Do Ethics Matter? Investigating Donor Responses to Primary and Tertiary Ethical Violations

Article *in* Journalism & Mass Communication Quarterly · March 2019

DOI: 10.1177/1077699019835903

5 authors, including:


Nicholas Browning
Indiana University Bloomington


Sung-Un Yang
Indiana University Bloomington


Young Eun Park
Colorado State University


Ejae Lee
Indiana University Bloomington

Journalism & Mass Communication Quarterly
2019, Vol. 96(4) 1145–1171

DOI: 10.1177/1077699019835903
http://journals.sagepub.com/home/jmq
SAGE

Do Ethics Matter? Investigating Donor Responses to Primary and Tertiary Ethical Violations

Nicholas Browning[1], Sung-Un Yang[1], Young Eun Park[2], Ejae Lee[1], and Taeyoung Kim[1]

Abstract

This study examines how frequently committed ethical misconduct regarding values closely aligned to an organizational mission affects stakeholders' pro-organizational responses to an offending nonprofit. Using a 2 × 2 experimental survey, findings showed that ethical misconduct in primary values resulted in significantly decreased positive attitudes toward and donation intentions to the organization. Also, the patterns of unethical behaviors significantly increased stakeholders' negative attitudes toward the organization and willingness to assign the organization responsibility for unethical behavior. Perceived organizational responsibility for ethical misconduct and deteriorating organization–public relationships (OPRs) were significant mediators for the effects of primary ethical violations.

Keywords

ethics, organization–public relationships (OPRs), moral floor, expectancy violation, attribution theory

Numerous studies in the public relations, marketing, and business literatures have focused on ethical consumerism, in which consumers' personal or moral beliefs influence purchasing choices. Ethical consumerism typically manifests not only through

[1]Indiana University, Bloomington, USA
[2]Colorado State University, Fort Collins, USA

Corresponding Author:
Nicholas Browning, The Media School, Indiana University, Franklin Hall, Room M130F, 601 E. Kirkwood Ave., Bloomington, IN 47405, USA.
Email: nickphd@indiana.edu

decisions about whether to purchase, but also consumers' willingness to pay premiums (Auger & Devinney, 2007). As such, much of the ethical consumerism research has focused on whether stakeholders reward organizations for positive corporate social performance (CSP) or other moral behaviors (Burton & Goldsby, 2009). To date, studies have demonstrated mixed support for the ethics–profit link that ethical consumerism espouses, largely because consumers often fail to follow through with ethical purchase intentions (Auger & Devinney, 2007).

Several scholars have studied this gap between individuals' ethical intentions and behaviors in attempting to explain the disconnect, with some questioning whether ethical consumerism exists. Presumably, when individuals make ethically motivated purchase decisions, they do so based on an organization's reputation for moral behavior (Dobson, 1989). However, it is worth noting that reputation is not the only deciding factor in purchase decisions. As Davidson (1990) argues, consumers often make purchases *in spite* of an organization's reputation rather than *because* of it. Studies have repeatedly shown that price, quality, and convenience often matter more to consumers than ethical behavior (Boulstridge & Carrigan, 2000).

For their part, Auger and Devinney (2007) contend that factors such as price have not been understated so much as the value consumers place on ethical behavior has been overstated, in large part because of measurement error. Survey data supporting ethical consumerism may be confounded by social desirability bias because respondents have a social incentive to claim their moral intentions align with their purchasing behaviors (de Pelsmacker, Driesen, & Rayp, 2005).

This intention–behavior gap in ethical consumerism has led some to conclude that, while certain stakeholders may truly care about corporate ethics as evidenced by their behaviors, they likely constitute a minority (Boulstridge & Carrigan, 2000). That somber supposition begs the central question informing this study: When it comes to organizations, do ethics matter?

A Market for Morals

Economic Incentives for Ethical Behavior

The bulk of the organizational ethics literature links social and economic performance. Nowhere is this link more apparent than in the corporate social responsibility (CSR) scholarship, in which numerous researchers have sought to tie socially responsible practices to improved financial performance (Jin, Drozdenko, & DeLoughy, 2013).

Still, CSR researchers struggle to reconcile the ethical and economic. Public relations scholars often describe practitioners as the corporate conscience, responsible for ensuring organizations uphold their own value systems (Jin & Drozdenko, 2010). This normative approach views organizations as having an obligation to society, necessitating that they fulfill an inherent stewardship role. This perspective applies a deontological ethic, an approach largely pioneered by Bowen (2004, 2005)—at least in its application to public relations and communication management practices. From this vantage, socially responsible activities represent a moral duty, autonomously performed by the organization solely for the benefit of its stakeholders. Others view social responsibility as an instrumental, economically driven practice. This perspective takes a more utilitarian view, arguing that organizations should strive for positive social performance not out of moral duty, but because good behavior leads to tangible benefits (Jahdi & Acikdilli, 2009; Peloza & Shang, 2011).

Although the normative and instrumental views emphasize the ethical and economic aspects of CSR, they need not be antithetical (Sabadoz, 2011). Many executives are motivated by both ethical and economic concerns (Blomgren, 2011), and regardless of the motive for engaging in CSR, stakeholders tend to perceive such organizations as more ethical (Jin & Drozdenko, 2010). Whether for-profit or nonprofit, organizations that behave in accordance with moral values to the benefit of their stakeholders can expect improved relationships with and increased support from those stakeholder groups (Kent & Taylor, 2016; Richter, 2010). The crux of these arguments is often summarized by the doing-well-by-doing-good adage, the premise being that no trade-off between maximizing profit and enhancing social welfare should exist because one feeds the other (Karnani, 2011).

Still, many question whether this maxim holds true, particularly in functioning markets. As Sethi (1994) describes, in perfect markets, "all buyers and sellers are fully informed" and "there are no externalities, i.e., spill-over benefits or costs going to nonexchange parties" (p. 805). In well-functioning markets, there are compelling reasons for organizations not to go above and beyond legal requirements to become more ethical: When consumers are fully informed, ethical considerations are already factored into purchase decisions, meaning consumers are essentially maxed out regarding reservation price. Increasing expenditures for ethical ends without a means to recapture that value would be considered a mismanagement of organizational resources (Jin et al., 2013; Karnani, 2011; Sethi, 1994).[1]

In the end, markets and the organizations that operate within them are incentivized by economics, not by ethics. As Burton and Goldsby (2009) explain, moral theory is built to inform individuals and groups about the nature of right and wrong, and while many moral theories describe some intrinsic reward for ethical action, they mandate no extrinsic punishment. As a result, when it comes to organizational actions, "the punishments (and the rewards) are indirect from the standpoint of moral theory but direct from the standpoint of economic theory" (p. 150). Compounding matters further, moral theory sets a minimum threshold for acceptable behavior, but does not mandate supererogatory action, so without some economic incentive, there are few pragmatic reasons for organizations to behave more ethically, at least past a certain point.

The Moral Floor and Unethical Behavior

Thus, in much the same way that consumers reach a reservation price or express a minimum expectation for product quality, they also set expectations for organizational ethicality, which Burton and Goldsby (2009) term the *moral floor*. This view suggests the relationship between ethics and economics is curvilinear: Ethical behavior creates economic rewards until reaching a stakeholder's moral floor, or the point of diminishing economic returns for ethical behavior.

The moral floor may in part explain the inconclusive connection between ethical behavior and profit, as well as the apparent limitations of CSR. Again, while several scholars consider CSR at least in part a normative, ethical practice, the bulk of the research in this area has focused on instrumental, profit-maximizing potential (Jahdi & Acikdilli, 2009; Jin & Drozdenko, 2010; Peloza & Shang, 2011). Although attempting to create so-called win–win scenarios is not necessarily bad, critics argue that this approach's primacy of economics over ethics has a downside. As Mazutis and Slawinski (2015) contend, "a focus on win-wins assumes firms will not engage in CSR unless there is instrumental value for the firm" (p. 139). Given that the primary incentive in free markets is economic, such a drop off or absence of supererogatory ethical behavior is to be expected, and the existence of a moral floor predicts it.

Seeing as ethical action eventually reaches a point of diminishing returns, it is then fair to ask why *un*ethical action has not completely run amuck. In pointing to a string of scandals—from the accounting frauds of Enron and WorldCom, to the spying of Hewlett-Packard, to the creating of millions of duplicitous bank accounts by Wells Fargo—ethical misconduct among businesses may appear common (Jin & Drozdenko, 2010). In truth, these scandals likely represent outliers, but as Perri (2015) acknowledges, unethical behavior sometimes pays off, at least in the short term. This is especially true for companies shielded from reprisals when unethical behavior is not easily discernable—either because the effects take time to manifest or the responsible entities are not easily identifiable, as in the case parent companies and their subsidiaries (Davidson, 1990).

Still, Enron, WorldCom, Hewlett-Packard, and Wells Fargo have a few important things in common: They were all caught and punished. Organizations acting in bad faith often suffer financial penalties as a result of their bad behavior (Perri, 2015). For instance, researchers have found that companies typically experience falling stock prices after the announcement of some crime (Treviño & Nelson, 2014), financial setbacks following the litigation of these crimes (Baucus & Baucus, 1997), and decreased market value once formal legal penalties are handed down (Karpoff, Lee, & Martin, 2008).

Unethical behavior has immense impact on firm performance, perhaps more so than ethical behavior (Auger & Devinney, 2007). In part, this may result from stakeholders' general lack of knowledge regarding a company's good behavior, given that media and those who consume them tend to pay more attention to negative information (Boulstridge & Carrigan, 2000). As Burton and Goldsby (2009) describe it, "unethical actions are punished but ethical actions are not rewarded, because of consideration that proper behavior is expected" (p. 146). Thus, the more intriguing points of inquiry may not revolve around the rewards of ethical behavior, but the punishments for unethical behavior, and how they may differ situationally.

Stakeholder Responses to Unethical Behavior

As outlined above, scholars have found a connection between poor market performance and unethical behavior. That poor performance necessarily results from stakeholder responses to poor behavior, in particular among employees, investors, and consumers. This study explores how antecedent characteristics of unethical actions affect donors' attitudes toward, support of, and relationships with nonprofit organizations. Donors as are conceptualized in the nonprofit literature in the context of both investors and consumers (Leipnitz, 2014). The principles of ethical consumerism should apply in donor contexts, in part because of this broader conceptualization of donors, but also because ethical consumerism studies can be understood as investigating how ethical behavior translates to stakeholder support more generally (Auger & Devinney, 2007; Burton & Goldsby, 2009; Dunfee, 1998). Moreover, because donors are viewed as analogous to both consumers and investors, a nonprofit context adds greater generalizability to the findings. In addition, because publics are sometimes unaware of the ethical and unethical actions of for-profit organizations, the researchers elected to study ethical issues in a nonprofit setting as ethical actions and values would be more salient (Boulstridge & Carrigan, 2000).

Primary and Tertiary Values

CSR scholars have consistently found that social responsibility initiatives are most effective when strategically linked to the organization's core objectives (Elving, 2013; Go & Bortree, 2017; Mazutis & Slawinski, 2015). This linkage, commonly known as fit, represents "the degree of similarity or compatibility that consumers perceive exists between the cause and the brand" (Lafferty, 2007, p. 448). High-fit initiatives are perceived as more sincere and authentic and are thus typically more effective at engendering stakeholders to the organization (Go & Bortree, 2017; Mazutis & Slawinski, 2015). Organizations create greater CSR fit by tying ethical programs to central elements of their business models. In so doing, organizations inseparably attach themselves to moral causes.

Such efforts to embody some ethical stance or issue are indicative of forming moral character, a key element of virtue ethics. Virtue ethics focuses not on what people do, but who people are—or more precisely, who people become through the decisions they make and the actions they take (Wyatt, 2008). When an organization attaches itself closely to some ethical stance or issue, it becomes an element of its character, in effect transitioning from optional behavior to obligatory act, as it "implies formal relationships and agreements, and refers to explicit promises and duties" (Bivins, 2009, p. 82). These formal obligations, which are closely connected to the moral character of organizations, are operationalized here as *primary ethical values* (Jin & Drozdenko, 2010; Mackey, 2014).

In addition to these closely held values, virtue ethicists contend that organizations are also expected to uphold broader community values (Mackey, 2014; Murphy, Laczniak, & Wood, 2007). Alasdair MacIntyre referred to this principle of community purpose by asserting that people and organizations are "ethical if they have the character, that is the moral virtues of thought and behaviour which meet the expectations of their host communities" (Mackey, 2014, p. 131). These broader sets of shared social values an organization is expected to uphold but does not explicitly embrace as an element of its core moral identity are operationalized as *tertiary ethical values*.

Upholding ethical values—particularly primary ethical values—are paramount for a variety of reasons. First, according to Baker (2008), "we create ourselves as we act.

Our actions either reinforce our characters, or they change our characters" (p. 240). Organizations wishing to maintain such character elements must act in accordance with those values as they represent a societal expectation once assumed at this obligatory level. Moreover, organizational success relies on building and maintaining successful relationships, which are founded not just on economic exchange, but shared ethical values (Murphy et al., 2007).

Studies of virtue ethics and CSR demonstrate that organizations reap rewards for creating and adhering to primary values (Browning, 2015; Browning, Gogo, & Kimmel, 2018). Given that such primary values represent an accepted moral obligation on the part of organizations, one might reasonably assume that a failure to adhere to such values—operationalized here as an *ethical collapse*—would harm an organization just as adhering to those values would help it.

> **H1:** Collapses in primary ethical values will have greater impacts on (a) negative attitudes, (b) intentions to mitigate support, and (c) perceived organizational responsibility for ethical misconduct than collapses in tertiary ethical values.

Expectancy violation. Expectancy violation (EV) theory provides the readiest explanation for such an effect. EV theory posits that people expect "an enduring pattern of anticipated behavior" from others (Burgoon, 1993, p. 31). When a behavior deviates from these predictions, the expectation is violated, thereby triggering consolidated reactions through various interpretive processes (Burgoon, 1993; Burgoon & Hale, 1988).

First, it should be noted that EVs are not necessarily bad. For instance, *violation valence* might be positive if one presumes an organization would act against one's beliefs or interests, but instead acts to advance them. Second, the extent to which an actual behavior violates an expected behavior, known as *violation magnitude*, often varies. Also, *reward valence* plays an important role in interpreting behaviors; reward valence accounts for how gratifying interactions are with another party, within the context of which a high-reward organization may be evaluated more negatively for EVs as stakeholders may expect more satisfying interactions at the outset (Burgoon & Hale, 1988). Studies show that organizations with high reward valence suffer more significantly from negative violations. For instance, Sohn and Lariscy (2015) found that higher reputation organizations were evaluated more harshly regarding moral missteps than lower reputation organizations.

There are a variety of explanations for this potential boomerang effect. For one, Zavyalova, Pfarrer, Reger, and Hubbard (2015) found that negative events are more salient when an organization has a positive track record. Moreover, the violation of mission-specific ideals appears to intensify the negative reactions to gaps between actual and expected behaviors. For example, Effron, Lucas, and O'Connor (2015) demonstrated that organizations are punished more severely if employees violate some ethical value that their organizations directly promote. In addition, Dawar and Lei (2009) showed that a crisis more relevant to a brand's identity more significantly lowered consumer evaluations than a less relevant crisis. In the context of nonprofits, Lin-Hi, Hörisch, and Blumberg (2015) found that, while CSR success did nothing to improve stakeholder trust, irresponsible actions by nonprofits significantly decreased that trust. They also pointed out that it is difficult for organizations with high stakeholder expectations—such as nonprofits—to meet them only by initiating CSR performance, and that often organizations are best served not by doing good, but by avoiding doing bad.

Attribution theory. Unethical action might also result in declining pro-organizational attitudes and behaviors depending on how stakeholders attribute an organization's moral failings. Attribution theory purports that people make inferences as to why observed behaviors and incidents occur (Kelley & Michela, 1980), and that this is a subjective process in which observers attribute causality based on their own thoughts and environment (Robertson & Rossiter, 1974). Typically, individuals' causal inferences categorize behaviors as either (a) a reflection of the actor's true, internal disposition, or (b) an uncharacteristic response to external, noncontrollable influences (Sjovall & Talk, 2004).

Depending on the interpreted cause, evaluations toward the actor or situation differ (Kelley & Michela, 1980). For example, individuals may perceive corporate philanthropic efforts as sincere expressions of goodwill, and thus view such organization as ethical and/or reputable. However, when companies make significant charitable donations following some misconduct, publics may see these donations as token attempts to counteract negative press from a scandal (Sjovall & Talk, 2004). Ample research explores such interfering motives of CSP and its outcomes (Rim, Yang, & Lee, 2016).

According to Kelley's (1967) covariation model, observers use three types of information in attributional processes. *Consensus* refers to behavioral variation across actors; high consensus occurs when individuals feel an institution behaved as its peers would if faced with the same scenario. *Distinctiveness* considers whether actors repeat behaviors in other settings; behaviors are highly distinct when they are exhibited only in specific circumstances. *Consistency* reflects longitudinal variation; highly consistent actors behave the same way in similar situations over time (Kelley, 1967; Sjovall & Talk, 2004).

The manner in which these three information types covary leads observers to attribute behaviors either to internal, dispositional factors or external, situational factors. Usually, when actors break the norms of how others would likely behave (low consensus) and take similar actions in other settings (low distinctiveness) across time (high consistency), observers attribute such behavior to internal, dispositional factors (McArthur, 1972).

Generally stakeholders assign greater responsibility to the organization for crises or misconduct when a dispositional attribution is made, which typically results in negative consequences for the organization, such as declining corporate reputation (Reuber & Fischer, 2010). Some studies have tested the specific impact of historically poor behavior, particularly in crisis attribution. Coombs (2004) found that a consistent crisis history generated greater dispositional attributions, leading stakeholders to assign greater responsibility for the misconduct to the organization. Recently, Eaddy and Jin (2018) found that when the media reported an organization's crisis within the context of its past, negative history, it generated strong perceptions of the organization's control over its actions, and such dispositional attributions in turn created anger among stakeholders.

In sum, prior reputation is identified as a variable that affects the crisis–reputation relationship (Coombs & Holladay, 2015). Positive reputation, one CSR outcome, often buffers crisis damage, though CSR may still harm reputation if a crisis violates CSR expectations (Coombs & Holladay, 2006, 2015). The researchers follow the assumption of this Velcro effect in which "unfavorable prior reputation acts like Velcro and attracts additional reputational damage" (Coombs & Holladay, 2006, p. 126).

> **H2:** Repeated occurrences of the same unethical conduct will have greater impacts on (a) negative attitudes, (b) intentions to mitigate support, and (c) perceived organizational responsibility for ethical misconduct than a single occurrence of ethical collapse.

Moderation effects. Taken together, this study predicts that multiple occurrences of primary ethical misconduct will amplify negative effects. However, failures in the primary value locus may not alone generate strong negative evaluations because some people often dismiss negative information when they strongly support an organization (Kim, 2017). Here, additional information about the repeated occurrences of ethical misconduct might lead to stronger negative evaluations compared with a single occurrence. Indeed, previous studies have shown similar moderating effects, namely, that a strong reputation for proper conduct creates a halo effect during times of crisis (Siomkos & Kurzbard, 1994). This study further explores such effects, specifically how ethical misconduct might generate detrimental outcomes due to EVs and inconsistency in behavioral attributions.

> **H3:** With repeated occurrences of ethical collapse, collapses in the primary ethical values will have greater impacts on (a) negative attitudes, (b) intentions to mitigate support, and (c) perceived organizational responsibility than collapses in tertiary ethical values.

Organization–Public Relationships

In addition to investigating the influence of unethical behaviors on more traditionally studied factors, the present research adds to the literature by exploring the potential effect of moral missteps on organization–public relationships (OPRs) across varying levels of perceived organizational responsibility. Relationships have long been central in discussions of public relations' organizational role (see Ferguson, 1984; Hon & Grunig, 1999). Several OPR models have been developed to better map the antecedent conditions necessary for OPRs to form (Broom, Casey, & Ritchey, 2009), as well as the various ways in which stable OPRs could be maintained and effectively managed (Hung, 2005). Hon and Grunig's (1999) four-part measurement model has arguably been the most heuristic. Focusing on the four dimensions of *control mutuality* (the ability of parties to influence one another), *trust* (parties' confidence in and openness toward one another), *satisfaction* (parties' favorableness toward one another), and *commitment* (parties' belief that the relationship merits maintaining), this model measures perceived OPR quality. More recently, Shen (2017) revisited the current conceptualization of OPR quality and proposed a new five-dimensional framework, suggesting *distrust* as an additional dimension. While distrust is certainly related to trust, it involves distinct expectations regarding another's conduct (Kang & Park, 2017; Shen, 2017).

Although OPR studies originated in the for-profit realm, these models have been expanded to studies of government and political communications (Sweetser & Browning, 2017) as well as the nonprofit sector (Bortree & Waters, 2008). Regarding nonprofits, the effects of organization–donor relationships on fundraising have drawn considerable attention. Findings show that major gift donors perceived nonprofits more favorably than annual giving donors (Waters, 2008, 2011). Moreover, repeat donors evaluate their relationship with nonprofit organizations more favorably than one-time donors (Waters, 2008), with trust and satisfaction emerging as the strongest indicators of donation behaviors (Bortree & Waters, 2008; Waters, 2011).

Several past studies regarding OPR and perceived responsibility for negative events have focused on the effects of situational and dispositional attributions on OPR quality (Brown & White, 2011). The present study, however, considers how perceived organizational responsibility might affect OPRs, and in turn how these factors mediate the effects that the type and frequency of ethical collapse have on communication and relational outcomes.

With regard to the mediation effect of OPR, past studies in OPR research have integrated the OPR concept with attitudinal and behavioral consequences (Kang & Yang, 2010; Ki & Hon, 2007). The basis of such research is that the concept of OPR is a cognitive variable related to relational history/schema (Baldwin, 1997), which affects attitudinal and behavioral variables (Ajzen, 1991).

H4: Perceived organizational responsibility for ethical misconduct will lead to decreased OPR outcomes.

H5: Perceived organizational responsibility about ethical collapse and decreased OPR outcomes will significantly mediate the relationships between the locus (i.e., primary vs. tertiary ethical values) and the frequency (i.e., single vs. repeated occurrences) of ethical collapse in the organizations studied and (a) negative attitudes and (b) intentions to mitigate support.

Method

Participants and Design

The researchers recruited $N = 514$ participants from Amazon Mechanical Turk.[2] The respondents surveyed through MTurk showed very similar demographic characteristics to those reported in the 2010 U.S. Census data. According to the U.S. Census bureau, the median age of the total U.S. population was 37.2; 50.8% were female, 76.4% were White, and 87% earned at least a high school diploma (U.S. Census

Bureau, 2012). The median age of the survey respondents was 34; among the respondents, 53.1% were women; most of the respondents were White (78.6%), followed by African American (7.8%), Asian (6.3%), Hispanic (5.5%), and other (1.8%). In terms of education level, 46.9% of the respondents had a bachelor's degree, and approximately 38% had completed high school or some college. The median household income of the respondents was US$50,000, slightly lower than the 2017 U.S. median household income of US$60,336 (U.S. Census Bureau, 2017).[3]

Procedure and Stimulus

Participants were randomly assigned to the varying conditions of 2 × 2 factorial design with conditions varying in the locus of ethical collapse (primary value vs. tertiary value) and the repetition of the same ethical misconduct (single occurrence vs. multiple occurrences). There was also a control group presented general information rather than experimental stimuli.

The participants were directed to an online survey platform, where they were randomly assigned to each of the five conditions (i.e., four experimental conditions and one control condition) following the institutional review board (IRB) informed consent. Once they agreed to participate, their pre-existing attitudes toward and donation intentions for the American Red Cross (ARC) were measured. A widely recognized national nonprofit with a well-known core mission was ideal for study as the stimuli could more clearly manipulate primary and tertiary values. Participants in the control group were shown a brief description about the organization, whereas those in the experimental condition read a short news story about the ARC's ethical misconduct. Although the stimuli were created by the researchers, each was based on factual reporting regarding general information about the organization as well as nepotism and donations mismanagement scandals. The primary/tertiary value variable was manipulated by presenting different ethical issues (donation vs. nepotism), whereas the single/multiple occurrences variable was manipulated by presenting different histories of ethical missteps (no history vs. long history). All indications of manipulations were shown in both the headlines and body copy of the stimuli. Each message was of similar length and readability (see the appendix). Participants then answered questions checking the experimental manipulation, followed by a series of questions measuring attitude, donation intention, perceived organizational responsibility of ethical misconduct, and OPR outcomes.

Manipulation checks for both locus and repetition of ethical misconduct relied on single, 7-point Likert-type item (1 = "strongly disagree" to 7 = "strongly agree"), which were compared using independent samples *t* tests. The manipulation of the locus of ethical misconduct was checked with the following item: "The issue discussed relates very closely to a primary value of the ARC, that is, a matter closely connected to the identity of the organization." There was a significant difference, $F(1, 509) = 41.47, p = .001, \eta_p^2 = .08$, with participants in the primary condition reporting a higher score ($M = 5.22, SD = 1.45$) than those in the tertiary condition ($M = 4.25, SD = 1.60$). The manipulation of the repetition of ethical misconduct was checked with the following item: "The ARC has recurring ethical issues." Again, there was a significant difference, $F(1, 509) = 21.01, p = .001,\ \eta_p^2 = .04$), with participants in the repeated misconduct condition reporting a higher score (M = 5.13, SD = 1.45) than those in the single misconduct condition (M = 4.47, SD = 1.45). Therefore, both experimental manipulations were successful.

Instrument

Perceived organizational responsibility. The perceived responsibility of ethical misconduct (M = 5.01, SD = 1.34, α = .89) was measured using a 5-item, 7-point Likert-type scale (1 = "strongly disagree" to 7 = "strongly agree") modified from McAuley, Duncan, and Russell (1992) and Griffin, Babin, and Darden (1992). The scale consisted of the following items: (1) "The misconduct is the fault of the ARC"; (2) "External sources, other than the ARC, caused the misconduct" (reverse coded); (3) "Circumstances, not the ARC, are responsible for the misconduct" (reverse coded); (4) "The blame for the misconduct lies with the ARC"; and (5) "The blame for the misconduct lies in the circumstances, not the ARC" (reverse coded).

OPR outcomes. To measure OPR outcomes, the researchers asked on 7-point Likert-type scales (1 = "strongly disagree" to 7 = "strongly agree") 21 items from Hon and Grunig's (1999) OPR measure, grouped into four dimensions: 6 items for trust (M = 4.44, SD = 1.46, α = .95), 5 items for satisfaction (M = 4.39, SD = 1.53, α = .96), 4 items for control mutuality (M = 4.13, SD = 1.44, α = .93), and 5 items for commitment (M = 4.11, SD = 1.53, α = .94).[4]

Attitude toward organization. Attitude toward the organization was measured on 7-point semantic differential scale both before (M_{pre} = 5.22, SD_{pre} = 1.69, α_{pre} = .98) and after (M_{post} = 4.60, SD_{post} = 1.80, α_{post} = .98) administering the stimuli. The researchers used a MacKenzie and Lutz's (1989) 3-item scale: (1) bad/good, (2) unpleasant/pleasant, and (3) unfavorable/favorable.

Donation intention. Donation intention was measured using a 7-point Likert-type item (1 = "extremely unlikely" to 7 = "extremely likely") adapted from Basil, Ridgway, and Basil (2006): "How likely would you be to make a donation to the ARC?" The item was presented both before (M_{pre} = 4.67, SD_{pre} = 1.80) and after (M_{post} = 3.77, SD_{post} = 1.95) administering the stimuli.

Data Analysis

For this study, IBM SPSS and AMOS (version 24) were used for data analysis. First, to test the effects of independent/experimental variables on dependent variables for **H1**, **H2**, and **H3**, the researchers used two-way analyses of covariance (ANCOVAs; primary/tertiary value $\times$ single/repeated occurrence) with covariates (pre-existing attitude and donation intention prior to the experimental conditions). Partial η^2 was used for effect size.

Second, to test mediation effects for **H4** and **H5**, structural equation modeling (SEM) was conducted in a path model with serial mediations. Pre-existing attitude and donation intention prior to the experimental conditions were controlled for all variables in the proposed model. Maximum likelihood (ML) was used to estimate the discrepancy between the proposed model and the data; bootstrapping (N = 5,000) was performed for the mediation analyses. All measured variables were single-indicator factors using the composite score of mean value, except for the variable of OPR outcomes, for which a latent variable was assigned four indicators commensurate with the scale used (i.e., trust, satisfaction, commitment, and control mutuality). This proposed model was retained as valid: $\chi^2(32, N = 399) = 173.15, p < .001$, standardized root mean square residual (SRMR) = .090, root mean square error approximation (RMSEA) = .105 (90% confidence interval [CI]: .090, .121), comparative fit index (CFI) = .962 (see Hair, Black, Babin, Jr., & Anderson, 2010; Hu & Bentler, 1999). Model modifications were done within indicators of proximate variables: covariances between errors for post-attitude and post-donation intention (r = .32) and errors for the trust indicator and the commitment indicator (r = –.49).

Results

Main Effects

The researchers first tested **H1**, regarding the main effects of the locus of ethical collapse (see Tables 1 and 2). First, with pre-attitude and pre-donation intention held constant, ethical misconduct in the primary value significantly affected post-attitude responses, $F(1, 507) = 43.79$, $p < .001$, $\eta_p^2 = .08$. The participants in the primary condition reported significantly more negative post-attitude (M = 3.96, SD = 1.82) than those in the tertiary condition (M = 4.60, SD = 1.68) and those in the control group (M = 5.67, SD = 1.44), supporting **H1a**.

Similarly, controlling for pre-attitude and pre-donation intention, ethical misconduct in the primary value significantly affected post-donation intention, $F(1, 507) = 27.42$, $p < .001$, $\eta_p^2 = .05$. The participants in the primary condition reported significantly weaker post-donation intention (M = 3.23, SD = 1.86) than those in the tertiary condition (M = 3.84, SD = 1.96) and those in the control group (M = 3.86, SD = 1.85), supporting **H1b**.

Finally, using pre-attitude and pre-donation intention as covariates, ethical misconduct in the primary value significantly affected the perceived responsibility of ethical misconduct, $F(1, 393) = 21.49$, $p < .001$, $\eta_p^2 = .05$. The participants in the primary condition assigned significantly greater responsibility for the ethical misconduct to the organization (M = 5.38, SD = 1.12) than those in the tertiary condition (M = 4.80, SD = 1.46), supporting **H1c**.

Next, the researchers tested the main effects of repeated ethical collapse, as described in **H2**. With pre-attitude and pre-donation intention held constant, there was a significant effect of repeated occurrences of the same ethical misconduct on post-attitudes, $F(1, 507) = 11.99$, $p < .001$, $\eta_p^2 = .02$. The participants in the multi-

Table 1. Descriptive Statistics for Dependent Variables.

Variables	Primary value	Multiple occurrences	*M*	*SD*	*N*
Post-attitudes	Primary	Single	4.17	1.82	101
		Multiple	3.73	1.81	90
		Total	3.96	1.82	191
	Tertiary	Single	4.60	1.73	102
		Multiple	4.59	1.63	106
		Total	4.60	1.68	208
	Total	Control	5.67	1.44	115
		Single	4.39	1.78	203
		Multiple	4.19	1.77	196
Post-donation intentions	Primary	Single	4.76	1.72	101
		Multiple	4.76	1.72	90
		Total	3.23	1.86	191
	Tertiary	Single	2.94	1.84	102
		Multiple	3.09	1.85	106
		Total	3.84	1.96	208
	Total	Control	3.86	1.85	115
		Single	3.85	1.90	203
		Multiple	4.76	1.72	196
Perceived responsibility of organizational misconduct	Primary	Single	5.25	1.16	101
		Multiple	5.51	1.08	90
		Total	5.38	1.12	191
	Tertiary	Single	4.72	1.41	102
		Multiple	4.88	1.50	106
		Total	4.80	1.46	208
	Total	Single	4.99	1.31	203
		Multiple	5.17	1.36	196

ple occurrence condition reported significantly more negative post-attitude (M = 4.19, SD = 1.77) than those in the single occurrence condition (M = 4.39, SD = 1.78) and those in the control group (M = 5.67, SD = 1.44). Therefore, **H2a** was supported. However, repeated occurrences of the same ethical misconduct had no significant effect on post-donation intention, $F(1, 507) = 3.65$, $p = .06$, $\eta_p^2 = .01$. Therefore, **H2b** was not supported.

Nevertheless, using pre-attitude and pre-donation intention as covariates, there was a significant effect of repeated occurrences of the same ethical misconduct on perceived responsibility of ethical misconduct, $F(1, 399) = 4.22$, $p < .05$, $\eta_p^2 = .01$. The participants in the multiple occurrence condition assigned significantly greater organizational responsibility for the ethical misconduct (M = 5.17, SD = 1.36) than those in the single occurrence condition (M = 4.99, SD = 1.31), supporting **H2c**.

Table 2. Two-Way ANCOVA Summary Table for Dependent Variables.

Variables	Source	*df*	*MS*	*F*	*p* value	η_p^2
Post-attitudes (N = 514, R^2 = .68, adj. R^2 = .68)	Pre-attitudes	1	467.73	446.81	***	.47
	Pre-donation intention	1	0.24	0.23	.63	.00
	Primary value	1	45.84	43.79	***	.08
	Multiple occurrences	1	12.55	11.99	***	.02
	Primary × Multiple	1	0.04	0.04	.84	.00
	Within groups (error)	507	1.05			
Post-donation intentions (N = 514, R^2 = .50, adj. R^2 = .50)	Pre-attitudes	1	56.93	29.50	***	.06
	Pre-donation intention	1	179.00	92.76	***	.16
	Primary value	1	52.91	27.42	***	.05
	Multiple occurrences	1	7.04	3.65	.06	.01
	Primary × Multiple	1	0.21	0.11	.74	.00
	Within groups (error)	507	1.93			
Perceived responsibility of organizational misconduct (N = 399, R^2 = .16, adj. R^2 = .15)	Pre-attitudes	1	7.10	4.67	.03	.01
	Pre-donation intention	1	12.65	8.33	***	.02
	Primary value	1	32.64	21.49	***	.05
	Multiple occurrences	1	6.40	4.22	.04	.01
	Primary × Multiple	1	0.03	0.02	.89	.00
	Within groups (error)	393	1.52			

Note. ANCOVA = analysis of covariance.
***$p < .001$.

Moderating and Mediating Effects

H3 posited that the frequency of ethical misconduct would moderate the effects of the locus of ethical collapse on a host of dependent variables. However, the interaction effect was not significant for post-attitude, $F(1, 507) = .04, p = .84, \eta_p^2 = .00$; post-donation intention, $F(1, 507) = .11, p = .74, \eta_p^2 = .00$; and perceived organizational responsibility, $F(1, 393) = .02, p = .89, \eta_p^2 = .00$). Therefore, **H3** was not supported.

H4 and **H5** speculated about the various mediating effects of perceived organizational responsibility and OPR outcomes (see Figure 1). This study found that there was a significant effect of perceived organizational responsibility for ethical misconduct on OPR outcomes ($b = -.29$, $SE = .04$, $\beta = -.29$, $p < .001$). Participants reported decreased OPR outcomes when they perceived greater organizational responsibility for ethical misconduct, supporting **H4**.

The researchers also found that there were significant mediation effects of perceived organizational responsibility for ethical misconduct and OPR outcomes, between the locus of ethical failure and the dependent variables of post-attitude and post-donation intention. In the case of the repetition of ethical misconduct, however, there was no significant mediation effect (see Table 3).

Table 3. Summary of Direct Effects.

IV	DV	*b*	*SE*	β	C.R.	*p* value
Primary value	Perceived responsibility	.58	.13	.22	4.47	***
Multiple occurrences	Perceived responsibility	.21	.13	.08	1.58	.12
Perceived responsibility	OPR outcomes	–.29	.04	–.29	–8.09	***
Perceived responsibility	Post-attitude	–.16	.04	–.12	–3.96	***
Perceived responsibility	Post-donation intention	–.16	.05	–.12	–3.26	***
OPR outcomes	Post-attitude	.56	.05	.43	10.52	***
OPR outcomes	Post-donation intention	.74	.06	.52	12.10	***

Note. Pre-attitude and pre-donation intention were controlled for all variables used in the model. Bootstrapping (N = 5,000) was performed for this indirect effects analysis. IV = independent variable; DV = dependent variable; OPR = organization–public relationships; SRMR = standardized root mean residual; RMSEA = root mean square error of approximation; CI = confidence interval; CFI = comparative fit index.
$\chi^2(32, N = 399) = 173.15$, $p < .001$, SRMR = .090, RMSEA = .105 (90% CI: .090, .121), CFI = .962.
***$p < .001$.

Table 4. Summary of Serial Indirect Effects.

IV→	M1→	M2→	DV	*b*	*SE*	Lower CI. (95%)	Upper CI. (95%)	*p* value
Primary	Perceived responsibility		Post-attitude	–.09	.03	–.18	–.04	***
Primary	Perceived responsibility	OPR outcomes	Post-attitude	–.09	.03	–.17	–.05	***
Primary	Perceived responsibility		Post-donation intention	–.09	.04	–.18	–.03	.002
Primary	Perceived responsibility	OPR outcomes	Post-donation intention	–.12	.04	–.20	–.06	***
Multiple	Perceived responsibility		Post-attitude	–.03	.02	–.09	.01	.09
Multiple	Perceived responsibility	OPR outcomes	Post-attitude	–.03	.02	–.09	.01	.10
Multiple	Perceived responsibility		Post-donation intention	–.03	.03	–.09	.01	.09
Multiple	Perceived responsibility	OPR outcomes	Post-donation intention	–.04	.03	–.11	.01	.11

Note. Pre-attitude and pre-donation intention were controlled for all variables used in the model. Bootstrapping (N = 5,000) was performed for this indirect effects analysis. IV = independent variable; DV = dependent Variable; OPR = organization–public relationships; SRMR = standardized root mean residual; RMSEA = root mean square error of approximation; CI = confidence interval; CFI = comparative fit index.
$\chi^2(32, N = 399) = 173.15$, $p < .001$, SRMR = .090, RMSEA = .105 (90% CI: .090, .121), CFI = .962.
***$p < .001$.

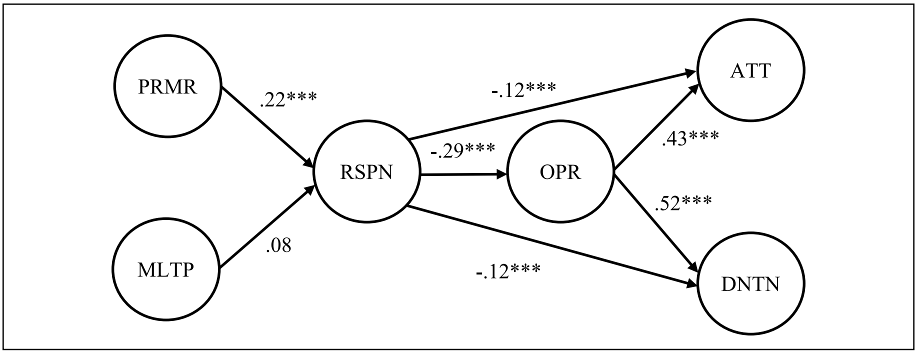

Figure 1. Path model of direct effects.
Note. PRMR = primary ethical value; MLTP = multiple occurrences; RSPN: perceived responsibility; OPR = OPR outcomes; ATT = post-attitude; DNTN = post-donation intention.
$^{***}p < .001$.

First, perceived organizational responsibility for ethical misconduct significantly mediated the effect of primary ethical collapse on (a) post-attitudes, $b = -.09$, $SE = .03$, 95% CI [–.18, –.04], $p < .001$, and (b) post-donation intentions, $b = -.09$, $SE = .04$, 95% CI [–.18, –.03], $p = .002$. Second, this study found significant serial mediations between perceived organizational responsibility for ethical misconduct and OPR outcomes in the effect of primary ethical collapse on (a) post-attitudes, $b = -.09$, $SE = .03$, 95% CI [–.17, –.05], $p < .001$, and (b) post-donation intentions, $b = -.12$, $SE = .04$, 95% CI [–.20, –.06], $p < .001$ (see Table 4).

Discussion

Ethical consumerism appears conceptually flawed in its assertion that stakeholders both can and will respond positively to organizations' moral behaviors. Publics often lack the capacity to reward such actions, overstate the degree of value they place on moral behavior, or simply assess other activities as more important, all of which create gaps between stakeholders' ethical intentions and actions (Auger & Devinney, 2007; Boulstridge & Carrigan, 2000). Beyond these concerns, however, the nature in which free markets operate may predispose ethical collapse to more greatly affect organizational outcomes than ethical success. Market forces reward and punish ethical and unethical actions only indirectly, through economic means. Moreover, stakeholders appear to have a base level of moral expectations beyond which they are unwilling to reward organizations for addition good deeds. This moral floor sets a point of diminishing economic returns and discourages supererogatory behavior, in turn creating greater leeway for punishing irresponsible organizations than for rewarding responsible ones (Burton & Goldsby, 2009).

As such, understanding how stakeholders react to ethical misconduct based on antecedent factors offers a promising area for scholarly investigation. This study relied on EV and attribution theories to examine the effects of such antecedent factors—specifically an organization's locus (primary vs. tertiary values) and frequency (single vs. repeated occurrences) of ethical misconduct—on stakeholders' attitudes toward, support of, and relationships with the offending organization.

First, among the key findings of the present study, results demonstrated the effects of organizational ethical misconduct on both individuals' attitudes toward and support of the organization studied. As theorized, the effects of unethical behavior were significantly differentiated depending on the locus where the ethical misconduct occurred. Ethical misconduct in primary values—in this case poor stewardship of funds—resulted in significantly greater mitigation of positive attitude toward and intention to donate to the organization. In other words, the findings support theoretical underpinnings that collapses in primary ethical values prompt greater attitudinal and behavioral change due to greater EVs than collapses in tertiary ethical values, which in turn lead to greater attribution of organizational responsibility for ethical collapses (Jin & Drozdenko, 2010; Mackey, 2014; Sohn & Lariscy, 2015).

Second, this study also found that individuals significantly attenuated their positive attitude toward and intention to donate to the organization when incidents of similar ethical misconduct were repeated. As expected, patterns of unethical behaviors significantly increased stakeholders' willingness to assign the organization responsibility for unethical behavior (Coombs, 2004; Eaddy & Jin, 2018; Sjovall & Talk, 2004).

Third, when analyzing mediation effects connecting organizations' unethical conduct to attitudinal and behavioral outcomes, perceived organizational responsibility of unethical conduct and decreased OPR outcomes emerged as significant mediators. However, these mediation effects were conditional. The impacts of ethical misconduct in the primary value significantly influenced the perceived organizational responsibility and OPR outcomes, which in turn led to significant decreases in positive attitude and donation intention. On the contrary, repeated ethical misconduct was not significantly associated with perceived organizational responsibility.

There are a number of possible reasons why this mediation effect, as well as other hypothesized results, was not borne out by the data. Beginning with **H2b**, the researchers postulated that individuals would express significantly lower donation intentions when organizations showed a pattern of unethical conduct. Although participants exposed to stimuli describing consistent ethical failings did express lower donation intentions, they did so at a level only approaching significance ($p = .06$). This nonsignificant finding could result from the reliance on a single message to describe a historical trend of moral missteps, which the researchers implemented to avoid potential confounds among experimental conditions from using stimuli differing vastly in length and/or number. Future research relying on more nuanced manipulations or longitudinal approaches may more fully flesh out the effects of patterns of immoral behavior.

However, the researchers feel this result more likely stems from the relative importance played by the locus of ethical misconduct. Although main effects of both repeated ethical collapse and collapse in primary ethical values were found to significantly and negatively affect a host of pro-organizational behaviors, the effect sizes were often four to five times greater for the primary value condition than repeated occurrences.

The magnitude of EVs in conditions of primary ethical collapse was likely great enough to suppress the effect of multiple instances of misconduct. Such a suppression effect would also explain the lack of interaction effects between the locus and repeated conditions on any of the dependent variables of interest as posited in **H3**, as well as the absence of any main effect for a pattern of ethical failures on perceived organizational responsibility for misconduct. Moreover, a closer examination of the direct effects in the path model reveals that, not only was repeated occurrence a nonsignificant predictor of perceived responsibility, but also its relative influence in comparison with collapse in primary ethical values was far less, as shown in the standardized coefficients (β), .08 and .22, respectively.

The locus of ethical collapse thus appears far more consequential in determining both the magnitude of EVs and the attribution of responsibility than does a pattern of ethical misconduct. This crucial finding extends the existing literature on CSR fit, which has been associated with various pro-organizational behaviors, in particular, higher purchase intention and greater receptivity toward social responsibility messaging (Elving, 2013). Just as ethical behaviors more closely linked to institutions' core identities result in greater organizational gains than ad hoc behaviors, ethical collapses in primary values result in greater losses than do misconduct regarding tertiary values. These findings suggest that practitioners should take great care not simply in crafting and communicating initiatives regarding primary values, but also in ensuring that organizational character is maintained via actions that uphold those values. Although the principle of the moral floor suggests stakeholders have limited ability to economically reward ethical behavior (Burton & Goldsby, 2009), they arguably possess a great deal of leeway in their ability to economically punish organizations for violating their stated obligations.

Limitations/Future Study

Although the current study contributes to CSR, OPR, and crisis literature by describing the impact of primary and tertiary ethical violations, it is not free from limitations. First, the study relied on a real organization in the stimuli to increase the ecological validity. Although the researchers tried to minimize confounds by measuring and controlling prior perceptions of the organization (i.e., prior attitudes and donation intentions), it is possible that pre-stimulus evaluations about the ARC were reflected in these measures. Replication using a fictitious organization could bolster the findings by eliminating the potential for such confounds. Nevertheless, the findings from this study serve as a solid starting point for future studies.

Second, the study focused on a well-known nonprofit organization primarily to enhance the salience of ethical issues and their connection to organizational identity in the experimental stimuli. However, given its size, structure, and operating style, the ARC may arguably have *felt* more like a corporation than a nonprofit to participants. While this overlap potentially expands the generalizability of the study, it could also muddy the waters as each participant could be reacting to the ARC differently, some viewing it as a nonprofit, others viewing it as a large, corporate entity. Future research focusing on both a distinct business and nonprofit is required to cross validate the findings of this study. Moreover, the use of the ARC specifically may limit the generalizability of the findings to organizations with sound prior reputations. Future research should also examine whether the effects of primary and tertiary ethical violations are as impactful in instances of below average reputation.

Third, this study focused on the effects path through which ethical violations influence perceptions of responsibility, OPR, and eventually attitude change and behavioral intention. To do so effectively and parsimoniously, the researchers employed a recursive model in the SEM analysis—common within communications scholarship—which inhibited the ability to simultaneously investigate any reciprocal causal effects between the dependent variables of attitudinal support and donation intention due to concerns with model identification. Future research could employ nonrecursive models to focus on such effects.

Finally, the findings may be moderated by individual differences such as skepticism and disbelief, increases in each of which require more information and stronger persuasive messaging to create attitudinal and behavior change; neither variable was captured by the present data (Rim & Kim, 2016). Future studies could extend the present findings by considering these and other individual factors in exploring the effects or primary and tertiary ethical violations.

Conclusion

The titular question of this study asks, in the context of organizational behavior, "Do Ethics Matter?" Past research suggests benefits for ethical action, but only up to a point. Stakeholders hold standards of ethicality, which they expect organizations to meet; however, stakeholders appear unwilling or unable to economically reward those institutions for exceeding that expectation. In bottom-line contexts, it seems organizations can have too much of a good thing when they overachieve ethically (Auger & Devinney, 2007; Boulstridge & Carrigan, 2000; Burton & Goldsby, 2009; Sethi, 1994).

From a moral perspective, this may sound counterintuitive, but through an economic lens, such a relationship makes perfect sense. Ethical behavior and positive social performance are resources organizations leverage to gain economic support from stakeholders (Dunfee, 1998). A point of diminishing returns would be expected from any resource existing along a demand curve.

Ethicality is, however, highly valued and expected until such an equilibrium point is reached, and the findings here suggest organizations face serious consequences when they fail to meet stakeholder expectations. Moreover, those consequences are further compounded when ethical collapse occurs relative to an organization's core values. While any misconduct can be damaging, practitioners managing organizations' ethical reputations must be particularly cognizant of meeting stakeholder expectations for behavior in social arenas closely connected to organizational moral identity.

Appendix

Primary Ethical Value—Single Offense

Red Cross unsure how donations spent in hurricane relief. WASHINGTON, DC—The American Red Cross is under fire for potentially mismanaging charitable donations in the wake of a devastating hurricane that struck Texas in the late summer of 2017. Currently, Red Cross executives appear uncertain as to what portion of donations received has ultimately made it into victims' hands.

In the aftermath of Hurricane Harvey, the Red Cross reported it spent US$50 million in relief efforts, but has failed to disclose how much the organization raised. The executives themselves appear not to know how much money was donated. This in turn raises questions not only about *how* donations are distributed, but also *whether* they were distributed at all or instead diverted to cover other organizational costs.

Primary Ethical Value—Multiple Offenses

In continuing pattern of multiple missteps, Red Cross unsure how donations spent in hurricane relief. WASHINGTON, DC—The American Red Cross is under fire for potentially mismanaging charitable donations in the wake of a devastating hurricane that struck Texas in the late summer of 2017. Currently, Red Cross executives appear uncertain as to what portion of donations received has ultimately made it into victims' hands.

In the aftermath of Hurricane Harvey, the Red Cross reported it spent US$50 million in relief efforts, but has failed to disclose how much the organization raised. The executives themselves appear not to know how much money was donated. This in turn raises questions not only about *how* donations are distributed, but also *whether* they were distributed at all or instead diverted to cover other organizational costs.

This instance is just another in a long line of fumbled responses to major disasters. In the wake of the Sept. 11 terrorist attacks, initial reports indicated only 15% of donations were reaching victims in New York. Then, following Hurricane Katrina in 2005, the Red Cross failed to properly allocate necessities to New Orleans citizens. Again, in responding to the 2010 earthquake in Haiti, the Red Cross raised half a billion dollars, but still has not provided a specific list of how that money was allocated in relief efforts.

Tertiary Ethical Value—Single Offense

Chief executive of Red Cross faces allegations of nepotism. WASHINGTON, DC—Chief Executive of the American Red Cross Jacob Glass faces allegations of nepotism after appointing his eldest son, William, to the board of directors. No acting chief executive had previously appointed an immediate family to the board.

Critics have taken issue with the hiring of William Glass, who has no previous experience managing nonprofit organizations. Many expressed concerns that he was less suited for the position than other potential candidates. Although the Red Cross does allow for spouses, children, parents, and siblings to volunteer in the same chapter, the organization discourages close relatives from working together when one acts in a supervisory role over the other, or there is a perceived conflict of interest.

Tertiary Ethical Value—Multiple Offenses

In continuing pattern of multiple missteps, chief executive of Red Cross faces allegations of nepotism. WASHINGTON, DC—Chief Executive of the American Red Cross Jacob Glass faces allegations of nepotism after appointing his eldest son, William, to the board of directors. This is not the first family member Jacob Glass has appointed. Within the last year, his wife, Summer, and sister, Joan, were also named to the board.

Critics have taken issue with the hiring of Glass family members, each of whom has no previous experience managing nonprofit organizations. Many expressed concerns that they were less suited for the position than other potential candidates. Although the Red Cross does allow for spouses, children, parents, and siblings to volunteer in the same chapter, the organization discourages close relatives from working together when one acts in a supervisory role over the other, or there is a perceived conflict of interest.

Control

About the American Red Cross. WASHINGTON, DC—The American Red Cross was founded in 1881 by Clara Barton, a former Civil War hospital nurse. Although she was a civil rights activist and treated primarily Union soldiers, her compassion led her to help wounded Confederate soldiers as well.

Barton's principles remain a cornerstone of the organization she founded. The Red Cross, funded largely by donations and relying on the effort of volunteers, works to prevent and alleviate human suffering during emergencies and crises of virtually all kinds. The Red Cross takes no sides during conflicts and does not discriminate in any way, but instead respects the humanity of all individuals to widen its positive impact on those most in need.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Notes

1. Interestingly, Sethi (1994) argues that market failures are actually a necessary condition for businesses to become more ethical. Imperfect markets result in strategic slack, or

a condition in which organizations have failed to effectively capture demand for some resource, in this case a desire from stakeholders for more ethical behavior. Karnani (2011) and Jin, Drozdenko, and DeLoughy (2013) further contend that ethical practices such as corporate social responsibility (CSR) are only incentivized in imperfect markets, that CSR alone is not enough to correct such market failures, and that stronger measures—such as government regulations—are required.

2. Studies have shown MTurk samples produce results as reliable as other sampling methods (Goodman, Cryder, & Cheema, 2013), with attention rates to strategic communication stimuli often higher than that of panel or lab data (Kees, Berry, Burton, & Sheehan, 2017).
3. While there are ethical concerns regarding the treatment and payment of MTurk workers (Brawley & Pury, 2016), the payment rate offered here exceeded the median MTurk wage of US$2 an hour (Hara et al., 2018). Moreover, past studies have demonstrated that, while payment rate may affect recruitment time, it has relatively little impact on the quality of data, and in fact, a payment of US$0.50 can yield reliable data for tasks taking up to 30 min to complete (Mason & Suri, 2012). Participation in this study averaged 8.12 min, with subjects receiving US$0.50 for completing the experimental survey, equivalent to US$3.69 per hour.
4. This study dropped the fifth item: "In dealing with people like me, this organization has a tendency to throw its weight around" (reverse coded). With this item, α = .83; after dropping this item, α = .93.

References

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, *50*, 179-211. doi:10.1016/0749-5978(91)90020-T

Auger, P., & Devinney, T. M. (2007). Do what consumers say matter? The misalignment of preferences with unconstrained ethical intentions. *Journal of Business Ethics*, *76*, 361-383. doi:10.1007/s10551-006-9287-y

Baker, S. (2008). The model of the principled advocate and the pathological partisan: A virtue ethics construct of opposing archetypes of public relations and advertising practitioners. *Journal of Media Ethics*, *23*, 235-253. doi:10.1080/08900520802222050

Baldwin, M. W. (1997). Relational schemas as a source of if-then self-inference procedures. *Review of General Psychology*, *1*, 326-335. doi:10.1037/1089-2680.1.4.326

Basil, D. Z., Ridgway, N. M., & Basil, M. D. (2006). Guilt appeals: The mediating effect of responsibility. *Psychology & Marketing*, *23*, 1035-1054. doi:10.1002/mar.20145

Baucus, M. S., & Baucus, D. A. (1997). Paying the piper: An empirical examination of longer-term financial consequences of illegal corporate behavior. *Academy of Management Journal*, *40*, 129-151. doi:10.2307/257023

Bivins, T. H. (2009). *Mixed media: Moral distinctions in advertising, public relations, and journalism* (2nd ed.). New York, NY: Routledge.

Blomgren, A. (2011). Does corporate social responsibility influence profit margins? A case study of executive perceptions. *Corporate Social Responsibility and Environmental Management*, *18*, 263-274. doi:10.1002/csr.246

Bortree, D. S., & Waters, R. D. (2008). Admiring the organization: A study of the relational quality outcomes of the nonprofit organization-volunteer relationship. *Public Relations Journal*, *2*(3), 1-17.

Boulstridge, E., & Carrigan, M. (2000). Do consumers really care about corporate responsibility? Highlighting the attitude-behaviour gap. *Journal of Communication Management*, *4*, 355-368. doi:10.1108/eb023532

Bowen, S. A. (2004). Expansion of ethics as the tenth generic principle of public relations excellence: A Kantian theory and model for managing ethical issues. *Journal of Public Relations Research*, *16*, 65-92. doi:10.1207/s1532754xjprr1601_3

Bowen, S. A. (2005). A practical model for ethical decision making in issues management and public relations. *Journal of Public Relations Research*, *17*, 191-216. doi:10.1207/s1532754xjprr1703_1

Brawley, A. M., & Pury, C. L. S. (2016). Work experiences on MTurk: Job satisfaction, turnover, and information sharing. *Computers in Human Behavior*, *54*, 531-546. doi:10.1016/j.chb.2015.08.031

Broom, G. M., Casey, S., & Ritchey, J. (2009). Toward a concept and theory of organization-public relationships. *Journal of Public Relations Research*, *9*, 83-98. doi:10.1207/s1532754xjprr0902_01

Brown, K. A., & White, C. L. (2011). Organization-public relationships and crisis response strategies: Impact on attribution of responsibility. *Journal of Public Relations Research*, *23*, 75-92. doi:10.1080/1062726X.2010.504792

Browning, N. (2015). The ethics of two-way symmetry and the dilemmas of dialogic Kantianism. *Journal of Media Ethics*, *30*, 3-18. doi:10.1080/08900523.2014.985295

Browning, N., Gogo, O., & Kimmel, M. (2018). Comprehending CSR messages: Applying the elaboration likelihood model. *Corporate Communications: An International Journal*, *23*, 17-34. doi:10.1108/CCIJ-07-2017-0068

Burgoon, J. K. (1993). Interpersonal expectations, expectancy violations, and emotional communication. *Journal of Language and Social Psychology*, *12*(1-2), 30-48.

Burgoon, J. K., & Hale, J. L. (1988). Nonverbal expectancy violations: Model elaboration and application to immediacy behaviors. *Communication Monographs*, *55*, 58-79.

Burton, B. K., & Goldsby, M. G. (2009). The moral floor: A philosophical examination of the connection between ethics and business. *Journal of Business Ethics*, *91*, 145-154. doi:10.1007/s10551-009-0074-4

Coombs, W. T. (2004). Impact of past crises on current crisis communication: Insights from situational crisis communication theory. *Journal of Business Communication*, *41*, 265-289. doi:10.1177/0021943604265607

Coombs, W. T., & Holladay, S. J. (2006). Unpacking the halo effect: Reputation and crisis management. *Journal of Communication Management*, *10*, 123-137. doi:10.1108/13632540610664698

Coombs, W. T., & Holladay, S. J. (2015). CSR as crisis risk: Expanding how we conceptualize the relationship. *Corporate Communications: An International Journal*, *20*, 144-162. doi:10.1108/CCIJ-10-2013-0078

Davidson, D. K. (1990). On corporate reputation: A reply to Dobson. *Business & Society*, *29*, 39-41. doi:10.1177/000765039002900105

Dawar, N., & Lei, J. (2009). Brand crises: The roles of brand familiarity and crisis relevance in determining the impact on brand evaluations. *Journal of Business Research*, *62*, 509-516.

de Pelsmacker, P., Driesen, L., & Rayp, G. (2005). Do consumers care about ethics? Willingness to pay for fair-trade coffee. *Journal of Consumer Affairs*, *39*, 363-385. doi:10.1111/j.1745-6606.2005.00019.x

Dobson, J. (1989). Corporate reputation: A free-market solution to unethical behavior. *Business & Society*, *28*(1), 1-5. doi:10.1177/000765038902800101

Dunfee, T. W. (1998). The marketplace of morality: First steps toward a theory of moral choice. *Business Ethics Quarterly*, *8*, 127-145. doi:10.2307/3857525

Eaddy, L. L., & Jin, Y. (2018). Crisis history tellers matter: The effects of crisis history and crisis information source on publics' cognitive and affective responses to organizational crisis. *Corporate Communications: An International Journal*, *23*, 226-241. doi:10.1108/CCIJ-04-2017-0039

Effron, D. A., Lucas, B. J., & O'Connor, K. (2015). Hypocrisy by association: When organizational membership increases condemnation for wrongdoing. *Organizational Behavior and Human Decision Processes*, *130*, 147-159. doi:10.1016/j.obhdp.2015.05.001

Elving, W. J. L. (2013). Skepticism and corporate social responsibility communications: The influence of fit and reputation. *Journal of Marketing Communications*, *19*, 277-292. doi:10.1080/13527266.2011.631569

Ferguson, M. A. (1984, August). *Building theory in public relations: Interorganizational relationships as a public relations paradigm*. Paper presented at the Annual Conference for the Association of Education in Journalisms and Mass Communication, Gainesville, FL.

Go, E., & Bortree, D. S. (2017). What and how to communicate CSR? The role of CSR fit, modality interactivity, and message interactivity on social networking sites. *Journal of Promotion Management*, *23*, 727-747. doi:10.1080/10496491.2017.1297983

Goodman, J. K., Cryder, C. E., & Cheema, A. (2013). Data collection in a flat world: The strengths and weaknesses of Mechanical Turk samples. *Journal of Behavioral Decision Making*, *26*, 213-224. doi:10.1002/bdm.1753

Griffin, M., Babin, B. J., & Darden, W. R. (1992). Consumer assessments of responsibility for product-related injuries: The impact of regulations, warnings, and promotional policies. *Advances in Consumer Research*, *19*, 870-878.

Hair, J. F., Black, W. C., Babin, B. J. Jr., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Upper Saddle River, NJ: Prentice Hall.

Hara, K., Adams, A., Milland, K., Savage, S., Callison-Burch, C., & Bigham, J. P. (2018, April). *A data-driven analysis of workers' earnings on Amazon Mechanical Turk*. Paper presented at the ACM CHI Conference on Human Factors in Computing Systems, Montreal, Québec, Canada.

Hon, L. C., & Grunig, J. E. (1999). *Guidelines for measuring relationships in public relations*. Gainesville, FL: Institute for Public Relations.

Hu, L-t., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, *6*(1), 1-55. doi:10.1080/10705519909540118

Hung, C-J. F. (2005). Exploring types of organization–public relationships and their implications for relationship management in public relations. *Journal of Public Relations Research*, *17*, 393-426. doi:10.1207/s1532754xjprr1704_4

Jahdi, K., & Acikdilli, G. (2009). Marketing communications and corporate social responsibility (CSR): Marriage of convenience or shotgun wedding? *Journal of Business Ethics*, *88*, 103-113. doi:10.1007/s10551-009-0113-1

Jin, K. G., & Drozdenko, R. G. (2010). Relationships among perceived organizational core values, corporate social responsibility, ethics, and organizational performance outcomes: An empirical study of information technology professionals. *Journal of Business Ethics*, *92*, 341-359. doi:10.1007/s10551-009-0158-1

Jin, K. G., Drozdenko, R. G., & DeLoughy, S. (2013). The role of corporate value clusters in ethics, social responsibility, and performance: A study of financial professionals and implications for the financial meltdown. *Journal of Business Ethics*, *112*, 15-24. doi:10.1007/s10551-012-1227-4

Kang, M., & Park, Y. E. (2017). Exploring trust and distrust as conceptually and empirically distinct constructs: Association with symmetrical communication and public engagement across four pairings of trust and distrust. *Journal of Public Relations Research*, *29*, 114-135. doi:10.1080/1062726X.2017.1337579

Kang, M., & Yang, S.-U. (2010). Mediation effects of organization–public relationship outcomes on public intentions for organizational supports. *Journal of Public Relations Research*, *22*, 477-494. doi:10.1080/10627261003601614

Karnani, A. (2011). “Doing well by doing good”: The grand illusion. *California Management Review*, *53*, 69-86. doi:10.1525/cmr.2011.53.2.69

Karpoff, J. M., Lee, D. S., & Martin, G. S. (2008). The cost to firms of cooking the books. *Journal of Financial and Quantitative Analysis*, 43, 581-611. doi:10.1017/S0022109000004221

Kees, J., Berry, C., Burton, S., & Sheehan, K. (2017). An analysis of data quality: Professional panels, student subject pools, and Amazon’s Mechanical Turk. *Journal of Advertising*, *46*, 141-155. doi:10.1080/00913367.2016.1269304

Kelley, H. H. (1967). Attribution theory in social psychology. In D. Levine (Ed.), *Nebraska symposium on motivation* (pp. 192-241). Lincoln: University of Nebraska Press.

Kelley, H. H., & Michela, J. L. (1980). Attribution theory and research. *Annual Review of Psychology*, *31*, 457-501. doi:10.1146/annurev.ps.31.020180.002325

Kent, M. L., & Taylor, M. (2016). From homo economicus to homo dialogicus: Rethinking social media use in CSR communication. *Public Relations Review*, *42*, 60-67. doi:10.1016/j.pubrev.2015.11.003

Ki, E.-J., & Hon, L. C. (2007). Reliability and validity of organization-public relationship measurement and linkages among relationship indicators in a membership organization. *Journalism & Mass Communication Quarterly*, *84*, 419-438. doi:10.1177/107769900708400302

Kim, J. (2017). Elaborating the halo effect of SCCT: How and why performance history affects crisis responsibility and organizational reputation. *Journal of Public Relations Research*, *29*, 277-294. doi:10.1080/1062726X.2017.1405812

Lafferty, B. A. (2007). The relevance of fit in a cause–brand alliance when consumers evaluate corporate credibility. *Journal of Business Research*, *60*, 447-453. doi:10.1016/j.jbusres.2006.09.030

Leipnitz, S. (2014). Stakeholder performance measurement in nonprofit organizations. *Nonprofit Management & Leadership*, *25*, 165-181. doi:10.1002/nml.21117

Lin-Hi, N., Hörisch, J., & Blumberg, I. (2015). Does CSR matter for nonprofit organizations? Testing the link between CSR performance and trustworthiness in the nonprofit versus for-profit domain. *International Journal of Voluntary and Nonprofit Organizations*, *26*, 1944-1974. doi:10.1007/s11266-014-9506-6

MacKenzie, S. B., & Lutz, R. J. (1989). An empirical examination of the structural antecedents of attitude toward the ad in an advertising pretesting context. *Journal of Marketing*, *53*(2), 48-65. doi:10.2307/1251413

Mackey, S. (2014). Virtue ethics, CSR and “corporate citizenship.” *Journal of Communication Management*, *18*, 131-145. doi:10.1108/JCOM-11-2012-0084

Mason, W., & Suri, S. (2012). Conducting behavioral research on Amazon’s Mechanical Turk. *Behavior Research Methods*, *44*(1), 1-23. doi:10.3758/s13428-011-0124-6

Mazutis, D. D., & Slawinski, N. (2015). Reconnecting business and society: Perceptions of authenticity in corporate social responsibility. *Journal of Business Ethics*, *131*, 137-150. doi:10.1007/s10551-014-2253-1

McArthur, L. A. (1972). The how and what of why: Some determinants and consequences of causal attribution. *Journal of Personality and Social Psychology*, *22*, 171-193. doi:10.1037/h0032602

McAuley, E., Duncan, T. E., & Russell, D. W. (1992). Measuring causal attributions: The revised causal dimension scale (CDSII). *Personality and Social Psychology Bulletin*, *18*, 566-573. doi:10.1177/0146167292185006

Murphy, P. E., Laczniak, G. R., & Wood, G. (2007). An ethical basis for relationship marketing: A virtue ethics perspective. *European Journal of Marketing*, *41*(1/2), 37-57. doi:10.1108/03090560710718102

Peloza, J., & Shang, J. (2011). How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science*, *39*, 117-135. doi:10.1007/s11747-010-0213-6

Perri, D. F. (2015). Teaching business ethics: Acknowledging the seductive nature of unethical behavior. *Journal of the Academy of Business Education*, *16*, 353-365.

Reuber, A. R., & Fischer, E. (2010). Organizations behaving badly: When are discreditable actions likely to damage organizational reputation? *Journal of Business Ethics*, *93*, 39-50. doi:10.1007/s10551-009-0180-3

Richter, U. H. (2010). Liberal thought in reasoning on CSR. *Journal of Business Ethics*, *97*, 625-649. doi:10.1007/s10551-010-0529-7

Rim, H., & Kim, S. (2016). Dimensions of corporate social responsibility (CSR) skepticism and their impacts on public evaluations toward CSR. *Journal of Public Relations Research*, *28*, 248-267. doi:10.1080/1062726X.2016.1261702

Rim, H., Yang, S.-U., & Lee, J. (2016). Strategic partnerships with nonprofits in corporate social responsibility (CSR): The mediating role of perceived altruism and organizational identification. *Journal of Business Research*, *69*, 3213-3219. doi:10.1016/j.jbusres.2016.02.035

Robertson, T. S., & Rossiter, J. R. (1974). Children and commercial persuasion: An attribution theory analysis. *Journal of Consumer Research*, *1*, 13-20. doi:10.1086/208577

Sabadoz, C. (2011). Between profit-seeking and prosociality: Corporate social responsibility as Derridean supplement. *Journal of Business Ethics*, *104*, 77-91. doi:10.1007/s10551-011-0890-1

Sethi, S. P. (1994). Imperfect markets: Business ethics as an easy virtue. *Journal of Business Ethics*, *13*, 803-815. doi:10.1007/BF00876261

Shen, H. (2017). Refining organization–public relationship quality measurement in student and employee samples. *Journalism & Mass Communication Quarterly*, *94*, 994-1010. doi:10.1177/1077699016674186

Siomkos, G. J., & Kurzbard, G. (1994). The hidden crisis in product-harm crisis management. *European Journal of Marketing*, *28*(2), 30-41.

Sjovall, A. M., & Talk, A. C. (2004). From actions to impressions: Cognitive attribution theory and the formation of corporate reputation. *Corporate Reputation Review*, *7*, 269-281. doi:10.1057/palgrave.crr.1540225

Sohn, Y. J., & Lariscy, R. W. (2015). A "buffer" or "boomerang?"—The role of corporate reputation in bad times. *Communication Research*, *42*, 237-259. doi:10.1177/0093650212466891

Sweetser, K. D., & Browning, N. (2017). Credibility or credulity? Examining political organization-public relationships in an election of interloping candidates. *Journal of Public Relations Research*, *29*, 200-218. doi:10.1080/1062726X.2017.1388240

Treviño, L. K., & Nelson, K. N. (2014). *Managing business ethics: Straight talk about how to do it right* (6th ed.). Hoboken, NJ: John Wiley.

U.S. Census Bureau. (2012). *Summary population and housing characteristics: 2010* (CPH-1). Washington, DC: Government Printing Office.

U.S. Census Bureau. (2017). *Income and poverty in the United States* (P60-263). Washington, DC: Government Printing Office.

Waters, R. D. (2008). Applying relationship management theory to the fundraising process for individual donors. *Journal of Communication Management*, *12*, 73-87. doi:10.1108/13632540810854244

Waters, R. D. (2011). Increasing fundraising efficiency through evaluation: Applying communication theory to the nonprofit organization–donor relationship. *Nonprofit and Voluntary Sector Quarterly*, *40*, 458-475. doi:10.1177/0899764009354322

Wyatt, W. N. (2008). Being Aristotelian: Using virtue ethics in an applied media ethics course. *Journal of Mass Media Ethics*, *23*, 296-307. doi:10.1080/08900520802519836

Zavyalova, A., Pfarrer, M. D., Reger, R. K., & Hubbard, T. D. (2015). Reputation as a benefit and a burden? How stakeholders organizational identification affects the role of reputation following a negative event. *Academy of Management Journal*, *59*, 253-276. doi:10.5465/amj.2013.0611

Author Biographies

Nicholas Browning (PhD, University of Georgia) is an assistant professor in the public relations program at Indiana University's Media School. His research focuses on reputation management, specifically the ways in which organizations employ corporate social responsibility (CSR) efforts to not only bolster their reputations, but also to improve their bottom lines and the lives of key stakeholders. He is also a PR ethics scholar, working primarily to build theories of moral, professional practice and investigate how ethical and unethical behaviors affect organizations' relationships with key publics.

Sung-Un Yang (PhD, University of Maryland) is an associate professor in the public relations program at Indiana University's Media School. His research focuses on relationship and reputation management in the context of public relationships with organizations, social media and communication effectiveness, and public diplomacy and nation branding.

Young Eun Park (PhD, Indiana University) is an assistant professor in the Journalism and Media Communication department at Colorado State University. Her research focuses on corporate social responsibility (CSR), in particular the crowdsourcing and co-creation of ethical initiatives. She also studies crisis communication and consumer behavior within public relations contexts.

Ejae Lee (MA from Indiana University) is a doctoral student at Indiana University's Media School. Her research focuses on organizational authenticity and its role in strengthening organization–public relationships.

Taeyoung Kim (MA from Ewha Womans University) is a doctoral student at Indiana University's Media School. Her research focuses on organizational legitimacy within public relations contexts and its role in leading to bottom-line gains for the organization as well as strengthening relationships with stakeholders.