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Consumer biases in the perception of organizational greed

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Data availability statement

Data available at <https://github.com/laarangoso/perceivedgreed>

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Consumer biases in the perception of organizational greed

Abstract

This article extends current models of how consumers judge or perceive organizations as greedy by employing the theoretical framework of motivated moral reasoning. We show that inherent features of an organization (size and “black sheep” status) and its behavior (relative frequency) bias consumer perceptions of organizational greed. We use an experimental methodology, present subjects with vignettes describing different scenarios, validate our questionnaire using confirmatory factor analysis, and test our hypotheses by employing a general linear model with covariates. Our findings suggest that consumer perceptions of organizational greed are subject to three effects: the underdog effect (Study 1, $n = 496$), the black sheep effect (Study 2, $n = 229$), and the “common is moral” heuristic (Study 3, $n = 249$). This is the first study to investigate greed under a motivated reasoning paradigm and to show that perceptions of organizational greed are subject to socio-psychological biases. This study also provides advice on branding and positioning strategies that appeal to the underdog status of an organization or its local origins.

1.0. Introduction

Greed has sparked the interest of intellectuals and religious thinkers for over three millennia (Oka & Kuijt, 2014a, 2014b). In the Christian tradition, for example, greed is one of the seven deadly sins, while Hinduism considers it the origin of “irreligiousness” (Tickle, 2004). In modern societies, greed is conceptualized as a driving force behind capitalism—a pivotal motivator of human beings that, along with rationality, constitutes the core of the *homo economicus* picture of man in traditional economics (Chang, 2010). Though the rational part of the *homo economicus* conception of man was criticized after findings in behavioral economics questioned the view of man as an exclusively rational agent (Kahneman et al., 1982; Tversky &

Kahneman, 1973), even to this day, the depiction of human beings as greedy strikes many, both academics and laymen, as accurate (Collier, 2018).

Greed remains an underexplored area in the social sciences (Seuntjens, 2016; Wang & Murnighan, 2011). It can initially be characterized as the excessive and immoral pursuit of material wealth (Gilliland & Anderson, 2011; Haynes et al., 2017). In the marketing and consumer literature, some attention has been given to greed as a motivator for business executives and the consequences of this for outcomes, such as shareholder wealth (Haynes et al., 2017; Haynes et al., 2015). Here, the focus is not on greed as a motivator but on the process of *perceiving* greed (Gilliland & Anderson, 2011). In particular, we are interested in the mechanisms behind consumer perceptions of organizational greed.

Consumer perceptions of organizational greed demand, now more than ever, social scientists' attention, considering the magnitude and critical consequences of corporate actions. For instance, the Carbon Majors Report revealed that only 100 companies are responsible for 71% of global greenhouse gas emissions (Riley, 2017). Besides environmental concerns, such as global warming and biodiversity loss, corporate greed is a source of other contemporary cardinal social issues, such as corruption and inequality (Ellis, 2013; Stiglitz, 2012). Organizations respond to consumers' demands partly because they strongly care about consumers' perceptions of them (Hillman *et al.*, 2009). Consumer perceptions of greed clash with organizations' goal of positioning themselves as ethical entities and have deleterious effects in the form of customer backlash, lost profits, reputational damage, and reduced organizational resilience, among others (Grégoire *et al.*, 2010; Nasruddin & Bustami, 2007; Sajko *et al.*, 2020). A more complete understanding of how such perceptions work is critical for organizations.

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However, consumer perceptions of greed are poorly understood, which extends to perceptions of organizational greed. Research indicates that corporate greed perceptions are set in motion by a set of cognitions about justice, responsibility, and relative deprivation (with subsequent emotional and behavioral effects) (Grégoire *et al.*, 2010; Joireman *et al.*, 2013). As will be shown, these models offer a fairly limited understanding of consumer perceptions of greed, as they do not specify potential biases that could influence those perceptions. In this paper, we offer a more complete account of consumer perceptions of greed by building on the theoretical framework of motivated moral cognition. We show that the cognitive processes by which consumers perceive an organization as greedy are subject to several biases. Our contribution is to offer a crucial complement to current models of perceived greed that will allow researchers to more fully comprehend how consumer perceptions of organizational greed work.

While we add to the growing body of research on consumer responses to corporate social irresponsibility (Antonetti & Maklan, 2016; Lange & Washburn, 2012; Riera & Iborra, 2017), we also believe our study offers relevant insights for those interested in the attribution of greed as a negative motive in service encounters (Voorhees *et al.*, 2017). Furthermore, based on our findings, we offer recommendations on branding and positioning strategies that, when properly and responsibly employed, can help organizations manage or even prevent perceptions of organizational greed.

The originality of this study resides first in offering a more complete account of consumer perceptions of organizational greed and second in illuminating a topic that has received scarce attention in academia (Seuntjens, 2016; Wang & Murnighan, 2011), despite its social urgency (Ellis, 2013; Stiglitz, 2012). This study also adds to a body of knowledge that is still relatively neglected in consumer behavior contexts and that focuses on consumers as both (i) *situated* moral

agents who worry deeply about the unethical behaviors of organizations (Alsaad *et al.*, 2022; Grappi *et al.*, 2013) and (ii) individuals vulnerable to several cognitive biases.

The article is organized as follows. We first define perceived greed and some of its features, noting perceived greed's antecedent cognitions and the current models of perceived greed. Next, we develop our theoretical framework, relying on the theory of motivated moral reasoning, and, based on this framework, explain the underdog effect and in-group favoritism. Study 1 explores how the underdog or in-group status of an organization can bias consumer perceptions of organizational greed, and Study 2 continues the investigation of the biasing effects of the in-group status of a company on consumer perceptions of organizational greed by relying on findings of the so-called "black sheep effect" (BSE). Study 3 looks at the frequency of organizational behavior as a potential factor that biases consumer perceptions of organizational greed. Finally, we discuss the theoretical contributions of our findings and their practical implications, as well as the limitations of our study and avenues for future research.

2.0. Perceived greed

Research on greed can be carried out from at least two perspectives: that of the perpetrator (i.e., the greedy party) and that of the observer (i.e., a witness to greedy behavior as either a direct victim or a third party). Most previous research has used the perpetrator's perspective. Relevant studies suggest that greedy agents display greater loss aversion (Krekels, 2015) and that their behavior is influenced by situational variables, such as the size or type of reward (Dawes, 1980; Sajko *et al.*, 2020), the nature of the relationship with their victims (e.g., out-groups, Simpson, 2006), social status (the higher, the greedier: Piff *et al.*, 2012, or environmental unpredictability: Chen, 2018). Research on this topic is scarce and fragmentary. The literature on *greed's observers* is, as far as we know, almost non-existent. The mechanisms behind greed perception and the

consequent reactions (cognitive, emotional, and behavioral) to the perception of an instance of greed have been greatly overlooked.

Following Gilliland and Anderson (2011), perceived greed is characterized here as a “negative perception of others who are seen as responsible for seeking more of a scarce resource than they need and deserve, to the relative disadvantage of others” (p. 147). Following this definition closely, perceived greed has been considered the result of the following set of cognitions:

(i) *Distributive justice*. The distributive justice framework has, as its subject matter, the allocation of benefits and burdens across individuals (Adams, 1965; Lamont & Favor, 2017). There are three main distributive justice principles: equity, equality, and need (Deutsch, 1975). The principle of equity says that benefits and burdens should be allocated according to the relative contributions of individuals, whereas according to the principle of equality, benefits and burdens should be allocated in an equal way, irrespective of the contribution of individuals or their particular situations. As its name implies, the principle of need states that the distribution of benefits and burdens should be based on individuals’ needs. Violating any of these principles can lead to perceptions of greed, but it is not enough for those perceptions to occur (Anderson, 2014).

(ii) *Blame*. The second cognition antecedent perceived greed refers to responsibility or accountability, which captures the intentional nature of a behavior or the degree of control an agent has over it. If someone considers a particular behavior accidental or unintentional, perceived greed will not take place. Anderson (2014) and Gilliland and Anderson (2014) utilized attribution theory (Weiner, 1985) to specify responsibility. Under this framework, greater intentionality is assigned to behavior that is seen as internally caused, controllable, and stable (i.e., a pattern rather than an isolated instance). Organizational behaviors that meet these criteria are more likely to result in

consumer attributions of negative motives (i.e., lead to a perception of greed as an intrinsic organizational motive) (Ellen *et al.*, 2000).

(iii) *Deprivation*. Perceived greed occurs when someone loses something or when one party's greed results in another party being deprived. If no one suffers a disadvantaged position because of an activity, perceptions of greed are unlikely to be triggered. In fact, recent findings suggest that harm to others is the most important cognition driving judgments or perceptions of greed (Helzer & Rosenzweig, 2020). Importantly, deprivation does not have to be understood in absolute terms; relative deprivation is enough for perceptions of greed to occur (Anderson, 2014). Consequently, greed perceptions can be set in motion in many situations, even those where individuals can meet all of their respective needs but where a big difference between the benefits they enjoy and the burdens they must endure exists. See Figure 1 for a representation of the current models of greed.

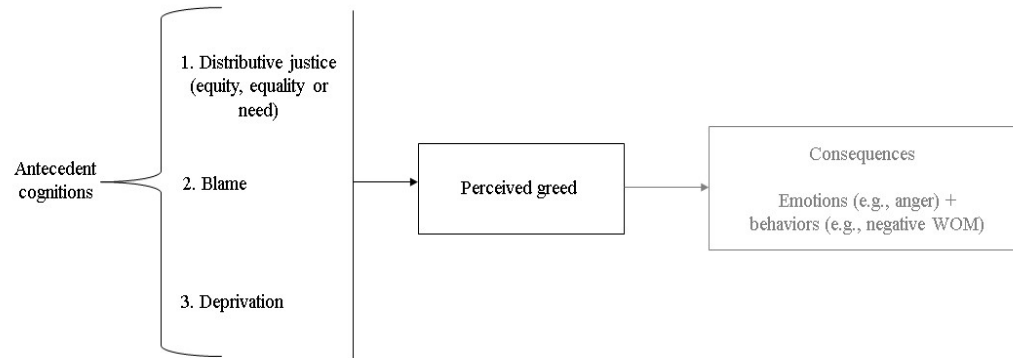


Figure 1. Conceptual pattern followed by existing greed models.

Under current models, perceiving greed is understood as a process of determining whether another party (e.g., an organization) has violated principles of distributive justice (equity, equality, and need), individuals have been hurt by this violation (deprivation), and the perpetrator is responsible for the violation (blame). These models (Grégoire et al., 2010; Joireman et al., 2013), which have mainly been developed in organizational failure and recovery settings (i.e., where a company has wronged a customer and subsequently engaged in reparation attempts, such as apologies), offer only a partial understanding of greed perceptions because they overlook the role of biases.

As presented in Figure 1, models of perceived greed follow a cognition–emotion–behavior sequence (Grégoire et al., 2010; Joireman et al., 2013). In this study, we focused on the first part of the model—antecedent cognitions and perceived greed—for several reasons. First, the

perception of greed is a necessary condition for subsequent emotional and behavioral reactions. Second, the cognitive aspect of perceived greed models is essential. Notably, it is possible, though perhaps not as widespread, to perceive greed in an emotionally untainted fashion (Crossley, 2009). Third, behavioral responses are not always feasible, appropriate, or practical after an instance of perceived greed (Anderson, 2014; Crossley, 2009; Grégoire et al., 2010; Lee *et al.*, 2017). Finally, recent studies on greed have extended our understanding of perceived greed in important ways, but they have focused on perceived greed's consequences, not its antecedents. For example, Caruana *et al.* (2018) found that perceiving a company as greedy hurts customer satisfaction and reputation, whereas Carnevale *et al.* (2021) discovered that, in cases where another's greed is beneficial for us (e.g., when a consumer owns stock of an organization behaving greedily), perceived greed can trigger gratitude (as opposed to anger or outrage).

3.0. Theoretical framework: Motivated moral reasoning

Perceptions of greed are *negative*—something that has been supported by models where greed leads to moral emotions (Haidt, 2003) with negative valence and corresponding retaliatory or vindictive behaviors (Crossley, 2009; Gilliland & Anderson, 2011; Grégoire et al., 2010). Even though some scholars have identified an ambivalent attitude toward greed, where it is sometimes regarded as a sign of ambition, a source of progress, or a valuable quality to survive in unpredictable environments (Carnevale et al., 2021; Chen, 2018; Oka & Kuijt, 2014a), most research points to greed being a condemnable quality in people's minds (Gilliland & Anderson, 2014; Sarna, 2010). Therefore, perceived greed can be regarded as a negative cognitive stance and thus a morally negative evaluation. Therefore, we can shed light on this phenomenon by looking at research on moral judgment.

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There is a long psychological tradition (Kant, 2012; Kohlberg, 1969; Piaget, 1965; Rawls, 1999) that depicts moral judgments as the output of rational or analytical cognitive processes. In line with cognitive approaches and the accompanying computer analogies that dominated psychological theorizing during the last decades of the 20th century (Mandler, 2002; Neisser, 2014), under this theoretical framework, individuals are considered “cold,” calculating, information processing systems that objectively handle input. As such, here, moral judgments are non-biased assessments that result from the careful consideration of morally relevant facts. If we follow this model and apply it to the case of greed, it would mean that consumers reach judgments of organizational greed on a case-by-case basis after considering evidence (about distributive justice principles violations, deprivation, and blame) in a passionless and distant fashion.

Starting in the 1980s, the so-called “affective revolution” challenged the rationalist conception of cognition (Forgas & Smith, 2003), rejecting the view of human agents as decontextualized processing systems. Cognition, according to this view, is not only shaped by rational considerations but also by emotions, values, and preferences, and the role of reason could frequently be more subsidiary than central in our cognitive processes and mental life (Haidt, 2001, 2003). A large body of research shows that our cognition is motivated or deeply influenced by our values or what we care about (Kunda, 1990; Lerner & Tetlock, 1999). In other words, our cognitive processing is regularly perturbed by our predispositions; we process information against a backdrop of values that makes it likelier that we will reach the conclusions we prefer while we simultaneously delude ourselves about our objectivity (Kunda, 1990).

Motivated reasoning extrapolates to the moral domain (Ditto *et al.*, 2009) or to settings in which individuals judge the morality of an act (e.g., whether someone is greedy or not). In a classical study, Alicke (1992) found that participants more often considered the action of a

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speeding driver to be a negative action when that person was unlikable (a criminal) than when they were likable (a loving partner). Similar results were later found by Knobe (2003). Motivated moral reasoning is motivated in the sense that individuals use, in a manner not warranted by logic or reason, their preferences, such as their dislike of the thief, as input to arrive at moral conclusions (e.g., whether they are guilty or not). Instead of proceeding in a bottom-up fashion by gathering evidence to ascertain whether a particular action is wrong, individuals' reasoning processes proceed in a top-down fashion by starting with their *preferences* for agents or actions with certain qualities (Ditto *et al.*, 2009). Morally motivated reasoning is then a type of confirmation bias (Nickerson, 1998) that relies on the features of either (i) the targets of moral judgments or (ii) the actions performed by them (Ditto *et al.*, 2009).

The previous discussion establishes that greed models that follow the pattern specified in Figure 1 are fundamentally incomplete. In the case of consumers, motivated moral reasoning when judging an organization as greedy is expected. In this study, we show that consumers are indeed biased toward organizations of a certain type (Studies 1 and 2) or those behaving in a certain way (Study 3). The contribution of this study is then to add biases to current models of consumer perceptions of organizational greed. In the next section, we introduce two factors that characterize organizations and that a wealth of research in social psychology suggests are likely candidates to lead to biases in judgments of organizational greed: the underdog effect and in-group status.

3.1. The underdog effect

Underdogs are defined as predicted losers in a struggle or contest (Merriam-Webster, n.d.). Research has shown that underdog status is not only related to the perception of a competitive disadvantage but also includes the perception of having access to few resources (Paharia *et al.*, 2011; Vandello *et al.*, 2007). Hence, even if an entity has a high probability of defeat in a

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competitive context, it is not an underdog if it has a generous supply of resources. Stated differently, the substandard management of an abundance of resources does not make an entity an underdog. In sports settings, where the term is routinely employed (Frazier & Snyder, 1991), underdogs are teams or individuals with few resources that, in part because of this, stand a lower chance of winning in a competition against a top dog. Top dogs are underdogs' antithesis; they have access to plentiful resources and a firm competitive edge over their underdog rivals.

The underdog effect is the psychological tendency of people to root for the underdog in a competitive environment (Vandello *et al.*, 2007). Several studies attest to the reality and pervasiveness of this effect, which can be found in group (Vandello *et al.*, 2011), political (Goldschmied & Vandello, 2009), social (Vandello *et al.*, 2007), sports (Frazier & Snyder, 1991), branding (Kim *et al.*, 2019; Paharia *et al.*, 2011), and consumer behavior (McGinnis & Gentry, 2009) settings. Furthermore, it is a cross-cultural phenomenon that is not bound to precise cultural beliefs or values (Goldschmied *et al.*, 2018).

Two theories have been proposed to explain the underdog effect: self-concept theory (Tajfel & Turner, 1986) and equity theory (Lerner, 1975). Under the first theoretical paradigm, support for the underdog stems from individuals' identification with it; people see their struggles reflected in the underdog's disadvantaged position. In an empathic exercise, they put themselves in the underdog's position and remember the difficulty of facing a mightier opponent, including the immense effort required to do so. Equity theory (Lerner, 1975) states that humans are motivated by fairness and that they prefer a scenario in which the weak win, bringing about a state of affairs in which benefits are more equally distributed than before. In contrast to self-concept theory, sympathy for the underdog here does not stem from people's capacity to identify with it but from their sense of justice.

The underdog effect can easily be extended to organizations because they inhabit competitive environments and can differ significantly in terms of the resources they have at their disposal. Our first hypothesis is based on this fact and considers the findings previously presented. When faced with similar greedy behaviors, we believe that individuals would judge a big company as greedier than a small business and that this would be so even controlling for perceived greed's antecedent cognitions (equity, equality, need, deprivation, and blame).

H₁: Individuals will perceive a big firm as greedier than a small firm when faced with uniformly greedy behaviors (i.e., behaviors that cannot be distinguished based on equity, equality, need, deprivation, and blame principles).

3.2. In-group favoritism

Group processes are an integral part of what it means to be human, to the point that some scholars have described *homo sapiens* as an “ultra-social” species (Richerson & Boyd, 1998). One of these processes is human beings' capacity to categorize others as members of out-groups and in-groups and to respond cognitively and behaviorally to such categorizations. Presumably, an efficient distinction between “us” and “them” played an important evolutionary role, mostly because it protected humans against dangerous interactions with threatening others (Brewer & Caporael, 2006). In modern times, distinguishing clearly between in-group and out-group members is rarely a matter of life and death, but it is still a skill deeply ingrained in humans. In a classical work, Henri Tajfel (1970) discovered that even flimsy criteria, such as overestimating or underestimating the number of dots on a screen or liking a painting by one artist or another, can serve as input for individuals to categorize others as in-group or out-group members.

Human bias toward members of the in-group is known as in-group favoritism. Further research replicated Tajfel's findings with trivial groupings (e.g. Efferson *et al.*, 2008; Yamagishi & Kiyonari, 2000) and, as expected, found group favoritism in other contexts, such as the religious (Dunkel & Dutton, 2016), ethnic (Beaupré & Hess, 2003; Whitt & Wilson, 2007), and political (Beaupré & Hess, 2003) realms. In-group favoritism's most widely known theoretical approaches are Social Identity theory (SIT) and Realistic Conflict theory (RCT). According to SIT, individuals' group memberships are part of their identity, and their preference for the in-group is a natural consequence of their desire to maintain positive self-esteem (Tajfel & Turner, 1986). By contrast, RCT holds that in-group favoritism results from a competitive environment in which out-groups potentially jeopardize access to limited resources (Campbell, 1965).

The stream of research relevant to us here concerns the impact of in-group favoritism on socio-moral reasoning and judgments. It is known that in terms of social norm violations, in-group members are less harshly judged by adults than out-group members (Schuhmacher & Kärtner, 2019). Valdesolo and DeSteno (2007) found evidence of moral hypocrisy: individuals' tendency to judge in-group members less harshly than out-group members when they behave unfairly. Likewise, other work suggests that immoral out-group members are considered a more serious threat than immoral in-group members, even if their behaviors are comparable (Branscombe *et al.*, 1999; Marques *et al.*, 1988). Broadly speaking, people hold a prejudice against out-group members as less morally virtuous than in-group ones (Brewer, 1999). Even though marketing research in this respect is scarce, some findings indicate that organizations can also enjoy the benefits of belonging to the in-group. For instance, Schmalz and Orth (2012) argued that brand attachment attenuates customers' perceptions of unethical behavior when an organization behaves recklessly,

whereas Stähler and Fischer (2020) found that such irresponsible behaviors receive less coverage by the media when the culprit is a local brand.

Given the previous body of literature, we hypothesize that in-group membership leads to attenuated perceptions of greed. We believe that in-group preferences motivate consumers to perceive an organization belonging to the in-group as more virtuous and, consequently, less greedy than one belonging to the out-group. We define in-group membership as sharing a geographical origin with the individual judging the organization (i.e., being “local” rather than “foreign”) (Fiedler *et al.*, 2018).

H₂: Individuals will perceive a foreign firm as greedier than a local firm when faced with uniformly greedy behaviors (i.e., behaviors that cannot be distinguished based on equity, equality, need, deprivation, and blame principles).

We additionally expect an interaction between our independent variables. If, as expected, being either small or local attenuates greed perceptions, then it is natural to anticipate that being both will have a higher effect on greed perceptions. In other words, not being an underdog (big business) or belonging to the out-group (foreign business) leads to harsher consumer judgments of greed than being only one of those (only big or only foreign).

H₃: Individuals will perceive a firm that is both big and foreign as greedier than a firm that is either big and local or small and foreign when faced with uniformly greedy behaviors (i.e., behaviors that cannot be distinguished based on equity, equality, need, deprivation, and blame principles).

4.0. General Methods

4.1. General procedure (Studies 1, 2, and 3)

4.1.1. Ethics and data quality

This study was approved by two university ethics committees, one in Australia and the other in Finland. Several procedures were followed to guarantee data quality, given the growing concerns associated with MTurk data (e.g. Aguinis *et al.*, 2021; Chmielewski & Kucker, 2020; Waggoner *et al.*, 2019). All questionnaires included validity indicators that have proven successful in improving MTurk data quality (Aguinis *et al.*, 2021; Lu *et al.*, 2021), such as reversed-coded and open-ended questions. Additionally, the study responses were not directly collected on MTurk but rather on CloudResearch (Litman *et al.*, 2017). CloudResearch subjects are MTurk subjects who have passed several attention checks. The QuestionPro patterned responses tool was also employed to further check for data quality. In all studies, Z-scores were analyzed to identify potential outliers, which were excluded only after visual inspection (Osborne & Overbay, 2004).

All the statistical analyses used R version 4.1.2. We embrace open science and make data, code, and materials accessible at: <https://github.com/laarangoso/perceivedgreed> The reader is particularly encouraged to review the “Supplementary material. Statistical Analyses” file.

4.1.2. Stimuli and measures

Vignettes were used as the preferred method to study perceptions of greed for the following reasons. First, the alternate methodology for studying perceived greed, a behavioral economics game known as *common-pool resource* (Anderson, 2014; Cardella *et al.*, 2019), could not be employed in the current context, as companies are not individual entities. Second, vignettes are a common methodology used in experimental studies in which emotional reactions can be present (Bagozzi *et al.*, 2018; Xie *et al.*, 2015). Third, in line with the previous point, there are ethical issues regarding emotional manipulation that are avoided with vignettes (Roseman, 1991). Finally, perceived greed can be experienced by third parties. In fact, third-party perceptions of greed are

common, and these experiences are qualitatively similar to those affecting direct victims of greedy behaviors (Skarlicki *et al.*, 1998). Four different vignettes were pre-tested to ascertain how reliably they triggered judgments of greed. These vignettes refer to fictitious companies, but all are based on real-life situations. They describe investing, construction, real estate, and online retailing companies implementing strategies to boost their profits. These strategies are hidden fees (Taylor, 2019), use of substandard construction materials (Oloyede *et al.*, 2010), increasing rents inconsiderately (The Age, 2020), and unfair competition (Khan, 2017), respectively. Based on the pre-test, we selected the construction materials scenario for our studies (see full pre-test report at <https://github.com/laarangoso/perceivedgreed>). See Appendix for vignettes (Studies 1, 2 and 3).

The constructs in this study are all based on previous research and are presented in Table

1.

Construct	Item	α
Perceived greed: Direct Anderson (2014)	The organization is greedy. The organization is honest (RC). Most people would think the organization is greedy. The organization is motivated by greed.	0.82
Perceived greed: Indirect Grégoire et al. (2010)	The organization is taking advantage of some of its customers. The organization is motivated by the interest of its customers (RC). The organization is trying to abuse some of its customers. The organization has bad intentions.	
Distributive justice: Equity Hülle et al. (2018)	The organization is treating its customers as they deserve (RC). The organization's strategy is fair (RC).	0.74
Distributive justice: Equality Hülle et al. (2018)	The organization treats its customers with equality (RC). The organization's customers receive equal treatment (RC).	0.83
Distributive justice: Need Hülle et al. (2018)	The organization doesn't care about the needy. The organization only worries about its own needs.	0.67
Deprivation Anderson (2014)	Some people lost out as a result of the organization's behavior. The organization's behavior results in people being harmed.	0.77
Blame Grégoire et al. (2010)	The organization is not responsible for the strategy it is implementing (RC). The business strategy is the organization's fault. The organization is to be blamed for the things that are happening.	0.66

Table 1. Measures and corresponding alphas (RC = reverse-coded item).

5.0. Study 1

5.1. Sample

GPower, version 3.1.9.7 (Faul *et al.*, 2007), was employed to calculate the sample size with the following parameters: $\eta_p^2 = 0.02$, $\alpha = 0.05$, $1 - \beta = 0.8$, numerator $df = 1$, number of groups = 4, and number of covariates = 5. The recommended total sample size was 387. We collected 496 responses and divided participants into 4 groups: small-local ($n = 129$), small-foreign ($n = 123$), large-local ($n = 122$), and large-foreign ($n = 122$). The groups did not differ significantly in terms of gender ($\chi^2(3, N = 496) = 6.777, p = 0.079$), age ($\chi^2(12, N = 496) = 17.102, p = 0.145$), education ($\chi^2(12, N = 496) = 12.435, p = 0.411$), or income ($\chi^2(9, N = 496) = 9.497, p = 0.392$).

5.2. Procedure

Four versions of the construction materials scenario were created for an organization that was small vs. large and local vs. foreign, creating a 2*2 between-subjects design.

5.3. Preliminary analyses: Questionnaire validity and reliability

To test the validity and reliability of our questionnaire, we performed confirmatory factor analysis (CFA) using the “cfa” function of the Lavaan R package. We fitted a model with equity, equality, need, deprivation, blame, and greed ($n = 496$). The results are reported according to best practice conventions by Schreiber *et al.* (2006). A multivariate normality test (Henze & Zirkler, 1990) established that the normality assumption was not met for at least one variable (i.e., greed, $HZ = 41.35, p < 0.05$). Consequently, we decided to run CFA employing a maximum likelihood estimation procedure with robust standard errors and a Satorra–Bentler chi-square (MLM estimator in Lavaan) (Gana & Broc, 2019; Satorra & Bentler, 2001). The model fit was good. The robust comparative fit index (CFI), robust Tucker–Lewis Index (TLI), and robust root mean square error of approximation (RMSEA) were 0.953, 0.941, and 0.034, respectively. These fit values are

recommended as fit measures for non-normal data (Savalei, 2018). CFI and TLI should ideally be over 0.95, and RMSEA should not be over 0.06 (Gana & Broc, 2019). Factor loadings, also called pattern coefficients (Kline, 2015), were above 0.4, which is the lower threshold value for considering a latent variable indicator potentially problematic. Several construct validity and reliability indices have also been reported. Regarding reliability, omegas (Raykov's, Bentler's and McDonald's) and Cronbach's alpha were above the 0.7 threshold for all of the constructs (Bentler, 2009; McDonald, 2013; Raykov, 2001) except two (need and blame), which were slightly below. Factor covariances were below 0.8, indicating acceptable divergent validity. Average variance extracted values were above 0.5 (Bagozzi & Yi, 1988), except for the blame construct (0.4). These analyses indicate that our questionnaire performed as expected in terms of validity and reliability.

5.4. Results

Once validity and reliability were established, we combined the indicators' scores to create an overall score for each construct. We performed a particular instance of a general linear model, particularly a two-way (Size (Small/Big) * Group (Local/Foreign)) between-subjects ANCOVA, employing the `lm` function in R, with equity, equality, need, deprivation, and blame as covariates.

5.4.1. Assumptions

The normality and homoscedasticity of residuals assumptions were not met for the residuals ($W = 0.979$, $p = 0.000$ and $F(3, 492) = 8.35$, $p = 0.00$, respectively). ANCOVA is robust to violations of normality and homoscedasticity (Kwak & Kim, 2017; Olejnik & Algina, 1984), but we also complemented our analyses with an Aligned Rank Transform (ART) of the data (Wobbrock *et al.*, 2011), which is designed for violations of normality or homoscedasticity. Pearson's r between covariates was around or below 0.5, indicating that multicollinearity was not

an issue and the covariates were not statistically redundant; thus, they had to be included in the general linear model. The homogeneity of the regression slopes was also met, so the relationship between the covariates and the dependent variable did not vary per group. Finally, a visual inspection of scatter plots showed that the relationship between each covariate and the dependent variable was linear for each factorial design group.

5.4.2. General linear model, two-way ANCOVA

The general linear model ANCOVA established that there was a significant effect of organization size (small vs. big) on perceptions of greed, $F(1, 487) = 83.32, p = 0.00, \eta_p^2 = 0.038$, after controlling for the effects of equity, equality, need, deprivation, and blame. Therefore, H_1 is supported: smaller organizations are perceived as less greedy than larger organizations, and this cannot be explained based on judgments about distributive justice principles' violations, deprivation, or blame. This finding was also supported when the data were rank-transformed (Wobbrock *et al.*, 2011); see Figure 2. By contrast, when controlling for the same variables, there was no significance for the effect of the group (local vs. foreign) ($F(1, 487) = 0.506, p = 0.47, \eta_p^2 = 0.001$) or the interaction between size and group ($F(1, 487) = 0.086, p = 0.769, \text{partial } \eta_p^2 = 0.000$). Therefore, H_2 and H_3 are not supported. In Study 2, we explored a possible reason for the rejection of H_2 and H_3 .

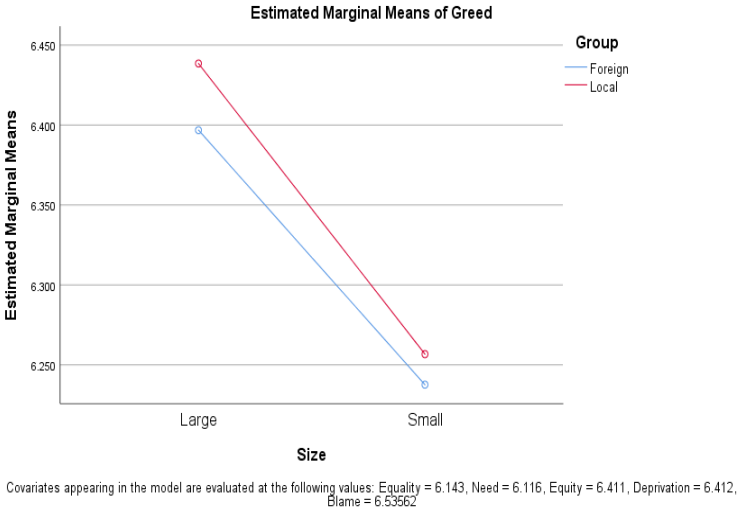


Figure 2. Interaction between company size and location in predicting greed scores.

6.0. Study 2

The purpose of Study 2 was to understand why being local or foreign did not affect greed judgments, given that in-group favoritism is a well-established phenomenon. When judging the morality of an action, individuals are biased toward their in-group and judge them in a more lenient fashion (Schuhmacher & Kärtner, 2019; Valdesolo & DeSteno, 2007). However, elements other than in-group/out-group status can also determine how someone is judged when engaging in immoral behavior. These can involve the victim of the immoral action and whether the third party judging an instance of immoral behavior believes *the victim* to be part of the in-group. For instance, if a company is believed to be part of the in-group, but its actions impact members of the in-group, its in-group status and the corresponding tendency to judge it less harshly could be counterbalanced by the status of victims of the company's behavior. This line of reasoning has found support in group dynamics, such as the black sheep effect (BSE) (Marques *et al.*, 1988). The BSE specifies the evaluative consequences for in-group members, who are perceived as a threat to group stability or identity. In particular, the BSE states that non-cooperative, harmful in-group

members would be subject to harsher moral evaluations than similar out-group members. Several studies speak in favor of the BSE (e.g. Mendoza *et al.*, 2014; Travaglino *et al.*, 2014), and evidence of this effect has even been found in contexts where the target of evaluative judgments is not a human but an in-group robot (Mendoza *et al.*, 2014).

In our scenarios, the in-group status of the company (its categorization as local instead of foreign) could have been ineffective in mitigating greed evaluations because of the BSE. In other words, the in-group status of a company could have pulled consumer judgments in the direction of more lenient greed evaluations, while its categorization as a black sheep might have pulled the judgments in the direction of harsher greed evaluations, resulting in a net insignificant effect. To determine whether this was happening, in Study 2, we made the status of the victims of the company's behavior salient in our scenarios. We reasoned that a local company behaving greedily toward members of its own community would be perceived as greedier than a foreign company behaving similarly toward members of the out-group (its community). We then hypothesized the following:

H4: Individuals will perceive a black sheep company, or one behaving greedily toward members of the in-group, as greedier than a white sheep company, or a company behaving greedily toward members of the out-group, when faced with uniformly greedy behaviors (i.e., behaviors that cannot be distinguished based on equity, equality, need, deprivation, and blame principles).

Notably, we do not use “white sheep” to point to so-called conformists or, in this case, to companies that behave as most other companies do in a setting. Conformists will be discussed further in Study 3.

6.1. Sample

Accepted Article

GPower, version 3.1.9.7 (Faul et al., 2007), was employed to calculate the sample size with the following parameters: $\eta_p^2 = 0.04$, $\alpha = 0.05$, $1 - \beta = 0.8$, numerator $df = 1$, number of groups = 2, and number of covariates = 5. The recommended total sample size was 191. In total, 229 subjects were divided into 2 groups. One group was exposed to the black sheep vignette ($n = 111$), and the other was exposed to the white sheep vignette ($n = 118$). The groups did not differ significantly in terms of gender ($\chi^2(1, N = 229) = 0.879$, $p = 0.348$), age ($\chi^2(4, N = 229) = 3.641$, $p = 0.456$), education ($\chi^2(4, N = 229) = 2.922$, $p = 0.403$), or income ($\chi^2(3, N = 229) = 2.149$, $p = 0.542$).

6.2. Procedure

To define the in-group and out-group categories, nationality was employed (Fiedler et al., 2018; Romano *et al.*, 2018). All Study 2 participants were from the U.S., and vignettes featured a U.S. company hurting U.S. consumers or an Australian company hurting Australian consumers. We avoided using a country about which U.S. persons have strong opinions (Pew Research Center, 2013) and chose Australia accordingly. As Study 1 established that size is relevant for judgments of greed, we kept the size of the company constant in the vignettes of Study 2. We performed a general linear model, but this time, a one-way between-subjects ANCOVA was used to compare the groups while controlling for equity, equality, need, deprivation, and blame cognitions.

6.3. Results

6.3.1. Assumptions

The normality assumption was not met for the residuals ($W = 0.933$, $p = 0.000$). Although the ANCOVA is robust to violations of normality (Kwak & Kim, 2017; Olejnik & Algina, 1984), we complemented our analyses with an ART of the data (Wobbrock *et al.*, 2011) designed for violations of normality. Homoscedasticity of residuals ($F(1, 227) = 3.57$, $p = 0.0602$) and

homogeneity of regression slopes were not particularly problematic. Pearson's r between covariates was around or below 0.6, indicating that multicollinearity was not an issue and that the covariates were not statistically redundant. Finally, a visual inspection of scatter plots showed that the relationship between each covariate and the dependent variable was linear for each factorial design group (see supplemental statistical analyses for detailed plots and test values).

6.3.2. General linear model, one-way ANCOVA

The general linear model ANCOVA established that black sheep status had a significant effect on perceptions of greed, $F(1, 222) = 4.671$, $p = 0.031$, $\eta_p^2 = 0.02$, after controlling for the effect of equity, equality, need, deprivation, and blame. Thus, H_4 is supported: Organizations that hurt their in-group (own communities) are perceived as greedier than organizations that hurt out-groups (other communities), and this cannot be explained based on judgments about distributive justice principles violations, deprivation, or blame. These findings were also supported when the data were rank-transformed (Wobbrock *et al.*, 2011); see Figure 3.

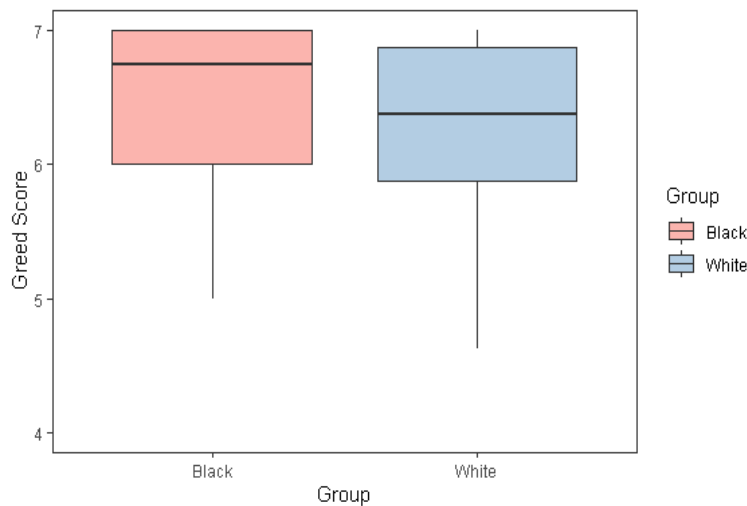


Figure 3. Greed scores as a function of the “black sheep” status of the company.

7.0. Study 3

Study 3 explored common remarks made in Studies 1 and 2 when subjects were asked to write a few sentences expressing their thoughts on the vignettes. Even though the scenarios did not mention the frequency of the company's behavior in the industry, some subjects construed the greedy strategy of the company described as "pretty typical," "not surprising," or the "type of behavior you would expect from a business." Consequently, we wondered whether descriptive facts about the frequency of corporate behavior affected perceptions of greed. This follows the discussion on morally motivated cognition, as biases can result from the features of the agent or its *behavior*. The gap between descriptive and normative judgments has been extensively discussed in moral philosophy and psychology. David Hume, for instance, famously stated that "ought" statements cannot be logically inferred from "is" statements (Hume, 2014); contemporary philosopher G.E. Moore would later use the term "naturalistic fallacy" to identify the same type of faulty reasoning (Moore, 1993). Recently, empirical evidence in psychology has indicated that subjects commit the naturalistic fallacy (Eriksson *et al.*, 2015; Lindström *et al.*, 2018), inferring the moral value of a behavior from facts about how common it is. Lindström *et al.* (2018) labeled the phenomenon the "common is moral" (CIM) heuristic, a moral shortcut that is likely a consequence of social influence mechanisms. We used the discussion around the CIM as an input to formulate the next hypothesis. If a firm is behaving greedily in a context where other market players are acting similarly, we expect subjects to use the information about the frequency of the behavior as a clue regarding its moral permissibility, and then to judge the firm as less greedy than a firm that operates in a context where such behaviors are rare.

H₅ Individuals will perceive a company that operates in a context where greedy behaviors are rare as greedier than a company operating in a context where greedy behaviors are common

when faced with uniformly greedy behaviors (i.e., behaviors that cannot be distinguished based on equity, equality, need, deprivation, and blame principles).

7.1. Sample

GPower, version 3.1.9.7 (Faul et al., 2007), was employed to calculate the sample size with the following parameters: $\eta_p^2 = 0.04$, $\alpha = 0.05$, $1 - \beta = 0.8$, numerator $df = 1$, number of groups = 2, and number of covariates = 5. The recommended total sample size was 191. In total, 249 subjects were divided into two groups. One group was presented with the vignette where greedy behavior was common ($n = 125$), and the other group was presented with the vignette where it was rare or uncommon ($n = 124$). The groups did not differ significantly in terms of gender ($\chi^2(1, N = 249) = 0.681$, $p = 0.409$), age ($\chi^2(4, N = 249) = 7.048$, $p = 0.133$), education ($\chi^2(4, N = 249) = 3.959$, $p = 0.411$), or income ($\chi^2(3, N = 249) = 1.512$, $p = 0.679$).

7.2. Procedure

As company size and black sheep status were both found to affect greed judgments, we kept these two factors constant in Study 3. The vignettes feature a black sheep U.S. company operating locally in a context in which greedy behaviors on the part of similar companies are either common or rare.

7.3. Results

7.3.1. Assumptions

The normality assumption was not met for the residuals ($W = 0.915$, $p = 0.000$). While ANCOVA is robust to violations of normality (Kwak & Kim, 2017; Olejnik & Algina, 1984), we complemented our analyses with an ART of the data (Wobbrock *et al.*, 2011), which is designed for violations of normality. Homoscedasticity of residuals ($F(1, 247) = 0.0297$, $p = 0.086$) and homogeneity of regression slopes were not particularly problematic. Pearson's r between

covariates was around or below 0.6, indicating that multicollinearity was not an issue and that the covariates were not statistically redundant. Finally, a visual inspection of scatter plots showed that the relationship between each covariate and the dependent variable was linear for each factorial design group (see supplemental statistical analyses for detailed plots and test values).

7.3.2. General linear model, one-way ANCOVA

The general linear model ANCOVA established that there was a significant effect of behavior frequency (common vs. uncommon) on perceptions of greed, $F(1, 242) = 7.725$, $p = 0.000$, $\eta_p^2 = 0.02$, after controlling for the effects of equity, equality, need, deprivation, and blame. Thus, H_5 is supported: If the greedy behavior of a company is commonly displayed (i.e., other organizations frequently behave in a similar fashion), consumers judge the organization as less greedy compared to a scenario in which such behavior is not commonly displayed, and this cannot be explained based on judgments about distributive justice principles violations, deprivation, or blame. This finding was also supported when the data were rank-transformed (Wobbrock *et al.*, 2011); see Figure 4.

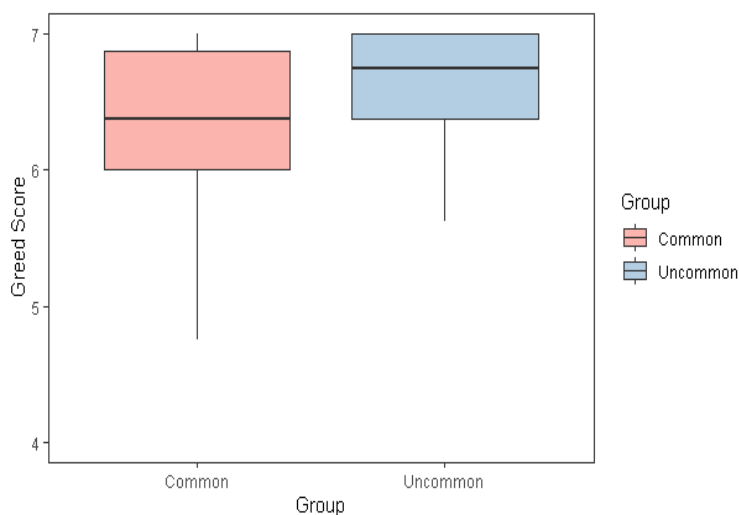


Figure 4. Greed scores as a function of the frequency of greedy behavior.

8.0. Discussion

8.1. Theoretical contributions

Greed is a construct that has received scant attention in the social sciences (Wang & Murnighan, 2011). The present study is the first to expand current models of perceived greed and show that consumer perceptions of organizational greed are subject to bias. Our findings suggest that consumer judgments of corporate greed are susceptible to the size of a company (H₁), the identity of those victimized by greedy organizational behavior (H₄), and the frequency of such behavior (H₅).

In particular, Study 1 showed that, in line with the underdog effect, consumers perceive smaller organizations as less greedy. A small organization enjoys a moral edge in the sense that consumers are less judgmental of it when it comes to immoral, greedy behavior. This finding is consistent with others that have demonstrated consumers' negative perceptions of big corporations (De Bock & Van Kenhove, 2011; De Bock *et al.*, 2013; DePaulo, 1987). In Study 2, we established that organizations that hurt consumers' own communities (black sheep), in opposition to out-group communities, are perceived as greedier. As stated previously, dislike for defectors or black sheep in social settings is a well-supported phenomenon (Travaglino *et al.*, 2014), and organizations, as we have seen, are also affected by it. Finally, in Study 3, we demonstrated that organizations that behave greedily in a context where others also do so are perceived as less greedy (CIM applies). In other words, consumers are less judgmental of greedy behaviors that happen to be common. This is probably the most worrying finding of the study, as it suggests that consumers can normalize greedy behaviors and even become desensitized to them (Lindström *et al.*, 2018).

Importantly, the effects found in this study were present even when controlling for the effect of antecedent cognitions on perceptions of greed (equity, equality, need, deprivation, and

blame) and show that biases are part of perceived greed—a fact missed by current models of greed. Our study then adds to the now ample body of evidence that regards moral agents as situated (e.g. Greene, 2007; Haidt, 2001), in contrast to psychological accounts that view them as reaching moral judgments by rational means completely detached from considerations related to the particularities of their contexts (Kant, 2012; Kohlberg, 1969; Piaget, 1965). In the case of consumers judging an organization, this means that biases are present and that perceiving greed is not simply a matter of assessing a set of principles related to justice, harm, and blame (equity, equality, need, deprivation, and blame).

8.2. Practical implications

The present study shows that an organization engaging in greedy behavior stands to benefit from (i) an underdog status, (ii) a white sheep status (harming others but not its own community), and (iii) a high frequency of greedy behavior. Our study then suggests the advantages of employing certain branding strategies and the responsibilities that come with the use of others. Regarding convenient branding strategies, we note the *underdog brand biography* (Paharia et al. (2011)—a positioning strategy in which a firm presents itself as having humble origins and access to limited resources. This strategy is useful for an organization insofar as it portrays the organization as an underdog, which gives the organization a relative advantage in case bad managerial decisions result in organizational behaviors that consumers might perceive as greedy. Clearly, we are not saying that a brand should portray itself as an underdog to garner sympathy if it decides to behave greedily. While our study shows that underdog brands are perceived as *less* greedy than top dog brands, customers are unwilling to completely withhold their judgment of greed. Customers generally value ethical behavior and brands that promote ethical values (Alhouti & D'Souza, 2018; Brambilla & Leach, 2014; McGregor, 2006; Nielsen & McGregor, 2013). Along the same lines,

such underdog biographies should only be used by brands that indeed have humble origins and/or a lack of resources, as customers' attitudes toward manipulative messages are highly negative (Campbell, 1995; Cotte *et al.*, 2005).

Importantly, our findings on the BSE suggest that branding strategies that appeal to the local origins of a brand must be carefully evaluated. One such strategy is known as *local consumer culture positioning*, which is defined as “a strategy that associates the brand with local cultural meanings, reflects the local culture's norms and identities, is portrayed as consumed by local people in the national culture, and/or is depicted as locally produced for local people” (Alden *et al.*, 1999, p. 77). Branding strategies that fall under this category are pervasive. In Australia, for instance, thousands of brands employ the Australian Made logo to highlight their local origin and/or the use of Australian ingredients in the production process. Such brands are likely to exploit the benefits of belonging to the in-group, but, as our findings on the BSE indicate, if they misbehave, subsequent consumer perceptions of organizational greed are expected to be more damaging. In other words, an organization that positions itself as a member of the in-group (e.g., an Australian brand that employs the Australian Made logo) needs to be well aware of the high standards of ethical behavior that accompany that membership. Local or in-group branding can easily cause backlash.

Finally, it is notable that organizations of any type should attempt to behave ethically, bringing about outcomes that are perceived as fair by their customers. One obvious route to accomplish this is the implementation of corporate social responsibility programs, which have output benefits that are not only social but for organizations as well (Alhouti & D'Souza, 2018; Galbreath, 2008; Książak, 2017).

8.3. Limitations and future research

We now point out some limitations of the study and list several avenues for future research. First, a complete understanding of how perceptions of corporate greed work is still needed, as we have not exhaustively identified every possible biased perception to which organizational greed could be subject. Many more variables can be explored regarding how judgments of greed vary under different circumstances. We have identified two: self-interest and type of industry. For the former, future research can seek to ascertain, for instance, how shareholders perceive a company behaving greedily, in contrast to how other stakeholders perceive it. For the latter, consumers might hold benevolent prejudices about certain industries (e.g., tech Pew Research Center (2018)) and be reluctant to construe companies belonging to them as greedy. Second, this study used a U.S. MTurk sample. While we used several strategies to ensure data quality, it is advisable to attempt replications before extrapolating the findings of this study to other populations.

9.0. Conclusion

Consumer perceptions of greed are a complex phenomenon. In this study, we have shown that biases are an important element to consider in how consumers respond to organizational behavior, and in particular in the way perceived greed is experienced. We have also contributed to current models of perceptions of organizational greed by investigating a fundamental component these models do not account for: biases. Based on our findings, finally, we have also offered practical advice about the use of branding and positioning strategies that exploit the underdog status and local origin of organizations.

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Appendix

Vignettes

Study 1

Small-Local

Crimson One is a very small local construction business that builds residential properties. The business has around 30 employees. Crimson One owners have been part of your local community for over ten years and their financial situation is very good. One day, Crimson One owners decide to increase their profits and start employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. The strategy is a success for Crimson One and the business owners decide to stick with it. However, several house owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Small Foreign

Crimson One is a very small foreign construction business that builds residential properties. The business has around 30 employees. Crimson One has been operating for over ten years and its financial situation is very good. One day, Crimson One owners decide to increase their profits by employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. The strategy is a success for Crimson One and the business owners decide to stick with it. However, several house owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Large Local

Crimson One Inc is a gigantic local construction company with thousands of employees all over the country. Crimson builds residential properties. The massive company has been operating for over ten years in your country and its financial situation is excellent, with billion-dollar profits. One day, Crimson's board decides to increase the company's profits by employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. The strategy is a success for Crimson and they decide to stick with it. However, thousands of house owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Large-Foreign

Crimson One is a gigantic foreign construction company with thousands of employees. Crimson One builds residential properties. The massive foreign company has been operating for over ten years and its financial situation is excellent, with billion-dollar profits. One day, Crimson One's board decides to increase the company's profits by employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. The strategy is a success for Crimson One and they decide to stick with it. However, thousands of house owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Study 2

Black sheep

Crimson One is an American construction business that builds residential properties in the USA. The business has around 300 employees. Crimson One has been operating for over ten years and its financial situation is very good. One day, Crimson One owners decide to increase their profits and start employing cheaper materials to construct houses in low-income US suburbs, where it can go unnoticed. The strategy is a success for Crimson One and the

business owners decide to stick with it. However, several American owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

White sheep

Crimson One is an Australian construction business that builds residential properties in Australia. The business has around 300 employees. Crimson One has been operating for over ten years and its financial situation is very good. One day, Crimson One owners decide to increase their profits and start employing cheaper materials to construct houses in low-income Australian suburbs, where it can go unnoticed. The strategy is a success for Crimson One and the business owners decide to stick with it. However, several Australian house owners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Study 3

Common Behavior

Crimson One is an American construction business that builds residential properties in the USA. The business has around 300 employees. Crimson One has been operating for over ten years and its financial situation is very good. One day, Crimson One owners decide to increase their profits and start employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. Similar strategies have been widely implemented across the industry for the last months by other USA companies. Crimson One owners decide to follow suit and do the same, even though they don't need to do this in order to continue being profitable and competitive. The strategy is a success for Crimson One and the business owners decide to stick with it. However, many American homeowners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.

Uncommon Behavior

Crimson One is an American construction business that builds residential properties in the USA. The business has around 300 employees. Crimson One has been operating for over ten years and its financial situation is very good. One day, Crimson One owners decide to increase their profits and start employing cheaper materials to construct houses in low-income suburbs, where it can go unnoticed. Employing cheap materials goes against the standards that almost every USA company in the same industry follow but Crimson One owners don't mind. The strategy is a success for Crimson One and the business owners decide to stick with it. However, many American homeowners and tenants are eventually impacted by the use of cheap materials and they later find themselves spending money on house maintenance and repairs.