Hypocrisy in Corporate and Individual Social Responsibility: Causes, Consequences and Implications

Co-editors: Paolo Antonetti, NEOMA Business School, France; Frances Bowen, University of East Anglia; Danae Manika, Newcastle University, UK; and Colin Higgins, Deakin University, Australia.

Corporate social responsibility has become a widespread and powerful idea both in research and in practice (Aguinis and Glavas, 2012; Lynn, 2015). However, a chronic wave of corporate scandals in the past decade has threatened the development and maintenance of society's trust in businesses. As a result corporate hypocrisy, the discrepancy between a firm's CSR behaviour and its stated standards of CSR (Wagner, Lutz, and Weitz, 2009), has received significant attention in recent popular press and academic literature. Academic scholars for example have investigated *greenwashing (Bowen, 2014; Delmas & Burbano, 2011)* and *tax avoidance* (Hardeck & Hertl, 2014) as forms of corporate hypocrisy. Others have focused on corporate social irresponsibility (Murphy & Schlegelmilch, 2013) and on how corporations manage perceived crises (Lange & Washburn, 2012; Sweetin et al., 2012) and market failures (Herzig & Moon, 2013). Attributions and judgements of hypocrisy are relevant in all these cases and will become even more significant in the future given the increasingly transparent and accountable world we live in.

At the same time, this greater need for authentic and sincere CSR has also resulted in a push for individual social responsibility (ISR) (Benabou and Tirole, 2010) – including some consideration of how individual and organisational conceptions of social responsibility intersect. A corporation after all is comprised of individuals who embody, represent and communicate its culture. Examples of ISR include various pro-social behaviours, such as charity donations and consumption of green products. However, these behaviours are not always a result of intrinsic altruism but are often just a sign of conformity to social pressure (DellaVigna, List & Malmendier, 2012) or of a desire to appear generous (Ellingsen & Johannesson, 2011). Similarly, consumers often overstate their desire to support companies that invest in CSR and sustainability without behaving in accordance with their intentions (Auger & Devinney, 2007; Carrington et al., 2014). Therefore, hypocrisy is a constitutive element of both individual and corporate behaviour and a critical phenomenon of the interplay between business and society. Indeed some have argued that hypocrisy might be a prescriptive component for modern business (Batson et al., 2006).

In this special issue, we extend research on corporate hypocrisy in a variety of different contexts, from a number of different perspectives. The ten papers in this special issue explore it's the causes, consequences and implications of hypocrisy for business and its interrelationships with society. Individually, and collectively, they extend and enrich existing debates while also offering a forum that brings together empirical and practical insights, and theoretical contributions from management, marketing, accounting, sociology, and psychology.

Issues of organised hypocrisy, or the idea that hypocrisy is inevitable, have captured the attention of many scholars. While most acknowledge its valuable insights and contributions to unpacking hypocrisy tensions in organisations,**Christensen, Morsing and Thyssen** extend this work by introducing a temporal dimension. Rather than a distinction between 'talk' and 'action', they illustrate the performative nature of talk – and illustrate how strategies of 'deferment', 'aspiration', 'evasion' and 're-narration' enable 'talk' to be 'action'.

Of significance to understanding hypocrisy is also the relationship between organisations and those within them. In attempts to understand the way talk and action diverges, we tend

to assume organisations as the focal actors – especially when it comes to their commitments to sustainability. **Yang, Manika and Athanasopoulou** unpack the relationship between individuals in the organisation and the organisation's stance and culture in influencing pro-environmental behaviour. While legitimacy-seeking behaviour tends to prevail at both levels – possibilities for generating more substantive commitments and action rests on clearly articulating who is responsible for what (locus of responsibility) and employee-organisational alignment.

Kougiannou & O'Meara Wallis explore the interplay between perceptions of hypocrisy and judgments of trust in interactions with local community. They show that communities tolerate hypocrisy to a certain degree but that excessive hypocrisy can lead to an erosion of legitimacy and damage corporate-community relations.

It can also be the case that hypocrisy could be desirable. **Glozer and Morsing** introduce the idea of 'double talk' in which a disconnect between talk and action – usually seen as 'undesirable' can actually be 'helpful'. Hypocrisy can cause an audience to reflect on the complex ambiguities of CSR – especially when humour is used to cause an audience or reader to pause

Corporate hypocrisy perceptions can be especially problematic for the employees of an organization. **Babu, De Roeck, and Raineri** focus on this level of analysis and examine the implications of corporate hypocrisy via a quantitative experimental approach. They find that corporate hypocrisy negatively affects employees' voluntary contribution to their firm's social responsibility programs, mediated by symbolic CSR attributions, while task significance moderates this relationship (direct and indirect effects are stronger for employees whose jobs are higher in task significance).

Wagner, Korschun and Troebs address conceptual and operational inconsistencies of extant corporate hypocrisy research by delineating three facets of corporate hypocrisy perceptions (i.e., moral hypocrisy, behavioral hypocrisy, and hypocrisy attributions) and by integrating diverse theoretical perspectives into a single framework that identifies its antecedents and consequences.

Higgins, Tang, and Stubbs analyze sustainability reports of three financial services companies in Australia, across a five year period, and show that transparency offers scope to minimize duplicity, as well as a way to stimulate engagement to address competing expectations. They find, that while sustainability reports are not without their limitations, they could offer some insight in to the nature, causes and implications of organizational hypocrisy.

Hypocrisy concerns also the role played by business schools in management education. **Snelson-Powell, Grosvold, & Millington** study the extent and the causes of hypocrisy in sustainable management education in UK business schools. Focusing on MBA programs, they examine the potential explanations that lead business schools to overpromise to what extent their degrees focus on socially responsible business practices.

Another crucial topic in the domain is how to deal with accusations of hypocrisy. **Andersen & Horving** extend past research on how organizations should successfully resolve these type of accusations. Past research argues that stakeholder dialogue is a potential solution to charges of hypocrisy. The authors however show that this approach is often insufficient and can be perceived by dialogue participants as a "theatre of hypocrisy".

Hypocrisy accusations are often targeted at companies that communicate their CSR engagements. For this reason, **Hafenbrädl and Waegner** examine how CEO's communications under different circumstances can be subject to hypocrisy accusations. The

authors show that the role of hypocrisy explains why often CEOs prefer to focus on the business case for socially responsible initiatives. Framing CSR in moral terms tends to raise expectations too much and opens the organization to subsequent accusations of hypocrisy.

Overall, these articles offer a substantial and diverse contribution to recent developments on hypocrisy research in the literature. We believe they will offer important perspectives to inform future debates and move forward research on this fundamental topic. The articles were selected following an intense review process and starting from a pool of 52 initial submissions. A developmental workshop was conducted at Queen Mary University of London in June 2018 where in many cases the initial ideas behind the final publication were first presented. We would like to acknowledge all those who contributed to this special issue. We are especially thankful to all the reviewers who generously invested their time and helped the authors develop their contributions.

References

Aguinis, H. & Glavas, A. (2012). What we know and don't know about Corporate Social Responsibility: A Review and Research Agenda, *Journal of Management*, 38 (4): 932-968

Auger, P., & Devinney, T. (2007). Do What Consumers Say Matter? The Misalignment of Preferences with Unconstrained Ethical Intentions. *Journal of Business Ethics*, *76*(4), 361–383.

Batson, C. D., Collins, E., & Powell, A. A. (2006). Doing business after the fall: The virtue of moral hypocrisy. *Journal of Business Ethics*, 66(4), 321-335.

Benabou, R. & Tirole, J. (2010) Individual and Corporate Social Responsibility. *Economica,* 77 (305), pp. 1-19.

Bowen, F. (2014). *After greenwashing: Symbolic corporate environmentalism and society.* Cambridge University Press.

Carrington, M. J., Neville, B. a., & Whitwell, G. J. (2014). Lost in translation: Exploring the ethical consumer intention–behavior gap. *Journal of Business Research*, *67*(1), 2759–2767. doi:10.1016/j.jbusres.2012.09.022

DellaVigna, S., List, J. A., Malmendier, U. (2012). Testing for altruism and social pressure in charitable giving. *Quarterly Journal of Economics,* 127(1): 1-56.

Delmas, M. A., & Burbano, V. C. (2011). The Drivers of Greenwashing. *California Management Review*, *54*(1), 64–88.

Ellingsen, T. & Johannesson, M. (2011). Conspicuous generosity. *Journal of Public Economics,* 95: 1131-1143.

Hardeck, I., & Hertl, R. (2014). Consumer Reactions to Corporate Tax Strategies: Effects on Corporate Reputation and Purchasing Behavior. *Journal of Business Ethics*, *123*(2), 309–326.

Herzig, C., & Moon, J. (2013). Discourses on corporate social ir/responsibility in the financial sector. *Journal of Business Research*, *66*(10), 1870-1880.

Lange, D., & Washburn, N. T. (2012). Understanding attributions of corporate social irresponsibility. *Academy of Management Review*, *37*(2), 300–326.

Lynn, M. (2015). Corporate Social Responsibility has become a racket - and a dangerous one. The Telegraph, Available at: http://www.telegraph.co.uk/finance/newsbysector/industry/11896546/Corporate-Social-Responsibility-has-become-a-racket-and-a-dangerous-one.html

Murphy, P. E., & Schlegelmilch, B. B. (2013). Corporate social responsibility and corporate social irresponsibility: Introduction to a special topic section. *Journal of Business Research*, *66*(10), 1807-1813.

Sweetin, V. H., Knowles, L. L., Summey, J. H., & McQueen, K. S. (2013). Willingness-to-punish the corporate brand for corporate social irresponsibility. *Journal of Business Research*, *66*(10), 1822-1830.

Wagner, T., Lutz, R. J., & Weitz, B. A. (2009). Corporate hypocrisy: Overcoming the threat of inconsistent corporate social responsibility perceptions. *Journal of Marketing*, *73*(6), 77-91.