



## Are companies beholden to bias? The impact of leader race on consumer purchasing behavior



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### ABSTRACT

Given that racial stereotypes often influence leader appraisals, many businesses assume consumers will respond unfavorably to Black leaders. Recent research, however, suggests observers may suppress negative stereotypes of Black leaders when they head high-performing organizations. We integrate theory on implicit leadership and motivated social cognition to better understand how leader stereotype application and suppression influence consumer purchasing behavior. Across archival studies, a classroom exercise, and an experiment, we found that customers (real and prospective) appraised Black leaders less favorably than White leaders, resulting in lower patronage only when motivated to view leaders stereotypically. Namely, significant consumer bias against companies with Black leaders emerged only when organizational failure was accompanied by (a) unfamiliarity with the leader(s) in question, (b) greater societal acceptance of racist behavior (i.e., in the past), or (c) high consumer desire to bask-in-reflected-glory of an organization.

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### Introduction

When asked whether it is acceptable to deny a Black employee a leadership opportunity because customers might react negatively to the employee's race, noted diversity scholar David Thomas had this reply (Humphreys, 2002, p. 36):

"I am often surprised by managers' assumptions that their clients are not as good or as decent as they are: 'I might be willing to accept a very talented person of color, but I don't believe my clients are ready for that yet. And I'm not willing to risk finding out if I'm wrong.' Their assumptions become self-fulfilling prophecies."

This assumption he described – that customers will not accept Black personnel – appears to be fairly commonplace among managers. In fact, research shows that the proportion of White customers corresponds directly with organizational reluctance to hire Blacks, particularly for positions involving potential customer contact (Holzer & Ihlanfeldt, 1998; Kirschenman & Neckerman, 1991; Moss & Tilly, 2001). Further, evidence of racially-averse

consumer behavior, disfavoring racial-ethnic minorities (especially Blacks), has surfaced in customer satisfaction ratings (Hekman et al., 2010), restaurant server tip amounts (Brewster & Lynn, 2014; Lynn et al., 2008), and reactions to product advertisements (e.g., Choi, Crandall, & La, 2014; Qualls & Moore, 1990; Whittler & DiMeo, 1991).

A key concern is whether consumers' proclivity to stereotype and disfavor rank-and-file minority personnel actually extends to the managerial level. If so, then organizations may be reticent to employ minorities in leadership posts. In fact, fears about prospective consumer backlash are so pervasive that even Black business owners have gone so far as to employ White "front men" to represent their companies publicly (Henderson, 1999). Prior work on implicit leadership has shown that people stereotype Blacks as less fit for leadership than their White counterparts (Chung-Herrera & Lankau, 2005; Gündemir, Homan, de Dreu, & van Vugt, 2014; Rosette, Leonardelli, & Phillips, 2008; Tomkiewicz, Brenner, & Adeyemi-Bello, 1998). If this tendency is evident among prospective and current organizational clientele, then they may be less accepting of Black organizational leaders, with potential bottom-line implications. Suggestive in this regard, Ouellet (2007) found that ethnic majority group members who were high in consumer racism (i.e., U.S. Caucasians, English Canadians, and French Caucasians, respectively) reported lower intentions to (a) buy (non-

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