#### **ORIGINAL PAPER**



# Silent Majority: How Employees' Perceptions of Corporate Hypocrisy are Related to their Silence

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#### **Abstract**

Extant studies of corporate hypocrisy have largely overlooked its implications for employees until recently. Drawing upon social information processing theory, we theorize the impact of corporate hypocrisy on employee silence—an employee behavior potentially detrimental to both organizations and society, as well as the underlying mediating and moderating mechanisms. We empirically tested our hypotheses with two studies. In Study 1, we found that corporate hypocrisy was positively related to employee silence through both employee cognitive trust and employee prosocial motivation. In Study 2, we revealed that consumer pressure weakened the mediating roles of employee cognitive trust and prosocial motivation, while regulatory pressure strengthened these roles. Overall, this study sheds light on whether, how, and when employees remain silent when they perceive corporate hypocrisy. Implications for theory and practice are discussed.

**Keywords** Corporate hypocrisy · Employee silence · Cognitive trust · Prosocial motivation · Consumer pressure · Regulatory pressure

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## Introduction

The 2015 emission scandal involving Volkswagen—a company that had previously been self-proclaimed and recognized by others as a top ethical manufacturer—shocked the world. It unveiled the depths of Volkswagen's hypocrisy and the "fallacious silence" of its employees (Khan & Howe, 2021, p.325). Corporate hypocrisy, which refers to the discrepancy between a firm's actions and what it preaches (Wagner et al., 2009), was starkly evident in the Volkswagen scandal. Although this scandal garnered massive media attention and may appear extreme, similar ethical lapses are not rare in organizations. Nor is it uncommon for employees to remain silent when witnessing such lapses. The General Motors ignition scandal and the France Telecom suicide case also involved failed or flawed voice systems (Kim & Rim, 2023). A study examining corporate hypocrisy through employee responses to workplace energy waste, revealed a typical pattern. When asked, employees "usually don't engage in discussion or argument about it" (Yang et al., 2020, p. 341). This observation raises a compelling question: Is there a connection between corporate hypocrisy and employee silence?

Employee silence is defined as employees' intentional withholding of ideas, information, opinions, or concerns



about potential problems related to improvements in work and organizations (Tangirala & Ramanujam, 2008). Research on employee silence has shown that it is a form of unethical behavior that allows minor crises to escalate into major scandals (Chen & Treviño, 2023). This underscores the importance of gaining a deeper understanding of how and why employee silence occurs. While the employee silence literature has examined many causes of employee silence, it tends to focus on employee dispositions, beliefs, attitudes, and leader behaviors such as authentic and abusive leadership (Detert & Burris, 2007; Guenter et al., 2017; Kiewitz et al., 2016; Morrison, 2014; Xu et al., 2015), paying undue attention to the role of unethical organizational practices. Yet, unethical organizational practices can influence employees' attitudes towards unethical practices, subsequently affecting their behavior (Amore et al., 2023; Kim & Rim, 2023). Given that corporate hypocrisy often manifests in unethical practices within firms' marketing or corporate social responsibility (CSR) initiatives (Brunsson, 1989; Losada-Otálora & Alkire, 2021), we argue that it constitutes a significant organizational context influencing employees' decisions to either voice or withhold potentially valuable information. Recent research has explored how unethical practices impact employees through an attention-shifting mechanism that is central to social information processing (SIP) theory (Fehr et al., 2020; Salancik & Pfeffer, 1978). Similarly, we predict that corporate hypocrisy may shift employees' attention to the negative consequences of breaking silence.

Moreover, there is insufficient investigation of the underlying mechanism that explains the association of one's encounter with unethical practices and their subsequent silence response. Of the limited studies in this direction, they mainly focus on one mediation pathway, such as emotional exhaustion (Xu et al., 2015), or psychological distress (Park et al., 2018), which captures only self-oriented role effects. From a SIP theory perspective, in addition to the role effects, people might make other-oriented social evaluations at the workplace that are valuable for goal pursuit (Chen et al., 2013). A fuller understanding of how employee silence is underpinned by social information requires the investigation of multi-faceted salient information in the process.

Therefore, we draw on two mechanisms of information saliency—the social-evaluating mechanism (Lu et al., 2019) and the role-modeling mechanism (Chen et al., 2020), to elucidate how corporate hypocrisy can lead employees to choose silence. Frist, a primary social evaluation of hypocritical organizations links their failure to fulfill their stated promises to deficiencies in their capabilities, which are pivotal in the erosion of cognitive trust (McAllister, 1995). Weakened cognitive trust then offers key insights to employees about the reduced effectiveness and heightened risk or unpredictability of speaking up at work (Latan et al.,

2021; Lu et al., 2019), culminating in increased employee silence. Second, hypocritical organizations set a negative role model for employees, which might inspire them to emulate such unethical and self-centered behaviors (Lu et al., 2022; Yang et al., 2020). Such an environment may suppress employees' prosocial motivation—the inherent desire to exert effort for the benefit of others (Grant, 2008). In turn, employees with lower prosocial motives may focus more on personal gain and risk assessment, increasing the likelihood of their remaining silent about organizational issues (Lebel & Patil, 2018). These pathways represent the two primary mechanisms of silence, i.e., altering the employee's risk-efficacy calculus regarding silence and diminishing employee prosocial motivation (Morrison et al., 2011; Morrison, 2014).

External pressures to ensure firms' consistency between their words and deeds can influence the behavior of both firms and their employees (Yang et al., 2020). These pressures predominantly arise from consumers and regulators, with a particular emphasis on social responsibility, notably concerning environmental protection (Yang et al., 2020; Zhang & Zhu, 2019). Drawing from the rationalization tenet of SIP theory, which suggests that social contexts require individuals to formulate acceptable reasons for their behaviors (Nielsen & Colbert, 2022), we propose that employees might adjust their reactions to corporate hypocrisy based on the prevailing context. In situations with heightened consumer pressure, employees may view corporate hypocrisy as a market-driven necessity to counter potential performance issues and protect in-group benefits (Schons & Steinmeier, 2016). This perspective could lead employees to be more forgiving of such behavior, thereby mitigating the negative social-evaluative and role-modeling repercussions of corporate hypocrisy. Conversely, intensified regulatory pressure could make it harder for employees to excuse corporate hypocrisy, as it is more likely to be seen as a violation of legal or societal standards (DeCelles & Aquino, 2020) and as acting against the interests of organization members (Kundro & Nurmohamed, 2021). Therefore, the adverse social-evaluative and role-modeling effects of corporate hypocrisy could intensify under heightened regulatory pressure. We propose that these contrasting pressures will differentially shape the associations between corporate hypocrisy, employee cognitive trust, and prosocial motivation.

Our study makes three major contributions. Firstly, by identifying corporate hypocrisy as a significant organizational factor influencing employee behavior, we deepen the understanding of the antecedents of employee silence. Previous studies have mainly focused on reasons for maintaining silence, such as avoiding workplace conflicts (Xu & Lam., 2015), while overlooking the moral conflicts arising from organization's unethical practices. Our study



not only broadens the scope of unethical factors influencing silence but also responds to calls for research into the negative aspects of corporate hypocrisy in the context of ethics. Secondly, utilizing SIP theory (Salancik & Pfeffer, 1978), we illuminate two cognitive pathways through which corporate hypocrisy fosters employee silence: the erosion of employee cognitive trust and prosocial motivation. We identify the activation of social-evaluation and rolemodeling mechanism as critical pathways that translate an employee's perception of corporate hypocrisy into silence at work. This deepens our grasp of the underlying mechanisms that drive silence. Lastly, our study explores consumer and regulatory pressures as contextual factors influencing the relationship between corporate hypocrisy and employee silence. These boundary conditions enrich our understanding of how social contexts shape workplace dynamics and behaviors. Crucially, our study highlights the notion that stakeholder pressures can have diverse effects at the employee level, thereby contributing to the emerging literature on the (in)tolerance of corporate hypocrisy (Kougiannou & O'Meara Wallis, 2020).

## **Literature Review and Hypotheses Development**

## **Corporate Hypocrisy and Employee Silence**

Corporate hypocrisy is a severe charge for organizations because it challenges organizational moral standards (Antonetti et al., 2020). When organizations engage in 'greenwashing' (Pizzetti et al., 2021) or legitimacyseeking behaviors (Yang et al., 2020), they are considered to be hypocritical because their symbolic expressions of conduct differ from their actual behaviors (Higgins et al., 2020). According to SIP theory (Salancik & Pfeffer, 1978), individuals utilize salient information from their work environments to interpret events and decide how to behave. As internal stakeholders, employees are attentive to their organization's hypocritical practices or word-deed misalignments (Babu et al., 2020). This crucial information aids employees in assessing the efficacy and risk of speaking up (Kiewitz et al., 2016). Prior studies indicate that employees perceiving corporate hypocrisy may use explicit disengagement strategies, such as turnover (Scheidler et al., 2019) and disengagement from individual social responsibility (Babu et al., 2020). In our study, we contend that employees may employ an implicit disengagement strategy, i.e., silence, in response to corporate hypocrisy.

Drawing from the attention-shifting mechanism of SIP theory (Chen et al., 2013), we argue that corporate hypocrisy cues shift employees' attention to the unfavorable aspects of work amplifying the futility and risk of speaking up. Corporate hypocrisy perceptions arise from two distinct conceptual routes driven by firms' deceptive practices and

by their inconsistent behaviors, respectively (Wagner et al., 2020). On one side, corporate hypocrisy is particularly pronounced for a company that preaches in bad faith, as any claim of morality made to satisfy ulterior self-serving motives sends immoral cues to employees (Zhao & Liu, 2022). For instance, a corporate atmosphere that upholds double moral standards sets the stage for decision-making dominated by intolerance towards failure, a culture of fear and intimidation, and tolerance for rule-breaking (Babu et al., 2020; Gaim et al., 2021). As such an environment implies the acceptability of violating moral norms (Chen et al., 2020), it redirects employees' focus towards selfinterest, making them recognize higher futility and/or risk of voicing (Zhao & Liu, 2022). Employees who perceive higher corporate hypocrisy therefore may be more likely to believe that if they report incidents truthfully, the selfinterested, immoral organization might not have the willingness to act upon these issues, and they themselves might even face repercussions from their leaders (Lips-Wiersma, 2019), especially when the collective benefit is minimal (Amore et al., 2023). Instead, silence, characterized by its avoidance nature (Sherf et al., 2021), low risk-taking, and inconspicuousness to the organization, poses minimal threat to the employee. The risk-efficacy calculus therefore suggests that it will be more rational for the employees to opt for silence in response to higher corporate hypocrisy. Furthermore, employees with a heightened perception of corporate hypocrisy are more inclined to emulate selfinterested behaviors. This makes them more likely to remain silent about workplace issues, as such silence helps them conserve their limited resources, aligning with their personal interests (Wang et al., 2020).

On the other side, corporate hypocrisy rooted in worddeed misalignments, though indicates a moral shortfall, may also send signals of resource and capability deficiencies to employees (Higgins et al., 2020), implying that companies may not be able or willing to stand by their assertions (Wagner et al., 2020). For instance, a company that touts its commitment to manufacturing quality but experiences production glitches leading to flawed shipments showcases this disconnect (Wagner et al., 2020). Such inconsistencies make employees see their organization as one incapable of matching rhetoric with actions (Effron et al., 2018). Kraatz and Zajac (2001) posit that leaders without access to necessary resources may struggle to initiate improvements, given the lack of human or financial capital. Echoing this, McClean et al. (2013) found that a manager's access to resources can significantly influence employee feedback, as resources empower managers to either take action or seriously contemplate employee suggestions. Therefore, employees perceiving their organization's lower capability of implementing changes may consider speaking-up as more futile or even risky since pointing out issues that the



organization is not able to address effectively could lead to repercussions and be misconstrued as criticism. In summary, a heightened perception of corporate hypocrisy may not only promote more self-interested behaviors of employees such as silence on workplace issues, but also alter employees' evaluation of the risks and efficacies of speaking up, pushing them towards silence. Therefore, we hypothesize that:

**Hypothesis 1** Corporate hypocrisy is positively related to employee silence.

### **Mediating Effect of Employee Cognitive Trust**

Cognitive trust describes a rational evaluation of an individual and reflects beliefs about that individual's reliability, dependability, and competency (Aryee et al., 2002). This study focuses on cognitive trust, rather than affective trust, as a mediator. SIP theory emphasizes the organization's role as a social agent. Besides the immoral dimension, a key aspect of corporate hypocrisy involves a lack of resources or capability (Chen et al., 2020). Cognitive trust significantly differs from affective trust in that it is based on a rational evaluation of the trustee's capability traits. In contrast, affective trust provides emotional security and comfort, allowing employees to trust the trustee beyond just observable evidence (Newman et al., 2014). In team settings, cognitive trust among members is established based on their belief in the group's competency and professionalism in effectively executing tasks (Lu et al., 2019).

Drawing on the social-evaluating mechanism of SIP theory (Lu et al., 2019), we posit that corporate hypocrisy erodes cognitive trust in organizations by shaping employees' evaluation of the organization's capabilities and reliability. Firstly, corporate hypocrisy signals an inability to uphold promised moral standards, hindering the development of cognitive trust in these organizations. A common explanation for the discrepancy between stated intentions and subsequent behavior is simply an inability to follow through, due to a lack of ability or resources (Monin & Merritt, 2012). For example, when employees discover evidence suggesting that their firms have not met stakeholder expectations or adequately addressed previous CSR issues (Wagner et al., 2009), and are vulnerable to reputational threats (Kang, 2021), they may perceive their firms as incompetent and shortsighted (Lauriano et al., 2021). Given that beliefs about an organization's competence are primary elements of cognitive trust (McAllister, 1995), revelations of incompetence can erode employees' cognitive trust in such organizations. Secondly, corporate hypocrisy may signal unreliability, causing employees to doubt their corporations' true intentions (Goswami & Bhaduri, 2021). As employee perceptions of corporate hypocrisy intensify, their dependence and interdependence on their corporations—both crucial for cognitive trust—may be jeopardized, leaving employees uncertain about what to expect from their corporations. For example, the unpredictable decision-making and lack of transparency in hypocritical organizations (Haack et al., 2021) make it difficult for employees to rely on their groups to achieve work goals. Since credibility serves as a primary basis for cognitive trust (McAllister, 1995), cues indicating unreliability can further erode cognitive trust in such organizations.

Further, we propose that the act of breaking silence at work hinges on employees' cognitive trust in their organizations. As the cornerstone of further information processing, the erosion of cognitive trust heightens perceptions of workplace instability by emphasizing an organization's incompetence and lack of credibility (Lu et al., 2019). This discourages employees from expressing their true feelings and concerns, as they fear rejection (Lu et al., 2019). Employees with diminished cognitive trust might perceive expressing their concerns as futile, doubting the organization's capacity or willingness to heed their suggestions (Lauriano et al., 2021; Lips-Wiersma, 2019). This perceived ineffectiveness of speaking up often results in increased employee silence, as suggested by existing studies (Detert & Burris, 2007; Knoll & van Dick, 2013; Morrison, 2014). Moreover, cognitive trust erosion can amplify employees' reservations about divulging valuable information, fearing repercussions on their standing, job security, and bonuses (Le & Nguyen, 2022). Unlike outcomes rooted in social exchange, such as performance, breaking silence is inherently risky (Sherf et al., 2021). When employees speak up, they risk being viewed as troublemakers by unpredictable organizations (Lips-Wiersma, 2019), potentially losing respect, support, facing unfavored performance evaluations, being assigned undesirable tasks or even terminated (Duan et al., 2019). Researchers have also posited that cognitive distrust suggests an organization's discouragement of employees' expression of concerns and can dampen their intention to share truthful information (Christensen et al., 2020; Tourigny et al., 2019; Wagner et al., 2020). Taken together, SIP theory suggests that perceived cognitive trust violation resulting from corporate hypocrisy is likely to cause employees to keep silent. Accordingly, we propose the following:

**Hypothesis 2** Cognitive trust mediates the positive relationship between corporate hypocrisy and employee silence

## **Mediating Effect of Employee Prosocial Motivation**

Employees' prosocial motives can spark increased effort and helping behavior (Grant, 2008). Research findings have brought to light that prosocial motivation is positively



related to organizational citizenship and supportive behavior (Ong et al., 2018; Tsachouridi & Nikandrou, 2020). Employees with prosocial concerns for their organization care about it and want to benefit from it, thus behaving positively (Lebel & Patil, 2018; Lemoine & Blum, 2021). In line with the SIP perspective, consistent exposure to and recognition of behaviors that benefit others—especially exemplified by esteemed leaders—may inspire followers to adopt similar behaviors (Eva et al., 2019). Actions by leaders that prioritize stakeholder welfare have proven especially influential in nurturing the other-focused motivations of their subordinates (Antonetti et al., 2021; Eva et al., 2019; Zhang et al., 2022).

We theorize that corporate hypocrisy is inversely related to employees' prosocial motivation at work. Negative behavioral contagion models are typically grounded in SIP theory (Foulk & Woolum, 2016; Salancik & Pfeffer, 1978). Drawing from the role-modelling mechanism of SIP theory (Chen et al., 2020), we contend that corporate hypocrisy, marked by self-interest norms, acts as a negative role model for employees. Lu et al. (2022) highlighted a contagion effect of corporate hypocrisy within organizations. They described a chain reaction in which employees, influenced by the atmosphere of hypocrisy, exhibit behaviors marked by immorality and self-interest. In this dynamic, leaders play a crucial role as conduits through which corporate unethical choices influence employees (Amore et al., 2023). Such hypocrisy communicates the organization's unethical values and norms (Zhao & Liu, 2022). Key characteristics of corporate hypocrisy include (a) overt displays of unethical practices and (b) reliance on symbolic communication (Lu et al., 2022; Yang et al., 2020). We argue that both of these patterns, as manifested in corporate hypocrisy, diminish employees' prosocial drive. Through the lens of the SIP framework, corporate hypocrisy not only exemplifies unethical organizational values but also signals that such behaviors go unpunished (Zhao & Liu, 2022). This tacit approval encourages employees to prioritize personal gains (Chen et al., 2020). Moreover, through its communications, corporate hypocrisy highlights self-serving norms, directing employees towards unethical guidelines (Zhao & Liu, 2022). Prior research in social cognition (e.g., Zhao & Liu, 2022) demonstrates that employees in hypocritical organizations often see a marked downturn in prosocial tendencies, such as withholding information, as they view the organization's hypocrisy as a blueprint to follow.

A reduction in prosocial motivation caused by perceived corporate hypocrisy is likely to manifest as more employee silence. According to SIP theory, prosocially driven employees, given their selective information processing, seek cues that allow them to continuously benefit others, even when risks are involved (Kunda, 1990). In contrast, those with lower prosocial motivation are more inward-looking, feel

less obligated to others, and therefore are less likely to act on behalf of colleagues if they do not personally gain. Employees in hypocritical organizations often sidestep moral responsibility (Zhao & Liu, 2022). Such employees, feeling less obligated, may place personal interests above organizational aims, potentially leading to unethical actions (Yan et al., 2022). While speaking-out is beneficial for organizational development (Morrison, 2014), employees with diminished prosocial motives might prioritize personal interests and opt for silence over disclosure. These employees might also believe that their voice will not bring about change, given the perception that their concerns would be dismissed by the hypocritical organization (Milliken et al., 2003). Consequently, they may not feel compelled to identify issues that could impact organizational performance (Morrison & Milliken, 2000). In conclusion, we propose that corporate hypocrisy can make employees more protective of their personal interests and thus decrease their prosocial motivation, which, in turn, dissuade them from proactive actions like speaking out. Therefore, we hypothesize the following:

**Hypothesis 3** Prosocial motivation mediates the positive relationship between corporate hypocrisy and employee silence

## **Mitigating Effects of Consumer Pressure**

Consumers can exert pressure on firms to uphold their commitments. To begin, Brunsson (1989) regarded hypocrisy as a potential corporate strategy to address varied market demands. Failure to respond to escalating customer pressure can result in organizations losing market share (Cho & Yoo, 2021; Schons & Steinmeier, 2016). Increased consumer pressure has brought about instability, making it difficult for firms to rapidly adapt to evolving consumer demands due to substantial financial implications (Sim & Kim, 2021). When faced with heightened consumer pressure, employees become more attuned to the company's external image and reputation, as market dominance is tied to both the firm's financial health and the interests of its employees (Antonetti et al., 2021). Based on the rationalization aspect of SIP theory (Nielsen & Colbert, 2022), we hypothesize that in the face of intensified consumer pressure, employees might increasingly view corporate hypocrisy as a strategy grounded in the market logic, designed to safeguard in-group interests and avert reputational or market setbacks (Antonetti et al., 2021; Haack et al., 2021).

Such an interpretation might counterbalance the detrimental effects of corporate hypocrisy on employee cognitive trust. Although corporate hypocrisy can erode cognitive trust by implying an inability to uphold conduct standards (Shea and Hawn 2019), sidestepping market



competition penalties may lead employees to view corporate hypocritical actions as defensible, representing the organization's attempts to avert market downturns. Previous research has shown that employees who can rationalize their leader's unethical behaviors, maintain alignment with that leader and feel that ongoing trust is warranted (Fehr et al., 2020). Moreover, the unsavory actions of a market-dominant employer, which benefit its members interested in working in that industry by effectively achieving performance, can restore perceptions of competence (Antonetti et al., 2021) and undermine less cognitive trust (McAllister, 1995). Consumer pressure might also convey to employees that the company is capable but opts not to uphold conduct standards for strategic concerns, thereby corroding cognitive trust in the company's abilities to a lesser degree. Considering the potential trade-off between benefits and risks, companies might prioritize achieving objectives through superior impression management strategies, such as obtaining commercial certificates, in order to meet consumers' heightened expectations and gain market trust (Testa et al., 2018). This approach proves to be a more cost-effective alternative compared to significant investments in initiatives (Sim & Kim, 2021). Therefore, corporate hypocrisy under high consumer pressure can be viewed as a strategic means towards profitability rather than reflecting an inability to fulfill its claims (Hafenbradl & Waeger, 2021).

Moreover, employees might seek to rationalize corporate hypocrisy to protect their employer from the stigma of immorality. While corporate hypocrisy can suggest an organization's moral failing (Chen et al., 2020), consumer pressure could indicate that the company's hypocritical actions are driven less by unethical motives and more by a need to safeguard their collective reputation and financial standing (Schons & Steinmeier, 2016). In this respect, Antonetti et al. (2021) show that individuals tend to be more forgiving towards market-dominant employers involved in inconsistent or unethical practices. They suggest that these organizations, with their higher market share, signal better working conditions for insiders. This compensates for the uncaring impression created by unethical incidents, thereby reducing the negative impact on perceived ethicality. Similarly, when employees observe corporate hypocrisy in response to increasing consumer pressure, they may perceive it as a necessary reaction to intense market competition, rather than as a reflection of inherent immoral motives within their organization. In such situations, preventing market failure becomes crucial, not just for maintaining the company's image, but also for protecting the well-being of its members. Indeed, prior research has found that employees tend to rationalize unethical actions of group members who are motivated by positive intentions, viewing these actions as expressions of loyalty (Kundro & Nurmohamed, 2021). Thus, employees are likely to interpret corporate hypocrisy as serving the in-group to secure benefits for organization members, not just for the firm itself. This understanding helps mitigate the negative impact of self-interest norms within firms. Consequently, consumer pressure acts as a counterbalance to the negative repercussions of corporate hypocrisy on employees' prosocial motivation. Therefore, we hypothesize the following:

Hypothesis 4 Consumer pressure negatively moderates the effect of corporate hypocrisy on employee (a) cognitive trust and (b) prosocial motivation, such that the negative direct effect is weaker when the level of consumer pressure is higher.

## **Intensifying Effects of Regulatory Pressure**

Regulatory pressure serves as another social context influencing employees' perceptions of corporate hypocrisy. We argue that heightened regulatory pressure makes it challenging for employees to rationalize corporate hypocrisy, amplifying its negative repercussions on both employee cognitive trust and prosocial motivation. People generally expect justice, desiring violations of laws or norms to be punished, in order to maintain an orderly and predictable environment (Darley & Pittman, 2003; Lerner, 1980). Under stringent regulatory conditions, employees are more inclined to view corporate hypocrisy as negatively motivated due to its higher illegitimacy. When faced with such pressure, the presence of corporate hypocrisy implies a lack of robust mechanisms to address illicit activities within the organization (Laguecir & Leca, 2022). Therefore, intense regulatory pressure could magnify employees' belief that the organization is primarily responsible for such hypocritical actions, especially when they defy basic legal standards (Alcadipani & de Oliveira Medeiros, 2020). This viewpoint further erodes their faith in the organization's capacity to tackle legal and ethical issues, presenting the organization as unpredictable and unreliable (Kanashiro & Rivera, 2019). Consequently, employees may increasingly doubt the organization's competence in fulfilling its social responsibilities and commitments (Chen et al., 2022), gradually weakening their cognitive trust (Bari et al., 2020).

In a similar vein, escalating regulatory pressure accentuates the perception of immoral intentions within hypocritical organizations (Bryant et al., 2020). Such organizations, when confronted with rigorous regulations, not only defy mandated policies (Li et al., 2023) but also risk direct legal scrutiny, potentially leading to legal penalties (Nieri, 2023). This puts their reputation and performance in jeopardy. Signal theory research indicates that signals are most persuasive when associated with high costs (Connelly et al., 2011), especially when they contravene regulatory directives (Ren et al., 2022). From a signaling perspective,



the very act of hypocrisy under intensified regulatory pressure might inadvertently disclose an organization's unethical values, given the significant risks involved (DeCelles & Aquino, 2020; Kundro & Nurmohamed, 2021). Such a signal enables employees to discern the illicit nature of corporate hypocrisy, marked by breaches of both societal and legal standards, making it difficult for them to rationalize such actions (DeCelles & Aguino, 2020; Kundro & Nurmohamed, 2021; Trevino, 1992; Trevino & Victor, 1992). This perceived loss of legitimacy could further diminish employees' sense of social value and their prosocial inclinations (Pierce & Snyder, 2015). Previous studies have demonstrated that when wrongdoing adversely impacts group members or breaches legal or societal norms, employees are less apt to shield the culprits and may perceive the implications more critically (Kundro & Nurmohamed, 2021; Latan et al., 2021). Consequently, they might reduce their supportive actions toward the organization (Dong et al., 2023). Furthermore, regulatory pressures divert employees' attention towards the organization's noncompliance with legal policies, often at the expense of the organization members' interests (Kanashiro & Rivera, 2019). Consequently, corporate hypocrisy is perceived as not serving the best interest of insiders, but rather as a selfprotection mechanism for senior executives (MacLean & Behnam, 2010), leading to a more intensely self-interested workplace atmosphere. This widespread contagion of selfinterest within the organizational environment prompts employees to prioritize actions that serve their own individual interests exclusively. Therefore, heightened regulatory pressure likely exacerbates the adverse effect of corporate hypocrisy on employee prosocial motivation. Taken together, we hypothesize the following:

**Hypothesis 5** Regulatory pressure positively moderates the effect of corporate hypocrisy on employees' (a) cognitive trust and (b) prosocial motivation, such that the negative

direct effect is stronger when the level of regulatory pressure is higher.

#### **An Integrative Moderated Mediation Model**

In the sections above, we have theorized that corporate hypocrisy is negatively related to employees' cognitive trust and prosocial motivation, as well as how consumer pressure and regulatory pressure moderate these relationships. Incorporating these arguments into the reasoning for the "corporate hypocrisy-employee cognitive trust-employee silence" (Hypothesis 2) and "corporate hypocrisy-employee prosocial motivation-employee silence" (Hypothesis 3) linkages, we further propose an integrative moderated mediation model which is presented in Fig. 1. Specifically, our model suggests that consumer pressure mitigates the indirect effects of corporate hypocrisy on employee silence through employee cognitive trust and prosocial motivation and that regulatory pressure intensifies the indirect effects of corporate hypocrisy on employees' silence through employee cognitive trust and prosocial motivation.

Hypothesis 6 Consumer pressure negatively moderates the mediating effect of employee (a) cognitive trust and (b) prosocial motivation on the relationship between corporate hypocrisy and employee silence, such that the positive indirect effect is weaker when the level of consumer pressure is higher.

Hypothesis 7 Regulatory pressure positively moderates the mediating effect of employee (a) cognitive trust and (b) prosocial motivation on the relationship between corporate hypocrisy and employee silence, such that the positive indirect effect is stronger when the level of regulatory pressure is higher.

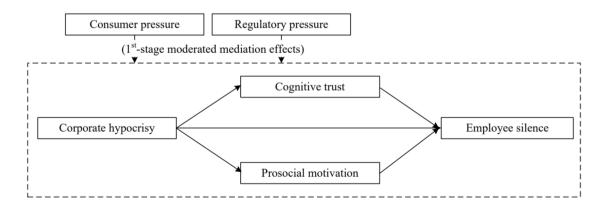


Fig. 1 The theoretical model

# **Research Overview**

We conducted two studies to test our hypotheses. In Study 1, the objective was to test the positive relationship between corporate hypocrisy and employee silence (Hypothesis 1), and the mediating effects of employee cognitive trust and prosocial motivation on this relationship (Hypotheses 2 and 3). In Study 2, we aimed to replicate and expand the findings of Study 1 to a different context with a different sample. We replicated Study 1's findings and further explored the moderation effects of different types of stakeholder pressure (i.e., consumer pressure and regulatory pressure) on the chained relationships of corporate hypocrisy—employee cognitive trust/prosocial motivation—employee silence (Hypotheses 4a, b—7a, b).

# Study 1

## **Participants and Procedure**

A purposive sampling technique proposed by Hair et al. (2010) was used to collect data from full-time employees in eleven manufacturing firms in six Chinese cities: Beijing, Shenzhen, Changsha, Zhengzhou, Kunming, and Haikou. Purposive sampling refers to the process of choosing particular individuals to take part in a study based on the knowledge of the respondent about the subject matter under investigation (Tongco, 2007). Manufacturers were selected because hypocritical 'greenwashing' is characterized as a typical industry practice and even a necessary precondition to gain legitimacy (Meng et al., 2019). Thus, manufacturing employees were selected as a target sample because this group of employees is familiar with corporate hypocrisy practices. With the help of the HR manager in each firm, we distributed 450 questionnaires and received 417 (92.7%) responses. After data screening, we excluded 21 incomplete responses. Employees were asked to report on corporate hypocrisy, cognitive trust, prosocial motivation, and employee silence, and to provide their demographic information.

The final sample consisted of 396 respondents (50.5% males). The largest age group was 18–25 (48.7%), followed by 26–35 (22.1%), and the smallest age group was greater or equal to 46 (13.1%). About 40% of the participants had received tertiary education (38.7% bachelor's degree; 2.8% postgraduate degree), followed by associate degree (31.3%), and the remaining had high school diplomas (27.8%). Almost half (47.5%) of the participants had more than 7 years of experience.



#### **Measures**

We used established scales from the literature. All scales were translated into Chinese following the back-translation procedure recommended by Brislin (1970) to ensure the internal validity of our translated scales. All items were measured on a scale of 1 (strongly disagree) to 5 (strongly agree).

## **Corporate hypocrisy**

We measured corporate hypocrisy using Wagner et al. (2009) three-item scale. A sample item is: "What my organization says and does are two different things." The Cronbach's alpha was 0.90.

# **Cognitive trust**

We measured employee cognitive trust using McAllister's (1995) five-item scale. A sample item is: "I am confident about my firm's ability to professionally operate its business." The Cronbach's alpha was 0.84.

#### **Prosocial motivation**

We measured employee prosocial motivation using Grant's (2008) four-item scale. A sample item is: "I care about benefiting others through my work." The Cronbach's alpha was 0.91.

## **Employee Silence**

We measured employee silence using Tangirala and Ramanujam's (2008) five-item scale. A sample item is: "I chose to remain silent when I had concerns about my work." The Cronbach's alpha was 0.90.

## **Control Variables**

Following Brinsfield (2013), we controlled for demographic variables, given that they may affect the core constructs and relationships in our study. Specifically, we controlled for gender because it may account for variance in employee silence (e.g., Nechanska et al., 2020). Age served as a control variable because, compared to older employees, those who are young are more likely to see the negative outcomes associated with speaking up since they have relatively low power in the organization (Milliken et al., 2003). We also controlled for organizational tenure because the length of time spent in an organization is linked to voice (Brinsfield, 2013). Finally, we controlled for education because employees with higher levels of education may have more ideas of silence breaking (e.g., Frese et al., 1999).

## **Testing for Common-method Bias**

A self-assessment approach using a single questionnaire could lead to common-method bias (CMB; Podsakoff et al., 2003). Therefore, we adopted several statistical remedies. We first used Harman's single factor test (Podsakoff & Organ, 1986) to measure the common variance in the method. The single factor does not explain more than 50% of the variance (34.29%). In addition, following Kock (2015) and Kock and Lynn (2012), a full collinearity test based on variance inflation factors (VIF) was conducted. This analysis revealed that VIF values were below the critical threshold of 3, which implies that, again, there is no indication of the existence of common method bias. Finally, we partitioned the total variance using the single unmeasured latent method factor technique, so as to verify that systematic error variance did not account for the observed relationship between the constructs (Podsakoff et al., 2003). The results in Table 1 indicated no significant improvement in fit indices  $(\Delta \chi 2 = 16.503, n.s.)$  when comparing the common method factor (CMF) model with the hypothesized four-factor measurement model. Further, the factor loadings in a model that included a CMF were compared with those in a model without such a factor (Williams & McGonagle, 2016). All factor loadings were significantly related to their respective constructs when controlling for a CMF, and the difference in loadings with and without the CMF was below 0.2 for all indicators. Taken together, common method bias was not a significant problem in our data.

## **Assessment of the Measurement Model**

The composite reliabilities are all above 0.80, revealing sufficient levels of composite reliability (Hair et al., 2010). Moreover, factor loadings of the constructs range from 0.70 to 0.95. This demonstrates that the criterion of convergent validity is met (Fornell & Larcker, 1981). The average variance extracted (AVE) values are more than 0.50, which, according to Fornell and Larcker (1981), also substantiated the convergent validity. Overall, the research constructs were found to have good measurement properties.

We ran a confirmatory factor analysis (CFA) in Mplus 8.0 (Muthén et al., 2017) to evaluate discriminant validity. As indicated in Table 1, the hypothesized four-factor measurement model (i.e., corporate hypocrisy, cognitive trust, prosocial motivation, and employee silence) showed an acceptable fit ( $\chi 2 = 270.984$ , df = 84, CFI = 0.954, TLI = 0.942, RMSEA = 0.075), which is better than those of alternative models.

## **Descriptive statistics**

Descriptive statistics and correlations are presented in Table 2.

**Table 1** Confirmatory factor analysis results in study 1

Model	χ2	df	Δχ2	CFI	TLI	RMSEA
Four-factor model (CH, CT, PM, ES)	270.984	84		0.954	0.942	0.075
Three-factor model (CH, CT+PM, ES)	687.904	88	$416.92^{*}$	0.854	0.826	0.131
Three-factor model (CH+ES, CT, PM)	744.422	87	473.438*	0.841	0.808	0.138
Three-factor model (CH+CT, PM, ES)	1036.748	87	765.764*	0.764	0.715	0.166
Three-factor model (CH, CT, PM+ES)	1214.750	87	943.766*	0.720	0.662	0.181
Two-factor model (CH+CT, PM+ES)	1961.568	89	$1690.584^*$	0.546	0.548	0.231
Single-factor model $(CH+CT+PM+ES)$	2086.758	90	$1815.774^*$	0.504	0.421	0.237
Common method factor model (CH, CT, PM, ES, ULCMF)	254.481	70	16.503	0.956	0.939	0.073

Results of alternative models not shown here are available under request; CH: corporate hypocrisy, CT: Cognitive trust, PM: Prosocial motivation, ES: Employee silence, ULCMF: An unmeasured latent common method factor

**Table 2** Means, standard deviations, and correlations in study 1

	Mean	SD	1	2	3	4
1 Corporate Hypocrisy	2.37	1.01	(0.90)			
2 Cognitive Trust	3.88	1.01	$-0.42^{**}$	(0.84)		
3 Prosocial Motivation	4.39	0.96	$-0.24^{**}$	$0.59^{**}$	(0.91)	
4 Employee Silence	2.14	0.97	0.58**	$-0.45^{*}$	$-0.35^{**}$	(0.90)

N=396;  $^*p$ <.05,  $^{**}p$ <.01; Two-tailed tests; *SD*: standard deviation; Numbers along the diagonal are Cronbach's  $\alpha$ 



p < 0.001

# **Structural Model for Testing Hypotheses**

#### Main Effect

We used the structural equation model (SEM) in Mplus 8.0 with 5000 bootstrap samples and a 95% bias-corrected and accelerated bootstrap to test our hypotheses. Before presenting results, we should note that we ran all analyses with and without controls. The pattern of results remained unchanged. Thus, we present results without controls included (Becker, 2005). To test hypothesis H1, we looked at the relationship between corporate hypocrisy and employee silence (see Table 3). The results confirmed a positive and statistically significant relationship between corporate hypocrisy and employee silence (B=0.462, SE=0.041, 95% C.I. = 0.382, 0.544). Thus, H1 was supported.

#### **Mediation Test**

We hypothesize that employee cognitive trust will mediate the relationship between corporate hypocrisy and employee silence. The results in Table 3 show that the indirect effect was significant (indirect effect = 0.066, 95% C.I. = 0.019, 0.119). Therefore, H2 was supported. Our results also supported the mediating effect of employee prosocial motivation on the linkage between corporate hypocrisy and employee silence (indirect effect = 0.031, 95% C.I. = 0.006, 0.063). H3 was therefore supported. However, corporate hypocrisy remained a significant predictor of employee silence even after accounting for employee cognitive trust and prosocial motivation, which indicates partial mediating effects of employee cognitive trust and prosocial motivation. Furthermore, comparing the strengths of the two mediating mechanisms is crucial for elucidating the primary reason behind the relationship between corporate hypocrisy and employee silence. We contrasted the social-evaluating mechanism with the role-modeling mechanism, and our empirical results show that the difference between these two mechanisms was

not statistically significant (indirect effect difference = 0.035, 95% C.I. = -0.030, 0.107).

#### Discussion

Study 1 provides initial support for our first three hypotheses using a sample of 396 full-time manufacturing firms' employees who reported prior instances of corporate hypocrisy in organizations. Specifically, we found that corporate hypocrisy related positively to employee silence. Additionally, we found that employee cognitive trust and prosocial motivation mediate the relationship between corporate hypocrisy and employee silence. However, although Study 1 has notable strengths (e.g., our design allowed for testing the proposed hypotheses while maintaining ecological validity), the one-wave survey design limited our ability to make a causal inference about the relationship of interest (Zhu et al., 2022). Nonetheless, from a theory-based causal induction perspective, employee silence has little impact on skip-level corporate hypocrisy (Hao et al., 2022). Although our findings support our arguments regarding how corporate hypocrisy influences employee silence, the observed effects of corporate hypocrisy may be affected by unmeasured contexts related to corporate hypocrisy, such as different types of stakeholder pressure. Hence, we conducted Study 2 to further test Hypotheses 4a, b-,7a, b that pertain to stakeholder pressure moderators, as well as replicating the findings in Study 1.

## Study 2

#### **Participants and Procedure**

Full-time employees in manufacturing enterprises were recruited in January 2022 by Credamo, a Chinese survey platform that charges a small amount of fees for data collection services. In total, 350 responses were returned. The survey included the measures of corporate hypocrisy, consumer

**Table 3** Summary of results for testing main, direct, and indirect effects in study 1

Hypothesis	Description of path	В	SE	95%LLCI	95%ULCI
H1	CH→ES	0.462	0.041	0.382	0.544
First stage of H2	$CH \rightarrow CT$	-0.416	0.046	-0.506	-0.326
Second stage of H2	$CT \rightarrow ES$	-0.158	0.049	-0.255	-0.061
H2	$CH \rightarrow CT \rightarrow ES$	0.066	0.026	0.019	0.119
First stage of H3	$CH \rightarrow PM$	-0.226	0.046	-0.316	-0.134
Second stage of H3	$PM \rightarrow ES$	-0.136	0.049	-0.232	-0.039
Н3	$CH \rightarrow PM \rightarrow ES$	0.031	0.015	0.006	0.063

N=396; CI: confidence interval; CH: corporate hypocrisy; CT: cognitive trust, PM: prosocial motivation; ES: employee silence; B: Unstandardized path coefficient; SE: Standard error of B; Confidence intervals for indirect effects were estimated via Monte Carlo bootstrapping; 95% CI was reported for main and indirect effects



pressure, regulatory pressure, cognitive trust, prosocial motivation, employee silence, and demographic variables. 313 (89.4%) valid responses were obtained, while 37 responses were deleted because the response time was too short (e.g., below the 60 s) or too long (e.g., above 500 s) or the same choice for all questions. In this final sample, the largest age group was 26–35 (68.1%); 48.6% were male, 63.6% had organizational tenure of more than 7 years and 41.3% had completed college education.

## Measures

In addition to all of the scales and control variables in Study 1, in Study 2 we also assessed consumer pressure and regulatory pressure. We measured consumer pressure using Cho and Yoo's (2021) three-item scale. A sample item is: "Consumers pay continuous attention to our firm's environmental practices". We measured regulatory pressure using Baah et al.'s (2020) three-item scale. A sample item is: "Government sets environmental regulations in the industries where we operate". The values of Cronbach's alpha for corporate hypocrisy (0.87), cognitive trust (0.89), prosocial motivation (0.86), consumer pressure (0.81), regulatory pressure (0.92), and employee silence (0.86) were all above the accepted standard for reliability (0.70).

#### Results

#### Testing for common-method bias

An analysis of Harman's one-factor test revealed that all explained variance was 74.468% and that the explained variance of the first factor was 28.511%, less than 50% of the total variance. Furthermore, a CFA one-factor model test showed that the model had a very poor model

fit ( $\chi 2 = 2590.669$ , df = 190, CFI = 0.350, TLI = 0.282, RMSEA = 0.201). Finally, we partitioned the total variance using the single unmeasured latent method factor technique, so as to verify that systematic error variance did not account for the observed relationship between the constructs (Podsakoff et al., 2003). The results in Table 4 indicate no significant improvement in fit indices ( $\Delta \chi 2 = 27.069$ , n.s.) when comparing the common method factor model with the hypothesized six-factor model. Therefore, common method bias was not a significant concern for this study.

#### Assessment of the measurement model

All item loadings of the measurement model are above the threshold level of 0.70. In addition, the values of composite reliability (CR) are above the permissible 0.6 threshold (Hair et al., 2010), and the average variance extracted (AVE) of all constructs are higher than the threshold level of 0.50 (Fornell & Larcker, 1981). Thus, the results indicated good reliability and convergent validity, as suggested by previous studies.

We conducted a series of confirmatory factor analyses (CFAs) to examine the validity of our measurement model with Mplus 8.0 (Muthén et al., 2017). As shown in Table 4, the six-factor measurement model provided a good fit to the data ( $\chi 2 = 370.332$ , df = 174, CFI = 0.947, TLI = 0.936, RMSEA = 0.060). It fitted our data better than alternative models, such as a five-factor model that collapsed consumer pressure and regulatory pressure into one factor ( $\chi 2 = 1054.848$ , df = 179, CFI = 0.763, TLI = 0.722, RMSEA = 0.125), and a five-factor model combining corporate hypocrisy and cognitive trust ( $\chi 2 = 718.680$ , df = 179, CFI = 0.854, TLI = 0.829, RMSEA = 0.098).

Table 4 Confirmatory factor analysis results in study 2

Model	$\chi^2$	df	Δχ2	CFI	TLI	RMSEA
Six-factor model (CH, CT, PM, ES, CP, RP)	370.332	174		0.947	0.936	0.060
Five-factor model (CH+CT, PM, ES, CP, RP)	718.680	179	348.348*	0.854	0.829	0.098
Five-factor model (CH, CT, PM+ES, CP, RP)	964.326	179	593.994*	0.787	0.751	0.119
Five-factor model (CH, CT, PM, ES, CP+RP)	1054.848	179	684.516*	0.763	0.722	0.125
Four-factor model (CH+CT, PM, ES, CP+RP)	1403.090	183	$1032.758^*$	0.670	0.672	0.146
Three-factor model $(CH+CT+PM, ES, CP+RP)$	1948.847	186	1578.515*	0.523	0.526	0.174
Two-factor model ( $CH+CT+PM$ , $ES+CP+RP$ )	2236.119	188	1865.787*	0.445	0.449	0.187
Single-factor model $(CH+CT+PM+ES+CP+RP)$	2590.669	190	$2220.328^*$	0.350	0.282	0.201
Common method factor model (CH, CT, PM, ES, CP, RP, ULCMF)	343.263	154	27.069	0.950	0.934	0.059

Results of alternative models not shown here are available under request; *CH*: corporate hypocrisy; *CT*: Cognitive trust; *PM*: Prosocial motivation; *ES*: Employee silence; *ULCMF*: An unmeasured latent common method factor: *CP*: Consumer pressure: *RP*: Regulatory pressure \*p < 0.001



## **Descriptive Statistics**

Correlations and descriptive statistics are presented in Table 5.

## Structural Model for Testing Hypotheses

#### **Main Effect**

We used the structural equation model (SEM) in Mplus 8.0 with 5000 bootstrap samples and a 95% bias-corrected and accelerated bootstrap to test our hypotheses. We ran all analyses with and without controls and the pattern of results remained unchanged. Consistent with Study 1, we present results without controls included (Becker, 2005). Table 6 presents the results of our analysis. Corporate hypocrisy had a positive and significant effect on employee silence (B=0.51, SE=0.05, 95% C.I. = 0.412, 0.608), which supported Hypothesis 1.

## **Testing the Mediation Hypotheses**

Table 6 also presents the results of the mediating effects of employee cognitive trust and prosocial motivation on the relationship between corporate hypocrisy and employee silence. The indirect effects of employee cognitive trust (B=0.052, SE=0.025, 95% C.I. = 0.021, 0.104) and

prosocial motivation (B = 0.028, SE = 0.016, 95% C.I. = 0.001, 0.064) were both significant and in line with our hypothesized directions. Hence, Hypothesis 2 and Hypothesis 3 were supported. Furthermore, we contrasted the social-evaluating mechanism with the role-modeling mechanism, and our empirical results show that the difference between these two mechanisms was not statistically significant (indirect effect difference = 0.024, 95% C.I. = -0.040, 0.091).

## **Testing the Moderation Hypotheses**

Table 7 presents the results of the moderation effects of consumer pressure and regulatory pressure. The interaction of corporate hypocrisy neither with consumer pressure (B = -0.006, n.s.) nor with regulatory pressure (B = 0.009, n.s.)n.s.) was significant in predicting employee silence. That is, we did not find significant moderation effects of consumer pressure and regulatory pressure on the main effect of corporate hypocrisy on employee silence. Besides, consumer pressure did not moderate the effect of employee cognitive trust on employee silence (B = 0.034, n.s.) or the effect of employee prosocial motivation on employee silence (B = 0.002, n.s.). Similarly, regulatory pressure did not moderate the effect of employee cognitive trust on employee silence (B = -0.060, n.s.) or the effect of employee prosocial motivation on employee silence (B = -0.080, n.s.). In contrast, the interaction of corporate hypocrisy and consumer

**Table 5** Means, standard deviations, and correlations in study 2

	Mean	SD	1	2	3	4	5	6
1 Corporate Hypocrisy	2.35	0.90	(0.87)		,		,	
2 Cognitive Trust	4.01	0.60	$-0.40^{**}$	(0.89)				
3 Prosocial Motivation	4.51	0.47	-0.23**	$0.52^{**}$	(0.86)			
4 Consumer Pressure	4.07	0.82	0.10	$-0.12^*$	-0.05	(0.81)		
5 Regulatory Pressure	3.19	1.25	-0.24**	$0.12^{*}$	0.04	0.09	(0.92)	
6 Employee Silence	2.08	0.78	$0.58^{**}$	$-0.39^{**}$	$-0.30^{**}$	$0.22^{*}$	-0.13**	(0.86

N=313;  $^*p$ <.05,  $^{**}p$ <.01; Two-tailed tests; *SD*: standard deviation; Numbers along the diagonal are Cronbach's  $\alpha$ 

**Table 6** Summary of Results for Testing Main, Direct, and Indirect Effects in study 2

Hypothesis	Description of path	В	SE	95%LLCI	95%ULCI
H1	CH→ES	0.510	0.050	0.412	0.608
First stage of H2	$CH \rightarrow CT$	-0.376	0.046	-0.468	-0.284
Second stage of H2	$CT \rightarrow ES$	-0.137	0.063	-0.261	-0.013
H2	$CH \rightarrow CT \rightarrow ES$	0.052	0.025	0.021	0.104
First stage of H3	$CH \rightarrow PM$	-0.188	0.045	-0.277	-0.099
Second stage of H3	$PM \rightarrow ES$	-0.146	0.065	-0.274	-0.018
Н3	$CH \rightarrow PM \rightarrow ES$	0.028	0.016	0.001	0.064

N=313; CI: confidence interval; CH: corporate hypocrisy; CT: cognitive trust, PM: prosocial motivation; ES: employee silence; B: Unstandardized path coefficient; SE: Standard error of B; Confidence intervals for indirect effects were estimated via Monte Carlo bootstrapping; 95% CI was reported for main and indirect effects



**Table 7** Results of Moderation Effects in Study 2

		•	
Variable	В	95%LLCI	95%ULCI
Mediator variable model: C	Т		
СН	-0.372	-0.463	-0.280
CH* CP	0.128	0.030	0.227
CH* RP	-0.186	-0.280	-0.093
Mediator variable model: Pl	M		
СН	-0.190	-0.278	-0.101
CH* CP	0.161	0.066	0.257
CH* RP	-0.108	-0.200	-0.016
Moderated Mediation Path	Indirect Effe	ect 95%LLCI	95%ULCI
CP moderating the indirect	effect of CH→	$CT \rightarrow ES$	
When CP is high	0.034	0.003	0.079
When CP is low	0.069	0.006	0.101
Difference between two conditions	-0.035	-0.080	-0.002
RP moderating the indirect	effect of CH→	$CT \rightarrow ES$	
When RP is high	0.077	0.007	0.152
When RP is low	0.027	0.002	0.062
Difference between two conditions	0.050	0.004	0.110
CP moderating the indirect	effect of CH→	$PM \rightarrow ES$	
When CP is high	0.005	-0.014	0.033
When CP is low	0.051	0.002	0.103
Difference between two conditions	-0.046	-0.099	-0.002
RP moderating the indirect	effect of CH→	$PM \rightarrow ES$	
When RP is high	0.047	0.026	0.093
When RP is low	0.013	-0.004	0.047
Difference between two conditions	0.034	0.002	0.072

N=313; Parameters were estimated with the bootstrapping method with 10,000 repetitions; *CI:* Confidence interval; *CH:* corporate hypocrisy; *CT:* Cognitive trust; *PM:* Prosocial motivation; *ES:* Employee silence; *CP:* Consumer pressure; *RP:* Regulatory pressure; *B:* Unstandardized path coefficient; Confidence intervals for indirect effects were estimated via Monte Carlo bootstrapping; 95% CI was reported for all effects

pressure significantly predicted employee cognitive trust (B=0.128, 95% C.I.=0.030, 0.227) and prosocial motivation (B=0.161, 95% C.I.=0.066, 0.257); and the interaction of corporate hypocrisy and regulatory pressure significantly predicted employee cognitive trust (B=-0.186, 95% C.I.=-0.280, -0.093) and prosocial motivation (B=-0.108, 95% C.I.=-0.200, -0.016).

In addition, the simple slope test (Aiken & West, 1991) revealed that the relationship between corporate hypocrisy and cognitive trust was notably steeper under lower consumer pressure (B = -0.50, p < 0.001) compared to higher consumer pressure (B = -0.24, p < 0.001), with a significant difference between the two slopes (B = 0.26, p < 0.01). We observed a negative effect of corporate hypocrisy on

prosocial motivation under lower consumer pressure (B = -0.35, p < 0.001), but this effect was not significant under higher consumer pressure (B = -0.03, n.s.). The discrepancy between these slopes was significant (B = 0.32, p < 0.001). Under higher regulatory pressure, the simple effect estimate of corporate hypocrisy on cognitive trust was more pronounced (B = -0.56, p < 0.001), while under lower regulatory pressure, the effect was weaker (B = -0.19, p < 0.01), with a significant difference between the two conditions (B = -0.37, p < 0.001). Similarly, corporate hypocrisy had a negative impact on prosocial motivation under higher regulatory pressure (B = -0.29, p < 0.001), but this effect was not significant under lower regulatory pressure (B = -0.08, n.s.). The difference between these slopes was also significant (B = -0.21, p < 0.05). In brief, the results of the moderated path analysis support the first-stage moderation (Hypotheses 4a, 4b and 5a, 5b). We plotted these interactions in Fig. 2a-d, using Aiken and West's (1991) procedure of  $\pm 1$  standard deviation.

Further, the indirect effect of corporate hypocrisy on employee silence via employee cognitive trust was stronger (more positive) when consumer pressure was low (B = 0.069,95% C.I. = 0.006, 0.101) than when it was high (B = 0.034, 95% C.I. = 0.003, 0.079; diff = -0.035, 95% C.I. = -0.080, -0.002). The indirect effect of corporate hypocrisy on employee silence via employee prosocial motivation was positively significant when consumer pressure was low (B = 0.051, 95% C.I. = 0.002, 0.103). However, when the consumer pressure was high, the indirect effect did not exist (B = 0.005, n.s.; diff = -0.046, 95% C.I. = -0.099, -0.002).The indirect effect of corporate hypocrisy on employee silence via employee cognitive trust was stronger (more positive) when regulatory pressure was high (B = 0.077, 95%C.I. = 0.007, 0.152) than when it was low (B = 0.027, 95% C.I. = 0.002, 0.062; diff = 0.050, 95% C.I. = 0.004, 0.110. The indirect effect of corporate hypocrisy on employee silence via employee prosocial motivation was positive significant when regulatory pressure was high (B = 0.047,95% C.I. = 0.026, 0.093), However, when the regulatory pressure was low, the indirect effect did not exist (B = 0.013,n.s.; diff = 0.034, 95% C.I. = 0.002, 0.072). Taken together, Hypotheses 6a, b, and 7a, b received support.

## Discussion

Study 2 extended the findings of Study 1 by testing the interaction between corporate hypocrisy and different types of stakeholder pressure. Consistent with our theory, we found that consumer pressure negatively moderated the indirect effects of corporate hypocrisy on employee silence through employee cognitive trust and prosocial motivation, while



Fig. 2 a Moderating effect of consumer pressure on the relationship ▶ between corporate hypocrisy and employee cognitive trust. b Moderating effect of consumer pressure on the relationship between corporate hypocrisy and employee prosocial motivation. c Moderating effect of regulatory pressure on the relationship between corporate hypocrisy and employee cognitive trust. d Moderating effect of regulatory pressure on the relationship between corporate hypocrisy and employee prosocial motivation

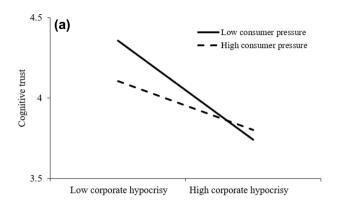
regulatory pressure positively moderated the indirect effects through employee cognitive trust and prosocial motivation.

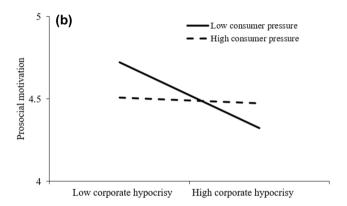
## **General Discussion**

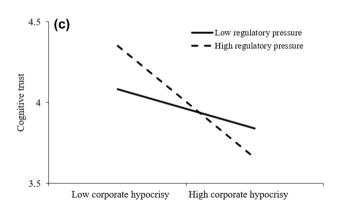
Employee silence is costly and common, but as yet, misunderstood and underexplored. Our research endeavored to contribute to understandings of whether, how, and when employees engage in silence by positioning corporate hypocrisy as an important antecedent. Specifically, in Study 1, we provided tests of the main effect and indirect effects of corporate hypocrisy on employee silence. Our findings suggest that corporate hypocrisy is positively related to employee silence, and this relationship is mediated by employee cognitive trust and prosocial motivation (Studies 1 and 2). In addition, the indirect effects of corporate hypocrisy on employee silence are weaker under higher consumer pressure while stronger under higher regulatory pressure (Study 2). Thus, higher levels of consumer pressure, to some extent, buffer the positive indirect effects of corporate hypocrisy on employee silence. Conversely, higher levels of regulatory pressure strengthen the positive indirect effects of corporate hypocrisy on employee silence. Overall, these findings provide evidence that corporate hypocrisy fosters conditions that allow employee silence to flourish.

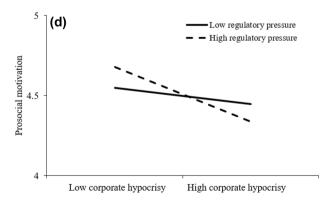
# **Theoretical Implications**

Our study has several important theoretical implications. First, we discover the role of corporate hypocrisy in driving employee silence, contributing to our understanding of the repercussions of corporate hypocrisy on employees, an internal stakeholder group often overlooked in existing research on the topic. Whereas prior studies exploring the antecedents of employee silence have predominantly focused on individual factors, such as beliefs, attitudes, and leadership behaviors (Detert & Burris, 2007; Guenter et al., 2017; Kiewitz et al., 2016; Morrison, 2014; Park et al., 2018; Xu et al., 2015), our research emphasizes the significance of the broader organizational context. Building on prior findings that associate peer unethical behavior with increased silence (Sufi et al., 2023), we enhance











understanding of the organizational facilitators of this silence (Nechanska et al., 2020). By examining the unethical dimensions of corporate hypocrisy, our work aligns with Khan and Howe's (2021) urging to study the consequences of organizational misconduct on what they term "fallacious silence."

Second, by leveraging the SIP theory, we offer fresh insights into the mechanisms through which corporate hypocrisy impacts employee silence. We spotlight two main cognitive pathways: the erosion of employee cognitive trust and the inhibition of prosocial motivation. While much of the preceding research leaned on social identity theory to understand the impact of corporate hypocrisy practices on employee behaviors—through avenues like moral identification (Zhao & Liu, 2022) and emotional exhaustion (Scheidler et al., 2019)—our work deepens this exploration using the SIP theory to dissect the core mechanisms. Our findings also bolster Morrison's (2014) assertion of the riskefficacy calculus and prosocial motivation as key drivers of employee silence. Notably, our results indicate that the indirect effect of corporate hypocrisy on silence, channeled through cognitive trust, is not more potent than through prosocial motivation, hinting that the instrumental and social mechanisms of influence may be equally important.

Lastly, our research uncovers diverse employee reactions to corporate hypocrisy under various stakeholder pressures, offering a more nuanced understanding of the conditions shaping the link between corporate hypocrisy and silence. While previous research has documented the adverse effects of corporate hypocrisy on stakeholders (e.g., Antonetti et al., 2020; Babu et al., 2020; Grappi et al., 2013; Yang et al., 2020; Zhao & Liu, 2022), our study highlights the distinction in employee responses based on varying stakeholder pressures. Utilizing the rationalization principle of SIP theory (Nielsen & Colbert, 2022), we argue that employee interpretations of corporate hypocrisy are informed by the contrasting logics of market and legitimacy. Under heightened consumer pressure, employees might perceive corporate hypocrisy as a market-driven necessity. Conversely, increased regulatory pressure, emphasizing legitimacy, could make rationalizing such hypocrisy more difficult for employees, rendering them less tolerant. Our study contributes to the emerging literature on the (in) tolerance of corporate hypocrisy (Kougiannou & O'Meara Wallis, 2020).

# **Managerial Implications**

Our research provides several practical implications for companies responding to perceptions of hypocrisy by employees. First, understanding the repercussions of corporate hypocrisy is crucial. When employees perceive hypocrisy, it often leads to silence, adversely affecting teamwork and organizational effectiveness (Bari et al., 2020). To manage such perceptions effectively, organizations should temper their disclosures about achievements (Shin & Hur, 2020) and avoid incongruities between stated beliefs and actions. Recognizing the pivotal role of employees as internal stakeholders in the experience of corporate hypocrisy is also essential. Aligning organizational objectives with employee values can help diminish perceptions of hypocrisy (Zhao & Liu, 2022).

Second, curbing silent behavior necessitates nurturing employees' cognitive trust and prosocial motivation. Leadership, especially at senior levels, is instrumental in fostering these values. If mid-level supervisors fail to wholly uphold organizational standards, top-tier leadership must create a supportive environment. An effective strategy involves creating an organizational climate that emphasizes collective achievement or citizenship behaviors over self-interest. Such norms enhance employee prosocial motivation (Otaye-Ebede et al., 2020). This approach not only bolsters the organization's substantive engagement (Yang et al., 2020) but also motivates employees to voice concerns. Moreover, building cognitive trust might involve showcasing the reliability, fairness (Tacke et al., 2023) and responsibility of organization/team members (Lu et al., 2019).

Lastly, the lens of stakeholder pressure is invaluable for employees deciphering corporate hypocrisy. When inconsistencies arise, transparent communication about the reasons behind such actions can mitigate negative perceptions. Employing a rationale like business exigencies, such as responding to consumer pressure, may temper negative evaluations (Hafenbradl & Waeger, 2021). However, a word of caution: if stakeholders delve deeper into corporate activities, superficial explanations may backfire, tarnishing the company's reputation (Arli et al., 2017; Baghi & Antonetti, 2021). Therefore, facilitating employees' comprehension of corporate hypocrisy and encouraging constructive feedback are crucial. Careless reactions to regulatory pressures, especially glaring hypocrisies, could be counterproductive. We advocate for monitoring diverse stakeholder reactions and adapting responses to the nuances of the perceived corporate hypocrisy (Wagner et al., 2020).

## **Limitations and Future Research**

Several limitations of this study need to be noted. First, this research is limited to single source data, a small sample size, and an emerging economy context. Data were collected from employees who had experienced corporate hypocrisy, cognitive trust, prosocial motivation, consumer pressure, regulatory pressure, and silence. The single source data may cause CMB. Even though we used varied methods



(e.g., different samples and a series of CFAs) and ruled out the concerns about such bias, future research would benefit from adopting a more rigorous research design to avoid CMB (e.g., multiple subject evaluations and the experience sampling method). The sample sizes in both studies were small, and the data were collected from one country—China. Thus, generalizability could be limited. In particular, Eastern and Western countries have cultural differences. Chinese employees are profoundly influenced by the Confucian culture. For instance, blaming the supervisor or the organization's hypocritical practices goes against the traditional values of hierarchical Chinese societies (Yang et al., 2020). Incorporating cultural influences and psychographics into the research approach would be worthwhile to expand the understanding of how employees in a global economy react to corporate hypocrisy.

Second, a potential limitation of our study lies in the treatment of employee silence as a unitary construct, without considering its various dimensions. Knoll and van Dick (2013) suggested that employee silence is a multidimensional construct comprised of four facets: acquiescent, defensive, prosocial, and opportunistic silence. These different forms of silence behavior have varying levels of adaptability to different contexts. In other words, different employees may opt for different types of silence in varying situations. Therefore, future research could benefit from segmenting employee silence into these four dimensions and exploring how corporate hypocrisy influences the multifaceted aspects of employee silence. For instance, does corporate hypocrisy impact different types of silence behaviors equally? A nuanced examination of these dimensions could enhance the understanding of employee silence and offer a more balanced perspective on its advantages and disadvantages.

Third, our study did not explore other potential theoretical explanations for the influence of corporate hypocrisy on employee silence. While our focus on the SIP theoretical framework is an initial step towards a comprehensive understanding of this relationship, another promising theoretical perspective is that of moral disengagement. There is growing evidence to suggest that moral disengagement significantly affects how employees perceive corporate hypocrisy and their subsequently reactions (Lu et al., 2022). This is particularly relevant given that corporate hypocrisy is often designed to benefit the organization or its members. Future research could provide valuable insights by examining the role of moral disengagement in elucidating the mechanisms through which corporate hypocrisy leads to employee silence.

Finally, our research studied only the manufacturing industry because the industry has achieved rapid economic development accompanied by increased social inequality, environmental pollution, and exacerbation of other sustainability problems (Zhang & Zhu, 2019). The Chinese

government, consumers, and other stakeholders have begun to pressure manufacturing firms to take on more social responsibility activities to achieve sustainable development goals (Awan et al., 2021), which may cause manufacturing firms to take hypocritical actions to achieve profits in order to defeat rivals (Kowalczyk & Kucharska, 2020; Sharma & Henriques, 2005). However, this industry also relies heavily on institutional systems and market demands to manage the risk associated with raw materials, processing, storage, and transportation. For this reason, employees are particularly concerned about different types of stakeholder pressure imposed on the manufacturing industry that prompt them to make accurate judgments of corporate hypocrisy. Future research could investigate the boundary condition for our theoretical framework by examining the characteristics of industries or product categories.

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**Data Availability** For further information on the data used in this study, interested researchers may contact the corresponding author.

## **Declarations**

Conflict of interest The authors declare that they have no conflict of interest.

**Ethical Approval** This article does not contain any studies with human participants or animals performed by any of the authors.

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