

Departmental Research Seminar



Consumer Reactions to Offshoring:
A Social Contract Account
By

Prof. Christoph Fuchs
University of Vienna

Date : 21 Sep 2023 (THU)
Time : 10:30 am – 12 noon
Venue : N001

Abstract

Offshoring is one of the most controversial and politicized aspects of globalization, evoking heated and often negative reactions from consumers and the public (e.g., workers, voters). However, the reasons and determinants for these reactions remain unclear. We theorize and demonstrate that consumers' psychological reactions to offshoring can be understood within a social contract account. We propose that offshoring violates a key element of social contracts: the normative expectation that firms should support the local community. Analyzing data from ten experimental studies ($N = 6,361$), public consumer responses to layoffs in a large online community ($N = 29,045$), and layoff announcements in the European Union ($N = 1,262$), we show that consumers react more negatively when collective layoffs are due to offshoring than when they are due to other reasons (e.g., outsourcing, automation). Supporting our social contract account, we further document that the negative effect of offshoring is stronger when offshoring affects workers in the consumers' home (vs. foreign) country, when the offshoring firm is domestic (vs. foreign), when most customers are domestic (vs. foreign), and because offshoring elicits more internal (vs. external) attribution processes than other layoffs (e.g., automation). These findings offer relevant substantive implications.

Prof. Christoph Fuchs is a professor of marketing at the University of Vienna, Austria. Before joining the University of Vienna, he worked at the Technical University of Munich (TUM) and the Erasmus University Rotterdam in the Netherlands. Prof. Fuchs' research interests are at the intersection of marketing, technology, and human behavior. His research has been published in leading academic journals such as the *Academy of Management Journal*, *Journal of Marketing*, *Journal of Consumer Research*, *Management Science*, and *Nature Human Behaviour*. Prof. Fuchs is also an associate editor for the *Journal of Consumer Research* and the *Journal of Marketing*.

All interested are welcome.

