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[to cite]:

Silvia Grappi and Simona Romani (2011) ,"Consumer Reactions to Corporate Decisions to Outsource Labor Abroad", in NA - Advances in Consumer Research Volume 38, eds. Darren W. Dahl, Gita V. Johar, and Stijn M.J. van Osselaer, Duluth, MN : Association for Consumer Research.

[url]:

<http://www.acrwebsite.org/volumes/15857/volumes/v38/NA-38>

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Consumer Reactions to Corporate Decisions to Outsource Labor Abroad

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ABSTRACT

This paper analyzes consumer reactions in the form of word of mouth communication to positive, negative, and hybrid (i.e. both positive and negative at the same time) CSR information. We also examine the mediating role of emotions in explaining these reactions, while controlling for the moderating role of consumer ethnocentrism.

Fiat SpA, the Italian Turin-based car-manufacturer, is forging ahead with its decision to close its Termini Imerese plant in Sicily. Fiat's head of institutional relations has informed labor unions that the company has no intention of altering their plans to halt this facility's production after 2011. In fact, Fiat is currently in the process of gradually off-shoring production in countries where wage rates are a fraction of those in Italy, claiming that it is no longer competitive to keep the Termini Imerese plant going. The Italian government has held off on a decision regarding new "cash-for-clunkers" incentives, as the Minister for Industry insists that Fiat must maintain current levels of production and employment. Although Fiat does anticipate a "significant" drop in sales, its Chief Executive Officer stated that the company will not defer its plans and would fully agree with not renewing these incentives. The decision to close the Termini Imerese plant, which currently employs 1,658 full-time employees, is a model example of corporate decisions to outsource jobs abroad, which leave domestic workers in great difficulty, with no regard for the economical and social implications for that community, or indeed the whole country. In fact, this town is situated in Southern Italy where unemployment rates are extremely high and there are few alternatives available besides emigration. Fiat's essentially financially motivated decision has attracted much attention throughout Italy, especially because of the impact this is having and will continue to have on the workers and entire Termini Imerese community.

Research available on consumers' responses to a company's Corporate Social Responsibility (CSR) record generally focuses on either positive or negative information. However, in the marketplace it is possible at times for consumers to be simultaneously exposed to different valenced CSR information on the same company in one or more domains.

This paper attempts to examine this situation with the aim of analyzing consumer reactions, in the form of word of mouth communication, to CSR information that is positive, negative, and hybrid – i.e. both positive and negative at the same time. In detail, we investigate the mediating role of emotions in explaining consumers' reactions to a company's CSR practices, controlling for the moderating role of consumer ethnocentrism.

The CSR context selected for the purposes of this study is the company decision to either source man-power from within the home market (positive CSR information) or totally/partially outsource these jobs abroad (negative/hybrid CSR information). The practice of outsourcing labor abroad has attracted much attention over recent years and been heavily criticized for the associated ethical issues. It is possible for consumers to perceive this choice as a sign of the ethical and/or moral commitment of the company to its

home country; outsourcing sends a message to consumers that the company no longer supports the local or even national community and/or economy. Therefore, the locating of production abroad has CSR implications that can extend well beyond awareness on a local level and notably even come to backfire on the brand. Consumers may well conclude "Why should I sustain them? They don't support us anymore!"

BACKGROUND AND CONCEPTUAL FRAMEWORK

Corporate Social Responsibility (CSR) is defined as a company's "status and activities with respect to its perceived social obligation" (Brown and Dacin 1997: 68). A number of studies show how information on CSR practices can influence consumer evaluations in terms of their attitude towards the company (Brown and Dacin 1997; Mohr and Webb 2005; Sen and Bhattacharya 2001; Sen, Bhattacharya, Korschun 2006), purchasing behavior (Sen and Bhattacharya 2001; Klein and Dawar 2004), and identification with the corporation (Sen and Bhattacharya 2001). It has also been demonstrated that consumers are more sensitive to irresponsible than responsible corporate behavior. In other words, we witness an asymmetric effect where doing bad harms more than doing good helps (e.g., Sen and Battacharya 2001, Battacharya and Sen 2004).

Although the extant research has examined the impact on consumer evaluations of either positive or negative CSR information as well as, more recently, the inconsistencies between a company's claimed CSR standards and their actual behavior (Wagner, Luz, and Weitz 2009), there is a lack of studies on reactions to hybrid CSR behavior (both responsible and irresponsible at the same time) and the possible role played by emotions in these responses. This paper introduces a conceptual framework to examine the specific consumer reaction of word of mouth to CSR behavior as well as taking into consideration the moderating role of individual ethnocentrism and mediating effects of emotions.

Corporate policy and practice on outsourcing jobs abroad provides an ideal context for investigating these effects. Companies are faced with the choice of either maintaining a domestic workforce in the aim of supporting the national economy (positive CSR behavior), or outsourcing domestic jobs abroad for opportunistic reasons (negative CSR behavior), or opting for a partial outsourcing of labor (hybrid CSR behavior).

In order to define these various CSR contexts it is possible to consider the literature on Country of Origin (CO) (Guran-Canli and Maheswaran 2000a, 2000b; Verlegh, Steenkamp and Meulenberg 2005), and, in particular, the critical distinction between the concept of country of design (CD) and country of manufacture (CM) (Ahmed and d'Astous 2008). Given that products can be designed in one country and manufactured or assembled in another, the CD and CM are both important elements in the analysis of responsible/irresponsible CSR behavior.

One factor that can play a key role in reactions to companies' outsourcing decisions is ethnocentrism. This expresses the point of view that the group to which one belongs is the center of everything (i.e. the home country) with all other groups (i.e. foreign countries) judged against this standard. Consumer ethnocentrism is the tendency to overestimate the quality of domestic products (Sharma, Shimp, and Shin 1995; Shimp and Sharma 1987) and favor products originating from one's own country over those

imported (Ouellet 2007). The purchase of foreign products can be viewed as improper because it costs domestic jobs and harms the economy, or even as simply unpatriotic (Sharma, Shimp, & Shin, 1995; Shimp & Sharma, 1987).

Consideration should also be given to the mediating role of emotions in the relationship between CSR practices and consumer behavior. It is reasonable to expect that negative emotions play a central role in the CSR negative context, and likewise that positive emotions feature prominently in the CSR positive context, with both being associated in CSR hybrid contexts. An explanation for these responses may be found in the category of moral emotions. Morality can be defined as judgments that “must bear on the interest or welfare either of society as a whole or at least of persons other than the judge or agent” (Gewirth 1984: 978). Moral emotions are therefore those activated in moral contexts that prompt individual moral behavior, clearly connected to the interests of others (Haidt 2003). For the negative situation we have chosen to focus on the emotion anger, given that it is a typical reaction to unjustified insult and can be triggered on one’s own or other’s behalves (Haidt 2003), while for the positive context we concentrate on gratitude, in being a classic example of a positive valenced affect experienced in response to the benevolence of another. Gratitude is experienced especially when the recipient considers the benefits received as unexpected and/or costly to the “benefactor” (Tangney, Stuewig, and Mashek 2007).

RESEARCH HYPOTHESES

We hypothesize that ethnocentrism plays a central role in moderating the overall effect of CSR practices on consumers’ word of mouth behavior in contexts characterized by total or partial outsourcing of domestic jobs abroad (negative and hybrid CSR practices). Given that in these contexts ethnocentric consumers can perceive a threat to them as well as the group they belong to (home country), we predict that their evaluation of the company’s decision is heavily influenced by their level of ethnocentrism.

H1: *The negative effect of the decision to outsource domestic jobs abroad (negative CSR practice) on consumers’ word of mouth is moderated by consumers’ ethnocentrism.*

H2: *The negative effect of the decision to partially outsource domestic jobs abroad (hybrid CSR practices) on consumers’ word of mouth is moderated by consumers’ ethnocentrism.*

We also predict that a company’s decisions on outsourcing often give rise to moral emotions. Given that these choices closely relate to consumers’ sense of national belonging and what they perceive to be in the interests of their country, we hypothesize that these moral emotions play a mediating role in the moderated effect between the “CSR practices–to–word of mouth” connection. We examine the role of the negative moral emotion of anger in the negative CSR context, and both anger and the positive moral emotion of gratitude in hybrid CSR contexts, where the appraisal of situations characterized by both positive and negative corporate practices can activate mixed feelings (Ruth, Brunel, and Otnes 2002).

H3: *The negative moral emotion of anger has a mediating role in the moderated negative effect of the decision to outsource domestic jobs abroad (negative CSR practice) on consumers’ word of mouth.*

H4: *The moral emotions of gratitude and anger have a mediating role in the moderated negative effect of the decision to partially outsource domestic jobs abroad (hybrid CSR practices) on consumers’ word of mouth.*

We can hypothesize that the role of ethnocentrism differs in the positive CSR context. In this case, the lack of a direct “threat” to domestic jobs would suggest an absence of the overall moderation of ethnocentrism. Here, we would expect the positive moral emotion of gratitude to have a mediating role in the “CSR practices–to–word of mouth” connection. Although we can expect ethnocentrism to have a reduced role in the positive context compared to that negative or hybrid, it may still have an influence on eliciting moral emotions and/or consumer actions.

H5: *The positive moral emotion of gratitude has a mediating role in the positive effect of the decision to support the national economy (positive CSR practice) on consumers’ word of mouth. Consumers’ ethnocentrism moderates this mediating process.*

METHOD

The methodological approach adopted for testing the above hypotheses involves the use of an experimental design, conducted on Italian consumers. Pretests were conducted in order to select both the product and foreign country where the manufacture and/or design of the product is/are delocalized.

Pretests. First, subjects were asked to rate their overall level of knowledge of three different products chosen as representative of three diverse product categories (so as to ensure a wide range of initial possible options): a digital camera (electronic); a pair of sunglasses (fashion); and ceramic tiles (technical). In each pretest, performed separately on each of the products, the consumers rated their knowledge on a seven-point scale: sunglasses ($n = 30$; $M = 4.00$, $std = 0.95$); digital camera ($n = 30$; $M = 3.57$, $std = 1.19$); ceramic tiles ($n = 30$; $M = 3.23$; $std = 0.94$). In conclusion, the final product selected, with the highest level of knowledge among respondents, was sunglasses. Regarding the choice of foreign setting for the product’s delocalized manufacture and/or design, we asked respondents to rate, on a seven-point scale, ten countries (Australia, Belgium, China, France, Japan, the UK, Morocco, Russia, Spain, and the USA) in terms of their ability in the manufacturing and, independently, design of the product ($n = 30$). The country selected, resulting as being considered the least skilled in both fields, was Morocco ($M = 2.03$, $std = 1.10$ as manufacturer; $M = 1.33$, $std = 0.61$ as designer). This choice is based on the need to put emphasis on the negative aspects of corporate behavior related to the outsourcing of labor (the company decision is motivated by purely economic motives and unrelated to workers’ skills).

Procedure and subjects. In order to cover the relevant CSR contexts - (1) positive CSR: support of national economy (CD Italy/ CM Italy); (2) negative CSR: total outsourcing of domestic jobs abroad (CD Morocco / CM Morocco); (3) hybrid CSR: partial outsourcing of domestic jobs abroad (CD Italy / CM Morocco; CD Morocco / CM Italy) - and to test our hypotheses, we employed a 2 (CDs) \times 2 (CMs) between-subjects design.

Initially, participants were provided with some background information about a fictitious company that produces and sells sunglasses, and then presented with a scenario of this company’s CSR policies regarding support of the national economy. After reading this description, participants completed the relevant questionnaire, were debriefed and then thanked.

The participant group, randomly assigned to conditions, consisted of a sample of 339 consumers, both male (49.6%) and female (50.4%), with a mean age of 39. Of this sample, 70 questionnaires were collected for the control condition (without information on the company's outsourcing practices).

Dependent variables. All dependent variables were assessed using a scale from one to seven. First, subjects were asked to express the degree to which they felt given emotions based on the information they had just read, and then rate their intentions to practice word of mouth about the company. Subjects then responded to questions designed to measure their level of ethnocentrism and check for manipulation, and indicated their age and gender.

Moral emotions. Subjects were asked to express the degree to which they felt each of the given emotion descriptors on the basis of the information they had just read, using measures selected from the literature (Laros and Steenkamp 2005; Richins 1997; Shaver et al. 1987). The items used for anger are angry and very annoyed ($r = 0.94$), and for gratitude, thankful and feeling appreciation ($r = 0.78$). The items measuring the same emotions were averaged to form the emotions indexes.

Consumer worth of mouth. Subjects were asked to express their degree of agreement with various statements, aimed at measuring their intention to practice word of mouth: "I intend to recommend this company's products to friends, relatives, and acquaintances," "I intend to talk well of this company to friends, relatives, and acquaintances," and "I intend to mention this company to friends, relatives, and acquaintances" ($\alpha = 0.96$).

Ethnocentrism. Following Ouellet (2007), ethnocentrism was measured using four items selected from the CET scale (Shimp and Sharma 1987): "A good citizen does not buy foreign products," "It is not right to purchase foreign products because it puts us out of jobs," "We should purchase products manufactured in our country instead of letting other countries get rich off us," and "We should buy from foreign countries only those products that we cannot obtain within our own country" ($\alpha = 0.93$).

Manipulation checks. The final section of the questionnaire controls for manipulation, by asking respondents to recall where the product in question was designed and manufactured, and rate their perception of the company's CSR practices regarding outsourcing.

RESULTS

A comparison was made between the experimental and control groups (Gurhan-Canli and Maheswaran 2000a), and no systematic effects were observed with gender and age as covariates.

Manipulation checks. Participants correctly recalled the product's CD and CM in each experimental condition. An ANOVA on the perception of the company's CSR practices (Tab. 1) revealed a clear differentiation between the four groups ($F(3, 265) = 68.56, p < .005$). Post hoc analysis revealed significant differences between the negative condition (CM Morocco / CD Morocco) and all the other (hybrid and positive) conditions; the positive condition (CM Italy / CD Italy) and all the other (hybrid and negative) conditions; and no differences between the two hybrid conditions (CM Morocco / CD Italy; CM Italy / CD Morocco) ($t = .421; p = 0.67$).

Table 1. Means (std deviations) of consumers' perceptions of the company's CSR practices

	CD Italy	CD Morocco
CM Italy	6.31 (0.85)	4.19 (1.12)
CM Morocco	4.27 (1.16)	3.42 (1.45)

Note – cell size ranges from $n = 59$ to $n = 70$

Word of mouth. First, we tested the bearing of CSR practices on consumers' word of mouth by comparing two groups: one corresponding exclusively to the control condition (with no information on the company's CSR practices); and a second, complete with all the other conditions. A t-test on the consumers' word of mouth index revealed that CSR decisions do indeed have a significant impact ($t = 5.34, P < .005$). An ANOVA on negative word of mouth revealed a great differentiation between the groups ($F(4, 334) = 50.28, p < .005$). Post hoc analysis revealed significant differences between the negative CSR condition (CM Morocco / CD Morocco) and all the other (hybrid and positive) conditions; the positive CSR condition (CM Italy / CD Italy) and all the other (hybrid and positive) conditions; and no differences between the two hybrid conditions (CM Morocco / CD Italy; CM Italy / CD Morocco) ($t = 1.38; p = 0.17$).

We then tested our research hypotheses by analyzing the role of moral emotions in the "CSR practices-to-word of mouth" connection. Tables 2 and 3 present the resulting means and standard deviations of the dependent variable and moral emotions for each experimental condition.

Table 2. Means (standard deviations) of word of mouth

	CD Italy	CD Morocco
CM Italy	5.73 (1.17)	3.35 (1.40)
CM Morocco	3.67 (1.33)	2.85 (1.45)
Control group	5.01 (1.44)	

Note – cell size ranges from $n = 59$ to $n = 70$

Table 3. Means (standard deviations) of moral emotions

		CD Italy	CD Morocco
anger gratitude	CM Italy	1.38 (.73)	3.19 (1.97)
	CM Morocco	5.32 (1.50)	2.41 (1.59)
anger gratitude	CM Morocco	2.71 (1.88)	3.52 (2.24)
	CM Morocco	2.96 (1.72)	1.80 (1.08)
anger gratitude	Control group (no CO information)	1.69 (1.14)	
	Control group (no CO information)	3.74 (1.81)	

Note – cell size ranges from $n = 59$ to $n = 70$

In order to detect the role of moral emotions in explaining consumers' word of mouth within the experimental sets, we followed the approach of Muller, Judd, and Yzerbyt (2005) in analyzing the moderated mediation and mediated moderation processes. The relevant variables are: (1) the manipulated independent variable X (the company's outsourcing policies: the product's CM and CD), indicating the different experimental conditions; (2) the outcome variable Y (word of mouth), measuring the response of participants presumed to be affected by the treatment; (3) the mediating variables Me (moral emotions), which are also responses expected to be influenced by the treatment; and (4) the continuously measured moderating variable, Mo (ethnocentrism), an individual difference variable assumed to be unaffected by the treatment.

The *mediated moderation* process can only occur when moderation takes place. Given that the magnitude of the overall treatment effect on the outcome depends on an individual difference (in this case, ethnocentrism), then the question of mediated moderation is concerned with the mediating process that is responsible for that moderation. The *moderated mediation* process occurs if the mediating process responsible for producing the effect of the treatment on the outcome depends on the moderator variable value. Given that the moderator is an individual difference variable, in this case the mediating process that intervenes between the treatment and outcome varies according to people's different levels of ethnocentrism.

There are three models that underlie both these processes (Muller, Judd, and Yzerbyt 2005). The first assesses the moderation of the overall treatment effect:

$$Y = \beta_{10} + \beta_{11}X + \beta_{12}Mo + \beta_{13}XMo + \epsilon_1 \quad (1)$$

The second allows the treatment effect on the mediator to be moderated:

$$Me = \beta_{20} + \beta_{21}X + \beta_{22}Mo + \beta_{23}XMo + \epsilon_2 \quad (2)$$

And the third allows both the mediator's (partial) effect on the outcome and the residual effect of the treatment on the outcome, controlling for the mediator, to be moderated:

$$Y = \beta_{30} + \beta_{31}X + \beta_{32}Mo + \beta_{33}XMo + \beta_{34}Me + \beta_{35}MeMo + \epsilon_3 \quad (3)$$

In all three models, *X* and *Mo* are uncorrelated and all the variables are centered at their mean, with the exception of the outcome (Muller et al. 2005). In distinct analyses for each moral emotion (gratitude and anger) we estimated models 1 through 3 to demonstrate mediated moderation and moderated mediation processes.

Mediated moderation. In model 1, we would expect β_{13} to be significant, indicating overall treatment moderation; in models 2 and 3, either (or both) of two patterns should exist: both β_{23} and β_{34} and/or both β_{21} and β_{35} are significant. In addition, the moderation of the residual treatment effect β_{33} should be reduced in magnitude compared with that of the overall treatment effect. In order to understand the mediated moderation effect, the following calculations prove useful:

the simple effects of treatment on the mediator (emotion) at values of one *SD* above and below the moderator (ethnocentrism) mean score: $\beta_{21} + (\beta_{23} * \pm SD_{Mo})$ (4)

the simple effect of the mediator on word of mouth at values of one *SD* above and below the ethnocentrism mean score: $\beta_{34} + (\beta_{35} * \pm SD_{Mo})$ (5)

the total indirect effects through the mediator (emotion), taking the product of the two simple effects (4) and (5) for each of the two ethnocentrism values

Moderated mediation. In model 1, we would expect β_{11} to be significant, whereas not β_{13} . In models 2 and 3, either (or both) of two patterns should exist: both β_{23} and β_{34} and/or both β_{21} and β_{35} are significant. In consequence the residual treatment effect

should now be moderated, that is, β_{33} may be significant, but this is not a necessary condition for establishing moderated mediation (Muller et al. 2005). It also proves useful to consider the following calculations:

the simple effects of the manipulation on the mediator (emotion) at one *SD* above and below the moderator mean using the following equation: $\beta_{21} + (\beta_{23} * \pm SD_{Mo})$ (4)

the simple effect of the mediator on word of mouth at values of one *SD* above and below the ethnocentrism mean score: $\beta_{34} + (\beta_{35} * \pm SD_{Mo})$ (5)

the total indirect effects through the mediator, taking the product of the two simple effects (4) and (5) for each of the two ethnocentrism values

the simple residual treatment effects at the two ethnocentrism levels: $\beta_{31} + (\beta_{33} * \pm SD_{Mo})$ (6)

Our findings, presented in Tables 4 and 5, demonstrate that consumers' ethnocentrism is capable of moderating the overall negative effect of corporate decisions regarding the total/partial outsourcing of domestic jobs abroad (negative/hybrid CSR practices) on consumers' word of mouth behavior, supporting H1 and H2.

We can also observe that, in the negative CSR context, the negative moral emotion of anger is capable of influencing word of mouth communication through a mediated moderation process, thus supporting H3. The effect of negative CSR practice on negative word of mouth interacting with the emotion of anger, is greater when the level of ethnocentrism is high (-0.57) compared to low (-0.39). After controlling for the mediator and its interaction with the moderator the residual direct effect of the manipulation on the outcome results as -0.57 (reduced from -0.63).

In the two hybrid CSR contexts both the moral emotions of gratitude and anger prove capable of affecting word of mouth through mediated moderation processes, thus supporting H4. In the first (CM Morocco / CD Italy), the effect of mixed CSR practices on word of mouth, interacting with the emotion of anger, is greater when the level of ethnocentrism is high (-0.46) compared to low (-0.04). After controlling for the mediator and its interaction with the moderator, the residual direct effect of the manipulation on the outcome is less moderated by ethnocentrism at -0.38 (reduced from -0.49). In the case of gratitude, the effect can also be seen to be greater when the level of ethnocentrism is high (-0.37) compared to low (-0.01), with the residual effect reduced from -0.49 to -0.41. In the second hybrid CSR context (CM Italy / CD Morocco), the effect on word of mouth interacting with the emotion of anger, is greater when the level of ethnocentrism is high (-0.62) compared to low (-0.14), with the residual effect reduced from -0.55 to -0.43. And again for gratitude the effect is greater when the level of ethnocentrism is high (-0.45) rather than low (-0.25), the residual effect is reduced from -0.55 to -0.49.

Table 4. The mediated moderation and moderated mediation processes

	Process	Emotions	
		Gratitude	Anger
Set 1 – positive CSR (CM Italy / CD Italy)	$b_{13} = -.01$, sig.=ns Moderated Mediation	$b_{21} \neq 0$ and $b_{35} \neq 0$	No hypothesized effect
Set 2 – hybrid CSR (CM Italy / CD Morocco)	$b_{13} = -.55$, sig.=.00 Mediated Moderation	$b_{23} \neq 0$ and $b_{34} \neq 0$	$b_{23} \neq 0$ and $b_{34} \neq 0$
Set 3 – hybrid CSR (CM Morocco / CD Italy)	$b_{13} = -.49$, sig.=.00 Mediated Moderation	$b_{23} \neq 0$ and $b_{34} \neq 0$	$b_{23} \neq 0$ and $b_{34} \neq 0$
Set 4 – negative CSR (CM Morocco / CD Morocco)	$b_{13} = -.63$, sig.=.00 Mediated Moderation	No hypothesized effect	$b_{23} \neq 0$ and $b_{34} \neq 0$

Table 5. Simple and total effects in mediated moderation and moderated mediation processes

		High ethnocentrism	Low ethnocentrism
Set 1 - CM Italy / CD Italy			
Gratitude	simple effect of the manipulation on the mediator	$1.47 + (0.04 \cdot 1.75) = \mathbf{1.54}$	$1.48 + (0.04 \cdot -1.75) = \mathbf{1.40}$
	simple effect of the emotion on WOM	$0.30 + (-0.04 \cdot 1.75) = \mathbf{0.23}$	$0.30 + (-0.04 \cdot -1.75) = \mathbf{0.37}$
	total indirect effect	$1.54 \cdot 0.23 = \mathbf{0.35}$	$1.40 \cdot 0.37 = \mathbf{0.52}$
	simple residual treatment effect	$0.17 + (0.04 \cdot 1.75) = \mathbf{0.24}$	$0.17 + (0.04 \cdot -1.75) = \mathbf{0.10}$
Set 2 - CM Italy / CD Morocco			
Gratitude	simple effect of the manipulation on the mediator	$-1.36 + (-0.37 \cdot 1.90) = \mathbf{-2.06}$	$-1.36 + (-0.37 \cdot -1.90) = \mathbf{-0.66}$
	simple effect of the emotion on WOM	$0.30 + (-0.04 \cdot 1.90) = \mathbf{0.22}$	$0.30 + (-0.04 \cdot -1.90) = \mathbf{0.38}$
	total indirect effect	$-2.06 \cdot 0.22 = \mathbf{-0.45}$	$-0.66 \cdot 0.38 = \mathbf{-0.25}$
Anger	simple effect of the manipulation on the mediator	$1.62 + (0.63 \cdot 1.90) = \mathbf{2.82}$	$1.62 + (0.63 \cdot -1.90) = \mathbf{0.42}$
	simple effect of the emotion on WOM	$-0.28 + (0.03 \cdot 1.90) = \mathbf{-0.22}$	$-0.28 + (0.03 \cdot -1.90) = \mathbf{-0.34}$
	total indirect effect	$2.82 \cdot -0.22 = \mathbf{-0.62}$	$0.42 \cdot -0.34 = \mathbf{-0.14}$
Set 3 - CM Morocco / CD Italy			
Gratitude	simple effect of the manipulation on the mediator	$-0.82 + (-0.43 \cdot 1.84) = \mathbf{-1.61}$	$-0.82 + (-0.43 \cdot -1.84) = \mathbf{-0.03}$
	Simple effect of the emotion on WOM	$0.30 + (-0.04 \cdot 1.84) = \mathbf{0.23}$	$0.30 + (-0.04 \cdot -1.84) = \mathbf{0.37}$
	total indirect effect	$-1.61 \cdot 0.23 = \mathbf{-0.37}$	$-0.03 \cdot 0.37 = \mathbf{-0.01}$
Anger	simple effect of the manipulation on the mediator	$1.10 + (0.53 \cdot 1.84) = \mathbf{2.08}$	$1.10 + (0.53 \cdot -1.84) = \mathbf{0.12}$
	Simple effect of the emotion on WOM	$-0.28 + (0.03 \cdot 1.84) = \mathbf{-0.22}$	$-0.28 + (0.03 \cdot -1.84) = \mathbf{-0.34}$
	total indirect effect	$2.08 \cdot -0.22 = \mathbf{-0.46}$	$0.12 \cdot -0.34 = \mathbf{-0.04}$
Set 4 - CM Morocco / CD Morocco			
Anger	simple effect of the manipulation on the mediator	$1.86 + (0.37 \cdot 1.96) = \mathbf{2.59}$	$1.86 + (0.37 \cdot -1.96) = \mathbf{1.14}$
	simple effect of the emotion on WOM	$-0.28 + (0.03 \cdot 1.96) = \mathbf{-0.22}$	$-0.28 + (0.03 \cdot -1.96) = \mathbf{-0.34}$
	total indirect effect	$2.59 \cdot -0.22 = \mathbf{-0.57}$	$1.14 \cdot -0.34 = \mathbf{-0.39}$

In the positive CSR context, findings show that consumers' ethnocentrism is not capable of moderating the overall positive effect of the company decision to support the national economy on consumers' word of mouth. The moral emotion of gratitude results as affecting consumers' word of mouth through a moderated mediation process, and consumer ethnocentrism is capable of moderating this mediating process, thus supporting H5. In this context, the simple effects of the manipulation on the mediator gratitude, regardless of the ethnocentrism level, reveal that this emotion is increased (1.54 for high ethnocentrism; 1.40 for low ethnocentrism). We also calculated the simple effects of gratitude on word of mouth (0.23 for high ethnocentrism; 0.37 for low ethnocentrism). By taking the product of the two simple effects for each of the levels of ethnocentrism, we were able to calculate the overall indirect effect through gratitude (0.35 for high ethnocentrism; 0.52 for low ethnocentrism). The simple residual treatment effect for the high ethnocentrism condition is 0.24 and 0.10 for the low. These results reveal that the indirect effect, through the mediator, is greater when ethnocentrism is low rather than high. In fact, the experimental treatment has a greater effect on gratitude in the high rather than low ethnocentrism condition, whereas the effect of this emotion on word of mouth is stronger in the presence of low ethnocentrism.

DISCUSSION

This research attempts to increase our understanding of consumer reactions in terms of word of mouth to different CSR decisions regarding the outsourcing of domestic jobs abroad, while taking account of the mediating role of positive and negative moral emotions and the moderating role of consumer ethnocentrism. Notably, our analysis of emotions and ethnocentrism is completely new in the CSR research field, and furthermore, we include a rare

examination of hybrid CSR contexts in addition to those typically positive and negative.

We are able to verify a model linking CSR practices to consumers' word of mouth behavior, adopting the approach of Muller, Judd, and Yzerbyt (2005) in analyzing the moderated mediation and mediated moderation processes. In the positive CSR context, the emotion gratitude proves important in explaining the impact of company practices on consumer word of mouth through a moderated mediation process, with ethnocentrism playing a significant role in influencing the effect of gratitude on the outcome. Subjects with high levels of ethnocentrism result as being less likely to engage in word of mouth compared to those with low levels. This would appear to suggest that the company decision to support the national economy in maintaining a domestic work-force is seen quite simply as fair practice and not worthy of particular "celebration" for highly ethnocentric individuals, whereas it is more note-worthy for those with low levels of ethnocentrism, making them more likely to engage in word of mouth about the company.

In the negative and hybrid CSR contexts (total/partial outsourcing of domestic jobs abroad), findings show that ethnocentrism does have a moderating role in the "CSR practices-to-word of mouth" connection. Notably, individuals with high levels of ethnocentrism result as having less intention of engaging in word of mouth compared to those with low levels. In the negative CSR context, the emotion anger proves important in explaining the moderated influence of company practices on consumer word of mouth behavior. In the two hybrid CSR contexts, both anger and gratitude play a mediating role in the moderated influence of company practices on consumer word of mouth. It is interesting to note a difference that emerges between these two hybrid contexts. In the case of Morocco as the CM and Italy as the CD, the negative effect on word of mouth for consumers with low levels of ethnocentrism is negligible, whereas

in the reverse condition (CD Morocco / CM Italy) it is manifest, even for this group of subjects. The explanation for this possibly lies in the different consumers' perceptions of these two hybrid conditions. It appears that the outsourcing of design is perceived as a greater threat to the home country than manufacturing. The context used for analysis probably determines this specific result. The fact that Italy boasts a long tradition in fashion and design makes it possible to speculate that Italian consumers perceive the outsourcing of product design to Morocco as more negative than the manufacturing alone, and are thus more likely to react to it.

Another interesting result warranting further discussion concerns the presence of both positive and negative emotions in the hybrid contexts. How consumers act in the presence of mixed emotions remains an open issue in consumer research and marketing (Ruth et al. 2002). This situation can lead to inconsistent behavioral responses, but our findings suggest that consumers tend to reduce their intention to make word of mouth, overcoming the conflict and favoring the negative reaction. The only CRS context in which these mixed emotions are capable of inhibiting action in individuals with low levels of ethnocentrism is, as mentioned above, that where Morocco is the CM and Italy the CD. This preliminary evidence merits further examination in future research.

There are a number of intrinsic limits to this study which suggest possible directions for additional research. One such limitation regards our scenario-based approach, with participants giving their reactions to various descriptions of CSR practices under experimental conditions. It is likely that subjects pay more attention to these descriptions than if they had come across them in an everyday context such as a newspaper or magazine. Furthermore, respondents were prompted to express their emotional reactions and intentions regarding word of mouth immediately after reading these descriptions. Both these aspects suggest that the possible effect of CSR practices would be stronger in this artificial situation compared to in real life. Replicating this study under more natural conditions would undoubtedly provide a more conservative test. Another limitation relates to the fact that this paper focuses on a selected sub-area of CSR practices. The taking of other CSR domains into consideration would certainly broaden the perspective examined here. And lastly, future research on consumers' reactions to corporate outsourcing decisions from an intercultural and not purely Italian perspective would probably also prove to be of great relevance.

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