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Investigating the Direct and Indirect Effects of Perceived Corporate Hypocrisy on Turnover Intentions

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Abstract

Perceived corporate hypocrisy, a perception of corporations claiming to have a virtuous character that they do not really possess, is a growing concern for US businesses. The purpose of this study was to investigate the impact of retail employees' perceived corporate hypocrisy (PCH) related to corporations' moral responsibility efforts on their work-related behaviors, namely turnover intentions, mediated by their lack of trust and poor attitude towards the corporation. An online self-reported survey was conducted using 520 adult US retail employees. The study results revealed that PCH positively impacted employee turnover intention, participants' lack of trust in the corporation as well their less favorable attitude towards the same. Also, both lack of trust and less favorable attitude mediated the relation between PCH and turnover intention. The study provides implications for corporations and indicates that given employees are irreplaceable resources to the corporation and can act as creators of competitive advantages, it is essential that corporations take initiatives to align their moral values with those of their employees or risk losing them.

Keywords: Perceived corporate hypocrisy, Turnover intention, Trust, Attitude, Corporate responsibility

Extended Abstract

Corporate social responsibility, a manifestation of corporations' morality, has gained popularity among retail corporations to advance their competitive position and meet stakeholder needs (Benedetto, 2017). Unfortunately, with the surge of such obligatory morality, pretense of ethical business practices has also become prevalent (Wagner et al., 2009) and some critics allege such business practices as "hypocritical window dressing" (Schutte, 2011). Perceived corporate hypocrisy, a perception of corporations claiming to have a moral and virtuous character that they do not really possess, is a growing concern for US businesses, specifically pertaining to their employees. Research indicates that employees, as internal stakeholders, have an insider knowledge of corporations' morality compared to consumers (Scheidler et al., 2019). Comparing their daily experiences within the corporation with corporations' publicly asserted morality, employees can easily identify any double standards (Goswami et al., 2018). Employees' PCH can be concerning since they are considered as credible source of corporations' real moral commitments and if spread through their word of mouth, employees' PCH can significantly damage corporations' reputations (Scheidler et al., 2019). Despite such findings and PCH being pervasive in corporations, the current literature presents limited investigations related to employees' reactions to the PCH. Applied to the US retail industry, this study empirically investigated employee-PCH's impacts on their work-related behavioral intentions (namely employees' turnover-intentions) while mediated by negative psychological reactions (namely less favorable attitude) and negative emotions (namely lack of trust; Belli & Broncano, 2017).

An online self-reported survey was conducted using a sample of 520 adult US retail employees, recruited using a national research firm. Model 6 of PROCESS, a macro using path-analysis based technique to test for multiple moderators and mediators (Hayes, 2018) was used to test the hypotheses. The study results revealed that PCH positively impacted employee turnover intention. Participants who perceived their corporations of hypocrisy, tried to

disassociate themselves from the corporations. Further, PCH positively impacted participants' lack of trust in the corporation as well their less favorable attitude towards the same. Higher the PCH, higher was participants' lack of trust and poorer was their attitude. Finally, both lack of trust and less favorable attitude mediated the relation between PCH and turnover intention.

The findings have implications for both academics and practitioners. First, the results of this study extend the existing literature of PCH (Wagner et al., 2009) to include internal stakeholders. While prior studies have predominantly focused on consumers' hypocrisy perceptions (Shim & Yang, 2016), this study investigated how such PCH can be similarly detrimental to employees. Thus, although corporations take initiatives to maintain their credibility and ethical image among consumers (through marketing messages, annual reports, etc.), similar initiatives might be essential to align corporate values with those of its employees, in order to reduce PCH among the latter. Further, by assessing the direct and mediated effects of PCH, this study also provides a more precise understanding of PCH's impacts on employees and adds empirical evidence to the otherwise exploratory literature (Goswami & Ha-Brookshire, 2016). While existing limited research on employees' PCH concerned mostly with the antecedents (Goswami et al., 2018; Philippe & Koehler, 2005), this study contributes novel insights into the aftereffects of such perceptions which include employees' psychological reactions (i.e., less favorable attitude), emotional (i.e., lack of trust), and behavioral reactions (i.e., turnover intentions) to PCH, thus fulfilling a research gap. The positive effect of PCH on turnover intentions revealed that employees experiencing higher PCH expressed higher intention to part ways with the corporation. Therefore, it is essential that corporations take actions to curb any PCH, ensure their values align with those of their employees to come across as less hypocritical and reduce employee attrition rate. Similarly, the results indicated that with higher PCH, participants experienced a strong lack of trust in the corporations as well as a less favorable attitude. Such findings bear important implications for corporations, as employees have the insider's knowledge for corporations' real moral commitments, and employees' attitudes and behaviors have important consequences on businesses' overall performance (Rodrigo & Arenas, 2008). Thus, it is essential for companies to pay attention to employees' PCH and undertake initiatives to reduce the same to rescue their reputations at stake. Given that employees are irreplaceable resources to the corporation and can act as creators of competitive advantages, it is essential that companies take initiatives to align their moral values with those of their employees by words and actions or risk losing them.

1. Introduction

With increasing interests among stakeholders regarding businesses' morality, the need of corporate social responsibility (henceforth, CSR) is more critical than ever. CSR, a manifestation of corporations' morality, has been a complex and yet relevant business strategy among retail corporations to advance their competitive position and meet stakeholder needs (Benedetto, 2017). Unfortunately, with the surge of such obligatory morality, pretense of ethical business practices, such as greenwashing, false claims about corporate philanthropic engagements have

also become prevalent (Wagner et al., 2009). In fact, some critics allege such business practices as “hypocritical window dressing”, where corporations are believed to use such philanthropic commitments only as marketing gimmicks to increase business opportunities (Schutte, 2011).

Perceived corporate hypocrisy (PCH), a perception of corporations claiming to have a moral and virtuous character that they do not really possess, is a growing concern for US businesses (Goswami et al., 2018). Prior literature indicates that PCH is prevalent among stakeholders for industry-sectors with complex supply chains (Wagner et al., 2009). Thus, considering the fragmented structure of the retail supply chain (Jestratišević et al., 2020), PCH can be generated among both internal and external stakeholders. PCH leads to negative responses among stakeholders, such as reduced loyalty, increased boycott behaviors (Wagner et al., 2009), and also compromises corporate reputation and equity (Chang et al., 2016).

Despite its negative impacts, prior studies have mostly focused only on external stakeholders, or consumers, with limited research investigating the impact of PCH on internal stakeholders, that is, employees. Also, such existing limited research on employees' PCH have mostly concerned with the antecedents to better identify the factors leading to such perceptions to begin with, such as breach of psychological contract, double standards to name a few (Goswami et al., 2018; Philippe & Koehler, 2005). Moreover, while a handful of these research learned about PCH impacts, those have focused mostly on counterproductive work behaviors, such as stealing corporate property and aggressive behaviors (Miao & Zhou, 2020) creating a research gap about employees' psychological impacts. Finally, although Goswami & Ha-Brookshire (2016) suggested of emotional and behavioral impacts due to PCH, studies were exploratory in nature, leaving scopes of empirical investigations of holistic impacts.

In this vein, the purpose of this study was to empirically investigate employees' reactions to PCH. Specifically, the study investigates PCH's impacts on work-related behavioral intentions (as manifested by employees' turnover-intentions) while mediated by less favorable attitude and negative emotions, exemplified by their lack of trust (Belli & Broncano, 2017). This study focused on the U.S. retail industry, as it is the largest and one of the most significant employers, with almost 15.7 million employees (US Bureau of Labor Statistics [BLS], 2019). Overall, this industry sector is of great importance to the nation's trade and comprises of multiple business areas, including fashion, general merchandise, vehicles, etc. (Lee & Ha-Brookshire, 2017). However, the U.S. retail industry also has higher than the national average turnover rates (Wells, 2018), and is often criticized of an overall lack of commitment to morally responsible behaviors (Goswami & Ha-Brookshire, 2016). In fact, prior studies have reported of PCH observed within retail employees (Goswami et al., 2018). According to Lee & Ha-Brookshire, (2017), a corporate culture that supports ethical and moral behavior, is an important antecedent to employees' turnover intentions. However, limited research is available as to how employees' PCH related to a perceived lack of morality, their trust, and their attitude towards the corporations affect U.S. retail employees' turnover intention. Considering that retail employees represent the face of corporations for customers and the world (Edmondson, Matthews, & Ward, 2018), they are central to success of corporations, and learning about employees' PCH, its impact are important to corporate professionals and academics alike.

2. Literature Review

2.1. Perceived Corporate Hypocrisy

Perceived corporate hypocrisy (PCH) is defined as “a perception of corporate pretensions of having a virtuous character” (Goswami et al., 2018, p. 2). When a corporation claims to have

good moral character, but its actions are inconsistent with its claims, it can generate PCH among stakeholders. Since employees often choose to work with employers of matching values (Aquino & Reed, 2002), working for a corporation perceived to have similar moral values supports employee's moral identity (Jones et al., 2009). That is, as corporations are perceived to be ethically bent based on their publicly endorsed morality, employees' own moral values become equivalent to those espoused by corporations, and such moral identification bolsters employees' perceptions of oneness (May et al., 2015). Similarly, if corporations are perceived to behave immorally, employees observe a misfit between their and corporations' deontic motives (Scheidler et al., 2019) and struggle to find equivalency between their own and corporations' values (Goswami et al., 2018). PCH is formed of this perceived incongruence between employees' individual moral values (equivalent to those espoused by the corporations) and those enacted by the corporations, making employees reassess their belongingness with corporations.

The issue of PCH specifically related to employees have only recently got scholarly attention. Scheidler et al. (2019) reported that if corporations' publicly endorsed CSR differed than those experienced by the employees in reality, PCH is generated among employees. Such incongruences make employees perceive double-standards and question the corporation's real motives (Miao & Zhou, 2020). Goswami et al. (2018) found that employees' PCH perceptions are characterized by their perceived lack of morality, a breach of psychological contract, double standards, and a gap between espoused and enacted values assumed within their corporations. When employees observe a bifurcation between corporations' espoused beliefs, their communicated values and their actual behaviors, their PCH makes them question the corporate culture, commitment to values, and real intentions (Philippe & Koehler, 2005). Other studies found that employees' PCH can increase their anxiety and an incomprehensibility regarding their

work environment (Scheidler et al., 2019). Further, Goswami and Ha-Brookshire (2016), in an exploratory study, found that employees' PCH results in negative feelings towards the corporations and employment expectations. However, such exploratory study needs further empirical investigation and limited knowledge exists related to PCH's impact on employees.

Employees, as internal stakeholders, have an insider knowledge of corporations' morality compared to consumers (Scheidler et al., 2019). Comparing their daily experiences within the corporation with corporations' publicly asserted morality, employees can easily identify any double standards (Goswami et al., 2018). Thus, their PCH could be quite different than PCH generated among consumers (Goswami et al., 2018). Considering the importance of employees in corporations' success and performance, employees' PCH can be concerning. Since they are considered as credible source of corporations' real moral commitments, their PCH spread through their word of mouth can significantly damage corporations' reputations (Scheidler et al., 2019). Despite such findings and PCH being pervasive in corporations, the current literature presents limited investigations related to employees' reactions to the PCH, as detailed earlier.

2.2. PCH and Turnover Intentions

Turnover intention, (i.e., "the extent to which an employee plans to leave the organization"), is asserted as one of the main and immediate antecedents of the actual turnover behavior (Lacity et al., 2008 p. 228). Stronger are the employees' conscious and voluntary willingness to leave an employer, more are the chances of actual turnover. The severity of employee turnover rates has gained attention over time (Lee & Ha-Brookshire, 2017). According to the National Retail Federation, the US retail industry's turnover rates has been on the rise, with as high as 60% compared to the average turnover for all other industries at 15% (Wells, 2018). Employees' turnover intentions challenge corporations in recruiting new employees, add

to financial losses, and reduce employee morale (Alniaçik et al., 2013). Costs of replacing an employee can be as high as 50% of the employee's annual salary (Alniaçik et al., 2013). With the loss of skilled human capital, corporations lose productivity and experience new competitive pressures. For example, the US fashion retail industry's high turnover rates are often cited as the major reason for its corporations' poor performances (Park & Shaw, 2013).

Key drivers of turnover intentions have been found to be closely connected to employees' perceptions (Griffeth et al., 2000), such as perceptions of corporations (Philippe & Koehler, 2005), perception of oneness with corporations (Rupp et al., 2013), and perception of the quality of relationship employees hold with their corporations (Griffeth et al., 2000). Specifically, when one's ability to morally identify with an organization is disrupted, when one perceives conflicting cues of corporations' morality, one then seeks ways to disengage from such organization (Philippe & Koehler, 2005).

As identification with corporations determine employees' behavioral intentions, such that those identifying strongly with their corporations, experience strong organizational commitment (Kim et al., 2010), a lack thereof increases their intentions to quit. Considering that PCH is evoked of when employees' morally identification with their corporations is disrupted, and a negative relationship exists between employees' ability to identify with their corporations and their turnover intentions (Lin, 2017), employees can be expected to seek ways to disassociate from corporations when PCH is generated. Accordingly, the following hypothesis is proposed:

H1: Employees' PCH positively influences their turnover intentions.

2.3. PCH and Employees' Trust

Trust refers to "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau et al., 1998, p. 395).

While employees' trust has been repeatedly reported as an emotional stimulant of their voluntary collaborations and improved organizational performances (Belli & Broncano, 2017; Bijlsma & Koopman, 2003), a lack of trust can challenge employees' behavioral outcomes, including loyalty, engagement, commitment, and intention to quit, should they question the corporations' integrity (Nair & Salleh, 2017). Further, it challenges corporations' financial performances, including profits, return on assets and sales in retail settings (Starnes et al., 2010).

The psychological foundations of employees' trust rely on their work exchange relationships, as employees assess their corporations in the context of social cognition (Hardin, 2002; Paxton & Glanville, 2015). That is, based on their experiences with the corporations, employees build expectations. If employees observe that their corporations have kept their promises, their values, have delivered on the explicit and implicit agreements, that is, acted as expected, their trust on the corporations are established (Glanville et al., 2013). However, when employees believe that their corporations are not walking the talk and not considering stakeholders' benefits but acting to their ulterior motives, employees start questioning the corporations' real intentions (Cook et al., 2005). That is, as PCH is generated among employees, their dependence and interdependence on corporations, essential conditions for trust, might get compromised, making employees unsure as what they ought to expect from their corporations.

Prior research indicates that PCH may evoke anger and a lack of trust among consumers due to skepticism about the corporations' real motives (Shim & Yang, 2016; Wagner et al., 2009). Applied to employees, a similar skepticism might be expected as they strive to understand the real underlying motives of the corporations due to PCH. That is, PCH can breed suspicion in employees, evoking a lack of trust on their employers. Thus, it is hypothesized:

H₂: Employees' PCH positively influences their lack of trust towards the corporation.

2.4. PCH and Attitude towards corporation

Attitude is defined as “a mental and neural state of readiness organized through experience, exerting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related” (Allport, 1935, p. 810). That is, attitude is one’s evaluative statements expressing their feelings and attachment towards objects. Employees’ attitude towards corporation is a dominant area of scholarly inquiry within organizational psychology, related to employees’ job satisfaction and behavioral outcomes (Choi & Kim, 2015).

Such attitude is stimulated by the collective effect of employees’ perceptions of their employers’ ethics as it generates shared ethical norms within the work environment (Lee & Ha-Brookshire, 2017). That is, when employees perceive their corporations as being moral and maintain their ethical commitments, they are likely to respond with a favorable attitude towards the corporation. In this light, employees’ PCH might be expected to have a detrimental effect on employees’ attitude. When PCH is generated due to inconsistencies between corporate assertions and actions, it makes employees question the morality of the corporation, potentially leading to a less favorable psychological evaluation of the corporation in them. Prior research indicates that PCH judgments skew consumers’ attitude negatively and dampen corporate reputation (Wagner et al., 2009). Applied to employees’ PCH, a similar less favorable attitude might be expected as they question the corporations’ real nature. Hence, the following hypothesis is proposed:

H₃: PCH positively influences employees’ less favorable attitude towards corporations.

2.5. Attitude and Turnover Intentions

While employees might seek ways to disassociate themselves from the corporation due to PCH, we also argue that this process is partially mediated by employees’ less favorable attitude towards the corporation. Attitudes have been reported to elicit a sequence of cognitive and

behavioral responses in employees to determine their intentions to continue being employed with their corporations, or to resign (Choi & Kim, 2015). Employees' intentions of continued employments have been often tied with their attitudes generated out of their beliefs and values (Lee & Kim, 2013). Prior research suggests of employees' attitude, exemplified as organizational embeddedness and affective organizational commitment, in a mediator role to understand how employees' perceptions effect their job satisfaction, turnover intentions, organizational citizenship, job performances (Lee & Kim, 2013), corporate reputation (Brammer & Millington, 2005), and ability to attract potential employees (Hurst et al., 2010). Applied to this study, a similar mediating role of employees' attitudes can be expected between employees' PCH and behavioral intentions. As employees perceive corporations to pretend of virtuous character and act inconsistent to their endorsed moralities, such perceptions might directly affect employees' attitudes, which in turn affect their turnover intentions. Thus, it is hypothesized:

H₄: Employees' less favorable attitude toward the corporation mediates the relationship between employees' PCH and their turnover intention.

2.6. Trust and Turnover Intentions

While employees' PCH might evoke a lack of trust on corporations, as argued earlier, we also propose this lack of trust to partially mediate PCH's impact on employees' turnover intentions. Research shows that employees' behaviors are strongly influenced by corporate's trustworthiness (Cropanzano et al., 2001). As employees use their corporations' ethical engagements as a cue for organizational trust (Jones et al., 2009), this trust is identified as a key emotional mediator of various relationships between antecedent-employee level outcomes (Dirks & Ferrin, 2002). In the organizational and management literature, trust has been frequently studied as a mediator mostly to predict performances, turnovers, and organizational commitments (Dirks & Ferrin,

2002), although such have predominantly centered within the scopes of effective leadership styles. Employees' trust on corporations, cognizant to their perceptions, has been identified as a core basis to impact consequent employee behaviors, such as job satisfaction, turnover intentions, and organizational commitment (Lee & Kim, 2013). In this light, as employees' PCH makes them question corporations' moralities and build lack of trust towards the corporations, this might leave employees feeling vulnerable, leading them to intend to quit on such employers for better alternatives (Nair & Salleh, 2017). Thus, the following hypothesis is proposed:

H₅: Employees' lack of trust towards the corporations mediates the relationship between employees' PCH and their turnover intention.

3. Method

3.1. Research design

This study employed a self-reported survey. Given the current goal of the study, this design was considered appropriate since the researchers aimed to investigate natural occurring phenomenon such as changes in employees' attitude and their turnover intentions around their PCH generation within a specific population of retail employees (Heppner et al., 2008).

3.2. Measures

PCH, the independent variable, was measured using a nine-item scale measured on four-point Likert scale (Goswami et al., 2018). Participants were asked to recall a bad experience that they had experienced as an employee of a retail corporation they have recently worked for, and, answer the questions based on only such BAD experiences. Participants were asked to indicate their (dis)agreement on the items, such that stronger the agreement higher would be their hypocrisy perceptions for their employers. The items measured employees' perceptions both at the organizational/ system level as well as at the interpersonal/supervisor level.

Lack of trust in corporations, one of the mediating variables, was measured using a fifteen-item Likert scale (McAllister, 1995; Starnes et al., 2010). Measured on a four-point scale (1: strongly disagree to 4: strongly agree), participants were asked to answer lack of trust questions about the same retail corporation they have recently worked for and experienced PCH at. Attitude towards a corporation, the second mediating variable, was measured using a four item four-point semantic-differential scale (Wagner et al., 2009). Participants were asked to indicate their attitude about the same retail corporation they have recently worked for and experienced PCH at (Cronbach's alpha = .98) with a higher score on the scale indicating a less favorable attitude. Finally, turnover intentions, the dependent variable, was operationalized as employees' intention to quit working within a corporation perceived to be hypocritical. Participants' turnover intention (related to the same retail corporation they have recently worked for and experienced PCH at) was measured using a three-item scale from Alniacik et al. (2013) anchored across "Strongly disagree" and "Strongly agree" in this study.

Four-point Likert scale with no neutral point was used throughout the study (except for attitude where a semantic differential scale was used) for responses since researchers have often advocated the use of forced-choice orientation as the item response format to force their participants to not take a middle ground on sensitive issues (Goswami et al., 2018). An anonymous, online survey format, along with forced-response choices and increased cognitive load in survey questions (i.e., asking them to recall a bad experience that they had experienced recently as an employee of a retail corporation) ensured to control for any social desirability bias (Larson, 2019; Nederof, 1985). See Table 1 for measures.

[Insert Table 1 about here]

3.3. Sample Selection

An online self-reported survey was conducted in April 2017 using 520 adult US retail employees recruited through a market-based research firm, Qualtrics. Participants were recruited from multiple industries of the retail sector as represented by the North American Industry Classification System [NAICS] codes from 441110 to 453998 and 454111 (BLS, 2019).

Participants were recruited from both store-level and executive-level retail employees, with at least one year of experience within a specific retail corporation (Goswami & Ha-Brookshire, 2016). Two attention filters were included in the survey to ensure validity of the study.

3.4. Data Analyses

Descriptive analyses were conducted to understand respondent characteristics. For hypotheses tests, Model 6 of PROCESS, a macro using path-analysis based technique to test for multiple moderators and mediators, was used (Hayes, 2018). PROCESS utilizes regression-based conditional process analyses using bootstrapped confidence intervals (bootstrapping).

Bootstrapping was considered suitable for this study since it does not make any normality assumption on response distribution (as needed for causal approach to mediation) and does not require a large sample size (as needed for structural equation modeling), while providing high statistical power for the test (Hayes, 2018). Further, all constructs were adopted from previous studies and have been found to be reliable and valid. Hence a regression-based conditional process analyses using bootstrapped confidence intervals was adequate (Hayes, 2018).

4. Results

4.1. Respondent Characteristics

Adult participants were adults recruited. Table 2 shows respondent characteristics in detail.

[Insert Table 2 about here]

4.2. Factor Analyses and Scale Reliabilities

A multidimensional factor analysis (PCA) was conducted with oblique rotation using eigenvalue >1 to check for validity. Oblique rotation was used since the dependent and independent variables were expected to be significantly correlated. Results revealed a total of four principal components. All nine items for PCH loaded on to first factor (factor loadings: .88 to .57), all 15 items for lack of trust loaded on to second factor (factor loadings: .86 to .42), all four items for attitude toward corporation loaded on to the third factor (factor loadings: .97 to .90), and all three items for turnover intention loaded on to the fourth factor (factor loadings: .48 to .43). In this light, all factor loadings were above .4, which is considered acceptable (Howard, 2016). There was no cross-loading between constructs and all items for each construct loaded on to the construct itself. Discriminant validity was established by ensuring that the Average Variance Extracted (AVE) was less than with the squared correlation between the constructs. For all four constructs discriminant validity was met: PCH (AVE: 0.61, Sq. Correlation: 0.93), lack of trust (AVE: 0.61, Sq. Correlation: .93), attitude toward corporation (AVE: 0.95, Sq. Correlation: .97), and turnover intention (AVE: 0.71, Sq. Correlation: .94). Reliabilities (Cronbach α) of the scales ranged were as follows: PCH: .93, lack of trust: .96, attitude toward corporation: .96, and turnover intention: .96.

4.3. Hypotheses

PROCESS results indicated that first, PCH directly impacted employee turnover intention (standardized coefficient $\beta = 0.13$, $p < .001$, $CI_{95} = 0.08, 0.23$), supporting H_1 . Second, PCH had significant positive effect on participants' lack of trust ($\beta = 0.62$, $p < .001$, $CI_{95} = 0.56, 0.69$) supporting H_2 . Higher the PCH, higher was participants' lack of trust. Third, PCH had significant positive effect on participants' less favorable attitude toward corporation ($\beta = 0.12$, $p = .008$, CI_{95}

= 0.04, 0.25), supporting H_3 . This indicated that higher the PCH, poorer was participants' attitude. Fourth, for the mediating role of attitude (H_4), results indicated that less favorable attitude toward corporations positively impacted employee turnover intention ($\beta = 0.29, p < .001, CI_{95} = 0.20, 0.33$). Further, as shown, PCH positively impacted attitude (H_3) and turnover intention (H_1). The effect of PCH on turnover intention was also significant when including attitude in the model ($\beta = 0.59, p < .001, CI_{95} = 0.57, 0.72$), indicating that attitude partially mediated the relation between PCH and turnover intention, supporting H_4 . This indicated that participants with high PCH expressed a less favorable attitude which in turn led to higher turnover intention. Finally, for mediating role of trust, lack of trust positively impacted employee turnover intention ($\beta = 0.48, p < .001, CI_{95} = 0.46, 0.64$). Further, as shown, PCH positively impacted lack of trust (H_2), and turnover intention (H_1). The effect of PCH on turnover intention was also significant when including trust in the model ($\beta = 0.59, p < .001, CI_{95} = 0.57, 0.72$), indicating that lack of trust partially mediated the relation between PCH and turnover intention, supporting H_5 . Thus, participants with high PCH expressed an increased lack of trust in the corporation which then led to higher turnover intention. Although not hypothesized, lack of trust also impacted less favorable attitude ($\beta = 0.54, p < .001, CI_{95} = 0.56, 0.78$). Therefore, participants who expressed lower (than higher) trust in the corporation, also expressed poorer attitude toward the corporation. Figure 1 shows the findings of the study.

[Insert Figure 1 about here]

5. Discussions and Implications

This research investigated retail employees' PCH and showed that impacts corporations in the long run, thus having theoretical and practical contributions.

5.1. Theoretical Implications

First, the results of this study extend the existing literature of PCH (Wagner et al., 2009) to include internal stakeholders. While prior studies have predominantly focused on consumers' hypocrisy perceptions (Shim & Yang, 2016), this study investigated how such PCH can be similarly detrimental to employees. Specifically, the positive effect of PCH on turnover intentions revealed that participants experiencing higher PCH expressed higher intention to part ways with the corporation, supporting existing knowledge that when employees are unable to identify with their employers, they try to disassociate themselves from the corporations (Lin, 2017; May et al., 2015). Second, by assessing the direct and mediated effects of PCH, this study also provides a more precise understanding of PCH's impacts on employees and adds empirical evidence to the otherwise exploratory literature (Goswami & Ha-Brookshire, 2016). Third, while existing limited research on employees' PCH concerned mostly with the antecedents (Goswami et al., 2018; Philippe & Koehler, 2005), this study contributes novel insights into the aftereffects of such perceptions. This research presented a detailed insight into employees' psychological reactions (i.e., less favorable attitude), emotional (i.e., lack of trust), and behavioral reactions (i.e., turnover intentions) to PCH, thus fulfilling a research gap. While the existing research on employees' PCH mostly focused on counterproductive work behaviors (Miao & Zhou, 2020), this study empirically investigated the holistic impacts of employees' PCH on employees' emotions, psychology, as well as behaviors. Corporations' inconsistent set of morals might be myopic, as related PCH can make employees perceive their self-interest to be compromised, make them lose trust, develop a less favorable attitude and in turn, lead to higher turnover intentions.

5.2. Managerial Implications

The study provides important practical implications. First, it shows that internal stakeholders, similar to external stakeholders, are impacted by PCH, which can have negative consequences on corporations in the long run. Although corporations take initiatives to maintain their credibility, authenticity, and ethical image among external stakeholders, particularly consumers (through marketing messages, annual reports, etc.), similar initiatives might be essential to align corporate values with those of its employees, in order to reduce PCH among the latter. Second, the positive effect of PCH on turnover intentions revealed that participants experiencing higher PCH expressed higher intention to part ways with the corporation. Given employees form the core resource-base of any corporation, it is essential that corporations take actions to curb any PCH, ensure their values align with those of their employees to come across as less hypocritical and reduce employee attrition rate. Third, the results indicated that with higher PCH, participants experienced a strong lack of trust in the corporations as well as a less favorable attitude. PCH raised questions related to corporations' real motives and moralities in employees' minds. Further, when participants lacked trust in the corporation, their overall attitude was also negatively impacted. Such findings bear important implications for corporations, as employees have the insider's knowledge for corporations' real moral commitments, and employees' attitudes and behaviors have important consequences on businesses' overall performance (Rodrigo & Arenas, 2008). Particularly, with the growing importance of social media and digital word of mouth, employees' lack of trust and poor attitude due to PCH might easily reach the broader world. Thus, it is essential for companies to pay attention to employees' PCH and undertake initiatives to reduce the same to rescue their reputations at stake. Finally, the findings of the study also revealed that PCH can make employees perceive their self-interest to be compromised, make them lose trust, develop a negative attitude and in turn, lead to higher

turnover intentions. Given that employees are irreplaceable resources to the corporation and can act as creators of competitive advantages, it is essential that companies take initiatives to align their moral values with those of their employees by words and actions or risk losing them.

6. Limitations and Future Research

The study is not free from limitations, which in turn, provide opportunities for future research.

First, the study focused only on retail employees and did not incorporate employees of corporations representing other sectors, such as manufacturing and wholesale. Employees in other sectors may have experiences different than those of the retail sector employees, leading them to perceive corporate morality differently. Thus, future research involving participants from all three sectors may be important for generalization of the study results.

Second, the external validity of the study results may also be limited by participants representing only US nationality. Considering the importance of corporations' morality in employees' perceptions around the world, future studies can focus on other nationalities and cultures. For example, employees' expectations, perceptions, and reactions to corporation (im)morality of a developed country might differ from that of a developing nation. Similarly, the need of morality might also vary between western and eastern cultures.

Third, data was collected in late 2017. In 2017, the U.S. economy completed its eighth year of expansion following the recession, and most labor market measures continued to improve. Specifically, by the end of 2017, the unemployment rate had hit a 17-year low (BLS, 2018). Thus, employees may have job opportunities available for them to select one employer over another, especially on the basis of the corporation's morality. However, it would be essential to understand how such employees value moralities and in turn indicate their intention to

disassociate from the corporation when they perceive the corporation to be hypocritical, when there are limited job opportunities.

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Table 1. Measures used for the study

Variables and Measures	Cronbach's Alpha
Perceived Corporate Hypocrisy (Goswami et. al, 2018)	
1. My company's policies do NOT match with the promises made to employees.	.93
2. My company is UNFAIR to its employees.	
3. My company does NOT care for its employees, but money.	
4. My company PRETENDS to appear moral.	
5. My company engages in morally WRONG acts when it can get away with them	
6. My company's values often CHANGE when it comes to getting things done.	
7. My supervisor does NOT practice what (s)he preaches.	
8. My supervisor does NOT hold everyone at all levels equally accountable for their mistakes.	
9. The values my supervisor communicates to the society are NOT consistent with employees' experiences at work.	
Lack of Trust (McAllister, 1995; Starnes, Truhon & McCarthy, 2010)	.96
1. Believe my company LACKS integrity.	
2. NOT expect my employer to treat me in a consistent and predictable fashion.	
3. NOT believe my employer's motives and intentions.	
4. Believe that my employer is treating me UNFAIRLY.	
5. Believe that my supervisor is NOT being open and upfront with me.	
6. NOT freely share my ideas, feelings, and hopes with my supervisor.	
7. NOT talk freely to my supervisor about difficulties I am having at work, as (s)he does not listen.	
8. NOT feel a sense of loss if my supervisor was transferred.	
9. NOT share my problems with my supervisor, since (s)he would not respond constructively.	
10. Think that my supervisor has made NO considerable emotional investments in our working relationship.	
11. Think that my supervisor does NOT approach her/his job with professionalism and dedication.	
12. I DOUBT her/his competence for the job.	
13. NOT rely on my supervisor to make my job easier.	
14. NOT respect my supervisor as a coworker.	
15. Be CONCERNED to monitor her/his performance.	
Attitude toward Corporation (Wagner et al., 2009)	
If I am to be in a company as described in above questions, my feelings towards that company would be:	.96
1. Favorable/unfavorable	
2. Good/Bad	
3. Pleasant/Unpleasant	
4. Positive/Negative	
Turnover Intention (Alniacik et al., 2013)	.96

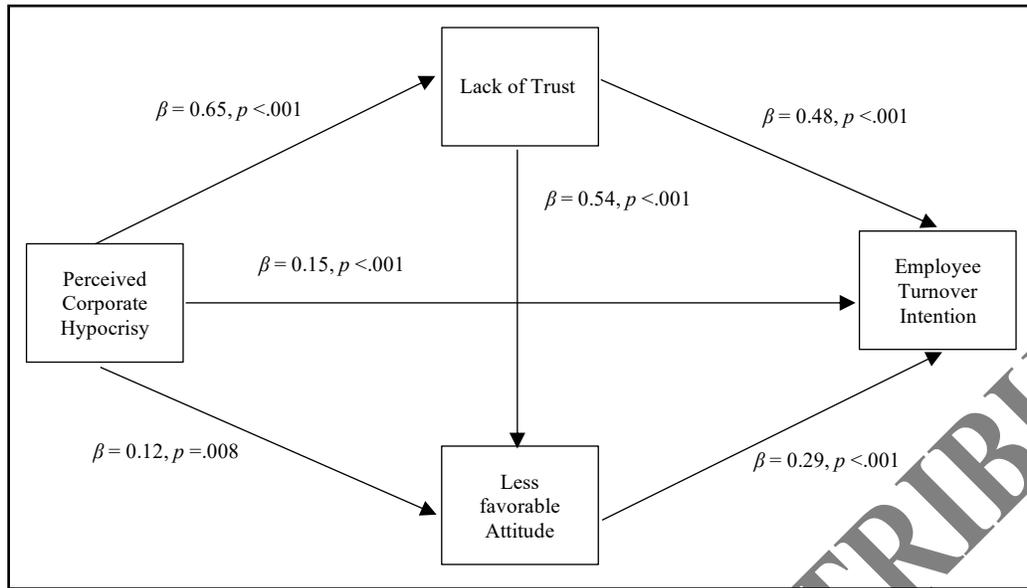
If I am to be in a company as described in above questions, I would:	
1. NOT look forward to another day at the company.	
2. Often consider QUITTING that job.	
3. Actively look for a different job in a DIFFERENT company.	

Note: Higher score represented higher PCH, higher lack of trust, less favorable attitude toward corporation and higher turnover intention.

Table 2. Respondent Characteristics (N = 520)

Variable	Levels	Frequency	Percentage
Age	18-20	28	5.4
	21-30	184	35.5
	31-40	150	28.8
	41-50	82	15.7
	51-60	62	11.9
	61 and above	14	2.7
Gender	Male	137	26.3
	Female	378	72.7
	Prefer not to disclose	5	1
Ethnicity	Caucasian	392	75.2
	Hispanic	47	9
	African-American	39	7.5
	Asian	5	3.1
	Other	27	5.2
Employment Status	Part-time	172	33
	Full time	331	63.7
	Not employed	9	1.7
	Retired	8	1.5
Workplace	Retail shop floor	417	80.2
	Corporate office (on-site and off-site)	103	19.8
Work Industry	Motor vehicle and parts	3	0.6
	Furniture and home furnishing	20	3.8
	Electronic and appliances	37	7.1
	Building material, garden equipment, and supplies	26	5
	Food and beverage	71	13.6
	Health and personal care	37	7.1
	Gasoline	14	2.7
	Clothing and clothing accessories	124	23.8
	Sporting goods, hobby, book, and music	34	6.5
	General merchandise	117	22.6
Income	Miscellaneous	37	7.1
	Less than 20,000	71	13.8
	20,000 – 34,999	124	23.8
	35,000 – 49,999	101	19.4
	50,000 – 74,999	111	21.3
	75,000 – 99,999	63	12.1
	100,000 or above	50	9.6

Figure 1. Conceptual model showing hypotheses and results



Note: β represents standardized coefficients. Total effect of perceived corporate hypocrisy on employee turnover intention = 0.59 ($p < .001$). For the total effect model, $R^2 = 0.35, F(1, 519) = 278.69, p < .001$