

Article

Communicating Moral Responsibility: Stakeholder Capitalism, Types, and Perceptions

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Abstract: With stakeholder capitalism being the new mantra for corporate moral responsibility, the question of how corporations' moral commitments inconsistent with their executions would variably influence internal and external stakeholders and for different types of stakeholder capitalism issues remains unanswered. Using a 2 (inconsistency: present/absent) \times 2 (stakeholder: internal/external) \times 5 (stakeholder-capitalism issues: worker/environment/shareholder/customer/community) between-subjects experiment, this study investigated the variable impact on stakeholders' corporate hypocrisy perceptions. With data collected from 1296 U.S. stakeholders, ANOVA results revealed that corporate moral responsibility messages-action inconsistency generates hypocrisy among stakeholders such that external stakeholders, namely consumers, experienced higher hypocrisy than internal ones, namely employees. The context of corporate moral responsibility (i.e., the types of stakeholder-capitalism issues) did not moderate resulting perceptions, but these issues directly impacted hypocrisy perceptions. These perceptions varied between external and internal stakeholders for different issues; the highest hypocrisy was recorded for shareholders and workers issues. Thus, the focus of this research was foregrounded on corporations' moral responsibilities perceived as inconsistent with their execution to present a comparative analysis of different groups of stakeholders' responses and devise effective solutions.



Citation: Goswami, S.; Bhaduri, G. Communicating Moral Responsibility: Stakeholder Capitalism, Types, and Perceptions. *Sustainability* **2023**, *15*, 4386. <https://doi.org/10.3390/su15054386>

Academic Editor: Grigorios L. Kyriakopoulos

Received: 13 February 2023
Revised: 24 February 2023
Accepted: 25 February 2023
Published: 1 March 2023



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Keywords: corporate moral responsibility; message-action inconsistency; external stakeholders; consumers; internal stakeholders; employees; stakeholder capitalism; perceived corporate hypocrisy

1. Introduction

With the rapid growth in popularity of stakeholder capitalism as the new mantra for corporate moral responsibility around the world (henceforth, CMR) [1], questions about the way in which corporations restructure their businesses to meet stakeholders' needs and how that affects stakeholders have become crucial. Corporations are believed to be moral entities with ethical responsibilities towards their stakeholders, beyond legal compliance, to fulfill their sustainability goals and fulfil investor expectations [2]. Their moral responsibilities focus on stakeholder relationships and explain corporations' normative core obligations towards stakeholders [3]. The United Nations has already acknowledged the importance of globally translating stakeholders' needs into business solutions and responsibilities for corporations to achieve a sustainable world by 2030. Accordingly, from Business Roundtable (the nonprofit lobbyist association of chief executive officers of major US-based businesses) to corporations across different nations, all are prioritizing CMR in their marketing messages to showcase their commitment to stakeholder capitalism as a competitive advantage while also committing to sustainability [4].

However, cynics often criticize CMR messages as mere window dressing frequently contradicted by immoral actions, questioning the real intentions behind these messages [5].

The case of Volkswagen, promising clean diesel cars to safeguard the environment but manipulating the engines to cheat in emission tests, presents a classic example of CMR message-action inconsistencies [6]. Similarly, within the fashion industry, the case of H&M Group endorsing sustainability in marketing messages but allegedly burning discarded clothes in 2017 shows corporations misleading consumers with vague ethical messages without relevant actions [7]. Nestle's claims of 'sustainably sourced' raw materials to support environmentally and socially responsible standards were allegedly broken as the corporation predominantly sources from farms charged with child labor and rainforest destruction in West Africa [8,9]. Such inconsistencies between what corporations communicate as their CMR and what they enact signal corporate irresponsibility in consumers' minds, compromising the businesses' revenues and reputations in the process [10,11].

Despite extensive research on general divergences of corporate communication and behaviors and their impacts, the literature to date largely focuses on external stakeholders and remains highly limited as regards internal stakeholders. While CMR inconsistencies compromise stakeholders' perceptions, commitments, and behavioral responses, most of these studies are oriented toward external stakeholders, specifically consumers [10,12]. Corporate hypocrisy, conceptualized as stakeholders' belief that corporations pretend to have virtuous character but act inconsistently with their publicly communicated moral personalities [13], has especially sparked a strong scholarly interest in understanding external stakeholders' reactions to CMR messages and action inconsistencies [10,14]. Consumers' perceptions of corporate hypocrisy are a sincere concern for businesses since these perceptions can result in cynicism and negative reactions such as distrust, skepticism, negative word-of-mouth communications, and lower purchase intentions [15]. In contrast, internal stakeholders (i.e., employees) and their responses to inconsistencies in CMR messages and actions have remained fairly an unexplored research area. As employees are exposed to inconsistent CMR messages and actions, one might expect them to experience similar perceptions of corporate hypocrisy. Employees' perceptions of their employers' CMR are a fundamental component of a business's long-term success [15], with employees' perceptions of corporate hypocrisy undermining their turnover intentions, attitude, trust, loyalty, and commitment [16,17]. As such, neglecting the impact of CMR message-action inconsistencies on internal stakeholders' perceptions of corporate hypocrisy can be alarming and is the first research gap addressed by this research.

Furthermore, internal stakeholders differ from external stakeholders based on their awareness of corporations' actual moral engagements, the proximity of relationships, and power dynamics with corporations [13]. Scholars have suggested that internal stakeholders can more readily identify CMR message-action inconsistencies (compared to external stakeholders) since they have insider views of their employers' CMR policies and practices [16]. Accordingly, employees can be expected to be more susceptible to negative reactions and experience stronger perceptions of corporate hypocrisy compared to consumers. However, consumers, with their buying power and ability to influence the reputation of a business, represent a stronger group of stakeholders with higher CMR expectations of businesses [18]. As such, external stakeholders (compared to internal stakeholders) might be tougher critics of businesses' CMR message-action inconsistencies and experience stronger perceptions of corporate hypocrisy. Furthermore, stakeholders' idea of implicit and explicit gains and their relationship with the corporations is also known to influence their perceptions of hypocrisy [13]. Accordingly, a comparative analysis of different stakeholders and their responses to CMR message-action inconsistencies is important to identify higher-risk parties. However, currently, to the best of the authors' knowledge, the literature lacks such a deep understanding of how consumers compare to employees when it comes to CMR message-action inconsistencies and forms the second research gap addressed by this study.

Finally, as businesses are vouching for stakeholder capitalism and aiming to fulfill stakeholders' needs, wants, and expectations as their moral obligation, it is important to consider how different domains of stakeholder capitalism can make variable impacts. Corporations focus on different domains or issues, namely those comprising workers,

customers, communities, the environment, and shareholders [19]. While each represents an important domain for businesses to consider, research indicates that stakeholders often support businesses whose morals and values align with their personal views and beliefs [20]. That is, stakeholders might not equally value all the five aforementioned domains of stakeholder capitalism and rather prioritize one over the other based on their personal beliefs. Hence, the five domains of stakeholder capitalism being addressed as CMR and, accordingly, their message-action inconsistencies might elicit different effects on stakeholders' responses. Businesses are more likely to be leniently judged and favorably treated if their domains of moral obligations are addressed in sync with stakeholders' expectations [14]. Thus, the types of stakeholder capitalism issues that corporations focus on in their CMR need to be considered while studying external and internal stakeholders' responses to CMR message-action inconsistencies.

Accordingly, this study focuses on evaluating the impact of CMR message-action inconsistencies on stakeholders' perceptions and compares how such perceptions vary based on the type (i.e., internal and external) of stakeholders under the moderating effects of different types of stakeholder capitalism issues. Specifically, it considers consumers' and employees' corporate hypocrisy perceptions to investigate whether these stakeholders differ from each other in how they recognize and evaluate CMR inconsistencies, as well as if and how their personal relevance to a certain stakeholder capitalism issue influences their perceptions.

Theoretically, this study contributes to the growing body of literature on CMR, an important step toward corporations being trustworthy. By considering the resulting influences of CMR message-action inconsistencies on both internal and external stakeholders as well as shedding a comparative insight into how these two types of stakeholders vary in their responses to such inconsistencies, this study makes a novel and unique contribution to the field. Moreover, as the concept of stakeholder capitalism continues to gain popularity among businesses, the findings of this study can help corporations to identify the type of stakeholder capitalism issues to be prioritized over others in their CMR.

2. Literature Review

2.1. Corporate Moral Responsibility (CMR)

Corporations are legal entities that function as collective agents under legislative permissions to execute business transactions [3]. Legally, in the U.S., a corporation is considered a person with similar rights and responsibilities [2]. However, prior literature has acknowledged that corporations have responsibilities beyond legalities [21]. Research has underscored corporations' moral agency with responsibilities, such as acknowledging shareholders' interests, maintaining employees' well-being, and controlling environmental impact, to name a few [3,21]. Corporations' moral obligations, as businesses, are based on their existence and the scope and nature of their operations [22]. Such responsibilities usually have an undertone of duty towards stakeholders with morally responsible actions [2]. That is, CMR highlights the moral personhood of corporations [21].

Research indicates a growing recognition of CMR among stakeholders as they expect corporations to act as moral agents [14]. In this light, investors are particularly interested in environmental, social and governance (ESG) factors related to a corporation's moral responsibility initiatives and are even basing their investment decisions on the same [22]. Thus, corporations need to shift their approach toward morality amid the recent political climate and industry call for ESG [23]. The report notes an upswing towards CMR related to stakeholder capitalism issues specifically pertinent to shareholders/investors. Incidents related to social justice, equality, environmental preservation, etc., have surfaced, demanding corporations to take a stance in their CMR [24]. Corporations' ethical obligations are credence qualities, not immediately discernible through products and are communicated through marketing messages [25]. According to the Global Reporting Index, investors consider these messages highlighting businesses' morals and ethics when making investment decisions [26].

Despite the above, in reality, businesses still rank their financial gains over CMR [21]. Such a money-first notion among corporations has led critics to conclude that CMR, as a business's peripheral concern, is communicated only to boost consumers' willingness to pay premium prices [27]. That is, CMR is often pledged by corporations as a public stance without implementing any stakeholder capitalism in reality. In fact, corporations act immorally and in contrast to communicated CMR, as frequently revealed by media reports, consumer advocacy groups, and media documentaries (such as True Cost). Such inconsistencies between CMR communicated in marketing messages and actual immoral actions negatively impact internal and external stakeholders' perceptions, often leading them to question the corporations' integrity [28]. Accordingly, this study examined stakeholders' perceptions of corporate hypocrisy as a reaction to CMR inconsistencies.

2.2. Perceived Corporate Hypocrisy

Perceived corporate hypocrisy (PCH) is evoked when stakeholders consider corporations to pretend to be of virtuous character and to act in ways that are inconsistent with their publicly communicated moral personalities [13]. That is, such perceptions are evoked in stakeholders when corporations' actions are considered to contradict their communicated responsibilities. Given that corporations' morality forms an important facet of PCH (Wagner et al., 2020), it is an important stakeholder response to consider while investigating the resulting influence of CMR message-action inconsistencies.

The concept of PCH has seen a surge of scholarly attention in sustainability marketing, but most of these studies have investigated message-action inconsistencies from external stakeholders' perspectives [10,29]. Consumers' PCH leads to poor corporate reputation, loss of trust, increased skepticism, reduced loyalty, poor attitude, and boycotts [30,31]. Considering the abilities of consumers' PCH to impact corporations' survival in the business world [32], external stakeholders and their perceptions of hypocrisy have received more attention among practitioners and scholars. The literature remains scant on internal stakeholders and their PCH. With a few notable exceptions, such as Goswami et al. [16], Chang et al. [32], Miao and Zhou [33], and Scheidler et al. [34], research on employees' PCH in response to CMR message-action inconsistencies is still largely at its infancy and only slowly attracting scholars' interests. However, similar to external stakeholders, internal stakeholders also are exposed to corporations communicating moral obligations while acting inconsistently. In fact, according to Chang et al. [32], internal stakeholders such as employees are more likely to notice such inconsistencies. As such, it is not just external stakeholders but also internal stakeholders who might experience PCH when they are exposed to CMR message-action inconsistencies. Therefore, when corporations act in ways that are inconsistent with their asserted commitments towards stakeholder issues while maintaining a public front of moral responsibility, stakeholders might perceive this as a pretension and experience PCH. It is important to investigate how these inconsistencies affect both internal and external stakeholders in terms of PCH. Thus, this study hypothesizes:

H1. Inconsistencies related to CMR messages and actions generate PCH among stakeholders such that perceived CMR message-action inconsistency leads to higher PCH compared to consistency.

2.3. Stakeholder Types and PCH

Goswami and Ha-Brookshire [35] suggested potential differences between consumers' and employees' PCH due to differences in their expectations and obligations towards corporations, with employees being more vulnerable to corporate retaliation than consumers. Similarly, Wagner et al. [13] suggested different PCH based on the idea of implicit and explicit gains and stakeholders' relationship with the corporations. Employees have better knowledge and insider view of their corporations than consumers [16]. This close relationship with the corporations can be expected to give employees a better view of corporations' real moral stances. Further, employees can easily identify CMR message-action

inconsistencies by comparing their own experiences with CMR communicated through marketing messages [32,34].

On the other hand, consumers have high moral expectations from corporations, and with their buying power, consumers hold a stronger influence on corporations [16,36]. They hold an implicit idea of exchange and expect corporations to adhere to communicated ethical assertions in exchange for business [13]. Thus, compared to employees, consumers might seek different moral obligations of corporations, and that power dynamic might generate different PCH when exposed to CMR message-action inconsistencies. In this light, one can speculate that as CMR message-action inconsistencies evoke PCH, such perceptions would widely vary between internal and external stakeholders. Based on the type of stakeholders (internal and external) an audience represents, their judgment of CMR inconsistencies can be more stringent compared to others. Therefore, a comparison of PCH among consumers and employees can help corporations identify potential higher-risk parties. As corporations look for strategies to manage PCH [31], effective communication efforts to foster positive perceptions can only be designed with comparative knowledge. Given the absence of adequate supporting literature to clearly theorize how the effects of CMR message-action inconsistencies on PCH would vary among internal and external stakeholders, making specific predictions would be uncorroborated. So, we ask:

RQ1: Do the relationships between CMR message-action inconsistency and PCH vary among different types of stakeholders?

2.4. Stakeholder Capitalism Issues, CMR, and PCH

Stakeholder capitalism refers to a system in which corporations focus on serving the needs of their stakeholders [37]. It builds on the notion of corporate moral obligations to fulfill stakeholder needs and eventually develop an ecosystem of control, responsibility, accountability, and sustained value creation. In 2019, 181 multinational corporations acknowledged “a fundamental commitment to all of our stakeholders” important to their businesses [38]. Similarly, the World Economic Forum (WEF) embraced stakeholder capitalism as the new era of capitalism [39]. It has gained traction even in the COVID era, where the World Economic Forum called all business leaders to implement the ethos of this capitalist approach in order to serve employees, customers, suppliers, local communities, and society in disruptive times [40]. Thus, as corporations are increasingly subscribing to stakeholder capitalism as their CMR, it provides an important premise for understanding CMR inconsistencies.

There are specific types of stakeholder capitalism issues that corporations should prioritize in their businesses [14]. For example, in a nationwide study, Just Capital [41] reported workers, customers, communities, the environment, and shareholders as the foremost important stakeholder capitalism issues for U.S. businesses to focus on. Specifically, worker-related issues were observed to be of paramount importance compared to other types [41,42]. Similarly, stakeholder capitalism issues related to communities and customers were ranked second and third areas of concern, followed by shareholders and environment, both ranked equally [41]. Stakeholders across the nation significantly value such industrial rankings to evaluate corporations’ commitments to these issues [43]. On the one hand, with the impending climate action goals of reducing greenhouse gas emissions by 2030 [44], environmental issues are of top priority and at the forefront of stakeholders’ attention [45]. Yet, on the other hand, with the unprecedented challenges and uncertainties brought by the pandemic over the last few years, stakeholders’ expectations of corporations supporting the communities, working together, and supporting each other, have become significantly important [46].

Meanwhile, cynics believe that corporations use stakeholder capitalism contexts in their CMR marketing messages only to manage reputations while they continue to maximize profits at the expense of stakeholders [47]. Bebachuk and Tallarita [48] empirically analyzed the stakeholder capitalism paradigm to report that corporations still continue to do business as usual and use CMR endorsements in their marketing messages only as

public relations tools. In this light, as inconsistencies in CMR communication and implementation generate PCH among stakeholders, different types of stakeholder capitalism issues acknowledged in CMR can be expected to generate different levels of PCH, given the varied importance people associate with each of these issues [14,41]. Thus, while different stakeholder capitalism issues are implied in CMR messages, inconsistent actions related to these issues might variably generate PCH. However, considering that there is an absence of adequate supporting literature, it is difficult to theorize and make specific predictions about how the effects of CMR message-action (in)consistencies on stakeholders' PCH would vary among different stakeholder capitalism issues. So, we ask:

RQ2: Do the relationships between CMR message-action (in)consistency and PCH vary based on the different types of stakeholder capitalism issues?

2.5. Stakeholder-Types Moderate Types of Stakeholder Capitalism Issues

The literature indicates that there is a growing awareness among stakeholders towards CMR contextualized in terms of stakeholder capitalism. External stakeholders affiliate strongly with corporations that endorse moral responsibilities towards stakeholders [49]. In particular, young consumers note corporations' morals and sincere commitments to their stakeholders before giving them their business [50]. Similarly, if internal stakeholders believe corporations to have strong moral responsibilities towards the needs and wants of different stakeholders, they tend to prefer such corporations as their potential employers, even with lower remuneration [41].

While internal and external stakeholders both recognize their abilities to incentivize CMR focused on stakeholder capitalism, they perceive corporations differently based on their moral values [51]. Individuals are known to prefer corporations that have similar moral beliefs as their own [34], which plays a dominating role in how they evaluate corporations' commitment towards moralities [52]. In this light, it can be expected that stakeholders' own moral bias towards certain types of stakeholder capitalism issues can influence how they judge CMR message-action inconsistencies pertaining to those issues. For example, internal stakeholders might have more moral alignment with worker-related issues compared to other types, given the overlap of interests, and might experience strong PCH towards corporations should they observe any CMR-inconsistencies in that area. Similarly, external stakeholders (i.e., consumers) might be able to relate more with stakeholder capitalism issues of customers and judge those CMR-inconsistencies more stringently than others. However, there is mixed evidence in the literature as to which stakeholder capitalism issues stakeholders prefer over others as CMR. For example, Jung and Ha-Brookshire [14] reported that external stakeholders, specifically consumers, assign worker-related issues the highest priority, followed by issues related to environment and community, as types of stakeholder capitalism concern that corporations should focus on with their CMR. Yet, on the other hand, scholars suggest that when experiencing competing values, individuals prioritize those that they personally align with [53]. Recent media reports have indicated that external stakeholders, specifically consumers, highly prioritize environmental issues over others, so much so that their support for the environment was the primary reason for their commitment to sustainability [54]. In other words, consumers might have a strong bias toward environmental issues over all other types of stakeholder capitalism issues, and that might make them scrutinize CMR-inconsistencies and evaluate corporations more stringently. Thus, the literature suggests that when exposed to CMR message-action inconsistencies of competing stakeholder capitalism issues, external and internal stakeholders might variably prioritize different issues and, likewise, experience varied PCH. However, a lack of adequate literature supporting a clear prioritization of a certain type of stakeholder capitalism issue over others among external and internal stakeholders makes it difficult to predict which issue might evoke stronger PCH among the two types of stakeholders when they are exposed to CMR message-action (in)consistencies. So, we ask:

RQ3: Does the impact of stakeholder capitalism issues on inconsistency and PCH vary among different types of stakeholders?

3. Methods

3.1. Research Design

The study design involved a 2 (inconsistency: present/absent) \times 5 (stakeholder capitalism issues: worker/environment/shareholder/customer/community) \times 2 (stakeholder types: employee/consumer) between-subjects experiment. Inconsistency and stakeholder capitalism issues were manipulated. For stakeholder types, employees were recruited as internal stakeholders (50%), and consumers were recruited as external stakeholders (50%). To distinguish between the two, participants were required to have an experience of working at a U.S. retail corporation for at least one continuous year to be eligible to be recruited as employees. This requirement was deemed necessary and appropriate based on prior studies [16]. Participants without any prior work experience at a U.S. retail corporation represented a group with no internal stakeholder experiences and accordingly, were designated as U.S. retail consumers.

3.2. Stimuli

3.2.1. Developing Stimuli

Stimulus messages were designed in the form of corporate marketing messages endorsing CMR commitments, followed by a news report indicating either the corporation followed through (inconsistency absent) or failed to keep (inconsistency present) its CMR-related promises. For instance, a case of inconsistency absent involved a corporate message emphasizing the corporation ensuring “that our workers receive living wages that cover the local costs of their basic needs” and a corresponding news article (media message) indicating that the corporation “signed a pledge committing to equitable pay [. . .] that covers the cost of all their basic needs”. On the other hand, in case of inconsistency present, the same corporate message was followed by a media message indicating “workers often do not make living wages and have to resort to use of food stamps.” Stakeholder capitalism issues were experimentally induced by emphasizing either workers, environment, shareholders, customers, or the community as the major subject of interest in both corporate and media messages. These five categories were identified as the stakeholder capitalism issues businesses should consider [19]. For corporate messages, no brand information was provided to control for the confounding effect of brands. See Table 1 for a summary of the study design.

Table 1. Study Design: Variables, levels and operationalizations.

Variable	Description of the Variable	Categories	Description of the Categories	Incorporated in the Study
Inconsistency	Refers to whether corporate messages promising CMR, and their actions as portrayed by news reports are inconsistent or not.	Present	Corporate message endorsing CMR commitment but news report indicated that corporation failed to keep its CMR promises	Manipulated in stimuli
		Absent	Corporate message endorsing CMR commitment and news report indicated that corporation kept its CMR promises	Manipulated in stimuli
Stakeholders	Two types of stakeholders for retail corporations: external and internal	External (retail consumers)	Retail consumers in the US	Controlled through quota sampling
		Internal (retail employees)	Retail employees with at least one continuous year of employment at a US retail corporation	Controlled through quota sampling

Table 1. Cont.

Variable	Description of the Variable	Categories	Description of the Categories	Incorporated in the Study
Stakeholder Capitalism Issues	Issues corporations consider as the area of emphasis for their CMR.	Workers	Corporate and news message emphasized worker related CMR issues	Manipulated in stimuli
		Environment	Corporate and news message emphasized environment related CMR issues	Manipulated in stimuli
		Shareholders	Corporate and news message emphasized shareholder related CMR issues	Manipulated in stimuli
		Customers	Corporate and news message emphasized customer related CMR issues	Manipulated in stimuli
		Community	Corporate and news message emphasized community related CMR issues	Manipulated in stimuli

3.2.2. Message Replication

For each stakeholder capitalism issue, two message versions were developed per treatment, altering the text (keeping the amount of text constant). The two versions were conceptualized following Just Capital's [19] 'most' and 'least' important concerns under each stakeholder capitalism issue. For example, under the workers issue, the most important issue included paying "a fair wage based on job level, qualifications, and experience as well as living wage that covers the local costs of basic needs." The least important issues included "creating a transparent and supportive workplace culture and ensuring fair treatment of workers." This was done following Thorson et al. [55] to reduce the confounding effect of text contents and the overall visual appearance of messages. According to the authors, each stimulus message is composed of an infinite number of attributes leading to a risk of the systematic effect of confounding variables [55]. Thus, in a study involving one single message representing a treatment condition, any conclusion(s) about the effect of manipulation may need to be restricted to the particular message rather than categories of messages [55]. Since the focus of the study was to understand stakeholders' responses to a group of CMR messages, multiple (two) but similar messages were created for each treatment group (i.e., for each stakeholder capitalism issue) to generalize study results to a wider population of messages. Note that the aim of the study was not to see the difference between the two concerns under each stakeholder capitalism issue but to generalize the findings to a wider population of messages.

3.2.3. Manipulation Check

In the next step, manipulation checks for stakeholder capitalism issues and inconsistency were conducted using 103 undergraduate students recruited at two major US state universities (mean age = 20.34 years; 89% female). First, participants correctly identified the stakeholder addressed in each stimulus as either worker, customer, shareholder/investor, community, or the environment (Company: Chi-Sq = 9.32, $p < 0.001$, Media: Chi-Sq = 11.17, $p < 0.001$). Second, participants indicated (yes/no) that based on the company message and the media report, there were no inconsistencies between what the company promised and what they actually did for all message sets with inconsistency absent (Chi-Sq = 23.04–8.03; $p = 0.001$ to 0.04). On the contrary, they indicated that there were inconsistencies between what the company promised and what they actually did for all stimuli sets with inconsistency present (Chi-Sq = 21.05–8.03, $p < 0.001$). Thus, the stimuli were deemed appropriate for study purposes.

3.3. Measures

PCH was measured using six items adopted from Wagner et al. [31] using a 7-point Likert-type scale. The items included: ‘The company acts hypocritically’, ‘What the company says and does are two different things’, ‘This company pretends to be something that it is not’, ‘The company does exactly what it says’, ‘The company keeps its promises’, and ‘The company puts its words into action’. The last three items were reverse-coded. The scale showed adequate reliability ($\alpha = 0.91$), and the construct displayed adequate discriminant validity [56].

3.4. Sample Selection, Procedure, and Data Analyses

Adult participants ($n = 1296$) were recruited using a U.S. research firm, Qualtrics. A quota was placed to ensure that 50% of the participants can be categorized as retail employees (henceforth, employees) having at least one continuous year of work experience at a U.S. retail company [16]. Participants represented multiple industries or sub-sectors, as indicated by the North American Industry Classification System [NAICS] codes from 441,110 to 453,998 and 454,111 [57]. These 12 retail industries have been reported to manifest employee PCH, and a similar type of work experience was suggested in prior research [16] and hence was used for this study. The remaining 50% of the participants were categorized as non-retail employees, that is, purely U.S. retail consumers. After exposure to randomly assigned stimuli set (consisting of one CMR message followed by a corresponding news report), participants answered PCH items followed by demography questions. Finally, participants were debriefed that both corporate and news media messages were manipulated for the purpose of the study. Participants also answered one validity-check question during the study to indicate their attention [25].

Before testing the hypotheses, an independent samples t-test was conducted to check for the effect of message replications. Results indicated no significant effect of message replications on any dependent variables ($t = 0.98$, $p = 0.329$). Thus, data for the two stimuli versions were analyzed together. Descriptive analyses were conducted on the demography variables to understand participant characteristics, followed by three-way ANOVA to test the study hypotheses.

4. Results

4.1. Respondent Profile

A descriptive analysis of the study data was undertaken to determine sample characteristics. Table 2 shows general demographic information in detail. Six hundred and forty-six (49.8%) participants qualified as employees, while the remaining 650 (50.2%) were retail consumers. One hundred and six (16.4%) employees had work experience of 1–2 years, 299 (39.4%) of 2–5 years, 157 (24.3%) of 6–10 years, 83 (12.8%) of 11–20 years, 31 (4.8%) of 21–30 years, and 14 (2.2%) of more than 31 years. Thirty-three (5.1%) of these employees worked in the furniture and home furnishings sector, 54 (8.4%) in electronics and appliances, 36 (5.6%) in building materials, garden equipment, and supplies, 132 (20.4%) in food and beverages, 78 (12.1%) in health and personal care, 12 (1.9%) in gasoline, 134 (20.4%) in clothing and accessories, 28 (4.3) in sporting goods, hobby, books, and music, 96 (1.49) in general merchandise, and 43 (6.7) in miscellaneous (florists, office supplies, stationery, gift stores, pet supplies, arts). Two hundred and fifteen employees (33.3%) had most of their retail experience in entry-level positions, 267 (41.3%) in intermediate positions, and 164 (25.4) in management positions. In terms of the workplace, 521 (80.7%) employees had experience working on retail shop floors, and 125 (19.3%) in retail corporate offices.

Table 2. Demographic characteristics of participants (n = 1296).

Variable	Levels	Frequency	Percentage
Age	18–20	106	8.2
	21–30	310	23.9
	31–40	301	23.2
	41–50	194	15.0
	51–60	162	15.5
	61 and over	223	17.2
Gender	Male	650	50.2
	Female	646	49.8
Ethnicity	Caucasian	725	55.9
	Hispanic	238	18.4
	African–American	224	17.3
	Asian	66	5.1
	Other	43	3.3
	Less than \$20,000	220	17.0
Annual Household Income	\$20,000–\$34,999	240	18.8
	\$35,000–\$49,999	214	16.5
	\$50,000–\$74,999	248	19.1
	\$75,000–\$99,999	143	11.0
Education	\$100,000 or above	228	17.6
	Some high school	42	3.5
	High school degree	281	21.7
	Some college	325	25.1
	College degree	358	27.6
	Some graduate education	48	3.7
	Graduate degree	233	18.0
	Other	6	0.5
Employment Status	Part-time employed (1–39 h per week)	219	16.9
	Full-time employed (40 or more hours per week)	602	46.5
	Not employed	263	20.3
	Retired	212	16.4

4.2. Hypotheses Tests

The result of ANOVA indicated a statistically significant direct effect of inconsistency on PCH ($F [11,276] = 673.69, p < 0.001$). PCH was higher when CMR claims were inconsistent with media reports (mean = 4.7, SD = 1.33) than when such inconsistencies were absent (mean = 3.02, SD = 1.15), supporting H1. To answer RQ1, types of stakeholders moderated the relation between inconsistency and PCH ($F [11,276] = 4.34, p = 0.02$). In the case of CMR-inconsistency, consumers reported higher PCH (mean = 4.94, SD = 1.34) than employees (mean = 4.65, SD = 1.31). On the other hand, in the absence of inconsistency, both consumers (mean = 3.01, SD = 1.12) and employees (mean = 3.03, SD = 1.17) reported similar levels of PCH.

To answer RQ2, the type of stakeholder capitalism issues did not significantly moderate the relationship between inconsistency and PCH ($F [41,276] = 1.68, p = 0.153$). However, it was observed to have a direct effect on PCH ($F [41,276] = 2.33, p = 0.05$), with hypocrisy being highest for stakeholder capitalism issues related to shareholders (mean = 4.06, SD = 1.37) and workers (mean = 4.01, SD = 1.58), followed by environment (mean = 3.90, SD = 1.45), communities (mean = 3.82, SD = 1.62), and customers (mean = 3.81, SD = 1.59).

Finally, to answer RQ3, the type of stakeholders did not significantly moderate the impact of stakeholder capitalism issues on CMR message-action inconsistencies to generate varied PCH ($F [41,276] = 1.67, p = 0.15$). However, the type of stakeholder was observed to moderate the unexpected direct effect of stakeholder capitalism issues on PCH ($F [41,276] = 2.43, p = 0.05$). Consumers expressed the highest mean PCH for worker issues (mean = 4.20, SD = 1.67) and lowest for environment (mean = 3.81, SD = 1.51) and customer (mean = 3.84, SD = 1.65). Employees reported highest PCH for shareholders (mean = 4.06, SD = 1.41) and lowest PCH for customer-based stakeholder capitalism issues

(mean = 3.62, SD = 1.52). Figure 1 shows the summary of study findings. See Table 3 and Figure 2 for detailed means and graphical representations for stakeholders \times stakeholder capitalism issues.

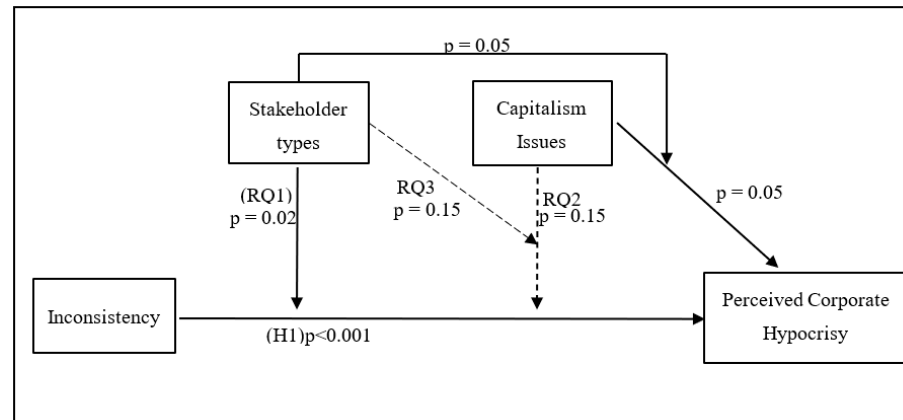


Figure 1. Conceptual model showing study findings. Note: The three-way interaction effect of Inconsistency \times Stakeholders \times Capitalism Issues was not significant ($p = 0.15$).

Table 3. Group means of Perceived Corporate Hypocrisy for Capitalism Issues \times Stakeholders.

Stakeholder Capitalism Issues	Stakeholder	Hypocrisy	
		Mean	SD
Communities	Consumer	3.84	1.65
	Employee	3.79	1.59
Shareholders	Consumer	4.06	1.33
	Employee	4.06	1.41
Environment	Consumer	3.81	1.51
	Employee	3.98	1.39
Customers	Consumer	3.99	1.64
	Employee	3.62	1.52
Workers	Consumer	4.20	1.67
	Employee	3.83	1.57

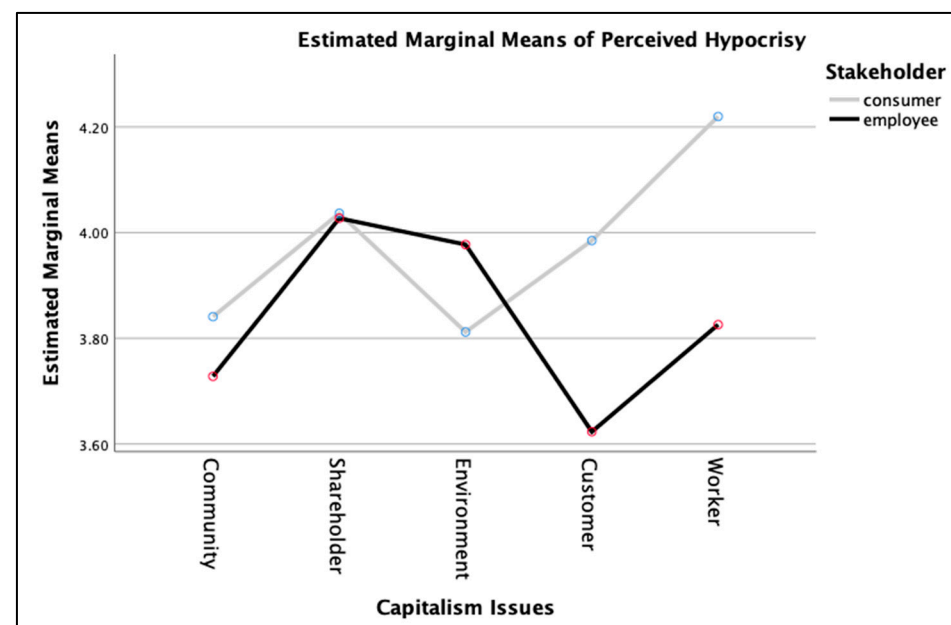


Figure 2. Graphical representations for stakeholders \times SC issues.

5. Discussion

In this study, we investigated how inconsistency between CMR promises as indicated in marketing messages and their following actions on those promises led to PCH. It also analyzed how such perceptual responses vary between internal and external types of stakeholders and how the different types of stakeholder capitalism issue contextualized in those CMR impact the relationship. When stakeholders identify that corporations are not fulfilling their asserted CMR through their actions, their apprehensions about corporations' integrity and ulterior motives fuel hypocrisy perceptions. Accordingly, based on the results, this research recommends that corporations prioritize CMR as an integral part of the corporate commitment and not as a peripheral concern to improve their reputation.

5.1. Effect of Inconsistency on Internal and External Stakeholders' PCH

Results indicated that when stakeholders observe inconsistency between communicated CMR and actual corporate actions, it evokes PCH, supporting the existing literature [16]. Such evoked hypocrisy perceptions were observed among both external and internal stakeholders when CMR messages and actions were inconsistent. Results also indicate that PCH, resulting from CMR, varied between the external and internal stakeholders. Specifically, in case of inconsistency, external stakeholders experienced a higher level of PCH than internal stakeholders. This might be because, compared to employees, consumers seek stronger moral obligations from corporations and experience higher PCH when corporations do not follow up on their communicated CMR commitments. That is, external stakeholders might have higher expectations from corporations adhering to their CMR assertions (compared to internal counterparts), and accordingly, an absence of the same evoked higher PCH. For the cases with consistency of message and action, both stakeholder types experienced the same level of PCH, and such perceptions are lower than those evoked due to inconsistency.

5.2. Influence of Stakeholder Capitalism Issues

The results revealed that PCH resulting from CMR message-action inconsistencies did not vary based on types of stakeholder capitalism issues. That is, irrespective of the type of issues acknowledged in CMR, stakeholders experienced the same level of PCH when there was an inconsistency. Such might be due to the current political climate where almost every type of stakeholder capitalism issue has surfaced to demand corporations' attention and responsible commitment [23]. However, stakeholder capitalism issues impacted PCH directly. The highest PCH was evoked for shareholders- and workers-related issues, while the lowest was for communities and customers, irrespective of (in)consistency. Such findings can have two explanations. First, research indicates that stakeholders are, in general, more skeptical about corporate initiatives related to worker issues [58] and, therefore, would have questioned corporations' commitment irrespective of (in)consistency. Second, the data was collected at a time of the stock market crash and job losses due to a pandemic (in March 2020). Thus, stakeholders might have been warier of corporations' commitment to these stakeholder capitalism issues irrespective of (in)consistency, leading to PCH.

5.3. Types of Stakeholders Influencing Stakeholder Capitalism Issues' Impact

Further, stakeholder types did not influence the impact of stakeholder capitalism issues on inconsistency and PCH. When exposed to CMR message-action inconsistencies related to different types of stakeholder capitalism issues, both groups of stakeholders did not prioritize these issues and their inconsistencies to experience varied PCH. However, stakeholder types seemed to moderate the direct effect of stakeholder capitalism issues on PCH. External and internal stakeholders experienced significantly different PCH based on which stakeholder capitalism issues the corporation focused on, irrespective of (in)consistency. Consumers perceived the highest hypocrisy for worker issues, while the lowest was for environmental issues. Employees perceived the highest hypocrisy for

shareholder issues and the lowest for customer issues. Such findings might be because individuals prioritize moral responsibilities that they personally align with [53] so much that they are skeptical about CMR related to these stakeholder capitalism issues irrespective of (in)consistency and, accordingly, experience PCH.

6. Conclusions

6.1. Theoretical Implications

In the last two decades, scholarly interests related to CMR have peaked in marketing [12] and management [59]. However, the question of how corporations' inconsistencies related to their promised and executed moral responsibilities affect their stakeholders' perceptions, specifically internal stakeholders, presented a research gap important to address. This study extended the CMR and PCH literature by acknowledging and reporting that internal stakeholders experience PCH when exposed to CMR messages-actions inconsistencies, just like external stakeholders. Similar to consumers, when employees noticed an inconsistency between what CMR marketing messages promised and how corporations enacted those CMRs, they questioned such businesses' integrity and perceived them as hypocrites. As internal stakeholders' PCH in response to CMR message-action inconsistencies is slowly attracting scholars' interests, such findings make a timely theoretical contribution by enhancing the CMR and PCH literature from internal stakeholders' perspectives.

Second, this research turned a new page in the CMR literature by shedding novel insights into how different types of stakeholders variably respond to CMR message-action inconsistencies. While prior literature acknowledged internal and external stakeholders being different from each other based on their awareness of corporations' actual moral engagements as well as power dynamics with corporations [13], a specific comparative analysis of their responses was missing. This research reported that external stakeholders, in fact, experienced stronger PCH compared to internal stakeholders, when they observed CMR inconsistencies. The results of this research provided a precise understanding of how different stakeholders judge corporations differently and enhanced our understanding of the role of CMR message-action consistency in relation to stakeholders' hypocrisy perceptions.

Last but not least, the results indicated that types of stakeholder capitalism issues in CMR message-action inconsistencies did not evoke varying levels of PCH. This study showed that CMR message-action inconsistencies for one type of stakeholder capitalism issue are not necessarily more important than the other since all generated similar PCH. That means when it comes to corporations walking their talk related to their moral responsibilities, the context of their morality did not play any specific role in stakeholders' perceptions. Contrary to prior literature [14,41], this research suggests that stakeholders' focus is ultimately on whether CMR messages and actions are consistent regardless of what those are about, thus contributing to the ongoing marketing and management research whose focus centers on corporate morality.

6.2. Practical Implications

While the foregrounded focus of this research was the CMR message and action inconsistencies and stakeholders' responses, a deeper analysis by comparing internal and external stakeholders is required to devise effective and systematic solutions. PCH undermines corporations' overall business viability [16], and as such, corporations need to identify their CMR message-action inconsistencies as a fundamental antecedent to successfully manage PCH. As Corvino [60] suggests, ethics and morality in businesses are specifically to be prioritized even when doing otherwise seems to be easier for businesses. Corporations are the leaders of change; they have the ability to initiate and implement positive waves of change if they want to [61,62]. So, when they are stung with PCH formed among their stakeholders, it is important that corporations use these as moments to redefine their CMR commitments and not just manage their public image.

As external stakeholders' PCH was observed to be higher than that of internal stakeholders for CMR message-action inconsistencies, corporations, specifically those with

limited resources, need to prioritize the higher-risk stakeholder over the others in an effort to manage their PCH. Given consumers' buying power, their higher negative perceptions can be particularly damaging to business sustenance. This finding shows that it is time for corporations to revisit their marketing messages and actions and ensure that they genuinely fulfill their CMR in an effort to manage the perceptions of hypocrisy experienced by higher-risk parties. Corporations can neither just ignore the claims of moral responsibilities nor be inconsistent in their CMR deliverables, as otherwise, they might experience harsh financial consequences and poor economic performance [63].

Additionally, since the types of stakeholder capitalism issues used in CMR messages did not matter in how stakeholders perceive corporations' inconsistent actions, managers and marketing teams really need to showcase their CMR consistencies at a holistic level and not worry about addressing one type of issue over the other. That being said, according to the results, the stakeholder capitalism issues had a direct impact on PCH, along with the type of stakeholders moderating that impact. Varying PCH was generated among employees (internal stakeholder) and consumers (external stakeholder) for different types of stakeholder capitalism issues, irrespective of (in)consistencies. Specifically, this study pinpointed that worker and shareholder-related issues evoked the highest levels of PCH among consumers and employees, respectively, while environment and customer-related issues evoked the lowest levels of PCH among them, respectively. Therefore, since stakeholders tend to perceive corporations differently based on the corporations' stakeholder capitalism issues, this research calls corporations' attention to the need to account for who their stakeholders are and accordingly take note of what issues they should focus on. Marketing messages should be strategically formulated such that they prioritize the same stakeholder capitalism issues as valued by their stakeholders to reduce perceived corporate hypocrisy. With this sort of focused approach, corporations might be able to reduce their marketing costs and facilitate better returns on their marketing investments.

7. Limitations and Future Research

The study has some limitations which provide scope for future research. First, the manipulation check for our data was conducted using a student sample, the majority of whom were females. Although we anticipate that an inconsistent (or consistent) message-action would be interpreted as such irrespective of gender [64], the degree of perceived inconsistency (or consistency) might have varied based on differences due to inherent gender-based information processing styles [65]. Although manipulation in the study was deemed appropriate, future manipulation checks controlling for participants from multiple gender identities and accounting for the effect of gender on perceived inconsistencies would be beneficial. Second, our data were collected amidst the stock market crash of the pandemic. In a scenario of uncertainty, stakeholders might be warier of CMR and its stakeholder capitalism issues. Third, we focused on stakeholders representing only the retail sector and did not include those from other sectors, such as wholesale or manufacturing. Future studies could research whether similar relationships exist for B2B external stakeholders and manufacturing/wholesale internal stakeholders. Fourth, retail employees in this study were expected to have at least one year of continuous working experience at a US retail company. However, it could be possible that employees' responses are dependent on the extent of their experience with a company because they can have varying levels of insights into corporate involvement in CSR. Therefore, future studies accounting for employees' level of experience with the company rather than mentioning as one year or more might be enlightening. Further, investigation on stakeholders' age and gender identity may yield interesting results since certain generations, such as Gen Z, are known to be distinct in their expectations of CMR. Fourth, it is important to note that even when CMR messages and actions were consistent, both the internal and external stakeholder participants still reported a 50% likelihood of experiencing PCH. Although such PCH was lower than that evoked by inconsistency, the mere presence of PCH for consistent CMR is an indication that stakeholders, in general, are skeptical about CMR. Understanding the reasons behind

such skepticism was beyond the scope of this study. Future studies could investigate factors that might co-play with the significant role of CMR message-action inconsistencies to evoke PCH.

Author Contributions: Conceptualization, S.G. and G.B.; Methodology, S.G. and G.B.; Formal Analysis, G.B.; Writing—Original Draft Preparation, S.G. and G.B.; Writing—Review and Editing, S.G. and G.B. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

Institutional Review Board Statement: The study was conducted in accordance with the Institutional Review Board at the Kent State University (protocol code 19-349 approved 13 September 2019).

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are not publicly available due to ethical reasons.

Conflicts of Interest: The authors declare no conflict of interest.

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