Can Concern For the Disadvantaged Promote Disadvantage? Neglecting the Benefits of Exploitation

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Despite people’s great capacity for sympathy, a tenth of the world’s population still lives in extreme poverty. Across six studies, we show that moral concerns about unfair labor practices can divert consumers’ attention away from the beneficial consequences of these opportunities for disadvantaged workers.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1024570/volumes/v45/NA-45

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Neglecting the Benefits of Exploitation

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EXTENDED ABSTRACT

In 2013, hundreds died when a clothing factory in Bangladesh collapsed, provoking an international outcry over unsafe working conditions and meager wages in the developing world. Companies like Nike, H&M, Gap, and Disney have been heavily criticized for employing low-wage labor, and have often abandoned these factories in response. For instance, Nike “decided to reduce [their] Bangla-
desh footprint” as a result of these concerns (Powell 2014). But does banning these labor practices actually help disadvantaged workers?

People in the developing world often elect to work under conditions that are morally outrageous to those in the developed world, such as low wages, long hours, and poor safety conditions. The increasing prevalence of outsourced production has spurred varied forms of resistance from ethically minded consumers, including boycotts of exploitative companies and petitions to improve wages and standards in labor exchanges. Though the desire to improve the lives of disadvantaged people in developing countries is nearly universal, many advocates warn that anti-sweatshop initiatives might harm the very people they mean to help by threatening the existence of their best or only available opportunities, leaving them with even worse alternatives (Kristof 2009; Powell and Skarbek 2006). In other words, “bad jobs at bad wages are better than no jobs at all” (Krugman 1997).

This article investigates how consumers in the developed world react to exploitative labor practices that are beneficial to the disad-
vantaged. We suggest that the moral outrage provoked by exploita-
tion can divert consumers’ attention away from the benefits of ex-
plorative practices for disadvantaged workers. This has downstream consequences for consumer behavior in the first world (e.g., inten-
tions to engage with exploitative companies) and the persistence of disadvantage in third world (e.g., support for policies that might eliminate opportunities to earn).

Moral Outrage and Beneficial Exploitation

An exchange can be called exploitative when one party takes advantage of its position to obtain most of the value created through the exchange. However, the imbalance between the benefits obtained by the two parties is unrelated to whether the exchange is harmful or mutually beneficial (Wertheimer and Zwolinski 2016). In other words, the consequences for the disadvantaged party are crucial: are they worse off or better off than they were before the exchange? When parties are not coerced but voluntarily opt into a labor exchange, this signals that the relatively disadvantaged party still finds it better than the available alternatives. Disadvantaged workers often find earning by working under exploitative conditions far better than the other alternatives they face: either unemployment or working under even worse conditions. Because restricting the range of opportunities for a labor exchange (e.g., by demanding that companies pay higher wages) can impair the very existence of the exchange (e.g., by inducing companies to relocate), consumer resistance to exploitative practices can ultimately harm the disadvantaged (Powell and Zwolinski 2012, Zwolinski 2007). Because workers in the developing world lack bet-
ter alternatives (Powell and Skarbek 2006), human rights campaigns in countries like Indonesia have resulted in massive unemployment and harmed disadvantaged workers (Harrison and Scorse 2010).

People’s attitudes towards sweatshops may not account for these consequences to the disadvantaged. Moral outrage over un-
fair or exploitative work conditions may drive consumers to rein-
state fairness by punishing advantaged exploiters through boycotts or petitions to improve labor conditions through legislation (Garret 1987, Kozinets and Handelman 2004), but these actions may not ac-
tually promote the welfare of exploited workers (Darley and Pittman 2003). In other words, consumers’ moral outrage may lead them to neglect how exploited workers benefit from exploitative exchanges and thereby neglect their voluntary, mutually beneficial nature (cf., Baron, Bazerman and Shonk 2006; Bazerman, MaglioZZi and Neale 1985; Caplan 2007). This paper examines whether moral concern for the disadvantaged can make consumers insensitive to the benefits of exploitation for the disadvantaged.

Six studies investigate how consumers in the developed world react to exploitative labor practices that benefit the disadvantaged. We show that consumers do not consistently view low-wage em-
ployment as a means to benefit those most in need (Study 1A-1B). Providing materially irrelevant information about the wages of more privileged workers (Study 2A) or executives (Study 2B) provokes moral outrage and greater resistance to exploitative labor that ben-
efits disadvantaged workers. On the contrary, directing consumers’ attention to the alternatives faced by disadvantaged workers reduces resistance (Study 3A-3B). Our studies were conducted with US resi-
dents through Amazon Mechanical Turk, using between-subjects de-
signs with a target sample size of 100 participants per condition. All study materials are available here: https://tinyurl.com/sweatshopsapp-endix.

Study 1A: Employment Decisions are Less Need-Based Than Donations

Study 1A (N = 201) tested whether consumers view employment as a means of helping the disadvantaged by comparing this decision to an otherwise equivalent donation decision. Respondents read about a wealthy businessman planning to allocate resources to either a developed country (the US) or a fictional developing country (Sangala), where the same amount could have 20 times more impact due to a lower cost of living. We manipulated whether the resources to allocate were monetary donations or employment opportunities. Participants indicated whether the businessman should allocate re-
sources to people in the US or Sangala.

When allocation was framed as a donation, 71% of participants felt it was appropriate to allocate resources to Sangala, but this per-
centage decreased to 48% when the decision was framed as employment ($\chi^2(1) = 11.11, p < .001$). Participants were thus less prone to allocate employment opportunities to those most in need, indicating that many do not view employment as a means to create social wel-
fare.

For participants in this study, choosing not to allocate resources to a third-world country entailed benefiting their home country. We conducted Study 1B to examine whether these results depend on par-
ticipants’ preferences for allocating resources to their home country.
Study 1B: Insensitivity to Need is Robust to Home-Country Preferences

Study 1B (N = 202) compared donation and employment decisions using the same scenario and cost-of-living information as Study 1A but used a fictional developed country, Norland, in place of the US. To disentangle participants’ own preferences for allocation from beliefs about what would strategically benefit the businessman, we worded our dependent variable question as “How would you like the businessman to allocate his money?”

When framed as a donation decision, 94% of respondents favored allocating resources to Sangala, indicating a nearly unanimous desire to help the most disadvantaged. However, only 78% wanted the businessman to employ Sangalians, a significant difference (χ²(1) = 10.99, p < .001). The shift in allocations relative to Study 1A indicates the presence of home-country effects in both conditions in Study 1A. However, these effects cannot explain the difference between conditions.

These two studies suggest that consumers do not consistently view employment opportunities as resources to benefit those most in need. Studies 2A and 2B investigated how the salience of workers’ disadvantage relative to others affects consumers’ resistance to exploitation and appreciation of its benefits.

Study 2A: Salient Worker Disadvantage Increases Resistance

Study 2A (N = 202) used a sweatshop scenario in which a clothing company from Norland opened a factory in Sangala and improved its financial performance through reduced labor costs. We tested whether consumer resistance to exploitative labor conditions depends on their disadvantage relative to workers in first-world countries. Participants in the control condition only learned that workers in the Sangalian factory “make the equivalent of $1200 per year, on average.” In the disadvantageous comparison condition, participants also read about the company’s Norlandian factory where workers “make the equivalent of $24,000, on average.”

We measured consumer resistance using seven items to capture purchase avoidance intentions (e.g., “I would rather buy from a Domino’s competitor than from Domino’s”; “I would support a boycott of Domino’s products”) and policy judgments (“Domino’s factory in Sangala should be closed”). In accordance with our conceptualization of beneficial exploitation, we also measured moral outrage towards the company and perceived benefits for disadvantaged workers (i.e., whether the factory leaves them worse off or better off) to explain these effects.

Making this wage disparity salient made participants significantly more resistant (M = 4.54 vs. 3.97, p = .005). This effect was explained by both increased moral outrage at the company’s practices (indirect effect = 0.59, SE = .14, 95% CI [0.33, 0.88]) and though decreased perceptions that the factory benefited Sangalian workers (indirect effect = 0.10, SE = .06, 95% CI [0.02, 0.23]). Study 2B sought to conceptually replicate these findings by providing a comparison that was arguably even less relevant: the salary gap between Sangalians and workers also reduced focus on Domino’s CEO (indirect effect = -.195, SE = .069, 95% CI [-.343, -.068]).

These findings further support the notion that people naturally neglect to consider how disadvantaged workers can benefit from exploitive practices. But is it really the case that people neglect to consider disadvantaged workers in particular, rather than counterfactual scenarios in general? Study 3B tested this possibility.

Study 2B: Salient CEO-Worker Disparity Increases Resistance

Study 2B (N = 204) used the same scenario, design, and measures as Study 2A. In the disparity condition, however, participants read that thanks to the company’s performance, the CEO’s income “increased to $12,000,000 from $6,000,000 in the previous year.”

Conceptually replicating Study 2A, considering the disparity between parties significantly increased consumer resistance (M = 4.33 vs. 3.73, p = .007). This effect was mediated by moral outrage (indirect effect = 0.35, SE = .15, 95% CI [0.08, 0.68]) and by decreased perceptions of benefits for disadvantaged Sangalians (indirect effect = 0.10, SE = .05, 95% CI [0.01, 0.23]).

Though the salaries of workers in Norland or the company CEO are irrelevant to judgments about whether exploitative labor opportunities leave Sangalians better off than the alternatives, these findings show that highlighting the relative disadvantage of Sangalians can reduce consideration of their welfare. Since the benefits of exploitative exchange depend on its superiority to available alternatives, Study 3A examined if prompting this alternate comparison could reduce resistance.

Study 3A: Prompting Consideration of Alternatives Reduces Consumer Resistance

In Study 3A (N = 205), we examined whether resistance to exploitation is attenuated when consumers are prompted to consider the alternatives faced by disadvantaged workers. We used the same scenario and measures as in Study 2A-2B. Across two conditions, we noted that although conditions and wages in the factory were much worse than those in the company’s Norlandian factories, these jobs were in great demand among the Sangalians. In the treatment condition we prompted respondents to consider the alternatives to factory labor available to Sangalians, including unemployment or employment under even worse conditions.

Relative to the control condition, considering Sangalians’ alternatives reduced resistance (M = 4.87 vs. 4.34, t(203) = 2.36, p = .019). Though participants were outraged at the company across conditions, the prompt reduced consumer resistance by increasing participants’ appreciation of the benefits for Sangalians (indirect effect = -.195, SE = .069, 95% CI [-.343, -.068]).

These findings further support the notion that people naturally neglect to consider how disadvantaged workers can benefit from exploitive practices. But is it really the case that people neglect to consider disadvantaged workers in particular, rather than counterfactual scenarios in general? Study 3B tested this possibility.

Study 3B: Consumers Focus on Advantaged Parties and Neglect the Disadvantaged

To assess whether consumers neglect to consider disadvantaged parties in particular, Study 3B (N = 307) included a third condition with a separate prompt. In particular, we prompted respondents to consider the alternatives faced by either the disadvantaged parties (Sangalian workers) or an advantaged party (the clothing company CEO, who would earn less without operating the factory). We also directly asked people how much they focused on the advantaged versus disadvantaged party when reporting their resistance to the company.

These prompts significantly affected consumer resistance (F(2, 304) = 8.97, p < .001). Compared to the control condition, considering the alternatives faced by the Sangalians significantly reduced resistance (M = 5.02 vs. 4.21, p < .001), an effect that was mediated by greater perceived benefits for Sangalians (indirect effect = .40, SE = .140, 95% CI [.11, .66]) and reduced outrage at the company (indirect effect = .15, SE = .051, 95% CI [.07, .29]). In contrast, considering the alternatives faced by the CEO had no effect on consumer resistance (M = 5.02 vs. 4.79, p = .245).

Compared to the control condition, considering Sangalian workers also reduced focus on Domino’s CEO (M = 3.56 vs. 2.88, p = .009), while prompting consideration of the CEO had no effect (M = 3.56 vs. 3.44, p = .647). Together, these findings indicate that consumers may naturally focus on punishing advantaged parties when
evaluating unfair labor practices, but focus less on the welfare of disadvantaged parties.

**General Discussion**

We live in a world of limited and imperfectly distributed resources. Despite the unprecedented prosperity enjoyed by many in the developed world, about a tenth of the world’s population still lives in extreme poverty. Though sympathy and moral concern for the disadvantaged is nearly universal, prosocial efforts are often misguided. For instance, people fail to allocate donations to the most effective charities (Berman et al., 2015), and humanitarian aid in response to natural disasters depends more on the number of fatalities than on the number of people in need (Evangelidis and Van den Bergh 2013).

Our results show that people might fail to benefit the disadvantaged because of their moral concerns. By the standards of the developed world, work conditions and wages in the developing world are outrageously poor. In light of the advantages of other parties (e.g., workers in developed countries and company executives), consumers are right to label these labor practices as unfair and exploitative. However, unfair or not, banning these exchanges may eliminate workers’ only means of remediating their disadvantage. Just as sympathy for those in need may lead to suboptimal allocations of charitable resources (Loewenstein and Small 2007; Small 2010), moral outrage over the poor conditions and inequities faced by disadvantaged populations may thus harm them more.

These findings join recent warnings that moral concerns often restrict the acceptability of the solutions we consider to create social welfare (Bloom 2016). People often view profit-seeking as fundamentally incompatible with societal good, regarding those who personally benefit from charitable behaviors as worse than those who do nothing to help others (Newman and Cain 2014). Restrictions on these exchanges may have steep societal costs. For instance, moral objections to exchanging organs may be costing hundreds of lives every day (Roth 2007), and keeping for-profit firms from participating in charitable enterprises may dramatically reduce charitable funds available to those in need (Pallotta 2008). However, our findings suggest that the costs of moral outrage can be mitigated. Considering workers’ (lack of) alternatives increases consumers’ support for employment in the developing countries and increases their appreciation of the benefits of these exploitative exchanges despite their persistent moral concerns (cf., Newman and Cain 2014).

Though helping the disadvantaged is an admirable goal, doing so effectively may require confronting realities that are shocking to first-world consumers yet obvious to third-world workers themselves. Hence, workers’ own choices, and the enormous unmet demand for more sweatshop jobs (Kristof 2009; Powell and Zwolinski 2012), may reflect better awareness of these realities. Where no perfect solutions are likely to appear, even deeply flawed, imperfect solutions may merit consideration. Solving persistent social problems like global poverty may require us to use all the tools at our disposal.

**REFERENCES**


