HOW DOES ORGANIZATIONAL POWER AFFECT ORGANIZATION PERCEPTIONS?

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Business Administration

by

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ABSTRACT

Both for-profit and nonprofit organizations are important marketplace entities nowadays. Although the influence of organizational power is pervasive, research on organizational power remains largely unexamined in the consumer behavior literature. This dissertation intends to bridge this gap by investigating the role that organizational power plays in consumer perceptions of, and their subsequent response to, for-profits and nonprofits. Specifically, I examine how consumers perceive and respond to for-profits and nonprofits as a function of organizational power. I find that consumers judge an organization differently on its warmth and competence perceptions as a function of power, which in turn influences their behavioral intentions and purchase behavior. I also investigate how differential perceptions arising from organizational power are affected by i) a nonprofit’s status and collaborative orientation, and ii) a for-profit’s status and its participation in CSR initiatives. Taken together, this dissertation sheds light on how consumers respond to organizations that vary in power, provides insights into the underlying mechanisms of warmth and competence perceptions, and suggests strategic directions for marketing practice.
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“There are no endings only new beginning...”
Chapter 1

Introduction

Both for-profit and nonprofit organizations are important marketplace entities nowadays. In addition to the tremendous contribution that for-profits make to the economy and to society, nonprofit organizations also play an increasingly important role in both the market and consumers’ daily lives. According to the Urban Institute Center on Nonprofits and Philanthropy (2012), the growth rate of the nonprofit sector has surpassed the rate of both the business and government sectors. In 2013, nonprofits in the United States identified $2.26 trillion in revenues and $5.17 trillion in assets (McKeever 2015). In sum, for-profits and nonprofits have an important presence in today’s marketplace and deserve systematic research attention.

An interesting and easily noticeable phenomenon for for-profits and nonprofits is both of them vary tremendously on power within their own organizational type. For example, as one of the largest U.S. charities, United Way had a $3.87 billion revenue in 2014 and more than 1,000 retail outlets across the country. Meanwhile, there are numerous grassroots nonprofits with less than $5,000 in gross receipts, such as neighborhood associations or PTAs. Similarly, being ranked as the number one for-profit firm among Fortune 500, Walmart has an enormous network of nearly 4,000 stores in the U.S. with $485.7 billion revenue in 2014 and 1.4 million employees; whereas there also
exist more than 3.5 million small businesses in the U.S. with less than 5 employees (U.S. Census of Bureau, 2013).

This variation in power – while not discussed as “power” – is featured in prominent organization ranking like *Fortune 500*, *Forbes the 50 Largest U.S. Charities*, *Top 100 Nonprofits on the Web*, which are frequently mentioned or referred in everyday conversations and various publications. Public media also reported a number of interesting cases about confrontations between powerful organizations and powerless ones (Lovell 2012; Viser 2005). A Lexis Nexis search shows that 998 articles published in major U.S. newspapers mentioned “largest (smallest) firm” in 2015 (LexisNexis 2016).

In a word, information about the power of nonprofits and for-profits is prevalent in people’s daily lives and abounds in the major media as well. What remains unclear, though, is whether organizational power will impact consumers’ perceptions towards for-profits and nonprofits. If so, what is the nature of the relationship between organizational type and power?

Prior research has shown that the influence of organizational power is pervasive such that it impacts a variety of economic agents and social entities’ behavior (Barrett et al. 2010; Cox et al. 2004; Porter 2008; Williamson 1995). Thus far, most research has investigated power with respect to for-profit firms. However, it stands to reason that organizational power will affect people’s perceptions not only of for-profit organizations, but also of nonprofit organizations; these perceptions are also expected to influence behavioral intentions and the subsequent behavior of individuals in the marketplace.
The relationship between organizational power and market behavior has received considerable research attention in the economics and quantitative marketing realm, especially as it pertains to for-profit organizations (Ailawadi et al. 2010; Barrett et al. 2010; Boulding and Staelin 1990; Lee 2009; Porter 2008; Shamsie 2003). However, research on organizational power remains largely unexamined in the consumer behavior literature. The present research intends to bridge this gap by investigating the role that organizational power plays in consumer perceptions about, and their subsequent response to, for-profits and nonprofits. Specifically, I examine how consumers perceive and respond to for-profits and nonprofits as a function of organizational power. I find that consumers perceive an organization differently on its warmth and competence as a function of power, which in turn influences their behavioral intentions and purchase behavior. I also investigate how differential perceptions arising from organizational power are affected by i) a nonprofit’s status and collaborative orientation, and ii) a for-profit’s status and its participation in CSR initiatives.

This research makes several distinct and important contributions. First, prior research has documented consumers’ perceptions of for-profits and nonprofits but has not considered the influence of organizational power (e.g. Aaker, Garbinsky, and Vohs 2012; Aaker, Vohs, and Mogilner 2010). I contribute to this literature by identifying how consumers’ perceptions of for-profits and nonprofits vary systematically as a function of organizational power.

Second, consumer research has begun to examine the role of power but has typically focused on the interpersonal or intrapersonal experience of power by consumers
To my knowledge, prior behavioral research on organizational power is scant and I contribute by examining how consumers perceive and respond to for-profits and nonprofits as a function of the power held by these organizations.

Third, prior work suggests that warmth and competence are the two universal dimensions underlying social perceptions (Cuddy, Fiske, and Glick 2008; Fiske, Cuddy, and Glick 2007; Fiske Cuddy, Glick, and Xu 2002). Building on this stream of work, my research links organizational type and power to consumer response (including behavioral intention and purchase behavior) via consumers’ warmth and competence perceptions and shows the differential effects of organizational type on warmth and competence perceptions varied by organizational power.

Finally, this research not only examines the impact of organizational power on consumer reactions to for-profits and nonprofits, but, importantly, also suggests strategic directions for both for-profits and nonprofits to mitigate their deficiencies in warmth or competence, which in turn enhances their standing in the marketplace. In sum, the strategic recommendations provided by this research also have important managerial implications for nonprofit and for-profit marketing practice.
Chapter 2
Organizational Type, Power, and Consumer Response

2.1 Organization Perceptions

A substantial body of research characterizes two traits – warmth and competence – as the universal and fundamental dimensions underlying social perception of individuals (Cuddy, Fiske, and Glick 2008; Fiske, Cuddy, and Glick 2007). The warmth dimension captures traits that are related to perceived intent or motive, including friendliness, helpfulness, sincerity, trustworthiness, and morality. In contrast, the competence dimension reflects traits that are related to perceived ability to effectively enact one’s intent, including intelligence, skill, creativity and efficacy (Cuddy et al. 2008; Fiske et al. 2007). In other words, warmth perceptions affect how much one trusts versus doubts others’ motives, whereas competence perceptions affect assessments of whether others have the ability to effectively enact their motives (Cuddy, Glick, and Benigher 2011). Together, these two dimensions account for most of the variance in the evaluation of individuals and therefore dominate people’s perceptions of others (Wojciszke, Dowhyluk, and Jaworski 1998; Wojciszke, Abele, and Baryla 2009).

Recent research also shows that perceptions on the fundamental warmth and competence dimensions are always negatively correlated – people who are high in warmth are viewed as lower in competence, whereas those high in competence are
viewed as lower in warmth (Fiske, Xu, Cuddy, and Glick 1999; Judd, Hawkins, Yzerbyt, and Kashima 2005; Kervyn, Yzerbyt, and Judd 2010; Yzerbyt, Kervyn, and Judd 2008). For instance, working mothers are viewed as less competent than women who have no children, in contrast working mothers are perceived as warmer (Cuddy, Fiske, and Glick 2004).

Subsequent research on these dimensions expands social perception from interpersonal to intergroup perceptions and finds that the warmth-by-competence space fits perceptions of a variety of societal subgroups such as older people, women, Asian-Americans, immigrants, and even European nationalities (Cuddy et al. 2004; 2005; Fiske 1998; Fiske et al. 1999; Kay and Jost 2003; Lee and Fiske 2006; Lin et al. 2005; Phalet and Poppe 1997) (Figure 2-1).

**Figure 2-1 Scatter plot and cluster analysis of competence and warmth ratings for 20 groups**

Expanding even more upon this work, recent research reveals that people perceive for-profit and nonprofit organizations along dimensions of warmth and competence as well, such that consumers perceive nonprofits as having greater warmth but less competence compared to for-profits (Aaker, Vohs, and Mogilner 2010). Along similar lines, other researchers also provide empirical evidence that consumers associate nonprofit organizations with warmth and for-profit organizations with competence (Drevs, Tscheulin, and Lindenmeier 2014; Schlesinger, Mitchell, and Gray 2004). Given these findings, two important questions remain: First, to what extent do warmth and competence perceptions of organizations affect consumer behavior in the marketplace? Second, to what extent do warmth and competence differences generalize across other characteristics of organizations?

2.2 From Perceptions to Behavior

Warmth and competence perceptions precede and trigger systematic patterns of cognitive, emotional, and behavioral reactions. For instance, research on warmth and competence perceptions has convincingly demonstrated that these two dimensions are predictive of electoral success in both within- and cross-cultural ratings of politicians (Rule et al. 2010; Todorov et al. 2005). According to Fiske and her colleagues, warmth and competence stereotypes also lead to certain types of emotions (e.g. pity, sympathy, envy, and jealousy) and elicit four unique patterns of behavioral responses toward certain societal subgroups (e.g. active and passive, facilitation and harm; Fiske et al. 1999, 2002; Cuddy et al. 2007).
Previous research also reveals that consumers’ warmth and competence perceptions towards sellers affects their subsequent behavioral intentions toward those sellers (Scott, Mende, and Bolton 2013). However, the consequences of warmth and competence perceptions toward organizations remains unknown. On the one hand, some prior research suggests that competence takes primacy when it comes to consumers’ interaction with organizations (e.g., behavioral intentions and behavior; Abele and Wojciszke 2007; Wojciszke and Abele 2008). For example, competence signals product quality (Goldsmith, Lafferty, and Newell 2000) and Aaker et al. (2010) demonstrate that consumers are less likely to buy from a nonprofit than from a for-profit because they think the former lacks competence. On the other hand, considerable evidence supports the notion that “warmth is primary”: warmth judgments are made more quickly than competence judgments and warmth has a greater impact on attitude toward others (Wojciszke, Bazinska, and Jaworski 1998; Ybarra, Chan, and Park 2001). Moreover, warmth/caring perceptions have been documented to be a key driver of satisfaction and loyalty intentions in a service context (Bolton and Mattila 2015; Mattila, Grandey and Fisk 2003; Parasuraman, Zeithaml, and Berry 1985). Based on these findings, the present research argues that both warmth and competence perceptions play a role in driving consumer response to organizations.

Given that for-profits are perceived as more competent and nonprofits are perceived as warmer, the roles of warmth and competence in consumer response have important implications for the marketplace. Prior research suggests that marketing cues (e.g., a highly credible endorsement) can boost consumer perceptions of nonprofit
competence to the level of for-profits (Aaker et al. 2010), which in turn increases consumers’ willingness to buy from nonprofits.

Building on this line of research, the present research will investigate strategic directions whereby marketers can influence perceptions of organizations, by enhancing nonprofit competence perceptions and for-profit warmth perceptions, and, in turn, behavioral support for nonprofit and for-profit organizations. The present research begins by focusing on organizational power given the prevalence of power-relevant information in the marketplace.

2.3 Organizational Power

Power is defined as the asymmetric control over valued resources and the ability to administer rewards and punishments (Depret and Fiske 1993; Fiske 2010; Keltner, Gruenfeld, and Anderson 2003; Magee and Galinsky 2008; Thibaut and Kelley 1959). Russell claims that power is “The fundamental concept in social science …, in the same sense that Energy is the fundamental concept in physics … (1938, p. 10). More recently, Rucker, Galinsky, and Dubois (2012) concur and suggest that “power is an omnipresent force whose tentacles reach out and grasp nearly every situation to guide and ultimately shape human behavior”. A growing body of psychology and organizational behavior research has examined the experience of interpersonal and intrapersonal power on individual’s confidence (Anderson and Galinsky 2006; Anderson, John, and Keltner 2011; Briñol, Petty, Valle, Rucker, and Becerra 2007; Fast, Sivanathan, Mayer, and Galinsky 2012; Magee, Milliken, and Lurie 2010), decision and action (Anderson and
Berdahl 2002; Galinsky, Gruenfeld, and Magee 2003; Inesi et al. 2011; Keltner et al. 2003; Mourali and Nagpal 2011), perceptions of control (Fast, Gruenfeld, Sivanathan, and Galinsky 2009), perspective taking (Galinsky, Magee, Inesi, and Gruenfeld 2006; Keltner and Robinson 1997; van Kleef et al. 2008), creativity and conformity (Galinsky et al. 2008), and level of abstract thinking (Smith and Trope 2006). Nonetheless, despite Cox et al.’s (2004) call that firm power should be at the center of any study of buyer–seller relationships, research attention to organizational power in marketing has been surprisingly scant (with the exception of research on control of channel members; e.g. Anderson and Narus 1990; Coughlan et al. 2001; Gaski and Nevin 1985).

From a definitional standpoint, strategy researchers argue that organizational power denotes an organization’s ability to influence the actions of others in a product-market or within inter-firm relationships (Kim, Hoskisson, and Wan 2004; Makhija 2003; Porter 2008; Shervani, Frazier, and Challagalla 2007). In light of this conceptualization, past literature has revealed that organizational power is reflected in an organization’s ability to implement its intentions. For example, higher power organizations can press business partners to comply with their desires (Coughlan et al. 2001; Payan and McFarland 2005) and can obtain advantageous outcomes in negotiations (Pinkley et al. 1994). Countries can also be viewed as a broad form of organization: Poppe and colleagues (Phalet and Poppe 1997; Poppe and Linssen 1999) show that the perceived power of a country is a positive predictor of its perceived competence.

Based on these arguments, I therefore hypothesize that an organization with higher power will be perceived as more competent than an organization with lower power. In contrast, power is not expected to influence consumer perceptions of warmth
inasmuch as warmth implies a motivation to behave in line with moral codes rather than the ability to carry out one’s intention (Cuddy, Fiske, and Glick 2008). But will the effect of power on warmth and competence vary for nonprofit and for-profit organizations? I propose that organizational power will differentially affect consumer competence and warmth perceptions of for-profits and non-profits for two reasons.

First, cognitive psychologists reveal that there is a strong confirmation tendency among people to selectively seek or interpret information that supports existing beliefs and avoid or ignore information that is counter to their existing beliefs (Koriat, Lichtenstein, and Fischhoff 1980; Nickerson 1998; Ross and Lepper 1980). Due to the fact that for-profits are generally believed to be more competent than non-profits, when provided with the same organizational power information, this confirmation tendency will reinforce the notion that power is a stronger signal of competence for a for-profit than a non-profit organization.

Second, people also often engage in compensatory reasoning about others or products on the basis of their intuitions and lay beliefs wherein an option’s strong performance on one attribute can compensate for its poor performance on another, and vice versa (Chernev 2007; Chernev and Hamilton 2008; Luchs, Naylor, Irwin, and Raghunathan 2010; Newman, Gorlin, and Dhar 2014; Raghunathan, Naylor, and Hoyer 2006). Echoing these findings in the domain of individual perception, people generally believe that an apparent surplus of one dimension implies a deficit of the other; for example, the more competent an individual or group is, the less warm they are assumed to be, and vice versa; being perceived as high on one dimension leads to lower perceptions on the other (Kervyn, Yzerbyt, Judd, and Nunes 2009). In line with this
reasoning, I propose that consumers will draw inferences concerning an organization’s competence such that higher warmth perceptions for nonprofits will undermine their competence perceptions.

Together, these mechanisms predict that organizational power will have a stronger impact on competence perceptions of for-profit than of non-profit organizations. In contrast, as organizational power does not imply anything concerning warmth, the warmth advantage of nonprofits over for-profits will be unaffected by power. Accordingly:

\[ H_{1a}: \text{Power enhances competence (but not warmth) perceptions, more so for for-profit than nonprofit organizations.} \]

\[ H_{1b}: \text{Competence mediates the effects of power, as a function of organizational type, on behavioral intentions.} \]

These hypotheses have important implications for consumer perceptions of nonprofit and for-profit organizations. Recall that nonprofits were found to be warmer and for-profits were perceived to be more competent in past research when power was unspecified (e.g., Aaker et al. 2010). If so, then \( H_1 \) predicts that high power will accentuate the competence advantage of for-profits over nonprofits — but that low-power will attenuate competence differences between for-profits and nonprofits. Warmth, in contrast, will continue to favor nonprofits over for-profits regardless of power. Accordingly, \( H_1 \) has the following implications for comparisons of for-profit and nonprofit organizations:

\[ H_{2a}: \text{Competence will be higher for for-profits than non-profits, more so when power is high.} \]
H2b: Warmth will be higher for nonprofits than for-profits regardless of power.

H2c: Competence and warmth mediate the effects of organizational type, as a function of power, on behavioral intentions\(^1\).

2.4 Overview of Studies

Figure 2-2 provides an organizing framework for the empirical work testing H\(_1\)—H\(_2\). Study 1 establishes a foundation for the present research by exploring consumer construals of organizational power. Study 2 demonstrates the effects of organizational power on warmth and competence perceptions as a function of organizational type (nonprofits versus for-profits), and the downstream consequences for behavioral intentions. In addition to the empirical evidence for behavioral intentions, Study 3 further provides real behavior evidence via a behavioral experiment examining the impact of organizational power on consumer choice. Additional hypotheses and studies, guided by theorizing and findings thus far, will be introduced in subsequent chapters.

\(^1\) Note that H\(_{1b}\) predicts a mediating role for competence whereas H\(_2\) predicts a mediating role for warmth and competence. The two hypotheses are not in conflict given that the drivers are power and organizational type, respectively.
2.5 Study 1 – Consumer Construals of Organizational Power

The primary objective of study 1 is to explore organizational power from the perspective of consumers. Prior literature suggests three sources of organizational power: monopoly, barriers to entry, and bargaining power (Grant 1991; Porter 2008). In marketing research, for-profit organization (firm) power has been operationalized in a variety of ways, such as: ratings of performance in dyadic relationships (Frazier and Summers 1986), control, dependence, and sources of power in distribution channels (Anderson and Narus 1984; El-Ansary and Stern 1972), market position (e.g. reflected in market share; Shamise 2003; Makhija 2003; Shervani et al. 2007), and product differentiation (Gale and Branch 1982; Shervani et al. 2007). However, how consumers
perceive and construe the power of organizations has not, to my knowledge, been investigated systematically in the consumer behavior literature — a gap that I begin to address in this study.

2.5.1 Method

2.5.1.1 Participants and Design

The study employed a 2 (organizational power: higher, lower) between-subjects design. A total of 65 participants, drawn from a paid commercial panel, participated in the study in exchange for financial compensation. Participants were 48% male, with a median age of 35-44, median income of $50,000-$59,999, and median education of a four-year college degree. No participant was excluded due to missing data.

2.5.1.2 Procedure

An open-ended thought-listing task was utilized to elicit thoughts and feelings about organizations (with the manipulation of power in square brackets). Specifically, participants were told “We are interested in everything that goes through your mind about a store with [high/low] power. Please list your thoughts related to this store in the spaces below.” To facilitate this thought-listing task (adapted from Cacioppo et al. 1997), the study was set in the retail industry because consumers can easily relate to the industry and both nonprofit and for-profit organizations exist (e.g., Goodwill, Macy’s).
2.5.1 Results and Discussion

The researcher read the open-ended responses provided by participants and proposed three broad categories as follows – size (e.g., size, number of locations, market share), resources (e.g., revenue, profit, sales), and marketing differentiation (e.g. products and service, innovation, efficiency). Further, two independent research assistants, who were unaware of the experimental conditions, read through and categorized the open-ended responses into these three categories in the aforementioned coding scheme (Krippendorff’s alpha was .91) as follows:

<table>
<thead>
<tr>
<th>Thought category</th>
<th>Examples</th>
<th>Total number of thoughts</th>
<th>Percentage of total thoughts (%)</th>
<th>Mean number of thoughts: overall (high vs. low power)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>Store size, locations, local/nation-wide, market share, etc.</td>
<td>108</td>
<td>47 (48 vs. 45)</td>
<td>1.66 (1.88 vs. 1.26)</td>
</tr>
<tr>
<td>Resources</td>
<td>Revenues, profits, number of employees, sales, etc.</td>
<td>63</td>
<td>28 (29 vs. 23)</td>
<td>0.97 (1.14 vs. 0.65)</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Services and products offered, efficiency, innovation, etc.</td>
<td>58</td>
<td>25 (23 vs. 32)</td>
<td>0.89 (0.88 vs. 0.91)</td>
</tr>
</tbody>
</table>

As table 2-1 indicates, the greatest proportion of thoughts was about organization size and organization resources – representing 47% and 28% of total thoughts mentioned.
respectively ($\chi^2(2) = 19.87, p < .001$). This finding is consistent with a resource-based view of organizational power. In addition, participants generated more thoughts about organization size and resources (vs. marketing differentiation) when asked to think about a higher- vs. lower-power organization ($F(1, 63) = 3.57, p = .06; F(1, 63) = 5.32, p < .05$; respectively). This finding suggests that organizational power is construed in terms of organization size and resources. Thus, organizational power in the following experiments is operationalized in terms of organization size and resources. While these concepts do not reflect the operationalizations used in some past work (e.g. control, market position), these aspect of organizational power are arguably more intuitive to lay persons and they actually represent organizational power from the perspective of consumers.

2.6 Study 2 – Organizational Power and Perceptions of Organizations

The primary objectives for study 2 are two-fold. First, the study tests H$_{1a}$ by assessing the impact of organizational power on warmth and competence perceptions as a function of organizational type (i.e. for profit vs. non-profit). Second, the study explores whether competence mediates the impact of power (H$_{1b}$) and whether warmth and competence mediate the effects of organizational type (H$_2$) on consumer behavioral intentions. Doing so will assess the generalizability of past research on warmth and competence perceptions for nonprofits and for-profits across levels of organizational power.
2.6.1 Method

2.6.1.1 Participants and Design

This study employs a 2 (organizational power: low, high) x 2 (organizational type: for profit, non-profit) between-subjects design. A total of 242 college students from an east coast public university completed this study in exchange for extra credit. No participant was excluded due to failing attention check.

2.6.1.2 Procedure

Participants read a scenario that manipulated organizational type and power as follows.

“Imagine a [for-profit/ non-profit] organization. It is a [large national (firm/organization) with a lot of power/ small (firm/organization) with little power]. As part of its operations, it runs a [large/ small] chain of retail outlets that offers goods for sale to consumers. The organization uses its revenues to [generate profits for its shareholders/ support its charitable activities].”

Following Aaker et al. (2010), this study asked participants to rate their perceptions of the organization’s competence (competent, effective, and efficient; coefficient $\alpha = .82$) and warmth (warm, kind, and generous; coefficient $\alpha = .90$) on five-point scales. Participants then indicated their purchasing intention via four items, each rated on a seven-point scale (1 = not at all/ very unlikely, 7 = very much/ very likely): (1) How interested are you in buying products from this organization? (2) How likely are you willing to do business
with this organization? (3) How likely are you willing to recommend this organization to others? (4) How likely are you willing to consider this organization your first choice? (Coefficient $\alpha = .87$).

Finally, as a manipulation check for organizational type, participants rate their extent of agreement with three statements assessing the organization’s profit orientation (each on a five-point scale with endpoints “disagree/agree”): (1) The organization is concerned about others in need of help (reverse coded); (2) The organization cares about its shareholders; (3) The organization needs to focus on profitability. (Coefficient $\alpha = .64$). As a manipulation check for organizational power, participants were asked to rate the organization on two seven-point scales (with endpoints “small/ large”, “powerless/ powerful”; $r = 0.84, p < .001$).

2.6.2 Results and Discussion

2.6.2.1 Manipulation Checks

Participants in the higher power condition rated the organization as more powerful than those in the lower power condition ($M_{\text{higher-power}} = 5.50$, $M_{\text{lower-power}} = 3.12$, $F(1, 238) = 215.33, p < .05$); the main effect of organizational type is significant ($F(1, 238) = 5.98, p < .05$), the interaction between organizational power and type was non-significant ($F < 1$). In the same vein, participants in for-profit condition indicated the organization focuses more on profitability and cared more about its shareholders rather than others in need of help ($M_{\text{for-profit}} = 3.71$, $M_{\text{nonprofit}} = 2.72$, $F(1, 238) = 172.33, p < .05$);
the main effect of organizational power was marginally significant and the interaction was nonsignificant \(F(1, 238) = 3.26, p = .07; F < 1; \) respectively). These results indicate that the manipulations succeeded as intended.

2.6.2.2 Organization Perceptions

Analyses were conducted for competence and warmth as a function of organizational power, organizational type, and their interaction. An analysis of variance (ANOVA) of competence perceptions reveals a main effect of organizational power \(F(1, 238) = 26.04, p < .05\), qualified by the expected interaction with organizational type \(F(1, 238) = 3.57, p = .06\); the main effect of organizational type is nonsignificant \(F(1, 238) = 1.50, p > .10\). Follow-up simple effects tests indicate that power increases competence perceptions for a for-profit organization \(F(1, 238) = 24.25, p < .05\), more so than a non-profit organizations \(F(1, 238) = 5.21, p < .05\). Looked at another way, when organizational power was high, competence was higher for the for-profit versus non-profit organization \(F(1, 238) = 4.89, p < .05\). Competence did not differ when organizational power was low \(F < 1\).

An ANOVA on warmth reveals a main effect of organizational type \(F(1, 238) = 151.56, p < .05\), but the main effect of organizational power and the interaction were not significant \(F(1, 238) = 1.49, p > .10; F < 1, \) respectively). As expected, the nonprofit organization was judged to be warmer than the for-profit organization \(M_{\text{nonprofit}} = 4.02 \) vs. \(M_{\text{for-profit}} = 3.02\).
These results support H1a: power increases competence (but not warmth) perceptions, more so for a for-profit more than a non-profit. Moreover, these results also support H2: warmth favors a nonprofit regardless of power whereas competence favors a for-profit when power is high (but not low). That is, (low) organizational power acts as a boundary condition on the warmth and competence differences found in Aaker et al. (2010).

**Figure 2-3 Competence perceptions as a function of org. power and org. type (Study 2)**
2.6.2.3 Behavioral Intentions and Mediation

ANOVA of behavioral intentions indicates a main effect of organizational type (F(1, 238) = 13.47, p < .05), qualified by the expected interaction with organizational power (F(1, 238) = 4.14, p < .05); the main effect of organizational power is non-significant (F(1, 238) = 1, p > .10). Follow-up simple effects tests indicate that power increased behavioral intentions for for-profits (F(1, 238) = 4.57, p < .05) but had no effect for nonprofits (F < 1; respectively). Interestingly, when organizational power is low, behavioral intentions are higher for nonprofits than for-profits (F(1, 238) = 16.14, p < .05); behavioral intentions do not differ when organizational power is high (F(1, 238) = 1.35, p > .10). (In comparison, Aaker et al. (2010) found that behavioral intentions were
higher for for-profit than non-profit organizations.)

**Figure 2-5 Behavioral intentions as a function of org. power and org. type (Study 2)**

A moderated mediation analysis was conducted to examine whether competence mediates the effect of organizational power on behavioral intentions as a function of organizational type (i.e., testing H1b). The independent variable was organizational power, the moderator was organizational type, the mediators were warmth and competence, and the dependent variable was behavioral intentions. The bootstrapping analysis (Hayes 2013) supports mediation by competence regardless of organizational type. Specifically, the mean indirect effects for competence excluded zero (for-profit organization: $a \times b = 0.2708$; 95% CI = 0.1514 to 0.4235; nonprofit organization: $a \times b = 0.1245$; 95% CI = 0.0150 to 0.2570); the mean indirect effects for warmth did not exclude zero. These results support H1b.
A moderated mediation analysis was also conducted along the lines above but with organizational type as the independent variable and organizational power as the moderator (i.e., testing \( H_{2c} \)). The bootstrapping analysis supports i) mediation by warmth regardless of organizational power (higher power: \( a \times b = -0.3985; 95\% \text{ CI} = -0.6154 \text{ to } -0.2312 \); lower power: \( a \times b = -0.4069; 95\% \text{ CI} = -0.6196 \text{ to } -0.2501 \)), and ii) mediation by competence only when organizational power is high (\( a \times b = 0.1206; 95\% \text{ CI} = 0.0153 \text{ to } 0.2632 \)). These results are consistent with Aaker et al. (2010) in that competence mediates nonprofit/for-profit differences for high-power organizations; however, these results also support the mediating role of warmth proposed in \( H_{2c} \).

Table 2-2 Behavioral Intentions and Mediation (Study 2)

<table>
<thead>
<tr>
<th>Organizational Type as IV</th>
<th>Indirect effect of Organization Type on Behavioral Intentions via Competence</th>
<th>Indirect effect of Organizational Power on Behavioral Intentions via Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower</td>
<td>-0.0257 (-0.1529, 0.0651)</td>
<td>-0.4069 (-0.6196, -0.2501)</td>
</tr>
<tr>
<td>Higher</td>
<td>0.1206 (0.0153, 0.2632)</td>
<td>-0.3985 (-0.6154, -0.2312)</td>
</tr>
<tr>
<td>Organization type</td>
<td>Indirect effect of Organizational Power on Behavioral Intentions via Competence</td>
<td>Indirect effect of Organizational Power on Behavioral Intentions via Competence</td>
</tr>
<tr>
<td>For-profit</td>
<td>0.2708 (0.1514, 0.4235)</td>
<td>-0.0358 (-0.1359, 0.0429)</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>0.1245 (0.0150, 0.2570)</td>
<td>-0.0442 (-0.1665, 0.0522)</td>
</tr>
</tbody>
</table>

To summarize: Study 2 finds that organizational power enhances competence perceptions, more so for for-profits than for nonprofits. Furthermore, competence perceptions also mediate the effect of power on behavioral intentions. These findings also
suggest that Aaker et al. (2010)’s finding on for-profits’ competence advantage over nonprofits holds true when organization has higher power, which poses an interesting organizational power constraint on Aaker et al.’s conclusion. This study further finds warmth and competence mediate the effects of organizational type on consumer behavioral intentions.

Together, this study assesses the generalizability of past research on warmth and competence perceptions for nonprofits and for-profits across different levels of organizational power but has not examined the effects of organizational power and type on consumers’ real behavior. I will address this question in the next study.

2.7 Study 3 – Organizational Power and Consumer Purchase

The primary objective of study 3 is to test the impact of organizational power and organizational type in an actual purchase context. Specifically, the study manipulates organizational power and type (i.e., for-profit, nonprofit) and examines their impact on consumer choice of a target product from the organization. Consistent with H₁, power is expected to increase purchases from a for-profit organization more so than a non-profit organization (due to enhanced competence perceptions of the for-profit).
2.7.1 Method

2.7.1.1 Participants and Design

The experiment was a 2 (organizational power: lower, higher) x 2 (organizational type: for profit, non-profit) between-subjects design. A total of 119 undergraduate students at an east coast university completed this study in exchange for extra course credit. No participant was excluded because of incomplete data or failed attention check.

2.7.1.2 Procedure

Participants were instructed that they would be completing a number of short unrelated tasks. In an initial task investigating people’s attitudes and opinions on various topics, participants indicated how often they buy chocolate and other products. In a subsequent task, participants completed word scramble tasks in order to earn lab money that could be spent on a small item later in the session. The word scramble tasks were constructed such that all participants were able to earn a fixed amount of lab dollars.

Participants then read a short scenario describing a specific for-profit or nonprofit organization named Scharff’s that contained the manipulation of organizational power. The power levels of the organization were manipulated via their resources and size as follows:

“Scharffen's is a [small/ large national-wide] [non-profit/ for-profit] organization with control over an unusually [small/ large] amount of resources (i.e. it owns [limited/ significant] power in the marketplace).
The organization runs a [small retail outlet/ large chain of retail outlets] that offers goods for sale to consumers. Its primary objective is to [focus exclusively on charitable activities and uses its revenues to help others/generate profits for its shareholders].”

Afterwards, participants were required to make a chocolate purchase using their lab money and to choose between the described organization above and another organization. The sequence of the two organizations in the instructions was counterbalanced. Participants received the individually wrapped chocolate to consume upon leaving the lab.

After the chocolate choice, participants responded to several background questions. As a covariate for use in subsequent analyses, participants reported the extent of their agreement with four statements assessing their attitude toward helping others (each on a seven-point scale with endpoints “disagree/agree”): (1) People should be willing to help others who are less fortunate; (2) Helping trouble people with their problems is very important to me; (3) People should be more charitable toward others in society; (4) People in need should receive support from others (Coefficient α = 0.83). (This covariate was included to address individual differences in helping behavior toward others, especially nonprofits (Webb, Green, and Brashear 2000).

As a manipulation check for organizational type, participants rated their extent of agreement with two statements assessing the firm’s profit orientation (each on a seven-point scale with endpoints “disagree/agree”): (1) The organization has good intentions toward ordinary people; (2) The organization consistently acts with the public’s interests in mind (r = 0.82, p < .001). As a manipulation check for organizational power,
participants were asked to rate the organization on three seven-point scales (with endpoints “small/ large”, “powerless/ powerful”, “has little resources/ has many resources”; Coefficient α = 0.96).

2.7.2 Results and Discussion

2.7.2.1 Manipulation Checks

Participants in the higher organizational power condition rated the organization as more powerful than those in the lower organizational power condition ($M_{\text{higher-power}} = 5.36$, $M_{\text{lower-power}} = 1.99$, $F(1, 115) = 361.37, p < .05$; the main effect of organizational type and the interaction between organizational power and organizational type were nonsignificant, both $F < 1$). Similarly, participants in the nonprofit condition indicated the organization acts more in-line with public interests and has good intentions than those in for-profit condition ($M_{\text{for-profit}} = 3.74$, $M_{\text{nonprofit}} = 5.37$, $F(1, 115) = 43.78, p < .05$; the main effect of organizational power and the interaction were also nonsignificant, both $F < 1$), supportive of organizational type manipulation. These results indicate that the two manipulations succeeded as intended. Also, the ANOVA on attitude to helping others shows that this covariate was unaffected by the manipulations.
2.7.2.2 Consumer Purchase

To examine whether counterbalancing affects consumer purchase, a chi-square analysis was conducted and found no significant difference between the purchase percentage from the described organization Scharffen’s (48%) and from the other organization (52%; z = .14, NS). A logistic regression analysis was conducted with purchase choice as the dependent variable and organizational type and power and their interaction as predictors (with chocolate purchasing frequency and helping others’ attitude as covariates). There was good model fit ($\chi^2(5) = 26.16, p < .001; R^2 = .20$), indicating successful discrimination of choice based on these predictors. Organizational type significantly predicted consumer purchase choice; participants were more likely to purchase from a nonprofit organization than from a for-profit one (Wald = 12.13, $p < .001$, $Exp(B) = 2.24$). Organizational power was not significant (Wald = 0.37, NS); however, the expected interaction of organizational type and power was marginally significant (Wald = 3.60, $p = .06$, $Exp(B) = 1.64$). In follow-up analyses, power increased choice of the target chocolate from the for-profit organization ($\chi^2(1) = 4.16, p < .05$; Wald = 3.99, $p < .05$, $Exp(B) = 1.18$). On the other hand, power had no effect on choice when the organization was nonprofit ($\chi^2(1) = 0.03$, NS; Wald = .03, NS; fig. 2.7.1). These results are consistent with the findings for behavioral intentions in study 2 and provide additional support for H1.
To summarize: Study 3 provides real purchase behavior evidence within a lab setting that is consistent with my theorizing regarding organizational power and type in $H_1$ and $H_2$. In study 3, power enhanced purchase from a for-profit organization but had no effect on purchase from a nonprofit organization. A similar pattern also emerged for behavioral intentions in study 2. Study 2 also discloses the psychological process underlying this effects: competence perceptions mediate the effects of power on behavioral intentions as a function of organizational type. On the other hand, warmth perceptions are higher for nonprofits than for-profits and warmth mediates the effects of organizational type on consumer behavioral intentions along with competence. These findings indicate opposing advantages and disadvantages to both for-profits and nonprofits inasmuch as for-profits have a deficit of warmth and nonprofits have a deficit of competence. How can for-profits and nonprofits address this deficit and therefore increase their marketplace performance? This research aims to investigate this important
but unexamined question in the following chapters—first investigating the competence deficit of nonprofits and then turning to the warmth deficit of for-profits.
Chapter 3

How Can Nonprofits Enhance Competence Perceptions?

Although nonprofit organizations are generally perceived as warm and caring, these organizations are also seen as less competent—which begs the question how nonprofits can address this competence deficit. Prior research suggests, for example, that outside endorsements that connote credibility can cultivate both high competence and high warmth, triggering consumer feelings of admiration that, in turn, drive their purchasing intentions (Aaker et al. 2012; Aaker et al. 2010). The present chapter explores additional strategic directions that a nonprofit organization could take to cultivate perceptions of competence.

In addition to their variation in power, nonprofit organizations may also differentiate themselves in terms of status. For example, ranked in the top 10 of Forbes’s the largest U.S. charities in 2015, the American Cancer Society has a striking $886 million of revenue, yet it has only 635,000 followers on Twitter and its responsibility and transparency rating by Charity Navigator is only 2 out of 4 stars. In comparison, the much smaller nonprofit New York Public Library has far less revenue than the American Cancer Society but has 1.4 million followers on Twitter and earns a high 4 star rating on responsibility and transparency. The case of the American Cancer Society is not alone; numerous nonprofit organizations like World Vision USA, Habitat for Humanity, and so forth, share this disproportionate relationship between control of resources (i.e. power)
and public esteem (i.e. status). Media reports also discuss how large organizations such as the American Red Cross raised half a billion dollars for Haiti but only built six homes (Sullivan, NPR, June 3, 2015). In contrast, nonprofit organizations with limited resources have achieved great success in helping people in need and, in doing so, have established a high reputation. For example, Grameen Bank gave an average $100 in loans to more than eight million of the poorest people in Bangladesh as of 2011, and its innovative model of microcredit won the bank the *Nobel Peace Prize* in 2006. For a nonprofit organization, I argue that being bestowed with high status not only signals to others about the warmth of the nonprofit but, more importantly, shows that the nonprofit is also remarkably capable and competent. To wit, high status implies the nonprofit organization has earned respect and reputation among its peers and stakeholders, which will consequently boost its relatively weak competence perceptions.

An African proverb states that “If you want to go fast, go alone. If you want to go far, go together”. Prior research has accumulated converging evidence regarding how a collaborative orientation can help an organization survive and succeed in today’s fast-paced marketplace (Adler, Heckscher, and Prusak 2011; Doh 2000; Dyer and Singh 1998). This is especially true for a nonprofit organization given that the positive social changes it aspires to advance entail investment of time, expertise, and funding from a wide variety of stakeholders. For example, the Salvation Army markets itself by highlighting its collaboration orientation with various stakeholders to help those in need, including collaborating with Amazon to shop for people in need, working with Target on digital learning programs for youth, and partnering with Indian universities to launch a human needs index. Given the fact that many nonprofits have limited resources compared
to their for-profit counterparts, a collaborative orientation should help them engage more stakeholders to work together effectively and achieve social impact. To a certain extent, this collaborative orientation also implies to others the status and, in turn, competence of a given nonprofit organization to inspire and engage others in their social cause. Hence, enhancement of competence will be particularly influential for a lower (vs. higher) power nonprofit given its higher dependence on other parties.

To sum up, I will pursue two specific directions that will potentially mitigate competence deficits of nonprofits in this chapter: the status of the nonprofit organization and the collaborative orientation of the nonprofit.

3.1 Nonprofit Organization Status

As one of the most prominent and fundamental hierarchical dimensions of social relations (Blau 1964; Fiske 2010; Kemper 2006; Magee and Galinsky 2008), status is a particularly important variable deserves further attention given it refers to the prestige, respect, and esteem that an entity has in the eyes of others (Anderson and Kilduff 2009; Fiske 2010; Henrich and Gil-White 2001). Blader and Chen (2011) have empirically determined that status and power can be differentially derived, experienced, and utilized by individuals. Specifically, status is more of a property of co-actors and observers (Magee and Galinsky 2008). It originates externally (Blau 1964; Homans 1951), and is rooted in the evaluations of others through status-conferral processes (Ridgeway and Erickson 2000). This unique characteristic of status manifests itself in others’ approaching and interacting behavior, for example, in comparison with people of lower
status, higher status individuals command more respect and wield more influence in their groups (Berger et al. 1977; Blau 1964; Mills 1957; Wagner and Berger 1997). To sum up, status is an important signal of one’s capacity and morality in the eyes of others.

In the business world, organizational status varies – as evidenced by rankings such as *Forbes World’s Most Respected Companies*. It could be argued that status is more important for nonprofits than for-profits in the eyes of ordinary consumers as they “… depend on donations that are primarily given on the basis of the organization being an honorable and effective one” (Jaeggi 2014). Of particular relevance to nonprofit organizations, higher status not only means the organization behaves in line with moral standards (implying warmth) but, importantly, it signals to others that the nonprofit organization is competent and has influence in its field (and therefore achieves respect among peers and followers; Fiske, Xu, Cuddy, and Glick 1999; Fiske, Cuddy, Glick, and Xu 2002). In contrast, lower status may lead people to question whether the organization has the effective capacity to bring about its intent.

Based on these findings, I propose that providing status information can enhance consumer response to a nonprofit organization. Specifically, organizational power and status are expected to interact to affect consumer perceptions of the organization as follows. When a nonprofit has lower power (which can be readily interpreted as less competent), higher status information will counteract this interpretation and signal that the nonprofit is very capable; when a nonprofit has higher power, this enhancing effect will decrease as power is already a strong signal of the organization’s competence. That is, status will increase competence perceptions when a nonprofit has lower (but not higher) power. In contrast, power does not signal warmth and therefore higher status is
expected to enhance warmth perceptions regardless of organizational power.

Accordingly,

\( H_{3a} \): Nonprofit organizational status enhances competence perceptions, more so when organizational power is low.

\( H_{3b} \): Nonprofit organizational status enhances warmth, regardless of power.

\( H_{3c} \): Competence and warmth mediate the effects of nonprofit status, as a function of nonprofit power, on behavioral intentions.

Looked at another way, these hypotheses can be re-stated in terms of the effects of organizational power as a function of status. That is, organizational power is expected to increase competence perceptions when status is low (but not high) and is not expected to affect warmth perceptions. Accordingly, I propose the following hypotheses.

\( H_{4a} \): Nonprofit organizational power enhances competence (but not warmth) perceptions, more so when organizational status is lower.

\( H_{4b} \): Competence mediates the effects of nonprofit power, as a function of organizational status, on behavioral intentions.

Together, these predictions suggest that either status or power will enhance competence of a nonprofit whereas only status will enhance warmth, with corresponding downstream consequences for behavioral intentions.

3.2 Nonprofit Organization Collaborative Orientation

In today’s hyper-connected society, organizations need to work together with their stakeholders and business partners. This state of interdependence engenders two broadly
different orientations – collaborative and competitive. Collaborative orientation implies that one organization’s outcomes are positively correlated with that of others; competitive orientation implies the opposite (Eckes 2002).

Fiske (1993) argues that competition or collaboration addresses the question of intention. In a similar vein, Mead claims that an individual with collaborative (cooperative) orientation has the motive to “work together to one end” whereas an individual with competitive orientation is “seeking to gain what another is endeavoring to gain” (Mead 1976, p. 8). Prior work has attested that individuals who are collaborative-oriented have trusting expectations, exchange information and resources, work more efficiently and productively, and find it easier to build relationships. In contrast, individuals who are competitively-oriented fall prey to suspicion, engage in little exchange, have lower productivity and morale, and have inferior performance (Sorenson, Folker, and Brigham 2008; Tjosvold 1988). Cuddy et al (2008) further reveal that the cooperative intentions of a group will drive inferences of positive intentions, such as warmth, friendliness, and trustworthiness toward others.

Nonprofit organizations nowadays are increasingly forming collaborations both within the nonprofit sector and across sector with for-profit firms (Austin and Seittannidi 2012; Boenigk and Schuchardt 2015; Foster and Meinhard 2002; Guo and Acar 2005). Further, research has accumulated converging evidence that a collaborative orientation can help organizations to gain a competitive advantage (Doh 2000; Dyer and Singh 1998).

Building on these findings, I argue that organizational power and collaborative orientation will interact as follows. When a nonprofit organization is low power, its
interdependence becomes more salient (Gronbjerg 1993; Stone, Hager, and Griffin 2001). In this case, a collaborative orientation should allow a nonprofit to more readily achieve its goals than another one with a competitive orientation inasmuch as the former signals the nonprofit’s ability to garner others’ support, which directly links to its competence. If so, then competence should be enhanced when a low-power nonprofit adopts a collaborative (vs. competitive) orientation. In contrast, when a nonprofit organization is high power, interdependence is not a necessity and a collaborative orientation offers little if any benefit over a competitive orientation. As a result, competence will not differ by collaborative/ competitive orientation when nonprofit power is high. In contrast, the fact that power does not signal warmth and that nonprofits typically trigger warmth perceptions, should override any impact of collaborative and competitive orientation on warmth. Accordingly,

\( H_{5a} \): Collaborative orientation enhances a nonprofit’s competence, more so when it has lower power.

\( H_{5b} \): Competence mediates the effects of nonprofit collaborative orientation, as a function of nonprofit power, on behavioral intentions.

Looked at another way, power will increase competence perceptions when a nonprofit is competitively-oriented but do so to a lesser extent when it is collaboratively-oriented. Accordingly,

\( H_{6a} \): Nonprofit organizational power enhances competence (but not warmth) perceptions when a nonprofit is competition oriented.

\( H_{6b} \): Competence mediates the effects of nonprofit power on behavioral intentions when it is competition oriented.
3.3 Overview of Studies

Studies 4 and 5 focus on the context of nonprofits and examine strategic directions for nonprofits to address their “competence deficit” in the marketplace (that was established in studies 1-3). Specifically, I investigate how status and collaborative orientation will, together with organizational power, alter consumers’ warmth and competence perceptions and in turn behavioral intentions.

**FIGURE 3-1 RESEARCH FRAMEWORK OF CHAPTER 3**

3.4 Study 4 – Nonprofits Power and Status

The objectives of study 4 are as following. First, this study investigates whether providing high status information for a nonprofit organization will mitigate its perceived competence deficit, and, if so, under what conditions as a function of organizational
power? Second, this study examines how competence and/or warmth perceptions mediate the effects of nonprofit organizational status and power on consumers’ behavioral intentions.

3.4.1 Method

3.4.1.1 Participants and Design

This study employs a 2 (nonprofit organizational power: lower, higher) x 2 (nonprofit organizational status: lower, higher) between-subjects design. One hundred and eleven college students from an east coast public university participated this study in exchange for extra credit. No participants were excluded for failing an attention check.

3.4.1.2 Procedure

Participants read a scenario that manipulated nonprofit organizational power and status as follows:

“Imagine a [large nation-wide/ small local] non-profit organization with control over an unusually [large/ small] amount of resources (i.e. it owns [significant/ limited] power). [Additionally/ Conversely], it has a [very positive/ negative] reputation and commands [a great deal of/ very little] esteem and prestige in the eyes of its peers. The organization runs a chain of retail outlets that offers goods
for sale to consumers. Its primary objective is to focus exclusively on charitable activities and uses its revenues to help others.”

Participants then responded to measures of the organization’s competence (competent, effective, and efficient; coefficient α = 0.83) and warmth (warm, kind, and generous; coefficient α = .91). Participants also indicated their behavioral intentions using the same measures as in study 2 (Coefficient α = .91).

As a manipulation check for nonprofit organizational power, participants were asked to rate the organization on three seven-point scales (with endpoints “small/large”, “powerless/powerful”, and “local/nation-wide”; coefficient α = 0.92). For the nonprofit organizational status manipulation check, participants rated their extent of agreement with two statements assessing the nonprofit’s status (each on a seven-point scale with endpoints “disagree/agree”: (1) The organization holds [little/a great deal of] esteem and prestige in the eyes of peers; (2) The organization has a [negative/very positive] reputation. (r = .78, p < .001).

3.4.2 Results and Discussion

3.4.2.1 Manipulation Checks

Participants were asked to assess each nonprofit organization’s power. Higher and lower power nonprofits differed from each other as intended (M_{higher-power} = 5.80, M_{lower-power} = 2.87, F(1, 107) = 178.67, p < .05; the main effect of nonprofit status and the interaction were non-significant, both F < 1). Similarly, participants’ rating of nonprofit
organizational status also fit with this study’s expectation (M$_{higher}$-status = 5.82, M$_{lower}$-status = 3.46, $F(1, 107) = 86.81, p < .05$; the main effect of nonprofit power and the interaction were nonsignificant, both $F < 1$), supportive of organizational status manipulation. These results indicate that the manipulations succeeded as intended.

3.4.2.2 Organization Perceptions

Competence and warmth perceptions were analyzed as a function of nonprofit organizational power, status, and their interaction. An ANOVA of competence reveals a main effect of nonprofit power ($F(1, 107) = 19.32, p < .05$), qualified by the expected interaction with status ($F(1, 107) = 5.16, p < .05$); the main effect of nonprofit organizational status was significant too ($F(1, 107) = 14.17, p < .05$). Follow-up simple effects tests were conducted for nonprofits at each level of status. When status was lower, power increased competence perceptions ($F(1, 107) = 23.72, p < .05$). In contrast, when status was higher, competence perceptions did not differ across power levels ($F(1, 107) = 2.12, p > .10$). Looked at another way, competence perceptions did not differ for a higher power nonprofit organization regardless of its status ($F(1, 107) = 1.12, p > .10$), but when nonprofit organization power was lower, status increased competence perceptions ($F(1, 107) = 18.07, p < .05$).

An ANOVA of warmth reveals a main effect of status ($F(1, 107) = 39.94, p < .05$); the main effect of nonprofit organizational power and the interaction were not significant ($F(1, 107) = 3.76, p > .05; F < 1$; respectively). As expected, a nonprofit organization that has higher status was judged to be warmer than one that has lower
status ($M_{\text{higher-status}} = 4.29$ vs. $M_{\text{lower-status}} = 3.23$), highlighting the effects of status in boosting warmth perceptions of nonprofit organizations.

**Figure 3-2 Competence perceptions as a function of NPO org. power and status (Study 4)**

**Figure 3-3 Warmth perceptions as a function of NPO org. power and status (Study 4)**
These findings support H\textsubscript{4a}: nonprofit organizational power increases competence (but not warmth) perceptions, more so when organizational status is lower. More important, these findings support H\textsubscript{3a} and H\textsubscript{3b}, status information increases competence perceptions when power is low and it enhances warmth perception regardless of power.

3.4.2.3 Behavioral Intentions and Mediation

ANOVA of purchasing intentions revealed main effects of organizational power (F(1, 107) = 4.09, \(p < .05\)) and status (F(1, 107) = 49.76, \(p < .001\)); the interaction is NS (\(F < 1\)). Simple effects tests indicated that status increased behavioral intentions for both lower power and higher power nonprofit (F(1, 107) = 26.17, \(p < .001\); F(1, 107) = 23.61, \(p < .001\); respectively).

**Figure 3-4 Behavioral intentions as a function of NPO org. power and status (Study 4)**

![Behavioral intentions graph](image-url)
A moderated mediation analysis was conducted to test whether consumers’ warmth and competence perceptions mediated the effects of nonprofit power on purchasing intentions. A bootstrapping analysis was conducted (Hayes 2013) with power as the independent variable, status as the moderator, warmth and competence as mediators, and behavioral intentions as the dependent variable. The bootstrapping analysis supports mediation by competence. Specifically, the mean indirect effect for competence excluded zero only when status is low (a × b = 0.5427; 95% CI = 0.2630 to 0.9214), otherwise, the mean indirect effects for competence did not exclude zero. The mean indirect effects for warmth perception did not exclude zero for either higher or lower status nonprofit organization. This result supports H_{4b}.

A moderated mediation analysis was also conducted to test whether consumers’ warmth and competence perceptions mediated the effects of nonprofit status on behavioral intentions (Hayes 2013). The independent variable was nonprofit status, the moderator was nonprofit power, the mediators were warmth and competence perceptions, and the dependent variable was behavioral intentions. The bootstrapping analysis supports: i) mediation by warmth regardless of organizational power (higher nonprofit power, a × b = 0.5591; 95% CI = 0.2606 to 0.9923; lower nonprofit power, a × b = 0.5390; 95% CI = 0.3004 to 0.9128); ii) mediation by competence only when nonprofit power is lower (a × b = 0.4913; 95% CI = 0.2359 to 0.8446). These results support the mediating role of warmth and competence proposed in H_{3c}.
Table 3-1 Behavioral Intentions and Mediation (Study 4)

<table>
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</tr>
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<td>Nonprofit Status as IV</td>
<td>Indirect effect of Nonprofit Status on Behavioral Intentions via Competence</td>
<td>Indirect effect of Nonprofit Status on Behavioral Intentions via Warmth</td>
<td></td>
</tr>
<tr>
<td>Lower</td>
<td>0.4913 (0.2359, 0.8446)</td>
<td>0.5390 (0.3004, 0.9128)</td>
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<tr>
<td>Higher</td>
<td>0.1215 (-0.0857, 0.4365)</td>
<td>0.5591 (0.2606, 0.9923)</td>
<td></td>
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</tbody>
</table>

Study 4 reveals that status enhances a nonprofit’s competence perceptions, more so when power is low; it also boosts warmth perceptions no matter the level of nonprofit organizational power. Status further increases behavioral intentions via warmth and competence perceptions. In contrast, organizational power enhances competence (but not warmth) perceptions when a nonprofit status is lower. These findings underscore the roles of competence and warmth in behavioral intentions and suggest that providing nonprofit status information is a viable strategic direction for nonprofits to dispel its competence deficit in the eyes of consumers, especially when nonprofits’ power is low.

3.5 Study 5 -- Non-profits Power and Collaborative Orientation

The objectives for study 5 are two-fold. First, this study explores the joint impact of a nonprofit’s collaborative orientation and power on organization perceptions. Second, this study investigates whether competence and/or warmth drive downstream behavioral
intentions and thus discloses the process underlying consumer responses to a nonprofit organization.

3.5.1 Method

3.5.1.1 Participants and Design

This study employs a 2 (nonprofit organizational power: lower, higher) x 2 (nonprofit collaborative orientation: competitive, collaborative) between-subjects design. A total of 82 college students from an east coast public university completed this study in exchange for extra credit. No participant was excluded because of failing an attention check.

3.5.1.2 Procedure

Participants read a scenario that manipulated nonprofit organizational power and collaborative orientation as follows:

“Imagine a non-profit organization. It is a [large national/ small] organization with control over [a substantial large/ an unusually small] amount of resources. As part of its operations, it runs a [large/ small] chain of retail outlets that offers goods for sale to consumers. The organization uses its revenues to support its charitable activities.
The organization adopts a [competitive/ collaborative] strategy. It identifies and responds to business opportunities [with competitive actions/ collaboratively with its business partners].”

This study measured participants’ perceptions of this nonprofit’s competence (competent, effective, and efficient; Coefficient α = 0.87) and warmth (warm, kind, and generous; Coefficient α = .91). Participants then indicated their behavioral intentions using the same measures as study 2 (Coefficient α = .92).

As a manipulation check for nonprofit organizational power, participants rated their extent of agreement with two statements assessing the nonprofit’s power (each on a seven-point scale with endpoints “disagree/ agree”): (1) The organization has control over [an unusually small/ a substantial large] amount of resources; (2) The organization runs a [small/ large national] chain of retail outlets (r = .82, p < .001). For the nonprofit organization collaborative orientation manipulation check, participants rated their extent of agreement with two statements (each on a seven-point scale with endpoints “disagree/ agree”): (1) The organization responds to business opportunities [with competitive action/ collaboratively with its business partners]; (2) The organization has a [competitive/ collaborative] strategy (r = .65, p < .001).
3.5.2 Results and Discussion

3.5.2.1 Manipulation Checks

Participants in the higher power condition rated the nonprofit as more powerful than those in the lower power condition (M_{higher-power} = 5.21, M_{lower-power} = 2.43, F(1, 78) = 80.02, p < .05; the main effect of collaborative orientation and the interaction were non-significant; F(1, 78) = 2.16, p > .10; F(1, 78) = 1.02, p > .10, respectively). In the same vein, participants in collaborative condition indicated the nonprofit organization was more collaborative than those in the competitive condition (M_{collaborative} = 5.22, M_{competitive} = 4.27, F(1, 78) = 7.95, p < .05), neither the main effects of nonprofit organizational power nor the interaction was significant (both F < 1). These results indicate that the manipulations succeeded as intended.

3.5.2.2 Organization Perceptions

Analyses were conducted for competence and warmth as a function of nonprofit organizational power, collaborative orientation, and their interaction. An ANOVA of competence perceptions reveals a main effect of nonprofit power (F(1, 78) = 6.25, p < .05), qualified by its interaction with collaborative orientation (F(1, 78) = 7.60, p < .05). The main effect of collaborative orientation is non-significant (F < 1). Follow-up simple effects tests indicate that power increased competence perceptions for a nonprofit with a competitive orientation (F(1, 78) = 13.82, p < .05). In contrast, when a nonprofit has a collaborative orientation, competence perceptions do not differ across power levels (F <
1). Looked at another way, collaborative orientation boosts competence perceptions when a nonprofit organization has lower power ($F(1, 78) = 5.55, p < .05$), but not when it has higher power ($F(1, 78) = 2.39, p > .10$).

An ANOVA of warmth reveals a marginal interaction between nonprofit power and its collaborative orientation ($F(1, 78) = 3.68, p = .06$), the main effect of nonprofit power and collaborative orientation were non-significant (both $F < 1$). Simple effects tests suggest that collaborative orientation marginally increased warmth perceptions when nonprofit power is lower ($F(1, 78) = 3.07, p = .08$), but not so when nonprofit power is higher ($F < 1$). As expected, collaborative orientation only affects a nonprofit’s warmth perceptions when its power is low.

**Figure 3-5 Competence perceptions as a function of NPO org. power and collaborative orientation (Study 5)**
These findings support H_{6a} and H_{5a}: a nonprofit’s organizational power increases competence (but not warmth) perceptions when the nonprofit is competitively-oriented. Meanwhile, collaborative orientation enhances competence perceptions when a nonprofit has lower power.

### 3.5.2.3 Behavioral Intentions and Mediation

An ANOVA of behavioral intentions suggests a main effect of nonprofit organizational power ($F(1, 78) = 5.93, p < .05$), qualified by the expected interaction with collaborative orientation ($F(1, 78) = 3.71, p = .06$); the main effect of collaborative orientation is not significant ($F < 1$). Follow-up simple effects tests indicate that power increases consumers’ behavioral intentions only when a nonprofit is competitively-
oriented, but not so when a nonprofit is collaboratively-oriented ($F(1, 78) = 9.51, p < .05$; $F < 1$; respectively).

**Figure 3-7 Behavior Intention as a Function of NPO Org. Power and Collaborative Orientation (Study 5)**

A moderated mediation analysis was conducted to examine whether consumers’ competence and/or warmth perceptions mediate the effects of nonprofit power on behavioral intentions (i.e., testing $H_{5b}$). The independent variable was nonprofit power, the moderator was nonprofit collaborative orientation, the mediators were warmth and competence, and the dependent variable was behavioral intentions. The bootstrapping analysis (Hayes 2013) supports mediation by competence when a nonprofit has a competitive orientation. Specifically, the mean indirect effects for competence excluded zero ($a \times b = 0.5107; 95\% \ CI = 0.1683$ to $1.0193$), but the mean indirect effects of competence did not exclude zero when a nonprofit has a collaborative orientation. Finally, the mean indirect effect for warmth did not exclude zero. These results support
H₆b: the effect of nonprofit power on behavioral intentions is mediated by competence perceptions.

A moderated mediation analysis was also conducted along the lines above but with collaborative orientation as the independent variable and nonprofit power as the moderator. The bootstrapping analysis supports mediation by competence. Specifically, the mean indirect effects for competence excluded zero regardless of nonprofit power (lower nonprofit power, a × b = -0.3235; 95% CI = -0.7524 to -0.0548; higher nonprofit power, a × b = 0.2122; 95% CI = 0.0045 to 0.5436); however, the mean indirect effect for warmth did not exclude zero. These results support H₆b and the mediation of nonprofit collaborative orientation by competence perceptions.

<table>
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<th>Table 3-2 Behavioral Intentions and Mediation (Study 5)</th>
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<td>Lower</td>
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<td>Higher</td>
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Study 5 reveals that a collaborative orientation could mitigate a nonprofit organization’s disadvantage in competence when the nonprofit has lower power, which in
turn affects behavioral intentions. These findings suggest that a collaborative orientation can be highlighted to enhance competence perceptions for a nonprofit, especially when it has lower power, which could serve as another strategic direction for a nonprofit to address its competence deficit in the eyes of consumers.
Chapter 4
How Can For-profits Enhance Warmth Perceptions?

People generally think for-profits are more competent than nonprofits, but the other side of the coin is that for-profits are perceived as less warm than nonprofits (Aaker et al. 2012; Aaker et al. 2010). A natural question arises – how might for-profit organizations mitigate their warmth deficit and level the playing field on warmth between for-profit and nonprofit organizations? The present chapter explores strategic directions that could help for-profits to dispel their deficits on warmth perceptions via either status or corporate social responsibility (CSR hereafter).

Higher status information not only signals competence, but also highlights the respect and prestige a for-profit organization has in the eyes of its stakeholders and in society. For example, when a for-profit organization such as BMW is ranked first among “Forbes The World’s Most Reputable Companies in 2015”, consumers come to appreciate the company’s dedication to providing jobs wherever it has dealers and production facilities and its remarkable new electric i3 invention to address environmental concern. These efforts and input have earned this for-profit organization respect and trust. Hence, a status signal of this nature directly indicates the for-profit’s concern about others and pro-social motives, resulting in an enhancement of its warmth perceptions.

Likewise, for-profit companies are also heavily involved with various CSR initiatives, ranging from implementing pro-environmental policies to social responsibility programs. Active engagement in CSR initiatives demonstrates to the public that the for-
profit organization has a caring attitude and a general orientation toward helping others. A good example is Google: the company is committed to powering 100% of its operations with clean energy, has committed over $2.5 billion in renewable energy projects, co-founded the Climate Savers Computing Initiative in 2007, and joined The Green Grid (two global groups dedicated to higher efficiency and sustainability standards). This type of "other-profitable" activity (Peeters 2001) provides direct evidence of warmth and can even amend for past corporate social irresponsibility (Kang, Germann, and Grewal 2016)—suggesting that it will be a highly effective strategic direction for a for-profit to assuage its warmth deficit.

4.1 For-profit Organizational status

As Olson (1965) noted, “people are sometimes motivated by a desire to win prestige, respect, friendship, and other social and psychological objectives” (p. 60). Likewise, for-profits also have the motivation to achieve and maintain higher status. Interestingly, higher status information is tracked and celebrated in the marketplace, for example, Forbes World’s Most Ethical Companies, Fortune Best Companies to Work For, and so forth.

Prior research – including study 4 of this dissertation - provides considerable evidence for how status can predict high competence (Fiske et al. 1999, 2002). Meanwhile, given that status refers to the prestige, respect, and esteem that an entity has in the eyes of others (Anderson and Kilduff 2009; Fiske 2010; Henrich and Gil-White 2001), one could reasonably argue that higher status information of a for-profit would
also act as a signal of its warmth. Therefore, I propose that higher status will enhance warmth perceptions for a for-profit; meanwhile, this information will also enhance a for-profit’s competence perceptions regardless of its power level, given the fact that having higher status is an indicator of one’s superior competence in achieving that status. Accordingly,

**H7a:** Competence and warmth will be higher for higher status than lower status for-profits regardless of power.

**H7b:** Competence and warmth mediate the effects of for-profit status, as a function of for-profit power, on behavioral intentions.

Note that both H3c and H7b predict a mediating role for warmth and competence when the driver is organizational status (i.e. either for-profit or nonprofit status). A common theme is that status implies warmth for both nonprofits and for-profits. In terms of competence, however, the difference is that status signals competence for a for-profit regardless of power (due to the fact that its for-profit structure highlights the importance of competence and higher status will boost people’s perceptions on competence) but does so for a nonprofit only when power is low (i.e., higher status is more effective in signaling competence when the nonprofit has less resources).

Looked at another way, when a for-profit has higher status, status will override power and enhance its competence perceptions regardless of its power level. However, when a for-profit has lower status, power will increase competence perceptions given its signaling effect. Meanwhile, similar to previous theorizing, power does not affect warmth perceptions. Taken together, the effect of for-profit power will be mediated by competence perceptions instead of warmth perceptions.
**Hsa:** For-profit power strengthens competence (but not warmth) perceptions when organizational status is lower.²

**Hss:** Competence mediates the effects of for-profit power, as a function of organizational status, on behavioral intentions.

### 4.2 For-profits and Corporate Social Responsibility (CSR) Initiatives

Prior research suggests that for-profits can improve consumer perceptions and influence purchase behavior by affiliating with a social cause or welfare initiative (Lichtenstein, Drumwright, and Braig 2004). Given that affiliating with a social cause or welfare initiative are typical forms of CSR, this study postulates that a for-profit organization can make use of CSR to boost its warmth perceptions and impact subsequent consumer behavioral intentions.

Corporate social responsibility is defined as an organization’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society (Mohr, Webb, and Harris 2001, p. 46). Prior research has accumulated considerable evidence that CSR brings about positive effects on both the consumer side (e.g. boosted affective and behavioral consequences, Barone, Miyakazi, and Taylor 2000; Bolton and Mattila 2014; Brown and Dacin 1997; Du, Bhattachrya, and Sen 2007; 2011; Ellen, Webb, and Mohr 2006; Sen and Bhattacharya 2001) and the firm side (e.g.

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² The similarities between study 4 and 6 are as follows: power increases competence perceptions when an organization status is lower, but power does not affect warmth perceptions. Consequently, the effect of organizational power is mediated by competence on behavioral intentions. I do not see differences on the effects of organizational power on organization perceptions between these two studies.
increased market value and financial performance, Luo and Bhattacharya 2006, 2009; McGuire, Sundgren, and Schneeweis 1988; Stanwick and Stanwick 1998). As a result, firms nowadays engage in a variety of CSR activities, such as diversity initiatives, recycling programs, the use of green materials, support of community events, and charitable donations (Sen and Bhattacharya 2001).

At first glance, CSR initiatives seem to align well with a for-profit organization’s mission, and provide desirable new options for it to mitigate its disadvantage against nonprofit organizations. For instance, Bolton and Mattila (2014) demonstrate that CSR can play a buffering role in service failure encounters by signaling warmth, which in turn improves downstream consequence like satisfaction and loyalty intentions following a service failure. In the same vein, this study hypothesizes that CSR may also help a for-profit organization, regardless of its power, to mitigate consumer perceptions of lower warmth.

Previous research yields mixed results for the impact of CSR on competence perceptions: some scholars suggest a halo effect could emerge and CSR could “spill over” and affect perceptions of a company’s competence (Judd et al. 2005; Du, Bhattacharya, and Sen 2007), while others argue that pro-social and ethical behavior is sometimes associated with a lack of competence (Aaker et al. 2010; Lin and Chang 2012; Luchs et al. 2010). Based on the perspective of a spillover effect of CSR, this study proposes that CSR signals to others that a given for-profit organization not only has the capacity to fulfill its obligations (namely, it is perceived as competent), but also tries hard to help others (i.e. cares about others and therefore is perceived as warm). In addition, given that a lower power for-profit will be perceived as less competent, it is reasonable to
argue that CSR will increase competence perceptions for-profit inasmuch as CSR initiatives suggest that the for-profit can spare resources to help those in need.

Therefore, this study hypothesizes that:

\( H_{9a} \): CSR enhances competence when a for-profit has lower power and increases warmth regardless of for-profit power.

\( H_{9b} \): Competence and warmth mediate the effects of for-profit CSR, as a function of for-profit power, on behavioral intentions.

Although CSR will enhance competence and warmth perceptions, power will also play a nuanced role in this process: first, due to compensatory reasoning (Chernev 2007; Chernev and Hamilton 2008), the enhancement of warmth via CSR will lead to lower competence perceptions. Thus, power is expected to increases competence perceptions, but less so for a for-profit that engages in CSR. Meanwhile, power is not expected to affect warmth perceptions.

\( H_{10a} \): For-profit power strengthens competence (but not warmth) perceptions, less so for one that engages in CSR initiative.

\( H_{10b} \): Competence mediates the effects of power, as a function of for-profit CSR, on behavioral intentions.

4.3 Overview of Studies

Studies 6 and 7 examine the case of for-profits and explore how for-profits can dispel their warmth deficit in the eyes of consumers. Specifically, I investigate how providing status information and engaging in CSR initiatives will, together with
organizational power, alter consumers’ warmth and competence perceptions, and in turn impact their behavioral intentions. In brief, these two studies suggest strategic directions for for-profits to boost warmth perceptions, and in turn, influence the behavioral response of consumers.

**Figure 4-1: Research Framework of Chapter 4**

4.4 Study 6 -- For-profits Power and Status

The objectives of study 6 are two-fold: first, this study examines whether providing for-profits’ status information will enhance warmth perceptions, and, if so, under what conditions as a function of organizational power? Second, this study investigates how competence and/or warmth perceptions mediate the effects of for-profit organizational status and power on consumers’ behavioral intentions.
4.4.1 Method

4.4.1.1 Participants and Design

This study employs a 2 (for-profit organizational power: lower, higher) x 2 (for-profit organizational status: lower, higher) between-subjects design. One hundred and thirty college students from an east coast public university participated this study in exchange for extra credit. Six participants were excluded due to incomplete data.

4.4.1.2 Procedure

Participants read a scenario that manipulated for-profit organizational power and status as follows:

“Imagine a [small independent/ large national-wide] for-profit organization with control over an unusually [small/ large] amount of resources (i.e. it owns [limited/ significant] power in the marketplace). [Additionally/ Conversely], it has a [very positive/ negative] reputation and commands [a great deal of/ very little] esteem and prestige in the eyes of its peers.

The organization runs a [retail outlet/ chain of retail outlets] that offers goods for sale to consumers. Its primary objective is to use its revenue to generate profits for its shareholders.”

Participants then responded to measures of the for-profit organization’s competence (competent, effective, and efficient; Coefficient $\alpha = 0.91$) and warmth (warm, kind, and generous; Coefficient $\alpha = .95$). Participants also indicated their behavioral intentions
using the same measures as in study 2 (Coefficient $\alpha = .95$).

As a manipulation check for for-profit organizational power, participants were asked to rate the organization on three seven-point scales (with endpoints “small/ large”, “powerless/ powerful”, and “independent/ national-wide”; Coefficient $\alpha = 0.96$). For the for-profit organizational status manipulation check, participants rated their extent of agreement with two statements assessing the for-profit’s status (each on a seven-point scale with endpoints “disagree/ agree”): (1) The organization holds [little/ a great deal of] esteem and prestige in the eyes of peers; (2) The organization has a [negative/ very positive] reputation. ($r = .91, p < .001$).

4.4.2 Results and Discussion

4.4.2.1 Manipulation Checks

Participants in the higher power condition rated the for-profit organization as more powerful than those in the lower power condition ($M_{\text{higher-power}} = 5.50, M_{\text{lower-power}} = 2.72, F(1, 126) = 144.19, p < .05$); the main effect of organization status is also significant ($M_{\text{higher-status}} = 4.14, M_{\text{lower-status}} = 3.81, F(1, 126) = 6.83, p < .05$); the interaction is NS, $F < 1)$. In addition, participants in the higher status condition rated the for-profit as having higher status than those in the lower status condition ($M_{\text{higher-status}} = 5.63, M_{\text{lower-status}} = 2.38, F(1, 126) = 238.08, p < .05$), and neither the main effects of organizational power nor the interaction between power and status is significant ($F(1,
These results provide evidence that the manipulations succeeded as intended.

4.4.2.2 Organization Perceptions

Competence and warmth perceptions were analyzed as a function of for-profit power, status, and their interaction. An ANOVA of competence reveals main effects of for-profit power ($F(1, 126) = 14.65, p < .05$) and status ($F(1, 126) = 55.89, p < .05$), and a significant interaction between for-profit power and status ($F(1, 126) = 6.34, p < .05$). Follow-up simple effects tests show that power increases competence perceptions when status was lower ($F(1, 126) = 20.45, p < .05$). In contrast, competence perception does not differ across power levels when status was higher ($F < 1$). Looked at another way, status drives up competence perceptions, more so when a for-profit power is lower than when it is higher ($F_{\text{lower-power}}(1, 126) = 49.94, p < .05$, $F_{\text{higher-power}}(1, 126) = 12.29, p < .05$; respectively).

An ANOVA of warmth reveals a main effect of status ($F(1, 126) = 76.21, p < .05$); the main effect of for-profit power and the interaction were not significant ($F(1, 126) = 1.22, p > .10; F < 1$; respectively). Status strengthens for-profit organization’s warmth perceptions regardless of its power ($M_{\text{higher-status}} = 3.65$ vs. $M_{\text{lower-status}} = 2.21$), which suggests higher status does mitigate for-profit organization’s disadvantage in warmth and boosts a for-profit’s warmth no matter its organizational power level.

These findings support $H_{7a}$ and $H_{8a}$: status increases warmth and competence perceptions of for-profits. Further, power strengthens competence (but not warmth)
perceptions when status is low.

**Figure 4-2 Competence perceptions as a function of for-profit org. power and status (Study 6)**

**Figure 4-3 Warmth perceptions as a function of for-profit org. power and status (Study 6)**
4.4.2.3 Behavioral Intentions and Mediation

An ANOVA of behavioral intentions indicates main effects of for-profit power (F(1, 126) = 6.41, p < .05) and status (F(1, 126) = 126.36, p < .05), and a significant interaction between for-profit power and status (F(1, 126) = 7.49, p < .05). Follow-up simple effects tests indicate that power increases behavioral intentions only when a for-profit has lower status, but not when a for-profit has higher status (F(1, 126) = 14.10, p < .05; F < 1; respectively). Looked at another way, status drives up behavioral intention, more so for a lower power than a higher power for-profit (F_{lower-power}(1, 126) = 95.83, p < .05; F_{higher-power}(1, 126) = 35.02, p < .05; respectively).

**Figure 4-4 Behavioral intentions as a function of for-profit org. power and status (Study 6)**

A moderated mediation analysis was conducted to examine whether competence mediates the effects of for-profit power on behavioral intentions (i.e., testing $H_{7b}$). The independent variable was for-profit power, the moderator was for-profit status, the
mediators were warmth and competence, and the dependent variable was behavioral intentions. The bootstrapping analysis (Hayes 2013) supports mediation by competence when for-profit status is lower. Specifically, the mean indirect effects for competence excluded zero for a lower status for-profit (a x b = 0.5978; 95% CI = 0.2788 to 1.0046), but not for a higher status for-profit. The mean indirect effect for warmth did not exclude zero. These results support H8b and the mediation of for-profit power by competence perceptions.

To test whether consumers’ competence and/or warmth perceptions of for-profit mediate the effects of status on behavioral intentions, this study carried out another moderated mediation analysis along the lines above with for-profit status as the independent variable and for-profit power as the moderator. The bootstrapping analysis (Hayes 2013) supports i) mediation by warmth regardless of power (lower power, a x b = 0.4919; 95% CI = 0.2038 to 0.8708; higher power, a x b = 0.3925; 95% CI = 0.1715 to 0.7412), and ii) mediation by competence regardless of power (lower power, a x b = 0.9415; 95% CI = 0.5802 to 1.3960; higher power, a x b = 0.4670; 95% CI = 0.2288 to 0.8371). These findings support H7b.
Table 4-1 Behavioral Intentions and Mediation (Study 6)

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</tbody>
</table>

Study 6 suggests a novel effect of organizational status in that status can mitigate a for-profit organization’s disadvantage in warmth perceptions regardless of its organizational power. In addition, status also enhances competence perceptions of for-profits. Taken together, status leads to higher behavioral intentions via warmth and competence perceptions. Looked at another way, power increases competence perceptions only when the for-profit’s status is lower and power has no effect on warmth perceptions.

4.5 Study 7 -- For-profits Power and Corporate Social Responsibility (CSR)

The objectives of study 7 are two-fold. First, this study explores the joint effect of engaging in CSR initiative and organizational power on perceptions of for-profit organizations. Second, this study examines whether competence and/or warmth drive downstream behavioral intentions and thus discloses the underlying process of consumer responses to a for-profit organization.
4.5.1 Method

4.5.1.1 Participants and Design

This study employs a 2 (for-profit organizational power: low, high) x 2 (CSR initiative: sustainability, unspecified) between-subjects design. This study chooses one specific form of CSR initiative, namely, a sustainability initiative. This was chosen because sustainability initiatives have become mainstream practice in the marketplace (Chabowski, Mena, and Gonzalez-Padron 2011; Henderson and Arora 2010; Krishna and Rajan 2009; McKinsey 2010; Vlachos et al. 2009). A total of 186 college students from an east coast public university were recruited to participate in this study for extra credit in an introductory business class. Five participants were excluded due to incomplete responses.

4.5.1.2 Procedure

Participants read a scenario that manipulated for-profit organizational power and CSR initiative as follows:

“Imagine [a small independent firm with control over an unusually small amount of resources (i.e. it owns limited power in the marketplace)/ a firm that operates nationally and has control over a substantial large amount of resources (i.e. it owns significant power in the marketplace]. [The firm is committed to corporate social responsibility (CSR) and has a strong green strategy toward the natural environment./ omit].”
Participants then responded to measures of the for-profit organization’s competence (capable, competent; \( r = 0.67, p < .001 \)) and warmth (caring, helpful; \( r = 0.50, p < .001 \)) on five-point scales. Participants also indicated their behavioral intentions using the same measures as in study 2 (Coefficient \( \alpha = .91 \)).

As a manipulation check for organizational power, participants were asked to rate the for-profit on three seven-point scales (with endpoints “small/ large”, “powerless/ powerful”, and “has unusual small amount of resources/ has substantial large amount of resources”; coefficient \( \alpha = 0.96 \)). As a manipulation check for CSR initiative engagement, participants rated this for-profit’s CSR initiative on two seven-point scales: (1) The organization does not have a green strategy at all/ The organization has a strong green strategy; (2) The organization does not commit to CSR/ The organization is committed to CSR (\( r = .84, p < .001 \)).

4.5.2 Results and Discussion

4.5.2.1 Manipulation Checks

As expected, participants in the higher power condition rated the for-profit organization as more powerful than those in the lower power condition (\( M_{\text{higher-power}} = 6.15, M_{\text{lower-power}} = 2.73, F(1, 182) = 423.41, p < .05 \)). The interaction between for-profit power and CSR initiative is also significant, \( F(1, 182) = 16.03, p < .05 \). Specifically, when CSR is either unspecified or specified as sustainability, higher power condition participants reported the for-profit as more powerful than those in the lower power
condition \( F_{\text{unspecified}}(1, 182) = 302.25, p < .05; F_{\text{sustainability}}(1, 182) = 137.27, p < .05; \) respectively). The main effect of CSR is not significant \( (F < 1) \).

In the same vein, participants in the CSR condition indicated that the for-profit is committed to CSR and has a strong green strategy \( (M_{\text{sustainability}} = 5.64, M_{\text{unspecified}} = 4.12, F(1, 182) = 81.48, p < .05) \). The interaction between for-profit power and CSR was non-significant \( (F < 1) \), but there is also a main effect of for-profit power \( (M_{\text{higher-power}} = 5.14, M_{\text{lower-power}} = 4.62, F(1, 182) = 9.59, p < .05) \). Overall, these results indicate that the manipulations succeeded as intended.

### 4.5.2.2 Organization Perceptions

Analyses were conducted for competence and warmth of the for-profit organization as a function of organizational power, CSR, and their interaction. An ANOVA of competence reveals a main effect of for-profit power \( (F(1, 182) = 91.70, p < .05) \), qualified by its interaction with CSR \( (F(1, 182) = 14.03, p < .05) \). The main effect of CSR is non-significant \( (F(1, 182) = 2.30, p > .10) \). Follow-up simple effects tests indicate that power enhances competence perceptions, but more so for CSR unspecified than for CSR sustainability \( (F_{CSR_{\text{unspecified}}}(1, 182) = 88.77, p < .05; F_{CSR}(1, 182) = 16.99, p < .05) \). Looked at another way, CSR enhances competence when a for-profit has lower power \( (F(1, 182) = 14.15, p < .05) \) but not when a for-profit has higher power \( (F(1, 182) = 2.43, p > .10) \).

An ANOVA of warmth reveals a main effect of CSR \( (F(1, 182) = 41.77, p < .05) \); the main effect of for-profit power and the interaction are not significant \( (F < 1) \). As
expected, a for-profit organization that engages in a CSR initiative was judged to be warmer than one did not do so ($M_{\text{sustainability}} = 3.86$ vs. $M_{\text{unspecified}} = 3.19$), highlighting the effects of CSR initiatives in boosting warmth perception for for-profit organizations.

These results support $H_9$: CSR increases for-profit warmth regardless of power, but enhances competence only when a for-profit has lower power. Moreover, these results also support $H_{10a}$: power strengthens the competence perceptions of a for-profit, but less so for one that engages in CSR initiatives.

**Figure 4-5 Competence perceptions as a function of for-profit org. power and CSR (Study 7)**
4.5.2.3 Behavioral Intentions and Mediation

An ANOVA of behavioral intentions indicates a main effects of for-profit power ($F(1, 182) = 50.84, p < .05$) and CSR ($F(1, 182) = 8.90, p < .05$), and also a significant interaction between CSR and power ($F(1, 182) = 5.34, p < .05$). Follow-up simple effects tests indicate that power increased consumers’ behavioral intentions ($F(1, 182) = 44.59, p < .05; F(1, 182) = 11.60, p < .05$; respectively), but this increase is to a lesser extent for a for-profit that has CSR initiative. Looked at another way, when organizational power is lower, there is a significant difference on behavioral intentions between a for-profit that engages in CSR and one that does not ($F(1, 182) = 14.33, p < .05$); while this difference is not present when organizational power is higher ($F < 1$).
A moderated mediation analysis was conducted to examine whether consumers’ competence or warmth perceptions mediates the effects of for-profit organizational power on behavioral intentions (i.e., testing H_{10b}). The independent variable was for-profit power, the moderator was CSR, the mediators were warmth and competence, and the dependent variable was behavioral intentions. The bootstrapping analysis (Hayes 2013) supports mediation by competence regardless of CSR initiative engagement. Specifically, the mean indirect effects for competence excluded zero (for CSR, a × b = 0.3058; 95% CI = 0.1175 to 0.5341; for CSR unspecified, a × b = 0.6986; 95% CI = 0.4004 to 1.0969); the mean indirect effect for warmth did not exclude zero. These results provide evidence to H_{10b}.

A moderated mediation analysis was also conducted along the lines above but with CSR engagement as the independent variable and for-profit power as the moderator. The bootstrapping analysis supports i) mediation by warmth regardless of organizational
power (lower for-profit power, a × b = 0.1923; 95% CI = 0.0499 to 0.3996; higher for-profit power, a × b = 0.2522; 95% CI = 0.0785 to 0.4987), ii) mediation by competence only when for-profit power is lower (a × b = 0.2760; 95% CI = 0.1256 to 0.5277). These findings support H9b.

Table 4-2 Behavioral Intentions and Mediation (Study 7)

<table>
<thead>
<tr>
<th>For-profit CSR</th>
<th>Indirect effect of For-profit Power on Behavioral Intentions via Competence</th>
<th>Indirect effect of For-profit Power on Behavioral Intentions via Warmth</th>
</tr>
</thead>
<tbody>
<tr>
<td>unspecified</td>
<td>0.6986 (0.4004, 1.0969)</td>
<td>-0.0094 (-0.1098, 0.0738)</td>
</tr>
<tr>
<td>sustainability</td>
<td>0.3058 (0.1175, 0.5341)</td>
<td>0.0505 (-0.0450, 0.1928)</td>
</tr>
<tr>
<td>For-profit power</td>
<td>Indirect effect of For-profit Status on Behavioral Intentions via Competence</td>
<td>Indirect effect of For-profit Status on Behavioral Intentions via Warmth</td>
</tr>
<tr>
<td>lower</td>
<td>0.2760 (0.1256, 0.5277)</td>
<td>0.1923 (0.0499, 0.3996)</td>
</tr>
<tr>
<td>higher</td>
<td>-0.1168 (-0.3140, 0.0106)</td>
<td>0.2522 (0.0785, 0.4987)</td>
</tr>
</tbody>
</table>

Study 7 demonstrated that engaging in a sustainability CSR initiative enhances a for-profit organization’s warmth perceptions, which suggests that CSR initiative engagement could mitigate the disadvantage a for-profit has on warmth perceptions. CSR also boosts competence perceptions when a for-profit has lower power. As a result, the effects of CSR initiatives drive up consumers’ behavioral intentions via warmth and competence perceptions.
Chapter 5

General Discussion

The present research investigates how organizational power influences consumers’ perceptions of for-profits and nonprofits, and further, how these perceptions affect downstream consumer responses to these organizations. Study 1 explores how consumers construe organizational power and establishes a foundation for this research. Studies 2 and 3 predict and find that organizational power increases competence perceptions, more so for-profits than nonprofits. However, organizational power does not impact warmth perceptions. The effect of organizational power is mediated through competence perceptions and influences both consumers’ behavioral intentions and real purchase behavior. Studies 4 and 5 focus on the deficit of competence perceptions of nonprofits and explore two strategic directions that a nonprofit could make use of to cultivate perceptions of competence in the marketplace, i.e. communicating higher status information and being collaboratively-oriented. As a final set of studies, studies 6 and 7 investigate possible strategic directions that could help for-profits dispel their deficits on warmth perceptions. I find that disseminating higher status information and engaging in CSR initiatives will enhance for-profits warmth perceptions and in turn increase consumers’ behavioral intentions.
5.1 Theoretical Contributions

This research makes important theoretical contributions. First, this research contributes to the stream of literature on consumers’ perceptions of for-profits and nonprofits by identifying how consumers’ perceptions of for-profits and nonprofits vary systematically as a function of organizational power. More specifically, this research assesses the generalizability of past research on warmth and competence perceptions for nonprofits and for-profits across levels of organizational power. I demonstrate that Aaker et al. (2010)’s finding on for-profits’ competence advantage over nonprofits holds true only when organizations have higher power, which poses a novel and important organizational power constraint on Aaker et al.’s conclusion.

Second, although the last decade has witnessed an explosion of research on power (Galinsky, Rucker, and Magee 2015), research to date has tended to examine how the interpersonal or intrapersonal experience of power affects individual behavior (Jiang, Zhan, and Rucker 2014; Rucker, Galinsky, and Dubois 2012). Hence, research has largely ignored the impact of *organizational* power on consumer behavior (which is at odds with real-world practice wherein organizational power is pervasive and influential in affecting economic agents or social entities’ behavior). To my knowledge, this research is the first to examine the role of organizational power—a factor that is both theoretically and ecologically important—in consumer perceptions of, and behavioral responses (including behavioral intention and purchase behavior) toward for-profits and nonprofits.

Third, prior research has accumulated a vast body of evidence on warmth and
competence as the two universal dimensions underlying social perceptions (Cuddy et al. 2008; Fiske et al. 2007; Fiske et al. 2002). This research links organizational power to consumer response via consumers’ warmth and competence perceptions and shows the differential effects of organizational power on warmth and competence perceptions. More specifically, I propose and test the underlying two-fold mechanisms for organization perceptions, namely, confirmation tendency and compensatory reasoning. Together, these two mechanisms manifest themselves into consumers’ warmth and competence perceptions toward for-profits and nonprofits, such that warmth favors a nonprofit regardless of power whereas competence favors a for-profit when power is high (but not low).

Finally, previous research indicates that for-profits have a warmth deficit and nonprofits have a competence deficit in the eyes of consumers (Aaker et al. 2010). This research not only examines the impact of organizational power on consumer reactions to for-profits and nonprofits, but also explores theoretically and pragmatically relevant moderators (e.g. status, CSR, and collaborative orientation) for both for-profits and nonprofits that mitigate their deficiencies in warmth or competence, which in turn translates into more favorable behavioral responses from consumers.

5.2 Directions for Future Research

The concept of organizational power and its impact on organization perceptions/behavior have not been hitherto examined in the literature, and this domain
of research seems ripe for further inquiry. I propose four avenues of particular interest for future research.

First, although the present research sheds light on the underlying process of consumer perceptions and their downstream response, provides further evidence for this process and disentangles the dynamics of warmth and competence, it would be helpful to explore factors that alter the relative impact of warmth and competence on downstream behavioral responses. For example, it would be interesting to examine how priming of warmth or competence could facilitate or mitigate inferences about warmth or competence as a function of organizational factors. Specifically, I hypothesize that consumers will perceive for-profits as more competent than nonprofits regardless of organizational power when primed with competence whereas my findings on competence and warmth perceptions will hold true when primed with warmth. (Recall that my rationale is that the warmth of a nonprofit leads to compensatory inferences of lower competence and undermines the impact of power. By tuning consumers into competence, this compensatory effect should be reduced.) To prime warmth and competence, one could make use of the scrambled competence priming sentences suggested by Utz, Ouwerkert, and van Lange (2004) and then develop a matched one for warmth priming.

Second, although the present research has demonstrated evidence consistent with compensatory reasoning, further evidence for this mechanism could be obtained by priming consumers’ evaluative consistency inference such that individuals form overall evaluations for each organization on the basis of the available information and use these evaluations to infer the unobservable information. If this manipulation succeeds as
expected, compensatory reasoning processes would be dampened and I would expect that organizational power would have similar effects on competence perceptions for both for-profit and nonprofit organizations. (Recall that $H_1$ predicts a smaller impact of power on competence for nonprofits due to the compensatory effect of warmth.)

Third, another avenue for future research would be to examine cross-cultural differences in consumer response to organizational power. Prior research finds evidence of cross-culture differences in consumers’ understanding of power. Specifically, independent cultures conceptualize power around influence and entitlement, and therefore power beholders in these cultures will behave assertively to satisfy their own interests. In contrast, interdependent cultures conceptualize power around responsibility and power beholders are therefore more likely to restrict their actions and benefit others (Buchan et al. 2004; Zhong, et al. 2006). In line with this stream of research, I predict that interdependent consumers would perceive a high-power firm that engages in CSR as behaving consistent with its obligations—thereby mitigating any positive effect of CSR observed among independent consumers (as evident in study 7).

Finally, future research is needed to accumulate real behavior evidence for the impact of organizational power and other factors (e.g. status) on marketplace performance. To illustrate, it would be interesting to acquire secondary data for nonprofit organizations to test my theorizing. For example, nonprofit power can be assessed via its assets (e.g., real estate, pledge receivables, and inventories; National Center for Charitable Statistics), nonprofit status can be assessed via Charity Navigator’s ratings, and consumer behavior could be assessed via revenue (dollars collected from all
activities conducted in support of its tax exempt purposes). This data set could be used to
test the effects of nonprofit power and status hypothesized in H₃a and H₄a.

5.3 Implications for Marketing and Public Policy

Several recommendations emerge for marketing practice and public policy based on
this research.

First, although there are various ways for organizations to strengthen their power,
this research suggests that consumers actually construe and perceive organizational
power in terms of organization size and resources, which in turn suggest potentially
viable strategies for organizations to improve their power in the eyes of consumers. For
example, high power nonprofits like Goodwill can emphasize that it has more than 3,000
stores in its network and 89 million employees, and the community services it has
performed. Meanwhile, a high power for-profit like Walmart could also promote itself as
the largest retailer in the world with 11,500 stores in 28 countries, $482.1 Billion revenue
in the fiscal year 2016, and 2.2 million associates worldwide. In contrast, a small
organization like Udacity can communicate to the public about the resources and support
it has garnered for its for-profit online education platform. In addition, the organization
works closely with industry giants including Google, AT&T, Facebook, Salesforce,
Cloudera, and is regarded as a leader in the MOOC industry.

Second, higher power will confer more competence on a for-profit than non-profit,
which in turn will result in higher behavioral intentions and real purchase behavior for the
for-profit. Therefore, for-profits should make full use of their own higher power to
achieve marketing goals. However, when organizational power is lower, nonprofits have higher behavioral intentions than for-profits. Given that nowadays a growing number of organizations have both non- and for-profit arms (e.g., Google operates both a dot-com and dot-org arm, Oracle has both oracle.com and oraclefoundation.org), these findings should help these organizations to structure themselves in a manner that is consistent with their power levels and garner favorable consumer perceptions.

Third, to dispel its competence deficit, a nonprofit could communicate its high status information or its collaborative orientation. For example, St. Jude Children’s Research Hospital should not only communicate its high survival rates for treating aggressive cancers but could also emphasize the high status bestowed by Fortune magazine’s “100 Best Companies to Work For” for the sixth consecutive year. When status is lacking, a nonprofit could aim to get a gold rating on GuideStar or a 4-star rating on Charity Navigator as a viable strategy to improve its reputation, which may later translate into higher status. This could in turn be communicated in the media via nonprofit rankings, for example. Furthermore, collaborating and engaging various partners or supporters will also help a nonprofit to assuage its competence deficit. For instance, by organizing local nonprofit organizations and volunteers together, Social Venture Partners (SVP) has grown into a network of 23 SVPs across North America and is the world’s largest network of engaged donors.

Fourth, to counteract its warmth deficit, a for-profit could either publicize the high status it has achieved or engage in CSR initiatives. An extra benefit from doing this is the for-profit organization could not only enhance its warmth perceptions but also boost its
competence perceptions, which could lead to feelings of admiration and in turn, drive higher behavioral intentions (Aaker et al. 2010). For instance, Ford proclaims itself as one of Forbes 2015 America’s Best Employers, which should enhance warmth perceptions for the company. Another useful strategy to mitigate a for-profit warmth deficit is to engage in CSR initiatives. For example, Novartis set up Arogya Parivar (“healthy family” in Hindi) as a social initiative to reach more than 10 million underserved people living at the bottom of the pyramid in rural India. Doing so can enhance its warmth perceptions and, in addition, superior CSR initiatives may leads to public recognition and bolsters a for-profit’s status. In the case of Novartis, the Arogya Parivar initiative was honored with the PR News CSR Award in 2013, garnering status that, in turn, should enhance perceptions of the firm’s warmth and competence.

5.4 Conclusion

Despite the pervasiveness of organizational power in the marketplace, relatively little is known about how consumers perceive and respond to for-profits and nonprofits as a function of organizational power. The present research demonstrates that consumers perceive a for-profit and nonprofit organization differently on its warmth and competence perceptions as a function of power, which in turn, influences their behavioral intentions and purchase behavior. These findings shed light on how consumers respond to organizations that vary in power, provide insights into the underlying mechanisms of warmth and competence perceptions, and suggest strategic directions for marketing practice.
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