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LINKING THEORY & PRACTICE

The Impact of Perceived Corporate Hypocrisy on Employees in the Retail Industry

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The Linking Theory & Practice section contains the article “Exploring U.S. Retail Employees’ Experiences of Corporate Hypocrisy.” A great many companies have come under criticism for behaving inconsistently with their promises, not acting according to their own policies, and even lying. What happens when a business is perceived as “hypocritical”—when its actions don’t match its rhetoric? In recent years, research into this question has mostly looked at the negative impact on consumers’ and shareholders’ reactions of perceived corporate hypocrisy, and the consequences (e.g., lost brand equity, sales, and profits). In this article, authors Saheli Goswami and Jung E. Ha-Brookshire offer a relatively rare piece of work exploring how employees experience corporate hypocrisy (CH), with potentially valuable theoretical and practical insights.

To advance our understanding of CH, the authors conducted in-depth interviews with employees in the U.S. retail industry (one of the largest employment sectors in the United States) to explore how they form their perceptions of CH and the impacts CH had on their feelings, behavior, and employment. They note that “people might have different sets of expectations toward and obligations for a corporation as an employee or as a consumer,” and that “employees are in more vulnerable situations than consumers when it comes to responding to perceived CH.” Thus, they speculate that employees will experience different consequences of CH than consumers typically do.

From their interpretive analysis of 16 interviews, the authors found that both the corporation and their immediate supervisors represented the company for these study participants. Inconsistencies between the words and actions of either resulted in these employees perceiving them as hypocritical in nature. This perceived hypocrisy, in turn, seemed to be related to participants’ feelings and their overall employment intentions. The authors note that “the consequences of CH on employees, particularly the study participants, seemed much more severe than those on consumers, as

the study participants expressed their personal moral value compromise and voluntary employment termination with visceral physiological responses.” Among the commonly reported issues that drove participants’ perceptions of corporate hypocrisy and led them to feel skeptical, distrustful, threatened, and scared were favoritism, biased penalizing, and inconsistent instructions.

Despite acknowledged limitations, this article has something valuable to offer to researchers and managers who are interested in CH. Theoretically, this study’s insider’s look at how immediate supervisors could also create corporate hypocrisy, jeopardizing retail companies’ image or reputation, seems to call for a new theory on the sources and effects of corporate hypocrisy that could be created through daily activities and performance within corporate settings. This would differ from existing literature focusing on consumer responses and reactions. In their discussion, the authors suggest many future research opportunities in this area to gain a holistic picture of the employment and management problems of the retail industry.

From a practical perspective, the study’s findings indicate the importance of retail company managers or supervisors on sales floors, as they almost become the face of the companies for front-line employees who have limited exposure to corporate management. Thus, the authors suggest that retail companies might benefit from developing responsible and respectable managers who encourage a consistent work environment, and who are more communicative and transparent in explaining the rationale behind any inconsistencies, instead of just implementing what may seem to be random changes. They urge hiring teams to specifically consider these common issues while assigning candidates to store managerial positions. They assert that in industries with high employee turnover, such as the retail industry, a focus on creating conditions that reduce CH perceptions among employees can reduce turnover rates, increase organizational effectiveness, and improve organization reputation.