



HAL
open science

Does NGO Origin Influence Moral Judgment? A Study of the Attitudes of Algerian Participants Toward Foreign NGOs

Hind Dib-Slamani, Gilles Grolleau, Naoufel Mzoughi

► **To cite this version:**

Hind Dib-Slamani, Gilles Grolleau, Naoufel Mzoughi. Does NGO Origin Influence Moral Judgment? A Study of the Attitudes of Algerian Participants Toward Foreign NGOs. *Nonprofit and Voluntary Sector Quarterly*, 2023, 52 (2), pp.514-528. 10.1177/08997640221104514 . hal-03842804

HAL Id: hal-03842804

<https://hal.inrae.fr/hal-03842804>

Submitted on 12 Sep 2023

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.



Distributed under a Creative Commons Attribution - NonCommercial - NoDerivatives 4.0 International License

Does an NGO origin matter in moral judgment? A case study on the attitudes of Algerian participants regarding foreign NGOs

Hind Dib-Slamani

University of International Business and Economics, UIBE Business School, Beijing, China
Management Development International, MDI Algiers Business School, Algiers, Algeria

h.dib@mdi-alger.com

Gilles Grolleau

ESSCA School of Management, France

CEE-M, Univ. Montpellier, CNRS, INRAE, Institut Agro, Montpellier, France

grolda@gmail.com

Naoufel Mzoughi

INRAE, ECODEVELOPPEMENT, 84000, Avignon, France

naoufel.mzoughi@inrae.fr

Abstract: Building on previous literature on corporate behavior, we use the liability of foreignness reasoning to examine the impact of an NGO foreignness on the moral judgment of its actions in a host country. We had individuals in Algeria (N=450) rate the ethicality of analogous ethical and unethical practices of domestic (Algerian) and foreign NGOs (European). For ethical actions, the findings indicate that a foreign NGO is likely to be considered less positively than a local NGO for two scenarios out of three. Regarding unethical practices, a foreign NGO is likely to be judged more severely in one scenario only. The findings suggest that a foreign-sounding denomination can put an NGO at a relative disadvantage compared to its domestic counterpart. Consequently, the denomination choice should be carefully examined.

The data and codes that produce the findings reported in this article are available at https://osf.io/xhc79/?view_only=6705d1a704a5493faf15bfc451588ce8

Key-words: Ethics, NGOs, origin, moral judgement.

JEL numbers: F23; C91.

Does an NGO origin matter in moral judgment? A case study on the attitudes of Algerian participants regarding foreign NGOs

1. Introduction

Most domestic and international NGOs aim at enhancing in a way or another the life of disadvantaged people. However, the picture is sometimes less rosy, as evidenced by several scandals implying NGOs, such as the widely publicized Oxfam scandal in Haiti in 2018. Several associations in Algeria have been suspected of embezzlement and some foreign associations have been approached to pay bribes rather than delivering services to beneficiaries (Liberté, 2009; Kamel, 2018). Similar situations occurred in a neighbor country, Tunisia. For instance, the NGO *I Watch*, partner of Transparency International and fighting corruption in the country has been accused by former head of the influential *Nessma* TV and candidate to the Tunisian presidential elections, Nabil Karoui, to be traitors and serving foreign agendas. In 2017, a recording of Nabil Karoui, was leaked, detailing bullying tactics and intimidation against the NGO, leading a to huge scandal (Jeune Afrique, 2017).

The legitimacy of international NGOs is frequently questioned, especially in host countries. To address this issue, international NGOs can invest in increased transparency and tightened accountability mechanisms. Unfortunately, addressing these pressures for accountability and transparency comes at the cost of some undesirable side effects such as the obstruction of the NGO core aims (Ossewaarde et al., 2008). In this contribution, we examine another but related dimension of international NGO operations, precisely whether the moral judgment of their actions by inhabitants of host countries are influenced by their foreignness status.

In the business realm, it is well-admitted that foreign companies operating in host countries are frequently disadvantaged when compared to domestic ones (Dib-Slamani et al., 2020 and references therein). The liability-of-foreignness (LOF) posits that foreign companies operating in a host country experience extra challenges compared to domestic companies, because of their non-native status to deal with the differences in regulation, language, culture and norms. They incur additional costs putting and are disadvantaged, compared to domestic firms (Zaheer, 1995; Nachum, 2013). Unlike the sizeable literature that has examined the LOF consequences in various circumstances, less is known concerning foreign Non-Governmental-Organizations (NGOs) that operate in host countries. Our objective is to fill this gap by adding empirical evidence regarding the applicability of some LOF effects to NGOs.

This issue is important especially for international NGOs that address concerns and challenges that transcend national boundaries. They have units operating in several host countries such as Doctors Without Borders, Handicap International, Amnesty International or World Wildlife Fund. We contend that NGOs are not spared by LOF effects. There is convincing anecdotal evidence that foreign NGOs are sometimes victims of discrimination and additional burdens under various pretexts such as multilayered registration requirements (Amnesty International, 2019; Hsia and White, 2002), notably in Africa (Godfrey, 2019). For instance, in 2017, several US senators urged President Donald Trump to take the opportunity of meeting Narendra Modi to debate about the discrimination in India against foreign religious and humanitarian organizations, arguing that such a discrimination is counterproductive (Times of India, 2017). Thieux (2009) reported that foreign NGOs in Algeria are frequent victims of various forms of discrimination, under various pretexts. In a similar vein, several countries are accused of passing tough anti-foreign NGOs laws under various pretexts (Amnesty International, 2019).

Although the impact of NGOs foreignness on their work is multidimensional and beyond the scope of this paper, let us emphasize some channels by which this foreign status affects their operations. First, foreign NGOs or even foreign funded NGOs are frequently perceived and presented as foreign agents with a possible hidden agenda, such as a disguised neo-colonization attempt. Foreign NGOs are also frequently viewed as disconnected from local public, without substantial local grassroots support and with top-down objectives defined from outside, without really taking into account local values and realities (Khan et al., 2010; Bano, 2008). The lifestyle of foreign NGOs elites is sometimes used to reinforce this distance from local realities (Bano, 2008). These perceptions, regardless of whether they are justified or not, can lead to various negative reactions and even hostility at various levels, without really considering what is possibly achieved in the field. Second, foreign NGOs frequently endure a discriminatory treatment by public authorities that restrict their influence through regulatory and administrative burdens. This negative perception of NGOs can prevent their establishment in the host country, threaten their legitimacy and hinder their work in the field. Consequently, their access to some crucial resources is reduced such as recruiting local volunteers or staff, attracting potential beneficiaries, soliciting local donations and participation, getting formal authorizations and permits and notably the social license to operate. Such a situation can lead to higher transaction costs and divert resources from the end-beneficiaries. Sometimes, foreign NGOs or foreign-funded NGOs can be tempted to renounce or switch their work from the most politically sensitive issues to survive (Dupuy et al., 2015; Dupuy et al., 2016).

We enrich the literature in three directions. First, we extend to NGOs a line of research on customer evaluations of (un)ethical organizational behavior, tested previously in a corporate context (Dib-Slamani et al., 2020). Second, we investigate the moral dimension of possible LOF effects on foreign NGOs. Although we do not aim to examine the whole range of LOF effects on

foreign NGOs, we add empirical evidence regarding the legitimacy and ‘social license’ to operate. Third, we consider the effect of foreignness in a developing-country context, that is, Algeria, with foreign NGOs originating from developed countries. In addition to mimic a realistic situation in Algeria, this combination contrasts with most existing papers where domestic and foreign entities are both from developed countries. Using an experimental survey, we test whether citizens from this host country consider the same way similar deeds and misdeeds according to the NGO origin (domestic *versus* foreign origin). Conducting the study in Algeria is also relevant by studying human judgments on samples other than ‘western, educated, industrialized, rich, and democratic’ ones (Heinrich et al., 2010; George et al., 2016).

We achieved our study in the city of Algiers that offers several advantages. Algiers is the capital of Algeria with the highest density of NGOs in the country. It is also the biggest capital in the Maghreb region when compared to Casablanca and Tunis. Moreover, because of its central location, Algiers attract individuals from the whole country, offering a nice opportunity of capturing a good microcosm of Algeria. Moreover, most European organizations and NGOs have their headquarters in Algiers, which makes inhabitants of Algiers in a realistic situation when surveyed on the liability of foreignness issue. Indeed, unlike its neighbors, Algeria does not attract a lot of European tourists. Algiers’ inhabitants are significantly more likely to cross European staff of NGOs in Algiers, which is much less likely in other cities, even major ones.

The remainder of this research note is organized as follows. The following section is devoted to an overview of the literature and hypotheses. Section 3 describes the experimental design of our exploratory study. Results are provided and discussed in Section 4. Section 5 concludes and indicates some directions for further research.

2. Literature overview and hypotheses

To better understand how do citizens consider similar deeds and misdeeds by foreign and local NGOs, we overview the literature on moral judgment making and liability of foreignness to draw some hypotheses (see Dib-Slamani et al., 2020 and references therein). From a rationalist approach, moral judgements or evaluations of other people's actions and characters are determined by deliberate moral thinking. This reasoning is conscious, rational, profound and requires logical thinking to apply consistently moral principles and rules (Kohlberg, 1969). Nevertheless, we adopt here a social intuitionist framework (Haidt, 2001) which emphasizes instantaneous moral judgment. Moral judgments rely more on fast, automatic, instinctive and emotional processes. Haidt (2001) notably explains that the 'central claim of the social intuitionist model is that moral judgement is caused by quick moral intuitions and is followed (when needed) by slow, *ex post facto* moral reasoning' (p. 817). These intuition-driven judgments are largely affected by social and cultural considerations. Moral reasons are often generated afterwards to rationalize these *ex ante* intuitions. These intuitions can be influenced by contextual or situational parameters, that are a priori peripheral to the considered situation such as the used language, the way to describe the situation or the victim status (Haidt, 2001; Reich et al., 2020).

A sizeable literature found substantial evidence that firms doing business abroad are disadvantaged, compared to domestic firms (e.g., Zaheer, 1995; Mezias, 2002), although the picture may be more complex than expected (Edman, 2016; Taussig, 2017; see also Dib-Slamani et al., 2020). Eden and Miller (2001; 2004) decomposed LOF into three types of hazards: unfamiliarity hazards, relational hazards and discriminatory hazards. The first two types are supposed to diminish over time thanks to the development of trust and market knowledge, but this trend is not necessarily true for discriminatory hazards. Several strategies have been proposed to reduce LOF effects such as CSR investments to transform relationship with local

communities (Campbell et al., 2012; Zheng et al., 2015; Marano et al., 2016), the selection of an appropriate way and timing to start operating abroad or investments to build and enhance reputation (Elango, 2009; Klossek et al., 2012; Luo and Mezas, 2002) or affiliating with high-status local actors (Yang and Revti Raman, 2016).

According to the social identity theory, people use similar versus distinct characteristics to identify and classify individuals or organizations into groups (Tajfel and Turner, 1985). The in-group to which the concerned individual or identity belongs (versus the other or out-groups) is distinguished thanks to this social identification and categorization (Hogg and Abrams, 1998). This dichotomy allows people to positively differentiate the 'in-group' from 'out-groups' and to achieve a positive identity (Tajfel and Turner, 1985). A consequence of this categorization is in-group favoritism and out-group prejudice or discrimination. From an in-group member viewpoint, the wrongdoings of other in-group members are minimized and their good doings are magnified while the wrongdoings of out-group members are inflated and their good doings downplayed.

The national origin of NGOs constitutes an intuitive and socially constructed characteristic that allows to distinguish NGOs by considering them as domestic NGOs (e.g., Algerian in our case) versus foreign NGOs (e.g., European in our case) (Ma et al. 2012; Hogg and Terry, 2000; Salazar, 1998). Domestic NGOs are perceived more positively than foreign ones. A western origin such as a United States or European one can involuntarily signal and activate anti-Western sentiments towards NGOs rather than a pure liability of foreignness. As stressed by some authors this situation can be better characterized as a liability of origin more than a liability of foreignness only. Ro (2014) claimed that people develop different perceptions, attitudes and behaviors towards foreign entities, compared to domestic ones, because of this identity-based social classification. Therefore, the legitimacy of foreign and domestic entities is

appreciated on different considerations. While foreign entities can attain levels of pragmatic legitimacy close to those of domestic entities through the acquisition and development of adequate capabilities, they are more likely to experience a shortfall of cognitive legitimacy, because of their foreign status and/or origin (Ro, 2014).

Building on the previous analysis, we formulate the following hypothesis:

Hypothesis 1: The origin of an NGO matters regarding moral judgement.

- *H1a: Individuals will judge more severely a foreign NGO that commits a similar unethical action compared to its domestic counterpart.*
- *H1b: Individuals will judge less favorably a foreign NGO that engages in a similar ethical action compared to its domestic counterpart.*

The category-diagnostics theory (Skowronski and Carlston, 1989) is the most common in explaining the asymmetry in valence evaluations. This theory asserts that negative information is more diagnostic and functional than neutral or positive information (Baumeister et al., 2001; see also Ahluwalia, 2002). For instance, for a person to be considered as bad, some bad actions may be enough. To be considered as a good person, however, one has to be always good. As for the behaviors' valence, it is well established that bad has a stronger impact than good (Baumeister et al., 2011). This 'negativity bias' also occurs when individuals consider deeds by collective entities such as firms or NGOs (Folkes and Kamins, 1999). According to the previous authors, wrongdoings or unethical actions are more diagnostic of an entity's negative traits than good deeds or ethical actions are of its positive traits. (...). Hence, we draw the following hypothesis:

Hypothesis 2: The impact of the association origin on moral judgements, if any, is higher for unethical deeds than compared to ethical deeds.

3. Methods

Following Dib-Slamani et al (2020) in a corporate context, we designed a factorial survey, in which each participant evaluated three scenarios, as represented in Table 1. Each scenario combines an NGO deed (ethical [*E*] versus unethical [*U*]) and an NGO origin (no mention of the origin versus domestic origin versus foreign origin). Each participant was assigned to one combination of ethicality and origin as displayed in Table 1.

Please, insert Table 1 around here

Each scenario described organizational behavior in ethical versus unethical terms: informing people about the origin and use of donations (*Scenario 1, ethical*) versus misappropriation of donations (*Scenario 1, unethical*); implementing a mechanism to guarantee that employees' recruitment and wages are based on merit and not favoritism (*Scenario 2, ethical*) versus an undeserved promotion of an employee with a high wage (*Scenario 2, unethical*); implementing a bill traceability system in order to avoid overcharging (*Scenario 3, ethical*) versus presenting fake invoices in order to unduly get more subsidies (*Scenario 3, unethical*). After reading each scenario, respondents were asked to judge the ethicality of these behaviors on a 7-point Likert scale, ranging from 1 (not ethical at all) to 7 (very ethical). We followed the recommendation of several authors who found that a seven-point scale is a better choice on various parameters such as reliability, validity and discriminating power (Preston and Colman, 2000; see also Lewis, 1993). We did not use another measure for ethicality.

In order to enhance the readability of our survey, we pretested the scenarios among a small number of individuals that we did not include in the ultimate survey. Several students from a major business school in Algiers served as assistants and administered the pen-and-paper questionnaire (see Appendix 1 for instructions) in June 2019 to bystanders in the Algiers metropolitan area (Algeria). Bystanders were invited to participate in the survey on a voluntary basis and were not paid. Most participants completed the questionnaire privately, but we cannot exclude some proximity between some interviewers and interviewees. The assistants received similar proportions of questionnaires corresponding to each treatment and a given participant was invited to complete only one version of the questionnaire. We do not claim that our sample is perfectly representative or selected on a random basis and could be considered as closer to a convenience sample. Although convenience samples are frequently criticized, Mullinix et al. (2015; see also Coppock, 2017) found a significant similarity between results using convenience samples and those obtained using representative samples.

As reported in Table 1, we designed six treatments. Three scenarios were proposed to participants in six different versions – a fully crossed 3 (origin: none disclosed, Algerian, European) x 2 (ethical behavior: yes vs no) design. The treatments T0_E and T0_U, in which any origin of the NGO is mentioned, serve as control treatments. In the treatment T1_E and T1_U (resp. T2_E and T2_U), we indicated an Algerian (resp. European) origin of the NGO. The European foreign origin was chosen to provide a high degree of realism and to avoid the French origin that was initially considered but discarded because of its strong connotations likely to interfere with the addressed issue. Indeed, Algeria is a former French colony that acquired its independence in 1962 thanks to a Liberation War. This long colonization and the Liberation war may have affected the moral judgment of French NGOs by Algerian individuals. Nevertheless, it is difficult to draw clear cut conclusions regarding this influence (Dib-Slamani et al., 2020). Because of the

long presence of France in Algeria, there are strong similarities between French and Algerian NGOs. The Algerian legal system has been strongly influenced by the French legal system and the French language is still used in many organizations. Nevertheless, the use of the Arabic language in official documents, the religious differences and the negative legacy of the colonization period can disadvantage French NGOs. This ambivalent legacy was likely to add noise to the data.

This history of anti-colonialism in Algeria may affect the feelings of French NGOs in Algeria, but not necessarily of other European NGOs that do not have a troubled past with Algeria. Nevertheless, we cannot discard the risk of anti-Western sentiment about NGOs that is likely to affect their work. For instance, some recent contributions showed that foreign financial support and anti-western sentiments can influence the perception and support to local NGOs in Pakistan (Wasif and Prakash, 2017; Wasif, 2020), with variations across subsamples (e.g., elites versus general population). Interestingly, islamophobia seems to also influence moderately support for Islamic charities (Tremblay-Boire and Prakash, 2019). These factors (e.g., religion, language, origin of financial support) are natural and convincing candidates regarding the in-group versus out-group dichotomy. Unfortunately, we did not use another foreign and non-Western origin NGO for comparison, such as an NGO coming from Turkey or China. At the same time, we did not consider this possibility, notably because it was much less realistic, given that people are much less likely to know or encounter Turkish or Chinese NGOs in their everyday life.

450 individuals (75 per treatment) completed the questionnaire on a voluntary basis and without receiving any monetary compensation. Regarding the required sample size by treatment,

we used the *G*Power* Program¹ and found that 210 responses (70 subjects per group) are required for each type of behavior (ethical versus unethical) to reach a 0.95 statistical power with an effect size set at 0.25. Our sample is composed of 40% men and 60% women, with a mean age of 35 years old.² Twelve individuals did not mention their age, but were not excluded from the sample.³

4. Results and practical implications

The mean individual responses for moral judgment by treatment are reported in Tables 2 (ethical actions) and 3 (unethical actions). Moreover, we present in Table 4 the results of a multiple hypotheses testing using the Stata MHTEXP module (List et al., 2019). Although the considered scenarios cover three distinct dimensions of (un)ethical practices and can be treated independently, we checked their reliability by computing the Cronbach's alpha. The coefficients (0.7601 and 0.8346 for ethical and unethical versions, respectively) can be considered as good.

Please, insert Tables 2, 3 and 4 around here

Our findings indicate that NGO origin matters when onlookers judge the ethical and unethical actions of a given NGO. For ethical practices, a foreign NGO (T_{2E}) is judged less

¹ <http://www.psychologie.hhu.de/arbeitsgruppen/allgemeine-psychologie-und-arbeitspsychologie/gpower.html>.

² Unfortunately, demographic statistics at the city level are either scarce or outdated, even for the capital, Algiers. However, as a modest basis for comparison, average age in Algeria is 29.4 years old and the percentage of male is 50.7% in 2019 (<http://www.andi.dz/index.php/fr/statistique/demographie-algerienne-2017>). In Algiers, 54% of the population is below 35 years old and 49.75% are male (<http://www.wilaya-alger.dz/fr/wilaya/>).

³ To be more precise, given the simplicity of the asked questions, we did not introduce manipulation checks.

favorably compared to a 'neutral' (T0_E) and domestic (T1_E) NGOs regarding Scenarios 1 and 2, but the difference is statistically significant only between T0_E and T2_E. A possible explanation of the lack of contrasts in the Scenario 3 similar to those found in Scenarios 1 and 2 is related to the area of action of the NGO. The protection of the environment is probably not considered as a top priority by citizens in their everyday life. Compared to associations intervening in the health or child protection domain, the environment is less appealing. In other words, our argument is that when a cause is less important, ethicality judgments depend less on the nation of origin. On an aggregate level (last line of Table 2), our findings suggest that a foreign NGO is judged significantly less favorably than both the neutral-origin and domestic NGOs, which supports our hypothesis H1b. Regarding unethical practices, a foreign NGO is judged more severely than its domestic counterpart in Scenario 2 only. On an aggregate level (last line of Table 3), we found only a significant difference at the 10% level between treatments T0_U (no origin mention) and T2_U (European NGO). In short, the hypothesis H1a is not supported.

Regarding hypothesis H2, we found no support that the impact of NGO origin on moral judgements is higher for unethical deeds compared to ethical deeds. The difference in moral judgement between a foreign and a domestic NGO is not higher for unethical deeds than for ethical ones. Yet, on an aggregate level, there is no significant difference between mean responses to treatments T1_U (Algerian NGO) and T2_U (European NGO). It is possible that the mere presence of unethical practices conceals a potential origin effect, given that origin becomes very secondary when onlookers face severe misconducts.

Moreover, we also tested the effect of the NGO origin on the level of moral judgment using ordered probit regressions (see online supplementary information, SI 1-3). The results confirm the findings obtained using the multiple hypothesis testing. When the NGO is foreign, its actions are likely to be judged less favorably than a 'neutral' NGO for Scenarios 1 and 2 in the

case of ethical practices, and Scenario 2 in the case of unethical practices. In addition, we also analyzed the effect of origin by pooling the observations across the three scenarios. We tested the effect on moral judgement of origin, ethicality (ethical vs. unethical), and their interaction. Our findings (online supplementary information, SI 4) are threefold: (i) all scenarios combined, foreign NGOs are judged more severely, compared to local ones, (ii) unethical behaviors are judged more severely than their corresponding ethical behaviors, and (iii) the interaction terms between origin and (un)ethicality are not significant, suggesting that the more severe judgement is driven by the origin of the NGO regardless of the nature of the behavior (ethical or unethical). Interestingly, the previous findings are robust when controlling for individuals' characteristics (not reported but available upon request).

Our results support that foreignness status can influence moral judgment in a way that is frequently consistent with LOF-based predictions. A foreign status can be a disadvantage for some NGOs, when citizens of the host country judge them more severely because of their foreignness. Regarding the moral judgment by individuals in the host country, we contend that all foreign NGOs are not created equal. Rather than applying a uniform approach, we suggest that a better understanding of the effect of foreignness in the moral domain requires the examination of several combinations of host country (developing versus developed country) and foreign origin (developing versus developed country).

An implication for practice of our findings is that signaling the NGO origin is not a choice without consequences, especially in some areas of intervention. In some plausible circumstances, this decision can impact the moral judgment of the NGO actions. The NGO origin can indirectly influence its legitimacy and license to operate. Our study suggests that a 'neutral' denomination can constitute, regardless of other considerations, a relevant candidate to protect itself against some risks and possible downsides of foreign origin. Indeed, onlookers do not necessarily interact

with foreign NGOs on a day-to-day basis and can base their judgement on irrelevant cues such as the country of origin indicated by the denominations.

Moreover, other practical suggestions can be highlighted. Although they are inspired by our research, some suggestions cannot be considered as direct inferences from our empirical findings and we caution the reader to not over interpret them because they are tentative. First, as already recommended in existing literature, improving perceptions requires to really care about what matters for people (in Algeria) and not to propose or impose a top-down paternalistic approach with solutions designed (or perceived as being designed) abroad. Second, given the importance of language in Algeria, it can be crucial to deliver the NGOs main messages in the four common languages in Algeria (classical Arabic, dialectal Arabic, Amazigh or Berber and French). In addition to its origin and name, the NGOs motto can influence people perceptions. Rather than just perceiving this operation as a simple translation one, it makes sense to go further and study *ex ante* how this motto will reinforce (or weaken) a possible liability of foreignness. Third, perceptions of foreign NGOs can be unduly influenced by some characteristics of NGOs representatives in the host country such as their look, names and language. So, these crucial decisions in terms of recruitment or positions need to also consider additional parameters.

5. Conclusion

Thanks to an exploratory experimental survey conducted in Algeria, we investigated whether an NGO origin matters when onlookers judge the NGO decisions. We found partial empirical support that NGO origin matters in the moral domain. Our findings suggest that for ethical practices, a foreign European NGO is judged less favorably compared to a 'neutral' NGO for two scenarios out of three scenarios. Regarding unethical practices, a foreign European NGO is judged more severely in one scenario only out of three. The tendencies are similar for foreign and

local firms, even if the results do not reach statistical significance. In short, the LOF rationale is not a one-size-fits-all reasoning for all businesses and NGOs located in a foreign country, especially in the moral domain. The foreignness consequences are likely to offer a more complex figure (Edman, 2016; Taussig, 2017). Given the proximity between Algeria and other countries in North Africa (e.g., Morocco, Tunisia), replications in these countries could lead to similar results. Nevertheless, the more-tourism based economy of these countries can also influence results in unexpected directions. An interesting extension would be to investigate whether the foreignness effects on moral judgment differ according to the main intervention sectors of NGOs (e.g., health, education, environment) and whether the recruitment or collaboration with high-status local partners can moderate the negative side of foreignness effects.

Given that LOF effects encompass much more than what is covered in this paper, it is necessary to examine LOF prediction on an aggregate level. Indeed, the moral domain is only a subset. Our contribution constitutes a vibrant call to go further and study LOF consequences on business and non-business entities. Moreover, all the constitutive elements of LOF are not necessarily aligned and examining their relative contribution to the overall foreignness effect constitutes a tedious but necessary and promising extension.

References

Ahluwalia, R. (2002). How prevalent is the negativity effect in consumer environments? *Journal of Consumer Research*, 29(2), 270–279. <https://doi.org/10.1086/341576>

Amnesty International (2019). Laws designed to silence: The global crackdown on civil society organizations. <https://doc.es.amnesty.org/ms-opac/recordmedia/1@000030662/object/39889/raw>

Bano, M. (2008). Contested claims: Public perceptions and the decision to join NGOs in Pakistan. *Journal of South Asian Development*, 3(1), 87–108.

<https://doi.org/10.1177/097317410700300104>

Baumeister, R. F., Bratslavsky, E., Finkenauer, C., & Vohs, K. D. (2011). Bad is stronger than good. *Review of General Psychology*, 5(4), 323–370. <https://doi.org/10.1037%2F1089-2680.5.4.323>

Campbell, J. T., Eden, L., & Miller, S. R. (2012). Multinationals and corporate social responsibility in host countries: Does distance matter? *Journal of International Business Studies*, 43(1), 84–106. <https://doi.org/10.1057/jibs.2011.45>

Coppock, A. (2017). Generalizing from survey experiments conducted on Mechanical Turk: A replication approach. *Political Science Research and Methods*, 7(3), 613–628. <https://doi.org/10.1017/psrm.2018.10>

Dib-Slamani, H., Grolleau, G., & Mzoughi, N. (2020). Does a company's origin matter in moral judgment? *Business Research Quarterly*. <https://doi.org/10.1177/2340944420981597>

Dupuy, K. E., Ron, J., & Prakash, A. (2015). Who survived? Ethiopia's regulatory crackdown on foreign-funded NGOs. *Review of International Political Economy*, 22(2), 419–456.

<https://doi.org/10.1080/09692290.2014.903854>

Dupuy, K. E., Ron, J., & Prakash, A. (2016). Hands off my regime! Governments' restrictions on foreign aid to non-governmental organizations in poor and middle-income countries. *World Development*, 84, 299–311. <https://doi.org/10.1016/j.worlddev.2016.02.001>

Eden, L., & Miller, S. R. (2001). Opening the black box: Multinationals and the costs of doing business abroad. *Academy of Management Proceedings*, 1(1), C1–C6. <https://doi.org/10.5465/apbpp.2001.6133200>

Eden, L., & Miller, S. R. (2004). Distance matters: Liability of foreignness, institutional distance and ownership strategy. In M. Hitt, & J. Cheng (Eds.), *Theories of the multinational enterprise: Diversity, complexity and relevance (Advances in international management, 16)*, (pp. 187–221). Emerald Group Publishing Limited. [https://doi.org/10.1016/S0747-7929\(04\)16010-1](https://doi.org/10.1016/S0747-7929(04)16010-1)

Edman, J. (2016). Reconciling the advantages and liabilities of foreignness: Towards an identity-based framework. *Journal of International Business Studies*, 47(1), 674–694. <https://doi.org/10.1057/jibs.2016.29>

Elango, B. (2009). Minimizing effects of 'liability of foreignness': Response strategies of foreign firms in the united states. *Journal of World Business*, 44(1), 51–62. <https://doi.org/10.1016/j.jwb.2008.03.012>

Folkes, V. S., & Kamins, M. A. (1999). Effects of information about firms' ethical and unethical actions on consumers' attitudes. *Journal of Consumer Psychology*, 8(3), 243–259.

George, G., Corbishley, C., Khayesi, J. N. O., Haas, M. R., & Tihanyi, L. (2016). Bringing Africa in: Promising directions for management research. *Academy of Management Journal*, 59(2), 377–393. <https://doi.org/10.5465/amj.2016.4002>

Haidt, J. (2001). The emotional dog and its rational tail: A social intuitionist approach to moral judgment. *Psychological Review*, 108(4), 814–834. <https://psycnet.apa.org/doi/10.1037/0033-295X.108.4.814>

- Henrich, J., Heine, S. J., & Norenzayan, A. (2010). The weirdest people in the world? *Behavioral Brain Sciences*, 33(2-3), 61–83. <https://doi.org/10.1017/S0140525X0999152X>
- Hogg, M. A., Terry, D. J. (2000). Social identity and self-categorization processes in organizational contexts. *Academy of Management Review*, 25(1), 121–140. <https://doi.org/10.2307/259266>
- Hogg, M. A., Abrams, D. (1998). *Social identifications: A social psychology of intergroup relation and group processes*. New York, NY: Routledge.
- Hsia, R. Y.-J., & White III, L. T. (2002). Working amid corporatism and confusion: Foreign NGOs in China. *Nonprofit and Voluntary Sector Quarterly*, 31(3), 329–351. <https://doi.org/10.1177%2F0899764002313002>
- Jeune Afrique. (2017). Tunisie : un enregistrement de Nabil Karoui menaçant l’ONG I Watch de diffamation fait polémique. <https://www.jeuneafrique.com/430827/societe/tunisie-enregistrement-de-nabil-karoui-menacant-long-i-watch-de-diffamation-polemique/>
- Kamel, M. (2018). Scandale : quand des ripoux réclamaient de l’argent au lieu d’un scanner. *Algérie Patriotique*, August, 29, <https://www.algeriepatriotique.com/2018/08/29/scandale-quand-des-ripoux-demandaient-de-largent-a-la-place-dun-scanner-2/>
- Khan, F. R., Westwood, R., & Boje, D. M. (2010). I feel like a foreign agent: NGOs and corporate social responsibility interventions into third world child labor. *Human Relations*, 63(9), 1417–1438. <https://doi.org/10.1177/0018726709359330>
- Klossek, A., Linke, B. M., Nippa, M. (2012). Chinese enterprises in Germany: Establishment modes and strategies to mitigate the liability of foreignness. *Journal of World Business*, 47(1), 35–44. <https://doi.org/10.1016/j.jwb.2010.10.018>

Kohlberg, L. (1969). Stage and sequence: the cognitive-developmental approach to socialization. In D. A. Goslin, (Ed.), *Handbook of socialization theory and research* (pp. 347–480). Rand McNally.

Liberté. (2009). Des associations caritatives dans le collimateur de Zerhouni. *Liberté*, September, 12, <https://www.liberte-algerie.com/actualite/des-associations-caritatives-dans-le-collimateur-de-zerhouni-69126>

Lewis, J. R. (1993). Multipoint scales: Mean and median differences and observed significance levels. *International Journal of Human-Computer Interaction*, 5(4), 383–392.

List, J. A., Shaikh, A. M., & Xu, Y. (2019). Multiple hypotheses testing in experimental economics. *Experimental Economics*, 22(1), 1–21. <https://doi.org/10.1007/s10683-018-09597-5>

Luo, Y., & Mezas, J. M. (2002). Liabilities of foreignness: Concepts, constructs, and consequences. *Journal of International Management*, 8(3), 217–221. [https://doi.org/10.1016/S1075-4253\(02\)00066-2](https://doi.org/10.1016/S1075-4253(02)00066-2)

Ma, J., Wang, S., & Hao, W. (2012). Does cultural similarity matter? Extending the animosity model from a new perspective. *Journal of Consumer Marketing*, 29(5), 319–332. <https://doi.org/10.1108/07363761211247442>

Marano, V., Tashman, P., & Kostova, T. (2016). Escaping the iron cage: Liabilities of origin and CSR reporting of emerging market multinational enterprises. *Journal of International Business Studies*, 48(1), 386–408. <https://doi.org/10.1057/jibs.2016.17>

Mezas, J. M. (2002). Identifying liabilities of foreignness and strategies to minimize their effects: The case of labor lawsuit judgments in the United States. *Strategic Management Journal*, 23(3), 229–344. <https://doi.org/10.1002/smj.220>

Mullinix, K. J., Leeper, T. J., Druckman, J. N., & Freese, J. (2015). The Generalizability of survey experiments. *Journal of Experimental Political Science*, 2(2), 109–138.

<https://doi.org/10.1017/XPS.2015.19>

Musila, G. M. (2019). Freedoms under threat: The spread of anti-NGO measures in Africa. A Freedom house special report. [https://freedomhouse.org/sites/default/files/2020-](https://freedomhouse.org/sites/default/files/2020-02/05132019_UPDATED_FINAL_Africa_Special_Brief_Freedoms_Under_Threat.pdf)

[02/05132019_UPDATED_FINAL_Africa_Special_Brief_Freedoms_Under_Threat.pdf](https://freedomhouse.org/sites/default/files/2020-02/05132019_UPDATED_FINAL_Africa_Special_Brief_Freedoms_Under_Threat.pdf)

Nachum, L. (2013). Liability of foreignness. In D. Teece, M. Augier, & C. Pitelis (Eds.), *Palgrave encyclopedia of strategic management* (pp.1–4). Palgrave Macmillan.

Ossewaarde, M., Nijhof, A., & Heyse, L. (2008). Dynamics of NGO legitimacy: How organizing betrays core missions of INGOs. *Public Administration and Development*, 28(1), 42–53.

<https://doi.org/10.1002/pad.472>

Preston, C. C. & Colman, A. (2000). Optimal number of response categories in rating scales: Reliability, validity, discriminating power, and respondent preferences. *Acta Psychologica*, 104,

1–15. [https://doi.org/10.1016/S0001-6918\(99\)00050-5](https://doi.org/10.1016/S0001-6918(99)00050-5)

Reich, B. J., Campbell, T., & Madrigal, R. (2020). Who deserves faulty products? How blaming the victim prevents consumer punitive action. *Journal of Consumer Psychology*, 30(1), 60–76.

<https://doi.org/10.1002/jcpy.1124>

Ro, S. (2014). Liability of foreignness in legitimacy evaluation: The legitimacy challenge facing foreign firms. PhD. Dissertation, Florida State University Libraries.

<file:///C:/Users/Naoufel/Downloads/PDF%20datastream.pdf>

Salazar, J. M., (1998). Social identity and national identity. In Worchel, S., Morales, J. F., Páez, D., Deschamps, J. C. (Eds.), *Social identity: International perspectives* (pp. 114-123). Thousand Oaks, CA: Sage.

Skowronski, J. J., & Carlston, D. E. (1989). Negativity and extremity biases in impression formation: A review of explanation. *Psychological Review*, 105(1), 131–142.

<https://psycnet.apa.org/doi/10.1037/0033-2909.105.1.131>

Tajfel, H., & Turner, J. C. (1985). The social identity theory of inter-group behavior. In S. Worchel, & L. W. Austin (Eds.), *Psychology of intergroup relations* (pp. 7–24). Nelson-Hall.

Taussig, M. (2017). Foreignness as both a global asset and a local liability: How host country idiosyncrasies and business activities matter. *Journal of International Business Studies*, 48(1), 498–522. <https://doi.org/10.1057/s41267-016-0032-1>

Thieux, L. (2009). Le secteur associatif en Algérie : la difficile émergence d'un espace de contestation politique. *L'Année du Maghreb*, 5(1), 129–144.

Times of India (2017, June 26). Trump urged to discuss foreign NGO funding issue with Modi.

<https://timesofindia.indiatimes.com/world/us/donald-trump-urged-to-discuss-foreign-ngo-funding-issue-with-pm-modi/articleshow/59326036.cms>

Tremblay- Boire, J., & Prakash, A. (2019). Biased altruism: Islamophobia and donor support for global humanitarian organizations. *Public Administration Review*, 79(1), 113–124.

<https://doi.org/10.1111/puar.13012>

Wasif, R. (2020). Does the media's anti-western bias affect its portrayal of NGOs in the Muslim world? Assessing newspapers in Pakistan. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*. <https://doi.org/10.1007/s11266-020-00242-5>.

Wasif, R., & Prakash, A. (2017). Do government and foreign funding influence individual donations to religious nonprofits? A survey experiment in Pakistan. *Nonprofit Policy Forum*, 8(3), 237–273. <https://doi.org/10.1515/npf-2017-0014>

Weber, J. (1992). Scenarios in business ethics research: Review, critical assessment, and recommendations. *Business Ethics Quarterly*, 2(2), 137–159. <https://doi.org/10.2307/3857568>

Yang, Y., & Revti Raman, S. (2016). Dancing with the stars: What do foreign firms get from high-status local partners? *Management Decision*, 54(6), 1294–1319.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341–363.

Zheng, Q., Luo, Y., & Maksimov, V. (2015). Achieving legitimacy through corporate social responsibility: The case of emerging economy firms. *Journal of World Business*, 50(3), 389–403.

<https://doi.org/10.1016/j.jwb.2014.05.001>

Table 1. Experimental design treatments

| | | NGO's origin | | |
|------------|--|--|--|---|
| NGO's deed | | T0 _E (No origin - Ethical deed) | T1 _E (Domestic origin - Ethical deed) | T2 _E (Foreign origin - Ethical deed) |
| | | T0 _U (No origin - Unethical deed) | T1 _U (Domestic origin - Unethical deed) | T2 _U (Foreign origin - Unethical deed) |

Table 2. Mean individual responses by treatment for ethical behaviors

| Scenario | T0 _E : neutral origin (N=75) | T1 _E : Algerian origin (N=75) | T2 _E : European origin (N=75) | T0 _E /T1 _E | T0 _E /T2 _E | T1 _E /T2 _E |
|------------------|--|---|---|----------------------------------|----------------------------------|----------------------------------|
| Scenario 1 | 5.96 | 5.61 | 5.48 | ns | * | ns |
| Scenario 2 | 5.75 | 5.4 | 5.13 | ns | ** | ns |
| Scenario 3 | 6.13 | 5.89 | 5.96 | ns | ns | ns |
| <i>Aggregate</i> | <i>17.84</i> | <i>16.91</i> | <i>16.57</i> | <i>ns</i> | <i>**</i> | <i>*</i> |

* and ** stand respectively for parameter significance and the 10 and 5 percent levels of a Wilcoxon Mann-Whitney test comparing mean responses. ns stands for not significant.

Table 3. Mean individual responses by treatment for unethical behaviors

| Scenario | T0 _U : neutral origin (N=75) | T1 _U : Algerian origin (N=75) | T2 _U : European origin (N=75) | T0 _U /T1 _U | T0 _U /T2 _U | T1 _U /T2 _U |
|------------------|--|---|---|----------------------------------|----------------------------------|----------------------------------|
| Scenario 1 | 1.75 | 1.8 | 1.53 | ns | ns | ns |
| Scenario 2 | 2.37 | 2.27 | 1.71 | ns | *** | *** |
| Scenario 3 | 1.8 | 1.88 | 1.85 | ns | ns | ns |
| <i>Aggregate</i> | <i>5.92</i> | <i>5.95</i> | <i>5.09</i> | <i>ns</i> | <i>*</i> | <i>ns</i> |

* and *** stand respectively for parameter significance and the 10 and 1 percent levels of a Wilcoxon Mann-Whitney test comparing mean responses. ns stands for not significant.

Table 4. Multiple hypotheses testing

| Compared treatments/scenario | Ethical behaviors | | | Unethical behaviors | | |
|------------------------------|---------------------|--------------|--------------|---------------------|--------------|--------------|
| | Difference in means | p-values | | Difference in means | p-values | |
| | | Unadjusted | Adjusted | | Unadjusted | Adjusted |
| <i>Scenario 1</i> | | | | | | |
| No origin vs. Domestic | 0.347 | 0.211 | 0.613 | 0.053 | 0.830 | 0.830 |
| No origin vs. Foreign | 0.48 | <i>0.042</i> | 0.193 | 0.213 | 0.310 | 0.648 |
| Domestic vs. Foreign | 0.133 | 0.649 | 0.875 | 0.267 | 0.24 | 0.591 |
| <i>Scenario 2</i> | | | | | | |
| No origin vs. Domestic | 0.347 | 0.227 | 0.503 | 0.107 | 0.689 | 0.689 |
| No origin vs. Foreign | 0.613 | <i>0.026</i> | <i>0.092</i> | 0.667 | <i>0.005</i> | <i>0.029</i> |
| Domestic vs. Foreign | 0.267 | 0.379 | 0.613 | 0.56 | <i>0.025</i> | 0.105 |
| <i>Scenario 3</i> | | | | | | |
| No origin vs. Domestic | 0.24 | 0.360 | 0.864 | 0.08 | 0.733 | 0.990 |
| No origin vs. Foreign | 0.173 | 0.433 | 0.905 | 0.053 | 0.809 | 0.996 |
| Domestic vs. Foreign | 0.067 | 0.812 | 0.966 | 0.026 | 0.922 | 0.922 |

Significant p-values (<0.1) are emphasized.

Appendix 1: Survey instrument (translated from French – Not to be published – Available on the OSF page)

In the following, we present you three hypothetical and independent scenarios regarding three types of decisions in various non-governmental organizations. You are invited to carefully read each scenario and indicate its ethicality on a scale ranging from 1 (not ethical at all) to 7 (very ethical) by picking up the corresponding number. Please notice that there no right or wrong answer. We just would like to know your opinion on the presented situations.

(In the condition without any origin disclosure, participants did not have the mention of origin between brackets)

Ethical versions

A. Scenario 1: In order to be transparent, the [Algerian/European] association for research on cardiovascular pathologies (RACVP) located in Algiers has committed since the beginning of the year to release information on the origin and use of its donations on its website.

Please indicate the ethicality of this action by picking up the corresponding number. I think this action is:

| | | | | | | |
|--------------------|---|---|---|---|---|--------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Not ethical at all | | | | | | Very ethical |

B. Scenario 2: The [Algerian/European] association “Save the Child” located in Algiers implemented an external commission for the decisions regarding human resources in order to make sure that recruitment and wages are based on merit and not favoritism.

[Identical question on judging the ethicality of this action]

C. Scenario 3: In order to operate efficiently and impartially, the [Algerian/European] association for environmental protection (AEP) located in Algiers implemented a traceability system of invoice to avoid overcharging.

[Identical question on judging the ethicality of this action]

Unethical versions

A. Scenario 1: The [Algerian/European] association for research on cardiovascular pathologies (RACVP) located in Algiers obtained one million dinars (DZD 1 000 000) to finance a new research project. Only one third of the amount has been devoted to the research in question, the remaining two-thirds have been diverted for personal uses.

[Identical question on judging the ethicality of this action]

B. Scenario 2: The [Algerian/European] association “Save the Child” located in Algiers presented false invoices to public authorities in order to get more subsidies than the other associations.

[Identical question on judging the ethicality of this action]

C. Scenario 3: The [Algerian/European] association for environmental protection (AEP) located in Algiers promoted without merit an employee to the position of vice president. His/her wage is actually reaching 200 000 DZD/month.

[Identical question on judging the ethicality of this action]

D. Please, indicate the following information:

| | |
|--|---|
| <p>1. Age : ____years old</p> | <p>4. Income/month (DZD): a) < 30 000 <input type="checkbox"/> b) Between 30 000 and 80 000 <input type="checkbox"/> c) > 80 000 <input type="checkbox"/></p> |
| <p>2. Education level: Less than Bac <input type="checkbox"/> Bac + __years <input type="checkbox"/></p> | <p>5. You are: a student <input type="checkbox"/> Other <input type="checkbox"/></p> |
| <p>3. Gender : M. <input type="checkbox"/> F. <input type="checkbox"/></p> | |

Observations: _____