Blaming the Building: How Venue Quality Influences Consumer Bias Against Stigmatized Leaders

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Because stigmatized individuals are viewed as incongruent with commonly held implicit leadership theories, they are often deemed less fit to lead than their nonstigmatized counterparts (Eagly & Karau, 2002). This suggests consumers might use such views to discredit not only stigmatized leaders, but also the companies they represent. However, cognition based on social categories (1 potential form of stigma) may be more likely when there are readily available alternative factors to account for one’s decisions via casuistry. Across 2 complementary studies (field and experiment), we find that customers react negatively to stigmatized leaders only when the physical state of the company venue provides an ostensible defense to mask their biased behavior. When facilities are of lower quality, consumers appear to use a leader’s stigma to infer lower product quality, coinciding in less patronage for companies with stigmatized as opposed to nonstigmatized leaders. Thus, consumers penalize companies with stigmatized leaders only when doing so can easily be attributed to an alternative factor (e.g., a lower quality venue) not involving the leader’s stigma.

Keywords: stigma, leadership, venue quality

Belonging to a stigmatized group can be a barrier on the path to leadership in corporate America. For instance, there is only one openly gay chief executive officer of a Fortune 500 company (Apple’s Tim Cook). Moreover, individuals of African descent head only one percent of Fortune 500 companies, whereas Hispanics and women fare slightly better in that they hold roughly two and five percent of these senior leadership positions, respectively. Though a number of factors (e.g., fewer qualified candidates, systemic bias) have been bandied about as explanations for this systemic bias, there are readily available alternative factors to account for one’s decisions via casuistry. Across 2 complementary studies (field and experiment), we find that customers react negatively to stigmatized leaders only when the physical state of the company venue provides an ostensible defense to mask their biased behavior. When facilities are of lower quality, consumers appear to use a leader’s stigma to infer lower product quality, coinciding in less patronage for companies with stigmatized as opposed to nonstigmatized leaders. Thus, consumers penalize companies with stigmatized leaders only when doing so can easily be attributed to an alternative factor (e.g., a lower quality venue) not involving the leader’s stigma.

Keywords: stigma, leadership, venue quality

Business Review has even published multiple fictitious case studies depicting how organizations could face the prospect of negative customer reactions to stigmatized leaders (e.g., Fryer et al., 2005; Gentile, 1991; Humphreys, 2002; Williamson et al., 1993). In light of such concerns, it is conceivable that decision-makers’ promotional processes and appointments to leadership posts might reflect such notions.

Though Avery, McKay, Volpone, and Malka’s (2015) recent work demonstrated that consumer bias against stigmatized leaders can influence a company’s financial performance, there were boundary conditions indicating that this process is far from simple. Most notably, a leader’s stigma (race in their case) influenced customer patronage when the company was failing, but appeared to have little impact when this was not the case. Though the pattern observed in their findings clearly indicates that effects of leader stigma are not inevitable, corporate decision-makers may remain reticent to hire or promote stigmatized leaders nonetheless, as financial prosperity is often difficult to attain and sustain. Accordingly, the authors called for subsequent scholarship to identify factors other than performance that might enhance or attenuate the likelihood of stigmatized leaders and their companies being viewed in a negative light.

Toward this end, we consider whether venue characteristics (i.e., quality and appearance of organizational facilities) affect the relationship between a leader’s stigma (i.e., race) and customer reactions. Like Avery et al. (2015), we recognize that, due to perceived role incongruity (Eagly & Karau, 2002), stigmatized leaders like minorities, women, or disabled people could evoke negative perceptions (e.g., laziness, incompetence, overemotional) that precipitate devaluation of the leader, the company the leader
represents, and/or its product or service offerings. However, theory on the use of casuistry (i.e., hollow reasoning to justify suspect behavior) in motivated social cognition (Norton, Vandeloo, & Darley, 2004) suggests such a reaction may depend upon the consumer being able to attribute their behavior to something other than the leader’s stigma. Integrating these perspectives yields the proposition that situational factors should determine whether or not their behavioral responses to the company (i.e., patronage) are related to leader stigma.

We test the preceding proposition across two complementary studies employing race as an exemplar of stigma. The first utilizes a large sample of field data from a national retailer to examine our focal relationship—namely, whether venue quality moderates the leader stigma-patronage (in the form of product sales) relationship. The second experimentally manipulates leader stigma (stigmatized vs. nonstigmatized) and venue quality and investigates whether product devaluation is a psychological mechanism through which leader stigma relates to patronage when venue quality is low. Because our theory operates primarily at the individual level, it is important to show that these microlevel processes can account for the macrolevel effects investigated in the first study.

This research stands to make three primary contributions to theory and practice. First, by further extending theory on the use of casuistry in motivated social cognition to the consumer behavior context, we provide a more nuanced understanding of whether consumer responses to organizations differ as a function of leader stigma. This is important because many business people seem to assume customers will react unfavorably to stigmatized leaders (e.g., Kwoh, 2012; Moss & Tilly, 2001), but little theory or empirical evidence directly supports or opposes this perspective. Second, by identifying an additional boundary condition of the leader stigma—customer patronage relationship, we supply insight as to how organizations might best manage potentially discriminatory behavior by their customers. In a service-driven economy where the “customer is king,” it can be difficult to determine how to cater to client desires (real or perceived) without engaging in discriminatory practices under the guise of enhancing customer satisfaction (Brief et al., 1997). Third, we identify and examine an explanatory mechanism underlying the process whereby a leader’s stigma sometimes might dissuade customers from patronizing the organization. Specifically, we propose and test a general process of discriminatory behavior in motivated social cognition (Norton, Vandello, & Maxham, 2005; Netemeyer, Heilman, & Maxham, 2012), customers may choose to patronize establishments whose leaders do not possess these stigmatized characteristics.

The preceding discussion assumes leader stigmata automatically coincide with negative perceptions of Blacks in general and that these perceptions influence customer behavior. Recent work on motivated social cognition, however, calls such an assumption into question (e.g., Norton et al., 2004). Generally speaking, stigmata tend to evoke expressions of bias only when a combination of factors is present. To begin, the person must differentiate targets on the basis of stigma (consciously or unconsciously) and associate more favorable characteristics with nonstigmatized than stigmatized group members. This can be either pernicious (e.g., overt sexism, racism, or homophobia) or as innocent as simply failing to envision a stigmatized individual as a viable candidate for success (Brown-Iannuzzi, Payne, & Trawalter, 2012). In addition to this hierarchical differentiation, however, one of the following conditions also must apply. On the one hand, the individual could lack the requisite motivation or ability to suppress their predisposition and inhibit it from influencing their cognition and behavior. On the other hand, there may be a degree of attributional ambiguity present in a situation that essentially “allows individuals to discriminate under the guise of more acceptable criteria” (Norton et al., 2004, p. 819). It is this latter possibility that accounts for the common finding (e.g., Hodson, Dovidio, & Gaertner, 2002) that bias is fairly uncommon when there are dramatic differences between stigmatized and nonstigmatized persons, but more prevalent when discrepancies between them are minimal.

**Theoretical Background**

Roughly half a century ago, Goffman (1963) published his seminal work describing how certain markers (i.e., stigma) tarnish the identity of those who possess them. In essence, he claimed that people engage in a form of automatic cognitive processing when they encounter others. One of the chief motivations during these encounters is to reduce uncertainty about the other person so as to inform our decisions about how we should behave (e.g., Should I say hello or avoid a prospective encounter altogether?). On the one hand, positive features like attractiveness trigger favorable thoughts leading to heightened valuations of the focal individual (Hosoda, Stone-Romero, & Coats, 2003). On the other hand, presumably negative characteristics trigger unfavorable appraisals and precipitate devaluing of the target (Major & O’Brien, 2005). Ultimately, Goffman delineated three types of characteristics that trigger devaluation: bodily defects (e.g., cleft lip), character defects (e.g., addictions), and tribal group memberships (e.g., racial or ethnic minority status).

Subsequent to Goffman’s (1963) work, researchers have identified a number of potential characteristics within his typology and shown them to prompt others to denigrate and/or avoid those who hold them (Major & O’Brien, 2005). This process of social devaluation is particularly damaging for individuals, as it not only impedes career progress (Avery, 2011), but also impairs mental (Mak, Poon, Pan, & Cheung, 2007) and physical health (James, Lovato, & Khoo, 1994; Williams, Yan, Jackson, & Anderson, 1997). Moreover, it may hold negative implications for these individuals’ employers as well because: (a) leaders represent organizations to external stakeholders (Scott & Lane, 2000); (b) entire organizations can see their images and reputations sullied by the characteristics or behaviors of a few individuals (Devers, Dewett, Mishina, & Belsito, 2009; Hudson, 2008; Hudson & Ogbruur, 2009); and (c) spoiled organizational images promote customer disengagement (Orlitzky, Schmidt, & Rynes, 2003; Sutton & Callahan, 1987; Wright, Ferris, Hiller, & Kroll, 1995).

One reason stigmata tend to trigger devaluation is that they often coincide with negative overgeneralizations of social groups (Devers et al., 2009). For instance, employing a stigmatized leader like a Black executive may foster external stakeholders linking the organization with the Black racial group. Because this racial group is ascribed numerous unfavorable characteristics (e.g., lazy and incompetent), the organization might be perceived to embody these traits as well. Owing to individuals’ tendencies to patronize businesses perceived to enhance their identities (Ahearne, Bhattacharya, & Gruen, 2005; Netemeyer, Heilman, & Maxham, 2012), customers may choose to patronize establishments whose leaders do not possess these stigmatized characteristics.
If a situational cue such as venue characteristics can be used to rationalize acting in a biased manner against the stigmatized individual (or group) or otherwise account for seemingly biased behavior, then any underlying partiality is likely to be expressed and applied to leaders. Because an unappealing venue presents a seemingly reasonable (and unbiased) rationale for not patronizing a business, individuals could use the venue to justify their lack of support, even if the actual motive was based on the leader’s stigma. Such a process is consistent with Norton et al.’s (2004) application of casuistry to social category bias, whereby individuals construct or reconstruct the social world to help justify their own biased decision-making to themselves and others. Viewed through the lens of casuistry, a low quality venue could provide a seemingly legitimate reason to avoid patronizing a business with a stigmatized leader, but also be regarded insufficient grounds for dissuading support from a company without one. As Norton, Sommers, Vandello, and Darley (2006) concluded about the role of stigma in choice behavior, decision-makers are often “quite adept at masking the impact of such factors, instead couching their decision in more acceptable, legitimate terms” (p. 37).

Moderators of the Impact of Leader Stigma

Venue quality. Integrating the tenets of casuistry and role congruence suggests that companies with stigmatized leaders will be less attractive options for patronage if situations involve sufficient attributional ambiguity to provide individuals with plausible deniability for making a biased decision. We contend that a low quality venue could be such a situational factor that allows consumers to justify expressing bias against stigmatized leaders by scapegoating the venue. Venue quality pertains to physical aspects of the facility that are external to customer service encounters (e.g., storefront, display windows, building architecture). A number of prior studies have examined the impact of such venue-related variables empirically. For example, previous research has demonstrated outcomes associated with store design and size (e.g., van Rompay, Tanja-Dijkstra, Verhoeven, & van Es, 2012).

Overall, it appears that venues with more positive and welcoming characteristics (e.g., more amenities) tend to be received better by customers (see Turley & Milliman, 2000 for a comprehensive review of this literature). When venues lack quality, they provide prospective customers with a legitimate reason to withhold support from the business. Though this is true irrespective of any leader stigma, having such a factor present could promote bias by acting as a plausible alternative explanation to account for a prejudiced decision (Norton et al., 2004). Conversely, when venues are high quality, no such legitimate criteria is present to help account for a biased decision and, therefore, any underlying prejudice is apt to be suppressed to maintain internal or external views of egalitarianism. Thus, stigma-based bias should be more pronounced when venues are lower in quality, which leads us to anticipate the following prediction:

Hypothesis 1: Venue quality will moderate the relationship between leader stigma and customer patronage. Specifically, companies with more stigmatized leaders will experience less patronage than companies with fewer stigmatized leaders, but only when venue quality is low.

Product Valuation as a Mechanism Underlying Leader Stigma

The first hypothesis is based upon logic wholly consistent with a stigmatization process whereby products associated with stigmatized-led organizations are devalued, with a concomitant reduction in patronage. Nevertheless, the psychological mechanism underlying this effect is equivocal. Previous research (e.g., Netemeyer et al., 2012) suggests that customer perceptions of a firm, its products, or personnel may not relate to firm outcomes directly. In the present study, we draw upon literature on consumer appraisal processes and propose that customer product valuation is a mediating mechanism by which the leader stigma—venue quality interaction relates to customer patronage. Like prior work, we define product value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given” (Zeithaml, 1988, p. 14).

A poor organizational venue provides a seemingly reasonable explanation for shopping elsewhere. Accordingly, prospective patrons have a cognitive explanation for engaging in discriminatory behavior without acknowledging it as such to absolve any threats to their personal sense of egalitarianism (Brief, Buttram, Elliott, Reizenstein, & McClure, 1995). Through the above process, devaluing a stigmatized leader should result in the perception that the employing organization and its offerings are relatively inferior to those associated with a comparable organization without stigmatized leadership. Consequently, when venue quality is lower, products from companies with stigmatized leaders should be devalued compared with those produced by companies without them, coinciding in lower patronage for the former than for the latter.

Hypothesis 2: Perceived product value will mediate the interactive effects of venue quality and leader stigma on customer patronage. Specifically, companies with more stigmatized leaders will receive lower product valuations and, therefore, will experience less patronage than companies with fewer stigmatized leaders, but only when venue quality is low.

We test the preceding hypotheses in two complementary studies employing race as an exemplar of stigma. Racial stigma was chosen because it is well established that Blacks in the U.S. are stigmatized in general (Bobo, Charles, & Krysan, 2012; Pasek, Stark, Krosnick, & Tompsoon, in press) and with respect to leadership in particular (Rosette, Leonardelli, & Phillips, 2008). The first uses a large-scale field study to examine Hypothesis 1. Its retail setting provides a real-world assessment with a high degree of generality. The second examines the impact of leader stigma experimentally to again test Hypotheses 1 and 2. Manipulating leader stigma and venue quality experimentally allows us to make causal inferences that are precluded by the research methodology of the first study (see Figure 1 for a graphic illustration of the comprehensive research model).

Study 1

Method

Data. Data were collected by a Fortune 500 retailer’s human resources department at two time points, 1 year apart. We acknowledge that this is a part of a large-scale, longitudinal dataset
utilized previously (Avery, McKay, Tonidandel, Volpone, & Morris, 2012; McKay, Avery, Liao, & Morris, 2011; McKay, Avery, & Morris, 2009) and note that the only overlapping variable between the past and present work is unit sales, which was also the outcome in a prior examination of the impact of diversity climate (McKay et al., 2009). Only stores with more than 50 employees (to ensure a reasonable sized management team for the independent variable) and matched data from both time points were included, yielding a final usable sample size of 747 stores. Although using data from store units within one company likely reduces between-unit variance, it also controls for a number of between-company and industry confounds that could bias our results (Becker & Gerhart, 1996). All variables other than Time 2 sales were measured at Time 1.

Measures.

Patronage. To provide a dynamic assessment of patronage, we operationalized it as sales growth. Like prior authors (e.g., Batt, 2002; Shaw, Duffy, Johnson, & Lockhart, 2005), we computed the difference in total annual sales between our two data collection points.

Stigmatized leaders. We operationalized stigmatized leaders as the percentage of Black managers in each store. Leaders are expected to spend time on the sales floor to ensure that customers are receiving high quality service and, therefore, are visible to prospective customers. Moreover, though there is some degree of turnover at this level, the percentage of Black managers tends to be pretty stable from year-to-year (e.g., the correlation between our two observation time points was .84 and the average change was 3.4%).

Venue quality. Each year, the company’s human resources department assesses the physical environment quality of each store and codes it as: 1 = in need of repair/renovation, 2 = in satisfactory condition, or 3 = new/recently renovated.

Controls. To maximize comparability across stores and minimize potential confounds, we controlled for the store’s geographic region, prior sales, number of local competitors, and the percentage of Black associates. We accounted for location (north, south, central, and west) because geographic regions have different histories of racial tension (Massey, 2000; Tuch, 1987; Zingher & Steen, 2014) that could impact both a store’s willingness to employ Black managers and customer responses to them. We controlled prior sales (natural log transformed) to provide a baseline for our measure of growth, in recognition that growth is likely to be larger in bigger economies (and reflected in prior sales). The number of competitors could diminish a company’s willingness to employ Black managers or limit patronage by offering customers viable shopping alternatives (Heyman, Svaleryd, & Vlachos, 2013). Finally, we accounted for the percentage of Black subordinates because this variable can influence the proportion of Black managers and customer patronage (Burdekin, Hossfeld, & Smith, 2005; Fields, Goodman, & Blum, 2005).

Results

Descriptive statistics and correlations are located in Table 1. The hypotheses were tested in SPSS version 22 using hierarchical moderated multiple regression with the control variables and focal variables entered in Step 1 and the Stigmatized Leaders × Venue Quality interaction entered in Step 2. Hypothesis 1 predicted an interaction between venue quality and stigmatized leaders such that the proportion of stigmatized leaders would relate to customer patronage only when venue quality was low. The entry of the interaction term in Step 2 accounted for significant incremental variance in patronage, $F(1, 737) = 9.38, p < .01, \Delta R^2 = .01$, and the term related significantly to patronage (see Table 2). To probe the interaction further, we computed the simple slopes of the stigmatized leaders at low ($-1 \ SD$) and high ($+1 \ SD$) venue quality. There was no significant association between stigmatized leaders and patronage growth when venue quality was high ($b = .02, p = .07$). Conversely, when venue quality was low, the percentage of stigmatized leaders was significant and related inversely to patronage growth ($b = -.02, p = .02$). This pattern, which is illustrated graphically in Figure 2, provides support for Hypothesis 1.

Some readers may wonder whether the effects reported here for Black leaders might apply to other racioethnic minority leaders as well. To examine this possibility, we disaggregated the non-Black leaders and created variables indicating the percentage of Hispanic, Asian American, and Native American leaders (along with the percentage of Black leaders variable). Thus, each percentage of
minority leader term indicates the impact of leader representation among that particular group in contrast to the proportion of White leaders (our reference category). We then computed product terms between each race/ethnic proportion variable and venue quality and repeated our analyses. The interaction involving the percentage of Black leaders remained statistically significant \((p < .01)\) and no other significant interactions were observed \((ps > .70)\). As a further test, we also repeated this analysis using the summed proportion of non-Black minority leaders because this aggregated group \((M = 8.53)\) was roughly equivalent in size to the proportion of Black leaders \((M = 8.56)\), thereby providing comparable statistical power. Again, the interaction involving Black leaders remained significant whereas the aggregated non-Black minority leader term indicates the impact of leader representation and no other significant interactions were observed \((ps > .70)\). As a further test, we also repeated this analysis using the summed proportion of non-Black minority leaders because this aggregated group \((M = 8.53)\) was roughly equivalent in size to the proportion of Black leaders \((M = 8.56)\), thereby providing comparable statistical power.

Discussion

As anticipated, the results revealed that when venue quality was low, the proportion of stigmatized leaders related negatively to patronage. In fact, in the lowest quality stores, a single percentage increase in stigmatized leaders corresponded in a $20,000 decline in patronage during the 1-year lag between our data points. Our theory suggests this effect transpired because low quality venues provide a viable alternative explanation for the expression of bias against stigmatized leaders and the companies they represent, thereby corresponding in reduced customer patronage. Importantly, leader stigma had no significant linkage to patronage when venues were in satisfactory or pristine condition. These findings also contribute to an existing call in the literature that urges researchers to examine factors that inhibit patronage \(\ldots\).

Our findings also help extend those derived from the limited investigation of other stigmata in retail settings. For example, one such study found that obesity among salespeople resulted in participants rating a store as less successful \(\ldots\). Though a few studies have examined how employee demographics may contribute to organizational devaluation, this relationship is rarely considered at the leader level, as we explored in the present study. Further, we used a lagged research design \(\ldots\) to test whether the leader stigma–patronage association was moderated by venue quality. This answers a call for research to move beyond purely cross-sectional designs when examining effects of quality in retail settings \(\ldots\). On a related point, it is interesting that the relationships reported for the representation of Black leaders did not appear to generalize

### Table 1

**Means, Standard Deviations, and Correlations for Study 1**

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Northeast region</td>
<td>.29</td>
<td>.46</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2) South region</td>
<td>.27</td>
<td>.44</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3) Central region</td>
<td>.21</td>
<td>.41</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>4) West region</td>
<td>.22</td>
<td>.42</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>5) Number of competitors</td>
<td>.86</td>
<td>.99</td>
<td>.13**</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>6) Stigmatized associates</td>
<td>15.41</td>
<td>17.76</td>
<td>—.07</td>
<td>.44**</td>
<td>—.24**</td>
<td>—1.15***</td>
<td>.01</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>7) Prior sales</td>
<td>16.29</td>
<td>.60</td>
<td>.01</td>
<td>—.07</td>
<td>—.14**</td>
<td>.20**</td>
<td>.51**</td>
<td>.18**</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>8) Stigmatized leaders</td>
<td>8.56</td>
<td>18.76</td>
<td>—.04</td>
<td>.24**</td>
<td>—.13**</td>
<td>—.08</td>
<td>—.03</td>
<td>.48**</td>
<td>.04</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>9) Venue quality</td>
<td>1.84</td>
<td>.80</td>
<td>—.02</td>
<td>.01</td>
<td>—.02</td>
<td>.04</td>
<td>.09**</td>
<td>—.02</td>
<td>.21**</td>
<td>.01</td>
<td>—</td>
</tr>
<tr>
<td>10) Patronage growth</td>
<td>3.79</td>
<td>3.51</td>
<td>—.08</td>
<td>.08</td>
<td>—.11**</td>
<td>.11**</td>
<td>.22**</td>
<td>.12**</td>
<td>.58**</td>
<td>.04</td>
<td>.20**</td>
</tr>
</tbody>
</table>

**Note.** \(N = 747\). Region variables are dummy coded, prior sales is natural log transformed, and patronage growth is in millions of dollars. \(* p < .05\). \(** p < .01\).

### Table 2

**Summary of Analyses Predicting Patronage Growth in Study 1**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Step 1</th>
<th>Step 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>South region</td>
<td>1.00** (.30)</td>
<td>.95** (.30)</td>
</tr>
<tr>
<td>Central region</td>
<td>.28 (.30)</td>
<td>.27 (.29)</td>
</tr>
<tr>
<td>West region</td>
<td>.14 (.30)</td>
<td>.10 (.29)</td>
</tr>
<tr>
<td>Competitors</td>
<td>—.27 (.13)</td>
<td>—.27 (.13)</td>
</tr>
<tr>
<td>Stigmatized associates</td>
<td>—.01 (.01)</td>
<td>—.01 (.01)</td>
</tr>
<tr>
<td>Prior sales</td>
<td>3.73** (.22)</td>
<td>3.76** (.22)</td>
</tr>
<tr>
<td>Stigmatized leaders (SL)</td>
<td>—.00 (.01)</td>
<td>—.00 (.01)</td>
</tr>
<tr>
<td>Venue quality (VQ)</td>
<td>.26 (.13)</td>
<td>.26 (.13)</td>
</tr>
<tr>
<td>SL (\times) VQ</td>
<td>F(8, 738) = 53.82</td>
<td>F(9, 737) = 49.43</td>
</tr>
<tr>
<td>(R^2)</td>
<td>.37</td>
<td>.38</td>
</tr>
<tr>
<td>(\Delta R^2)</td>
<td>.01**</td>
<td></td>
</tr>
</tbody>
</table>

**Note.** \(N = 747\). Coefficients are unstandardized and standard errors are in parentheses. Region variables are dummy coded \(\ldots\) and financial variables are in millions of dollars. Stigmatized associates (leader) is the percentage of associates \(\ldots\) that were Black. \(* p < .05\). \(** p < .01\).
to other non-White leaders. It is certainly possible that the smaller sizes of these subgroups provide a statistical explanation for the lack of generality across minority groups. Alternatively, it could be a product of the common stratification of racial bias in the U.S. For instance, research on racial residential segregation indicates that whereas White homebuyers are relatively unaffected by the level of Hispanic and Asian integration, their interest in a home varies inversely with the proportion of Black neighborhood residents (Emerson, Chai, & Yancey, 2001). Moreover, whereas having Asian or Hispanic contacts is associated with lower levels of White prejudice against these groups, White respondents had to both know and feel close to Black contacts to show a similar decline in bias (Dixon, 2006).

Moreover, our results extend existing research by considering the role of constraints (e.g., low venue quality) in deterring patronage (Hightower, Brady, & Baker, 2002). Prior work has identified a number of factors as external constraints to patronage including weather and outcome uncertainty (Owen & Weatherston, 2004; Welkli & Zlatoper, 1999). Venue quality represents an additional external constraint when it is at a low level. However, personal constraints, defined as consumer’s internal states or personal factors (Crawford, Jackson, & Godbey, 1991) have not been studied as thoroughly as their external counterparts. In the present study, we show that venue quality (an external constraint) interacts with leader stigma (which may relate to consumer bias—a personal constraint) to deter patronage. Though the study findings are highly consistent with our model, it is important to recognize that the data were gathered from a single employer within a single industry without experimental control, and did not test the proposed mediating mechanism. Consequently, constructive replication is desirable.

Study 2

Method

In our first study, consumers showed a lower proclivity to patronize retail establishments with more stigmatized leaders only when provided with an alternative nonracial explanation (low venue quality). However, the field data utilized do not permit us to draw firm causal conclusions regarding our predictions. The data were also at a more macro level that did not allow us to test the individual-level psychological processes that we believe underlie the macrolevel effects observed in Study 1. Consequently, the second study experimentally manipulates leader stigma and venue quality, and examines the mediating role of product valuations at the individual level of analysis.

Participants. We used Amazon’s Mechanical Turk to recruit 209 participants for an online experiment. Similarly obtained data have appeared recently in leading organizational journals (e.g., Bendersky & Shah, 2013; Chua, 2013) and evidence suggests such data are equally reliable as those obtained through more conventional methods (Buhrmester, Kwang, & Gosling, 2011). The sample was gender balanced (50.2% male) and the racial/ethnic composition consisted of predominantly White respondents (81.8%) with the remainder being Asian American (5.7%), Hispanic (5.7%), Black (8.1%), or belonging to some other racial group (4.3%). Due to missing data, responses from one respondent was not included in the analyses, reducing the usable sample size to 208.

Procedure.

Pretest. This follow-up study experimentally manipulated leader stigma (i.e., race) and venue quality. Pretested photos were used to depict both manipulations. To find the pictures used to manipulate leader stigma, we used 30 stock photos (15 of White men, 15 of Black men) dressed in professional attire. During pretesting the photos were presented randomly to 32 participants. The average attractiveness rating of all the photos was 3.68 (SD = 0.43) on a scale from 1 = strongly disagree that the individual pictured is attractive to 5 = strongly agree that the individual pictured is attractive. After matching a Black and White photo for attractiveness, we used the two photos in our leader manipulation. Therefore, all of the employees depicted in the study materials were pretested and matched for attractiveness.

Next, to manipulate venue quality, we pretested pictures of storefronts to identify some seen as highly attractive and others deemed moderately attractive. We did not use any photos rated as highly unattractive to avoid overly constraining the variance in patronage intentions in the low-quality condition. We started by acquiring 18 stock photos of storefronts. The venues did not have any identifying information or features that suggested a specific business, brand, or store. Photos were presented in a random order to 30 participants. These participants were different than the sample used to pretest the photos for the leader stigma manipulation. Participants rated each venue on four dimensions (The store pictured above is attractive, I would shop at this store, this store is well kept, and this store looks very modern). Ratings on the four dimensions were averaged to form a scale. The average rating of all the photos was 3.38 (SD = 0.57) on a scale from 1 to 5. We matched photos that rated .1 or less from the −1 SD and +1 SD cutoff. After matching a low quality venue and a high quality venue photo for attractiveness, we used the two photos in our venue quality manipulation. Thus, all of the storefronts depicted in the study materials were pretested and matched for attractiveness.

Experiment. Based on the month they were born, participants were assigned at random to one of four experimental conditions crossing leader stigma (Black vs. White) and venue quality (high vs. low). Each participant was shown a sales team consisting of 12 members and a manager selling an ambiguous product (i.e., no descriptive information was provided to minimize possible differences in product knowledge among participants). All other information provided was invariant across conditions except the manipulations (leader stigma and venue quality). After reviewing the sales team and their venue, participants completed the measures and manipulation checks below in the order presented.

Measures.

Patronage intentions. We employed three items from prior research (Suwelack, Hogreve, & Hoyer, 2011) to assess patronage intentions. A sample item is: “The likelihood that I would purchase the product this team sells is... .” Responses, which were on a 5-point Likert-type scale with anchors 1 = very low and 5 = very high, were averaged to form a scale (M = 2.88, SD = .74; α = .92).

Product valuation. Subsequent to being informed that the intentionally ambiguous product sold by the sales team usually sells for $50–$450, participants were asked to provide their own valuation of the product in dollars (M = $118.76, SD = $84.11).
Results

Descriptive statistics and correlations are presented in Table 3. Prior to testing study hypotheses, we conducted several manipulation checks to determine whether our manipulations worked in the intended manner. Although pilot testing revealed nonsignificant racial differences in leader attractiveness, we included a leader attractiveness measure to explore this possibility within the actual sample. The effect of leader stigma on leader attractiveness was nonsignificant, t(207) = 1.48, p = .14, d = .20. Moreover, participants were asked to rate the venue’s attractiveness and quality on single-item indicators. The low-quality store was seen as less attractive, t(206) = 4.98, p < .001, d = .70 and of lower quality, t(207) = 7.09, p < .001, d = .97 than the high quality store, indicating the manipulation was successful. The varying degrees of freedom for these tests reflect a missing response to one item.

The hypotheses tested in this study predict that venue quality moderates the effect of leader stigma on patronage (H1) and that this interactive effect is mediated by perceived product valuation (H2). We tested these hypotheses in SPSS version 22 using analysis of variance and Hayes’ (2013) PROCESS macro that employs bias-corrected bootstrapping to test the significance of moderated mediation models. The Stigmatized Leader X Venue Quality interaction on patronage intentions was not statistically significant, F(1, 205) = .04, p = .85, η² = .00. Thus, unlike the first study, H1 was not supported.

Though the direct effect of this interaction was not significant, H2 considers the possibility of an indirect effect. Testing this possibility, the stigmatized leader–product valuations (i.e., the mediator) relationship was moderated by venue quality (b = 57.58, p = .01, ΔR² = .03), such that this linkage was significant for low-quality (b = −47.14, p < .01) but not high-quality venues (b = 10.44, p = .53). Though significant moderation was neither expected nor present at Stage 2 (b = −.00, p = .75), the valuation-patronage intentions linkage was significant (b = .004, p < .01). Collectively, the conditional effects at the two stages combined to produce a significant indirect effect when venue quality was low (−.18, 99% CI [−.40, −.01], K² = .14), but not when it was high (.04, 95% CI [−.07, .17], K² = .03). Moreover, the difference between the two indirect effect values was statistically significant (22, 95% CI [.07, .44]); thus, significant moderated mediation was observed (see Figure 3 for an illustration). Hence, H2 was supported.

Discussion

Although we failed to find (as we did in Study 1) that venue quality moderates the association between leader stigma and patronage experimentally, Study 2 findings suggest that this interactive effect operates indirectly. When venue quality was low, products offered by sales teams with a stigmatized leader were deemed to be worth less than identical products sold by a team headed by a White leader (a difference of $47, or roughly 10% of the product’s potential maximum value), which corresponded with lower patronage intentions for the Black-led team. Considering that the only objective difference between the two scenarios was the race of the leader, this finding provides compelling evidence of devaluation (the hallmark of stigma), explaining how a leader’s stigma translates to organizational stigmatization when venue quality is low. We should note, however, that product valuation and patronage intentions were measured at the same time point, thereby limiting our statistical ability to conclude directionality. As in the first study, it is noteworthy that there was no significant effect of leader stigma (direct or indirect) when venue quality was high.

General Discussion

The purpose of this research was to determine whether the association between a leader’s stigma and customer patronage is contingent upon venue quality. Based on theory pertaining to motivated social cognition in general and casuistry in particular, we anticipated that companies with more stigmatized leaders would receive less patronage than those with fewer stigmatized leaders when venues were viewed as low quality. Moreover, building on work linking race and devaluation, we anticipated that this interactive effect would be mediated by consumer product valuations. The results from two complementary studies largely supported these predictions. First, evidence from a national retailer showed that the percentage of stigmatized leaders present was associated (negatively) with growth in patronage only when venues were in need of restoration or replacement. Second, an experimental study extended this finding by showing that product valuations account for the above-described interactive indirect effect of leader stigma and venue quality on patronage. Overall, our findings suggest that low quality venues are associated with a greater the likelihood that stigmatized leaders will be devalued, which corresponds with the devaluation of products affiliated with their organizations, and by extension, lower patronage. We now describe the implications of these findings for theory and practice.

Theoretical Implications

While research on identity-based devaluation has spanned better than half a century, only recently have organizational scholars taken a genuine interest in the concept (Paetzold, Dipboye, & Elsbach, 2008). One noteworthy extension has been the recognition that entities other than singular individuals can become stigmatized. This burgeoning literature has focused largely upon how an organization’s misbehavior or core identity can sully its entire image in the eyes of external stakeholders (Devers et al., 2009; Hudson, 2008; Hudson & Ogbuiru, 2009). Although a considerable amount of the individual-oriented research in this area has focused on what Goffman (1963) termed tribal markers such as race, the organizational literature has yet to do so. Our research suggests that the demographics of key organizational employees can be a source of organizational devaluation. When the negative
perceptions associated with a particular group are not aligned with conventional leadership prototypes, the implications extend beyond those demonstrated for the particular individual (Eagly & Karau, 2002), and appear to generalize to the organization at large.

It is an oversimplification, however, to assume that merely employing a stigmatized individual in a position of leadership is sufficient to stigmatize an organization and stimulate consumer avoidance. Because many individuals are motivated to be or at least appear unbiased, they are often inclined to suppress identity-based notions and prevent them from influencing their public decisions (Plant & Devine, 1998). Accordingly, the proclivity for leader stigmata to trigger devaluation is contingent upon how other situational cues affect consumer willingness to engage in casuistry.

We argued and found that situational criteria that can be used to rationalize decisions to avoid patronizing a company may be applied (in a form of casuistry) to justify bias against companies with Black leaders. Under such conditions (i.e., low venue quality), perceivers are more prone to engage in racially biased consumer behavior.

We also add to the theoretical discussion of the mechanism(s) by which potential sources of organizational devaluation translate into external stakeholders’ negative reactions. Devers et al. (2009) recently proposed perceived stakeholder–organizational value incongruence to be one such mechanism. Though we agree that such a process is conceivable, we introduced an alternative possibility. Namely, when consumers perceive a plausible alternative explanation for basing decisions on race, perceivers are more prone to engage in racially biased consumer behavior.

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Practical Implications

Prior evidence (e.g., Kwok, 2012; Moss & Tilly, 2001) indicates that some business executives anticipate negative customer reactions to stigmatized employees in visible leader posts. In the worst-case scenarios from our studies, there were considerable costs associated with the product devaluation associated with the presence of stigmatized leaders. There are several reasons, however, why such apprehensions should be minimized. First, leader stigma was virtually irrelevant (i.e., no significant relation to patronage) in the majority of the conditions we considered. In fact, the only instance in which customers reacted negatively to stigmatized leadership was when the leaders worked in lower-quality venues. Second, there are likely to be numerous instances when the most qualified person for a leadership opportunity is stigmatized (Hewlett, Luce, & West, 2005). If these stigmatized leaders are able to help enhance organizational performance, then the impact of their presence on consumers should be minimal (Avery et al., 2015).

The results also provide some clear guidance concerning organizational impression management. Avery and McKay (2006) proposed that it is important for organizations to engage in strategic impression management if they are to recruit a diverse workforce effectively. We argue that the importance of such tactics for diversity management extends beyond personnel recruitment to issues such as promotions and deployment as well. For instance, evidence indicates that access to leadership opportunities is routinely lower for stigmatized than nonstigmatized employees (Avery, 2011). Additionally, when stigmatized individuals receive such opportunities, they tend to be in units that are underperforming, have a high likelihood of future failure, have no clear promotional paths, and are more concentrated with stigmatized workers (e.g., Collins, 1997; Cook & Glass, 2015; Fields et al., 2005; Ryan et al., 2016). If such units also commonly operate in lower-quality venues, then organizations (intentionally or inadvertently) are placing many stigmatized leaders in situations where customers
are most likely to act on any bias they may have against them, consequently precipitating organizational devaluation. Instead, organizations should foster work environments that cannot be used as psychological justifications of bias against stigmatized leaders to enhance their probability for success.

Moreover, our results should compel organizations to recognize the additional prospective impact of venue quality on customer patronage. Our findings suggest that while it is justifiably important to consider external factors when doing business (e.g., competitor’s performance), organizations in all industries, especially service industries, can maintain (or gain) a competitive advantage by addressing customer needs internally (e.g., through venue quality). A noteworthy example of this comes from the sports industry. Specifically, many sports organizations have started to improve their venues by offering features such as larger seats, additional luxury boxes, sophisticated food options, and playgrounds for children to increase customer patronage (John & Sheard, 2000). By focusing on factors that are controllable, these organizations are able to increase patronage and ultimately revenue—despite variance that occurs in factors that are out of their control (e.g., performance of other teams in the division).

As such, when organizations address venue quality and other aspects of the business that are within their control, both direct (as previously shown) and indirect (as demonstrated here) financial benefits are obtainable. Moreover, doing so seems to minimize any implications of leader stigma.

**Limitations and Future Research Directions**

Despite a number of positive features (e.g., complementary designs), this research is not without limitations. Perhaps most notable among these drawbacks is that, although the results are consistent with our theorizing, we did not assess stigma directly. Inferring stigma is a common practice in the literature as it is prohibitive (or even impossible) to directly measure the process in contexts where it is operative. For instance, there was no way to assess stigma in the field data employed in our first study. Nevertheless, it is plausible that a process other than our stigma-based devaluation explanation accounted for the observed pattern of results. Accordingly, we encourage subsequent research to more explicitly test the role of stigmatization in customer discrimination.

Additionally, we elected to focus exclusively on differences in reactions to racial leader stigma when our theory generalizes to other forms as well (e.g., women, LGBTQ, disabled). We encourage future researchers to consider this possibility empirically. Moreover, we believe that leader stigmatization may interact to further affect the outcomes explored in this model. For example, sex/gender may serve as a boundary condition. Based on the double jeopardy hypothesis, leader sex and race could interact to generate a cumulative effect (Levin, Sinclair, Veniegas, & Taylor, 2002; Morrison & Von Glinow, 1990; Reid & Comas-Diaz, 1990; Ver-...