

# Commercial or communal: Why is outsourcing taboo for churches and pharmaceutical companies?

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Consumers hold churches and pharmaceutical companies to different moral standards than other organizations, according to a new study in the *Journal of Consumer Research*.

"Imagine the CEO of a pharmaceutical company who declares that he is in the business of maximizing shareholder profitability and fully intends to charge profit-maximizing prices for his company's offerings—and those prices should be very high because of limited competition," write authors Peter McGraw (University of Colorado Boulder), Janet A. Schwartz (Tulane University), and Philip E. Tetlock (University of Pennsylvania). Or what if [churches](#) outsourced backlogged prayer requests to priests in Third World countries in the name of efficiency?

Consumers would be outraged by such announcements, yet these types of profit- and efficiency-seeking behaviors are common practice in other types of organizations. Why do people hold some organizations to different standards? The authors found that consumers believe that some organizations (like churches and pharmaceutical companies) should be focused on communal rather than market-based principles.

The authors found that people expect and approve of communal behavior from churches (like hosting open-enrollment classes) and [pharmaceutical companies](#) (ensuring access to drugs for the needy). But when participants perceived that the organizations were acting out of

commercial interests (outsourcing prayers or setting drug prices high to maximize profits), they became disturbed. "One experiment, for example revealed moral outrage in response to a pharmaceutical company raising the price of a successful drug to make up for losses on the development of another drug," the authors write. "Yet a software company engaging in the same kind of marketing strategy elicited little negative reaction."

Organizations can communicate with consumers in ways that will help people understand their underlying motives. For example, participants were less upset with a church that outsourced prayers to India when the church pointed out that everyone is part of God's community and that Indian and U.S. priests are equals.

**More information:** Peter McGraw, Janet A. Schwartz, and Philip E. Tetlock. "From the Commercial to the Communal: Reframing Taboo Trade-offs in Religious and Pharmaceutical Marketing." *Journal of Consumer Research*: June 2012 (published online September 23, 2011).

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