Unpacking the Effects of Gender Discrimination in the Corporate Workplace on Consumers’ Affective Responses and Relational Perceptions

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Abstract

The purpose of this study was to investigate (a) how allegations of gender discrimination impact consumers’ relationship with the brand in question, and (b) individual-level factors that impact consumers’ negative affective response to the allegations and eventually, consumer-brand relationships. Findings from a survey conducted among U.S. Americans indicate that individuals’ relational perceptions with a corporate brand whose products/services they consume are negatively affected by allegations of misconduct, in this case, gender discrimination. Results revealed that individuals’ moral orientation and anti-corporate sentiment predicted their perceptions of moral inequity of corporate behavior, which in turn impacted their negative affective response to the allegations. Such negative affective response then impacted individuals’ consumer-corporate brand relationships.

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On February 19, 2017, Susan Fowler, a former employee of Uber, published a blog on her personal website. In this blog, Fowler wrote about the systemic sexism that she had faced at Uber, alleging a culture of discrimination and harassment against female employees among engineering teams at Uber. The engineering team workforce that was more than 25% women when Fowler joined, went down to a meagre 3% by the time she left, a mere year later, allegedly due to the sexist culture. The blog led to an uproar against Uber, prompting CEO Travis Kalanick to open an internal investigation into the allegations (Isaac, 2017). The controversy gave further impetus to the Delete Uber movement (Marinova, 2017) which had originally resulted from the CEO’s perceived support of President Trump’s immigration ban, to the extent that users trying to delete their accounts after the blog post received a message from Uber stating “Everyone at Uber is deeply hurting after reading Susan Fowler's blog post" (Morse, 2017).

Instances of gender discrimination in the workplace, defined by the U.S. Equal Employment Opportunity Commission as “treating someone (an applicant or employee) unfavorably because of that person's sex,” are not new. Issues of glass ceilings (e.g., Bell, McLaughlin, & Sequeira, 2002), gender wage gap (e.g., Blau & Kahn, 2007), workplace sexual harassment (e.g., Woods & Kavanaugh, 1994), paid parental leave (e.g., Hass & Rostgaard, 2011), and others that systemically discriminate against employees based on their gender have long been documented. Scholars of organizational behavior and psychology have investigated gender discrimination in a number of ways, including systemic factors that contribute to it (e.g., Hultin & Szulkin, 1999), the effect of culture on the workplace (e.g., Deem, 2003), employees’ coping mechanisms and management strategies (e.g., Carr, Szalacha, Barnett, Casswell & Inui, 2003), and the effects of perceived discrimination on employees’ attitudes toward their employer (e.g., Ensher, Grant-Vallone, & Donaldson, 2001), among others, primarily concentrating on internal antecedents and consequences of gender discrimination.

Although various literatures have examined and contributed to theorizing on gender discrimination in the workplace, most such research tends to focus on internal factors, attitudes, and consequences. How allegations of gender discrimination levied against a corporation may impact its consumers’ perceptions of the organization is an area of research that deserves attention, particularly as consumers are increasingly more willing to punish brands and corporations for perceived misdeeds and misbehavior (Hollenbeck & Zinkham, 2003). This study is an attempt to address this gap. In this study we investigate (a) how allegations of gender discrimination impact consumers’ relationship with the brand in question, and (b) individual-level factors that impact consumers’ negative affective response to the allegations and eventually, consumer-brand relationships. Of particular interest is the notion of *perceived moral inequity*, which we define as individuals’ perceptions of behaviors or actions of a relational partner being unethical, unjust, and/or morally wrong. In this study we explore antecedents of consumers’ perceptions of moral inequity of corporate behavior in one specific context and investigate its impact on consumers’ affective response and their relational perceptions. To do so, we utilize survey data from U.S. Americans who were exposed to a fictional vignette alleging gender discrimination at a corporation whose brands and products they use regularly. The next section presents a review of the literatures in which this study is situated, and the hypotheses and research questions that guide this examination.

**Literature Review**

**Perceived Moral Inequity of Corporate Behavior**

The notion of inequity, or the lack of equity, justice, or fairness, comes primarily from equity theory literature. Theories of social and workplace equity, in particular, Adams’ (1963) equity theory, have received extensive attention from organizational psychology literatures (Vecchio, 1981). Equity theory theorizes on human motivation in the workplace, and conceptualizes motivation as individuals’ perceptions of their own inputs (quantity and quality of performance) and outputs (compensation, benefits) in relation to others (Ryan, 2016). Individuals’ perception of inequity in the workplace based on their inputs and outputs compared to others affect their motivation to produce inputs, as posited by equity theory (Vecchio, 1981), eventually impacting a business’ productivity and performance. Equity theory then calls upon businesses to reduce actual and perceived inequities between employees’ input and output, as well as inequities among employees to ensure organizational effectiveness.

However, as more and more instances of corporate irresponsibility, misdeeds, and/or malfeasance come to light, corporations must be cognizant not only of their internal publics’ perceptions of inequity, but also those of external publics. Consumer activism stemming from irresponsible corporate action, including negative word of mouth behaviors, boycotts, etc. (Grappi, Romani, & Bagozzi, 2013) deserves scholarly attention. Corporations’ moral transgressions, both ethical (harming workers or consumers) and social (violating social norms and/or expectations) transgressions (Grappi et al, 2013) impact how their external publics, consumers in particular, perceive the corporations and their behaviors.

In particular, scholars have discussed how corporate violations of consumers’ moral expectations and norms through ethical and social transgressions have negative consequences for the corporation (e.g., Lindenmeier, Schleer, & Pricl, 2012). Experimental studies on corporations’ ethical and social transgressions have found differentiated effects of the nature of transgressions on consumers’ affective and behavioral responses toward a corporation (e.g., Grappi, et al, 2013). Still missing in the literature, however, are conceptualizations of consumers’ *perceptions* of the corporate behavior, particularly as they relate to perceived moral violations. Consumer perceptions of corporate behavior have been shown to impact consumers’ evaluations of corporations’ trustworthiness (Aqueveque & Encina, 2010), as well as consumers’ attitudes and buying intentions toward the corporation’s products and services (Becker-Olsen, Cudmore & Hill, 2006). To capture the perceptual dimension of moral violations, we borrow from equity literature to conceptualize the concept of perceived moral inequity, which we define as individuals’ evaluations of behaviors or actions of a relational partner being unethical, unjust, and/or morally wrong. Specifically, in this study we examine perceived moral inequity of corporate behavior, conceptualized as consumers’ evaluations of corporations’ actions being unethical, unjust, and/or morally wrong. Assumed in this definition of perceived moral inequity of corporate behavior is the existence of a relationship between a consumer and the corporation whose products/services he/she consumes, which will be further discussed later in this manuscript.

In situations where corporate misconduct may give rise to perceived moral inequity among consumers, it is important for corporations (and other organizations such as governments, non-profits, etc.) to understand the antecedents and consequences of consumers’ perceptions of their (mis)behavior. In the sections that follow, we discuss the consequences and antecedents of perceived moral inequity of corporate behavior upon which we focus in this study.

**Consequences of Perceived Moral Inequity of Corporate Behavior**

**Negative affective response.** Recentyears have seen growing calls from public relations scholars to investigate the role of affect and emotions, particularly in times of crisis (Jin, 2010). The situational crisis communication theory (SCCT) discusses emotions as being an important part of the theoretical framework (Kim & Cameron, 2011), and several scholars have sought to conceptually and empirically bring affective response into conversation with communication management and crisis communication (e.g., Brummette & Sisco, 2014; Jin, 2010; Jin, Pang, & Cameron, 2007). Drawing from Lazarus’s (1991) cognitive appraisal theory, Jin et al (2007) proposed the integrated crisis mapping (ICM) model, which maps publics’ affective responses to a crisis on a continua of organizational issue engagement and publics’ coping strategy.Affective response refers to “the general psychological state of an individual, including but not limited to emotions and mood, within a given situation” (Haile, Gallagher, & Robertson, 2014, p. 29).

In cases of corporate misconduct, which may or may not lead to a crisis for the corporation, the role of emotions in individuals’ evaluations of and behavioral intentions toward the corporation too have been investigated. Lindenmeier et al (2012) examined how consumers’ negative affective response to corporate action and their outrage toward the corporation was associated with intentions to boycott and encourage other to boycott the corporation. Corporations’ transgressions, both ethical and social, elicit negative emotional responses, such as contempt, disgust, and anger from individuals (Grappi, et al, 2013), which in turn have been linked to consumers’ punitive behaviors against the corporation (e.g., protest and negative word of mouth behaviors). It is important, therefore, for corporations to understand the affective responses engendered by their (the corporations’) behavior and why they may happen, particularly among their consumers. Cognitive appraisal theory of emotion and cognitive emotion theory may offer some answers. Cognitive appraisal theory of emotion (Lazarus, 1991) posits that individuals’ emotions are triggered when they evaluate a set of circumstances to be personally relevant to them (cognitive appraisal; So, Kuang & Cho, 2016). Similarly cognitive emotion theory (Ortony, Clore & Collins, 1988) discusses how “moral emotions require interpretation and appraisal before they can be elicited” (Lindenmeier, et al, 2012, p. 1365). These theories point to the pivotal played by an individuals’ cognitive evaluation of a given situation in his/her affective response to it. The valence of the emotion we posit, then, that consumers’ evaluation of corporations’ behaviors as being inequitable may elicit a negative affective response toward the organization, proposing the following hypothesis:

H1: Consumers’ perceived moral inequity of corporate behavior is positively associated with negative affective response.

**Consumer-corporate brand relationship.** Organization-public relationships have been central to public relations scholarship for decades, particularly since Ferguson (1984) argued that the study of relationships as the central context of public relations research “would greatly enhance the probability of productive theory development” (1984, p.23). In the three decades since this call several public relations theorists have focused on relationships as the central construct of public relations research (e.g., Ledingham & Bruning, 1998, Huang, 2001, Hon & Grunig, 2001), including the articulation of relationship management as the general theory of public relations (Ledingham, 2003) and the development of the Organization-Public Relationship Assessment (OPRA) scale (Huang, 2001). Since these developments in public relations scholarship, public relations scholars have articulated conceptualizations of a variety of organization-public relationships, including foreign public-government relationships (e.g., Lee & Jun, 2013), employee-employer relationships (e.g., Kim & Rhee, 2011), and university-student relationships (e.g., Shen, 2016).

A sub-type of organization-public relationships that does not get as much attention from public relations scholars is consumer-brand relationships, despite consumers being a crucial public for an organization particularly during a crisis, on whom the organization’s financial future depends. Although public relations scholars have focused on consumers’ reactions to organizations’ crisis responses (e.g., Choi & Lin, 2009; Grappi & Romani, 2015), such research has primarily focused on consumers’ affective and emotional response to corporate crises, rather than their relational perceptions.

And yet, marketing scholars have long agreed about the importance of consumer-brand relationships (e.g., Aggarwal, 2004), conceptualizing brands and corporations as active relational partners in a consumer-brand relationship (Fournier, 1998). A brand is defined by the American Marketing Association as a “name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition” (“Dictionary,” 2017). Marketing scholarship and practice has further complicated the notion of a brand by conceptualizing corporate brands as “a brand that spans an entire company (which can also have disparate underlying product brands). Conveys expectations of what the company will deliver in terms of products, services, and customer experience. Can be aspirational” (Argenti & Druckenmiller, 2004, p. 369). Consumers, therefore, may perceive relationships not only with individual brands under a corporate umbrella, but also with the broader corporate brand representing the umbrella. Consumer-brand relationships have been shown to have significant impact on an organization and its functioning, including success or failure of communication campaigns (e.g., Aggarwal, 2004), greater sales and better financial outcomes (e.g., Aaker & Joachimsthaler, 2000; Duncan & Moriarty, 1998), as well as arguably insulating organizations from the negative effects of negative brand information or brand failure (e.g., Ahluwalia & Gurhan-Canli, 2000).

Public relations scholars, therefore, should focus on consumer-brand relationships particularly in situations involving organizational (corporate) misconduct. How consumers’ relational perceptions change in light of corporate crisis or corporate misconduct, and what individual-level factors might influence relational change has not received much scholarly attention. Although scholars have investigated how consumer-organization relationships impact individuals’ attributions in times of organizational failure (e.g., Hess, Ganesan & Klein, 2003), how corporate failure impacts consumers’ relational perceptions is yet to be investigated. Furthermore, crisis situations often require a corporate-level response rather than a brand-level response, potentially impacting consumer-*corporate brand* relationships. Accordingly, the following research question guides our investigation.

RQ: How do consumers’ perceptions of consumer-corporate brand relationships change after exposure to allegations of corporate misconduct, specifically, allegations of gender discrimination?

Investigations into consumers’ responses to corporate issues and crises have so far primarily focused on their responses to corporate crises. Specifically, scholars have discussed how consumers’ negative emotional responses mediate how effective a corporation’s crisis communication strategy is (Grappi & Romani, 2015) as well as how negative affective responses of anger negatively impacts corporate reputation (Choi & Lin, 2009). Scholars of attribution theory and the situational crisis communication theory have discussed the cognitive processes behind attribution of blame. Coombs (2007) argues that blame is tied to such factors as crisis type, an organization’s crisis history, and prior reputation. Others have discussed negative affective responses in terms of the predictability and controllability of a crisis (e.g. Jin, 2010). However, how such negative affective responses impact consumers’ perceptions about the corporation, particularly relational perceptions, has not yet been articulated clearly. Based on previous studies which show that consumers’ negative affective response negatively impacts corporate reputation (Choi & Lin, 2009) as well as their perceptions about the corporation (Grappi, Romani & Bagozzi, 2013), the following hypothesis is posited:

H2: Negative affective response is negatively associated with consumer-corporate relationships.

**Antecedents of Perceived Moral Inequity of Corporate Behavior**

**Moral orientation.** Individuals’moral identity and values influence their decision making and moral behavioral intention (Aquino, Freeman, Reed, Lim & Felps, 2009; Hunt & Vasquez-Parraga, 1993; Mayo & Marks, 1990) and their ethical company/brand perceptions (Brunk, 2010). Although previous studies have indicated that perceived violation of moral standards leads to moral outrage (e.g., Batson, Chao, & Givens 2009; Grappi, Romani, & Bagozzi, 2013; Lindenmeier, Schleer, & Pricl, 2012), few studies have investigated how individuals evaluate if an organization’s (mis)behaviors violate their moral orientation and norms. The impact of specific types of moral orientations on emotional reactions should be further investigated as it may help provide further insight into the intersections between moral values and attitudes and responses toward corporations.

In this regards deontological and consequentialist principles may be useful frameworks to gauge the effects of individual ethics and predict behavioral intentions, such as word-of-mouth behavior (Shim, 2013). These principles help explain why people have different views on ethicality and how they decide what constitutes ethical/unethical behavior (Hunt & Vasquez-Parraga, 1993). Individuals guided by the deontological principle consider one’s duties, obligations, and responsibilities important for evaluating ethicality (De George, 1999; Hunt & Vasquez-Parraga, 1993). The intrinsic characteristics of a behavior decide what is morally right or wrong (Hunt & Vasquez-Parraga, 1993). In contrast, those with consequentialist or utilitarian principles, which draw from teleological notions of ethics, believe that producing the greatest benefit for individual and society is most morally ethical ((Hunt & Vasquez-Parraga, 1993; Schwartz & Carroll, 2003) and that the consequences decide the ethicality of one’s behavior (Anscome, 1958; Tanner et al., 2008), rather than the behavior itself. Teleological ethical theories suggest that it is the “relative amount of goodness or badness of the consequences of a behavior that determines its rightness or wrongness” (Hunt & Vasquez-Parraga, 1993, p. 78). Therefore, the behavior is morally right “only if it produces for all people a greater balance of good over bad consequences than other available alternatives” (p. 79).

A logical extension of these arguments may be that the ethicality of organizational actions may depend on their publics’ and stakeholders’ differing moral orientations. When individuals evaluate the ethicality of corporate behavior, they compare it to their norms or reference standards (Lindenmeier, et al, 2012), and high degrees of deviations result in perceived moral inequity and outrage. Consumers with rigorous moral standards may perceive high levels of moral inequity of corporate misconduct as the difference between their moral standards and unethicality of corporate behavior may be high.

Deontologically-oriented people might perceive a corporate misconduct to be morally wrong, or deontologically unethical, if the behavior seems to be deliberately undertaken, as these individuals tend to look at the process and the motivations behind the behavior rather than the consequences. A corporation deliberately discriminating against employees based on their gender is therefore posited to be considered morally unethical to those deontologically-oriented, as such individuals may evaluate the policy based on its unfair discriminatory nature. Such a moral orientation is conceptualized to result in higher perceptions of moral inequity of corporate behavior, and the following hypothesis is posited:

H3a: Degree of self-reported deontologist orientation is positively associated with perceived moral inequity of corporate behavior.

On the other hand, consequentialism-oriented or utilitarianism-oriented individuals focus on the generation of the greatest positive consequences for the greatest number people as a result of the behavior, or on the end instead of the means of achieving the end. Such individuals may consider an organization’s business activities aimed at maximizing the bottomline as simply fulfilling its economic responsibility, as long as the business maximizes positive outcomes for the maximum number of people. Therefore, gender discrimination issue, when reported to have been conducted to maximize profit and optimize financial gain, may not be perceived as being morally wrong by consequentialism-oriented individuals. Therefore, we posit the following hypothesis:

H3b: Degree of self-reported consequentialist orientation is negatively associated with perceived moral inequity of corporate behavior.

**Anti-corporate sentiment.** Negative sentiment and criticism toward big corporations are not new (PewResearchCenter, 2012). Scholars of anti-corporate sentiment (e.g., Chomsky, 1999; Hertz, 2003; Klein, 2010; Korten, 2001; Manheim, 2000; Starr, 2000) have asserted that corporations control the world and that they wield excessive power. Anti-corporate thinkers see corporations as villains in human society, dominating society and destroying democracy. As Chomsky (1999) contends, “the corporatization of America has been an attack on democracy” (p. 132). Such scholarly opinions are echoed in the general population, as a recent Gallup survey (2016, June 1-5) tells us that people’s confidence in big business has been decreasing steadily for the last four decades, since 1973. Of note is that even when compared to other major institutions, big business has been recorded as being at the bottom of the barrel in terms of in public confidence (Gallup, 2016, June 1-5). The 2008 financial crisis most certainly did not help assuage the general populations concerns, as several large financial institutions needed to be bailed out by the federal government at the taxpayers’ expense.

Although the degree to which societies report anti-corporate sentiment varies, its significant impact on business and society remains consistent. Anti-brand movements in online communities are a good example of the impact of of consumer publics’ anti-corporate sentiment (Hollenbeck & Zinkhan, 2006). Yet, publics’ anti-corporate sentiment is not clearly defined. The term anti-corporate ‘*sentiment’* has been used by several scholars to explain publics’ negative perceptions of, or attitude toward, big business (e.g., Kim *et al.*, 2013; Shin *et al.,* 2013). Although debates about whether anti-corporate sentiment is emotion or cognition (Choi, 2011; Yoon & Choi, 2009) continue, in many definitions, cognition and emotion are mixed (e.g., Kim *et al.*, 2013; Shin *et al.,* 2013).

There are two main approaches to understand anti-corporate sentiment. First, anti-corporate sentiment could be seen as publics’ situational emotional reactions to actual problems or issues related to corporations. These emotions reflect their situational affective state regarding those problems. For example, Kim and Kim (2009) suggested that publics exhibit their emotional reaction to problematic situations and consequently engage in online flaming behavior. Under this approach, anti-corporate campaigns can be understood as those targeting an organization to address a variety of social issues caused by it (Sadler, 2004). Klein (2010) too focused on the movement of activists who were against corporations’ unethical conduct. Situational theorists argue that hostile active publics can arise against corporations when they perceive or are negatively affected by problems or issues caused by corporate behavior and/or decision making (Kim & Grunig, 2011). As a result, they may engage in aggressive retaliatory behavior such as boycott or negative word-of-mouth behavior (Braunsberger & Buckler, 2009; Grégoire & Fisher, 2008; Grégoire, Laufer, & Tripp, 2010; Heijnen & van der Made, 2012).

Another way of looking at anti-corporate sentiment is to consider it part of publics’ dispositional traits that are developed over time. Under this view, anti-corporate sentiment is a long-held, generalized belief and negative inclination toward big corporations. Specifically, it is one’s *general or conventional* beliefs or perceptions toward corporate entities (Authors), defined as “opposition to the dominance and power of multinational corporations over national states and citizens” (Sadler, 2004, p. 853). It is publics’ inclination to question, distrust, and have negative feelings toward big corporations, and evolves from publics’ repeated experiences of corporations’ problematic behavior and social issues and their societal consequences. For scholars who adhere to this approach, anti-corporate movements/campaigns result *from* publics’ long-held negative view or belief about giant corporations rather than from their temporal or *issue-based* people’s emotional reaction or their behavioral intention toward big business (Authors).

This study use Authors’ definitions of anti-corporate sentiment as a personal inclination accumulated from an individual’s consistently negative perception about *large* corporations. Yoon and Choi (2011) also suggested that anti-corporate sentiment is “people’s negative perception about corporations in general”, “vague, overall, unfriendly perception about business rather than appraisal about specific companies or their specific activities” (p. 164). Individuals’ negative beliefs about big business are created and maintained over time and their repeated negative appraisals of giant corporations therefore lead to perceptual bias or inherent attitudes.

We posit that when individuals have anti-corporate sentiment, they are likely to perceive moral inequity of an organization’s behavior. As such individuals are already biased about corporations’ behaviors, and inclined to judge and evaluate corporations negatively even before a crisis occurs, such a relationship makes logical sense. The occurrence of corporate unethical behavior confirms such individuals’ worldview and beliefs about corporations, and such events may therefore elicit stronger, negative reactions to unethical (mis)conduct from organizations than from those who are not pre-disposed negatively toward corporations in general.

H4: Anti-corporate sentiment is positively associated with perceived moral inequity of corporate behavior.

**Method**

In order to test the proposed hypotheses, survey data was collected using an online research panel through Qualtrics, whose panels encompass over 2 million U.S. Americans. The survey was conducted in December 2016 among U.S. Americans, before the Uber gender discrimination issue came to light. A total of 473 individuals responded to the survey, of which 103 were between the ages 18 to 29, 108 participants were between 30 to 39 years old, 93 were between 40 and 49 years old, 95 individuals were between 50 and 59 years old, and 74 participants were over 60 years of age. Of the participants, 241 self-reported being male and 232 said they identified as female, reflecting the population distribution of the U.S.

**Survey Procedures**

This study focused on users’ perceptions of corporations’ behaviors, specifically related to allegations of gender-based discrimination in the workplace. Respondents were first asked to choose one of four corporate brands, Adidas, Nestle, Apple, and Dell, that they regularly use. These four brands were chosen based on a variety of reputation indices, including Forbes, Business Insider’s reporting on the most ethical companies, among others. The four corporate brands were chosen based on their high ranking across various reputation indices to minimize the effect of any confounding factors. If respondents reported using none of the above, they were eliminated from this analysis. After choosing a corporate brand, respondents were asked a series of questions about their perceptions of the corporation, including the measures from the OPRA scale (Huang, 2001) and loyalty. Pre-exposure consumer-corporate brand relationship was measured by trust, satisfaction, commitment, and loyalty, following Sohn and Lariscy’s (2015) operationalization. Upon completing these measures, participants were exposed to the following vignette:

After shopping, you enter a coffee shop. While reading a newspaper over coffee, you come across a news article stating that several global companies have been accused of gender discrimination at top management level. These companies face the potential of being sued for discriminating against women in employing and promoting them to the corporations’ top management. Reporters also uncovered significant salary/wage gaps between the women and the men in the companies, with men being paid a lot more than the women. In the news article, Amnesty International argued that these companies have intentionally discriminated against women to save costs and maximize profits. One of the companies implicated in this article is [Adidas, Nestle, Dell, Apple].

The participants were given 25 seconds to read this vignette, after which they were asked to respond to statements about their perceptions about the issue. Before exiting the survey, participants were reminded that the statements they had been exposed to in the survey were fictitious, and asked to confirm that they understood the corporate brands had not actually been accused of gender discrimination.

**Measures**

Current literatures guided the design of the survey and operationalization of the various constructs studied in this research. All items were measured on a one to five Likert-type scale running from strongly disagree to strongly agree.

**Anti-corporate sentiment.** As there are no validated scales for anti-corporate sentiment yet, we referred to Authors’ unpublished work which developed scales by referring to some representative literature on anti-corporate sentiment and on surveys (e.g., CNBC| Burson-Marsteller, 2014; Korten, 2001; Osborne, 2009; Pew Research Center, 2012a). Authors compiled all items related to anti-corporate sentiment and modified them (e.g., Chomsky, 1999; Korten, 2001; Osborne, 2009). Statements such as “too much power is placed in hands of a few big companies in my country,” and “Corporations are the sources of the social problems we encounter in our country” measured this variable. The Cronbach’s alpha for these eight items was .915.

**Moral orientation.** To measure individuals’moral orientation, we referred to and revised Shim’s (2013) scales. Four items for consequentialist orientation and for deontological orientation each were used to measure participants’ moral orientation. Scales for consequentialist orientation included “a business should be concerned with successful outcomes rather than the means to achieve those outcomes” and “as long as a business continues its success, it need not worry about criticisms of its management or managerial practices.” To measure deontological orientation, statements such as “a business should be concerned with the means it uses to achieve its outcomes, rather than the outcomes themselves” and “following moral obligations in managerial process is the most important aspect by which to judge an organization” were used. The items for consequentialist orientation yielded a Cronbach alpha of .782, and deontological orientation, .731.

**Perceived moral inequity.** Perceived moral inequity of corporate behavior was measured using three items derived from Lindenmeier et al (2012) and yielded a Cronbach’s alpha of .944. Statements such as “I consider the behavior of brand xx to be unjust” and “I consider the behavior of brand xx to be morally wrong” measured this variable.

**Negative affective response.** Gregoire and Fisher’s (2008) operationalization was adopted to measure negative affective response. Respondents were asked how they felt about the situation described in the vignette. Three items, including “I feel outraged” and “I feel resentful,” were used to measure negative affective response and were found to have a Cronbach’s alpha of .930.

**Consumer-corporate brand relationship.** To measure consumer-corporate brand relationships, Sohn and Lariscy’s (2015) operationalization was adopted, which included the . constructs of trust, commitment, satisfaction, and loyalty. Hon and Grunig’s (1999) items were used to measure trust, commitment, and satisfaction, while Sohn and Lariscy’s (2015) scale was used to measure loyalty. All four constructs were measured twice, once before exposure to the vignette, and once after. Three items measured trust, and were found to be reliable, both pre-vignette (α = .862) and post-vignette (α = .902). Commitment too was measured by three items and both pre- (α = .901) and post-vignette (α = .944) measures were found to be reliable. Pre-vignette (α = .840) and post-vignette satisfaction (α = .906) were also acceptable, both measured with three items. Finally, the four items of loyalty, which included items such as “I would definitely recommend this company to someone who seeks my advice” and “I still intend to use this brand’s products/services in the next few years” also had good levels of reliability, with pre-vignette loyalty yielding Cronbach’s alpha of .854 and post-vignette, .943.

[Insert Table 1]

**Data Analyses**

Data were analyzed using Stata IC/14 and IBM AMOS 22. First, Cronbach’s alpha for all observed variables were calculated to ensure reliability of the measurement items. All variables were found to have a Cronbach’s alpha of >.70, with the lowest being .731 and the highest being .944 (see Table 3 for Cronbach’s alpha values). As there were no validated scales for anti-corporate sentiment, we performed exploratory factor analysis (EFA) using principal component analysis (PCA) and Oblimin rotation, followed by confirmatory factor analysis (CFA), to check validity and reliability. The same procedure was followed for the two moral orientations, as Shim (2013) noted that existing scales of moral orientation tend to report low reliability. Then, a confirmatory factor analysis was used to confirm Sohn and Lariscy’s (2015) operationalization of consumer-brand relationship, or in the case of this study, consumer-corporate relationship, both before exposure to the vignette and after. Following this analysis, the model in Figure 1 was tested using structural equation modeling (SEM). To assess data fit, Hu and Bentler’s (1999) joint-criteria, one of the more conservative fit evaluation criteria, was used, whereby CFI>.95, SRMR ≤ .10, or RMSEA ≤ .06 and SRMR ≤ .10 is considered a good model. Standardized coefficients are reported.

**Results**

First, the 8 items of anti-corporate sentiment were subjected to EFA using PCA. The Kaiser-Meyser-Oklin value was .935 for the PCA of anti-corporate sentiment. Bartlett’s Test of Sphericity (Bartlett, 1954) reached statistical significance (χ2=2217.008 df=28, p<.000), supporting the factorability of the correlation matrix. PCA of anti-corporate sentiment revealed the presence of one component with eigenvalue exceeding 1, explaining 63.327 of the variance. Regarding validity, 63.33 % of total variance suggests that this scale has sound explanatory power in explicating anti-corporate sentiment. As shown in Table 2, standard factor loadings range from .72 to .85. CFA results showed that the scales are good indicators of the measured variable (χ2 (20) = 83.605; CFA = .971, SRMR = .032, RMSEA = .082).

[Insert Table 2]

The four items of consequentialist orientation and four items of deontological orientation were subjected to PCA. The Kaiser-Meyser-Oklin value was .747. Bartlett’s Test of Sphericity (Bartlett, 1954) reached statistical significance (χ2(28) = 997.821, *p* < .001). PCA of moral orientation revealed the presence of two components with eigenvalues exceeding 1, explaining 35.57 percent, 23.12 percent, of the variance respectively, which contributed to 58.69% of total variance. Standard factor loadings ranged from .63 to .84 (see details on the proposed ethical organizational conduct scale from Table 3). CFA revealed that the items are good indicators of the measured variables, as fit statistics were found to be at acceptable levels (χ 2(19) = 78.652 (*p* < 0.001); CFI = .939, SRMR = .053, RMSEA = .082)

[Insert Table 3]

Results of the CFA indicated that trust, satisfaction, loyalty, and commitment were all good indicators of consumer-corporate relationship, for both pre- and post-exposure to scenario. The model for the pre-scenario had the following fit indices: χ2(2) = 10.80 (*p* = 0.0045); CFI = .990, SRMR = .019; RMSEA = .096. For the post-scenario measures, the following fit indices were found: χ 2(2) = 24.68 (*p* < 0.001); CFI = .986, SRMR = .015; RMSEA = .155. Based on these fit indices, the CFA for consumer-corporate relationship was found to have good fit, and was adopted for hypothesis testing.

In order to answer the reserach question, two-sample t-tests were conducted to identify whether consumers’ relational perceptions with the corporate brand underwent a change after exposure to the vignette. Given the high levels of reliability of these measures, composites were created just for the conduct of the t-tests. Pre-vignette trust (M = 4.159, SD = .885) was signifantly different (t = 14.000, p<.001) from post-vignette trust (M = 3.334, SD = 1.204). Similarly, pre-vignette commitment (M = 3.138, SD = 1.077) was significantly higher (t = 9.000, p<.001) than post-vignette commitment (M = 3.62, SD = 1.256). Pre-vignette satisfaction (M = 4.159, SD = .757) too was significantly higher (*t* = 12.559, *p* < .001) than post-vignette satisfaction (M = 3.492, SD = 1.146), as was pre-vignette loyalty (M = 4.062, SD = .791) compared to post-vignette loyalty (M = 3.321, SD = 1.237; *t* = 13.740, *p* < .001). On all four indicators of consumer-corporate brand relationships, consumers’ self-reported perceptions decreased after exposure to the vignette, indicating that allegations of gender discrimination impacted consumers’ relational perceptions with the corporate brand.

To test the hypotheses, the measurement model which included all the measures of the analyzed variables was tested, and yielded good fit indices (χ 2(284) = 763, *p* < 0.001; CFI = .943, SRMR = .053, RMSEA = .060). The structural model represented in Figure 1 was then tested to test the proposed hypotehses (see Figure 2). The resultant model was found to have good fit as well (χ 2(527) = 1399, *p* < 0.001; CFI = .937, SRMR = .094, RMSEA = .059). Hypotheses 1 through 4 were then examined. H1 predicted a positive relationship between perceived moral inequity and negative affective response and was supported (*β* = .79, *p* < .001). H2 too was supported as negative affective response was found to negatively associate with consumer-corporate relationship (*β* = -.31, *p* < .001). Moral orientation was found to impact perceived moral inequity, as being consequentialist was associated negatively with perceived moral inequity of corporate action (H3a: *β* = -.11, *p* < .001) and being deontologist positively predicted perceived moral inequity (H3b: *β* = .18, *p* < .001). Perceived moral inequity was also found to be predicted by individuals’ anti-corporate sentiment (H4: *β* = .30, *p* < .001). All hypotheses were thus supported.

**Discussion**

The purpose of this study was twofold – to investigate (a) how allegations of gender discrimination impact consumers’ relationship with the brand in question, and (b) individual-level factors that impact consumers’ negative affective response to the allegations and eventually, consumer-brand relationships. Findings from a survey conducted among U.S. Americans indicate that individuals’ relational perceptions with a corporate brand whose products/services they consume are negatively affected by allegations of misconduct, in this case, gender discrimination. Furthermore, results revealed that individuals’ moral orientation and anti-corporate sentiment predicted their perceptions of moral inequity of corporate behavior, which in turn impacted their negative affective response to the allegations. Such negative affective response then impacted individuals’ consumer-corporate brand relationships. The implications of this work are discussed next.

**Advancing a Theoretically Grounded Model of Consumers’ Perceived Moral Inequity of Corporate Behavior**

By explicating a theoretically grounded model of consumers’ responses to corporate (mis)behavior, this helps advance theory-building in public relations in many ways. First, although much public relations research focuses on publics’ reactions to organizational (corporate, in this case) behavior (e.g., Anderson, 2009; Jin, 2014), much of this work focuses primarily on publics’ reactions to organizational crisis response rather than the crisis itself (e.g., Brown & White, 2011; Jin, 2014). This study serves to capture individuals’ responses immediately upon learning of the crisis, and further advance our understanding of individuals’ cognitive and affective responses to crisis situations at different time points in the crisis life-cycle.

Second, this study builds on current research in public relations that focuses on consumer publics (e.g., Choi & Lim, 2009; Griffin, Babin & Attaway, 1991; Klein & Dawar, 2004) by identifying how individuals’ react to news of corporate misconduct enacted by corporate brands they use. Important as issue-related publics are for public relations research and practice, those within active issue-related publics who are also consumers of the organization embroiled in the issue may be the most important for organizations to understand and address, as these active consumer publics may have reputational and financial consequences on the organization. Consumers have been shown to be more willing to punish corporations for misbehavior through boycotts and protest behaviors (Hollenback & Zinkham, 2003), making it even more important for corporations to understand the perceptual, cognitive and affective mechanisms that might lead them to do so. This study explicates consumers’ cognitive and affective responses to corporate misconduct, demonstrating the relational impact of news of corporate misbehavior. Consumers’ perceived moral inequity of corporate behavior elicited a negative affective response, which in turn lowered consumers’ relational perceptions, echoing previous findings of consumers’ trust in organizations decreasing after crises (Lee, 2009) and negative affective response negatively impacting reputational and relational perceptions (Choi & Lin, 2009). Conceptually, active consumer publics may be different from active non-consumer publics, just as the nature of consumers’ relationships with a corporation is different from those of non-consumers (Sohn & Lariscy, 2015), differences which future research may seek to unpack.

**Understanding Impact of Cross-Situational Factors**

The popularity and utility of situational theories in public relations literature, i.e., the situational crisis communication theory (Coombs, 2007; Coombs & Holladay, 2002), the situational theory of problem solving (Kim & Grunig, 2011; Kim & Krishna, 2014), and the situational theory of publics (Grunig, 1968; 1997) has resulted in an admirable body of scholarship that investigates the impact of situational factors such as crisis type, crisis history (Coombs, 2007), problem perceptions, situational motivation (Kim & Grunig, 2011) on publics’ crisis reactions and behaviors. Equally important to understand, however, is how individuals’ inherent characteristics and attitudes, which we refer to as cross-situational factors, impact their situation-specific perceptions and affective responses. This study follows the tradition of several bodies of scholarship in the social sciences that have investigated how general attitudes and beliefs influence individuals’ perceptions and behaviors (e.g., Castelli & Carraro, 2011; Jost, Glaser, Kruglanski & Sulloway, 2003) and explicates how individuals’ moral orientation and anti-corporate sentiment operate to impact consumers’ perceptions and affective responses to corporate (mis)behavior.

Future research may bring situational and cross-situational factors together to understand how individuals’ inherent characteristics and their situational perceptions together impact how they respond to controversial social issues. Testing the joint effects of situational (e.g., situational motivation, problem perceptions, issue-involvement, crisis type, crisis history) and cross-situational variables (e.g., moral orientation, anti-corporate sentiment) related to various social and corporate issues may advance our understanding of how consumers’ attitudes and behaviors toward corporations, enabling practice to design more effective strategies to minimize the reputational and financial costs of crises.

**Unpacking Consumer Responses to Gender Discrimination**

Besides the theoretical implications discussed so far, the results of this study also provide concrete evidence that reports of gender discrimination by a corporation only result in negative responses from consumers. As revealed through the results of this study, reports of gender discrimination even against companies who are generally counted among the most reputable and ethical corporations in the world elicited a negative affective response from consumers of those companies, and lowered those consumers’ relational perceptions of the company. At a time where individuals around the world continue to fight for gender equality, equitable representation and treatment in the workplace, equal pay for equal work, and other such workplace issues, studies such as the one presented in this manuscript help strengthen the arguments against engaging in such practices when other arguments fail. These results show that not only does gender discrimination in the workplace have a negative impact on the employees (Channar, Abbassi & Ujan, 2011; Roscigno, 2007), it also impacts consumers’ perceptions of the corporation and negatively affects their relational perceptions with the corporation.

Important as the findings of this study are, there are a few limitations associated with it. First, we did not utilize a control group, and therefore we urge readers to interpret our findings not as an experiment but as a survey. Second, the use of real brand names in the vignette might have caused confusion among participants. However, to avoid this risk, a debriefing statement was provided before participants exited the survey. Real brand names were necessary in the survey to gauge consumer-brand relationships. Third, although we included four corporate brands with strong reputations, we acknowledge that the analysis may have lost some variability in terms of the results reported.Despite these limitations, we believe that the findings reported in this study have important implications for public relations scholarship and practice.

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Tables

Table 1.

Summary of Reliability Estimates, Means, and Standard Deviations

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variable | Number of Items | Alphas | Mean | SD |
| Ethical Consumerism | 5 | .854 | 3.518 | .834 |
| Consequentialist | 4 | .782 | 3.126 | .895 |
| Deontologist | 4 | .731 | 3.843 | .676 |
| Anti-Corporate Sentiment | 8 | .915 | 3.832 | .78 |
| Pre-Trust | 3 | .862 | 4.153 | .885 |
| Pre-Commitment | 3 | .901 | 3.624 | 1.077 |
| Pre-Satisfaction | 3 | .840 | 4.153 | .758 |
| Pre-Loyalty | 4 | .854 | 4.062 | .791 |
| Moral Inequity of Corporate Behavior | 3 | .944 | 3.895 | 1.013 |
| Negative Affective Response | 3 | .930 | 3.541 | 1.087 |
| Post Trust | 3 | .902 | 3.335 | 1.204 |
| Post Commitment | 3 | .944 | 3.139 | 1.256 |
| Post Satisfaction | 3 | .906 | 3.492 | 1.146 |
| Post Loyalty | 4 | .943 | 3.320 | 1.237 |

Table 2.

*Exploratory Factor Analysis for Measurement Items of Anti-Corporate Sentiment*

|  |  |  |
| --- | --- | --- |
| Item | Pattern coefficients | Communalities |
| AC1. Too much power is placed in hands of a few big companies in my country.  AC2. I do not trust the motivations of big corporations.  AC3. I am concerned about monopoly and the excessive power of a few big companies in my country.  AC4. Some big corporations in my country control not only individuals but also our broad society to maximize their profits  AC5. I feel that too much benefit is given to big corporations while the needs of broader society are not addressed  AC6. Big corporations are the sources of the social problems we encounter in our country  AC7. Big corporations are manipulating people’s buying behavior (i.e., making people to buy unnecessary goods)  AC8. Big corporations operate to maximize their profits at the expense of publics and society | **.847**  **.832**  **.826**  **.805**  **.781**  **.775**  **.772**  **.723** | .595  .600  .647  .692  .682  .522  .611  .717 |

*Note*. Principal Component Analysis was used with Oblimin rotation.

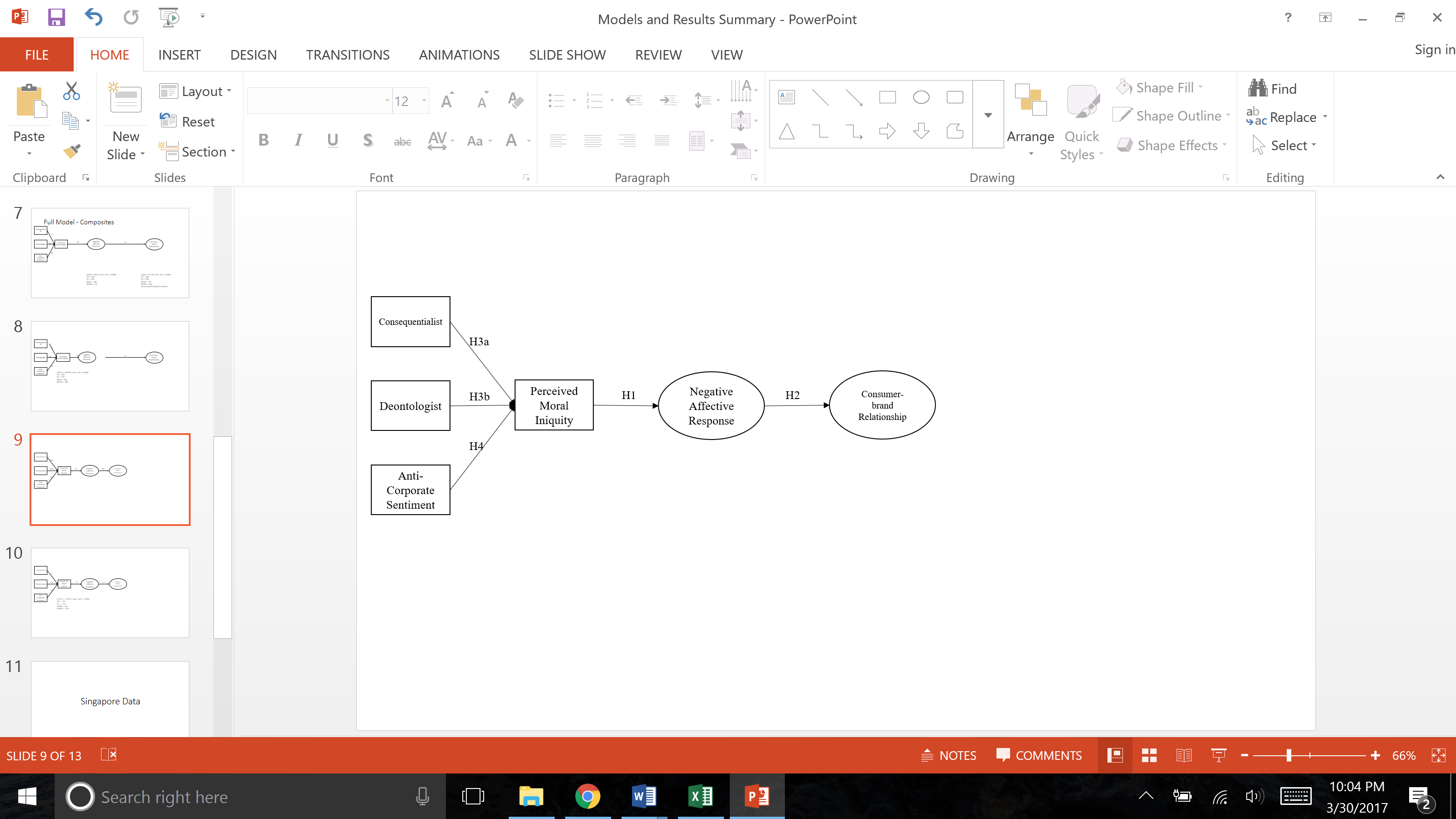
Table 3.

*Exploratory Factor Analysis for Measurement Items of Moral Orientation*

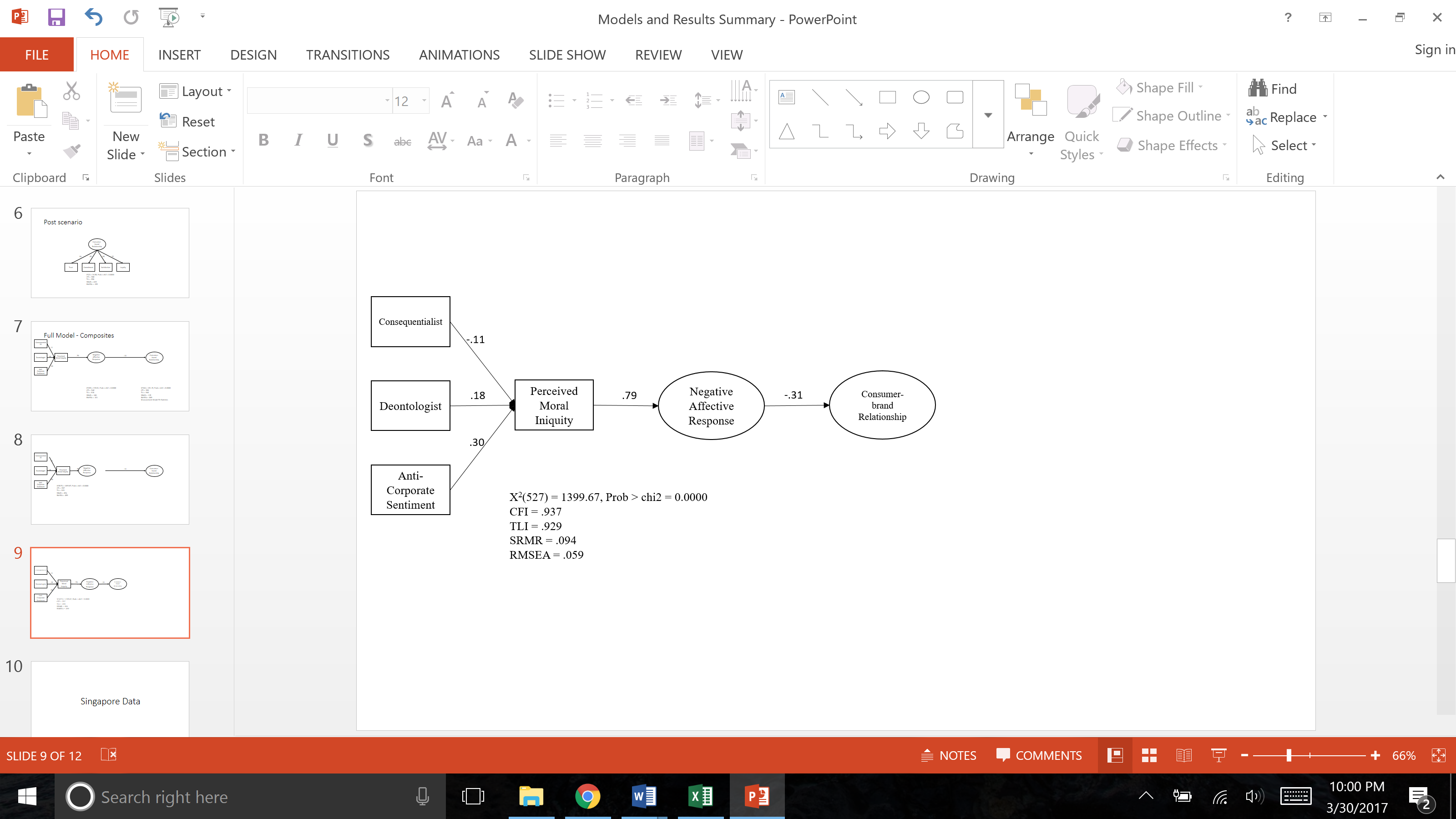
|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Pattern coefficients | | Structure coefficients | | Communalities |
|  | Component1 | Component2 | Component1 | Component2 |  |
| CQ2. An organization should be judged primarily based on successful managerial outcomes | **.843** |  | **.845** |  | .714 |
| CQ3. As long as a business continues its success, it need not worry about criticisms of its management or managerial practices | **.815** |  | **.803** |  | .638 |
| CQ1. A business should be concerned with successful outcomes rather than the means to achieve those outcomes | **.805** |  | **.790** |  | .645 |
| CQ4. An ethical business should not pass on a loss on to its investors | **.630** |  | **.663** |  | .463 |
| DT3. Following moral obligations in managerial process is the most important aspect by which to judge an organization |  | **.797** |  | **.795** | .632 |
| DT4. An organization should be considered unethical if it has little consideration for ethical concerns during its process for decision making and policy execution |  | **.789** |  | **.769** | .600 |
| DT1. A business should be concerned with the means it uses to achieve its outcomes, rather than the outcomes themselves |  | **.731** |  | **.736** | .542 |
| DT2. Successful outcomes cannot justify the means to those outcomes. |  | **.651** |  | **.672** | .462 |

*Note*. Principal Component Analysis was used with Oblimin rotation.

Figures



*Figure 1.* Structural Model for hypothesis testing.



*Figure 2*. Results of Hypothesis testing.