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# HEC MONTRÉAL

**Bias After Misconduct:  
How Gender and Race Shape Firm Responses to Celebrity Endorser Scandals**  
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## Résumé

Bien que la responsabilité sociale des entreprises (RSE) et les principes d'équité, de diversité et d'inclusion (EDI) soient de plus en plus valorisés, cette étude révèle l'existence de biais persistants dans les réactions des entreprises face aux scandales impliquant des célébrités porte-parole. À partir d'un ensemble de données inédit, nous examinons si les femmes et les personnes issues de minorités visibles sont traitées différemment de leurs homologues masculins blancs lors de telles crises. Les résultats mettent en lumière deux formes distinctes de biais dans les décisions des marques : un biais par omission, où les femmes et les minorités visibles reçoivent moins fréquemment un soutien public ; et un biais par commission, où les minorités visibles sont plus susceptibles d'être désavouées, en particulier lorsque le scandale concerne un comportement illégal. Les écarts fondés sur le genre semblent être médiés par la visibilité médiatique, suggérant qu'une attention moindre dès le départ pourrait expliquer un soutien institutionnel réduit. En revanche, les biais raciaux persistent même après avoir contrôlé pour les variables liées à la célébrité, au scandale et à la marque, révélant des mécanismes discriminatoires plus profonds. Ces résultats ont des implications importantes pour les gestionnaires de marques, les célébrités et les responsables politiques, en montrant que des choix présentés comme purement stratégiques peuvent en réalité perpétuer des inégalités systémiques. Cette étude contribue aux recherches en EDI dans le domaine du marketing et propose des pistes concrètes pour promouvoir des pratiques de partenariat plus justes et inclusives.

**Mots-clés :** discrimination en marketing ; biais de genre ; biais racial ; équité, diversité et inclusion (EDI) ; responsabilité sociale des entreprises (RSE) ; partenariats avec des célébrités; scandales liés aux célébrités ; décisions en matière de partenariats de marque ; stratégie de gestion de crise ; gestion de marque.

**Méthodes de recherche :** Cette étude adopte une approche empirique pour analyser les réactions des entreprises face aux scandales impliquant des célébrités porte-parole, en mettant l'accent sur les discriminations potentielles liées au genre et à l'origine ethnique. Un modèle de risques concurrents est utilisé pour estimer la probabilité de deux issues mutuellement exclusives — le soutien public ou le désaveu — puisqu'une entreprise ne peut adopter les deux simultanément.

L’analyse repose sur un modèle de risque spécifique à chaque cause pour évaluer comment les caractéristiques des célébrités, la nature du scandale et le contexte de la marque influencent chaque réponse. Cette approche fondée sur les données vise à révéler des schémas de biais là où la théorie existante est limitée ou ambivalente.

## Abstract

Despite increased emphasis on corporate social responsibility (CSR) and diversity, equity, and inclusion (DE&I), this study finds evidence of persistent bias in how firms respond to celebrity endorsement scandals. Drawing on a novel dataset, we examine whether women and visible minority celebrities are treated differently from their white male counterparts when scandals arise. The results reveal two distinct forms of bias in corporate decision-making: bias by omission, where women and visible minorities are less likely to receive public support; and bias by commission, where visible minorities are more likely to be disavowed, particularly in scandals involving illegal behaviour. Gender-based disparities appear to be mediated by media visibility, suggesting that lower baseline attention may drive less institutional support. In contrast, racial and ethnic biases persist even after accounting for celebrity, scandal, and brand-level variables, pointing to deeper, activated discriminatory responses. These findings have significant implications for brand managers, endorsers, and policymakers, highlighting how decisions presented as strategic can still reflect and reinforce underlying biases. The results underscore the need for the marketing industry to address how both action and inaction may contribute to inequitable outcomes. This study advances DE&I research in marketing and offers actionable insights for designing fairer and more inclusive endorsement practices.

**Keywords:** discrimination in marketing; gender bias; racial bias; diversity, equity, and inclusion (DE&I); corporate social responsibility (CSR); celebrity endorsements; endorsement scandals; endorsement decisions; scandal response strategy; brand crisis management

**Research methods:** This study adopts an empirical-first approach to examine how firms respond to celebrity endorsement scandals, with a focus on potential discrimination based on gender and race. A competing risks model is used to estimate the likelihood of two mutually exclusive outcomes—public support or disavowal—since a firm cannot take both actions at once. The analysis employs a cause-specific hazard framework to assess how factors such as endorser demographics, scandal characteristics, and brand context impact each response. This data-driven approach is designed to uncover patterns of bias where existing theory is limited or inconclusive

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## **List of Abbreviations and Acronyms**

**CSR:** Corporate social responsibility

**DE&I:** Diversity, equity, and inclusion

**SMO:** Social movement organizations

## Acknowledgements

“Stand in the back, and if the ball comes, just kick it out.” A man I had never played with said that to me during a co-ed soccer game, assuming I did not know what to do with the ball. Minutes later, after losing possession once, I never got the ball again—no matter how many times I called out, “I’m here, I’m open!”. This experience felt unfair, but strangely familiar. As a first-generation Canadian woman from an immigrant family playing competitive soccer in Quebec, I knew exactly what was happening. I was being underestimated, overlooked, and excluded. Was it my brown skin? Did my one mistake cost me more than it would have cost a man?

Those moments once left me angry. Now, I recognize them as fuel. They gave me an edge, purpose, pride, and a fierce competitiveness that’s become part of who I am. I know the sharpness of my footwork can leave anyone behind, and that timing alone lets me stop players twice my size. They shaped my curiosity about bias and my desire to understand it, ultimately leading me to this thesis, researching how discrimination shows up in marketing, especially for women and visible minorities, in the face of public scandals.

*To my mom*, thank you for signing me up for every sport and new experience, even though you never had the chance to try them yourself. You somehow knew the world of possibilities it would open up for me. Because of you, I have the confidence to believe I can make a difference. *To my dad*, thank you for always answering the phone with a smile, making me feel loved every day. *To my siblings*, thank you for believing in me and never doubting I could do this. *To my thesis codirectors*, thank you for sharing your expertise, guidance, and a sense of humour that made this journey feel lighter. *And to my wonderful friends*, especially you, Vicky. I leaned on you, you leaned on me, and isn’t it beautiful that we made it through together?

I once felt out of place. But through this work, I discovered where I truly belong. And I’m so proud of that. *“What sets you apart can sometimes feel like a burden, but it’s not. And a lot of time, it’s what makes you great.”* – Emma Stone

## Introduction

Discrimination in marketing and corporate decision-making has long been a concern, significantly impacting societal progress and organizational effectiveness (Trkulja, Primorac, & Bilić, 2024). As the business landscape evolves, brands are increasingly recognizing their crucial role in fostering diverse, equitable, and inclusive environments (Ferraro, Hemsley, & Sands, 2023; Trkulja *et al.*, 2024). In this context, integrating socially responsible marketing strategies is a powerful lever for driving significant change within organizations and society.

Efforts to prevent discrimination are evident through market-based strategies and legal regulations, such as corporate social responsibility initiatives, anti-discrimination laws, and diversity, equity, and inclusion (DE&I) policies, which encourage firms to adopt more inclusive decision-making practices (Ferraro *et al.*, 2023).

Diversity substantially benefits brands and organizations (Triana *et al.*, 2021). At the executive level, diverse leadership teams enhance strategic decision-making by incorporating underrepresented perspectives, ultimately leading to more effective outcomes (Agyemang-Mintah & Schadewitz, 2019). Within organizations, diverse marketing teams are better equipped to understand the needs and aspirations of minority communities and communicate these messages authentically in brand narratives (Thompson, 2022). This complements Schau et al.'s statement that brands play "a pivotal role in shaping culture and can become part of the social infrastructure and cultural fabric that defines society." (Schau, Muñiz, & Arnould, 2009). The benefits of embedding DE&I into firm practices include increased organizational performance, improved employee engagement, and enhanced creativity and innovation (Kiradoo, 2022).

However, despite a growing awareness of inclusivity's benefits and an increasing global public discourse, challenges persist, including cultural biases, systemic barriers, and institutional obstacles that hinder progress toward a more equitable society (Ferraro *et al.*, 2023; Jelavić, Aleksić, & Braje, 2021; Kiradoo, 2022; Kozinets *et al.*, 2010; Trkulja *et al.*, 2024). In specific business contexts, such as celebrity endorsements, firms have discretion in choosing whom to endorse based on their marketing strategies and business objectives. Following a public

endorsement scandal, marketing executives decide whether to support the celebrity, remain silent, or disavow them. Endorsement agreements often include morality clauses, which provide legal justification for contract termination when a scandal threatens a brand's reputation (Carrillat & Ilicic, 2019; Kleine, Friederich, & Paul, 2023). This allows firms to frame their decisions as strategic financial choices rather than explicitly discriminatory actions, creating a gray area where moral considerations intersect with business interests. While firms may justify their actions on seemingly neutral business grounds, bias can persist under the guise of business necessity. Celebrity endorsement scandals, therefore, present a unique opportunity to assess whether discrimination exists in corporate decision-making when firms are not constrained to prevent it either by regulation, policies, or social initiatives.

Despite existing market-based and legal efforts to reduce bias, it remains unclear whether discrimination occurs in firms' responses to endorsement scandals and, if so, how it manifests. Women and visible minorities, comprising many endorsers, often face heightened public scrutiny and unfavourable portrayals compared to their counterparts (Eagleman, 2015; Mastro, 2015; Ravel & Gareau, 2016). By focusing on these groups, this study aims to identify systematic patterns of bias and contribute to a deeper understanding of discrimination in corporate decision-making. While discrimination in the marketplace has been extensively studied, its presence in contexts where firms are not explicitly pressured to avoid it—i.e., firms' support, disavowal, or silence in reaction to endorsement scandals—remains underexplored.

To address this research gap, this study seeks to:

1. Determine whether discrimination against women and visible minorities occurs in firms' decisions following an endorsement scandal.
2. Assess whether discrimination manifests through omission (remaining silent during endorsement scandals) or commission (actively imposing harsher penalties, such as a disavowal).
3. Identify the mechanisms driving this discrimination.

This study examines two key theoretical frameworks by Rajan & Pao (2022): the “less room for error” hypothesis and the “activated discrimination” hypothesis. The “less room for error” hypothesis suggests that marginalized individuals, such as women and visible minorities, are held

to stricter standards and penalized more harshly for perceived transgressions. Consequently, when scandals arise, these individuals may be more likely to lose endorsement deals than their majority-group counterparts (Rajan *et al.*, 2022). Meanwhile, the “activated discrimination” hypothesis suggests that scandals trigger latent prejudices, reinforcing preexisting stereotypes. Historically, marginalized groups have been particularly vulnerable to discriminatory treatment, and implicit racial cues within a scandal can exacerbate this bias (Rajan *et al.*, 2022). We categorize triggers at the celebrity (e.g., media popularity and negative ethical expectations), scandal (e.g., severity, media coverage, professional nature, relevance to the brand, and celebrity’s reaction), and sponsorship (e.g., house of brand strategy, celebrity-brand congruence) levels.

The results indicate that discrimination in endorsement scandals is often “silent.” Women and individuals from minority backgrounds receive less support from their endorsers compared to men who are not part of a visible minority. However, the mechanisms of exclusion differ between female celebrities and those from visible minority groups. For female celebrities, the effect of gender diminishes when controlling for media popularity and the extent of media coverage on the day the scandal broke. This finding supports the “less room for error” hypothesis, suggesting that the reduced support for women may stem from their lower baseline popularity or less prominent media attention during the scandal.

In contrast, the discriminatory effect against visible minority celebrities remains robust, regardless of the celebrity, scandal, and brand level triggers. Thus, the discrimination by omission against visible minority celebrities appears robust, even though the exact mechanism is complex to identify. Furthermore, visible minority celebrities are more likely than white male celebrities to be disavowed by sponsors when a scandal involves illegal behaviours. This outcome aligns with a commission bias, highlighting an activated discriminatory effect targeting visible minorities.

This research has both theoretical and practical implications. Theoretically, it demonstrates how bias can persist in corporate endorsement decisions despite legal and market-based efforts to mitigate discrimination. Practically, it provides recommendations for firms, endorsers, and advocacy groups to promote more equitable endorsement practices.

By identifying mechanisms that drive bias in endorsement decisions, this study addresses gaps in existing theories and provides a more nuanced understanding of how firms navigate public scrutiny. Its findings contribute to broader discussions on corporate social responsibility, DE&I, and the development of fairer endorsement practices.

The remainder of this thesis is structured as follows. Chapter 1 reviews the relevant literature and develops the conceptual framework used to identify the types and underlying mechanisms of discrimination in firm decisions following a celebrity endorser scandal. It also examines prior research on discrimination in marketing, celebrity endorsements, and firm reactions to endorsement scandals. Chapter 2 describes the methodological approach, including the data sources, quantitative data collection process, variable construction, and competing risk model employed in the study. Chapter 3 presents the empirical results and key findings derived from the analysis. Finally, Chapter 4 discusses the results in relation to the research objectives, outlines the theoretical and managerial implications, and concludes with a summary of the study's contributions, limitations, and directions for future research.

## Chapter 1: Literature Review

We employ an empirics-first approach in our study of discrimination in sponsorship scandals. “Empirics first refers to research that 1) is grounded in (originates from) a real-world marketing phenomenon, problem, or observation, 2) involves obtaining and analyzing data, and 3) produces valid marketing-relevant insights without necessarily developing or testing theory. (Golder et al. 2023, p. 319)”. An empirics-first approach is more suitable when: “theory is in short supply; the literature is equivocal, intuition leads to multiple plausible, yet conflicting outcomes; observations taken from the world or opinions expressed in business reports do not align with theoretical predictions; the prevalence of an empirical effect has been examined scantily; and rich and newly emergent data allow the scholar to probe unexamined relationships (p. 325). As we will demonstrate in the following pages, although numerous theories exist regarding the causes and mechanisms of discrimination, the literature indicates multiple plausible yet conflicting outcomes. More importantly, the regulation-free and norm-free environment in which firms operate when their celebrity endorsers become engulfed in a scandal provides the opportunity to assess more validly whether discriminatory motives drive their reactions.

Table 1 presents the framework that we use to identify the type of discrimination and the underlying mechanisms in celebrity endorsement scandals for two traditionally marginalized groups: visible minorities and women. In the following sections, we begin with an overview of the prevalence of discrimination in marketing for these two groups. When examining celebrity endorsement scandals, we'll consider two key types of discrimination: omission and commission. In this work, omission occurs when a company becomes notably silent in its response to a scandal involving someone from a discriminated group. In contrast, commission refers to a firm's increased tendency to disavow or distance itself from a celebrity endorsement scandal when a marginalized individual is involved. For omission or commission to be categorized as discriminatory, it needs to be significantly more likely toward marginalized groups than non-marginalized groups, everything else being held constant.

As a final step, we will propose methods to identify two underlying mechanisms of discrimination. The “less room for error” explanation suggests that discrimination in scandals stems partly from

marginalized groups' inherently weaker baseline support, which heightens their vulnerability (Rajan *et al.*, 2022). Baseline support, which reflects a celebrity's existing public favour or goodwill, directly influences their media popularity and vulnerability in an endorsement scandal. Higher baseline support can cushion a celebrity from negative media attention and public perception during a scandal, whereas lower baseline support leaves them exposed. Thus, under this perspective, controlling for media popularity before the scandal and media coverage when the scandal erupts should attenuate any observed bias.

In contrast, the “activated discrimination” explanation posits that specific characteristics serve to activate latent discriminatory tendencies. Society holds various stereotypes about different marginalized groups. For instance, certain visible minority groups may be implicitly associated with criminality, poverty, or specific negative social behaviours due to historical biases, media portrayals, or systemic discrimination. When a visible minority celebrity commits an illegal act, it can unconsciously activate and reinforce these pre-existing negative stereotypes in the minds of the public and decision-makers (like sponsors). Empirically, this activation suggests a distinct impact of specific characteristics, in our case, the illegal nature at the origin of the scandal. In other words, an indication of activated discrimination will be the interaction effect in the form of a stronger reaction to illegal behaviours for visible minorities or women. These two distinct mechanisms are not mutually exclusive, meaning they can operate simultaneously. The following table presents the research framework.

**Table 1: Framework to identify the type of discrimination and the underlying mechanisms**

	<b>Description</b>	<b>Empirical manifestation in celebrity endorsement scandals</b>
<b>Type of discrimination</b>		
Omission	Firms are more likely to remain silent than to offer support to individuals from marginalized groups.	More silence against the discriminated group at the expense of support
Commission	Firms are more likely to disavow individuals from marginalized groups.	More disavowal for discriminated group
<b>Underlying mechanisms</b>		
Less room for error	Lower baseline support renders marginalized groups more vulnerable to scandals.	Attenuation of bias after controlling for celebrity media popularity and scandal media coverage.
Activated discrimination	Specific characteristics trigger latent biases.	Exacerbation of bias for scandals involving illegal behaviours.

### 1.1 Discrimination in marketing

Marketing and management research has focused on marketplace discrimination, yet its occurrence within endorsements remains relatively underexplored. In a critical review of the literature, Davis (2018) illustrates how marketing practices perpetuate systemic racial biases and reinforce white superiority. These biases are often embedded within organizational norms, marginalizing minority groups. Marginalization manifests in several ways, through the underrepresentation of minorities in advertising campaigns, the reinforcement of discriminatory consumer behaviours, or the exclusion of individuals from underrepresented groups in marketing roles (Davis, 2018). Such biases permeate multiple marketing mix elements, including product development, pricing strategies, store placement and merchandising, recruitment and training, and marketing communications (Bennett *et al.*, 2016). These practices send marketplace signals that reflect perceptual or attitudinal biases favoring one group (the in-group) over another (the out-group), a phenomenon described by Brewer (1979).

Racial discrimination in marketing refers to the disparate treatment of individuals or groups based on race or ethnicity. Unlike racial prejudice, which concerns attitudes; racial stereotypes, which

focus on beliefs; or racism, which embodies ideologies, racial discrimination is centred on behaviour and actions (Pager & Shepherd, 2008). Racial discrimination in this context can manifest in three distinct forms (Davis, 2018). The first is overt discrimination, which involves the explicit exclusion or targeting of groups based on race. The second is covert discrimination, characterized by subtle and hidden practices that, while less visible, are equally harmful. The third is unintentional discrimination, arising from biases that occur without deliberate intent and are often rooted in systemic norms. Over time, these systemic practices become deeply embedded in organizational cultures, shaping marketing strategies and institutional policies. This perpetuates inequitable outcomes that disproportionately disadvantage marginalized groups.

Although prior research has extensively examined discrimination in marketing contexts, there has been limited exploration of how these biases manifest in celebrity endorsement settings, particularly during scandals.

## **1.2 Discrimination in celebrity endorsements**

A celebrity endorsement is a formal agreement between a recognized public figure and an entity, such as a brand, to leverage the celebrity's image for promotional purposes (Bergkvist & Zhou, 2016). Celebrity endorsers play a prominent role in the sports and entertainment industries, where their credibility, likability, and persuasive appeal significantly enhance the effectiveness of their marketing campaigns (Till & Shimp, 1998). Research demonstrates that celebrity endorsements can strengthen brand loyalty and increase a company's market valuation following the signing of an endorsement deal (Wakefield, Wakefield, & Lane Keller, 2020).

Wakefield et al.'s (2020) consumer-centric model of sponsorship effects identifies two primary dimensions of celebrity endorsements: the consumer and the brand dimensions. From the consumer perspective, endorsements enhance brand awareness, associations, knowledge, loyalty, preference, purchase intent, and sales. On the brand side, celebrity endorsements have a significant impact on key metrics, including brand equity, return on investment, exposure, engagement, and stock price (Wakefield *et al.*, 2020).

Research highlights numerous benefits of celebrity endorsements (Carrillat, d'Astous, & Lazure, 2013), including increased consumer attention (Erdogan, Baker, & Tagg, 2001), improved recall of advertising messages (Misra & Beatty, 1990), improved stock market value (Agrawal & Kamakura, 1995), greater brand recognition (Premeaux, 2006), better brand evaluations (Atkin & Block, 1983; Silvera & Austad, 2004; Tripp, Jensen, & Carlson, 1994), enhanced word-of-mouth (Bush, Martin, & Bush, 2004), increased credibility and a more distinct brand personality (Kamins, 1990; Ohanian, 1990). In some extreme cases, celebrity endorsements have even been associated with a decline in competitors' stock value (Lynette Knowles, Mathur, & Rangan, 1997).

While celebrity endorsements often provide significant benefits, they involve substantial risks and can be a double-edged sword, especially when scandals arise (Carrillat *et al.*, 2013; Epstein, 2015). These scandals may include substance abuse, inappropriate public behaviour, alcoholism, or sexual misconduct (Agnihotri & Bhattacharya, 2016; Carrillat *et al.*, 2013). Celebrities' high visibility subjects them to constant public scrutiny, and any damaging revelations about their personal lives can severely affect consumers' perceptions of the endorser and the brands and products they represent (Erdogan *et al.*, 2001; Till *et al.*, 1998; Wakefield *et al.*, 2020). Some refer to celebrity endorsers as albatrosses, carrying either great luck or great misfortune (Epstein, 2015).

For instance, Tiger Woods' 2009 extramarital affair scandal caused a 2% decline in market value for the brands he endorsed, causing core sponsors such as Electronic Arts, Nike, and Pepsi to suffer significant financial losses (Choi, Lee, & Kim, 2005; Knittel & Stango, 2014). Additionally, a study by White *et al.* (2009) found that when consumers were aware of a scandal, such as an NFL player facing drug charges, their perception of the brand's advertised product was less favourable than before they became aware of it (White, Goddard, & Wilbur, 2009). Ultimately, this dual impact highlights the strategic yet volatile nature of celebrity-brand endorsements, where significant rewards must be carefully weighed against the potential for reputational harm.

### **1.3 Firm reactions to celebrity endorsement scandals**

Firms must carefully decide on a response strategy when faced with a celebrity endorsement scandal. The decision is often based on how the brand expects consumers to perceive each reaction, ranging from disavowal to silence or support (Carrillat *et al.*, 2013). Each option carries distinct

risks and rewards and can influence brand reputation, consumer attitudes, and financial performance.

### **1.3.1 Disavowal**

Some brands terminate their endorsement agreements, particularly when the celebrity is deemed highly blameworthy for causing a scandal (Louie & Obermiller, 2002). This approach aims to mitigate damage to sales and brand reputation by swiftly distancing the brand from negative publicity (Chung, Derdenger, & Srinivasan, 2013; Johnson, Bauer, & Arnold, 2022). Many firms include morality clauses in endorsement contracts to protect themselves further, allowing them to terminate partnerships if the endorser's actions harm the brand's image (Chung *et al.*, 2013).

Research shows that negative information about endorsers can spill over to consumer attitudes toward the endorsed brand and its competitors in the same product category (Carrillat, d'Astous, & Christianis, 2014). Endorser scandals can lead to declines in consumer purchase intentions, negative product perceptions, and significant losses in firm value, including declines in abnormal stock returns (Bartz, Molchanov, & Stork, 2013; Fong & Wyer). However, disavowing high-blame endorsers, particularly those facing negative publicity related to their profession, has been associated with more favourable stock returns (Hock & Raithel, 2020).

### **1.3.2 Support**

In contrast, some brands support their endorser, particularly when the celebrity is viewed as having little blame for the scandal (Louie *et al.*, 2002). This strategy may also be employed when brands believe they can still benefit from the celebrity's high visibility or strong connection with their audience (Miller & Lacznak, 2011). Consumers who strongly identify with a celebrity are less likely to react negatively to bad press, which may cushion brand loyalty and purchase intentions (Um, 2013). Additionally, research indicates that firms may experience positive stock returns when they support apologetic endorsers who exhibit a high degree of product fit, reinforcing the brand's reputation and credibility (Hock *et al.*, 2020).

### 1.3.3 Silence

Finally, some firms choose to remain silent during a scandal, avoiding immediate reactions and waiting to see how the situation unfolds. This strategy allows brands to sidestep unnecessary attention and avoid “drawing fire,” particularly when the scandal does not directly implicate the brand (Liu, 2019). Silence intends to demonstrate neutrality, showing the firm neither supports nor opposes the scandal, with the hope that, by the end of the silence, stakeholders will also respond neutrally (Melloni, Patacconi, & Vikander, 2023; Mohliver, Crilly, & Kaul, 2023; Qin *et al.*, 2025). Silence can also be a strategic choice when there is uncertainty about public reactions or the scandal’s long-term implications (Liu, 2019). However, silence can be interpreted as taking a side (Qin *et al.*, 2025), as illustrated by this quote from the crisis consultancy Temin and Company: “If you say something, it’s about what you say. But equally you are at risk if you say nothing because silence is a statement, so silence is controversial, as well.” (Shanker *et al.*, 2023).

In today’s socio-economic climate of increased polarization and corporate activism (Barber IV & Blake, 2024; Benton, Cobb, & Werner, 2022; Edelman, 2018; Hurst, 2023; Iyengar & Westwood, 2015), firms that remain silent may face multiple consequences, including adverse reactions from misaligned stakeholders, unmet stakeholder expectations, and even accusations of hypocrisy, particularly if the firm is known to have activist-leaning stakeholders (Qin *et al.*, 2025). In contexts where neutrality tends to be less credible, choosing silence becomes more costly and risky (McDonnell, 2016; Odziemkowska & McDonnell, 2024; Qin *et al.*, 2025).

Ultimately, firms must weigh the risks and rewards of each response strategy, considering factors such as the nature of the scandal, the celebrity’s perceived blame, and the potential impact on brand reputation, consumer attitudes, and financial performance. While celebrity endorsements provide significant opportunities, they also reveal complex dynamics of discrimination, particularly during scandals. These dynamics often manifest in omission and commission, underscoring the need for a nuanced understanding of firm reactions to scandals.

### 1.4 Types of discrimination in the context of celebrity endorsement scandals

Discrimination in the context of celebrity endorsement scandals can take two primary forms: omission and commission. *Omission* occurs when a firm chooses not to support a celebrity from a

marginalized group, while *commission* involves the active and public dissociation from such a celebrity.

#### **1.4.1 Discrimination by omission**

Bennett et al. (2016) define omission in the marketplace as the persistent failure of marketers to engage with, acknowledge, or incorporate the experiences and perspectives of diverse groups who occupy marginalized positions in society. Marketing, as an institution, often privileges dominant in-groups by tailoring marketing mix signals to anticipate and fulfill their needs, while rendering the experiences of marginalized groups invisible (Lapchick, 2015). Omission occurs when out-group members' identities, perspectives, and needs are excluded from marketing messages, design, and delivery (Bennett *et al.*, 2016). The concept of “privileged omissions” highlights how inaction often benefits privileged groups while harming marginalized communities, further causing systemic inequalities (Conyers & Carrizales, 2024). In this way, omissions perpetuate inequities and undermine the marketing systems’ potential to promote social well-being (Shultz, 2015). Banaji and Greenwald aptly state that decision-makers often do not intentionally decide to harm, but failing to act is what causes the harm (2016).

In celebrity endorsement scandals, omission-based bias may occur when firms are more likely to remain silent or refrain from acting when the endorser is a visible minority or a woman, compared to when the celebrity is a white male. What suggests potential bias is not silence alone, but the pattern of silence being more common when the endorser is from a marginalized group. For example, Serena Williams has been the subject of intense scrutiny in incidents where similar behaviour by her white male counterparts has drawn less criticism. In 2009, she was penalized for verbally abusing an umpire during a match, sparking widespread media backlash (Hamdi, 2015). Again, in the 2018 U.S Open final, Williams received three code violations—for calling the umpire a thief, receiving coaching during a set, and breaking her racket. She publicly accused chair umpire Carlos Ramos of sexism, stating, “For me to say ‘thief,’ and for him to take a game, it made me feel like it was a sexist remark. He’s never taken a game from a man because they said ‘thief’” (Newman, 2018).

Although the role of bias is uncertain, the unequal responses across identity groups raise concerns that this study aims to explore. Beyond her on-court behaviour, Williams has been a frequent target

of racist and sexist portrayals for years. A particularly controversial example was a caricature by Mark Knight published in Australia's Herald Sun, which depicted her as oversized and aggressive. At the same time, her opponent, of Japanese and Haitian descent, was illustrated as a small, white, blond woman. The umpire was also drawn as a thin white man, with the caption, "Can you just let her win?" (Newman, 2018). While Williams' actions may merit critique, similar conduct by white male athletes has often been met with less severe penalties and reduced media scrutiny (Brown *et al.*, 2015). For instance, John McEnroe acknowledged that his behaviour on the court had been far worse than Williams', yet he was not subjected to the same level of public condemnation (Cronin, 2013).

Despite the racialized and gendered discourse surrounding these incidents, Williams' major endorsers, such as Nike and Gatorade, did not issue public statements of support, nor did they sever ties with her (Bergson, 2015). This silence raises questions about whether their inaction was a deliberate strategy to avoid engagement with the controversy, particularly the racialized framing of the events (Liu, 2019). In the context of this research, such "silent responses" may constitute a form of omission, where corporate inaction perpetuates the marginalization of minority and female endorsers by failing to challenge the broader inequities these individuals face in public life.

#### **1.4.2 Discrimination by commission**

As Conyers and Carrizales (2024) note, "Sometimes it's just as important to notice what isn't being done (an omission) as it is to notice what is being done (a commission)". Commission involves active responses that include, misrepresent or mistreat marginalized individuals. Fryberg and Eason (2017) describe commission as tangible actions, thoughts, or feelings directed toward a group, often in ways that essentialize or stereotype their identities. In marketing, commission occurs when marginalized groups are represented in ways that perpetuate unethical portrayals or systemic biases (whether intentionally or unintentionally (Bennett *et al.*, 2016).

Commission is particularly evident when firms actively disavow endorsers from marginalized groups following a scandal. In 2017, Munroe Bergdorf, a Black transgender model, was fired by L'Oréal after speaking out against systemic racism in a Facebook post. However, following George Floyd's death in 2020, L'Oréal Paris and other companies, such as Nike, publicly expressed solidarity with the Black community (Elan, 2020). In response, Bergdorf called out the

brand's hypocrisy, stating that it had "thrown her to the wolves" for addressing racism and white supremacy while later aligning itself with the #BlackLivesMatter movement (Brinkhurst-Cuff, 2017; Elan, 2020; Um & Kim, 2016). Many supporters and journalists echoed this criticism (Brinkhurst-Cuff, 2017; Kim, 2020), highlighting the contradiction between the firm's past actions and its public stance on racial justice.

Another example of commission can be perceived in the response to Tiger Woods' 2009 infidelity scandal. Many journalists questioned whether race played a role in the extensive media coverage (Staff, 2009) as well as Woods' subsequent loss of endorsements from firms such as Gatorade, Accenture, and Gillette (Shain, 2011). Elinor Tatum, Publisher and Editor-in-Chief of the leading black newspaper the New York Amsterdam News, remarked that Woods was being targeted more aggressively than others in similar situations, stating, "The way I see it is that [Woods] has done what so many others have (Not that that is an excuse) and I think the mainstream media is doing its best to take him down." (Staff, 2009). Similarly, novelist and essayist Ishmael Reed noted that allegations of sexual misconduct against California Governor Arnold Schwarzenegger did not receive the same level of scrutiny, further suggesting a racial disparity in media treatment (Staff, 2009). These disavowals disproportionately impact endorsers from marginalized groups, reflecting socially normative practices that amplify negative stereotypes and perpetuate systemic biases (Bennett et al., 2016).

Both omission and commission in celebrity endorsement scandals reinforce the marginalization of vulnerable groups, albeit through different mechanisms. The following section delves deeper into racial and gender-based discrimination in the context of celebrity scandals. These patterns of discrimination against marginalized groups are based on observable traits, making them especially relevant for this research due to their noticeable manifestations.

### **1.5 The mechanisms underlying discrimination in celebrity endorsement scandals**

In their political science research, Rajan and Pao (2022) identified two key mechanisms underlying discrimination in the context of political scandals: the "less room for error" hypothesis and the "activated discrimination" hypothesis.

The first mechanism, the “less room for error” hypothesis, examines the heightened impact of scandals on minority candidates in politics. This hypothesis posits that minority candidates, who often begin with lower baseline support than their majority counterparts, face more significant challenges in recovering from scandals, rendering them disproportionately vulnerable. Rajan and Pao support this hypothesis for gay political candidates in the United States. In other words, the “observed differential consequences for minority candidates stem not from different penalties, but rather different starting points (Rajan and Pao, p.2).”

Research shows that non-white athletes, especially Black athletes, are often portrayed in ways that reinforce negative stereotypes, in contrast to the more favourable framing of white athletes (Angelini *et al.*, 2014; Brown *et al.*, 2015). Rhoden (2007) states that portrayals of minority athletes can even go as far as being depicted as “forty-million-dollar slaves”, compensated and admired for their physical talent but denied power and control over their public image and the narrative around it (Brown *et al.*, 2015). This biased media coverage reinforces racial hierarchies and influences how both the public and institutions perceive and ultimately respond to the behaviour of athletes from marginalized groups. Under a "less room for error" hypothesis, minority celebrities, due to biased media representations, may have less room for error when a scandal occurs.

The second mechanism, the “activated discrimination” hypothesis, suggests that certain combinations of traits, behaviours, or circumstances can trigger latent biases that might otherwise remain dormant. Rajan and Pao (2022) describe this as a process in which specific characteristics interact to activate underlying prejudices. For example, Martin and Scott (2020) found that Black Caribbean candidates were more likely to face discrimination when they supported pro-minority policies, demonstrating how specific identities or actions can intensify bias. Said differently, this hypothesis implies a double standard being inflicted on marginalized groups.

Evidence shows that scandals involving individuals from minority groups can activate racial stereotypes. Berinsky *et al.* (2011) argue that the mere occurrence of scandals serves as implicit racial cues, reinforcing pre-existing biases. For instance, when Black athletes are accused of wrongdoing, they are often framed through stereotypes associated with hip-hop culture, portraying them as *dangerous* and *in need of monitoring* (Lavelle, 2013). These narratives reflect a broader

media pattern in which Black men are repeatedly cast into stereotypical roles, such as criminal, athlete, or hip-hop entertainer, limiting how the public perceives them (Jackson, 2006). Under the activated discrimination hypothesis, individual characteristics of the celebrity or particularities of the scandal's attributes will activate discrimination from sponsors (e.g., more silence or disavowal).

Research consistently demonstrates that women are penalized more harshly for their actions compared to men. Rajan and Pao (2022) argue that women face harsher penalties because they are perceived to have “farther to fall.” Their study suggests that hypothetical female candidates in political contexts are often associated with higher levels of trustworthiness and lower perceptions of corruption (Rajan *et al.*, 2022). Consequently, deviations from these expectations provoke stronger disapproval and harsher sanctions. However, these perceptions frequently fail to align with the behaviour of real-world candidates, exposing a discrepancy between societal expectations and actual conduct (Rajan *et al.*, 2022). Heightened penalties may result from benevolent and hostile sexism, shaping societal expectations of women’s behaviour (Barnes, Beaulieu, & Saxton, 2020). Benevolent sexism fosters idealized and restrictive notions of women as virtuous and nurturing, while hostile sexism reinforces punitive attitudes toward women who deviate from these norms (Barnes *et al.*, 2020). Together, these biases amplify judgments against women, perpetuating structural inequalities.

Furthermore, women are disproportionately subjected to harsher criticism and more severe consequences for their decisions, particularly when navigating high-profile or controversial situations. Chauvin and Tricaud (2024) observe that women leaders are often perceived as either “overreacting” to unlikely crises or “underreacting” to serious ones, contributing to a double standard in evaluations of competence and decision-making. This reflects a broader pattern in which women are penalized more severely for both perceived and actual mistakes (Egan, Matvos, & Seru, 2022; Sarsons, 2022). Furthermore, a study in the financial advisory industry demonstrated that significant disparities persist in how female versus male advisers are treated following misconduct in the workplace. Female advisers are 20% more likely to lose their jobs after misconduct and 30% less likely than their male counterparts to secure new employment opportunities (Egan *et al.*, 2022). These statistics underscore the systemic barriers and unequal consequences women encounter in professional environments, highlighting the pervasive nature of gender-based discrimination. These instances of discrimination against women are consistent

with the activated discrimination hypothesis, which suggests that a female celebrity's specific attribute is expected to elicit a distinct reaction from sponsors.

This disparity is further exacerbated when race is considered. For example, when Black female athlete Marion Jones admitted to using performance-enhancing drugs, she was convicted of perjury and sentenced to federal prison. In contrast, white female cyclist Tammy Thomas, also convicted of perjury, did not receive a prison sentence (Brown *et al.*, 2015). Meanwhile, many Major League Baseball players have avoided prosecution altogether, and Lance Armstrong, despite admissions of doping, has not been sentenced (Brown *et al.*, 2015). These inconsistencies reflect not only legal disparities but also deeply gendered and racialized narratives in media portrayals.

Mean (2013) argues that Black women are held up to culturally white ideals of femininity, such as grace, beauty, and loyalty, and face even harsher backlash when they fall short of these expectations. In the case of Marion Jones, the media's framing of her as embodying these norms likely intensified the perception of betrayal, making the punishment worse (Brown *et al.*, 2015). When female endorsers, especially those from marginalized groups, deviate from such normative roles, media coverage tends to be disproportionately hostile and unforgiving (Brown *et al.*, 2015).

Overall, these findings demonstrate how deep-rooted biases, societal expectations, and structural barriers perpetuate systemic inequities by disproportionately treating women in the marketplace.

## Chapter 2: Methods

### 2.1 The quantitative data collection process

This chapter outlines the research methodology. It examines whether discrimination influences firms' responses to female celebrities and visible minorities during endorsement scandals and explores the mechanisms that may drive this discrimination. This study employs a quantitative approach, using a comprehensive database compiled from multiple sources to analyze how firms respond to celebrity endorser scandals.

#### 2.1.1 Data sources and keywords

Information was aggregated from several platforms, including *Google Search Engine*, *Factiva*, *ProQuest*, and *EBSCOhost*, through targeted keyword searches related to celebrity endorsement scandals. These sources provided detailed accounts of scandals and firm responses, forming the empirical foundation of this study. To ensure completeness, *ChatGPT* was used to generate an initial list of potentially omitted scandals. Each suggestion was manually verified against primary media sources to confirm accuracy and relevance before inclusion. All data were obtained from publicly available sources, and no personal or confidential information was used.

The analysis relied on data from the following sources: blogs and celebrity websites, magazines (People and US Weekly), and newspapers (Financial Times, Houston Chronicle, Los Angeles Times, Tampa Bay Times, The Denver Post, The Boston Globe, The Miami Herald, The New York Times, The Seattle Times, The Wall Street Journal, The Washington Post, and USA Today).

To retrieve relevant data, the following keywords were utilized: "scandal," "celebrity," "athlete," "star," "Hollywood," "gate," "endorsement," "rumour," "crime," "gossip," "lost," "lawsuit," "sponsorship," "deal," "contract," "agreement," and "ad." The search produced a list of celebrities involved in scandals who had endorsement contracts with publicly traded companies. Public firms were prioritized because their scandals typically receive greater media coverage and more publicly documented reactions.

### 2.1.2 Enriching the original database

The original database was originally developed by Renaud Legault and François Carrillat (2019) for research examining how firms react to celebrity endorser scandals and their impact on stock market value. For the present study, this database was enriched and expanded by collecting additional cases across a broader time range and coding for gender and visible minority status.

The dataset now spans from March 1985 to March 2024. In total, 79 new firm-scandal cases were added to the original 459 cases. The enriched database, therefore, comprises 537 firm reactions to scandals, distributed as follows: 340 instances of silence, 131 of disavowal, and 66 of support.

Overall, the enriched dataset covers 159 firms, 251 scandals, and 159 celebrities. Because firms may endorse multiple celebrities and celebrities may experience more than one scandal, some overlap occurs across observations.

## 2.2 Key variables

The variables coded in the database offer detailed insights into the nature of the scandals, the characteristics of the involved celebrities, and the firms' responses. Key variables are described below.

*Gender and visible minority:* The variables "gender" and "visible minority" were coded as binary indicators, with non-visible minority male endorsers serving as the reference category.

*Celebrity media popularity and scandal media coverage:* To measure celebrity media popularity and scandal media coverage, the number of media mentions for each celebrity and scandal was recorded from *Factiva* and *ProQuest* within a fixed observation window surrounding the scandal event.

*Scandal nature:* In this context, an endorsement scandal can be categorized as either transgressive or illegal, depending on the type of norm that has been violated. A transgressive scandal refers to behaviour that contradicts ethical or moral expectations (Hughes & Shank, 2005) without necessarily breaching legal boundaries. Such scandals often involve incidents of infidelity, offensive remarks, or inappropriate public conduct. Because they centre on moral norms rather

than legal infractions, their perceived severity is primarily shaped by how much the scandal transgresses one's personal boundaries and values. In contrast, an illegal scandal involves conduct that explicitly violates legal standards and may result in formal penalties. Examples include theft, doping, fraud, or other criminal activities.

*Scandal severity:* Following Hughes and Shank (2005), scandal severity is defined as the extent to which an endorser's behaviour violates ethical and/or moral norms. To quantify this, short factual descriptions of each scandal were developed based on media reports collected during the content search. Nine international expert judges, selected for their strong academic expertise in celebrity endorsements and talent management, senior executive roles in endorsement consulting, and leadership in major professional sports competitions, rated each scandal on a 7-point semantic differential scale (1 = benign, 7 = most severe). The mean score across judges was used to determine the magnitude of the endorser's ethical transgression. These variables are summarized in Table 2 below.

**Table 2: Overview of variables and categories included in the analysis**

Variable	Variable Description
<b>Year</b>	Year the endorsement scandal occurred
<b>Visible minority</b>	Asian Middle Eastern Hispanic African
<b>Gender</b>	Male Female
<b>Scandal nature</b>	Transgressive behaviour Illegal behaviour
<b>Scandal severity</b>	Mean rating from nine expert judges (1 = benign, 7 = most severe) on the extent to which the endorser's behaviour violates ethical or moral norms.
<b>Celebrity media popularity</b>	<i>Factiva</i> search for the number of total media mentions of the celebrity's name from one year up to two weeks before the scandal date in the Financial Times, Houston Chronicle, Los Angeles Times, Tampa Bay Times, The Denver Post,

	The Boston Globe, The Miami Herald, The New York Times, The Seattle Times, The Wall Street Journal, The Washington Post, and USA Today.
<b>Scandal media coverage</b>	<i>ProQuest</i> search for mentions of the celebrity's name in Financial Times, The New York Times, US Weekly, People, and The Wall Street Journal from the date of the scandal until 21 business days later.
<b>Firm response</b>	Silence Disavowal Support
<b>Celebrity response</b>	Silence Denial Apology/Admission

### 2.3 Competing risk model

We employ a competing risk model to model companies' reactions to scandals. Competing risk analysis is a specific form of survival analysis designed to estimate the marginal probability of an event in the presence of competing events. This study considers competing events because a company that publicly reacts to an endorsement scandal cannot simultaneously support and disavow the same celebrity. Crucially, the primary goal is to determine the likelihood of a firm offering support or disavowal, considering that the other option is also possible.

Traditional survival analysis, such as a Cox proportional hazards model, is designed for situations with only one event of interest (e.g., the probability of a firm's reaction). Any other reasons for not observing that event (e.g., loss of follow-up, end of the study) are considered non-informative censoring (Austin et al., 2016). The censoring is then assumed to be unrelated to the event of interest. In the presence of competing risks, this assumption is violated. Treating a competing event as simple censoring with standard methods leads to an overestimation of the cumulative incidence of the event of interest.

There are two primary types of competing hazard models: cause-specific hazard models and sub-distribution hazard models. Austin et al. (2016) recommend using a cause-specific hazard model when addressing an etiological question that seeks to identify the immediate cause or origin of an event. In the current context, a cause-specific model describes the rate at which the firm's reaction

(e.g., disavowal or support) occurs among scandals where no reaction has happened yet. For example, suppose a characteristic of the celebrity, such as being a woman, decreases the cause-specific hazard for support. In that case, it means that a woman celebrity is less likely to be supported by a firm if the firm has not yet reacted.

In contrast, sub-distribution hazard models are better suited for predicting the cumulative incidence of a risk. This tells you about the overall probability of a firm's specific reaction to a scandal while accounting for other types of responses. In other words, sub-distribution models focus on the overall likelihood of experiencing a particular event by a given time, acknowledging that different events can prevent it. For example, if being a woman reduces the hazard of support in a sub-distribution model, it means that a woman is less likely to be supported by a firm in a celebrity scandal after accounting for the competing event of disavowal.

As highlighted by Austin et al. (2016), it's crucial to distinguish between competing risk models to answer research questions accurately. They explain that "a strong and opposing effect of a variable on the cause-specific hazard of a competing event may lead to an indirect effect on the cumulative incidence of the event of interest" (p. 607). The authors present a case study that demonstrates how the effect of cancer on cardiac death varies depending on the model used. While cancer was linked to a significant decrease in the overall probability of cardiac death (sub distribution hazard ratio: 0.82), it had no association with the instantaneous rate of cardiac death among living individuals (cause-specific hazard ratio: 0.96). In other words, having cancer did not significantly change the immediate risk of dying from a cardiac event. The development of cancer, however, heightens the likelihood of death due to noncardiac causes. This means that individuals are no longer susceptible to cardiac death, as cancer becomes the competing cause of mortality.

A notable characteristic of our dataset is that the same company often responds to multiple scandals, resulting in non-independent observations. We follow Lin's recommendation to address this intra-class dependence and use a robust sandwich-type covariance matrix estimation. This method accounts for clustering within the data, ensuring that the standard errors are adjusted for the dependence among observations. However, Lin's approach is only suitable for sub-distribution hazard models.

We have chosen sub-distribution hazard models for our analyses because they best align with our primary objective: to understand how individual characteristics impact a firm's response to a celebrity scandal, even when other reactions might precede it. For robustness, our findings will also be tested using cause-specific hazard models. We utilize the PHREG procedure in SAS 9.4 software to estimate these models.

## Chapter 3: Results

### 3.1 Descriptive statistics

Table 3 shows the descriptive statistics for the continuous variables. The celebrity media popularity variable was standardized for comparability by dividing it by its maximum value (2250) and multiplying the result by 10. This adjustment scales the new variable so that its maximum value is 10 and its minimum value is 0. The year and severity variables were centred around their mean values.

**Table 3: Descriptive statistics for the continuous variables**

Variable	Mean	SD	Min	Max
Year	2010	7.86	1985	2024
Celebrity media popularity	2.06	2.02	0	10
Scandal media coverage	2.09	2.24	0	13
Scandal severity	4.45	1.38	1.33	7

Table 4 shows that the dichotomous variables contained sufficient observations in each category to be statistically valid.

**Table 4: Frequency table for dichotomous variables**

Variable	n	%
Illegal behaviour	246	45.81
Celebrity apology	218	40.60
Celebrity denial	202	37.62

The correlation table (Table 5) indicates that visible minority endorsers tend to have higher media popularity ( $r = .181$ ), whereas female endorsers are, in general, less popular ( $r = -0.202$ ). Scandals involving women receive less media coverage on the first day ( $r = -0.113$ ). For their part, scandals involving visible minority celebrities receive slightly less media coverage ( $r = -0.078$ ,  $p < .10$ ). Additionally, women tend to be associated with fewer illegal behaviours ( $r = -0.278$ ) and less severe scandals ( $r = -0.227$ ), with no significant effect observed for visible minorities ( $r = -.039$ ).

and -.008 respectively). Women celebrities tend to apologize more ( $r = 0.094$ ) and deny less ( $r = -.158$ ) than men. Not surprisingly, scandal severity is moderately correlated with the illegal nature of the scandal ( $r = .485$ ). However, this correlation is not sufficiently high to indicate potential issues with multicollinearity.

**Table 5: Correlation coefficients**

	1	2	3	4	5	6	7	8
1 Year	1							
2 Visible minority	.038	1						
3 Woman	.071	-.274	1					
4 Illegal behaviour	-.053	-.039	-.278	1				
5 Media popularity	-.216	.181	-.202	-.076	1			
6 Media coverage	.062	-.078	-.113	.065	.213	1		
7 Scandal severity	.099	-.008	-.227	.485	-.120	.088	1	
8 Celebrity apology	.138	.033	.094	-.151	.050	.204	.064	1
9 Celebrity denial	-.041	-.003	-.158	.312	-.014	.006	.179	-.642

### 3.2 Model-free evidence

Table 6 provides an initial overview of the firm's reactions regarding the scandals related to our two grounds of interest. It is essential to note that this analysis does not account for the hierarchical structure of the data, where a single company may react to multiple scandals. Despite this limitation in scope, the preliminary analysis suggests that firms are less likely to support women involved in scandals. Although women represent 22.35% of the scandals (120/537), they receive only 10.61% of total firm support. A Chi-square test confirms that this discrepancy is statistically significant ( $\chi^2 = 6.69$ ,  $df = 2$ ,  $p < .05$ ), suggesting potential silent discrimination.

In contrast, the same test applied to scandals involving visible minorities did not yield a statistically significant difference in corporate responses ( $\chi^2 = 1.45$ ,  $df = 2$ ,  $p = .485$ ). Furthermore, with only 15 scandals involving women from visible minority groups, the sample size is too small to assess any meaningful interaction effects. This underrepresentation of women from minority groups involved in scandals may be attributable, from the start, to their small numbers in sponsorship deals. Thus, we cannot explore potential intersectionality effects.

**Table 6: Firm reactions according to gender and visible minority status**

	Visible minority		Woman		Total
	No	Yes	No	Yes	
<b>Silence</b>	158	182	255	85	340
(% line)	(46.47)	(53.53)	(75)	(25)	
<b>Disavowal</b>	63	68	103	28	131
(% line)	(48.09)	(51.91)	(78.63)	(21.37)	
<b>Support</b>	36	30	59	7	66
(% line)	(54.55)	(45.45)	(89.39)	(10.61)	
<b>Total</b>	257	280	417	120	537
(% line)	(47.86)	(52.14)	(77.65)	(22.35)	(100)

### 3.3 Competing risk models

Table 7 presents the models that describe support compared to silence and the competing risk of disavowal. Our analytical approach begins by evaluating firm reactions using a basic model that incorporates Year, Visible Minority, and Woman. We then progressively add relevant covariates to this model. The final step involves including interaction terms with Visible Minority and Woman to investigate temporal patterns and potential triggering effects from illegal behaviours.

Model 1 includes only the Visible minority and Woman dichotomous variables, as well as the year of the scandal. The reference category is a non-visible minority male endorser. This initial model reveals that women involved in a scandal receive less support from firms ( $\beta = -1.016$ ,  $SE = 0.369$ ,  $\chi^2 = 7.560$ ,  $p < 0.01$ ), with a hazard ratio indicating a 63.8% lower likelihood of receiving support. Note that the hazard ratio is calculated by subtracting the exponent of the coefficient from one ( $1 - e^{-1.016}$ ). Regarding racial discrimination, the first model shows that the likelihood of a firm supporting a male endorser from a visible minority during a scandal is significantly lower ( $\beta = -0.452$ ,  $SE = 0.214$ ,  $\chi^2 = 4.480$ ,  $p < 0.05$ ). This corresponds to a hazard ratio of 0.636, indicating a 36.4% reduction in the probability of support for such individuals. These results suggest that both visible minority and women celebrities are subject to discrimination by omission.

Model 2 incorporates control variables for celebrity media popularity, scandal media coverage, illegal behaviour, as well as celebrity apology or denial. After adjusting for these factors, the relationship between gender and support becomes marginally insignificant ( $p < 0.10$ ), suggesting

that gender-based discrimination by firms tends to disappear when accounting for popularity and media coverage. This pattern of results is consistent with the less room for error hypothesis.

Model 2 also shows that for visible minorities, the effect becomes more pronounced, as indicated by the larger negative regression coefficient in comparison with Model 1 ( $\beta = -0.685$ ,  $SE = 0.223$ ,  $\chi^2 = 9.438$ ,  $p < 0.01$ ), suggesting a 49.1% (versus 36.4% in Model 1) decrease in the likelihood of support for male celebrities from visible minorities. There is no evidence that the less room for error framework applies to visible minorities.

Regarding the evolution of firm responses through time, Model 2 shows that the probability of support decreases through the years ( $\beta = -0.037$ ,  $SE = 0.013$ ,  $\chi^2 = 8.492$ ,  $p < 0.01$ ). This represents a 3.6% decline per year in the likelihood of a support reaction for firms. Model 3 shows that there are no interaction effects between gender, visible minority status, and time on support responses. Thus, there appears to be a growing inclination for firms to remain silent in the face of celebrity scandals. However, the prevalence of discrimination by omission hasn't shown a distinct pattern of change over time.

**Table 7: Sub-distribution hazard models for support**

	<b>Model 1</b>		<b>Model 2</b>		<b>Model 3</b>	
	Beta	(SE)	Beta	(SE)	Beta	(SE)
Year	-.030	(.010)	**	-.037	(.013)	**
Visible minority	-.452	(.214)	*	-.685	(.223)	**
Woman	-1.016	(.369)	**	-.717	(.417)	†
Illegal behaviour				-.249	(.287)	
Media popularity				.167	(.048)	**
Media coverage				.173	(.041)	**
Scandal severity				.094	(.109)	
Celebrity apology				.708	(.541)	
Celebrity denial				.554	(.413)	
Minority x Year						.048 (0.037)
Minority x Illegal						-.419 (0.546)
Woman x Year						.049 (0.067)
Woman x Illegal						.622 (0.839)

†:  $p < .10$ , \* :  $p < .05$ , \*\* :  $p < .01$

Table 8 presents the models comparing company disavowal with silence and the competing risk of support. Models 4 and 5 indicate that the likelihood of a firm disavowing a male endorser from

a visible minority during a scandal or a female endorser is statistically non-significant, whether controls are included or not. There is no evidence consistent with an overall pattern of commission discrimination in the context of firms' reactions to celebrity endorsers' scandals. However, Model 6 shows that the likelihood of a visible minority celebrity endorser being disavowed by a sponsor, compared to a white male endorser, increases when the scandal involves illegal behaviours ( $\beta = 0.982$ ,  $SE = 0.462$ ,  $\chi^2 = 4.508$ ,  $p < 0.05$ ). Said differently, visible minority male celebrities face a 244% higher likelihood of disavowal from sponsors than white male celebrities when a scandal involves illegal behaviour. This result is consistent with a commission bias driven by activated discrimination for visible minorities. Based on Models 4, 5, and 6, firm disavowal doesn't follow any discernible pattern over time since the Year effect is not significant.

**Table 8: Sub-distribution hazard models for disavowal**

	<b>Model 4</b>		<b>Model 5</b>		<b>Model 6</b>			
	Beta	(SE)	Beta	(SE)	Beta	(SE)		
Year	.025	(.019)	.002	(.017)	.047	(.042)		
Visible minority	.009	(.180)	.249	(.176)	-.152	(.383)		
Woman	-.058	(.245)	.096	(.279)	.259	(.385)		
Illegal behaviour			-.349	(.208)	†	-.825	(.311)	**
Media popularity			-.177	(.089)	*	-.167	(.097)	†
Media coverage			-.024	(.042)		-.026	(.046)	
Scandal severity			.632	(.104)	**	.631	(.103)	**
Celebrity apology			1.398	(.399)	**	1.593	(.452)	**
Celebrity denial			.846	(.447)	†	.880	(.513)	†
Minority x Year						-.038	(.039)	
Minority x Illegal						.982	(.462)	*
Woman x Year						-.086	(.061)	
Woman x Illegal						-.282	(.555)	

†:  $p < .10$ , \* :  $p < .05$ , \*\* :  $p < .01$

### 3.4 Comparing the differential impact of control variables on support versus disavowal models

The differential impact of control variables in models of support versus disavowal warrants further investigation. When modeling support, both the celebrity's media popularity (Model 2:  $\beta = 0.167$ ,  $SE = 0.048$ ,  $\chi^2 = 12.120$ ,  $p < 0.001$ , and the media coverage of the scandal (Model 2:  $\beta = 0.173$ ,

$SE = 0.042$ ,  $\chi^2 = 17.661$ ,  $p < 0.0001$  are positively associated with the likelihood of firm support. Scandal severity is not associated with a higher likelihood of firm support ( $p > 0.10$ ).

In the context of disavowal, the effect of media popularity is weaker (Model 5:  $\beta = -0.177$ ,  $SE = 0.089$ ,  $\chi^2 = 3.906$ ,  $p < 0.05$ ), and the effect of media coverage is not statistically significant. However, scandal severity is a strong predictor of firm disavowal ( $\beta = 0.632$ ,  $SE = 0.104$ ,  $\chi^2 = 36.705$ ,  $p < 0.0001$ ). Finally, the probability of disavowal increases if the celebrity issues an apology before the firm's reaction (Model 5:  $\beta = 1.398$ ,  $SE = 0.399$ ,  $\chi^2 = 12.252$ ,  $p < 0.001$ ). Celebrity denial is marginally significant (Model 5:  $\beta = 0.846$ ,  $SE = 0.447$ ,  $\chi^2 = 3.578$ ,  $p = 0.059$ ).

For celebrities, media popularity acts as a shield, reducing the chance of firm disavowal and increasing the odds of firm support. Forfeiting future revenues derived from an endorsement strategy is more costly when the celebrity is more popular. Interestingly, media coverage only enhances support. The firm might view the heightened media spotlight (even negative) as an opportunity to reinforce specific brand values, demonstrate loyalty, or manage the narrative in a way that ultimately serves to augment support, despite the initial negative trigger. Scandal severity influences the likelihood of a firm disavowing but not its support. A firm may want to mitigate the risk of brand contagion associated with a more severe scandal. Supporting a celebrity may be less about risk mitigation and more about the potential long-term benefits of demonstrating loyalty to an endorser. Finally, a celebrity's decision to deny or apologize for an issue appears to be a trigger for firms to withdraw their association with them. This suggests that the celebrity's reaction (especially if it exacerbates the negative perception or implies further wrongdoing) can provide the firm with the explicit contractual grounds to terminate the agreement.

### 3.5 Robustness tests

To test the robustness of our results, we fitted the data with sub distribution hazard models that do not account for the clustered nature of the data, as well as cause-specific hazard models. As expected, only the standard errors are affected in the results from sub distribution hazard models shown in Tables 9 and 10. The clustered standard errors in Models 1 to 6 account for the fact that scandals are nested within firms, resulting in non-independent observations. These models provide a more conservative assessment of the estimates. However, the results from Table 9 and 10 lead

to mostly analogous conclusions, suggesting that the within-cluster correlation of the errors is a moderate yet pertinent concern.

**Table 9: Sub-distribution hazard models for support, without clustering**

	<b>Model 7</b>		<b>Model 8</b>		<b>Model 9</b>				
	Beta	(SE)	Beta	(SE)	Beta	(SE)			
Year	-.030	(.012)	*	-.037	(.015)	*	-.069	(.022)	**
Visible minority	-.452	(.254)	†	-.685	(.272)	*	-.410	(.394)	
Woman	-1.016	(.415)	*	-.717	(.443)		-.806	(.514)	
Illegal behaviour				-.249	(.294)		-.138	(.374)	
Media popularity				.167	(.053)	**	.181	(.059)	**
Media coverage				.173	(.049)	**	.1698	(.050)	**
Scandal severity				.094	(.096)		.127	(.099)	
Celebrity apology				.708	(.431)		.692	(.441)	
Celebrity denial				.554	(.425)		.638	(.425)	
Minority x Year							.048	(.029)	
Minority x Illegal							-.419	(.600)	
Woman x Year							.049	(.067)	
Woman x Illegal							.622	(.891)	

†: p<.10, \* : p<.05, \*\* : p<.01

**Table 10: Sub-distribution hazard models for disavowal, without clustering**

	<b>Model 10</b>		<b>Model 11</b>		<b>Model 12</b>			
	Beta	(SE)	Beta	(SE)	Beta	(SE)		
Year	.025	(.016)	.002	(.014)	.047	(.035)		
Visible minority	.009	(.176)	.249	(.182)	-.152	(.338)		
Woman	-.058	(.220)	.096	(.249)	.259	(.361)		
Illegal behaviour			-.349	(.220)	-.825	(.302)	**	
Media popularity			-.177	(.082)	*	-.167	(.087)	†
Media coverage			-.024	(.042)	-.026	(.045)		
Scandal severity			.632	(.093)	**	.631	(.095)	**
Celebrity apology			1.398	(.368)	**	1.593	(.387)	**
Celebrity denial			.846	(.380)	*	.880	(.395)	*
Minority x Year					-.038	(.038)		
Minority x Illegal					.982	(.404)	*	
Woman x Year					-.086	(.051)	†	
Woman x Illegal					-.282	(.657)		

†: p<.10, \* : p<.05, \*\* : p<.01

Tables 11 and 12 show that the variables of interest have qualitatively similar effects on a firm's likelihood of support and disavowal. Thus, our results did not show that a variable's potent, counteracting effect on a competing event's cause-specific hazard could lead to an indirect change in the cumulative incidence of the event of interest.

**Table 11: Cause-related hazard models for support**

	<b>Model 13</b>		<b>Model 14</b>		<b>Model 15</b>	
	Beta	(SE)	Beta	(SE)	Beta	(SE)
Year	-.029	(.014)	*	-.041	(.016)	**
Visible minority	-.427	(.252)	†	-.646	(.279)	*
Woman	-.971	(.409)	*	-.620	(.435)	
Illegal behaviour				-.349	(.317)	-.273
Media popularity				.137	(.054)	*
Media coverage				.190	(.052)	**
Scandal severity				.165	(.111)	.181
Celebrity apology				.806	(.444)	†
Celebrity denial				.567	(.454)	.623
Minority x Year						.038
Minority x Illegal						-.259
Woman x Year						.046
Woman x Illegal						.528
						(.907)

†: p<.10, \* : p<.05, \*\* : p<.01

**Table 12: Cause-related hazard models for disavowal**

	<b>Model 16</b>		<b>Model 17</b>		<b>Model 18</b>	
	Beta	(SE)	Beta	(SE)	Beta	(SE)
Year	.023	(.013)	†	.002	(.013)	.044
Visible minority	-.034	(.181)		.199	(.189)	-.127
Woman	-.115	(.221)		.102	(.244)	.259
Illegal behaviour				-.328	(.217)	-.735
Media popularity				-.164	(.067)	*
Media coverage				-.010	(.041)	-.010
Scandal severity				.637	(.090)	**
Celebrity apology				1.432	(.361)	**
Celebrity denial				.914	(.371)	*
Minority x Year						-.038
Minority x Illegal						.837
						(.407)
						*

Woman x Year	-.082	(.039)	*
Woman x Illegal	-.271	(.578)	

†: p<.10, \* : p<.05, \*\* : p<.01

## Chapter 4: Discussion

### 4.1 Key findings and their relation to the research objectives

This study aimed to (1) determine whether gender- and race-based discrimination occurs in firms' responses to celebrity endorsement scandals, (2) examine how such discrimination manifests, and (3) identify the mechanisms driving it. The findings confirm that gender- and race-based discrimination does occur, with women and visible minority celebrities receiving less support than their majority-group counterparts. However, the form of exclusion differs between these groups. Discrimination often happens through bias by omission, where firms remain silent rather than explicitly withdrawing or reaffirming support. In terms of how discrimination manifests, the results indicate that exclusion is often subtle rather than overt, reinforcing disparities without direct action.

The study supports the “less room for error” and “activated discrimination” hypotheses (Rajan et al., 2022) regarding the underlying mechanisms of discrimination. For female celebrity endorsers, lower support is associated with reduced baseline popularity or limited media coverage, suggesting their exclusion may stem more from structural disadvantages than explicit gender bias. In contrast, for visible minority endorsers, discrimination intensifies as media coverage increases, implying that heightened public attention can amplify societal biases, leading to more pronounced exclusion. Furthermore, the likelihood of a visible minority celebrity endorser being disavowed by a firm increases when the scandal involves illegal behaviour, providing evidence of bias by commission. Visible minority male celebrities face a higher risk of disavowal than white male celebrities in such cases. This result is consistent with a commission bias driven by activated discrimination against visible minorities, where scandals appear to trigger pre-existing prejudices and reinforce ingrained societal biases.

Ultimately, the results show that even when firms justify their decisions on financial or strategic grounds, underlying biases continue to shape endorsement responses, disproportionately disadvantaging women and visible minorities.

#### **4.2 Contributions to the literature**

This research makes several contributions to the existing literature. First, it advances the study of discriminatory bias in marketing by providing empirical evidence that discrimination persists even in the absence of explicit legal or structural constraints. While prior studies have examined bias in corporate decision-making, these findings highlight the role of omission- and commission-based bias in marketing and endorsement contexts.

Second, the study identifies bias by omission as a distinct form of discrimination in corporate responses. Unlike explicit bias, which involves direct exclusion or penalties, omission-based bias operates more subtly, making it harder to detect and address. This distinction enriches endorsement literature by demonstrating how firms may engage in discriminatory practices through inaction.

Finally, this research enhances our understanding of the mechanisms underlying corporate bias. Although discrimination has been widely studied in political science, this study is among the first to apply those theoretical frameworks to marketing and corporate endorsements. Doing so broadens the scope of discrimination research and offers new insights into how bias manifests in the marketplace.

#### **4.3 Interpretation of results and comparison to prior studies**

The findings are consistent with prior research showing that marginalized groups often face heightened scrutiny and are penalized more harshly. The “less room for error” and “activated discrimination” hypotheses (Rajan *et al.*, 2022) provide a valuable framework for interpreting these patterns, as they illustrate how firms can reinforce stereotypes through their post-scandal endorsement decisions. At the same time, the study reveals key differences from prior research. Unlike studies focusing on active discrimination (e.g., harsher penalties for marginalized endorsers), these findings draw attention to passive discrimination, specifically, discrimination by omission. In such cases, firms often choose not to act when endorsers from minority groups are

involved in scandals. This underscores the point that corporate bias is not always overt but can manifest subtly, in some cases, through silence.

## **4.4 Managerial implications**

The findings have important implications for stakeholders, including firm decision-makers, celebrity endorsers from marginalized backgrounds, and social movement organizations (SMOs).

### **4.4.1 Managerial implications for firms**

This section outlines the key managerial takeaways for firms: including the notion of corporate social responsibility (CSR) into crisis decision-making, establishing bias-aware endorsement protocols, increasing media coverage of female endorsers, and ensuring consistency in ethical responses. Taken together, these actions can help organizations proactively protect their endorsers from marginalized groups, minimize reputational risk, and uphold their commitments to equity and fairness.

Pompper (2015) emphasizes that corporate social responsibility must be grounded in stakeholder engagement and include equity-centred policies. Inconsistent applications of CSR can alienate marginalized audiences and undermine organizational commitments to diversity and fairness. Crane and Matten highlight that: “Corporate social responsibility is not merely about philanthropy or image management; it is about integrating ethical considerations into the core decision-making processes of a business.” (2007, p. 49). With this in mind, when CSR initiatives are perceived as inclusive and authentic, they build stakeholder trust and loyalty (Bhattacharya, Korschun, & Sen, 2009). Embedding CSR into crisis decision-making processes enables firms to act transparently and fairly, minimizing the risk of bias, particularly along racial or gender lines.

By establishing clear decision-making frameworks, firms can avoid discriminatory or inconsistent responses. These frameworks should be supported by bias-awareness training and organizational accountability systems to help employees recognize and mitigate the effects of implicit bias in organizations that may influence endorsement decisions (Banaji *et al.*, 2016; Kalev *et al.*, 2006; Ross, 2020). Such measures reduce the likelihood of omission-based bias, where silence or inaction may disproportionately affect certain groups (Banaji *et al.*, 2016).

In addition, as a scandal gains visibility, remaining silent also becomes increasingly risky, especially for firms with a broad market presence (Qin *et al.*, 2025). Silence draws even more scrutiny when peer companies issue statements, exposing passive firms to criticism (Qin *et al.*, 2025). Therefore, managers must closely monitor the competitive landscape and anticipate market expectations. If the intent behind silence is neutrality, explicitly communicating this stance is often more effective (Bondi, Burbano, & Dell'Acqua, 2025) than doing nothing.

To reduce reputational risk and build stronger endorsement partnerships, firms must actively work to increase both the volume and quality of media coverage featuring women athletes and celebrities. Limited media coverage reduces the visibility and commercial appeal of women, thereby weakening their position as endorsers (Geurin, 2019). Greater visibility, primarily through social media, fosters parasocial relationships—the perceived intimacy between audiences and public figures—which can enhance trust, loyalty, and public forgiveness during crises (Chung & Cho, 2017; Hu *et al.*, 2019). However, persistent underrepresentation and stereotypical portrayals limit the formation of these bonds, leaving endorsers and brands more exposed. As Williams notes in his New York Times pointedly titled article; *Boys Will Be Boys, Girls Will Be Hounded by the Media*, “Men who fall from grace are treated with gravity and distance, while women in similar circumstances are objects of derision, titillation and black comedy.” (Williams, 2008). To counter this imbalance, firms should support positive, multidimensional portrayals of women through inclusive advertising, increased representation of women in decision-making, and participation in developing industry standards that challenge outdated gender norms (Singh, 2017). Enhancing how often and how women are portrayed in media is not only a step toward equity but a strategic investment in brand resilience.

This approach shifts CSR from a symbolic tool to a systemic ethical framework that informs high-stakes decisions. Consistency is key in today’s emotionally engaged consumer landscape: Research shows that consumers form lasting impressions of a brand’s ethical standing based on how it responds to public controversies (Brunk & Blümelhuber, 2011). Trust diminishes when those responses appear biased, unfair, or inconsistent, especially among today’s diverse and emotionally connected consumers (Kemp, Jillapalli, & Becerra, 2014).

#### **4.4.2 Managerial implications for celebrity endorsers from marginalized groups**

Celebrity endorsers from marginalized groups face distinct challenges when navigating reputational risks associated with scandals. This section outlines key managerial implications across four areas: the impact of intersectional identities, the importance of increasing media visibility, the role of tailored crisis communication strategies, the influence of apology delivery channels, and the uneven application of legal and contractual mechanisms, including morality clauses.

Crenshaw's (1991) concept of intersectionality explains how overlapping identities, such as race and gender, can produce compounded forms of bias, intensifying public and institutional responses. However, the effects of these intersecting identities are not simply additive or multiplicative. In this study, compared to white male celebrity endorsers, female visible minority celebrities faced a 77% higher hazard of being silently dropped by a sponsor following a scandal. By comparison, being a woman alone was associated with a 63.8% increase and being a visible minority (regardless of gender) with a 36.4% increase. This data suggests that the combined impact of race and gender is not fully explained by their individual contributions. Instead, intersectional identities create unique forms of risk that must be understood on their terms. These findings underscore the importance of intersectional awareness in risk assessment, crisis communication, and contract negotiation within celebrity-brand endorsements.

Endorsers themselves can play a proactive role in increasing their media visibility to cultivate stronger parasocial relationships with audiences. These virtual relationships, often formed through social media, enhance the viewer's sense of friendship, understanding, and relatability toward the endorser (Chung *et al.*, 2017). Research has shown that parasocial bonds are positively associated with perceptions of endorser and brand credibility, as well as increased purchase intention for brands endorsed by favoured media figures (Chung *et al.*, 2017). By consistently sharing authentic, personal content and engaging in self-disclosure, endorsers create a sense of digital intimacy that deepens audience connection. This perceived closeness can serve as a protective factor during scandals, helping to preserve credibility and stakeholder support.

Now, once a scandal occurs, personalized crisis communication strategies are essential for managing reputational damage (Benoit, 1977; Coombs, 2007). Gender norms play a critical role

in shaping public expectations and reactions. While women tend to apologize more often and men less frequently, emerging research suggests that it is not the act of apologizing itself, but rather the content of the apology, that determines its effectiveness. Specifically, men may benefit more from communal language (such as expressing regret and requesting forgiveness), while women may benefit more from agentic language (such as offering explanations and proposing solutions) (Polin *et al.*, 2024).

Drawing from Expectancy Violation Theory (EVT) (Jussim, Coleman, & Lerch, 1987), apologies that violate gender stereotypes can be especially impactful. When men display communal behaviour or women exhibit agency, these counter-stereotypical acts attract attention because they signal desirable traits associated with the opposite gender. Observers are also more likely to notice and appreciate the extra effort it must have taken to act against gender norms, thereby increasing the social rewards for such behaviour (Kelley, 1987; Kelley & Michela, 1980). Rather than punishing norm violations, audiences may reward these responses with greater trust and perceived sincerity.

Additionally, the channel of the apology significantly influences its reception (Lee, Chang, & Einwiller, 2020). Apologies shared directly via a celebrity's social media channels are perceived as more authentic, especially when parasocial relationships are strong (Kowalczyk & Pounders, 2016; Stever & Lawson, 2013). These relationships influence how audiences perceive the apology and their likelihood of forgiving and maintaining loyalty (Hu *et al.*, 2019).

Beyond communication strategies, legal and contractual mechanisms also play an important role in shaping the outcomes of scandals for marginalized celebrity endorsers. While standard in most endorsement contracts, morality clauses are not uniformly applied across different identity groups. Research shows that although not all scandals lead to negative consumer backlash, firms often disproportionately terminate partnerships based on subjective interpretations of reputational risk (Chung *et al.*, 2013). In some cases, brands quickly disavow endorsers to signal moral alignment or minimize liability; in others, they choose to support the endorser or remain silent, particularly when they believe the scandal will not significantly damage the endorser's image or the brand's reputation (Carrillat *et al.*, 2013).

For example, Hertz dropped O.J. Simpson after his indictment for double murder, Kobe Bryant lost multiple endorsements after being charged with sexual assault (Epstein, 2015), and Chrissy Teigen was quickly disavowed from Target and Bloomingdale's after being accused of cyberbullying (Coleman, 2021). These quick terminations demonstrate how brands often act decisively in the face of reputational risk. When Lance Armstrong faced allegations of performance-enhancing drug use, Nike leveraged its broadly worded morality clause to terminate the endorsement, citing a breach of the company's code of conduct (Epstein, 2015). Coca-Cola, however, chose to remain silent during the same scandal, quietly allowing its contract with Armstrong to expire without publicly invoking the clause. Conversely, in 1999, Chris Webber successfully challenged Fila's termination of his endorsement contract, stating that the contract only allowed termination if he was convicted of a crime. Since he had only paid an administrative fine and was acquitted, Fila had no grounds to invoke the clause (Martin *et al.*, 2020; Pinguelo & Cedrone, 2009).

These inconsistencies demonstrate that brands' enforcement of morality clauses is not always consistent or compliant with the law. They also reveal how market sentiment, identity, and public perception (Chung *et al.*, 2013) can influence enforcement decisions, often to the detriment of marginalized groups. This subjective application makes it essential for endorsers from marginalized groups to negotiate explicit terms and conditions. Including protective mechanisms, such as bias audits, third-party arbitration, or clearly defined standards for termination, can help mitigate the influence of implicit bias and structural inequality in firm responses (Ross, 2020).

Banaji and Greenwald (2016) emphasize that bias often thrives in contexts marked by ambiguity, inaction, or institutional *blind spots*, making written contractual protections prudent and necessary. These legal safeguards are critical for marginalized celebrity endorsers to ensure fair treatment and accountability when navigating reputational risk. Ultimately, endorsers have the power to influence brand accountability. By demanding structural protections and equitable treatment, they can push firms beyond performative CSR and DE&I practices toward more profound, systemic approaches to reduce bias in celebrity endorsement partnerships (Ahmed, 2012).

#### **4.4.3 Managerial implications for social movement organizations**

Social movement organizations can influence firm behaviour in two primary ways: by exerting direct pressure on firms to revise discriminatory practices and by reshaping public perceptions of corporate conduct, thereby affecting brand reputation and risk exposure (Vasi & King, 2012). They can play a crucial role in advocating for endorsement decisions based on transparent and consistent criteria, rather than subjective or identity-based biases. Through media visibility, public framing, and stakeholder mobilization, SMOs can pressure firms to respond more equitably and promptly to public controversies (King, 2008; Soule, 2012). Firms are more likely to react to SMO campaigns when those campaigns receive high visibility, align with public concerns, or pose a reputational threat to their brand legitimacy (King, 2008; McDonnell & King, 2013).

SMOs deploy a range of pressure tactics to reposition silence from being perceived as neutral to being seen as a reputational liability. These include moral framing, which mirrors corporate silence as complicity; public shaming through social media campaigns, petitions, and press coverage; and consumer boycotts, which threaten the firm's financial performance (Bartley & Child, 2014; King, 2008; McDonnell *et al.*, 2013; Vasi *et al.*, 2012). Institutional targeting, such as appealing to shareholders or regulatory bodies, can further increase stakeholder accountability, particularly when these stakeholders influence long-term corporate practices (Soule, 2012).

In addition, social movement organizations can also be helpful in supporting endorsers from marginalized groups by promoting equitable media representation and advocating for systemic change (Singh, 2017). They can develop and implement educational campaigns that highlight the diverse roles of women and underrepresented individuals, challenge harmful stereotypes, and promote gender-sensitive portrayals in media and advertising. By offering media literacy training and partnering with media professionals, these organizations can help shape more inclusive stories that give voice to those often overlooked. They can also support policies and laws that reduce sexist portrayals and limit harmful content like violence and objectification (Singh, 2017). In doing so, they help endorsers share their stories more openly, increase their visibility, and build trust with the public, making them more resilient when facing criticism or controversy. Through these approaches, SMOs can expose the inconsistencies in how firms respond to endorsement scandals,

particularly those involving marginalized groups, by reframing silence as complicity, promoting better media coverage, and advocating for equal accountability.

#### **4.5 Limitations and directions for future research**

While this study offers valuable insights into bias in corporate endorsement decisions, several limitations should be considered along with opportunities for further exploration. First, although the findings confirm the presence of bias, they do not fully clarify whether discriminatory decisions are driven by individual managerial prejudices or strategic responses to anticipated consumer and market reactions. This distinction is critical, as the underlying motivation may influence how such bias is addressed or mitigated. For example, Quansah and Amo-Agyei (2022), drawing on Becker's foundational work on the economics of discrimination (1971), examine racial bias in sports sponsorship and categorize its sources—whether from employers, colleagues, or consumers. One scenario they describe involves a marketing executive who, despite having no personal biases, avoids sponsoring teams with a high proportion of Black players due to assumptions about consumer preferences. In this case, the executive acts as an agent who carries out consumer-driven bias (Gallo, Grund, & Reade, 2013), not from personal prejudice but in response to perceived market expectations. Future research could investigate whether decision-makers act on personal beliefs or in response to market expectations. Experimental studies may be beneficial in distinguishing these motivations.

Second, while this study examines corporate responses to scandals, it does not assess the long-term financial implications of endorsement decisions. Understanding how bias by omission affects firm value would provide a more comprehensive perspective on the economic consequences of such decisions. Hock and Raithel have explored this topic in their study on the financial outcomes of firms' reactions to negative celebrity publicity (2020). They found that firm responses issued shortly after a scandal were associated with positive abnormal stock returns and that issuing statements (i.e., acts of commission) generated more favourable returns than remaining silent. Their findings also highlight specific conditions that amplified these effects, such as disavowing endorsers involved in high-blame or occupation-related scandals and supporting endorsers with high product fit or those who publicly apologized (Hock *et al.*, 2020). However, the financial

consequences of prolonged silence, particularly when directed toward women and visible minority endorsers, remain underexplored.

Third, given that the dataset was manually compiled, a limited risk of human error in data collection and coding cannot be fully excluded. While every effort was made to verify information through multiple independent and reputable media sources, variations in reporting accuracy, especially from entertainment magazines or blogs, may have introduced minor inconsistencies. These limitations were mitigated through systematic cross-validation procedures.

Considering these limitations, future research should investigate the broader economic and social implications of discrimination in corporate endorsements. Biased decisions may reinforce social inequalities and constrain firms' ability to optimize value. Assessing whether staying silent in the wake of women's and visible minority endorsement scandals negatively impacts brand performance could offer deeper insights into the tangible costs of discriminatory practices. Despite these limitations, this study makes a meaningful contribution to the literature by identifying persistent biases in corporate decision-making and highlighting the need for more equitable and strategically sound endorsement frameworks.

#### **4.6 Conclusion**

This research provides evidence that discriminatory biases continue to influence corporate endorsement decisions, even in the absence of explicit legal or regulatory pressures. By identifying bias by omission as a distinct and understudied mechanism, the study broadens the discourse on corporate bias beyond overt acts of discrimination, highlighting how inaction or silence can contribute to exclusionary practices. These findings carry important implications for organizations, firm decision-makers, celebrity endorsers from marginalized groups, and advocacy groups working to advance equity in marketing and branding strategies.

Future research should investigate the financial consequences of biased endorsement decisions, the interaction between managerial discretion and market-driven bias, and the broader economic impact of exclusionary corporate practices. These directions are crucial for deepening our understanding of how diversity, equity, and inclusion (DE&I) can be effectively embedded within

corporate structures. Integrating corporate social responsibility (CSR) as a structural framework is essential for reducing both active and passive forms of bias.

This study sheds light on how silence and selective disavowal can reflect deeper patterns of bias in marketing decisions, emphasizing the need for more deliberative and equitable corporate practices in an increasingly scrutinized and diverse marketplace. Echoing Angela Davis's powerful statement that "I am no longer accepting the things I cannot change. I am changing the things I cannot accept," these findings invite reflection on the moral responsibility of firms to actively confront both omission- and commission-based biases in their endorsement and marketing practices, ensuring fairer and more consistent responses to scandal.

## Statement on the Use of Generative AI

*I have used artificial intelligence, specifically ChatGPT, to support my work by helping prepare my documentary research, creating a list of potentially omitted scandals, identifying keywords to clarify my research focus, and improving sentences for clarity and conciseness. The outputs were revised, validated, and adapted to reflect my personal writing style.*

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