CSR detracts or reinforces corporate ability? Differential effects of consumers' belief on perceived corporate hypocrisy

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Corporate citizenship encompasses a corporation's commitment to economic, social, and environmental responsibilities. Some corporations have corporate social responsibility (CSR) as a fundamental belief that is ingrained in their mission and undertake actions that align with their mission. However, others often undertake such initiatives as sporadic/intermittent acts to maintain their niche in the market (Ha-Brookshire, 2017). Yet others consider CSR as a fundamental mission to fulfil but do little to achieve such mission. According to literature, mismatch between what firms say (in their mission) and what they actually do can result in deteriorating customer equity, especially in the context of CSR initiatives (Wagner, Lutz, & Weitz, 2009). When a corporation claims to be something that it is not, consumers perceive corporate hypocrisy, leading to the formation of negative attitudes and beliefs toward the corporation (Wagner et al., 2009). Thus, we hypothesize, **H1**: The interaction (or mismatch) between corporate mission and their activities related to sustainable initiatives impacts perceived corporate hypocrisy. In addition, previous research indicates consumers' reactions to CSR efforts are likely to depend consumer's beliefs. While some consumers might believe that CSR reinforces corporate ability (CA) development, others believe that such CSR efforts detract from rather than reinforce corporate ability development in terms of corporate resources used (Sen & Bhattacharya, 2001). Consumers who believe that companies trade off CA for CSR (henceforth, CSR-CA belief) react less positively to a company's CSR efforts and to overall evaluation of the company than those who do not. Therefore, we hypothesize, **H2**: Participants' CSR-CA belief moderates the interaction effect of mission x activity on perceived corporate hypocrisy.

U.S. adult participants ($n = 538$) were recruited in 2018 using Qualtrics for a 2 (mission: sustainability absent/sustainability present) X 2 (activity: sustainability absent/sustainability present) X 2 (CSR-CA Belief: high/low) between-subjects online experiment. The levels of corporate mission and activities were manipulated following Ha-Brookshire (2015) and Jung and Ha-Brookshire (2017) respectively. CSR-CA belief was measured using nine items (Sen & Bhattacharya, 2001). Participants were categorized into two groups based on their CSR-CA scores, resulting in 276 participants as having low (mean = 2.63, SD = 0.70), while 262 as high (mean = 4.71, SD = 0.93) CSR-CA belief ($t = -29.15, p < 0.001$). Perceived corporate hypocrisy was measured using six items adapted from Wagner et al. (2009). All items were measured on 7-point Likert-type scale from (1: strongly disagree to 7: strongly agree).

The result of three-way ANOVA indicated statistically significant direct effect of mission on perceived corporate hypocrisy ($F = 7.31, p = .007$). Perceived hypocrisy was higher when sustainability-related initiatives were absent from the mission statements (mean = 3.64, S.D. = 1.23) than when such initiatives were present (mean = 3.35, S.D. = 1.30). At the same time, the presence or absence of the company's sustainability-related activities did not significantly affect perceived hypocrisy ($F = 1.00, p = 0.317$). However, the interaction effect of *Mission X Activity* was statistically significant ($F = 4.24, p = 0.04$), supporting H1. Specifically, the highest level of corporate hypocrisy was detected when the company's sustainability mission was absent yet its sustainability activity was present (mean = 3.70, S.D. = 1.10); and it was the lowest when both sustainability mission and activity were present (mean = 3.19, S.D. = 1.16).

For moderating effect of CSR-CA, although there were no two-way interaction effects of *CSR-CA X Mission* or *CSR-CA X Activity* on perceived hypocrisy, there was a three-way interaction effect of *CSR-CA X Mission X Activity* ($F = 7.28, p = 0.007$) on participants' perceived hypocrisy, supporting H2. Perceived hypocrisy was highest for participants with high CSR-CA in the case of both sustainability mission and activity were absent (mean = 3.80, S.D. = 1.21), and the lowest when both sustainability mission and activity were present (mean = 2.76, S.D. = 1.31). What is interesting here is that participants' perceived hypocrisy levels were similar for all four cases of *Mission X Activity* manipulations, when they had high CSR-CA belief. Yet, for participants with low CSR-CA belief, their perceived hypocrisy levels varied, especially between congruent and incongruent *Mission X Activity* cases. Particularly, means of the perceived hypocrisy were similar for participants with high and low CSR-CA beliefs for incongruent conditions. However, for congruent conditions, perceived hypocrisy was much lower for the participants with low (vs. high) CSR-CA belief. Therefore, participants with low CSR-CA seemed that they cared more if corporations undertook sustainability initiatives and thus, were affected by congruency/ incongruency between corporate mission and activity related to sustainability initiatives. Conversely, for participants with high CSR-CA belief, it did not matter whether or not the corporation undertook sustainability activities as promised in their mission, and thus they did not form any corporate hypocrisy perceptions when there was a mismatch between corporate sustainability mission and activity. Furthermore, CSR-CA belief had a statistically significant direct impact on perceived hypocrisy ($F = 10.74, p = 0.001$). Participants with higher CSR-CA belief had higher perceived hypocrisy (mean = 3.67, S.D. = 1.02), than those with lower CSR-CA belief (mean = 3.32, S.D. = 1.46). That is, the participants who were skeptical of corporation's CSR initiatives tend to view that such initiatives come with costs as well as ulterior commercial motives, and thus forming higher levels of perceived hypocrisy (Sen & Bhattacharya, 2001). Table 1 below shows group means.

Table 1: Group means of Perceived Corporate Hypocrisy

Mission	Activity	Congruency	CSR-CA	Hypocrisy Mean (SD)	N
Sustainability Absent	Sustainability Absent	Congruence	Low	3.36 (1.46)	70
			High	3.80 (1.21)	66
Sustainability Absent	Sustainability Present	Positive Incongruence	Low	3.71 (1.25)	66
			High	3.69 (1.09)	69
Sustainability Present	Sustainability Absent	Negative Incongruence	Low	3.45 (1.61)	76
			High	3.58 (1.08)	58
Sustainability Present	Sustainability Present	Congruence	Low	2.76 (1.31)	64
			High	3.61 (0.83)	69

The study has several implications. To begin with, it is important that corporations which are willing to undertake sustainable initiative must first clearly indicate such efforts in their mission statements to garner positive consumer responses. Corporations should not only have a mission towards being sustainable but also show that they are undertaking appropriate activities in order to reduce perceived hypocrisy and therefore created favorable consumer evaluations. Second, given the consumers with low (vs high) CSR-CA belief cared more about if corporations undertook sustainability initiatives (or not), it is important that corporations are aware of their target consumers' CSR-CA belief when communicating corporate sustainability. Given that segmenting consumers based on their CSR-CA beliefs might be difficult, it might be important for corporations to show how they balance their capacity development and corporate sustainability initiatives in order to appease both sets of consumers.

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