



I can talk: Corporate moral responsibility, word of mouth, and shared values

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Corporate moral responsibility (CMR) explains brands' normative core obligations towards stakeholders and focus on stakeholder relationships (Hormio, 2017). Research indicates a growing recognition of CMR among stakeholders, particularly, consumers as they expect brands to act as moral agents (Jung & Ha-Brookshire, 2017). As a result, brands too, are advertising their corporate moral responsibility (CMR) initiatives to create a niche in the market. However, as frequently outed by news media and consumer advocacy groups, brands often not only fail to conform to these promised obligations, but also act immorally, contrary to their CMR related promises (National Resources Defense Council, 2019). Such inconsistencies can be expected to potentially generate negative reactions among consumers. While prior studies have investigated the effect of brands' social responsibility on consumers' word-of-mouth, no literature exists as to how inconsistent CMR would influence consumers' responses.

When consumers perceive a brand's CMR intentions to be questionable, they may question the sincerity and reliability of the CMR related actions, leading to a sense of skepticism and lack of trust in the brand (Grappi *et al.*, 2013). Consumers may express their negative perceptions in various ways, including voice (i.e., negative word-of-mouth or, NWOM). NWOM reflects one's dissatisfaction or disapproval concerning brands and challenges consumers' loyalty and eventual purchase decisions (Vo, Xiao, & Ho, 2019). NWOM is extremely powerful at impact others' opinions about the brand. Thus, we hypothesize **H1**: Inconsistencies in brands' CMR initiatives lead to stronger NWOM.

Research also indicates that even though consumers are conscious and expect brands to be the same, there are differences in consumer perceptions based on the issue the brand is focusing on in their CMR efforts (Bhaduri & Ha-Brookshire, 2011). For example, while some consumers care more about environment, others are affected by workers issues. In this light, brands are embracing CMR as an attempt to meet the needs of its various stakeholders and maximize their benefits, i.e., achieving stakeholder capitalism (SC; Schwab, 2019). There are five types of SC issues to be addressed by brands: workers, customers, shareholders, community and environment, where workers were identified as the most important one for the people in the US (JUST Capital, 2019). Accordingly, it is to be expected that inconsistencies in CMR, specifically related to workers, would be more important than other SC issues, and likewise, would generate higher NWOM among consumers. Thus, we hypothesize (**H2**): Types of SC issues would moderate the relationship between CMR inconsistencies and NWOM, such that worker related inconsistencies would generate stronger NWOM compared to others.

Shared value is the degree of similarity between two parties' norms and moralities (De Roeck *et al.*, 2016). Higher levels of shared value generate positive feedback from consumers (De Roeck *et al.*, 2016) as they can better align their moral values with brands' CMR values. However, shared values may also lead to negative consumer reactions if brands act inconsistent

to those communicated values. If consumers share high-levels of CMR-related values with brands, they will have stronger NWOM seeing inconsistencies in those value-contexts. Thus, we hypothesize (**H3**): Shared values moderate the relation between CMR inconsistencies and NWOM, such that higher shared values generate strong NWOM due to inconsistencies. Likewise, this study investigates how inconsistencies between CMR assertions and actions might influence consumers' NWOM, how SC issues might impact such relationship, and how NWOM might vary based on consumers' shared values with those of CMR inconsistencies.

U.S. adult consumers ($n = 503$) were recruited using Qualtrics for a 2(inconsistency: present/absent) X 5(SC issue: worker/environment/shareholder/customer/community) X 2(shared value (high/low) between-subjects online experiment. Stimuli messages were designed as marketing messages from apparel brands advertising their CMR initiatives, followed by news media reports indicating that the brands acted immoral to their CMR promises (inconsistency present) or followed through their CMR promises (inconsistency absent). SC issues were experimentally induced by emphasizing either workers, environment, shareholders, customers or the community as the major subject of interest in in both brand and media messages following a national market survey conducted by JUST Capital (2019). Shared value was measured using three items (Macmillan *et al.*, 2005) on a 7-point scale (1: strongly disagree - 7: strongly agree). Participants were categorized into two groups based on their shared value scores (median split), resulting in 266 participants as having low (mean = 3.74, SD = 1.21), while 237 as high (mean = 6.21, SD = 0.58) shared value ($t = -31.55, p < 0.001$). Participants saw one randomly assigned stimulus set, followed by questions about NWOM intention measured using three items (Alexandrov & Babakus, 2013) on a 7-point scale (1: very likely – 7: very unlikely).

Three-way ANOVA results indicated direct effect of inconsistency on NWOM ($F = 107.78, p < 0.001$), supporting H1. NWOM was higher when brands' CMR claims were inconsistent with media reports (mean = 4.48, S.D. = 1.67) when inconsistency was absent (mean = 2.90, S.D. = 1.77). SC issues significantly moderated the relationship between inconsistency and NWOM ($F = 2.02, p[\textit{one-tailed}] = 0.05$), supporting H2. For inconsistency present, highest NWOM was generated for worker issues (mean = 4.98, S.D. = 1.49) and the least for issues related to environment (mean = 3.98, S.D. = 1.83). For inconsistency absent, highest NWOM was for worker issues (mean = 3.37, S.D. = 1.78), while lowest for community issues (mean = 2.15, S.D. = 1.55). In addition, SC issues had a direct effect on NWOM ($F = 2.59, p = 0.04$). NWOM was highest for issues related to workers (mean = 4.24, S.D. = 1.81), followed by shareholder (mean = 3.78, S.D. = 1.75), customers (mean = 3.66, S.D. = 1.96), environment (mean = 3.54, S.D. = 1.86) and finally, community (mean = 3.49, S.D. = 1.99). Participants' shared value moderated the relation between inconsistency and NWOM ($F = 14.17, p < .001$), supporting H3. For inconsistency present, NWOM was higher for participants with higher (mean = 4.76, S.D. = 1.90) than lower (mean = 4.29, S.D. = 1.47) shared value. For inconsistency absent, NWOM was higher for participants with lower (mean = 3.23, S.D. = 1.28) than higher (mean = 2.56, S.D. = 2.03) shared value. Shared value had no direct effect on NWOM ($p = 0.40$).

This study presented a better understanding of consumers' responses to inconsistent CMR initiatives. By understanding consumers' morality-based psychological mechanism behind

their NWOM, the results represent an important step in showcasing consumers' expectations related to brands' moral responsibilities and made a theoretical contribution. Consumers intend to communicate less negatively about a brand when they share similar CMR values with them. Thus, brands can segment their consumers and cater their CMR initiatives towards a specific target segment with similar corporate values. Given that WOM is one of the most influencing tools in brands' marketing efforts towards consumers, business practitioners need to be careful not to overpromise but truly undertake CMR initiatives to avoid contradictory/negative media publicity. Considering that NWOM intention is more likely (compared to positive WOM) to influence receivers' opinions of corporations (Sweeney *et al.*, 2005), it is worthwhile for brands to address concerns that contribute to negative consumer behaviors. Based on the results, focusing on worker-related CMR concerns and ensuring that corporations live up to their worker-related promises may be one way to prevent NWOM intention from consumers.

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