper & Ballantine, 2017) and may be related to some areas of business operations. For example, CA issues may indirectly affect a brand’s sales performance and customer relationships (Moorman, 2020).

A recent survey indicates that 47% of global consumers may boycott a brand due to its stance on a social issue (Barton et al., 2018). However, 58% of consumers are willing to purchase, trust, and become loyal to brands that support relevant CA issues (Edelman, 2020). For instance, Li et al. (2022) indicate that consumers who support Nike’s campaign against police brutality responded more positively towards the brand. Moreover, while most consumers reacted positively to Ben & Jerry’s pro-LGBTQ+ rights activist message, they responded less positively to a similar campaign by Paddy Power, which was deemed inappropriate (Vredenburg et al., 2020). Recent research has also documented mixed effects of CA on brand outcomes, such as sales and financial performance (Bhagwat et al., 2020; Hydock et al., 2020; Mukherjee & Althuizen, 2020). Thus, CA may allow brands to improve brand trust and loyalty; however, business executives may find it challenging to predict when such activist initiatives may help or hurt their brands.

Although the findings from previous studies have been informative regarding consumers' responses to CA, little attention has been paid to the roles of brand trust and perceived corporate activism legitimacy in the corporate activism literature. Scholars suggest that consumers' reactions to a brand's CA initiatives may be motivated by different factors (Eilert & Nappier Cherup, 2020; Moorman, 2020). Given the decreasing public trust in businesses and the polarising reactions to CA initiatives (Barton et al., 2018), examining the role of the perceived legitimacy of a brand's activist initiative and consumers' trust is crucial. Also, brand trust is an essential variable that positively affects marketing outcomes such as sales and customer loyalty (Chaudhuri & Holbrook, 2001; Iglesias et al., 2020). Indeed, research suggests that consumers respond positively towards a brand if its prosocial initiative is perceived as legitimate (Chung et al., 2016; Randrianasolo & Arnold, 2020). Similar supports have been found for brands operating in controversial industries like oil companies (Du & Vieira, 2012). Further, most CA issues have moral and political implications (Moorman, 2020), and consumers may adopt their political and moral lens in evaluating brands that engage in CA. Thus, I examined the role of consumers' moral philosophies and political values (Forsyth, 1992; Jost et al., 2003); these are crucial variables rarely explored in the CA literature.

Moreover, as noted earlier, consumers seem to respond differently towards brands supporting similar issues. Thus, one may ask whether brand-based features prompt consumers to react differently when two brands promote the same social issue. To address the above question, I equally assessed how CSR and corporate ability (Brown & Dacin, 1997) impact consumer reactions to CA. The present research is similarly pertinent to answer the recent calls for more research to advance our current knowledge of how consumers react to brands' CA initiatives (Eilert & Nappier Cherup, 2020; Korschun et al., 2020).

Therefore, this research investigates the roles of perceived corporate activism legitimacy and brand trust on consumer responses to a brand's CA initiatives. Building on

legitimacy and relationship marketing literature (Morgan & Hunt, 1994; Suchman, 1995; Tost, 2011), this research suggests that brand and consumer-based factors affect consumers' trust in a brand, resulting in improved benefits from its CA initiatives. More specifically, I argue that a brand's corporate associations (i.e., corporate ability and CSR), consumers' moral philosophies (i.e., idealism and relativism) and perceived corporate activism legitimacy influence brand trust, moderated by political ideology. Further, I propose that perceived corporate activism legitimacy and brand trust positively predict repurchase and word-of-mouth intentions. The proposed model was tested using structural equation modelling based on data collected from an online survey of US consumers.

The present research makes several contributions to the branding and marketing literature. First, it enhances our understanding of the impact of corporate activism on branding by identifying the factors that predict consumers' trust in a brand. Specifically, I identified corporate ability, CSR, and perceived corporate activism legitimacy as predictors of brand trust in the CA domain. Accordingly, I extend the current knowledge regarding the antecedents of consumer reactions to corporate activism (Li et al., 2022; Vredenburg et al., 2020). Second, I show that perceived corporate activism legitimacy and brand trust significantly enhance crucial marketing outcomes like word-of-mouth and repurchase intentions (Eilert & Nappier Cherup, 2020). Moreover, I further demonstrate that political ideology plays a minor role in consumer reactions to a brand's racial equity initiatives, except for its negligible interaction effect with idealism on brand trust. Notably, and differing from previous research (Fernandes, 2020; Garg & Saluja, 2022), the present research shows that perceived corporate activism legitimacy and brand trust mitigate the adverse impact of political ideology on brand outcomes. The findings from this study provide a helpful guide to managers seeking to adopt corporate activism as part of their marketing strategies.

The subsequent structure of this paper is organised as follows. First, I concisely review the literature on core constructs, such as corporate activism and corporate associations. Next, I propose the research hypotheses and discuss the methodology to test the hypothesised relationships. Finally, the research discusses the findings' theoretical and managerial implications.

## **Theoretical Background**

### **Corporate Activism and Corporate Associations**

Corporate activism refers to “a company’s willingness to take a stand on social, political, economic, and environmental issues to create societal change by influencing the attitudes and behaviours of actors in its institutional environment” (Eilert & Nappier Cherup, 2020, p.3). CA may be driven in part by a company’s desire to respond to the calls by its valued stakeholders (e.g., consumers) to take actions that will address the societal problems affecting their welfare. Brands like Chick-fil-A took a conservative stance, such as opposing LGBTQ+ rights, while AT&T took a liberal stance by supporting LGBTQ+ rights (Fernandes, 2020; Mukherjee & Althuizen, 2020). However, consumers' responses to CA are usually polarised, irrespective of the stance taken by the brand, making CA a risky business decision (Bhagwat et al., 2020). Further, given that most CA issues are politicised (Hydock et al., 2020), I also seek to investigate how consumers’ political ideology affects their evaluation of brands that support a CA issue. Next, I review corporate associations.

Corporate associations refer to individuals’ beliefs about a company based on the available information, and corporate ability and CSR have been proposed as the two dominant corporate associations (Brown & Dacin, 1997). Corporate ability associations reflect a brand’s expertise in producing and delivering valued outputs, thereby providing clues about a brand’s product qualities (Brown & Dacin, 1997). Conversely, CSR refers to “a brand’s commitment

to maximising long-term economic, social, and environmental well-being through business policies and resources” (Du et al., 2011, p.1528). There are increasing public expectations that brands should advance societal interest in their operations (Korschun et al., 2020), and corporate ability and CSR are essential approaches to meeting these demands. For instance, having high corporate ability enables brands to provide quality offerings to satisfy their customers’ needs, while CSR initiatives like medical outreach offer extra societal benefits (Du et al., 2007). To better understand CA, it will be necessary to distinguish it from CSR.

CA differs from CSR in several aspects, including the mode of engagement, consumers’ expectations, and reactions. In terms of the mode of engagement, CA involves issuing statements or taking tangible actions (e.g., policy change and donations) to express a brand’s position on an issue when necessary (Bhagwat et al., 2020). Conversely, CSR requires more time and resource commitment to execute the intended initiative beyond issuing statements (Du et al., 2011). Concerning expectations, consumers’ opinions regarding brands’ CA involvements are usually divided, whereas they fully support brands’ CSR initiatives (Bhagwat et al., 2020). Finally, CA initiatives result in both positive (e.g., increased purchases) and negative (e.g., decreased purchases) reactions from consumers (Hydock et al., 2020). In contrast, consumers’ responses to CSR initiatives are usually positive, except when they suspect the initiative is not genuine (Du et al., 2007). Previous research on corporate ability and CSR has shown that they enhance brand evaluations, engagement and reputations (Lee et al., 2018; Weber et al., 2022). Conversely, previous CA research shows that it decreases and increases purchases, advocacy intentions, and brand engagement (Li et al., 2022; Mukherjee & Althuizen, 2020). However, consumers’ moral philosophies may affect their reactions to a CA initiative. Next, I review the research on personal moral philosophies.

## **Personal Moral Philosophies**

Personal moral philosophies reflect individual approaches to evaluating moral issues (Schlenker & Forsyth, 1977). Previous research has identified idealism and relativism as personal moral philosophies (Forsyth, 1992). Idealism reflects the extent to which an individual believes that positive outcomes can always be achieved by taking the right actions, whereas relativism refers to how individuals reject general rules during moral decisions (Forsyth, 1980). Scholars have shown that idealism and relativism significantly impact consumer decisions in different domains, such as gambling, CSR initiatives, and online retail ethics (Arli & Tjiptono, 2022; Palihawadana et al., 2016). One common factor among these studies is that they deal with moral decisions that are equally central in the CA domain. Most CA issues, like racial equity and abortion rights, have moral implications (Moorman, 2020), increasing the likelihood that consumers may evaluate them using their moral philosophies. Relatedly, personal moral philosophy is crucial in this context since most founder CEOs (e.g., Google and Apple CEOs) often cite their moral values as a critical motivation for supporting a controversial issue, regardless of the risks involved (Branicki et al., 2020). The two personal moral philosophies, idealism and relativism, have mainly affected consumer decisions differently.

Previous research indicates that personal moral philosophies affect consumer perceptions of inappropriate business and consumer practices in marketing, such as shoplifting and unfair pricing (Chowdhury, 2017; Leonidou et al., 2013). More specifically, idealism had a negative impact on unethical and harmful acts of shoplifting but is positively associated with fairness and care for others (Chowdhury, 2017). Similarly, scholars show that idealism (vs. relativism) had a negative (vs. positive) impact on the likelihood of engaging in unethical behaviours against a business, like consuming products in-store to avoid paying for them (Arli & Tjiptono, 2022). Moreover, Branicki et al. (2020) indicated that CEOs with idealistic moral values are more likely to support issues to promote social welfare, while those with relativist

moral values may eagerly support CA issues that will improve sales and profit. Moreover, Since CA deals with moral issues that affect people's welfare, individuals with idealistic and relativistic moral values may react differently toward a brand (Forsyth, 1992). However, research has yet to investigate how consumers use their moral philosophies to evaluate and respond to brands that engage in CA initiatives. I attempt to fill this gap by investigating the roles of idealism and relativism in consumer evaluations of a brand's stance on a CA issue. Next, I adopt the theoretical lens of legitimacy and trust commitment theories to explain how consumers evaluate, trust, and support a brand.

### **Legitimacy and Trust Commitment Theories**

According to Suchman (1995, p.574), legitimacy refers to “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” Legitimacy has been explored from two major perspectives: the strategic and institutional views. The strategic idea of legitimacy is the belief that it is an operational resource that an organisation may gain from its environment through purposive and calculated managerial actions (Dowling & Pfeffer, 1975; Suchman, 1995). Conversely, the institutional view of legitimacy believes that a brand may gain legitimacy by conforming to its environment's established norms and practices (Scott, 1995; Suchman, 1995). Scholars have integrated these two perspectives to fully understand the processes of gaining and sustaining legitimacy (Suchman, 1995; Suddaby et al., 2017; Tost, 2011). The present study builds on the hybrid view of legitimacy as a crucial operational resource and the process of conforming to the established norms and practices in the business environment.

Further, Tost (2011) posits that the legitimation process involves forming the judgment and usage phases. Judgement formation involves evaluations that lead to the generalised belief

that a brand's actions are suitable and acceptable. In the usage phase, the generalised belief in the legitimacy of a brand's action guides the evaluator's reaction toward the organisation (Tost, 2011). Researchers suggest that a necessary test of an organisation's legitimacy is how it manages sensitive issues such as its CA stance (Chung et al., 2016). Accordingly, I define perceived corporate activism legitimacy (PCAL) in the present study as the consumer's generalised perceptions of the appropriateness of a brand's stance on a controversial sociopolitical issue. I assume that the laws of a brand's host country permit it to take activist stands as in the US (Korschun et al., 2020), eliminating the regulatory constraints. PCAL is crucial because the individual's perceptions of legitimacy make up the collective legitimacy (Suddaby et al., 2017; Tost, 2011). Thus, ensuring that most consumers perceive a brand's CA as legitimate is critical in sustaining brand trust and gaining support. Scholars indicate that a brand's initiatives' perceived legitimacy enhances consumer trust (Lee et al., 2018). Previous research suggests that brands that engage in legitimate practices are more likely to gain consumers' trust and support (Johnson et al., 2022; Perrault, 2015). Consequently, I further review the relationship marketing commitment-trust theory to understand how brand trust may lead to consumer support, improving a brand's benefits from activist initiatives.

The commitment-trust theory suggests that trust and commitment are the pillars of valued marketing relationships (Mayer et al., 1995; Morgan & Hunt, 1994). Brand trust reflects a consumer's belief that a brand can fulfil its expected obligations (Chaudhuri & Holbrook, 2001). Importantly, a brand with the required performance ability, sincerely wants to do good for the trustor, and is willing to comply with certain moral principles will be trusted more (Mayer et al., 1995). Morgan and Hunt (1994) posit that commitment is the willingness of a relationship partner to sustain a valued relationship. Scholars contend that commitment is the natural outcome of a person's trust in a relationship partner (Morgan & Hunt, 1994; Thaichon & Quach, 2015). Therefore, I suggest that brand trust will be crucial in influencing consumer



support for a brand. Thus, legitimacy and commitment-trust theories seem to be the suitable theoretical lens for the present research from the above discussion.

## **Hypotheses Development**

Based on the reviewed literature, a suitable way to explore the impact of brand trust and PCAL is to integrate brand and individual variables that may influence the evaluation process (Scott, 1995). Consequently, my model incorporates company-based corporate associations (Corporate ability and CSR), consumers' moral philosophies (idealism and relativism), and PCAL as the antecedents of brand trust, contingent on political ideology. Further, because of the crucial roles of legitimacy and trust in consumer-brand relationships, I propose that PCAL and brand trust directly influence repurchase and word-of-mouth intentions. My research model in Figure 1 summarises the proposed relationships. Next, I justify the above predictions and develop the formal hypotheses.

### **Antecedents of Brand Trust**

#### **Corporate Ability**

Corporate ability associations reflect the perceptions of a brand's expertise in producing and delivering quality goods or services (Brown & Dacin, 1997). Although consumers value a brand's CSR, corporate ability is personally relevant in their overall brand evaluations because it signals its capability to satisfy consumers' needs (Johnson et al., 2018). Vlachos et al. (2009) argue that consumers may place more value on a brand's corporate ability because it relates to satisfying their basic survival needs, and engagement in CSR may not compensate for poor performance abilities. Researchers have argued that providing innovative and quality offerings will enhance consumers' confidence in a brand (Randrianasolo & Arnold, 2020). Indeed,

Stanaland et al.(2011) contend that brands with superior corporate ability associations are more likely to have slack resources for prosocial initiatives.

Extending this idea to corporate activism literature, I expect that corporate ability associations may provide brands with the required slack resources to engage in CA campaigns and enhance consumers' beliefs that the initiatives are sincerely motivated and not an attempt to divert attention from their poor performances. Previous literature provides evidence of the relevance of corporate ability associations in consumer evaluation of a company and its activities (Johnson et al., 2018; Vlachos et al., 2009). For instance, Vlachos et al. (2009) demonstrate that a brand's corporate ability associations positively influence consumers' trust, improving their overall brand experience (Johnson et al., 2018). Research shows that brands that can offer quality products are more likely to enhance consumers' trust and commitment (Thaichon & Quach, 2015). Also, corporate ability associations have been shown to influence consumer judgment, willingness to support a brand's social initiatives, and acceptance of new products from the business (Johnson et al., 2019; Vlachos et al., 2009). Accordingly, I expect corporate ability associations to strongly influence consumers' evaluations of a brand's CA campaign. Hence, consumers will be more likely to perceive the CA initiatives from a brand with good corporate ability as genuine, making them trust the brand. Thus, I hypothesise that:

**H1:** Corporate ability associations have a positive effect on brand trust.

### **Corporate Social Responsibility**

CSR associations reflect the observer's belief that organisations operate responsibly and engage in prosocial activities to improve societal welfare. Du et al.(2007) posit that many businesses merely engage in CSR, but few make it an essential part of their business strategy, becoming known as CSR brands (e.g., Ben & Jerry's). By engaging in CSR, brands demonstrate that they care about the welfare of their consumers and other stakeholders, meeting

consumers' normative expectations of the brand's benevolence (Randrianasolo & Arnold, 2020; Stanaland et al., 2011). CSR portrays the brand's unique character and values, enhancing consumers' confidence, respect, and attitudes towards the brand (Du et al., 2011). I argue that consumers may be more receptive to a CA initiative from a CSR brand because it is consistent with their initial beliefs regarding the brand's prosocial commitments (Vredenburg et al., 2020).

Several empirical studies have shown that CSR associations lead to beneficial outcomes for a business, such as positive brand evaluations, trust, brand advocacy, and resilience to negative information about the brand (Du et al., 2007; Klein & Dawar, 2004; Stanaland et al., 2011). For instance, Klein and Dawar (2004) showed that consumers were less likely to blame a CSR brand for product failure but attributed the failure to external factors. Du et al. (2007) indicated that CSR associations led consumers to speak favourably about a brand. Moreover, research has shown that CSR associations positively influence consumers' evaluations of a brand's social initiatives and trust in the brand (Lee et al., 2018; Randrianasolo & Arnold, 2020). Based on these findings and in the CA context, I expect a brand's CSR associations to influence consumers' trust in the brand. Thus, I hypothesise that:

**H2:** CSR associations have a positive impact on brand trust.

### **Idealism**

Idealism emphasises making decisions that will avoid harm to others (Palihawadana et al., 2016) and the belief in the inherent wrongness of any practice that may affect others' well-being (Zou & Chan, 2019). Idealists assume that adhering to absolute ethical principles will produce the greatest good for all, prompting them to apply absolute rules while making decisions and supporting practices that promote collective interests (Forsyth, 1980; Leonidou

et al., 2013). Also, Idealists are less likely to support unethical behaviours against a brand, like changing price tags on merchandise (Arli & Tjiptono, 2022).

Previous empirical studies indicate that idealists are empathetic, feel more connected to others, value group success, and have more positive views of brands' prosocial activities (Rapert et al., 2020; Zou & Chan, 2019). More specifically, Zou and Chan (2019) find that idealists had a more positive view of a brand's green CSR initiatives with the willingness to adopt the advocated behaviour. Also, Leonidou et al. (2013) show that idealist consumers reacted more negatively toward a brand's unethical marketing practices (e.g., racial stereotypes in advertisements). Consistent with the above findings, I propose that idealistic consumers are more likely to see a brand's CA initiative as genuine, thereby trusting the brand. Therefore, I hypothesise that:

**H3:** Idealism has a positive influence effect on brand trust.

### **Relativism**

Relativists reject compliance with absolute ethical principles but believe that an action that produces a favourable outcome is ethical (Forsyth, 1980). Relativism seems to endorse exploitativeness and disregard for societal norms (Forsyth, 1992). Scholars suggest that consumers with a relativist ideology have lower moral standards, feel less connected to others, and show little concern for unethical practices that do not directly affect them (Zou & Chan, 2019). Moreover, relativist consumers prefer to support practices that promote their personal and in-group interests over societal well-being (Palihawadana et al., 2016). According to Leonidou et al. (2013), ethical relativists consider society a valuable avenue to advance their goals, prompting them to oppose practices that counter their interests.

Findings from previous research indicate that relativists are unlikely to have a favourable view or support a brand's prosocial activities that do not directly benefit them

(Leonidou et al., 2013; Palihawadana et al., 2016). For instance, relativist consumers are less empathetic and unlikely to support a brand's social cause activities requiring financial commitment (Rapert et al., 2020). Also, Palihawadana et al. (2016) find that relativism negatively affects consumers' CSR perceptions. Moreover, scholars indicate that a consumer's relativism negatively relates to their perceptions of unethical business practices (Leonidou et al., 2013). Given these findings, I suggest that relativist consumers may be less likely to perceive a brand's CA initiatives to advance societal welfare as genuine, negatively affecting their trust in the brand. Thus, I hypothesise that:

**H4:** Relativism has a positive effect on brand trust.

### **The Influence of PCAL on Brand Trust and Brand Outcomes**

Brand trust and loyalty are invaluable relational outcomes that every business seeks to achieve. Having explained PCAL and brand trust, I will briefly introduce brand loyalty. Brand loyalty reflects a consumer's willingness to remain committed to a relationship with a brand due to its unique and appealing values (Chaudhuri & Holbrook, 2001). According to Ong et al. (2018), consumers' brand loyalty manifests attitudinally through sharing positive brand information with others (i.e., word-of-mouth) or behaviourally through frequent purchases from the brand (i.e., repurchase intentions). Thus, the present study focuses on these two dimensions of brand loyalty. Research suggests that brands may improve relationship outcomes (e.g., word-of-mouth and repurchase intentions) by supporting sociopolitical issues relevant to consumers (Barton et al., 2018). Yet, recent findings indicate that some consumers respond negatively to CA initiatives (Mukherjee & Althuizen, 2020). I argue that this may be related to consumers' perceived illegitimacy of the CA initiative. Notably, consumers may respond negatively or, at best, display indifference toward a brand's CA deemed illegitimate, even if the stance agrees with the consumers' views.

However, PCAL reflects consumers' beliefs that a brand's CA campaign satisfies their pragmatic and normative expectations, implying that it is acceptable and beneficial to the consumers and society (Chung et al., 2016). Given that CA issues tend to polarise consumers' views, it is crucial that they consider a brand's CA stance as legitimate. Notably, PCAL may enhance the perceived appropriateness of the brand's CA stance among consumers with opposing views, minimising their adverse reactions. Further, the brand can generate more individual consumer support, leading to higher collective support for its CA initiative (Lee et al., 2018). Indeed, by supporting a crucial but divisive CA issue deemed legitimate, consumers would believe that the brand is genuinely committed to promoting their welfare (Moorman, 2020).

Consequently, PCAL should prompt consumers to trust and support the brand through constant purchases (Johnson et al., 2022). Lee et al.(2018) support the above prediction by indicating that a brand's activities' perceived legitimacy significantly improved consumers' trust and loyalty. Similarly, research shows that the legitimacy of a brand's practices enhances consumers' loyalty and willingness to pay for its products (Johnson et al., 2022). Accordingly, I propose that a brand's CA initiative's perceived legitimacy positively influences consumers' brand trust, positive word-of-mouth and repurchase intentions. Thus, I formulate the following hypotheses:

**H5a:** PCAL has a positive effect on brand trust.

**H5b:** PCAL has a positive effect on word-of-mouth.

**H5c:** PCAL has a positive effect on repurchase intentions.

### **The Moderating Role of Political Ideology**

Political ideology refers to a person's ideas and guiding principles about the organization and governance of society (Ball & Dagger, 2006). Political ideology is a deeply

held belief that manifests in other domains of human decision-making, including consumers' perception of marketing messages and decisions in the marketplace (Garg & Saluja, 2022; Kidwell et al., 2013). Jost et al. (2017) suggest that people's political values become salient when encountering related information. As the public mostly politicises social issues by urging the government to address them through laws (Eilert & Nappier Cherup, 2020), I expect political values to affect consumers' evaluations and responses towards brands. Researchers have primarily conceived political ideology on the left-right (i.e., Conservatism vs. Liberalism) line to reflect the two main ideological divides in the US and other economies (Jung & Mittal, 2020). Conservatism is associated with rejecting change and endorsing inequality, while liberalism is guided by the promotion of equality and acceptance change (Jost et al., 2003). Political ideology affects how people process new information about brands' decisions (Kidwell et al., 2013). For instance, unlike liberals, conservatives prefer symmetric (vs. asymmetric) brand logos design (Northey & Chan, 2020). Since ideologies guide the thinking and behaviours of individuals (Garg & Saluja, 2022), I expect political ideology to differentially affect consumers' evaluations of a brand's CA initiatives.

Research indicates that consumers respond positively (vs. negatively) towards a brand with similar (vs. dissimilar) views on contentious issues (Fernandes, 2020; Kidwell et al., 2013). More specifically, Fernandes (2020) shows that consumers abstained (vs. bought) from brands that supported incongruent issues (vs. congruent) with their political values. Notably, liberals (vs. conservatives) were happier with a brand that supported a pro-immigrant (vs. nationalistic) hiring policy in the US (Garg & Saluja, 2022). As conservatives are motivated to protect the existing social order and favour a hierarchical society (Jung et al., 2017), they may be less likely to trust a brand that promotes equality issues like racial equity. However, Liberals who prefer an egalitarian society and care about others' welfare (Jung & Mittal, 2020) should trust a brand that promotes racial equity more. Accordingly, I propose that political ideology

should weaken the positive effects of corporate ability, CSR, idealism, and PCAL on brand trust but strengthen the negative impact of relativism on brand trust. Stated formally:

**H6a:** Political ideology negatively moderates the effect of Corporate ability associations on brand trust.

**H6b:** Political ideology negatively moderates the effect of CSR associations on brand trust.

**H6c:** Political ideology negatively moderates the effect of Idealism on brand trust.

**H6d:** Political ideology negatively moderates the effect of Relativism on brand trust.

**H6e:** Political ideology negatively moderates the effect of PCAL on brand trust.

### **The Effect of Brand Trust on Brand Outcomes**

In addition to being a crucial outcome variable in marketing relationships, brand trust can generate other favourable outcomes for a brand (Luk & Yip, 2008; Ozdemir et al., 2020). Notably, Luk and Yip (2008) suggest that when individuals trust an entity, they feel less vulnerable and more willing to take actions that promote its aims. According to Park et al. (2017), consumers will feel more confident about the safety and quality of the offerings of a trusted company, strengthening their commitment to the entity. Indeed, it has been suggested that compared to less trusted brands, a trusted one would spend less to achieve customer loyalty (Iglesias et al., 2020). I argue that when consumers trust a brand, they will most likely signal their approval of its initiatives through positive word-of-mouth and regular purchases to enhance their self-esteem.

Previous research provides support for the above prediction. For example, Ozdemir et al. (2020) show that brand trust predicts customer loyalty toward an infant product brand. Similarly, customers' trust in a brand that engages in CSR activities positively affects their word-of-mouth and repurchase intentions (Park et al., 2017). Consistent with these findings, I



propose that consumers' trust in a brand that engages in CA initiatives will enhance positive word-of-mouth and repurchase intentions. Accordingly, I hypothesise that:

**H7a:** Brand trust positively predicts word-of-mouth.

**H7b:** Brand trust positively predicts repurchase intentions.

## **Method**

### **Data Collection Procedure and Sample**

Cloud Research Amazon's Mechanical Turk (MTurk) toolkit was utilised for data collection. MTurk is widely used among researchers because it provides access to a knowledgeable sample of the target population with a flexible data collection process to suit the research objectives (Hydock et al., 2020; Zou & Chan, 2019). CloudResearch enhances MTurk's data quality in several ways, including having a pre-screened panel, blocking bots/duplicate IP addresses, and updating participants' reputations based on previously completed tasks (Litman et al., 2021). Also, using US participants with 95% approval ratings and attention checks tends to provide quality data, regardless of the financial compensation (Peer et al., 2014).

Thus, I followed these steps by adding attention checks based on the research stimuli and recruiting respondents with a 95%+ reputation rating from MTurk. The US has high corporate activism cases that have increasingly polarized the American public (Korschun et al., 2020), making it a suitable location for the present study. Accordingly, I collected data from randomly selected US consumers to reflect diverse perspectives. First, respondents answered questions about the independent variables. Next, they read a brief introduction of the meaning of CA with an example. Then, the respondents were asked to write the name of a sports clothing brand they usually buy in the space provided. Finally, they read a fictitious news article about

the brand's CA stance before completing the remaining survey and the demographics questions.

## **Measures**

The Questionnaire has two sections; the first contains questions about the research variables, and the second consists of demographic questions. All the constructs for the study were adapted from prior research and measured using 7-point Likert scales. I measured corporate ability and CSR associations using a five and six-item scale each from Fombrun et al.(2000). Consumers' Moral philosophies (idealism and relativism) were measured using ten and six items each derived from the studies by Forsyth (1980). Also, the six items used to measure perceived corporate activism legitimacy were adapted from (Chung et al., 2016). Brand trust was measured with a four-item scale derived from (Luk & Yip, 2008). Three items were used to measure word-of-mouth, and repurchase intentions were adapted from (Ong et al., 2018). Similarly, political ideology was measured using five items from (Kidwell et al., 2013). Finally, brand attachment was measured using three items based on the research by (Park et al., 2010), and respondents provided their demographics (e.g., age and gender) included as covariates in the data analysis.

## **Data Analysis and Results**

I cleaned the data by removing invalid responses and presented the respondents' demographics (see Table 1), followed by the measurement model. Next, I present the result of the hypotheses testing and the discussion of the implications of our findings.

### **Reliability and Validity Test.**

Two items from idealism and one item from relativism were dropped due to low loadings. I also assessed common method variance following the recommendations from previous research (Chowdhury, 2017; Podsakoff et al., 2012). Some steps I used included assuring respondents' anonymity, using precise language in the questionnaire, and using Herman's single-factor test. The latent common method factor accounted for 31.72% of the total variance, less than the 50% threshold, showing that common method variance is not an issue. Next, I assessed the measurement model to check the reliability and validity of the constructs. The results show that the reliability (i.e., Cronbach's alpha and composite reliability) met or exceeded the thresholds of 0.7 (Hair et al., 2017). The average variance extracted (AVE) exceeded the threshold of 0.5, confirming the convergent validity of the constructs (Hair et al., 2020).

Also, the discriminant validity was established as the square root of the AVEs (diagonal values) exceeded the inter-construct correlations (Fornell & Larcker, 1981; Hair et al., 2020), except repurchase intentions and word-of-mouth intentions that were highly correlated. However, given that these two items are dimensions of brand loyalty (Ong et al., 2018), the correlation between the two constructs should not be a serious concern. Importantly, the collinearity test showed that the constructs' variance inflation factor (VIF) ranged from 1.3 to 1.6, which is below 10, suggesting that multicollinearity was not a concern (Hair et al., 2017). The reliability and convergent validity results are presented in Table 2, while Table 3 shows the result of the discriminant validity test. Common method bias was mitigated following the guidelines of Podsakoff et al. (2012), such as ensuring respondents' anonymity, collecting no personally identifiable information, and using clearly worded questionnaire items. Finally, Herman's single factor was used to load all the latent variables in a single factor; the factors

jointly explained less than 50% of the variance (27.9%), confirming that common method bias is not a serious concern.

### **Results of the Structural Model**

The structural model was tested using Smart PLS 4.0. I chose PLS SEM because it is very suitable for prediction-based models, testing several relationships (Hair et al., 2020). Also, PLS-SEM bootstrapping allows simultaneous estimation of direct and moderation effects, making no assumptions about the variables' distributions (Hair et al., 2017). The model explained substantial variances in the endogenous variables evidenced by the  $R^2$  of the constructs: Brand trust = 0.646, word-of-mouth = 0.699, and repurchase intentions = 0.660. Table 4 provides the summary of the hypotheses testing.

The results in Table 4 revealed that corporate ability ( $\beta = 0.140$ ,  $p < 0.001$ ) and corporate social responsibility ( $\beta = 0.132$ ,  $p < 0.000$ ) significantly predict brand trust, supporting H1 and H2. However, I found that idealism ( $\beta = -0.013$ ,  $p = 0.672$ ) and relativism ( $\beta = -0.002$ ,  $p < 0.936$ ) are not significant predictors of brand trust. Thus, H3 and H4 were rejected. Further, perceived corporate activism legitimacy significantly predicted brand trust ( $\beta = 0.678$ ,  $p < 0.001$ ), word-of-mouth ( $\beta = 0.317$ ,  $p < 0.001$ ), and repurchase intentions ( $\beta = 0.438$ ,  $p < 0.001$ ). These results supported H5a, H5b, and H5c.

Regarding the moderating role of political ideology (i.e., H6), the results indicated that political ideology does not moderate the relationship between corporate ability and brand trust ( $\beta = 0.047$ ,  $p = 0.224$ ), and the relationship between corporate social responsibility and brand trust ( $\beta = -0.018$ ,  $p = 0.610$ ). Similarly, political ideology does not moderate the relationship between relativism and brand trust ( $\beta = -0.005$ ,  $p = 0.864$ ) and the relationship between perceived corporate activism legitimacy and brand trust ( $\beta = 0.060$ ,  $p < 0.118$ ). Accordingly, H6a, H6b, H6d, and H6e were rejected. However, the result showed that political ideology

significantly and negatively moderates the relationship between idealism and brand trust ( $\beta = -0.091$ ,  $p = 0.014$ ), supporting H6c. Additionally, I found that brand trust is positively related to word-of-mouth ( $\beta = 0.395$ ,  $p < 0.001$ ) and repurchase intentions ( $\beta = 0.354$ ,  $p < 0.001$ ). These results supported H7a and H7b. Figure 2 presents the simple slope of the moderating effect of political ideology on the effect of idealism on brand trust.

Table 5 shows the results of an additional analysis conducted to examine further the roles of political ideology, brand trust, and perceived corporate activism legitimacy on consumer reactions to corporate activism. I found that political ideology has no significant impact on brand trust ( $\beta = 0.023$ ,  $p = 0.448$ ), whereas it has a negative effect on word-of-mouth ( $\beta = -0.091$ ,  $p < 0.001$ ) and repurchase intentions ( $\beta = -0.155$ ,  $p < 0.001$ ). Notably, I found a significant and positive interaction effect of brand trust and political ideology on word-of-mouth ( $\beta = 0.045$ ,  $p < 0.034$ ) and repurchase intentions ( $\beta = 0.072$ ,  $p = 0.001$ ). Similarly, the results showed a significant positive interaction effect of perceived corporate activism legitimacy and political ideology on word-of-mouth ( $\beta = 0.049$ ,  $p < 0.035$ ) and repurchase intentions ( $\beta = 0.080$ ,  $p = 0.002$ ). These results provided additional insights into our findings.

## Discussion

Prior research has reported primarily negative consumer responses to corporate activism (Hydock et al., 2020; Mukherjee & Althuizen, 2020), possibly due to mistrust of the companies involved (Moorman, 2020). Thus, understanding the factors that promote brand trust may be crucial to a successful corporate activism campaign. My research investigated the determinants and outcomes of consumers' trust in a brand following its activism initiative. The results indicate that corporate ability, corporate social responsibility, and the perceived legitimacy of corporate activism are significant predictors of brand trust. However, I found that consumers' moral philosophies (i.e., idealism and relativism) have insignificant effects on

brand trust. These results align with previous research (Du et al., 2007; Lee et al., 2018), implying that consumers increasingly rely on company-based associations and their judgement about the legitimacy of the activist initiative to form brand trust.

The findings showing that idealism and relativism have no significant effects on brand trust are unexpected and contradict previous research about consumer responses to brands' prosocial activities (Arli & Tjiptono, 2022; Palihawadana et al., 2016; Zou & Chan, 2019). The non-significant effects of these moral philosophies suggest consumers pay more attention to brand-based factors (e.g., corporate ability and CSR) when evaluating a brand's racial equity initiative. Indeed, Zou and Chan (2019) found that idealism positively affects consumers' willingness to adopt green behaviour when the moral intensity of the behaviour is high. Also, previous research listed some CA issues that are high in moral intensity, such as LGBTQ+ and abortion rights (Branicki et al., 2020; Hydock et al., 2020), but racial equity was not on the list. Thus, consumers' reactions to racial equity campaigns seem different from those of CSR initiatives and other morally contested social issues like abortion rights (Lee et al., 2023; Moorman, 2020). Accordingly, consumers' moral philosophies may be less critical in trusting a brand that promotes racial equity.

Also, this research finds that perceived corporate activism legitimacy positively predicts brand trust, and perceived corporate activism legitimacy and brand trust significantly predict word-of-mouth and repurchase intentions. Notably, the results equally show that brand trust and perceived corporate activism legitimacy mitigate the negative impact of political ideology on brand outcomes. These findings are consistent with previous research (Johnson et al., 2022; Ozdemir et al., 2020), highlighting the crucial roles of the two variables in the model. Although a previous study found that CA affects brand outcomes negatively (Hydock et al., 2020), I show that brands can benefit from CA by improving brand trust and the perceived legitimacy of the activism initiative. Thus, consumers are most willing to engage in positive

word-of-mouth and repurchase from brands they trust, especially those with good corporate ability and CSR associations.

Further, the results show that political ideology does not moderate the impact of corporate ability, corporate social responsibility, relativism and perceived corporate activism legitimacy on brand trust. These findings differ from previous works showing that political ideology is crucial in consumer reactions toward brands (Fernandes, 2020; Jung et al., 2017). However, I found a significant but small interaction effect of political ideology and idealism on brand trust. Additional analysis shows that political ideology does not significantly impact consumers' trust but negatively affects their word-of-mouth and repurchase intentions. Political ideology's insignificant and minor moderating role on brand trust implies that it is not crucial in consumer evaluations of a brand that supports racial equity, one of many controversial social issues (Korschun et al., 2020). Indeed, brand trust differs from word-of-mouth and repurchase intentions in that it relies on verifiable evidence such as previous records (Iglesias et al., 2020), and does not require financial commitments. Therefore, consumers may trust a brand's racial equity initiative even if it differs from their political values. However, the adverse impact of political ideology on word-of-mouth and repurchase intentions aligns with previous research (Fernandes, 2020; Kidwell et al., 2013), confirming that it affects other brand outcomes that have financial implications but not brand trust. Notably, the result further indicates that political ideology's adverse effects on word-of-mouth and repurchase intentions disappear in the presence of perceived corporate activism legitimacy or brand trust, improving brand outcomes. These results imply that perceived corporate activism legitimacy and brand trust play crucial roles in consumer reactions towards a brand beyond political ideology. The findings also confirm the suggestion that brands need to build and sustain legitimacy and trust to reap the benefits associated with corporate activism (Barton et al., 2018; Eilert & Nappier Cherup, 2020). Overall, this research identifies perceived corporate activism legitimacy and

brand trust as two crucial routes to enhance brand outcomes, making them useful for companies engaging in CA initiatives (Eilert & Nappier Cherup, 2020).

## **Theoretical Implications**

Although most researchers evaluating the marketing implications of the novel practice of corporate activism have noted the potential role of trust (Hydock et al., 2020; Moorman, 2020), research investigating the determinants and significance of brand trust in this regard is scarce. The present research fills this gap, contributing to the general branding and marketing literature. First, given the declining trust in brands taking a stance on social issues, this research is among the first to empirically examine the determinants and outcomes of brand trust in corporate activism. My findings indicate that company-based corporate ability and CSR associations are predictors of activist brand trust. This research builds on previous studies examining how corporate associations affect consumer attitudes and purchase intentions (Johnson et al., 2018; Vlachos et al., 2009). These works mainly focused on a brand's non-divisive social initiatives, such as financial donations/green practices on brand outcomes like attitudes. This paper extends these findings to the context of controversial social issues, showing that corporate associations are significant predictors of brand trust.

Similarly, I identify the perceived legitimacy of corporate activism as a crucial variable that significantly predicts brand trust, word-of-mouth, and repurchase intentions. The results imply that perceived corporate activism legitimacy is an essential variable that generates valued brand relationship outcomes. Indeed, the legitimacy of corporate activism currently seems to attract minimal scholarly attention in marketing, but my findings underscore its relevance in the CA context (Eilert & Nappier Cherup, 2020).

The results equally show that consumers' moral philosophies (i.e., idealism and relativism) are not significant determinants of brand trust, a deviation from previous CSR and



ethics-based research (Leonidou et al., 2013; Zou & Chan, 2019). These findings imply that when evaluating a brand's racial equity campaign, consumers emphasise its characteristics and the legitimacy of its activism more than their moral philosophies. Thus, I contribute to the growing literature on the impact of moral philosophies on consumer reactions towards brands (Arli & Tjiptono, 2022; Rapert et al., 2020).

Moreover, previous studies have demonstrated the crucial role of political ideology in consumer reaction to a brand's activities (Garg & Saluja, 2022; Jost et al., 2017). However, my essay extends this research domain, indicating that political ideology has little or no impact on brand trust. Notably, I show that the perceived legitimacy of corporate activism and brand trust mitigate the adverse effects of political ideology on repurchase and word-of-mouth intentions. Thus, brands should focus on improving the perceived legitimacy and trust of consumers to reap the benefits inherent in activism initiatives promoting racial equity. In sum, our research adds new knowledge to the growing corporate activism literature by identifying key determinants and outcomes of brand trust and an additional route to a successful activism campaign that has not been investigated.

## **Implications for Practice**

Corporate activism's novel and controversial nature has attracted increased academic interest in understanding its practice implications for managers. Indeed, research indicates that managers preferred to abstain from taking activist stances due to the risk of alienating some customers who may disapprove of the initiative (Bhagwat et al., 2020; *The CMO Survey*, 2020). Scholars suggest that brand trust may be crucial to reaping the benefits of engaging in corporate activism initiatives (Vredenburg et al., 2020). Consistent with this assumption, the present research provides empirical evidence of the determinants and outcomes of consumers' trust in a brand following its racial equity initiative. Importantly, our research shows that consumers

focus more on the brand's (vs. their) characteristics when assessing its racial equity campaign. As a result, brand managers must understand how the public perceives their brand based on their corporate values and performances (Moorman, 2020). Consumers seem to respond more favourably to CA initiatives from brands with good corporate ability and CSR associations. However, several brands likely jump into taking public stances to divert attention from their poor product performance abilities or to gain media visibility. Brand managers should understand that consumers cannot sacrifice performance ability for a brand's activism initiatives (Eilert & Nappier Cherup, 2020). Thus, it is imperative that brands first establish a good record of offering quality products and engaging in impactful CSR activities to promote social goods before promoting controversial social issues.

Further, this research shows that idealism and relativism are less relevant in consumer reaction to racial equity initiatives despite their presumed role in the CA domain based on previous research (Palihawadana et al., 2016). It implies that consumers are less likely to rely on their moral philosophies when evaluating a brand's racial equity campaign. Thus, the common practice of referring to moral values as the motivation for supporting racial equity among CEOs and brand managers may not be persuasive to consumers. Instead, brands should refer to their history of superior product offerings and promoting social goods as the motivation for adopting the initiatives to generate more positive consumer responses. Another approach could be to partner with an established influencer who has been vocal about the focal issue to execute the campaign. For instance, Nike successfully used Colin Kaepernick to promote its racial equity campaign, which resonated with the public (Li et al., 2022).

Similarly, unlike previous work (Fernandes, 2020), political ideology has little impact on consumer reaction toward brands that promote racial equity. It means that brands should emphasise consumers' political ideologies less as the basis for persuading and gaining support for racial equity campaigns. Interestingly, brands like Pepsi have faced backlash for promoting

racial equity and scholars suggest this may be due to ideological differences (Vredenburg et al., 2020). However, the present research indicates that this may not be the case. Instead, brands should focus on gaining and sustaining legitimacy to enhance trust and support for their social initiatives. Notably, the findings show that corporate activism legitimacy and brand trust improve word-of-mouth intentions beyond the impact of political ideologies. Thus, brands may reap the benefits of promoting racial equity if they take proactive measures to build and sustain perceived legitimacy and consumer trust. One major way brands could improve consumers' perceived legitimacy and trust is by backing their racial activism campaigns with tangible actions, especially initiating the policy within the firm. Another way is by clearly communicating their activities about the issue on all media platforms to keep consumers and other stakeholders updated. For instance, Apple and Google CEOs mostly share their commitments to social issues on the media to create awareness (Branicki et al., 2020).

Moreover, previous research indicates that CA generates mainly negative consumer responses (Hydock et al., 2020; Mukherjee & Althuizen, 2020). I suggest that these findings may be due to the urge among brands to take a public stance on social issues, which may be deemed illegitimate or viewed with distrust (Eilert & Nappier Cherup, 2020). My paper indicates that the perceived legitimacy of corporate activism and brand trust positively predict repurchase and word-of-mouth intentions. This research equally shows that the perceived legitimacy of corporate activism and brand trust mitigates the adverse effect of political ideology, improving overall brand outcomes. Thus, as suggested before, brand managers should plan, execute and communicate their activism campaigns to promote the perceived legitimacy of the initiative and enhance consumers' trust in the brand for marketing success.

## **Limitations and Future Research**

This paper's findings offer fruitful avenues for future research. First, the present research focused on consumer and brand-related factors as the antecedents of brand trust. Future studies could consider other factors affecting or moderating consumers' brand trust. For instance, research suggests that consumer reactions may vary depending on whether the brand operates in the profit (vs. non-profit) sector (Lee et al., 2023). It would be interesting to investigate this possibility in future research.

Second, this research adopted a consumer-centric view and collected data from the US respondents because consumers are major business stakeholders, and brands are increasingly taking public stances in the US. However, corporate activism issues may affect other stakeholders (e.g., employees), who may have different opinions regarding a brand's initiative. Thus, further studies could examine the views of company employees and consumers from other countries to assess the generalizability of this paper's findings.

Further, companies support several controversial social issues in which stakeholders hold different views, and consumers' reactions may vary from one social cause to another. It is possible that some of the factors explored in this study may have a stronger or weaker impact on consumers' judgement when examining a different social issue. Thus, future studies should investigate consumers' responses to a brand's stance on other social issues beyond the racial equity explored in this study. Finally, I acknowledge the weakness of cross-sectional studies such as this one. Although it allowed me to test a complex model with several crucial factors for broader insights, given the limited funding at my disposal, future research could adopt other methods (e.g., experiments) to extend these findings.

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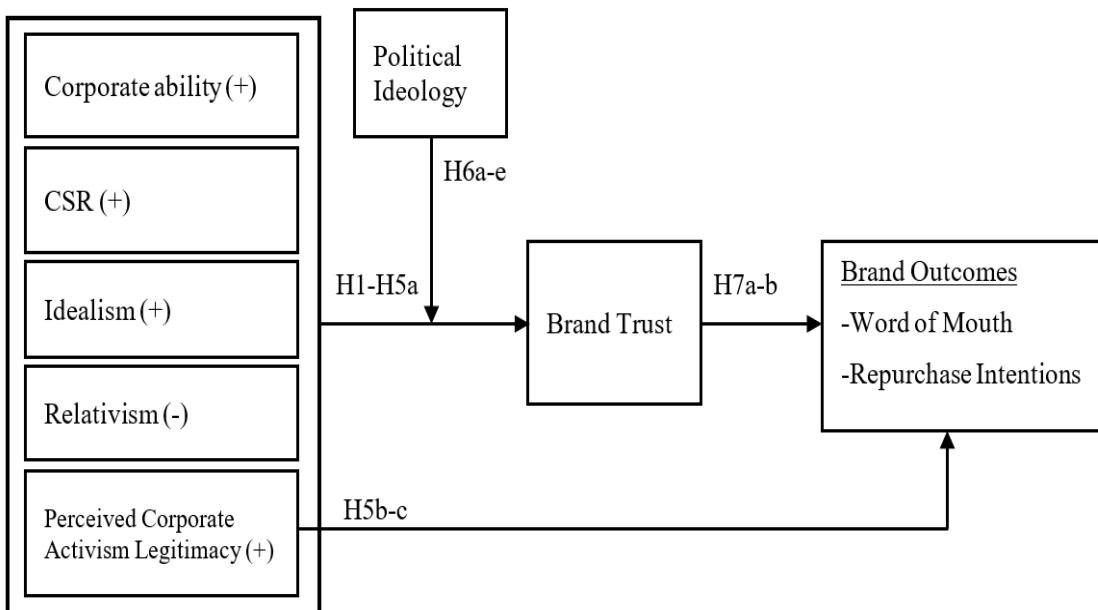
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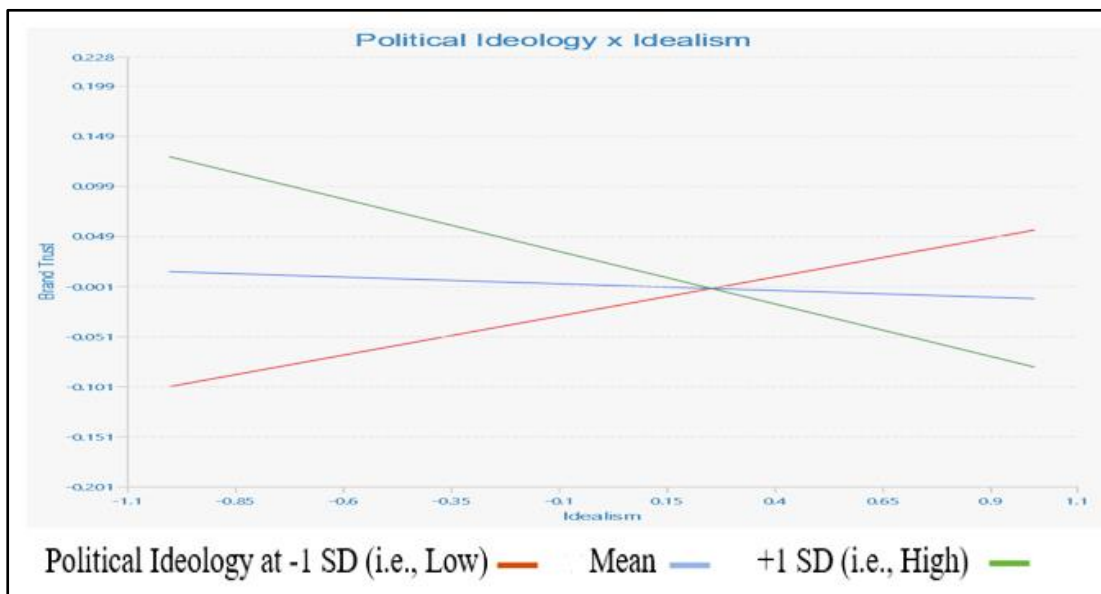


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## List of Figures and Tables



**Figure 1:** Research model.



**Figure 2:** The Moderating Role of Political Ideology on the Relationship between Idealism and Brand Trust.

**Table 1:** Respondents' Demographics.

<b>Variable</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age (in years)</b>		
18-27	58	9.2
28-37	208	32.9
38-47	160	25.3
48-57	117	18.5
58 and above	90	14.2
Total	633	100
<b>Gender</b>		
Male	316	49.9
Female	312	49.3
Prefer not to say	5	0.8
Total	633	100
<b>Education</b>		
High school	163	25.8
Bachelor's degree	316	49.9
Master's degree or above	148	23.4
Prefer not to say	6	0.9
Total	633	100
<b>Household Income (per month)</b>		
\$1,000-50,000	265	41.9
\$51,000-100,000	270	42.7
\$101,000 and above	81	12.8
Do not want to disclose	17	2.7
Total	633	100

**Table 2:** Reliability and Convergent Validity of the Constructs.

Constructs	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
<b>Brand Trust</b>		<b>0.883</b>	<b>0.920</b>	<b>0.742</b>
BT 1 <- BT	0.905			
BT 2 <- BT	0.828			
BT 3 <- BT	0.903			
BT 4 <- BT	0.805			
<b>CA Associations</b>		<b>0.794</b>	<b>0.860</b>	<b>0.552</b>
CA 1 <- CA	0.791			
CA 2 <- CA	0.759			
CA 3 <- CA	0.770			
CA 4 <- CA	0.615			
CA 5 <- CA	0.767			
<b>CSR Associations</b>		<b>0.925</b>	<b>0.942</b>	<b>0.729</b>
CSR 1 <- CSR	0.868			
CSR 2 <- CSR	0.880			
CSR 3 <- CSR	0.842			
CSR 4 <- CSR	0.770			
CSR 5 <- CSR	0.853			
CSR 6 <- CSR	0.903			
<b>Idealism</b>		<b>0.915</b>	<b>0.931</b>	<b>0.628</b>
ID 1 <- ID	0.811			
ID 2 <- ID	0.779			
ID 3 <- ID	0.846			
ID 4 <- ID	0.774			
ID 5 <- ID	0.851			
ID 6 <- ID	0.815			
ID 8 <- ID	0.709			
ID 9 <- ID	0.742			
<b>Perceived Corporate Activism Legitimacy</b>		<b>0.945</b>	<b>0.957</b>	<b>0.786</b>
PCAL 1 <- PCAL	0.895			
PCAL 2 <- PCAL	0.906			
PCAL 3 <- PCAL	0.852			
PCAL 4 <- PCAL	0.889			
PCAL 5 <- PCAL	0.905			
PCAL 6 <- PCAL	0.871			
<b>Political ideology</b>		<b>0.820</b>	<b>0.871</b>	<b>0.577</b>
PI 1 <- PI	0.738			
PI 2 <- PI	0.759			
PI 3 <- PI	0.753			
PI 4 <- PI	0.696			
PI 5 <- PI	0.843			
<b>Repurchase Intentions</b>		<b>0.922</b>	<b>0.951</b>	<b>0.866</b>
RI 1 <- RI	0.943			
RI 2 <- RI	0.945			
RI 3 <- RI	0.903			
<b>Relativism</b>		<b>0.896</b>	<b>0.923</b>	<b>0.706</b>
RT 1 <- RT	0.802			
RT 3 <- RT	0.868			
RT 4 <- RT	0.865			
RT 5 <- RT	0.878			
RT 6 <- RT	0.785			
<b>Word-of-Mouth</b>		<b>0.912</b>	<b>0.945</b>	<b>0.852</b>
WOM 1 <- WOM	0.949			
WOM 2 <- WOM	0.943			
WOM 3 <- WOM	0.875			

**Table 3:** Correlation Matrices and Discriminant Validity of the Constructs.

Const ructs	CA	CSR	ID	RT	PCAL	BT	PI	WOM	RI
CA	<b>0.743</b>								
CSR	0.563	<b>0.854</b>							
ID	0.295	0.210	<b>0.792</b>						
RT	0.157	0.216	0.011	<b>0.841</b>					
PCAL	0.299	0.374	0.426	0.263	<b>0.887</b>				
BT	0.408	0.459	0.348	0.231	0.770	<b>0.861</b>			
PI	0.001	0.064	-0.162	-0.073	-0.421	-0.266	<b>0.759</b>		
WOM	0.395	0.396	0.353	0.181	0.751	0.779	-0.321	<b>0.923</b>	
RI	0.384	0.339	0.391	0.169	0.758	0.745	-0.397	0.833	<b>0.931</b>

**Notes:** CA = Corporate Ability, CSR = Corporate Social Responsibility, ID = Idealism, RT = Relativism, PCAL = Perceived Corporate Activism Legitimacy, BT = Brand Trust, PI = Political Ideology, WOM = Word-of-Mouth, and RI = Repurchase Intentions. Next, I present the result of the hypotheses testing using smart PLS 4.

**Table 4:** Results of the Hypotheses Tests.

Hypothesis	Relationship	Path Coefficients	Standard Error	t-value	P values	Supported
H1	CA→BT	0.140	0.036	3.833	0.000***	Yes
H2	CSR→BT	0.132	0.037	3.521	0.000***	Yes
H3	ID→BT	-0.013	0.032	0.423	0.672 <sup>a</sup>	No
H4	RT→BT	-0.002	0.025	0.080	0.936 <sup>a</sup>	No
H5a	PCAL→BT	0.678	0.039	17.180	0.000***	Yes
H5b	PCAL→WOM	0.317	0.041	7.811	0.000***	Yes
H5c	PCAL -> RPI	0.438	0.045	9.628	0.000***	Yes
H6a	PI x CA→BT	0.047	0.038	1.215	0.224 <sup>a</sup>	No
H6b	PI x CSR→BT	-0.018	0.036	0.510	0.610 <sup>a</sup>	No
H6c	PI x ID→BT	-0.091	0.037	2.459	0.014*	Yes
H6d	PI x RT→BT	-0.005	0.027	0.172	0.864 <sup>a</sup>	No
H6e	PI x PCAL→BT	0.060	0.039	1.564	0.118 <sup>a</sup>	No
H7a	BT→WOM	0.395	0.043	9.126	0.000***	Yes
H7b	BT→RPI	0.354	0.049	7.247	0.000***	Yes

**Notes:** significant at \*\*\*p < 0.001, \*\*p < 0.01, \*p < 0.05, levels (2-tailed), while <sup>a</sup> is insignificant.

**Table 5:** Results of Additional Analysis.

Relationship	Path Coefficients	Standard Error	t-value	P values
PI → BT	0.023	0.031	0.759	0.448 <sup>a</sup>
PI → WOM	-0.091	0.025	3.629	0.000***
PI → RI	-0.155	0.026	5.929	0.000***
PI x BT → WOM	0.045	0.021	2.116	0.034*
PI x PCAL → RI	0.080	0.026	3.077	0.002**
PI x PCAL → WOM	0.049	0.023	2.105	0.035*

**Notes:** significant at \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ , levels (2-tailed), while <sup>a</sup> is insignificant.

# Appendices

## Appendix A

### ONLINE SURVEY INFORMATION AND INFORMED CONSENT FORM

ETH21- 6460 The Paths to a Valued Corporate Activism: Maximising Business Benefits Through Brand Trust and Legitimacy.

#### WHO IS CONDUCTING THIS RESEARCH?

My name is Aristus Ochionuoha, and I am a PhD student at UTS. My supervisor is Dr Geetanjali Saluja and can be reached at ([Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)).

#### WHAT IS THE RESEARCH ABOUT?

The purpose of this research is to understand people's views about a brand after reading an article concerning its activities. You have been invited to participate because your opinion about a brand's activities will be valuable for the present research.

#### WHAT DOES MY PARTICIPATION INVOLVE?

Participation in this study is voluntary. It is completely up to you to decide whether or not to participate. If you decide to participate, I will invite you to respond to scenario-based questions concerning your views about a brand after reading a news article about its recent social activities. The brand and the news article are fictitious, and the survey will take between 8-10 minutes to complete. You can change your mind anytime and stop completing the survey without consequences.

#### ARE THERE ANY RISKS/INCONVENIENCES?

I do not expect this questionnaire to cause any discomfort but bear in mind that the questions will be based on the information that will be contained in the news article. You will be asked about your views on sociopolitical issues like racial equity. However, if you experience discomfort answering the questions, please contact your family doctor or physician. Remember that you can change your mind anytime and stop completing the survey without consequences.

#### WHAT WILL HAPPEN TO THE INFORMATION ABOUT ME?

The online questionnaire will be accessed via Amazon's Mechanical Turk survey platform. Submission of the online questionnaire is an indication of your consent. It is anticipated that the results of this research project will be published and/or presented in various forums, such as journals and conferences. In any publication and/or presentation, information will be provided in such a way that you cannot be identified.

#### WHAT IF I HAVE ANY QUERIES OR CONCERNS?

If you have concerns about the research that you think I or my supervisor can help you with, please feel free to contact us using the following email addresses:

1. Aristus Ochionuoha: [Aristus.C.Ochionuoha@student.uts.edu.au](mailto:Aristus.C.Ochionuoha@student.uts.edu.au)
2. Geetanjali Saluja: [Geetanjali.Saluja@uts.edu.au](mailto:Geetanjali.Saluja@uts.edu.au)

If you would like to talk to someone who is not connected with the research, you may contact the Research Ethics Officer at 02 9514 9772 or [Research.ethics@uts.edu.au](mailto:Research.ethics@uts.edu.au) and quote this

number ETH21-6460. Any matter raised will be treated confidentially, investigated and you will be informed of the outcome.

## Appendix B

### Study Stimulus

The screenshot shows a webpage header for 'MARKET TRENDS BUSINESS REPORT' with a 'Subscribe' button, a search icon, and a menu icon. Below the header is a navigation bar with links for 'HOME', 'COMPANIES', 'ENERGY', 'HEALTH', and 'INDUSTRIALS'. The main content area features the article title 'A POPULAR CLOTHING BRAND SUPPORTS RACIAL EQUITY CAMPAIGN' and two paragraphs of text. The first paragraph discusses the brand's support for racial equity, mentioning a \$5m commitment and a partnership with the Centre for racial equity. The second paragraph notes that this statement follows heated public debates on systemic racism. At the bottom of the article, there are social media icons for Facebook, Instagram, Twitter, and YouTube, along with a copyright notice for '2022 Market Trends'.

## Appendix C

### Measures

#### Corporate Ability Associations (Fombrun et al 2000)

(1 = strongly disagree, 7 = strongly agree), the brand...

- CAA1 The brand seems to have strong research and development ability.
- CAA2 Develops innovative products and services.
- CAA3 Offers high-quality products and services.
- CAA4 Provides good value for money.
- CAA5 is capable and reliable.

#### CSR Associations (Fombrun et al 2000)

- CSR1 Seems to be socially responsible.
- CSR2 Appears to support good causes.
- CSR3 Seems to care about treating people well.
- CSR4 appears like a good place to work.
- CSR5 is concerned with improving societal welfare.
- CSR6 The company is positively impacting society through its socially responsible activities.



### **Idealism (Forsyth, 1980)**

(1 = strongly disagree, 7 = strongly agree).

ID1 People should make certain that their actions never intentionally harm another, even to a small degree.

ID2 Risks to another should never be tolerated, irrespective of how small the risks might be.

ID3 The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.

ID4 One should never psychologically or physically harm another person.

ID5 One should not perform an action that might in any way threaten the dignity and welfare of another individual.

ID6 If an action could harm an innocent other, then it should not be done.

ID7 Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.

ID8 The dignity and welfare of the people should be the most important concern in any society.

ID9 It is never necessary to sacrifice the welfare of others.

ID10 Moral behaviours are actions that closely match the ideals of the most “perfect” action.

### **Relativism (Forsyth, 1980)**

RT1 Moral standards should be seen as being individualistic; what one person considers

being moral may be judged to be immoral by another person.

RT2 Different types of morality cannot be compared as to “rightness”.

RT3 Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.

RT4 Moral standards are simply personal rules which indicate how a person should behave and are not to be applied in making judgements of others.

RT5 Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.

RT6 Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.

### **Political Ideology (Kidwell et al., 2013)**

(1 = strongly favour, 7 = strongly against).

PI 1 Abortion rights.

PI 2 LGBTQ+ rights.

PI 3 Gun control.

PI 4 Illegal immigration.

PI 5 Democrats.

### **Perceived Corporate Activism Legitimacy (Chung et al., 2016).**

(1 = strongly disagree, 7 = strongly agree).

PCAL1 I have a favourable opinion about the brand’s campaign on this issue.

PCAL2 This brand’s campaign will help people learn more about racial issues.

PCAL3 I think that this brand’s social campaign will help in ending racial discrimination.

PCAL4 The brand’s social campaign will be beneficial to me.

PCAL5 The brand’s social campaign will help other people I know.

PCAL6 Overall, the benefit of this campaign outweighs the problems.

**Brand Trust (Luk & Yip, 2008).**

(1 = strongly disagree, 7 = strongly agree).

ABT1 I feel confident in this brand.

ABT2 The brand appears to be honest.

ABT3 The brand seems dependable to meet my expectations.

ABT4 This brand makes effort to address my needs.

**Word-of-mouth (Ong et al., 2018)**

(1 = strongly disagree, 7 = strongly agree).

WOM1 If this clothing brand is mentioned in a conversation, I would recommend it.

WOM2 I have actually recommended this clothing brand to my friends and family.

WOM3 If someone makes a negative comment about this clothing brand, I will defend it.

**Repurchase Intentions (Ong et al., 2018)**

(1 = strongly disagree, 7 = strongly agree).

RI1 I would buy from this clothing brand the next time I go shopping.

RI2 I intend to keep buying from this clothing brand in the future.

RI3 If this clothing brand is not available when I need it, I will buy it another time.

**Brand Attachment (Park et al. 2010).** (1 = strongly disagree, 7 = strongly agree).

BAT1 I feel that the brand is part of me.

BAT2 I feel personally connected to the brand.

BAT3 My thoughts and feelings toward the brand are often automatic, coming to mind seemingly on their own.

**Participants' Demographics: Please answer the questions below.**

Q1. What is your age?

- 18-27
- 28-37
- 38-47
- 48-57
- 58 and above.

Q2. Please select the option that reflects the sex you were assigned at birth.

- Male.
- Female.
- Intersex.

Q3. Which category best describes your educational qualification?

- High school.
- Bachelor's degree.
- Master's degree or above.
- Prefer not to say.

Q4. What category best describes your annual income?

- \$1,000-50,000.
- \$51,000-100,000.
- \$101,000 and above.
- Do not want to disclose.

## Thesis Conclusion

Stakeholders like consumers and employees have constantly urged corporations to take action to advance societal welfare by supporting issues pertinent to their lives. The last decade has been marked by the rise in corporate activism, where brands increasingly express their views on contested social issues. Corporate activism tends to generate polarised public reactions and has begun to attract academic interest to investigate its marketing implications. Previous research indicates that activism initiatives mainly impact brands negatively. This thesis aimed to extend the existing knowledge by examining the impact of beliefs on one notable business stakeholder: consumers.

The first essay investigated the impact of political ideology on consumer reactions to corporate activism. Across three experiments using different social issues, the research showed that the alignment of a brand's activism stance and consumers' political ideology positively impacts brand trust and purchase intentions, and these effects are stronger among liberals (vs. conservatives). Also, the findings showed that the interaction of a brand's activism stance and political ideology positively affects perceived brand warmth (i.e., the brand is viewed as being friendly and caring), which mediates the interaction of a brand's activism stance and political ideology on the brand outcomes. Notably, the findings indicate the consumers' ability to take others' perspectives mitigates the negative impact of political ideology on brand outcomes.

The second essay explored the impact of corporate racial equity initiatives on consumer reactions, testing the moderating role of power distance belief and the mediating effect of perceived altruism. The findings showed that a brand's racial equity adoption (vs. non-adoption) decision positively affects willingness to pay and advocacy intentions, and these effects are stronger among consumers with low (vs. high) levels of power distance beliefs. The paper further indicated that perceived altruism drives the interaction effect of a brand's racial

equity adoption decision and power distance belief on brand outcomes, while religiosity attenuates the negative impact of power distance belief.

The third essay developed and tested a model on the roles of perceived corporate activism legitimacy and brand trust on consumer reactions to corporate activism. The findings identified corporate ability, corporate social responsibility, and perceived corporate activism legitimacy as predictors of brand trust. The results further showed that consumers rarely rely on their moral philosophies (i.e., idealism and relativism) and political ideology to form brand trust. Still, political ideology negatively influences brand outcomes such as word-of-mouth and repurchase intentions. Notably, perceived corporate activism legitimacy and brand trust positively predict word-of-mouth and repurchase intentions and attenuate the negative impact of political ideology on brand outcomes. See Table 1 for a summary of the essays.

The findings from this thesis make notable contributions to the corporate activism, branding and marketing literature and have significant implications for brand managers. Although the specific theoretical and practical implications were discussed in each essay, at a broader level and to our knowledge, this is among the first thesis to investigate how consumer beliefs impact their reactions to the novel practice of corporate activism. In doing so, the present thesis answers the recent call to advance our knowledge of the impact of corporate activism on brands (Eilert & Nappier Cherup, 2020; Vredenburg et al., 2020). Previous research indicates that corporate activism mainly affects brands negatively (Hydock et al., 2020; Mukherjee & Althuizen, 2020). However, findings from this thesis show that corporate activism impacts brand outcomes differently, depending on consumer beliefs. Thus, brand managers should carefully consider aligning their activism initiative with the beliefs of major customer segments to reap significant benefits. In sum, the author hopes that the findings of this thesis offer valuable insights to managers planning to adopt corporate activism as part of branding strategy while prompting future research in this domain.

## **Important Note**

The University's Research Ethics Committee strongly recommended using fictitious brands for the research to avoid reputational issues. Also, for two reasons, MTurk was considered suitable for data collection. First, it is affordable considering the limited research budget for my PhD program, mainly due to funding cuts during the COVID-19 pandemic. Secondly, the high cases of corporate activism that have increasingly polarized the American public along political lines made it appropriate for MTurk to collect data from US consumers since political ideology was central in the thesis.

**Table 1: Summary and Status of the Essays**

Essay	Research Aim	Method	Key Findings	Theoretical Contributions	Managerial Implications	Status
Essay One	To examine the interactive effect of a brand's activism stance and political ideology on brand outcomes, identifying the underlying mechanism and the boundary condition.	Experimental research design.	<p>1. The interaction effect of a brand's activism stance and political ideology positively impacts brand trust and purchase intentions, mostly among liberals (vs. conservatives).</p> <p>2. This effect is driven by perceived brand warmth, while perspective-taking mitigates the negative impact among conservatives.</p>	<p>1. The essay advances corporate activism and branding research by showing how a brand's activism stance and political ideology impact consumer reactions.</p> <p>2. It further improves our understanding of the links among corporate activism, political ideology and brand perceptions while establishing perspective-taking as a crucial boundary condition.</p>	<p>1. The research shows that political ideology strongly influences consumer responses to corporate activism and brand perception. Thus, managers should ensure that they support issues that align with the political values of most of their customers.</p> <p>2. The study also indicates that managers can leverage perspective-taking to gain higher support for their activism initiatives from liberals and conservative consumers.</p>	The manuscript is being finalised for submission to the Journal of Consumer Psychology.
Essay Two	To investigate how the power distance belief moderates the impact of a brand's diverse racial representation (DRR) adoption on brand outcomes, identifying the underlying mechanism and the boundary condition.	Experimental research design.	<p>1. A brand's DRR adoption significantly enhances willingness to pay and advocacy intentions, mostly among consumers low (vs. high) in power distance belief.</p> <p>2. These effects are driven by perceived altruism, and religiosity attenuates the adverse reactions from consumers high in power distance belief.</p>	<p>1. The paper contributes to the literature by showing that consumers value and reward internal initiatives like DRR policy adoption, primarily consumers low (vs. high) in power distance belief.</p> <p>2. It also extends the literature by identifying perceived altruism as the mechanism underlying the observed effect while showing religiosity as a critical boundary.</p>	<p>1. This study shows that it is risky for brands to abstain from DRR policy adoption, especially for brands with a majority of consumers low (vs. high) in power distance belief.</p> <p>2. The research also offers valuable guides for managers by indicating that religious consumers reward a brand's DRR policy adoption, regardless of their levels of power distance belief.</p>	The manuscript is under review at the European Journal of Marketing with Geetanjali Salija and Felix Septianto as co-authors.

<b>Essay</b>	<b>Research Aim</b>	<b>Method</b>	<b>Key Findings</b>	<b>Theoretical Contributions</b>	<b>Managerial Implications</b>	<b>Status</b>
Essay Three	To develop and test a model of the roles of perceived corporate activism legitimacy and brand trust on consumer response to racial equity activism.	Survey research design.	<p>1. Corporate ability, corporate social responsibility and perceived corporate activism legitimacy predict brand trust, positively enhancing word-of-mouth and repurchase intentions.</p> <p>2. Political ideology and idealism jointly affect brand trust negatively, while perceived corporate activism legitimacy and brand trust mitigate the negative impact of political ideology on brand outcomes.</p>	<p>1. The research may be among the first to identify the determinants and outcomes of brand trust in the corporate activism domain, answering recent calls.</p> <p>2. It further contributes to the literature by showing that corporate activism legitimacy and brand trust enhance brand outcomes while mitigating the negative impact of political ideology.</p>	<p>1. The research indicates that consumers rely primarily on a brand's association (vs. their moral philosophies) when evaluating its racial equity initiative.</p> <p>2. Also, the study offers valuable guides to managers by identifying perceived corporate activism legitimacy and brand trust as two essential routes to corporate activism success, improving overall brand outcomes.</p>	The manuscript is being finalised for submission to the Journal of Business Research.

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