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

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

Keywords: stigma, leadership, venue quality

Belonging to a stigmatized group can be a barrier on the path to leadership in corporate America. For instance, there is only one openly gay chief executive officer of a *Fortune* 500 company (Apple's Tim Cook). Moreover, individuals of African descent head only one percent of *Fortune* 500 companies, whereas Hispanics and women fare slightly better in that they hold roughly two and five percent of these senior leadership positions, respectively. Though a number of factors (e.g., fewer qualified candidates, systemic bias) have been bandied about as explanations for this prevailing trend, the possibility that it could be consumer-driven has received scant attention in the literature. One noteworthy exception (Avery, McKay, Volpone, & Malka, 2015) showed that, in certain instances, some customers may prefer an organization with a nonstigmatized leader relative to a company with a stigmatized one. In a related vein, work on investor responses to the appointments of stigmatized executives demonstrated negative reactions (e.g., Cook & Glass, 2008; Lee & James, 2007). *Harvard Business Review* has even published multiple fictitious case studies depicting how organizations could face the prospect of negative customer reactions to stigmatized leaders (e.g., Fryer et al., 2005; Gentile, 1991; Humphreys, 2002; Williamson et al., 1993). In light of such concerns, it is conceivable that decision-makers' promotional processes and appointments to leadership posts might reflect such notions.

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

Toward this end, we consider whether venue characteristics (i.e., quality and appearance of organizational facilities) affect the relationship between a leader's stigma (i.e., race) and customer reactions. Like Avery et al. (2015), we recognize that, due to perceived role incongruity (Eagly & Karau, 2002), stigmatized leaders like minorities, women, or disabled people could evoke negative perceptions (e.g., laziness, incompetence, overemotional) that precipitate devaluation of the leader, the company the leader

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