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Conceptualization, Scale Development, and Validation of Perceived Corporate Hypocrisy

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Perceived corporate hypocrisy (PCH) is an emerging area of research due to an increase in the number of companies who are perceived as hypocritical for claiming to be something that they are not (Wagner, Lutz, & Weitz, 2009). Recently, Goswami and Ha-Brookshire (2016) found that retail employees possess PCH and experience severe consequences of PCH, such as value compromise and visceral negative physiological responses. This was a particularly damaging finding for retail corporations because the retail sector, with its high employee turnovers and low job commitment, is already perceived as a ‘bad’ industry (Gustafson, 2014). However, further research around PCH and its role in business settings is limited because of the lack of valid scales to measure employees’ PCH. To fill this gap, the current research developed a reliable and valid PCH scale based on an extensive review of the literature.

Two grand theories were used to conceptualize PCH: (a) theory of organizational culture (TOC) and (b) theories of action (TOA). The TOC rests on the premise that when a corporation’s structures and policies align with its shared values, with the individual actors interacting between these two systems, a strong culture permeates (Allaire & Firsirotu, 1984). Conversely, when these components stand in dissonance with each other, the corporate culture may pave a path for PCH to emerge. Likewise, the TOA (Argyris & Schon, 1974) illuminate disconnections between the values espoused by the corporation and its actual behaviors, which are thought to lead to PCH among employees. Under these theoretical frameworks, a three-stage scale development approach was taken, namely (a) item generation, (b) item bank development, and (c) psychometric evaluation (Morgado et al., 2017). This study was conducted in 2016-2017.

In the first stage, an initial item pool for PCH was generated. Previous research (Batson et al., 2002; Simons, 2002; Valdesolo & DeStono, 2007) suggested (a) perceived lack of morality, (b) psychological contract breach, (c) double standards, and (d) value-behavior gap as salient aspects of PCH, and an initial pool of 145 items was generated to reflect these aspects. In the second stage, the item pool was reviewed, cleaned, adopted, adapted, and reduced down to 49 items, using several qualitative approaches (Revicki, Chen, & Tucker, 2014). This process enhanced the content validity of the item bank by capturing real world retail employees’ experiences, eliminating redundant items, and ensuring consistency of response formats, literacy level expectations, and cognitive demand (idem).

Finally, in the third stage, the item bank was administered as a self-reported survey to establish the psychometric properties of each item. A sample of 520 adult respondents, representative of the 12 industries of the U.S. retail sector and with at least one year of experience in retail, participated in this study. Participants (72.7% female, 35.5% aged 21-30, 75.2% Caucasian, 63.7% full-time employed, 23.8% representing the clothing industry sector)
were asked to rate their perceptions toward their employers on all 49 items. The response data were analyzed using item response theory (IRT). Six iterations of model fitting, assessment, and content review took place to identify items with (a) high residual dependencies among items pairs, (b) cross-loadings on multiple dimensions, (c) parameters beyond an acceptable range, (d) poor item and/or model fit, and (e) poor content (Revicki et al., 2014).

This process resulted in a nine-item scale that yielded a one-factor solution explaining 63.24% of total variance, thereby affirming unidimensionality. Examples of the nine items would be “My company’s policies do NOT match the promises made to employees”, “My supervisor does NOT practice what (s)he preaches”, “My supervisor does NOT hold everyone at all levels equally accountable for their mistakes”, etc. The results of the IRT analysis demonstrated good overall model fit ($M^2 = 19.44 \ (p = .02)$, RMSEA = .04, SRMR = .046, CFI = .99). Regarding item fit, only the first item exhibited significant item misfit. However, considering the S-X$^2$ value was barely below the $p < .05$ cutoff of significance, such item misfit was ignored. The IRT discrimination parameters ranged from 2.03 to 3.35, indicating acceptable item characteristics. The final nine-item bank showed high reliability (Cronbach’s $\alpha$ of .93) and each item was associated with individuals of moderately low to slightly above average levels of PCH (-1.75 to .5). An analysis of test-fairness on participants’ gender, age, and workplace, using the likelihood ratio (LR) $\chi^2$ test (at $\alpha = .05$), and McFadden’s pseudo-$R^2$ (De Ayala, 2009), revealed no bias. Finally, the PCH scores showed a positive and strong association ($r = .56, p < .01$) with the theoretically related variable of employees’ turnover intentions (Philippe & Koehler, 2005), thereby providing evidence of convergent validity. Discriminant validity was confirmed by examining PCH’s relationship with attitude towards corporation (ATC; Shim & Yang, 2016). A two-factor confirmatory factor analysis model that included both PCH and attitude, fit the data well (CFI = .97, RMSEA = .06, SRMR = .04), thereby providing evidence that PCH is statistically distinct from ATC.

These findings make several important contributions. First, by constructing a reliable and valid scale for employees’ PCH, this study has filled a critical gap in the literature. Second, this study is one of the few attempts to measure peoples’ judgements of others’ hypocrisy, thus contributing to the hypocrisy literature. Third, this study indicated that corporations’ double standards and perceived commitment to morality are defining features of employees’ PCH. Finally, with the assessment of employees’ PCH, future research scopes emerge, such as exploring whether PCH is avoidable given the nature of fashion industry, investigating the consequences of PCH for retail corporations, studying interventions to reduce PCH in employees, etc. It might be particularly helpful in expanding sustainability literature given the inconsistencies between fashion corporations’ sustainability endorsements and their actual practices. Despite these opportunities, it should be noted that the external validity of the study is restricted with participants representing only US retail employees. Finally, test-retest reliability of this scale should be established in a future research endeavor.
References


