

# A Review of Corporate Hypocrisy based on Corporate Social Responsibility

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## Abstract

**With the increasing attention to corporate social responsibility (CSR), hypocrisy in CSR practice has begun to attract extensive attention in the academic circles. This paper reviews the definition and research status of corporate hypocrisy (CH) based on previous studies. And on this basis, limitations of existing research and future research direction are proposed, hoping to make some contributions to CH's current research.**

## Keywords

**Corporate Hypocrisy; Definition; Research Status; Limitations; Future Research.**

## 1. Introduction

Since the 1950s, corporate social responsibility (CSR) has been widely concerned by academic circles around the world. Corporate social responsibility refers to that while creating economic benefits and being responsible to shareholders, enterprises also undertake economic, legal, moral and charitable responsibilities to consumers, employees, government, communities, natural environment and other stakeholders [1]. With the deepening of research on CSR, all sectors of society begin to accept the view that enterprises should assume social responsibility. As a strategic behavior to gain advantages in business competition, enterprises also begin to realize the necessity of actively undertaking social responsibility.

However, since the birth of CSR, there have always been some views that CSR will distract enterprise resources and is not a cost-effective investment [2]. Some companies simply equate CSR with charity. They may deceive consumers and pollute the environment while whitewashing their CSR 'face' with so-called social welfare activities. What is more, some enterprises 'act one way in public and another in private', hyped the responsibility behavior, but actually words and deeds are inconsistent, which is hypocritical. With the increasing attention paid to CSR, hypocrisy in CSR practice has begun to attract extensive attention from the academic community. Many studies have shown that corporate hypocrisy (CH) will have a negative impact on corporate stakeholders from various aspects. This paper summarizes the concepts, research status, limitations and future research of CH by integrating previous studies, hoping to make some contributions to current research.

## 2. Definition of Corporate Hypocrisy

Derived from the Greek word 'hypokrisis', hypocrisy is meant to refer to playing a role on stage: a hypocrite proclaiming piety in front of others, but secretly engaging in unethical behavior when others are not around [3]. After that, this definition was extended to the field of social psychology, and some scholars raised the issue of moral hypocrisy from the individual level [4]. With the continuous emergence of hypocrisy in organizations, management scholars have also put forward the concept of organizational hypocrisy. They believe that organizational hypocrisy occurs when the beliefs, values and norms declared and believed by organizations are inconsistent with their actual actions. As hypocrisy has gradually become a non-negligible problem in the field of CSR, scholars have introduced hypocrisy to the corporate level.

Wagner et al. first proposed the concept of corporate hypocrisy, that is, in the process of undertaking social responsibility, the CSR concept advocated by enterprises is inconsistent with their actual actions [3]. Fassin and Buelens proposed that the degree of authenticity of corporate CSR can be measured from three dimensions: corporate intention and driving factors, implementation level and commitment publicity level [5]. Wagner et al. expanded the concept of corporate hypocrisy in their following studies, believing that CH includes three aspects: first, moral hypocrisy, i.e. the belief that a company tries to present itself as more noble than it actually is. Hypocrisy, that is, believing that a company's CSR statement deviates from its practice. The third is hypocritical attribution, which is the individual judgment that companies are hypocritical in nature. However, individuals' perception of hypocrisy is caused by the company's fraudulent behavior and inconsistent behavior. Such perception of hypocrisy will trigger a series of cognitive, emotional and behavioral reactions of stakeholders [6].

So far, the definition of CH has not reached a complete agreement. Based on current studies, we believe that corporate hypocrisy has the following characteristics: CH is proposed based on the concept of CSR. And the manifestation is that enterprises disguise themselves in the process of undertaking CSR, and their words and deeds are inconsistent. CH will exert certain influence on the stakeholders of an enterprise.

### 3. Corporate Hypocrisy Research Status

#### 3.1. Research Perspectives

Firstly, in the field of consumer behavior, studies have shown that CSR will affect consumers' attitude, cognition and behavior towards enterprises. Consumers who perceive the hypocrisy of enterprises will form negative CSR beliefs towards enterprises, resulting in dissatisfaction [7], which will lead to consumers' reduced purchase intention and spread negative word of mouth of enterprises. This self-serving hypocrisy also makes consumers tend to have a negative attitude towards enterprises and no longer easily believe the social responsibility practices claimed by enterprises.

In the field of strategic management, corporate hypocrisy is regarded as an effective business strategy. Scholars believe that CH is a strategy implemented by enterprises to establish a good image of charity while avoiding excessive costs. It is a way of communication that takes into account both financial profit and social ethical requirements [5]. Especially when facing different stakeholders, CH can balance the inconsistent interest demands among them. For example, shareholders and investors require enterprises to put economic benefits in the first place, even if unscrupulous, while consumers, media, communities and the government require enterprises to actively assume social responsibilities and focus on the pursuit of social benefits. In this situation, enterprises may choose to balance their relations through hypocrisy.

Based on the concept of organizational hypocrisy [8], scholars in the field of organizational behavior also raised doubts that CH is always harmful, because organizational hypocrisy may be a normal state of organizational management. Due to the influence of environment, law and other factors, organizational managers cannot be truly fair in the allocation of resources, while hypocrisy can help organizations to solve the problem of internal identity, and try to get what they need from each other in the allocation of resources, so as to improve the trust relationship within the organization [4]. Cho et al. pointed out that organizations often face irreconcilable demands, and CH is a necessary condition to establish and maintain legitimacy [9]. However, most studies on corporate hypocrisy show that CH has a negative impact on organizational members, affecting their attendance, organizational commitment, organizational satisfaction, turnover intention, work ability and employee social responsibility.

### 3.2. The Antecedents of Corporate Hypocrisy

The stakeholder theory holds that every legitimate individual or group interest related to the company needs to be paid attention to, and the enterprise pursues the overall interest of stakeholders. As long as there are different stakeholder groups in an enterprise, the enterprise will face irreconcilable conflicts of various demands, and management must formulate certain strategies to seek explicit or implicit contracts at the lowest level acceptable to each stakeholder group. From the perspective of organizational hypocrisy, Brunsson believed that enterprises have to take hypocritical actions to balance the interests of all parties in some cases because they need to deal with different demands of different stakeholder groups [10]. Each stakeholder group has different demands for CSR for economy or charity. With increasing demands and gradually conflicting demands, enterprises can only maintain the balance of all parties through obedience and hypocrisy.

However, stakeholders' attention to CSR will not only bring conflicts and pressure to enterprises, but also promote enterprises to pay more attention to long-term development. In reality, in order to satisfy shareholders and investors' demands for short-term benefits, enterprises are likely to choose hypocritical ways to reduce or evade the cost of CSR [11]. Especially when corporate managers find that such disguised passion for CSR can bring benefits, they will be more enthusiastic about hypocrisy [12].

In previous studies, scholars also found that various factors inside and outside the organization also lead to corporate hypocrisy. Specifically, compared with leaders who pay more attention to social benefits and long-term development, leaders who pay more attention to economic benefits are less inclined to invest a lot of costs to take social responsibilities. Due to the subjectivity of hypocrisy perception, the public may not be able to accurately distinguish between substantive and symbolic CSR. Studies show that once an organization with a good reputation in CSR conducts behaviors inconsistent with its image, it will be identified as hypocritical by stakeholders [13]. Therefore, the social benefits obtained by enterprises through CSR are limited. In addition, Chen et al.'s research shows that the consistency of previous CSR records, CSR implementation and missing fields will affect people's perception of corporate hypocrisy [14]. Media coverage is also one of the important factors affecting the public's perception of CH. When enterprises and media have problems in CSR communication, it is easy to cause the media and the public's perception of corporate hypocrisy [3]. Especially when enterprises exaggerate their CSR achievements [5].

### 3.3. The Outcome of Corporate Hypocrisy

Wagner discussed the negative consequences of CH from the perspective of consumers. His research found that when enterprises' claims on social responsibility are inconsistent with their actual actions, consumers will form hypocritical perceptions of enterprises and generate dissatisfaction, thus reducing their trust in enterprises and affecting their purchase intentions [7], [15]. Palihawadana et al. found that consumers would pay for the moral attributes of products, and once they find immoral behaviors of the company, such as hypocrisy, they are very likely to respond with punishment and desire for revenge. Consumers may want to get even with the company or make the company correct its wrong behaviors. So as to resist buying products from hypocritical companies [16].

From the perspective of internal stakeholders of enterprises, the research finds that when employees perceive corporate hypocrisy, their emotions, cognition and behavior will be affected, thus causing a certain impact on the organization. The study of Goswami and Ha-Brookshire shows that corporate hypocrisy will reduce their ability to perform work tasks and lead to employees' turnover intention [17]. In addition, other studies have shown that CH exerts an impact on employees' social responsibility [18] and counter-productive behavior [19].

## 4. Limitations and Future Research

At present, the concept of corporate hypocrisy is most widely used by Wagner, but the concept of CH based on CSR should contain multiple levels, and the classification of CH also needs in-depth discussion. The most representative one is the evaluation system of corporate pseudo-social responsibility behavior proposed by Fassin and Buelens, which is divided from three dimensions [5]. However, the enterprises performance of hypocrisy in different nature and industry may be different, and the measurement standard will also be different. Future studies can clearly define the concept of CH based on more effective theoretical support and subdivide CH behaviors according to industry categories. On this basis, relevant measurement scales can be further developed in combination with relevant cultural backgrounds.

In the research on CH, the motivation model needs to be further enriched, and the research on its consequences also needs to be enriched. At present, the research models of antecedent variables of corporate hypocrisy are relatively simple, and lack of multi-factor integration studies and empirical studies, resulting in the current motivation models are relatively shallow. Future research can explore more mediating and moderating variables and consider the influence of leader type, organizational culture, external environment and other factors. Besides, most of the studies on the consequences of CH focus on the consumer groups of external stakeholders, and less attention is paid to internal stakeholders such as employees. Future studies can explore the emotional, cognitive and behavioral reactions of internal stakeholders to CH based on the perspective of employees' perception of hypocrisy.

Finally, cultural background also has an impact on CH. Under different political, economic and cultural backgrounds, the public and enterprises have different views on the assumption of social responsibility, and the current research on CH lacks localized research. In the future, it is necessary to carry out in-depth localized research on CH based on different cultural backgrounds and enterprise types.

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