Corporate Irresponsibility:
A Multilevel and Dynamic Perspective

Von der Fakultät Wirtschaftswissenschaften
der Leuphana Universität Lüneburg zur Erlangung des Grades

Doktorin der Wirtschafts- und Sozialwissenschaften (Dr. rer. pol.)

genehmigte Dissertation von Jill Alexandra Küberling-Jost

geboren am 28.12.1984 in Hamburg

Eingereicht am: 09.05.2018

Mündliche Verteidigung (Disputation) am: 26.09.2018

Erstbetreuer und Erstgutachter: Prof. Dr. Markus Reihlen

Zweitgutachterin: Prof. Dr. Ursula Weisenfeld

Drittgutachter: Prof. Dr. Thomas Wrona

Die einzelnen Beiträge des kumulativen Dissertationsvorhabens sind oder werden wie folgt veröffentlicht:

Küberling-Jost, J.A. (2018). What do we know and what don´t we know about corporate irresponsibility? A review and research agenda. Manuskript eingereicht in: Journal of Business Economics.

Küberling-Jost, J.A. (2018). Paths of corporate irresponsibility: A dynamic process. Manuskript in der ersten Runde eines "revise and resubmit" in: Journal of Business Ethics.

Habersang, S., Küberling-Jost, J.A., Reihlen, M., Seckler, C. (2018). A process perspective on organizational failure: A qualitative meta-analysis. Journal of Management Studies. DOI: https://dx.doi.org/10.1111/joms.12341

Veröffentlichung des gesamten kumulativen Dissertationsvorhabens inkl. einer Zusammenfassung (Synopsis) unter dem Titel:
Corporate Irresponsibility: A Multilevel and Dynamic Perspective.

Veröffentlichungsjahr: 2018

Abstract

Over the last decades corporate irresponsibility has gained increasing interest among practitioners and researchers. Corporate irresponsibility is often the result of intentionally irresponsible strategies, decisions, or actions, which negatively affect an identifiable stakeholder or environment. For instance, these range from the violation of the human rights and labor standards to environmental damages. Organizations enacting irresponsible practices rely on different factors upon multiple levels (field, organizational, individual) and its interrelations as well as processes evolving within the organization leading to such behavior. However, reasons for the occurrence of and explanations for corporate irresponsibility so far have been limited, leaving a fragmented understanding of this phenomenon. This dissertation helps to improve the understanding and explanation of corporate irresponsibility by identifying driving patterns of corporate irresponsibility and showing how the interactions across multiple levels add to this phenomenon.

Chapter 1 provides an overview of the topic of corporate irresponsibility, the theoretical approaches of this dissertation and an introduction to the chapters. The second chapter offers a review and analysis of the corporate irresponsibility literature. The chapter presents a variance model outlining the concept, antecedents, moderators and outcomes of recent corporate irresponsibility literature as well as the different factors across levels (field, organizational, individual). Chapter 2 offers a critical analysis of what we know by referring to current literature and offers insights on what we don´t know by deriving main implications for future research on corporate irresponsibility. Chapter 3 enlarges the understanding of corporate irresponsibility introducing a process approach to explain how corporate irresponsibility evolves over time and under which conditions. Based on a qualitative meta-analysis findings converge around two distinct process paths of corporate irresponsibility, the *opportunistic-proactive*, and, the *emerging-reactive*, subdivided into three phases. Chapter 3 sheds different lights upon the phases of corporate irresponsibility and its underlying mechanisms. The final chapter 4 focuses on different underlying mechanisms driving the final downfall or demise of organizations, organizational failure. Chapter 4 offers an alternative explanation to the competing *"extremism"* and *"inertia"* mechanisms driving organizational failure in recent studies by suggesting that these explanations are rather complementary. In addition, chapter 4 enlarges the explanation of organizational failure identifying the role of *conflict* mechanisms and its interplay with *rigidity* mechanisms.

In sum, this dissertation contributes to a better understanding of what causes and increases corporate irresponsibility, and a better explanation of how and why corporate irresponsibility and organizational failure emerges, develops, grows or terminates over time. Hopefully all three articles motivate more research on this important topic to prevent such behavior in advance.

Zusammenfassung

In den letzten Jahrzehnten hat die Auseinandersetzung mit unternehmerischer Verantwortungslosigkeit bei Praktikern und Forschern zunehmend an Bedeutung gewonnen. Unternehmerische Verantwortungslosigkeit ist oft das Ergebnis bewusst unverantwortlicher Strategien, Entscheidungen oder Handlungen, die einen identifizierbaren Stakeholder oder die Umwelt negativ beeinflussen. Diese reichen beispielsweise von der Verletzung der Menschenrechte und Arbeitsstandards bis hin zu Umweltschäden. Organisationale unverantwortliche Praktiken entstehen auf Grund von multiplen Faktoren auf mehreren Ebenen (Feld, Organisation, Individuum) sowie ihren Zusammenhängen und auf Grund von Prozessen, die sich innerhalb der Organisation entwickeln. Die Gründe für das Auftreten und die Erklärung von unternehmerischer Verantwortungslosigkeit sind in der Literatur bisher jedoch begrenzt behandelt worden, so dass lediglich ein fragmentiertes Verständnis dieses Phänomens besteht. Diese Dissertation hilft das Verständnis und die Erklärung zu verbessern, indem sie Erklärungsmuster der unternehmerischen Verantwortungslosigkeit identifiziert und zeigt, wie die Interaktionen auf mehreren Ebenen zu diesem Phänomen beitragen.

Im Kapitel 1 wird ein Überblick über das Thema geschaffen sowie die theoretischen Ansätze dieser Dissertation und eine Einführung in die folgenden Kapitel dargelegt. Das zweite Kapitel beinhaltet ein Varianzmodell, das das Konzept, die Antezedenzien, Moderatoren und Ergebnisvariablen der Literatur zur unternehmerischen Verantwortungslosigkeit sowie die verschiedenen Faktoren auf allen Ebenen (Feld, Organisation, Individuum) beschreibt. Im Kapitel 2 wird kritisch analysiert „what we know“, unter Bezugnahme auf die aktuelle Literatur. Dabei wird das „what we don´t know“ behandelt, indem die wichtigsten Implikationen für die zukünftige Forschung über unternehmerische Verantwortungslosigkeit abgeleitet werden. In Kapitel 3 wird das Verständnis von unternehmerischer Verantwortungslosigkeit erweitert und der Prozessansatz eingeführt, der erklärt, wie sich unternehmerische Verantwortungslosigkeit im Laufe der Zeit und unter welchen Bedingungen entwickelt. Basierend auf einer qualitativen Meta-Analyse konvergieren die Ergebnisse um zwei unterschiedliche Prozesspfade der unternehmerischen Verantwortungslosigkeit, *„opportunistic-proactive“* und *„emerging-reactive“*, in drei Phasen unterteilt. Im abschließenden Kapitel 4 werden auf verschiedene zugrundeliegende Mechanismen, die das organisationale Scheitern durch vorangegangenes Fehlverhalten antreiben, beschrieben. Es wird eine alternative Erklärung für die konkurrierenden Mechanismen *"extremes Risikoverhalten"* und *"Trägheit"* dargelegt, die das organisationale Scheitern in der bestehenden Literatur erklärt. Darüber hinaus wird in Kapitel 4 das organisationale Scheitern durch die Identifikation und dem Aufzeigen des komplexen Wechselspiels, der Konflikt- und Rigidität-Mechanismen erklärt.

Zusammenfassend leistet diese Dissertation einen Beitrag zum besseren Verständnis der Ursachen und den verstärkenden Variablen von unternehmerischer Verantwortungslosigkeit. Sie bietet eine Erklärung wie und warum unternehmerische Verantwortungslosigkeit und organisationales Scheitern durch vorangegangenes Fehlverhalten im Laufe der Zeit entsteht, sich entwickelt, wächst oder endet. Hoffentlich motivieren alle drei Artikel zu mehr Forschung zu diesem wichtigen Thema, um ein solches Verhalten im Vorwege zu vermeiden.

Acknowledgements

Foremost, I would like to thank my supervisor Markus Reihlen for not only supporting my thesis with invaluable and constructive comments, but for inspiring me and encouraging me to stay in a reflexive mode and to not become path dependent. His guidance helped me navigate through my various research stages while writing my doctoral thesis and to create my own path. I also want to express my gratitude to Ursula Weisenfeld and Thomas Wrona for serving as members of my doctoral committee, thus contributing to create my future path.

A big thank you belongs to Regina Müller for holding together the whole department and always offering a direction that transformed challenges into solutions. I would like to thank my fellow PhD students and former PhD students for their valuable input and constructive comments. Special appreciation goes to Stefanie Habersang, Johann Bronstein and Christoph Seckler who offered an open door to engage in discussions, feedback loops, and just casual conversation. Completing this thesis would have not been possible without the whole ‘Flur’, who always found time for motivation with celebration. I would also like to thank the Leuphana University of Lüneburg, particularly the graduate school. They supported my research through counsel and generous funding, which enabled me to participate in national and international conferences.

Undertaking this doctoral thesis has been a great experience and it would not have been possible to accomplish without the help of the RespectResearchGroup. They greeted me with respect and provided a supportive environment where I could discuss my research. In this context I would like to express my special appreciation to my mentor Jutta Knopf, who provided me with wise and trusted guidance throughout my dissertation. A special mention also goes to Jenny Hillemann for her inspiration and constant motivation that went beyond my research.

Last but certainly not least, I would like to thank my family and friends for their patience, support, and time. My parent’s and in-laws, and my brother, with their endless help and contribution, enabled me to dedicate valuable time to the completion of this thesis. Words cannot express my gratitude. My deep appreciation belongs to my husband, Jan-Philipp, for his unconditional support, encouragement, and for ensuring me research time by taking over weekends and sleepless nights with our son.

Thank you!

Hamburg, May 2018, Jill A. Küberling-Jost

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Synopsis

Corporate irresponsibility is already receiving considerable attention in practice. A growing number of external stakeholders are using their influence to discover irresponsible practices and to force organizations towards more responsible behavior. The recent example of H&M burning unsold clothes, uncovered by a Danish reporter (2017), increased public awareness and resulted in a public scandal with falling stock prices for the organization. Studies on corporate irresponsibility contribute to an awareness of the concept among scholars and practitioners. However, studying corporate irresponsibility and how organizations might harm their stakeholders is still at an early stage of research (Lange and Washburn, 2012; Mena, Rintamäki, Fleming, and Spicer, 2016; Price and Sun, 2017; Whiteman and Cooper, 2016).

Organizations often engage in both responsible and irresponsible behavior (Jones, Bowd, and Tench, 2009; Kang, Germann, and Grewal, 2016; Muller and Kräussl, 2011). The two behaviors often refer to interdependent organizational actions. Responsible behavior, corporate social responsibility (CSR), consists of clearly defined and communicated policies and practices that reflect organizational obligations for the wider societal good (Bateman and Snell, 2002; Matten and Moon, 2008). Irresponsible behavior, or corporate irresponsibility, is the failure of organizations to act responsibly, which results in harming identifiable stakeholder wealth (Lange and Washburn, 2012; Strike, Gao, and Bansal, 2006). Scholars often claim, that studies on CSR still outweigh studies on corporate irresponsibility (Lange and Washburn, 2012; Pearce and Manz, 2011), which results in a lack of a thick understanding of corporate irresponsibility (Whiteman and Cooper, 2016).

To explain corporate irresponsibility, scholars argue that corporate irresponsibility is either initiated and carried out by individuals of the organization (Pinto, Leana, and Pil, 2008) or fostered by the irresponsible organization itself. Accordingly, one perspective in the literature exists with its focus on the micro level. Scholars following this perspective describe, for example, unethical leadership (Armstrong, 1977), unethical attributes of personal characteristics and influences of education on individuals (Bommer, Gratto, Gravander, and Tuttle, 1987; Carroll, 2000; Christensen, Mackey, and Whetten, 2014), and the influence of a high organizational attachment (Umphress and Bingham, 2011) as potential perpetrators of corporate irresponsibility. Such behavior, however, affects not only the individuals of the organization, but also the organization as a whole. In contrast to the micro level perspective, researchers also conducted studies on corporate irresponsibility at the meso level. Accordingly, scholars following this perspective describe its occurrence fostered by organizational factors, for example, the lack of clear corporate governance structures (Kotchen and Moon, 2012) and clear operational strategies (Armstrong and Green, 2013), as well as a manifested unethical working culture (Brass, Butterfield, and Skaggs, 1998). In addition, a few scholars outlined factors on the macro level, for instance, that low governmental monitoring and the lack of regulations offer organizations opportunities to act irresponsibly (Surroca, Tribó, and Zahra, 2012).

Although recent research has made considerable contributions to advance our understanding of corporate irresponsibility, it contains some fundamental problems. First, some studies already indicate that the phenomenon of corporate irresponsibility is still understudied (Lange and Washburn, 2012; Mena et al., 2016; Whiteman and Cooper, 2016). The explanations made are characterized by either the interdependency to CSR or leave a fragmented understanding of the comprehensive concept of corporate irresponsibility by leaving out its properties and dimensions (Whiteman and Cooper, 2016). Second, corporate irresponsibility, as most management problems, involves a multilevel phenomenon. A multilevel lens "reveals the richness of social behavior" (Hitt, Beamish, Jackson, and Mathieu, 2007, p. 1385). However, studies demonstrate a limited lens on corporate irresponsibility by examining it either on the micro, meso or macro level, thus neglecting to integrate the behavior of and relationships between individuals, groups, and organizations as well as the environment. This leaves an incomplete understanding of corporate irresponsibility (Granovetter, 2003; Jones, 1991; Trevino, 1992). Third, corporate irresponsibility in the literature tends to be explained as a cause-effect relation. Although this offers the conditions necessary to bring forth corporate irresponsibility (Poole, Van de Ven, Dooley, and Holmes, 2000; Van de Ven, 2007), it lacks a more complex and dynamic understanding (Hitt et al., 2007). A dynamic lens helps to identify and to link recurring underlying patterns to understand the "dynamic nature of processes" (Van de Ven, 2007, p. 159) of corporate irresponsibility.

In my dissertation, *Corporate Irresponsibility: A Multilevel and Dynamic Perspective*, I take these shortcomings as starting points and aim to determine what the antecedents, moderators, and consequences of corporate irresponsibility are, and how corporate irresponsible behavior emerges, develops, grows, or terminates over time. First, I provide a review and research agenda of corporate irresponsibility that underpins my research by critically reviewing concepts, antecedents, moderators, and consequences. Second, I empirically examine corporate irresponsibility to identify and specify how and under which conditions this phenomenon evolves over time. Doing so involves the concept of path dependence, which argues that past events impact future actions, thus, organizational actions are conceived as historically conditioned (Garud, Kumaraswamy, and Karnøe, 2010; Schreyögg and Sydow, 2011; Sydow, Schreyögg, and Koch, 2009) and result in two path processes being either path dependent or path creating. Third, on the basis of a qualitative meta-analysis, together with my co-authors Stefanie Habersang, Markus Reihlen, and Christoph Seckler, we identified organizational failure processes converging around four distinct archetypes, where each archetype can be explained by the interplay of distinct rigidity and conflict mechanisms either driving or hindering organizational changes leading to organizational failure.

This work contributes to the broader field of corporate irresponsibility mainly in three ways. First, it offers a critical analysis of the established theoretical positions corporate irresponsibility is based upon. The critical analysis draws on and synthesizes literature across multiple disciplines, and reveals a multilevel analysis on different research approaches to provide a more comprehensive understanding of corporate irresponsibility. Second, departing from the rather static approach of the review, I extend the theoretical framework with a processual and more interactional approach of corporate irresponsibility. The path processes offer new insights and broaden our understanding with the identified mechanisms and explanatory patterns across multiple levels of corporate irresponsibility leading to either path dependency or path creation. Third, we resolve some contradictions in the organizational failure process literature, which take either inertia or extremism as explanatory mechanisms, the identified process archetypes provide insights to move these competing concepts towards more complementary explanations. Additionally, the new insights advance the organizational failure process literature integrating an underexplored debate on rigidity and conflict as explanatory mechanisms.

The remainder of this synopsis proceeds as follows. I start to outline the fundamental theoretical and conceptual building blocks for this dissertation. For this purpose, I first introduce the basic ideas and perspectives of the concept of corporate irresponsibility. I then move on to review recent research on corporate irresponsibility and how it has been conducted in the literature by introducing a systemic approach. In the third part, I emphasize the importance of variance and process models for this research on corporate irresponsibility. I then offer an overview of the three papers and finalize with concluding remarks about the main contributions of this dissertation.

Corporate Irresponsibility

A Theoretical Perspective

Corporate irresponsibility comprises several facets reaching from practicing in 'grey zones' (Jackson et al., 2014), behaving intentionally or unintentionally irresponsibly (Blumberg and Lin-Hi, 2015), or incorporating and establishing bad practices (Martin, Bekmeier-Feuerhahn, Jochims, and Weisenfeld, 2014). In order to understand corporate irresponsibility for this dissertation, I start with a general definition and contrast corporate irresponsibility to CSR.

For the purpose of this study, I define corporate irresponsibility as an intentional organizational behavior violating generally accepted norms, standards and principles established in society, harming the general welfare of an identifiable social stakeholder (Blumberg and Lin-Hi, 2015; Brass et al., 1998; Donaldson, 2008; Matten and Moon, 2008). Generally accepted norms, standards, and principles in this work are based on the Universal Declaration of Human Rights of the United Nations (Mena et al., 2016). In addition, Strike et al. (2006) outline corporate irresponsibility when an organization destroys value, which refers to "fundamental preferences for outcomes or modes of existence" and are utilized as "a guide for making decisions" (Whetten, Rands, and Godfrey, 2002, p. 374). Values are generated with an organizational good, service or activity that satisfies a need or offers benefits contributing positively to the quality of life, knowledge and safety for an identifiable social stakeholder (Haksever, Chaganti, and Cook, 2004). An identifiable stakeholder may be employees, customers, suppliers, community groups, governments, stockholders, and institutional shareholders (McWilliams and Siegel, 2001). Corporate irresponsibility may result from an intentional strategy of an organization, decision, or action that negatively affects legitimate claims of social stakeholder in the long run (Strike et al., 2006).

Corporate irresponsibility is often discussed in the context of Corporate Social Responsibility. In addition to the outlined definition in the introduction, CSR refers to organizational behavior, "that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business" (Whetten et al., 2002, p. 374). More specifically, it involves that an organization (group of individuals) is held responsible for legal and moral issues as well as on social, environmental and economic dimensions (Weisenfeld, 2012). It is, however, difficult to define particularly social expectations and moral requirements, because they highly depend on the observer and may change in society over time

(Armstrong and Green, 2013; Matten and Moon, 2008). Thus, the Universal Declaration of Human Rights of the United Nations may implicate a base line for these issues. In sum, CSR exceeds organizational behavior in accordance to law, whereas it is not enough to just avoid 'being bad' (McWilliams and Siegel, 2001).

In a similar vein, it is often assumed in the literature that corporate irresponsibility and CSR can occur simultaneously, for example, when an organization is 'being bad' and 'being good' at the same time (Jones et al., 2009; Kang et al., 2016; Mishina, Dykes, Block, and Pollock, 2010; Muller and Kräussl, 2011). Being bad refers to organizational behavior following the shareholder model (see also Friedman, 1962), whereas being good refers to organizational behavior following the stakeholder model (see also Freeman, 1984). The aforementioned H&M example illustrates this. H&M was being bad in terms of burning clothes which is a cheap way of reducing stocks, while simultaneously being good in terms of producing more environmental friendly clothes to meet different stakeholder demands. Jones et al. (2009) identify in their study different areas of corporate irresponsibility and corporate social responsibility, and contrast them to each other with examples (see Table 1) (Murphy and Schlegelmilch, 2013). In addition, they introduce corporate irresponsibility and corporate social responsibility as competing behavior. This is in alignment with recent studies that organizations behave only responsibly, when effectively abstaining from irresponsible activities (Blumberg and Lin-Hi, 2015). To prove corporate irresponsibility, however, researchers and practitioners often face complex supply chains and lack full information (Whiteman and Cooper, 2016).

Table 1. Corporate irresponsibility – Corporate social responsibility areas and its examples

Areas	Corporate Irresponsibility	Corporate Social Responsibility
Environmental	Environmental degradation and pollution are inevitable and little if anything can or should be done	Environmental degradation and pollution are not inevitable, should not be tolerated and it is important to raise awareness and commit to action
Social	Minimal community consultation and involvement	Maximize opportunities for community consultation and involvement
	Social exclusion is an inevitable by-product of the operation of the market	Social inclusion helps to correct market inefficiencies
Economic	Employees are a resource to be exploited	Employees are a resource to be valued
	Failure to comply, or reluctant and only basic compliance with legislation pertaining to CSR	Compliance with, as well as policy and practical actions that go beyond the minimum legislative requirements for CSR
	New technologies should be developed and introduced to the market	New technologies should be developed, tested, evaluated and if harmless introduced to the market
	Governance of companies is best left to shareholders and management	Governance of companies involves shareholders, managers and a wide range of stakeholders including unions, works councils
	Profit is the sole purpose of business and should be achieved at any cost	Profit is one of many purposes of business and should be achieved, but not at any cost

Adapted from Jones et al. (2009) and Murphy and Schlegelmilch (2013)

These different approaches about the definition of corporate irresponsibility, however, outline the difficulty to fully examine corporate irresponsibility and to study corporate irresponsibility independent from corporate social responsibility. This results in an ongoing debate, particularly, about what leads to and how it leads to corporate irresponsibility. The following sections lay the ground work to tackle and to contribute to the debate in two ways. First, by introducing the systemic approach to integrate recent research on corporate irresponsibility for a broader view and, secondly, by taking a variance and process approach to outline the different kinds of questions and propositions when studying corporate irresponsibility. To put it in the words of Ashforth, Gioia, Robinson, and Trevino (2008, pp. 675) the following approaches help “to look across the system for a wide view” and “to look for an in-depth understanding for the deep view”.

An Integrated Perspective: Systemic Approach

Recent research investigates corporate irresponsibility merely from single perspectives, namely by looking at single actors (micro level), the organization itself (meso level) or environmental factors (macro level). The theoretical analysis in this dissertation consists of an extensive literature review of corporate irresponsibility, thus this paragraph outlines the problem in short. From a micro perspective, studies only consider individuals and their actions by taking society as a collection of individuals, which refers to individualism. Researchers considering the individualism perspective explain the occurrence of corporate irresponsibility by the influences of the top management or employees, for example, unethical leadership (Armstrong, 1977; Armstrong and Green, 2013) or unethical attributes of personal characteristics (Bommer et al., 1987; Carroll, 2000; Christensen et al., 2014).

In holism, on the other hand, researchers study the society as a whole and it can only be understood on its own level (Bunge, 1996, 2000). Researchers considering a holistic perspective explain corporate irresponsibility with structural factors, for example, through vaguely formulated codes of conduct or norms as a breeding ground for corporate irresponsibility (Brass et al., 1998). Consequently, individualism is a 'mere aggregate' leaving out social structure or interrelations and holism "a whole within which the individual is lost" (Bunge, 1996, p. 246) leaving out individual features (Reihlen, Klaas-Wissing, and Ringberg, 2007). These studies of corporate irresponsibility ignore, however, the interaction among individual actors and the organization as well as with the environment. The integration of individualism and holism helps to better explain and understand organizational and individual behavior (Reihlen et al., 2007). Furthermore, to fully explain the phenomenon of corporate irresponsibility it is useful to develop a more complex understanding by applying a multilevel lens to "build empirical bridges across levels" (Hitt et al., 2007, p. 1385).

To build empirical bridges across levels, I introduce the systemic approach, which is the center of the theoretical and empirical analysis of this dissertation. Systemism maintains the positive aspects of both individualism and holism. The systemism approach suggests that everything is a system or a component of such by explaining individual actions and the social context (Bunge, 1979, 1996, 2000; Reihlen et al., 2007). Furthermore, it allows to study the social system and its changing composition, environment, and structure as well as the individual embedded in the social system with their beliefs, actions, and interactions. Applying the systemism approach helps to avoid "pitfalls of tunnel vision" (Bunge, 1996, p. 266). In addition, it helps to integrate different disciplines, interdisciplinarity, when 'borrowing' from other disciplines' (Bunge, 1996, p. 267). For example, in the theoretical and empirical studies in this dissertation I look at environmental and organizational factors (e.g., organizational scholars) as well as the individuals (e.g., psychology scholars) embedded in the organization. This allows me to not only explain individual and structural features (Reihlen et al., 2007), but to understand which factors influence irresponsible behavior across levels.

In order to understand and to explain the interrelated parts between the micro, meso and macro level, it is helpful to identify its underlying mechanisms. Mechanisms entail the ‘cogs and wheels’ of explanation (Elster, 1989, p. 3) and allow a better understanding of “why something happens” (Martin, Weisenfeld, and Bekmeier-Feuerhahn, 2009, p. 118). This understanding is particularly important to explain organizational phenomenon, because organizations represent complex systems in which many agents interact with one another (Pascale, 1999). Mechanisms represent, for example, how these interactions transform into a collective outcome (Hedström and Swedberg, 1998), such as corporate irresponsibility. Furthermore, elements of an organization are interconnected with its common occurring patterns (Smith and Graetz, 2011).

In sum, it is the systemism approach that suggests integrating both meta-theoretical positions, individualism and holism, in order to understand the whole phenomenon of corporate irresponsibility. It aids in developing an understanding of corporate irresponsibility in this dissertation beyond the single level and to identify its underlying mechanisms on multiple levels. Furthermore, the systemism approach helps to overcome some of the shortcomings in recent corporate irresponsibility literature by integrating the individual, organizational and field level.

An Explanatory Perspective: Variance and Process Approaches

Although it is important to study corporate irresponsibility across levels, it is also important to advance the explanation and understanding of it by answering the questions ‘what’ leads to corporate irresponsibility and ‘how’ corporate irresponsibility emerges, develops, grows, or terminates over time (Van de Ven, 2007; Van de Ven and Poole, 2005). For this purpose, to operationalize research Van de Ven (2007) suggests two basic models: the variance and the process model. It is not possible, however, to collect or to analyze data without the use of theory (Wrona and Gunnesch, 2016). Models can mediate between theories and data in terms of function, representation, and learning (Morrison and Morgan, 1999). Furthermore, “the model’s representative power allows it to function not just instrumentally, but to teach us something about the things it represents” (Morrison and Morgan, 1999, p. 11).

The question of ‘what’ refers to the variance approach or ‘outcome-driven’ explanation which are built backward (Mohr, 1982; Poole et al., 2000; Van de Ven and Engleman, 2004). The variance approach is center of the theoretical analysis in this dissertation. A variance research model represents theory as a causal relationship among variables that are conducted and analyzed. Furthermore, it examines the sequential order of relationships of independent and dependent variables of corporate irresponsibility, and forms the causal relationship among important aspects or attributes of corporate irresponsibility. Variance models entail cause-effect relationships, in other words, ‘if-then’ propositions. The relationships are based on covariation or correlation, temporal precedence of the cause before the effect, and the absence of spurious factors confounding it (Van de Ven, 2007). To deal with spurious factors Van de Ven (2007) suggests adding mediating or moderating variables to the variance research model.

The question of ‘how’ refers to the process approach or ‘event-driven’ explanation (Pentland, 1999; Poole et al., 2000; Tsoukas, 2005), which is the central approach of the empirical studies in this dissertation. In addition, recent research on process studies suggests that it also answers the question of ‘why’ things emerge, develop, grow, or terminate over time (Langley, 2007; Langley, Smallman, Tsoukas, and Van de Ven, 2013). Event-driven explanations outline how a sequence of events leads to corporate irresponsibility. Thus, it forms an integrative development appreciating the sequential order in which the irresponsible events occur and represents the stages in the process at which the irresponsible events occur (Van de Ven, 2007). The process model accounts “the temporal connections among events, the different time scales in the same process, and the dynamic nature of processes” (Van de Ven, 2007, p. 159). The processual analysis, however, entails a method that allows to identify and to link recurring underlying patterns to understand the studied phenomena (Poole et al., 2000).

In sum, the variance and process approach are rather complementary, because answers of both questions are highly related to each other and both are important in order to understand the phenomenon of corporate irresponsibility. The underlying answer to the variance approach is the process approach, because when examining one variable leading to another variable naturally the question arises how this variable unfolds and exerts its influence on the other variable (Van de Ven, 2007). Thus, this requires to open the ‘black box’ between antecedents and outcomes by conducting the temporal sequence of events and identifying the underlying mechanisms (Martin et al., 2009). In the following section I will outline how I built upon this approach for a more fine grained understanding of how and under which conditions underlying mechanisms of corporate irresponsibility unfold over time.

Directions through my Work

The three articles of my dissertation build upon the preliminary approaches to offer new insights on the phenomenon by opening the ‘black box’ of corporate irresponsibility. In the first article of my dissertation, *What do we know and what don´t we know about corporate irresponsibility? A review and research agenda*, I critically analyze the concepts, antecedents, moderators and outcomes of recent corporate irresponsibility research, derive various research gaps in the literature and provide avenues for future research. I synthesize the findings on the field, organizational and individual level to outline the different factors across levels. The developed theoretical framework of corporate irresponsibility lays the groundwork of my dissertation. Although corporate irresponsibility has been examined from different disciplinary perspectives a clear and more integrative identification is necessary in order to study the concept of corporate irresponsibility to compare and accumulate previous research. Drawing on the variance approach (Van de Ven, 2007), I categorize the key findings in order to identify how specific factors influence or affect corporate irresponsibility and what results from it. Under these premises, I critically discuss what we know by referring to current literature and outline what we don´t know by deriving three main implications for future research on corporate irresponsibility. First, although scholars identified several factors leading to and affecting corporate irresponsibility, it remains unclear which of these are primary, secondary, or tertiary triggers. More specifically, recent research focuses rather on the micro and meso level as enhancers of corporate irresponsibility. Additional factors, for example, on the macro level receive less attention. Second, in order to understand the interrelations of the factors better and to arrive at a deeper level of corporate irresponsibility, I suggest that research needs to be more integrative, interactional, and processual (Ashforth et al., 2008). Third, a general assumption in the literature is that corporate irresponsibility depends on the observer, thus, following a more subjective view. Furthermore, this literature stream focuses on the subjective assessment of the perceiver (Lange and Washburn, 2012; Surroca et al., 2012). Based on this assumption future research may look into this challenge by how to measure corporate irresponsibility accordingly.

In the second article of my dissertation, *Paths of corporate irresponsibility: A dynamic process*, I address some of the outlined criticism and use a process approach on corporate irresponsibility. Corporate irresponsibility is an emergent phenomenon across multiple levels of analysis, which I conduct with a qualitative meta-analysis drawn from 20 published cases. Findings converge around two distinct process paths of corporate irresponsibility, the *opportunistic-proactive*, and, the *emerging-reactive*, subdivided into three phases. In particular, for each phase I identify self-reinforcing mechanisms explaining how corporate irresponsibility emerges, becomes public, and how organizations adapt afterwards. The path constitution analysis helps to explain the two process path (Schreyögg and Sydow, 2011; Sydow et al., 2009; Sydow, Windeler, Müller-Seitz, and Lange, 2012) as some of the organizations become either locked in the process path by engaging in a vicious cycle of surface route decoupling or break with the path by engaging in a virtuous cycle of deep-route detachment. Accordingly, the second article of my dissertation provides two main contributions. First, it arrives at a deeper level of corporate irresponsibility in understanding how this phenomenon evolves over time and under which conditions across the individual, organizational, and field level. Second, it introduces and specifies the two outlined cycles in the aftermath phase, thus, providing two distinct indicators for either becoming path-dependent or path creating. More specifically, the two cycles determine the turning point of the organization after the irresponsible disclosure.

In the third article, *A process perspective on organizational failure: A qualitative meta-analysis*, together with my co-authors, Stefanie Habersang, Markus Reihlen, and Christoph Seckler, we aim at advancing the organizational process literature moving from 'one model fits all' to four distinct process archetypes (*imperialist, laggard, villain, and politicized*) and explain the different underlying mechanisms. Furthermore, recent studies explain failure by either organizational inertia [e.g., the tendency of an organization to remain stable (see also Tripsas, 2009; Weitzel and Jonsson, 1989)] or organizational extremisms [e.g., the tendency of an organization to change radically (see also Heracleous and Werres, 2016)] to answer the questions how and why organizations fail (Josefy, Harrison, Sirmon, and Carnes, 2017; Mellahi and Wilkinson, 2010; Whetten, 1980). Our findings, however, suggest, that these competing explanations are rather complementary because the general patterns of these mechanisms include two distinct process archetypes (inertia: laggard and politicized vs. extremism: imperialist and villain) driven by different logics and mechanisms leading to the organizational downfall. In addition, this study identifies the role of conflict mechanisms and its interplay with the rigidity mechanism causing organizational failure. We outline different subtypes of this interplay to explain organizational failure processes in a more differentiated manner, because so far there has not been any systematic study about how different types of rigidity and conflict occur and how they interact in the process of organizational failure.

Table 2 summarizes the outlined three articles of my dissertation with regard to the publication status and journal.

Table 2. Article overview

Article	Title	Co-Authors	Journal	Status
1	What do we know and what don´t we know about corporate irresponsibility? A review and research agenda	n/a	Journal of Business Economics	Submitted
2	Paths of corporate irresponsibility: A dynamic process	n/a	Journal of Business Ethics	Revise & resubmit
3	A process perspective on organizational failure: A qualitative meta-analysis	Stefanie Habersang, Markus Reihlen, Christoph Seckler	Journal of Management Studies	Published

A more detailed overview of the publication status and conference contribution of the articles can be found in the appendix.

Concluding Remarks

The review of existing research on corporate irresponsibility revealed a number of shortcomings. I aim to address these in my dissertation by studying the concept of corporate irresponsibility with the different approaches. The first article contributes to the literature field of corporate irresponsibility by offering a theoretical framework across levels and identifying research gaps. It also lays the basis for this dissertation for an emerging understanding of corporate irresponsibility by critically analyzing recent work. The second article attempts to overcome some of these critics by using a process approach to explain how corporate irresponsibility evolves over time and under which conditions. This perspective sheds different lights upon the phases of corporate irresponsibility and its underlying mechanisms leading to either path dependency, path creation or even the demise of the organization. The third article builds upon the process approach and may be considered as an extreme consequence of corporate irresponsibility. Organizational failure entails the final downfall or demise defined by measurable propositions in terms of legal regulations (see also Josefy et al., 2017). In this article, together with my co-authors, we provide exceptional insights on the different underlying mechanisms driving organizational failure.

Furthermore, this dissertation contributes to the field of corporate irresponsibility in two ways. First, it offers a systemic approach to examine these phenomena across levels for a ‘wide view’ (Ashforth et al., 2008, p. 675). In particular, it shifts recent research from specialized subfields to a multilevel lens by interrelating and integrating different levels of analysis (individual, organizational, field). Second, this work develops a variance and a process model to study and explain corporate irresponsibility, which helps to answer the questions of “what causes what” and “how things develop and change over time” (Van de Ven, 2007, p. 146). Moreover, this helps to outline tensions and contradictions in driving patterns of either corporate irresponsibility or organizational failure by showing how the interactions across multiple levels add to each phenomenon (Langley et al., 2013).

In conclusion, I hope future research will also consider a systemic approach and process lens as helpful tools to investigate organizational phenomenon. Hopefully all three articles contribute to an emerging explanation and understanding of corporate irresponsibility and motivate more research on this important topic to prevent such behavior in advance.

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The synopsis continues with an appendix.

Appendix

Table A1. Author contributions, publication status, and conference presentations[a]

#	Title	Author Contributions	Publication Status	Conference Presentations
1	**What do we know and what don´t we know about corporate irresponsibility? A review and research agenda.**	JKJ (1.0) – single author	Submitted *Journal of Business Economics*	SBE 2015
2	**Paths of corporate irresponsibility: A dynamic process.**	JKJ (1.0) – single author	Revise & resubmit **Journal of Business Ethics**	ESU 2017 LCE 2018
3	**A process perspective on organizational failure: A qualitative meta-analysis.**	SHA (1/4) – authors contributed equally JKJ (1/4) – authors contributed equally MR (1/4) – authors contributed equally CHS (1/4) – authors contributed equally	Published **Journal of Management Studies**	JMS Paper Development Workshop 2016 SMS 2016 AoM 2016 AoM 2017 Leuphana Scholarly achievement Award 2017 WK Org 2018 VHB Fachtagung 2018
Additional publications (not included in this dissertation)				
5	**Nachhaltiger Konsum–Wie Unternehmen Verantwortung für die Nutzung und Anwendung ihrer Produkte übernehmen können.**	JKJ (1/2) – authors contributed equally MB (1/2) – authors contributed equally	Published in **uwf UmweltWirtschaftsForum**, 23(4), 307-314	German CSR Forum 2015

Explanations Table A1

Authors

MB = Dr. Marina Beermann
SHA = Stefanie Habersang
JH = Dr. Jenny Hillemann
JKJ = Jill Küberling-Jost
MR = Prof. Dr. Markus Reihlen
CHS = Dr. Christoph Seckler

Conferences and Awards

German CSR Forum 2015	“Sustainable Life (at Home)”, paper presentation at Academic CSR Summit @ German CSR Forum, 21st of April 2015, Ludwigsburg, Germany. (JKJ, MB)
SBE 2015	“Influential Factors of Corporate Irresponsibility: Towards an Integrated Framework”, poster presentation at Society for Business Ethics Annual Conference, 6th – 9th of August 2015, Vancouver, BC, Canada. (JKJ)
JMS Paper Development Workshop 2016	“A Process View on Organizational Failure: A Qualitative Meta-Analysis”, paper presentation at Journal of Management Studies Paper Development Workshop, 5th – 7th of May 2016, Knoxville, USA. (SHA, JKJ, MR, CHS)
AoM 2016	“A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis” 76th Annual Meeting of the Academy of Management, 5th – 8th of August 2016, Los Angeles, USA. (SHA, JKJ, MR, CHS)
International CSR Conference 2016	“The MNE as an Orchestrator of CSR Activities - An Internalization Theory Perspective”, paper presentation at the 7th International CSR Conference, 14th – 16th of September 2016, Berlin, Germany. (JKJ, JH)
International CSR Conference 2016	“Local, Regional and Global CSR Activities in International Value Chains - The Role of Family versus Non-Family Firms“, paper presentation at the 7th International CSR Conference, 14th – 16th of September 2016, Berlin, Germany. (JH, JKJ)
SMS 2016	“A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis”, paper presentation at the Strategic Management Society 36th Annual Conference, 17th – 20th of September 2016, Berlin, Germany. (SHA, JKJ, MR, CHS)
AoM 2017	“A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis”, paper presentation 77th Annual Meeting of the Academy of Management, 5th – 8th of August 2017, Atlanta, USA. (SHA, JKJ, MR, CHS)
ESU 2017	“Paths of Corporate irresponsibility: A Dynamic Process”, paper presentation at 14th European University Network on Entrepreneurship Conference, 4th – 9th of September, 2017, Lüneburg, Germany. (JKJ)

Explanations Table A1 *(Contd.)*

Leuphana Scholarly achievement award 2017	"A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis" Conference presentation awarded with the scholarly achievement award at Leuphana University Lüneburg in the category "Outstanding Conference Presentation", October 2017. (SHA, JKJ, MR, CHS)
LCE 2018	"Paths of Corporate irresponsibility: A Dynamic Process", paper presentation at 8th Leuphana Conference on Entrepreneurship, 18th – 20th of January 2018, Lüneburg, Germany. (JKJ)
WK Org 2018	"A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis", paper presentation at 42nd Workshop of Wissenschaftlichen Kommission "Organisation" (WK Org) of "Verband der Hochschullehrer der Betriebswirtschaft" (VHB), 15th – 16th of February 2018, Hamburg, Germany. (SHA, JKJ, MR, CHS)
VHB Fachtagung 2018	"A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis" paper accepted at 80th VHB-Pfingsttagung of the "Verband der Hochschullehrer der Betriebswirtschaft" (VHB), 23rd – 25th of May 2018, Magdeburg, Germany. (SHA, JKJ, MR, CHS)

What Do We Know and What Don´t We Know
About Corporate Irresponsibility?
A Review and Research Agenda

Acknowledgements

I am grateful to Markus Reihlen, Stefanie Habersang, Christoph Seckler, Sünje von Helldorff and Jenny Hillemann for their helpful comments on earlier versions of this article. This article was presented at the Society for Business Ethics Annual Conference, in Vancouver, BC, Canada. I thank the conference participants for their invaluable comments on this article.

Abstract

Over the last decades corporate irresponsibility has gained increasing interest among practitioners and researchers. Based on a systematic literature review, I critically review the concepts, antecedents, moderators and outcomes of recent corporate irresponsibility research. I further synthesize the findings and develop a theoretical framework of corporate irresponsibility by specifying and interlinking the concepts, antecedents, moderators and outcomes from the management, business ethics and psychology literature both from an organizational and an individual perspective. Based on the extant state of knowledge in this field, I identify various research gaps in the corporate irresponsibility literature and provide implications as well as an integrated corporate irresponsibility research agenda for management researchers.

Keywords: corporate irresponsibility; antecedents of corporate irresponsibility; outcomes of corporate irresponsibility

Introduction

Why do some organizations behave irresponsibly? What increases the likelihood of corporate irresponsibility? Since the emission scandal of Volkswagen in the United States went public in 2015, the whole industry has been associated with irresponsible behavior. The attention to such behavior is not only present in the media, but also discussed in academic literature. Scholars describe irresponsible behavior as non-compliance with applicable laws and ethical standards, with negative effects on stakeholder's social wealth (Blumberg and Lin-Hi, 2015; Chiu and Sharfman, 2016; Jones, Bowd, and Tench, 2009; Lin-Hi and Müller, 2013; Strike, Gao, and Bansal, 2006; Windsor, 2013). For instance, these range from the violation of human rights and labor standards (Nike sweatshops), to environmental damages (BP oil spill) and to corruption (Siemens bribery as business strategy). Such behavior increases externalized costs to society (Kotchen and Moon, 2012), imposes costs on single stakeholders (Blumberg and Lin-Hi, 2015; Branco and Delgado, 2012) and promotes distributional conflict (Kotchen and Moon, 2012). The manipulation scandal of Volkswagen is perceived as unethical and violates the environmental laws of the United States. This irresponsible behavior has provoked multiple lawsuits and has cost Volkswagen in the United States alone already more than USD 30 billion (November 2017), apart from its worldwide reputational loss.

So far scholars have identified reasons for corporate irresponsibility from three different perspectives. First, from the individual level corporate irresponsible behavior occurs because of unethical decisions of management (Armstrong and Green, 2013; Pearce and Manz, 2011) and management taking the stockholder role (Armstrong, 1977; Jones et al., 2009). Second, the reason for corporate irresponsibility lies in the organization focusing on short-term earnings (Langevoort, 2002), lacking clear corporate governance structures (Kotchen and Moon, 2012), and an irresponsible working environment (Zahra, Priem, and Rasheed, 2005) leading to a collective irresponsible behavior. Third, environmental influences affect the organization and increase the likelihood of such behavior because of prevailing norms and values in the industry (Strike et al., 2006), the dynamism and heterogeneity in certain industries (Baucus, 1988; Baucus and Near, 1991) as well as the impact of stakeholders driven by instrumental, relational, and immoral motives (Aguilera, Rupp, Williams, and Ganapathi, 2007).

Despite the practical and theoretical relevance of corporate irresponsibility, no comprehensive review of corporate irresponsibility has been published so far. A few unifying theoretical approaches on corporate irresponsibility have emerged, leaving a fragmented understanding of the concept of corporate irresponsibility and the reasons for its occurrence. As scholars have argued, neither the perspective of individuals nor the view of organizational variables in isolation adequately explains unethical behavior (Granovetter, 2003; Jones, 1991; Trevino, 1992) and both leave an incomplete understanding of corporate irresponsibility (Hitt, Beamish, Jackson, and Mathieu, 2007; Whiteman and Cooper, 2016). Research into the concept of corporate irresponsibility and the reasons for its occurrence (Armstrong and Green, 2013; Chiu and Sharfman, 2016; Jones et al., 2009; Lange and Washburn, 2012; McMahon, 1999; Mena, Rintamäki, Fleming, and Spicer, 2016; Zahra et al., 2005) reveal widely different properties and dimensions.

In this study I outline the current debate on corporate irresponsibility by conducting a literature review on the concept of corporate irresponsibility, the main reasons for its occurrence as well as the outcomes of corporate irresponsible behavior. To conduct the literature review, I focus on the extant status of studies published in the management, psychology and business ethics literature. More specifically, I focus on the definitions, characteristics and the dimensions of corporate irresponsibility as well as the factors increasing the likelihood of and affecting corporate irresponsibility including the outcomes of irresponsible organizations. Building on the insights gained from research into the concept as well as the framework of corporate irresponsibility, I conclude with a critical analysis and outline potential directions for future research to advance the state of corporate irresponsibility research.

The study contributes to the literature of corporate irresponsibility in two ways. First, by drawing on and synthesizing literature on corporate irresponsibility across multiple disciplines, this study offers a comprehensive theoretical framework of corporate irresponsibility and outlines what we know about corporate irresponsibility. This helps to better understand reasons for corporate irresponsibility on its different levels and interrelations and may help to close the gap between what we know and what we do not know about corporate irresponsibility. Second, by conducting a multilevel analysis on different research approaches and critically analyzing extant literature, I outline potential avenues for future research on corporate irresponsibility.

In the following sections I define the concept of corporate irresponsibility and introduce extant research in management, psychology and business ethics literature. I then elaborate on the method of this review and present an integrative conceptual framework and detailed findings of antecedents, moderators and outcomes of corporate irresponsibility. I conclude by discussing the findings and offering potential avenues for future research.

Concept: What Do We Know About Corporate Irresponsibility?

Definition of Corporate Irresponsibility

Studies on corporate irresponsibility differ in their levels and views. Organizations are embedded in environments with complex contingencies and are studied by scholars with different disciplinary backgrounds and different perspectives on understanding corporate irresponsibility. As a result, corporate irresponsibility is vaguely defined and this hinders building cumulative knowledge. However, a clear and more integrative definition is necessary in order to study the concept of corporate irresponsibility and to compare and accumulate previous research.

Building on established business ethics definitions of corporate irresponsibility (Blumberg and Lin-Hi, 2015; Donaldson, 2008) and work in management (Brass, Butterfield, and Skaggs, 1998; Matten and Moon, 2008), I define corporate irresponsibility as a collective, intentional behavior by an organization that violates generally accepted norms, standards and principles in society, and harms or disadvantages an identifiable stakeholder or the natural environment. Generally accepted norms, standards and principles may be disputed due to different ethical codes. Donaldson and Dunfee (1994) suggest in this context the Universal Declaration of Human Rights (UDHR) of the United Nations, which I propose as the bottom line of corporate irresponsibility. This definition is close to that of Greve, Palmer, and Pozner (2010, p. 56), who define organizational misconduct as a “behavior in or by an organization that a social-control agent judges to transgress a line separating right from wrong; where such a line can separate legal, ethical, and socially responsible behavior from their antithesis”.

Corporate irresponsibility has also been a topic in the corruption literature (Keig, Brouthers, and Marshall, 2015; Lindgreen, 2004; Pinto, Leana, and Pil, 2008; Putrevu, McGuire, Siegel, and Smith, 2012). Corruption entails the abuse of entrusted power for personal gain (Keig et al., 2015; Lindgreen, 2004), including bribes, fraud, blackmailing, and protection money (Lindgreen, 2004). Personal gain from corruption may be tangible, such as financial bonuses, or intangible, such as gaining power over others (Pinto et al., 2008). Intangible outcomes are also considered as unethical behavior in the corruption literature. Corrupt behavior often overlaps with related notions (Ashforth, Gioia, Robinson, and Trevino, 2008) and is often implicitly examined by works studying “a host of allied concepts” (Pinto et al., 2008, p. 687). Yet, studies on corruption and corporate irresponsibility have one common denominator, that such behavior is conducted by employees and the top management and benefits the organization, its owners and shareholders (Lindgreen, 2004; Pinto et al., 2008). For the purpose of this study, I consider corruption as a part of corporate irresponsibility and focus on the corporate irresponsibility literature.

Although there are differences in corporate irresponsibility research, common elements of the definition are reflected in the literature (Blumberg and Lin-Hi, 2015; Kaptein, 2008; Lin-Hi and Müller, 2013; Umphress and Bingham, 2011; Windsor, 2012). The term is extended by Graham, Ziegert, and Capitano (2015), who argue that such behavior goes beyond organizational norms and concerns to committing an action incompatible with larger societal norms. The organization fails in filling the larger social role (Kaptein, 2008; Murphy and Schlegelmilch, 2013; Pearce and Manz, 2011) when it creates significant uncertainty among stakeholders (Mena et al., 2016; Shrivastava, Mitroff, Miller, and Miclani, 1988). In a similar vein, some scholars consider and measure corporate irresponsibility as the reflection of organizational actions that deliberately violate specific external social responsibility standards in areas such as natural environment, employee relations, human rights, and community relations (Keig et al., 2015; Strike et al., 2006).

Following Donaldson and Dunfee (1994), these violations are assessed in terms of law or widely held social norms. In other words, these violations refer to engagement in ethical 'grey areas', where actions are likely to be deemed as being socially irresponsible and often later result in public scandal (Jackson et al., 2014; Jackson, 1998). By contrast, Kaptein (2008, p. 980) argues that "noncompliance, unethical behavior is not limited to violations of official and explicit standards, rules and laws, but includes violations of informal and implicit norms". Besides the 'grey area' behavior of organizations, a growing body of literature suggests that 'window-dressing behavior' (see also concept of greenwashing) is another form of corporate irresponsibility. 'Window-dressing behavior' purports to care for the interests of many stakeholders while hiding the true intention of furthering the interests of only one stakeholder group (Greenwood, 2007; Surroca, Tribó, and Zahra, 2012). However, unethical behavior does not necessarily bring or intend to bring harm (Kaptein, 2008).

This leads to a distinction in the literature between intentional and unintentional corporate irresponsibility. Intentional corporate irresponsible behavior is the deliberate performing of actions harming others with the objective to gain a benefit, either personally or monetary (Carroll, 2000; Lin-Hi and Müller, 2013). For example, intentional irresponsible behavior would be a violation of standards along the supply chain (e.g., unfair working conditions for employees and suppliers, child labor, forced labor), the violation of antitrust laws (e.g., price-fixing, insider trading), the violation of governmental regulatory standards (e.g., insufficient work safety, tax fraud, false advertisement), or the damage of the natural environment and communities (e.g., pollution, devaluing properties). In addition, Harting, Harmeling, and Venkataraman (2006) give the example of an intentional irresponsible practice of an organization disposing of environmental waste. The polluter knew through experience how much leakage would be tolerated and compared it to the cost of reducing this externality inflicted on the community.

Unintentional corporate irresponsible behavior is not carried out deliberately but is instead an 'unanticipated by-product' (Lin-Hi and Müller, 2013), for example, unforeseen contingencies (e.g., oil spill). Carroll (2000) maintains that managers acting unintentionally do not perceive who might be hurt by their actions and do not even take ethical considerations into account when making a decision. However, Jones et al. (2009) demonstrate that corporate irresponsibility entails the reactive addressing of corporate issues (as opposed to proactive corporate social responsible behavior). In this context the reactive addressing includes both intentional and unintentional irresponsible behavior.

Scholars also show important links between corporate irresponsible behavior and management behavior. For example, Armstrong and Green (2013, p. 1922) define corporate irresponsibility as the "harmful actions that managers would be unwilling to undertake acting for themselves, or that a reasonable person would expect to cause substantive net harm when all parties are considered". At the bottom line irresponsible managers do not act in a responsible-neutral manner (Greenwood, 2007). Accordingly, recent scholars show that corporate irresponsibility is unethical executive behavior with disregard to the welfare of others by seeking personal gain and imposing costs on internal and external stakeholders, shareholders, and even society at large (Blumberg and Lin-Hi, 2015; Pearce and Manz, 2011; Windsor, 2012). In a similar vein, Carroll (2000) classifies corporate irresponsibility as a selfish motive of the management, driven by self-interest and caring only about themselves or the organization's gains. Specifically, by seeing legal standards only as a barrier to be overcome the objective of managers acting irresponsibly is profitability and success at any price. This motivation leads to an abuse of the power of the managers' role (Armstrong, 1977; Blumberg and Lin-Hi, 2015) and is the primary influence in making unethical decisions (Armstrong and Green, 2013).

A finding in the corporate irresponsibility field is that such behavior often does lead to a short-term competitive advantage (Harting et al., 2006) and short-term profits (Blumberg and Lin-Hi, 2015; Windsor, 2012). By contrast, recent scholars show that employees may respond with strong emotions and behaviors to corporate irresponsibility "due to the close link of immorality and injustice" (Aguilera et al., 2007, p. 843). This in turn might exceed any short-term advantages (Aguilera et al., 2007; Armstrong and Green, 2013; Lin-Hi and Müller, 2013). As a result, a manager has to decide whether to increase short-term profits or long-term profits, with the correspondent consequences. Consistent with this reasoning, Windsor (2012) argues that an organization can choose to increase profits either by innovation or by reducing the welfare of others or it can shift welfare outcomes among stakeholders, holding shareholder wealth constant. Consequently, studies demonstrate that corporate irresponsibility refers to actions that negatively affects the long-term interests of an identifiable social stakeholder's legitimate claims (Chiu and Sharfman, 2016; Greenwood, 2007; Pearce and Manz, 2011; Strike et al., 2006). I will outline the consequences of corporate irresponsibility in more detail in the next section of the framework.

Method

An analytical review scheme is necessary for systematically reviewing and synthesizing the extant literature (Crossan and Apaydin, 2010; Ginsberg and Venkatraman, 1985). Furthermore, a review of the literature helps to manage the diversity of knowledge by informing policymaking and practice in any discipline (Tranfield, Denyer, and Smart, 2003). This literature review focuses on the findings of current studies by integrating and generalizing factors of corporate irresponsibility across units and settings to present a comprehensive understanding of corporate irresponsibility in a multilevel framework (Cooper, 1988). I conducted four steps to examine the literature review: data collection, inclusion/exclusion criteria, data analysis, and synthesis.

Data collection. The relevant keywords were derived from a comprehensive understanding of corporate irresponsibility on its dimensions, definitions, and characteristics to broaden the scope of this study and overcome subjective collection of the data (Crossan and Apaydin, 2010). Following Blumberg and Lin-Hi (2015), among others, corporate irresponsibility is characterized by unethical, immoral behavior of organizations. A search for the keywords on the organizational level and on the individual level was conducted to include not only organizational studies but also studies from the psychology literature. Thus, the search for the keywords included: 'corporate irresponsibility', 'organizational irresponsibility', 'immoral organization', and, 'unethical organization' and 'irresponsible manager', 'immoral manager', 'unethical manager' in the title or abstract and the full text length by using the databases EBSCO, Web of Science, Wilsey, and Science Direct. In addition I used the search engine Google Scholar to cross check for potential missing articles. I conducted the search in order to identify articles discussing the concept, antecedents, moderators and outcomes of corporate irresponsibility. This step resulted in a list of 216 articles between the years 1997 and 2017. The debate of corporate irresponsibility started with the ground work of Armstrong (1977).

Inclusion/exclusion criteria. The articles generated by this search were reviewed by eliminating those in which corporate irresponsibility was not the central idea discussed. Finance and accounting literature mostly focused on irresponsible behavior in relation to tax avoidance (e.g., Davidson & Worrel, 1988; Dyck, Morse, & Zingales, 2010; Hoi, Wu, & Zhang, 2013; Parker, 2005; Sarre, Doig, & Fiedler, 2001) while studies of law only analyzed the legal rights of organizations (e.g., Harris Jr, 1955; Kramer, 1978; Lord, 1986; McClain, 1994; Moohr, 2003) to examine corporate irresponsibility. I chose to limit this review to relevant management, psychology and business ethics journals based on journal quality and ranking (Podsakoff, Mackenzie, Bachrach, and Podsakoff, 2005). The list is limited to top tier journals because these can be considered as validated knowledge with high impact in the field (Podsakoff et al., 2005) (see Table I). Finally, I supplemented the list with frequently cited and leading articles that did not appear in the database search, but which are recognized and cited by corporate irresponsibility scholars. The dataset resulted in a list of 57 articles between the years 1977 and 2017 (see Figure 1) and are summarized in Table II. This list was then set for the analysis and synthesis.

Table I. Overview of included Journals

Journal	Ranking
Academy of Management Journal	A+
Academy of Management Review	A+
British Journal of Management	B
Business & Society	B
Business and Professional Ethics Journal	not rated
Business Ethics Quarterly	B
Geo. Wash. L. Rev.	not rated
International Journal of Politics, Culture, and Society	not rated
Journal of Business Ethics	B
Journal of Business Research	B
Journal of International Business Studies	A
Journal of Management	A
Journal of Public Affairs	not rated
Organization Science	A+
Review of General Psychology	not rated
Social Responsibility Journal	not rated
Socio-Economic Review	B
Strategic Management Journal	A
The Academy of Management Perspectives	B
The B.E. Journal of Economic Analysis & Policy	not rated

Based on the VHB-JOURQUAL3 Rating (retrieved: 10th of September 2018)

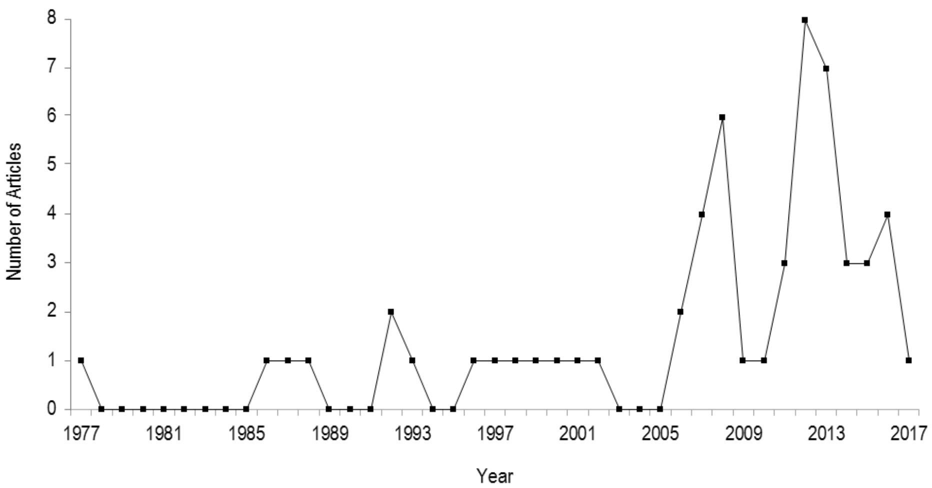

Figure 1. Number of articles by year

Table II. Overview of identified Literature

No	Authors	Year	Title	Journal/Book
1	Aguilera, R. V. and Vadera, A. K.	2008	The dark side of authority: Antecedents, mechanisms, and outcomes of organizational corruption	Journal of Business Ethics
2	Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J.	2007	Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations.	Academy of Management Review
3	Antonetti, P., & Maklan, S.	2016	Social identification and corporate irresponsibility: A model of stakeholder punitive intentions.	British Journal of Management
4	Antonetti, P., & Maklan, S.	2016	An extended model of moral outrage at corporate social irresponsibility.	Journal of Business Ethics
5	Armstrong, J. S	1977	Social irresponsibility in management	Journal of Business Research
6	Armstrong, J. S., & Green, K. C.	2013	Effects of corporate social responsibility and irresponsibility policies.	Journal of Business Research
7	Ashforth, B. E., Gioia, D. A., Robinson, S. L. and Trevino, L. K.	2008	Re-viewing organizational corruption	Academy of Management Review
8	Blumberg, I. & Lin-Hi, N.	2015	Business Case-Driven Management of CSR: Does Managers´"Cherry Picking" Behavior Foster Irresponsible Business Practices?	Business and Professional Ethics Journal
9	Bommer, M., Gratto, C., Gravander, J., & Tuttle, M.	1987	A behavioral model of ethical and unethical decision making.	Journal of Business Ethics
10	Branco, M. C. and Delgado, C.	2012	Business, social responsibility, and corruption	Journal of Public Affairs
11	Brass, D. J., Butterfield, K. D., & Skaggs, B. C.	1998	Relationships and unethical behavior: A social network perspective	Academy of Management Review
12	Brief, A. P., Buttram, R. T. and Dukerich, J. M.	2001	Collective corruption in the corporate world: Toward a process model	In Turner, M. E. (Ed), Groups at work: Theory and research, Mahwah, NJ: Lawrence Erlbaum
13	Cai, Y., Jo, H., & Pan, C.	2012	Doing well while doing bad? CSR in controversial industry sectors.	Journal of Business Ethics
14	Carroll, A. B.	2000	Ethical challenges for business in the new millennium: Corporate social responsibility and models of management morality.	Business Ethics Quarterly
15	Chiu, S. C., & Sharfman, M.	2016	Corporate social irresponsibility and executive succession: An empirical examination.	Journal of Business Ethics
16	Christensen, L. J., Mackey, A., Whetten, D.	2014	Taking responsibility for corporate social responsibility: The role of leaders in creating, implementing, sustaining, or avoiding socially responsible firm behaviors	The Academy of Management Perspectives
17	Frooman, J.	1997	Socially irresponsible and illegal behavior and shareholder wealth A meta-analysis of event studies.	Business & Society
18	Graham, K. A., Ziegert, H. C., Capitano, J.	2015	The Effect of Leadership Style, Framing, and Promotion Regulatory Focus on Unethical Pro-Organizational Behavior	Journal of Business Ethics
19	Grappi, S., Romani, S., & Bagozzi, R. P.	2013	Consumer response to corporate irresponsible behavior: Moral emotions and virtues.	Journal of Business Research

Table II. Overview of identified Literature *(Contd.)*

No	Authors	Year	Title	Journal/Book
20	Greenwood, M.	2007	Stakeholder engagement: Beyond the myth of corporate responsibility.	Journal of Business Ethics
21	Harting, T. R., Harmeling, S. S., & Venkataraman, S.	2006	Innovative stakeholder relations: when" ethics pays"(and when it doesn't).	Business Ethics Quarterly
22	Jackall, R.	1988	Moral mazes: The world of corporate managers.	International Journal of Politics, Culture, and Society
23	Jackson, G., Brammer, S., Karpoff, J. M., ... & Deephouse, D. L.	2014	Grey areas: irresponsible corporations and reputational dynamics.	Socio-Economic Review
24	Jones, B., Bowd, R., & Tench, R.	2009	Corporate irresponsibility and corporate social responsibility: competing realities.	Social Responsibility Journal
25	Jones, G. E., & Kavanagh, M. J.	1996	An experimental examination of the effects of individual and situational factors on unethical behavioral intentions in the workplace.	Journal of Business Ethics
26	Kaptein, M.	2008	Developing a measure of unethical behavior in the workplace: A stakeholder perspective.	Journal of Management
27	Keig, D. L., Brouthers, L. E. and Marshall, V. B.	2015	Formal and informal corruption environments and multinational enterprise social irresponsibility.	Journal of Management
28	Kotchen, M., & Moon, J. J.	2012	Corporate social responsibility for irresponsibility.	The B.E. Journal of Economic Analysis & Policy
29	Kulik, B. W., O'Fallon, M. J., & Salimath, M. S.	2008	Do competitive environments lead to the rise and spread of unethical behavior? Parallels from Enron	Journal of Business Ethics
30	Lange, D., & Washburn, N. T.	2012	Understanding attributions of corporate social irresponsibility	Academy of Management Review
31	Langevoort, D. C.	2002	Organizational psychology of hyper-competition: Corporate irresponsibility and the lessons of Enron	Geo. Wash. L. Rev.
32	Lindgreen, A.	2004	Corruption and unethical behavior: Report on a set of Danish guidelines	Journal of Business Ethics
33	Lin-Hi, N. & Müller, K.	2013	The CSR bottom line: Preventing corporate social irresponsibility.	Journal of Business Research
34	Matten, D., & Moon, J.	2008	"Implicit" and "explicit" CSR: a conceptual framework for a comparative understanding of corporate social responsibility.	Academy of Management Review
35	McMahon, T. F.	1999	From social irresponsibility to social responsiveness: The Chrysler/Kenosha plant closing.	Journal of Business Ethics
36	Mena, S., Rintamäki, J., Fleming, P., & Spicer, A.	2016	On the forgetting of corporate irresponsibility	Academy of Management Review
37	Moore, C.	2008	Moral disengagement in processes of organizational corruption	Journal of Business Ethics
38	Muller, A., & Kräussl, R.	2011	Doing good deeds in times of need: A strategic perspective on corporate disaster donations.	Strategic Management Journal

Table II. Overview of identified Literature *(Contd.)*

No	Authors	Year	Title	Journal/Book
39	Murphy, P. E., & Schlegelmilch, B.B.	2013	Corporate social responsibility and corporate social irresponsibility: Introduction to a special topic section.	Journal of Business Research
40	Pearce, C. L., & Manz, C. C.	2011	Leadership centrality and corporate social ir-responsibility (CSIR): The potential ameliorating effects of self and shared leadership on CSIR.	Journal of Business Ethics
41	Pearce, C. L., Wassenaar, C. L., & Manz, C. C.	2014	Is shared leadership the key to responsible leadership?	The Academy of Management Perspectives
42	Pinto, Jonathan, Carrie R. Leana, and Frits K. Pil	2008	Corrupt organizations or organizations of corrupt individuals? Two types of organization-level corruption.	Academy of Management Review
43	Putrevu, S., McGuire, J., Siegel, D. S. and Smith, D. M.	2012	Corporate social responsibility, irresponsibility, and corruption: Introduction to the special section	Journal of Business Research
44	Sims, R. R.	1992	Linking groupthink to unethical behavior in organizations.	Journal of Business Ethics
45	Strike, V. M., Gao, J., & Bansal, P.	2006	Being good while being bad: Social responsibility and the international diversification of US firms.	Journal of International Business Studies
46	Sullivan, Bilian Ni, Pamela Haunschild, and Karen Page.	2007	Organizations Non Gratae? The Impact of Unethical Corporate Acts on Interorganizational Networks.	Organization Science
47	Surroca, J., TribÓ, J., & Zahra, S.	2012	Stakeholder pressure on MNEs and the transfer of socially irresponsible practices to subsidiaries	Academy of Management Journal
48	Sweetin, V. H., Knowles, L. L., Summey, J. H., & McQueen, K. S.	2013	Willingness-to-punish the corporate brand for corporate social irresponsibility.	Journal of Business Research
49	Tsang, J. A.	2002	Moral rationalization and the integration of situational factors and psychological processes in immoral behavior.	Review of General Psychology
50	Umphress, E. E., & Bingham, J. B.	2011	When employees do bad things for good reasons: Examining unethical pro-organizational behaviors.	Organization Science
51	Wahn, J.	1993	Formal and Informal Corruption Environments and Multinational Enterprise Social Irresponsibility	Journal of Business Ethics
52	White, L. P., & Rhodeback, M. J.	1992	Ethical dilemmas in organization development: A cross-cultural analysis.	Journal of Business Ethics
53	Williams, C. A., & Aguilera, R. V.	2008	Corporate social responsibility in a comparative perspective.	In A. Crane, A. M., D. Matten, J. Moon, & D. S. Siegel (Ed), Oxford Handbook of Corporate Social Responsibility
54	Windsor, D.	2013	Corporate social responsibility and irresponsibility: A positive theory approach.	Journal of Business Research
55	Windsor, D.	2012	Toward a General Theory of Responsibility and Irresponsibility.	Paper presented at the Proceedings of the International Association for Business and Society
56	Zahra, S. A., Priem, R. L. and Rasheed, A. A.	2005	The antecedents and consequences of top management fraud	Journal of Management
57	Zeidan, Mohamad Jamal	2013	Effects of Illegal Behavior on the Financial Performance of US Banking Institutions.	Journal of Business Ethics

Data analysis. To structure the dataset, I categorized and coded the key findings of each article through induction. On the one hand, this helped to break down, examine, compare, and conceptualize the key findings. On the other hand, it helped to identify how specific factors influence or affect corporate irresponsibility and what results from corporate irresponsibility. More specifically, I differentiated between motivating, affecting and resulting factors, resulting in three categories: (1) *antecedents*, the factors that influence corporate irresponsibility and increase the likelihood of organizations to behave irresponsibly, (2) *moderators*, influencing variables that affect the relationship either between the antecedents and corporate irresponsibility or between corporate irresponsibility and the outcomes, whereas it does not imply a particular causal sequence (Zahra et al., 2005), and (3) *outcomes*, consequential factors of corporate irresponsibility. This represents the basis for the data synthesis in the next step.

Data synthesis. The next step of the review entails the primary value-added product to the field, generating new knowledge based on accurate data collection and data analysis. I linked the coded key findings across the articles to generate categories. Based on the categories, I developed a model of corporate irresponsibility with different levels framing and interpreting the extant literature to describe how lower-level phenomena of corporate irresponsibility emerge as collective properties (Kozlowski, Chao, Grand, Braun, and Kuljanin, 2013, 2016). Based on the categorized and coded findings, I identified three broad domains particularly pertinent for corporate irresponsibility: (1) *field*, for example, factors of the environment the organization is embedded in, (2) *organizational*, for example, structural and cultural factors, and (3) *individual*, for example, leadership and employee influences on the organization. This resulted in a theoretical framework relating the antecedents, moderators and outcomes of corporate irresponsibility with its different levels, categories and characteristics.

Regarding the geographic regions of the selected 57 articles, most research took place in North America (62.5%) followed by Europe (17.5%). Only a few studies were conducted in Africa (5%) and Australia (2.5%) as opposed to none from Asia or South America. However, 5% of the studies from North America were related in cross-regional studies with Asia, 5% compared Europe and North America, and 2.5% North America and Australia (see Figure 2). In the next step, I present the full review of this literature, using this model to discuss how past research has studied corporate irresponsibility.

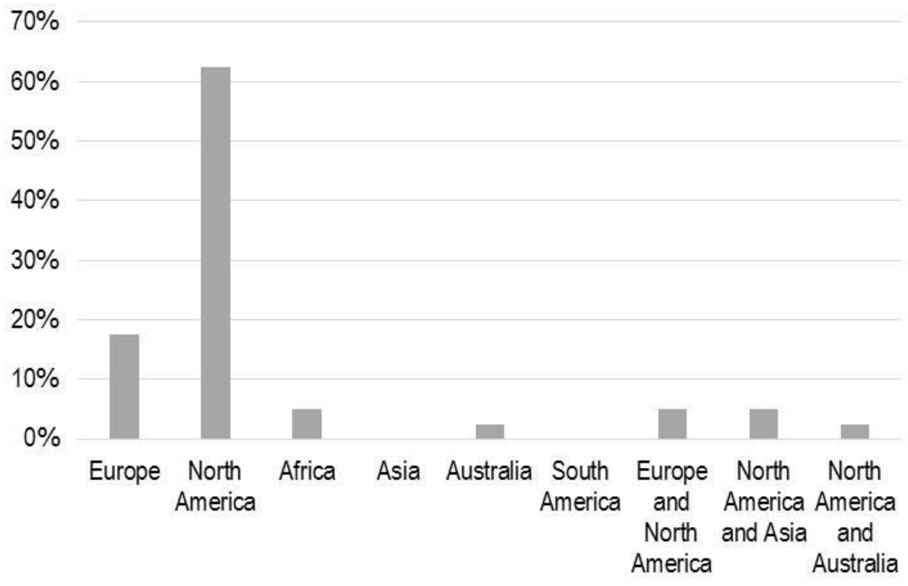

Figure 2. Number of articles by geographical regions in percent

Antecedents: Why Do Organizations Behave Irresponsibly?

Many studies of corporate irresponsibility describe why organizations behave irresponsibly. Scholars identify several antecedents of corporate irresponsibility, and these can be generally categorized into three closely interrelated levels: field, organizational, and individual. Pinto et al. (2008) argue that although it is the members of the organization who engage in unethical behavior, their actions benefit the organization, its owners, and shareholders. The individual is part of corporate irresponsibility, but the organization may provide incentives to engage in irresponsible practices. Individuals within organizations actually create, implement, sustain or avoid policies and actions concerning corporate irresponsibility (Christensen, Mackey, and Whetten, 2014). Accordingly, research into antecedents, moderators and outcomes of irresponsible behavior naturally involves investigating corporate irresponsibility also on the individual level. At this level I distinguish between the top management team (TMT) and other organizational members (OM). Figure 3 summarizes all three levels of antecedents, moderators and outcomes.

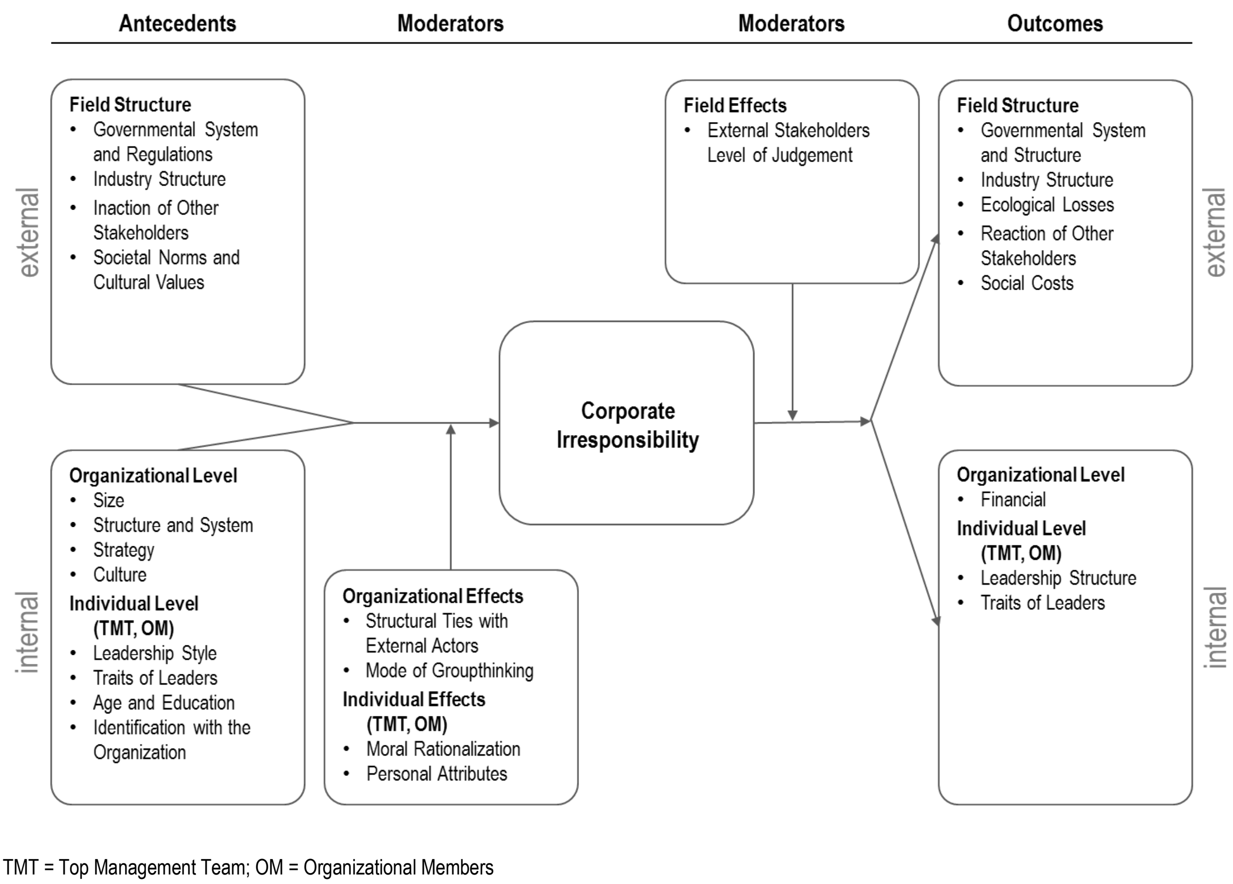

Figure 3. Theoretical framework of corporate irresponsibility

Field Structure Antecedents

Governmental System and Regulations. I begin with the field level, particularly, the governmental and legal environment in which the organization is embedded. Some researchers suggest, for example, that low governmental monitoring and the lack of regulations conducted by administrative agencies or the judicial system offer organizations opportunities to act irresponsibly (Surroca et al., 2012). In this vein, Strike et al. (2006) explain that differences in ethical standards and regulations among countries influence an international organization to act irresponsibly. Thus, organizations may act in accordance with the lower local standards of subsidiaries and in turn adapt these lower level standards in the home country, resulting in irresponsible behavior (Pinto et al., 2008; Williams and Aguilera, 2008).

Matten and Moon (2008) take a national business system approach that explains how historically grown institutional frameworks, such as political, financial, education and labor, and cultural systems, shape national business systems (see also Whitley, 1999). In the context of the political system, they show, for example, that business owners act irresponsibly when they receive the opportunity to exploit specific institutional features of a national business system. In a similar vein, Bommer, Gratto, Gravander, and Tuttle (1987) find that investigating officers or judges often fail to enforce the laws effectively because of too complex or low priorities set on corporate irresponsibility. Thus, low probability of detection arises when “lackadaisical enforcement robs the law of its moral force” (Bommer et al., 1987, p. 269). Scholars maintain that managers might be more motivated to behave ethically by the moral force behind the law and the social stigma attached to violating it than the legal consequences of behaving unethically (Bommer et al., 1987; Ford and Richardson, 1994). However, in an industry where state agencies do not pursue a company for minor violations, an industry standard evolves to operate on the margin of compliance (Chang, 1998). In one study, the government intentionally forced an automobile maker to make an oral and written statement that the organization was ultimately unable to uphold (McMahon, 1999), forcing the organization to breach a contract. This is a case study showing how corporate irresponsibility can be influenced by the government.

Examining governmental systems from a different perspective, research on innovation and unethical practices demonstrates that governments can attempt to support business by ‘ignoring’ violations of laws considered to restrain innovation or its stakeholder relations (Harting et al., 2006). Overall, these studies show that governments, and the lack of appropriate legal systems, offer organizations opportunities to conduct irresponsible business practices.

Industry Structure. Strategic management scholars have focused on whether the industrial environment increases the likelihood of corporate irresponsibility. Some of this work shows that the industry the organization operates in influences corporate irresponsibility. In this respect scholars find that professional and information service industries in particular act less irresponsibly than manufacturing intense industries as well as mining, utilities, and construction industries because it is assumed that their business practices offer greater potential for actions that increase externalized costs (Kotchen and Moon, 2012; Strike et al., 2006). Additionally, scholars demonstrate that significant differences in standards and regulations across industries increase the likelihood of corporate irresponsibility (Pinto et al., 2008). However, Kotchen and Moon (2012) explain the differences across industries due to some industries being subject to greater public scrutiny, which are then associated with greater irresponsibility. Scholars label these industries ‘controversial industries’ (e.g., tobacco industry, alcohol industry) (Cai, Jo, and Pan, 2012; Strike et al., 2006), as they employ business practices that conflict with social values (Kotchen and Moon, 2012). Similarly, Pinto et al. (2008) point out that certain industries have ‘taken-for-granted assumptions’ that establish irresponsible standards and encourage illegal actions. Industries with established irresponsible standards allow organizations to side-step socially responsible behavior, making it more likely they will engage in wrongdoing. These industries are often associated with low levels of governmental controls. In a similar vein, additional work shows that generally accepted unethical practices and irresponsible industry mindsets evolve because of lacking governmental enforcement (Armstrong, 1977; Harting et al., 2006). Waters (1978) discovers that in such unethical industries it is extremely costly for an organization even not to engage in irresponsible practices.

Examining industrial factors from a different perspective, scholars demonstrate that the level of competition influences corporate irresponsibility. More specifically, scholars show that fierce competition and competitive pressures may motivate organizations to engage in irresponsible practices to maintain its competitiveness or even to survive (Blumberg and Lin-Hi, 2015; McMahon, 1999). In this context Keig et al. (2015) propose that competitors conducting irresponsible practices influence other organizations to participate in corporate irresponsibility to maintain their industry competitiveness. This may result in the homogeneity of irresponsible organizations in the industry (see also organizational isomorphism). From an environmental scarcity perspective, Pinto et al. (2008) argue that strong and oligopolistic competition, including relatively undifferentiated products and frequent price negotiations, are among the most important external pressures leading to corporate irresponsibility. Drawing on a resource based view to assess the likelihood of corporate irresponsibility, Strike et al. (2006)

suggest that internationally diversified organizations in particular may stretch their resources and capabilities in order to coordinate and monitor subsidiaries. Accordingly, organizations operating in such manner tend to compromise on ethical standards, which in turn strains their stock of resources and capabilities.

Inaction of Other Stakeholders. Besides the government, regulatory agencies and industry participants, the inaction of other stakeholders, such as citizens, due to a general lack of interest in the organization or in certain operations undertaken by the organization influences the likelihood of corporate irresponsibility. From a sense making view, this lack of interest is a result of stakeholders not developing cognitive maps of their environment (Basu and Palazzo, 2008; Ring and Rands, 1989). This lack of cognitive maps of organizations engaging in irresponsible practices results in inaction. For example, victims and bystanders not reacting to harm caused by an organization influences the likelihood of corporate irresponsibility because the lack of reaction may be interpreted by the organization that the victim is willing to be harmed. In turn, the organization does not evaluate their action as causing harm (Tsang, 2002). Staub (1989) suggests that the irresponsible behavior of an organization can be restrained when ethical and moral principles are made salient by victims' reactions or protests. McMahon (1999) describes the reaction by external stakeholders in terms of power, insisting that these reactions refer to social implications interpreted as rights or entitlements. Furthermore, the reaction or protest might offer other stakeholders a reality check highlighting the moral relevance of the organization's actions. However, Surroca et al. (2012) show in their study that mounting stakeholder pressures may also lead to the transmission of irresponsible practices from the headquarters to a subsidiary, with lower regulations decreasing the transparency of its irresponsible practices.

Societal Norms and Cultural Values. In addition to the influences of the stakeholders on corporate irresponsibility, other work shows that stakeholder expectations vary according to cultural differences and underlying societal norms (Bommer et al., 1987; Harting et al., 2006; White and Rhodeback, 1992). In other words, these are implicit regulations. For example, cultural values and societal norms influence the perception of unethical judgement and behavior (Christie, Kwon, Stoeberl, and Baumhart, 2003). Cultural differences and underlying societal norms may influence corporate irresponsibility, particularly when organizations lack a sensitivity to these differences in the expected standards of ethical conduct (White and Rhodeback, 1992). This is illustrated by the case of international organizations facing the dilemma of cross-cultural transmission of ethical values. For example, in one country organizational practices may meet stakeholder expectations, but may compete with underlying cultural values and societal norms in another country such that its practices do not meet the country's standard of business conduct (Harting et al., 2006). Thus, these differences may increase the likelihood of corporate irresponsibility if organizations do not find a solution to dealing with cultural differences and underlying societal norms. The organizational development literature lays the groundwork for the discussion on cross-cultural differences and approaches "to an ethical code applicable to globalization" (White and Rhodeback, 1992, p. 664).

In addition to the differences in stakeholder expectations, Christie et al. (2003) find that national culture strongly influences managers' ethical attitudes, which in turn relates to the external environment. Thus, international organizations need to incorporate a cross-cultural component in their codes of ethics to overcome ethical dilemmas (White and Rhodeback, 1992). Harting et al. (2006) show that context matters with stakeholder relations. Furthermore, normative business ethics must always consider the underlying societal norms that provide the root for stakeholder values. Thus, merely reflecting the reality that "if value can be created or appropriated by exceeding or exploiting stakeholder expectations, we need to acknowledge that those expectations vary by culture and country" (Harting et al., 2006, p. 61).

Organizational Level Antecedents

Although much work argues that external factors (e.g., governmental system and regulations, industrial structure) have a high influence on corporate irresponsibility, a substantial number of studies propose that it is organizational factors and individuals that influence the likelihood of corporate irresponsibility.

Size. A number of international business scholars have demonstrated the link between the size of the organization and corporate irresponsibility. For example, research shows that larger organizations engage in a higher level of corporate irresponsibility due to increasing complexity (Kostova and Zaheer, 1999; Lin-Hi and Müller, 2013; Strike et al., 2006). In particular, organizations expanding globally are confronted with a significant increase in the volume and diversity of information they have to process (Strike et al., 2006). Drawing on network theory, Strike et al. (2006) shows that diversified international organizations have to monitor the increasing ties of the organization's network, which is difficult due to physical and cultural distances. Furthermore, subsidiaries may not act in full accordance with the ethical standards of the headquarters and irresponsible actions may go unchecked (see also governmental system and regulations). In this context, scholars indicate that more complex supply chains offer organizations opportunities to act unethically. More specifically, Lin-Hi and Müller (2013) explain that a lack of transparency in an organization's supply chain can provoke irresponsible actions by, for example, first or second tier suppliers without the organization's awareness (e.g., non-compliance with working standards).

Structure and System. Scholars also show interest in the role of organizational structures increasing the likelihood of corporate irresponsibility. A finding in the corporate irresponsibility literature is that organizations lacking clear corporate governance structures act more irresponsibly (e.g., high compensation system, low political accountability) (Kotchen and Moon, 2012). More specifically, Murphy and Schlegelmilch (2013) explain the lack of clear corporate governance structures in more detail as the lack of board oversight and good governance controls. In a similar context, Pearce and Manz (2011) show that interlocking patterns of ownership, long-term relations, and friendships in business and politics result in a nepotistic corporate structure. Moreover, centralization in leadership can compromise the board's independence and fill it with a critical mass of inside/outside board members acting in accordance with the leadership (Matten and Moon, 2008). Matten and Moon (2008) prove that high levels of concentrated shared ownership, low levels of transparency and accountability of corporations, and close personal ties among business, banks, and politics increase the likelihood of organizational irresponsible actions. Drawing on social network theory, it is more likely that perceptions of injustice by high performers will infect the organization more rapidly and extensively since they have higher centrality in advice networks. By contrast, the study of Pinto et al. (2008) demonstrates that high decentralization influences corporate irresponsibility because it offers opportunities to isolate subunits and allows senior managers to be 'willfully blind'. Thus, high decentralization makes it difficult to uncover the entire network of unethical individuals. Additional studies of organizations with inappropriate incentive structures (e.g., overcompensation) show that individuals might employ unethical procedures to increase their personal wealth (Armstrong and Green, 2013). However, scholars also argue that incentive systems tied to organization-level performance indicators (e.g., revenue targets) influence the likelihood of low performing units to engage in unethical practices (Pinto et al., 2008). Thus, evidence has accrued that a reward system can significantly influence the occurrence of unethical behavior in organizations (Brass et al., 1998).

Additional research reported in the corruption literature suggests that corporate irresponsibility depends on hierarchical levels, departmental boundaries and positional relationships. Pinto et al. (2008) describes corruption as a two level phenomenon, either top-down or bottom-up. More specifically, a dominant coalition, organizational elites or top management teams influence the lower levels to act in a corrupt way to benefit an organization. Consistent with this logic, Armstrong and Green (2013) show that 'the boss' is the primary and most powerful influence on unethical decision-making in an organization. By contrast, in the bottom-up phenomenon lower level units (e.g., organizational members) recruited into an organization contribute to an organization's corruptive actions directly or indirectly through normalization and institutionalization processes. Finally, these structures provide opportunities for corruptive actions. Ashforth and Anand (2003) argue, however, that organizational structures are often contrived to isolate the top management team from blame.

Strategy. Scholars in the management literature demonstrate that certain organizational strategies may also have an influence on corporate irresponsibility. Armstrong and Green (2013) show that unfocused strategies of organizations, which are neither clear nor operational, influence organizational members to also act in a vague way, in particular in the 'grey zone' (as noted earlier). Thus, implicit, unmeasurable strategies may increase the likelihood of irresponsible actions by organizational members. Similar to previous categories in this study, international diversification strategies may increase the likelihood of organizations acting irresponsibly due to a shift of critical operations to subsidiaries in countries with lower regulations and sanctions (Strike et al., 2006).

Drawing on stakeholder agency theory, scholars demonstrate the influence on corporate irresponsibility of organizations with a strategy of high stakeholder engagement, but with low stakeholder agency (Greenwood, 2007; Harting et al., 2006). Furthermore, organizations behave opportunistically by 'excessive' engagement without accountability or responsibility towards stakeholders, thus acting only in the interest of influential stakeholders. This engagement and action results in an 'as if' aim to meet stakeholder interests. Similar to this argumentation, studies show that organizations engaging in a simultaneous behavior of 'doing good' and neglecting 'avoiding bad' increase the likelihood of corporate irresponsibility by adopting organizational structures with the intent of preventing irresponsible practices and manifesting these structures in governance mechanisms (Armstrong and Green, 2013; Blumberg and Lin-Hi, 2015).

Culture. Scholars also show interest how unethical and immoral cultures in organizations provide a breeding ground of corporate irresponsibility. In line with the argument of unfocused strategies, Brass et al. (1998) demonstrate that vaguely formulated codes of conduct or norms promoting unethical behavior encourage an irresponsible climate. Furthermore, employees acting unethically are not concerned about surveillance and the loss of reputation. This basic finding was subsequently extended by a study on an unethical working environment characterized by, for example, overworked and underpaid employees (Jones and Kavanagh, 1996). Thus, organizational members may feel justified to act unethically when there is an unethical working culture and it is 'okay to do so'.

Examining unethical working culture from a different perspective, Kulik, O'Fallon, and Salimath (2008) conducted a study on a competitive working culture that shows how competitors can adopt the attitudes, behavior, and perceptions of the 'winner'. Drawing on expectancy theory Kulik et al. (2008) show that an organizational member may adopt unethical behavior of others ('winners') if such behavior leads to acceptable performance, will be rewarded and the employee values the outcome. A common argument in research on organizational culture asserts that organizations with a lack of governance mechanisms facilitate corporate irresponsibility (Blumberg and Lin-Hi, 2015; Bommer et al., 1987; Chang, 1998; Jones, 1991; Schwepker, Ferrell, and Ingram, 1997). Furthermore, organizational systems facilitating vertical and horizontal communication increase the likelihood of identifying wrongdoers in the organization at an early stage (Bommer et al., 1987).

Overall, it is worth noting that although organizational factors endorse the likelihood of corporate irresponsibility, the individual plays an important role as an initiator in the organization. Perhaps this is one reason why there is so much interrelated work on the organizational as well as individual level, the internal meso level.

Individual Level Antecedents

Leadership Style. A general finding in leadership literature is that managers focusing only on the interests of shareholders and acting in accordance with the 'old' stockholder role (see also Friedman, 1962) are more likely to behave irresponsibly. Armstrong (1977) laid the ground work on irresponsible leadership research by showing that managers following the stockholder role and trying harder to follow the role more faithfully increase the likelihood of acting irresponsibly. More specifically, recent studies describe managers with an overwhelming focus on profit and less concern about environmental or social issues increase the likelihood of irresponsible leadership (Armstrong and Green, 2013; Jones et al., 2009). Drawing on the concept of shared and distributed leadership, scholars describe that the more leadership is centralized in one individual, the higher the likelihood of corporate irresponsibility. More specifically, centralized leadership does not align with an interactive leadership and leaves out opportunities to influence others to achieve group and/or organizational goals (shared leadership). In turn, this increases the likelihood of corporate irresponsibility because it lacks a system of 'checks and balances' to prevent potential irresponsible actions (Christensen et al., 2014; Pearce and Manz, 2011). In addition, Pearce and Manz (2011) conclude that a decrease in the likelihood of irresponsible actions can be achieved by individuals with self-leadership skills. Individuals with self-leadership skills are more likely to possess self-motivation, self-efficacy, and self-direction. These entail necessary skills to step forward and to contribute to shared leadership when 'checks and balances' are needed in potentially irresponsible situations.

Studies on unethical decision making indicate that the 'behavior of superiors' represents one of the most influential factors when they authorize unethical behavior act but also when they serve as peers to set standards and serve as a reference for behavior (Armstrong and Green, 2013; Jones and Kavanagh, 1996; Pearce and Manz, 2011). Drawing on upper echelon theory, scholars suggest that 'legitimized agents' can be in a position to authorize such behavior (Ashforth and Anand, 2003; Brief, Buttram, and Dukerich, 2001; Pearce and Manz, 2011). However, Jackall (1988) shows that more bureaucratic structures of modern organizations encourage managers to make unethical decisions. Furthermore, it is the manager's willingness to compromise their ethical standards in the interest of the organization and their own interests. Extending this work, Wahn (1993) demonstrates that when there are discrepancies between organizational and individual ethical values high organizational dependency will reduce the likelihood that an individual ignores pressures to compromise their personal ethical values.

Examining unethical leadership from a different perspective, scholars distinguish between the immoral and amoral manager (Cai et al., 2012; Carroll, 2000). The immoral manager ignores or is oblivious to ethical values and exploits opportunities or cuts corners wherever helpful by suggesting an active opposition to what is right or ethical. By contrast, the amoral manager believes that ethical values refer to inappropriate issues in business, which is "beyond the sphere in which moral judgements apply" (Carroll, 2000, p. 39).

Traits of Leaders. Recent work on the behavior of top management and organizational members suggests that leaders who feel forced to take an aggressive role including unethical behavior may increase the likelihood of corporate irresponsibility. Individuals following such roles may engage in unethical behavior without realizing they are compromising their ethical values (Armstrong and Green, 2013; Tsang, 2002). More specifically, the interaction of personality characteristics and forced roles reduces critical reflection on relevant ethical values and endorses unethical behavior. Trait theorists contend that top management with intrinsic needs to put forth a moral image may use prior moral behavior as earned moral ‘credits’ permitting irresponsible behavior (Christensen et al., 2014). Furthermore, Pinto et al. (2008) shows that unethical behaviors of organizational members may facilitate the contagion of the whole organization.

A finding from social psychology is that individual characteristics can serve as a primary influencer of unethical behavior in organizations, for example, poor cognitive moral development, high Machiavellianism, external locus of control, and leaders with ‘dark-side’ traits (Blumberg and Lin-Hi, 2015; Bommer et al., 1987; Brass et al., 1998; Christensen et al., 2014; Jones and Kavanagh, 1996). However, the conclusion that “evil actions come from evil people” (Tsang, 2002, p. 25) refers to the failure to activate moral standards. Thus, given the circumstances all of us have the potential to enact evil. Results of this work explain the source of evil behavior as individuals convincing themselves that their behavior is not immoral (Tsang, 2002). In this vein Jones and Kavanagh (1996) point out that leaders with high Machiavellianism characterized by the ‘cool syndrome’ have an affective detachment, lack of moral concerns, and are effective manipulators of others. By contrast, a study by Christensen et al. (2014) demonstrates that leaders with ‘dark-side’ traits (e.g., narcissism, hubris, dominance) may also generate positive benefits for the organization. Such leaders highlight their vision and role in the organization by visible aggressive actions and improve the performance of the organization. Nevertheless, these traits rarely influence others to engage in pro-social behavior. Notably, findings show that two interrelated factors have no impact on irresponsible behavior: age and nationality (Armstrong, 1977; Tsang, 2002).

Age and Education. Other research findings prove that the interrelation of work experience and age influences unethical behavior. More specifically, younger organizational members with less job-related experience set higher priorities on group norms as their peer influence. Experienced organizational members, on the other hand, follow their ‘boss’ and take their actions as an indicator for ethical or unethical practices. Thus, the prioritized peer highly influences the likelihood of an employee engaging in irresponsibility or not (Jones and Kavanagh, 1996). Another finding in the management literature is that the absence of discussion about ethical values in the educational system or management theories influences the likelihood of unethical behavior of managers (Blumberg and Lin-Hi, 2015; Carroll, 2000; Ghoshal, 2005; Giacalone, 2007). In other words, theories influence managerial practices and managers adopt theorists’ worldviews and “nothing is as dangerous as bad theory” (Ghoshal, 2005, p. 86).

Furthermore, Ghoshal (2005) claims that a manager's decision about which theory to utilize combined with a possible self-fulfilling prophecy may increase the likelihood of corporate irresponsibility. By contrast, a study by Bommer et al. (1987) shows that more educated individuals have a higher degree of moral intuition and moral reflexivity. Furthermore, Carroll (2000) shows that the probability is low that ethics education or ethical organizations change managers in particular, who completely ignore ethical values.

Identification with the Organization. Scholars have argued that a strong attachment to and identification with an organization may also increase the likelihood of unethical pro-organizational behavior, of 'doing bad things for good reasons'. Umphress and Bingham (2011) suggest that organizational members may even act unethically under 'ideal conditions' if there is a benefit for the organization. More specifically, organizational members engage in a moral neutralization process and moral disengagement process to remove association with their unethical behavior without regard to potential consequences to others (Bandura, 1999; Sykes and Matza, 1957; Umphress and Bingham, 2011). By contrast, Ashforth and Anand (2003) show that a high identification with the organization increases the likelihood of a lack for ethical considerations. Thus, organizational members might just follow their organizational leaders. In this vein, scholars suggest that individuals shift their attention as responsible moral agents to their duty to be obedient subordinates. Specifically, organizational members focus on the importance of obedience and might not realize their own part in immoral behavior (Tsang, 2002).

Overall, the multiple factors from different perspectives outlined above function either as an organizational level phenomenon when unethical behaviors are sufficiently widespread or as an individual level phenomenon influencing and sometimes initiating irresponsible actions (Pinto et al., 2008; Vardi and Weitz, 2003). However, a basic question is still unanswered: Which of the outlined antecedents increases the likelihood of corporate irresponsibility the most?

Internal Moderators of Corporate Irresponsibility Development

Given the general finding that corporate irresponsibility arises from an interrelationship of the organization and its individuals as well as field factors, scholars increasingly address the question of the conditions moderating the development of corporate irresponsibility. Results of this work reveal a better understanding of specific internal variables moderating the development of corporate irresponsibility, which are categorized based on the two internal levels: organizational and individual. As outlined in the method section, moderators refer here to effects strengthening the antecedents.

Organizational Effects

Structural Ties with External Actors. Beginning with structural tie effects, Brass et al. (1998) show that certain relationship types and structures among organizational and external actors increase opportunities for irresponsible behavior. They draw on social network theory and explain an asymmetric power relationship as an influence on corporate irresponsibility. Asymmetric power relationships are characterized by non-reciprocal trust and an emotional involvement among actors. More specifically, the asymmetric power relationship is based on the assumption that one party has less empathy towards the other, which results in a weak tie. On the other hand, complex relationships might decrease irresponsible behavior among multiple stakeholders. In a strong network of multiple stakeholders, the irresponsible behavior of one stakeholder might spread fast and result in a high cost of losing a strong and important collaboration partner. In sum, asymmetric power relationships among organizational and external actors might increase the likelihood of corporate irresponsibility. The reason for this likelihood is that the less emotionally involved actor is more likely to engage in irresponsible practices and does not view the other as a requiring or deserving consideration (Brass et al., 1998). However, in a more in-depth examination of moderating effects, Pinto et al. (2008) suggest that unethical behavior is either facilitated by a collective group action for the organization's benefit or a significant proportion of organizational members for personal benefits. More specifically, the group collective approach leads to a top-down process characterizing the organization with widespread unethical behavior. In contrast to the meso level process, in which individuals fail to inhibit the contagion of unethical behavior (Pinto et al., 2008).

Mode of Groupthinking. In contrast to the external view of relationships, Sims (1992) shows that a 'mode of groupthinking' encourages and supports organizational counter norms and unethical behavior. Causes and effects of groupthinking refer to "a collective pattern of defensive avoidance" (Janis and Mann, 1977, p. 129). This internal perspective on collective patterns involves a mode of cohesive in-groupthinking that strives for unanimity and an overriding of their motivation to realistically appraise alternative behavior (Janis, 1972). More specifically, employees involved in a cohesive in-groupthinking set a higher priority on organizational counter norms leading to organizational benefits (Sims, 1992). Furthermore, over-commitment and excessive or blind loyalty to the group, high cohesiveness, determine the mode of groupthinking (Scharff, 2005; Sims, 1992). Finally, this effect moderates in particular organizational cultures and may lead to an implementation of irresponsible behavior in everyday corporate life and manifest itself in an irresponsible organization (Blumberg and Lin-Hi, 2015).

Individual Effects

Moral Rationalization. From the moral rationalization perspective, individuals have the ability to reinterpret their immoral actions as moral because they are able to convince themselves that their behavior is not immoral. This "sets the stage for escalation" (Tsang, 2002, p. 27) and increases the intensity of corporate irresponsibility. Psychology scholars examine the influence of situational factors interacting with moral rationalization and leading to the violation of moral principles. For example, Tsang (2002) shows that certain situational aspects can cause individuals to lose their sense of individual identity. This allows them to engage in a behavior that is at odds with their internal standards. The individual engages in a form of anonymity, which increases immoral behavior. An additional explanation of moral rationalization refers to task oriented or routinized circumstances. Task oriented or routinized circumstances are so structured that they lead to an absence of questioning moral principles. This moderates the relevance of morality (Tsang, 2002). Furthermore, the lack of questioning moral principles leads individuals to only follow orders and somehow feel depersonalized. Individuals distance themselves from their feelings and exert their roles by 'not being a person anymore'. In turn, they distance themselves from being a moral agent and justify to themselves their engagement in immoral behavior in the organization (Barsky, 2011; Tsang, 2002).

Personal Attributes. Scholars also argue that individuals' attributes, characteristics and their personal environment moderates irresponsible behavior. For example, some studies show that the moral reasoning for right and wrong actions is influenced by the fear of punishment, norms and societal regulations, and individuals' inner sense of morality and justice (see also moral development by Kohlberg 1969, 1971) (Bommer et al., 1987; Graham et al., 2015). Findings on moral reasoning indicate that different variables affect immoral behavior, such as demographic, personal goals, self-concept, life experiences, and personality. More specifically, studies show that older individuals have a lower degree of moral reasoning and education has a positive effect on morality (Bommer et al., 1987). Scholars argue that the irresponsible behavior of individuals is often influenced by the pressure of peer groups in their personal environment and family members during their socialization process from childhood into adulthood.

External Moderators of Corporate Irresponsibility Outcomes

In addition to the internal variables moderating the development of corporate irresponsibility, a small number of studies have examined external variables moderating and affecting the degree of corporate irresponsibility outcomes. An implicit assumption in the literature is that outcomes of corporate irresponsibility are moderated by the observer and the identification with the victims. Thus, results focus on the external stakeholders' level of judgement.

Field Effects

External Stakeholders Level of Judgement. Scholars pay particular attention to the role of external stakeholders in moderating the likelihood of corporate irresponsibility. A finding of corporate irresponsibility studies of external stakeholders' level of judgement integrate three conditions: the degree of harm to stakeholders, the level of attention the event receives and the attribution of blame (Antonetti and Maklan, 2016b; Kotchen and Moon, 2012; Mena et al., 2016; Shrivastava et al., 1988). Attribution theorists argue that stakeholders aim at reducing uncertainty after an irresponsible behavior by attributing blame to a particular actor or organization. This attribution reduces complexity and the overlapping moral responsibilities related to the irresponsible behavior (Lange and Washburn, 2012; Mena et al., 2016). More specifically, Lange and Washburn (2012) suggest that an observer's casual inference depends on whether a social harm was caused from within or outside the organization. This results in a development of lay theories (commonsense explanations) about why or how effects have occurred. Furthermore, the intensity of the causal inference between the harm and the organization indicates an increasing or decreasing effect on the observed irresponsible behavior. In addition, researchers argue that the level of complicity affects the perceivers' assessment. If the perceiver assesses weak power and knowledge of the affected party to prevent irresponsible behavior, the organization is assessed to be strongly irresponsible (Lange and Washburn, 2012). Mena et al. (2016) also show in their study that these conditions trigger the development of a mnemonic community remembering events from the past and influencing future irresponsible behavior. For example, the media recalls past irresponsible events and sustains the collective memory. Consequently, this increases the perceived degree of corporate irresponsibility (Lange and Washburn, 2012; McMahon, 1999). In addition, a higher perception of corporate irresponsibility may come from an accumulation of negative actions by top managers (Strike et al., 2006), whereas the first negative action is often perceived as less irresponsible.

In a similar vein, scholars outline the judgement of similarity as a moderator of corporate irresponsibility. Drawing on social identity theory, Antonetti and Maklan (2016b) prove that the judgement of similarity of external stakeholders with the victim affects the perceived degree of corporate irresponsibility. More specifically, an in-group bias in reactions (e.g., collective narcissism) to irresponsible behavior is regulated by the affective level of commitment. This uniquely influences consumer retaliations (Antonetti and Maklan, 2016b). Finally, Bommer et al. (1987) suggest that the perceivers' judgement of corporate irresponsibility is moderated by religious, humanistic, cultural and societal values. In this vein scholars argue that moral judgment is based on universal cultural norms for human behavior. Local standards of corporate social obligations (legal standards, industry norms) evoke 'deep-seated negative moral reactions' when organizations' operations are perceived as negative and fall into categories of stimuli (e.g., suffering, unfairness, violation of in-group/out-group boundaries) (Lange and Washburn, 2012). These findings follow a more subjective view and indicate corporate irresponsibility as a composition of acts of commission viewed by external observers, stakeholders, and constituents to have violated certain perceived social responsibility standards (Lange and Washburn, 2012). In other words, corporate irresponsibility highly depends on the judgement of the observer. An organizational action may, however, be judged as irresponsible by one stakeholder and as responsible by another.

Considering the antecedents and the outlined moderating variables enhancing corporate irresponsibility, it remains currently unclear which of these moderators has the greatest impact. More specifically, scholars show that it is possible to isolate conditions which influence and enhance irresponsible behavior. However, it is still unclear as to how and why certain variables and factors have an effect on corporate irresponsibility. One reason might be, as Brass et al. (1998) suggest, that individual and organizational factors as well as the social relationships are mutually causal. It is necessary to develop a deeper understanding of moderating effects on corporate irresponsibility.

Outcomes: What Are the Consequences of Corporate Irresponsibility?

The irresponsible organization creates significant uncertainty among internal and external stakeholders (Mena et al., 2016; Shrivastava et al., 1988) and fails to take on a larger social role (Kaptein, 2008; Murphy and Schlegelmilch, 2013; Pearce and Manz, 2011). Corporate irresponsibility can entail incremental social, economic, and ecological consequences (Jones et al., 2009). Scholars study these consequences of corporate irresponsibility in more depth on the field structure as well as on the organizational and individual level. The following outcomes are the result of public disclosure of irresponsible practices. However, we have to acknowledge that there are uncovered and unreported cases of corporate irresponsibility, which have fewer consequences or none at all, and in some cases may even be profitable (Blumberg and Lin-Hi, 2015).

Field Structure Outcomes

Governmental System and Structure. Corporate irresponsibility practices violating legal regulations result in lawsuits and often legal penalties for the organization, which includes costs for settlements or representation fees (Harting et al., 2006). Frooman (1997) exemplifies violations of legal regulatory with the case of an organization refusing to comply with work safety standards that affect the safety of its employees. A general finding in the literature is that the legal system is "best at enforcing minimum behavior" (Frooman, 1997, p. 242). Another view in research on the governmental system demonstrates that corporate irresponsibility may result in an engagement of institutions or regulators with irresponsible practices. For example, this engagement occurs when institutions or regulators do not pursue minor corporate irresponsibility practices because of an industry standard to operate on the margin of compliance (Harting et al., 2006).

Industry Structure. In a similar vein, scholars indicate that an accumulation of corporate irresponsibility in an industry might result in the emergence of irresponsible practices that are generally accepted (Pinto et al., 2008). However, from a resource-based view this might not give organizations a long-term strategic advantage because irresponsible behavior tends to be easily imitable when it becomes a common practice in the industry (Harting et al., 2006).

Ecological Losses. The most obvious ecological harm is the pollution of the natural environment (e.g., the BP oil disaster). Scholars indicate that environmental damages may be conducted intentionally or unintentionally, but harm specific stakeholders (Pearce and Manz, 2011; Strike et al., 2006). Ecological damages may also include the loss of lands and good water quality. Residents living in these communities may lose their livelihoods (Frooman, 1997). However, corporate irresponsibility can also generate widespread harms impacting a range of stakeholders and society at large (Mena et al., 2016).

Reaction of Other Stakeholders. A general finding in the literature is that organizations acting unethically lose their legitimacy because of generated uncertainty among several external stakeholders (Blumberg and Lin-Hi, 2015; Chiu and Sharfman, 2016; Jackson, 1998; Lin-Hi and Müller, 2013; Mena et al., 2016; Sullivan, Haunschild, and Page, 2007; Zeidan, 2013).

Following Armstrong and Green (2013), reputational and trustworthiness losses are more than seven times larger compared to legal penalties. Another explanation in the literature describes the uncertainty due to the violation of stakeholder expectations because society expects organizations at a minimum to avoid irresponsible practices (Lin-Hi and Müller, 2013). Thus, stakeholders may respond to corporate irresponsibility with boycotts against the organization. For example, when they follow a negative word-of-mouth strategy by punishing the brand with lower purchase intention and protests (Antonetti and Maklan, 2016a; Grappi, Romani, and Bagozzi, 2013; Murphy and Schlegelmilch, 2013; Sweetin, Knowles, Summey, and McQueen, 2013). This was exemplified by the organization Nestlé, who sells bottled water out of California's aquifers. Consumers reacted with huge protests to raise awareness and punished the organization by stopping to buy bottled water. Furthermore, Antonetti and Maklan (2016a) believe that consumers have the desire for revenge and show their negative moral emotions with contempt, anger or disgust.

Drawing on social network theory, corporate irresponsibility may also lead to inequalities in networks, with individual partners suffering loses in terms of reputation and profitability or even leaving the network. After a disclosure of corporate irresponsibility, network partners might distance themselves from irresponsible partners (Sullivan et al., 2007). Other psychology scholars suggest that the perception of violated moral principles determines moral outrage. Following this logic, the irresponsible actions of organizations may cause feelings of 'righteous anger or moral outrage' by the observer even though they are not directly affected (Antonetti and Maklan, 2016a). More specifically, observers sharing the same identity with the victim have a higher moral outrage caused by the disconfirmation of a shared moral norm. In a similar vein, Lange and Washburn (2012) show that observers try to attribute moral responsibility for an unethical action to determine if the perpetrator should be held in contempt.

Social Costs. Besides the impact on network partners' quality, corporate irresponsibility impacts the greater social welfare by generating social costs and costs in human welfare. Specifically, McMahon (1999) proves that social costs arise when a company moves out of a local community after a corporate irresponsibility disclosure. For example, organizations shifting operations to different countries cause the loss of tax revenues (McMahon, 1999; Windsor, 2013). Corporate irresponsibility can lead to the violation of human rights and in the worst case to the loss of human life, for example, in case of the collapse of a textile factory in Bangladesh (Blumberg and Lin-Hi, 2015; Mena et al., 2016).

Organizational Level Outcomes

Financial. A finding in the literature is that corporate irresponsibility mostly affects the organizations' legitimacy and leads to incremental financial losses for the organization. Consequently, irresponsible behavior is costly and may also lead to an incremental increase in costs (e.g., Volkswagen with costs of USD 30 billion). In a general review of corporate irresponsibility, scholars demonstrate that these organizations are faced with higher insurance premiums, fines, clean-up costs (Chiu and Sharfman, 2016) and compensation costs (Armstrong and Green, 2013). In a more focused study, Muller and Kräussl (2011) describe how after an ecological disaster organizations invest in donations to generate 'reputational capital', enhancing the organizations value and strengthening relationships with important stakeholders (for example, BP after the oil spill). However, such potential strategic responds depends on how much value is lost, which is greater for some organizations during negative events than others (Knight and Pretty, 1999; Muller and Kräussl, 2011). Although one dimension of corporate irresponsibility is the behavior in accordance with the stockholder role, scholars also show that unethical actions lead to lower share prices and shareholder wealth (Frooman, 1997; Harting et al., 2006; Muller and Kräussl, 2011). Besides the financial losses, the close link of corporate irresponsibility with immorality and injustice causes individuals to react with strong emotions and behaviors, which may result in a risk of the organization's survival. At its extreme, corporate irresponsibility may lead to the demise of the organization (Aguilera et al., 2007; Armstrong and Green, 2013; Chiu and Sharfman, 2016), for example, the accounting scandal of WorldCom.

Individual Level Outcomes

Leadership Structure. A general finding in the literature is that corporate irresponsibility leads to an increase of non-voluntary manager turnover with internal succession mostly market-driven. Evidence shows that stakeholders pay increased attention to unethical organizations and pressure board members to take action, for example, in the VW scandal Martin Winterkorn was terminated as chief executive officer (CEO). Looking more directly at CEO turnovers, Chiu and Sharfman (2016) indicate that CEOs might not be fired immediately after a scandal involving irresponsibility, but instead first face strong criticism before being forced out of their position in the long-run and relegated to an internal position. The authors conclude that organizations mostly choose an internal candidate to decrease the risk of repeating the failure of not meeting stakeholder expectations and demands. Thus, organizations aim at restoring legitimacy and the reputation with stakeholders, for example, both Matthias Müller and Herbert Diess became CEO at Volkswagen after promotion from within the group. In addition, organizations with a high level of corporate irresponsibility also show an increase in succession turnover because of the likelihood of a 'mismatch' between the CEO's paradigm and a volatile environment. Furthermore, an irresponsible organization embedded in a volatile environment is under higher observation by stakeholders and is expected to react, mostly with a CEO turnover.

Traits of Leaders. Studies in the ethics literature focus on factors of personal characteristics of organizational members and the top management after irresponsible practices. For example, Blumberg and Lin-Hi (2015) examine organizations with a 'cherry picking' behavior. This focus on 'doing good' rather than 'avoiding bad' practices leads to increasingly irresponsible business practices. They demonstrate that irresponsible business practices may lead to demotivated behavior among organizational members. Examining behavioral consequences from the moral rationalization perspective, Tsang (2002) shows that individuals might engage in increasingly extreme immoral behavior until it even escalates into atrocities. Furthermore, individuals rationalizing immoral behavior "mask the aggressive nature of their behavior to themselves" (Tsang, 2002, p. 46). Additionally, studies show that corporate irresponsibility may lead to job losses. In turn, this can lead to psychological problems, drug abuse, and alcoholism (McMahon, 1999; Windsor, 2013). This was documented in the case of the Chrysler plant closing in Kenosha, Wisconsin.

After reviewing the outcomes of corporate irresponsibility, I come to two conclusions. First, in the literature the outcomes of irresponsible actions are mostly limited to the finance perspective. However, under the assumption that irresponsibly acting organizations have a tremendous impact on the social, economic, and ecological dimensions (see also Corporate Social Responsibility pyramid, Carroll, 1991) in the short and the long-run, research is missing key outcomes on the organizational level, for example, cultural, structural, and organizational characteristics. Furthermore, the reviewed outcomes indicate only a few outcomes for the organization itself compared to the irresponsible influences. Second, the effect of corporate irresponsibility on the individual level has not been sufficiently examined. Its focus is on what leads to unethical behavior, and less on what the concrete outcomes of corporate irresponsibility are. Thus, these two levels offer potential for future research.

Discussion and Future Research

I began this study by asking why some organizations behave irresponsibly and what increases the likelihood of corporate irresponsibility. I synthesized key antecedents, moderators and outcomes on the field, organizational and individual levels reported in corporate irresponsibility studies and developed a theoretical framework. The theoretical framework thus represents what we know about corporate irresponsibility. The findings of this analysis reveal that corporate irresponsibility has been examined from different disciplinary perspectives using a diverse set of theoretical assumptions and methods. In the following, I will discuss findings in greater detail by focusing on the most important gaps in what we know about corporate irresponsibility. I will then outline several opportunities for researchers working on corporate irresponsibility to hopefully close these gaps.

Toward a Multilevel Perspective in Corporate Irresponsibility Research

Although scholars have identified many antecedents, moderators and consequences of corporate irresponsibility on its different levels, it remains unclear how field, organizational and individual factors interact. Scholars have examined internal and external variables that increase the likelihood of and enhance corporate irresponsibility, but internal factors seem to dominate in the literature, which is not surprising given the prevailing organizational perspective on unethical behavior. Other important factors, for example, external ones at the field level have received less attention in the literature. These external factors, however, play an important role when it comes to explaining corporate irresponsibility. As noted earlier a high level of competition and irresponsible standards prevalent in an industry influence organizational unethical behavior, but beyond this very general understanding scholars do not fully understand if and to what extent environmental uncertainty affects irresponsible business practices. A better understanding would explain why organizations behave in a more irresponsible manner in unstable and rapidly changing environments (for example, Apple transferring its production to countries with less stringent regulations and lower working standards). Although mounting stakeholder pressure and lower costs might lead management to move production to a different region (Surroca et al., 2012), scholars have rarely investigated these factors or examined their interaction. As such, studying external factors in more detail and their interaction could be a fruitful area of future research.

Another contribution of the theoretical framework is to demonstrate the interaction of the outlined factors by explaining why one factor may lead to another. One of the basic findings in the literature is that individual and situational factors might vary in their intensity from issue to issue (Jones, 1991). Perhaps for this reason, researchers have focused on single factors in their investigations of corporate irresponsibility. As a result, the interdependence of several factors has been largely ignored and the sequences of conditions and events that might explain how corporate irresponsibility evolves over time have yet to be identified. It would be important to consider these dimensions because studies show that unethical behavior can emerge as a result of actions by either an entire group (top-down process) or a significant proportion of its members (bottom-up process) (Pinto et al., 2008). The current literature then does not fully exploit the potential of examining the mutual interaction of internal factors that contribute to the emergence of corporate irresponsibility. In other words, recent studies disregard factors and the underlying relationships between the causes and effects, although corporate irresponsibility can be understood as a flow of connected ideas, actions, and outcomes that interact and change over time (Van de Ven, 2007). To develop a deeper understanding of 'how' and 'why' corporate irresponsibility emerges, future research should identify the underlying mechanisms that increase the likelihood of corporate irresponsibility in organizations, both among its members (top management team and employees) and with the external environment. The underlying mechanisms would allow to better explain the "cogs and wheels" (Elster, 1989, p. 3) of corporate irresponsibility.

Recognizing patterns of interrelationships among the different levels might also enhance understanding of why organizations increasingly engage in corporate irresponsibility and how this might result in the demise of the organization. In the literature organizational decline is depicted as a downward spiral leading to the final 'death' of the organization (see also Hambrick and Mason, 1984; McKinley, Latham, and Braun, 2014). Studies of organizational decline suggest that causal processes in different phases lead to the failure of organizations. For example, organizations fully engaging in corporate irresponsibility implement and routinize irresponsible practices in the whole organization. One may assume that these causal processes lead to a downward spiral of corporate irresponsibility. In a similar vein, we know very little about turnaround actions of organizations seeking to escape the downward spiral initiated by corporate irresponsibility. It would be interesting to learn more about what actions organizations undertake to prevent corporate irresponsibility from becoming established.

Toward an Integration of Allied Concepts

Earlier in this study, I referred to the overlap of the concepts corporate irresponsibility and corruption. This overlap is often addressed in different ways, but still offers two potential avenues for future research. First, the relationship of corruption and corporate irresponsibility remains unclear in the literature. One perspective sees corporate irresponsibility as a subset of corruption, particularly when referring to intangible personal gains (Pinto et al., 2008). By contrast, the second perspective explains the two concepts as a cause-effect relationship (Keig et al., 2015; Moore, 2008), for example, corrupt behavior leading to corporate irresponsibility (Keig et al., 2015). Thus, future research would benefit from resolving these competing explanations for the relationship between corporate irresponsibility and corruption. Second, each literature stream might offer complementary findings that contribute to understanding the relationship of the concepts. Research on corruption (for example, Aguilera and Vadera, 2008; Ashforth and Anand, 2003; Ashforth et al., 2008; Brief et al., 2001; Palmer, 2008) offers valuable insights the corporate irresponsibility literature can build upon. Particularly, the literature on corruption explains its occurrence in more dynamic and interacting approaches, with three mutually reinforcing processes: institutionalization, rationalization, and socialization (Ashforth and Anand, 2003). The institutionalization process outlines the embedding of corrupt practices in organizational routines, the rationalization process refers to the legitimization of corrupt practices by organizational members, and the socialization process shows how corrupt practices become socialized, leading newcomers to see corruption as desirable. In sum, a fruitful avenue for future research would lie in integrating the two concepts found in the two fields, the corporate irresponsibility literature and the corruption literature.

In addition to integrating insights from the corruption literature, the development of a better understanding of how non-transparent corporate governance structures increase the likelihood of corporate irresponsibility and why organizations adopt non-transparent corporate governance structures would offer another promising area for future research. Some scholars examining corporate governance structures focus on, for example, the lack of board oversight and good governance control (Murphy and Schlegelmilch, 2013) or nepotistic corporate structures (Pearce and Manz, 2011). Such structures may serve as a breeding ground for irresponsible practices. More specifically, the concept of corporate governance addresses the implementation of organizational legal responsibilities and identifies the bottom line on which their responsible practices can be developed (Murphy and Schlegelmilch, 2013). This basic finding indicates the interrelatedness of corporate irresponsibility and corporate governance. Non-transparency is just one aspect of poor corporate governance. Furthermore, a more dynamic perspective of how corporate governance mechanisms enhance corporate irresponsibility might shed new light on the importance of their interrelatedness.

Some Recommendations for General Research on Corporate Irresponsibility

Although recent literature identifies several antecedents, moderators and outcomes of corporate irresponsibility, it seems that the literature stream on the outcomes and their moderators takes a more subjective or interpretive view of corporate irresponsibility (Crotty, 1998; Nijhof and Jeurissen, 2006). In particular, studies focusing on external stakeholders' judgement of corporate irresponsibility (e.g., the field effects of moderators) and external stakeholder reactions indicate that corporate irresponsibility depends on the subjective judgement of the perceiver (see also Fiske and Taylor, 1991; Lange and Washburn, 2012; Surroca et al., 2012) based on 'informal and implicit norms' (Kaptein, 2008). This stands in contrast to the literature stream synthesizing from a realist perspective to understand irresponsible behavior (see also Frooman, 1997; Jones et al., 2009; Strike et al., 2006; Windsor, 2013); in other words, the violation of applicable laws and ethical standards in society exist independently of our perceptions (Harré and Madden, 1975; Maxwell, 2012; Searle, 1995).

However, this raises the question whether the concept of corporate irresponsibility can be objectively measurable and is universally valid (a realist approach) or can only be subjectively interpreted by human observers (an interpretive approach). Scholars have demonstrated that corporate irresponsibility is not uniformly measurable. Corporate irresponsibility refers to collective behavior assessed from a subjective perspective based on country-specific standards as well as cultural aspects. These standards and cultures are perceived differently by, for example, Western countries and Asian countries. Finally, using a more interpretive perspective to study social norms and values as social constructs, not independent of individuals, might offer further insights leading to a finer grained understanding of corporate irresponsibility (see also Greve et al., 2010).

Studies on corporate irresponsibility began in 1977 with a pioneering study by Armstrong (1977). Since then the field has experienced waves of interest in the late 1980s as well as the early and late 1990s, followed by noticeable peaks in 2007 and 2012. This shows not only the increasing interest in the topic in academic literature over the past years, but also supports the argument of taking a more dynamic perspective on corporate irresponsibility and the evolving values in society (Armstrong and Green, 2013; Matten and Moon, 2008). The studies in these waves and peaks provide additional and new insights on corporate irresponsibility, offering the potential for a multidisciplinary review that would benefit by incorporating knowledge among different literature fields. However, it would be interesting to compare a timeline of corporate irresponsibility publications with those on the concept of corporate social responsibility to see if there is a chronological dependency.

The analysis of the studies by geographical regions (see Figure 3) shows a strong bias towards North America (25) and Europe (7), with only a few studies originating in Africa (2) and Australia (1). There are few cross-country studies of Europe and North America (2), North America and Asia (2), and North America and Australia (1) that offer cross-cultural insights into corporate irresponsibility. However, there may be a publication bias favoring certain countries. Future research would benefit from a focus on Asia and Africa because a rising number of Western organizations operate either directly or indirectly with suppliers on these continents.

Concerning the methods in the corporate irresponsibility literature, the majority examined were conceptual studies (19), followed by ten single case studies, which focus exclusively on multinational enterprises (Kostova and Zaheer, 1999; Strike et al., 2006). Thus, future research could also benefit from investigating small and medium sized enterprises. Although it is difficult to generalize from single case studies, these works "offer rich insights of contemporary organizational phenomena in a real-life setting" (Hoon, 2013, p. 522). These case studies could benefit from a meta-analysis approach (Hoon, 2013). In the corporate irresponsibility literature only one study included a quantitative meta-analysis of event studies (Frooman, 1997). The rich data on irresponsible events highlights how irresponsible practices decrease shareholder wealth. In addition, a qualitative meta-analysis analyzing and studying previous single-case studies of corporate irresponsibility would allow scholars to identify recurring patterns across case studies and refine, extend or generate new theory (Habersang, Küberling-Jost, Reihlen, and Seckler, in Press; Hoon, 2013; Rauch, Doorn, and Hulsink, 2014). Another method, longitudinal studies, would help scholars to investigate corporate irresponsibility not only at a single point of time, for example, by building on survey panel data (Kotchen and Moon, 2012). Thus, future research could build on larger time scales to validate the findings of existing studies and extend the understanding of corporate irresponsibility.

This study has its recognized limitation that might provide a potential future research avenue. Although I acknowledge studies with the focus on corruption with its valuable and advanced insights (for example, Ashforth and Anand, 2013; Pinto et al., 2008), I have not offered a detailed overview of the corruption debate. Since the focus of this study was to integrate prior research of corporate irresponsibility. Further, in this study corruption is rather treated as a sub-concept of corporate irresponsibility and only considers studies integrating both concepts. Researchers in the future should integrate the corruption literature to its full extant. Finally, I hope that this review of the concept of corporate irresponsibility and the framework developed here will further our understanding of corporate irresponsibility, its antecedents, moderators and outcomes and offer potential avenues for future contributions to add to our understanding of corporate irresponsibility.

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Paths of Corporate Irresponsibility: A Dynamic Process

Acknowledgements

I would like to thank Markus Reihlen, Stefanie Habersang, Christoph Seckler and participants of the Leuphana doctoral colloquium for their invaluable and constructive comments. An earlier version of this article was presented at the 14th European University Network on Entrepreneurship Conference, in Lüneburg, Germany, and in the doctoral workshop of the 8th Leuphana Conference on Entrepreneurship, in Lüneburg, Germany. I would like to thank the conference participants for their invaluable comments on the earlier version of this article.

Abstract

In this qualitative meta-analysis, I analyze corporate irresponsibility as an emergent organizational process. Organizations enacting irresponsible practices rely not only on a particular form of a process path, but on how this process path evolves within the organization. To achieve a better understanding of this process path, I conducted a qualitative meta-analysis drawn from 20 published cases of irresponsible organizations. I explore how and under which conditions irresponsible behavior of organizations arises, develops and changes over time. The process path of corporate irresponsibility relies on the interaction of multiple levels of analysis and its temporal occurrence, resulting in either path dependency or path creation. Based on the empirical findings of the evolving phenomena, this study focuses on three phases of corporate irresponsibility: institutionalization, problematization, and adaptation. The process of corporate irresponsibility can take two distinct paths, the opportunistic-proactive, and the emerging-reactive. This study contributes to the literature by offering new insights into, first, a processual and more interactional approach to corporate irresponsibility that accounts for interdependencies on the different levels of each phase, and second, the self-reinforcing mechanisms and explanatory patterns of corporate irresponsibility leading to path dependency or path creation.

Keywords: corporate irresponsibility; qualitative meta-analysis; corporate irresponsibility process; process path

Introduction

How does corporate irresponsibility emerge and develop over time? Do organizations change their behavior after irresponsible practices become public? This study seeks to answer these questions by examining the different phases of corporate irresponsibility from its emergence, to its problematization and the final aftermath phase. Corporate irresponsibility is essentially a phenomenon that evolves over time. It is often the result of intentionally irresponsible strategies, decisions, or actions, which negatively affect an identifiable stakeholder or the environment (Keig, Brouthers, and Marshall, 2015; Strike et al., 2006). Depending on the perception of observers, organizational irresponsible behavior may lead to strong reactions (Lange and Washburn, 2012) and, in some cases, even to public scandals (Jackson et al., 2014). Thus, corporate irresponsibility can adversely affect the value of the organization (Frooman, 1997; Keig et al., 2015; Muller and Kräussl, 2011; Price and Sun, 2017). The loss of reputation and value forces organizations to react or even to transform patterns of thought, behavior, social relationships, other institutions, and the social structure they are embedded in (Stephan, Patterson, Kelly, and Mair, 2016).

Existing research analyzes the emergence of corporate irresponsibility by focusing on either individual (e.g., unethical decision-making, immoral education, authoritarian leadership) (Armstrong and Green, 2013; Pearce and Manz, 2011; Windsor, 2012), organizational (e.g., short-term earnings, irresponsible corporate culture) (Jones et al., 2009; Jones and Kavanagh, 1996; McMahon, 1999), or environmental factors (e.g., prevailing irresponsible norms and values within an industry, highly dynamic industries) (Baucus, 1994; Baucus and Near, 1991; Surroca et al., 2012). Previous studies, however, focus on single factors and leave out two important aspects of corporate irresponsibility. First, they neglect sequences of conditions and events, and thus the interaction of different factors. Second, they disregard multiple factors across different levels of analysis. These two aspects are interrelated as factors are highly interdependent and explain how processes of corporate irresponsibility unfold over time on multiple levels (Langley, 1999). Although Frooman (1997) examined the interdependencies of corporate irresponsibility events on shareholder wealth and Greve, Palmer, and Pozner (2010) built upon this work, examining the dynamics and consequences of organizational misconduct, scholars call for more dynamic approaches to corporate irresponsibility (Ashforth, Gioia, Robinson, and Trevino, 2008; Christensen, Mackey, and Whetten, 2014; Kang, Germann, and Grewal, 2016; Whiteman and Cooper, 2016).

Notable exceptions to this focus on single factors are found in the literature on corruption. This literature stream explains the phenomenon as either an emerging top-down or bottom-up process (Pinto et al., 2008). Furthermore, the normalization of corruption can take place in three different processes: institutionalization, rationalization, and socialization (Ashforth and Anand, 2003). Schembera and Scherer (2017) show that seeking legitimacy is a key driver of an organization's strategic response after disclosed corruption and identify 'substantial influence' (acting as a pioneer) as a central strategy in the aftermath phase. Yet, some organizations appear to be locked in their path (Schreyögg and Sydow, 2011). However, these studies focus either on the emergence or on the aftermath of corruption and identify only single process models. This neglects alternative ways of understanding how and why such behavior emerges and how the organization adapts after disclosure.

The theory of path dependence offers one explanation for the logic of the unfolding process of path formation (Schreyögg and Sydow, 2011). Furthermore, path dependency indicates that prior actions and their characteristics matter as they are also important for the unfolding of future events (Schreyögg and Sydow, 2011; Schreyögg, Sydow, and Holtmann, 2011; Sydow, Schreyögg, and Koch, 2009). However, findings of this study suggest that some irresponsible organizations appear to be able to break path dependence. Although path breaking is discussed in the literature (Sydow et al., 2009; Sydow, Windeler, Möllering, and Schubert, 2005; Sydow, Windeler, Müller-Seitz, and Lange, 2012), no indicators are provided for this alternative path and it is defined as an additional phase. In sum, research to date tends to focus on a one-sided model of path dependency, thus lacking a fine grained approach to understanding process paths and its mechanisms.

To analyze corporate irresponsibility processes, I use a qualitative meta-analysis to accumulate primary insights and synthesize from cases of corporate irresponsibility. This allows me to provide more generalizable conclusions and, in turn, more comprehensive applications of existing findings (Habersang, Küberling-Jost, Reihlen, and Seckler, in Press; Hoon, 2013; Rauch, Doorn, and Hulsink, 2014). To analyze path processes of corporate irresponsibility, I use path constitution analysis (Sydow et al., 2012), which applies theory as a 'sensitizing advice' detecting, analyzing, interpreting, and systemizing processes of corporate irresponsibility (Giddens, 1984; Sydow et al., 2012). I identify recurring patterns of corporate irresponsibility across 20 published cases and suggest two process paths: the *opportunistic-proactive*, and the *emerging-reactive*. An organization passes through several phases, beginning with the emergence of irresponsibility, to the incidence becoming known, until it is adapting. In this study

I develop a three phase model, beginning with an initial phase of institutionalization, followed by a period of problematization, and ending with a process of adaptation. Accordingly, I examine the temporal occurrence of significant irresponsible actions (Van de Ven and Poole, 2005) and explore across multiple levels the mutually reinforcing interdependences characterizing each of the three phases. Together these phases create a crucible of corporate irresponsibility and result in an organization entering either a vicious cycle of surface-route decoupling or a virtuous cycle of deep-route detachment. These two cycles indicate if an irresponsible organization becomes path dependent or breaks with the path.

The purpose and contribution of this study is twofold. First, this study offers a finer grained understanding of how and under which conditions underlying mechanisms of corporate irresponsibility unfold over time and across different levels. More specifically, this study explains the process of organizational irresponsibility across multiple levels from how and under which conditions irresponsible behavior emerges, to how it becomes public and how this results in specific organizational paths. To understand the evolving phenomenon of corporate irresponsibility, I focus empirically on elements of its temporal progression and draw on process theorizing (Langley, Smallman, Tsoukas, and Van de Ven, 2013).

Second, this study advances current theorizing on corporate irresponsibility, particularly in the adaptation phase. It introduces and specifies two distinct mechanisms of how organizations respond to internal and external stakeholder demands. The two mechanisms are indicators for an organization becoming either path dependent or path breaking (Garud, Kumaraswamy, and Karnøe, 2010; Gruber, 2010; Schreyögg and Sydow, 2011; Sydow et al., 2009). Furthermore, organizations either modify on a surface-route level and engage in a vicious cycle of decoupling resulting in path dependency or adapt on a deep-route level and engage in a virtuous cycle of detachment to break with prior path dependency. These two distinct mechanisms determining the process path of corporate irresponsibility add to current studies on path dependency by identifying an indicator of an alternative, path breaking. However, findings also suggest that in some cases corporate irresponsibility results in the demise of the organization in the adaptation phase.

The remainder of this article is structured as follows. First, I review the relevant research background and introduce core concepts of corporate irresponsibility. I then offer a brief overlook of the method and follow by presenting the findings of the qualitative meta-analysis, outlining dominant interdependencies at each phase. Finally, I discuss the implications of the findings for theory and practice.

Theoretical Background

Origins and Evolution of Corporate Irresponsibility

Corporate irresponsibility refers to corporate activities that negatively affect the long-term interests of a wide range of stakeholders (Chiu and Sharfman, 2016). Furthermore, it defines a collective behavior that violates generally accepted norms, standards and principles in society, and harms or disadvantages others and the environment (Brass, Butterfield, and Skaggs, 1998; Donaldson and Dunfee, 1994; Matten and Moon, 2008; Strike et al., 2006; Umphress and Bingham, 2011; Windsor, 2012). Generally accepted norms, standards and principles are relevant depending on different ethical codes. In this paper, I follow the suggestion of Donaldson and Dunfee (1994) and utilize the United Nations' Universal Declaration of Human Rights (UDHR) as the bottom line. As such, organizations that violate the fundamental human rights behave in a socially irresponsible manner. In this study corporate irresponsibility practices also include, for instance, the violation of labor standards (e. g., Nike, clothing sweatshops) or mismanaging production resources (e. g., Sanlu, food poisoning scandal). As an additional consequence to reputational loss, irresponsible behavior may involve damage to an organization's long-term competitive advantage, causing a struggle for organizational survival (Chiu and Sharfman, 2016). Corporate irresponsibility increases externalized costs to society (Kotchen and Moon, 2012), imposes costs on single stakeholders (Blumberg and Lin-Hi, 2015; Branco and Delgado, 2012), and promotes distributional conflict (Kotchen and Moon, 2012).

Several scholars of corporate irresponsibility argue that collective irresponsible behavior results from individuals within the organization. The reasons given include individuals exerting their 'dark side traits' (Christensen et al., 2014) or making irresponsible strategic decisions (Armstrong and Green, 2013; Jones and Kavanagh, 1996; Pearce and Manz, 2011) on behalf of the organization, thus following their managerial self-interest (Armstrong, 1977). In particular, top managers with a reputation for responsible behavior can create a sense of having earned moral 'credits', which then enable subsequent irresponsible behavior (Christensen et al., 2014). In contrast, Jackall (1988) argues that the irresponsible actions of managers do not result from individual moral deficiencies, but instead from organizational structures and the given roles when they include aggressive or unethical behavior (Armstrong and Green, 2013; Tsang, 2002). Organizational research attributes corporate irresponsibility to inappropriate incentive structures (Brass et al., 1998), an unfocused organizational strategy (Armstrong and Green, 2013) and non-transparent working environments (Jones and Kavanagh, 1996). A focus on non-transparent corporate governance structures outlines the interlocking patterns of ownership, long-term relations, and friendships in business and politics (Brass et al., 1998; Matten and Moon, 2008; Pearce and Manz, 2011).

Besides the individual and the organizational level of analysis, a few scholars examine environmental factors to describe the occurrence of corporate irresponsibility. An organization embedded in an industry or national business system with established irresponsible practices is more likely to conduct irresponsible behavior (Harting et al., 2006; Matten and Moon, 2008). Scholars also point out that the lack of legal regulations or sufficient sanctions offer organizations the opportunity to conduct irresponsible practices without suffering consequences, thus resulting in the establishment of corporate irresponsibility (Baucus, 1994; Surroca et al., 2012).

The term corporate irresponsibility tends to be treated as synonymous with corruption, a field that offers valuable approaches to explaining such organizational behavior (Ashforth et al., 2008; Pinto et al., 2008). In this vein, corruption refers to the “misuse of entrusted power for personal gain” (Keig et al., 2015, p. 94), which may directly advance the interests of the individuals undertaking them (Moore, 2008). Ashforth et al. (2008) examine corruption on the organizational level because such behavior is increasingly characterized as due to the organization itself being corrupt, for example, its having a corrupt organizational culture. Another view in the literature distinguishes between corporate irresponsibility and corruption as two different constructs that are measured differently. Furthermore, corrupt behavior includes organizational conduct that is “proscribed and punishable by criminal, civil, or regulatory law” (Pfarrer, Decelles, Smith, and Taylor, 2008, p. 731) and is measured as such (Keig et al., 2015). This stands in contrast to corporate irresponsibility, which entails collective misbehavior violating specific societal norms and responsibility standards in areas, such as human rights or community relations (Keig et al., 2015; Pfarrer et al., 2008; Strike et al., 2006). For the purpose of this paper, I follow the assumption of Keig et al. (2015) that corruption increases the likelihood of corporate irresponsibility. More specifically, a corruptive environment increases the likelihood of an organization engaging in irresponsible practices.

Dynamic Perspectives

Studies of the literature on corruption explain its occurrence by more dynamic interactional approaches, which are relevant to understanding and explaining factors influencing corporate irresponsibility. These studies explain corruption as either an emergent bottom-up phenomenon on the individual level or a top-down phenomenon of a group of organizational members. The bottom-up phenomenon characterizes a meso level process in which the primary trigger is a contagion of individual corrupt behavior. When this behavior crosses a critical threshold, the organization is labelled as corrupt (Pinto et al., 2008). The top-down phenomenon, by contrast, involves a group of organizational members undertaking, directly or through their subordinates, collective and coordinated corrupt actions that primarily benefit the organization. Typically, it is the top management that influences the lower-level units to act in a corrupt manner (Pinto et al., 2008). Furthermore, Ashforth and Anand (2003) argue that the normalization process of corruption is built upon three pillars. First, the *institutionalization process* is characterized by an initial corrupt action that triggers the embedding of corruption in its organizational structures and results in a routinizing of corrupt behavior in the organization. Second, the *rationalization process* involves individuals in an organization morally distancing themselves from corrupt practices by rationalizing their ideologies. Third, the *socialization process* refers to an acceptance of these routinized practices, particularly, among new entrants of the corrupt organization. In sum, as corruption resists change, endures over time and is transmitted across generations, it becomes institutionalized.

Concerning organizational responses to disclosure, the literature on corruption offers an explanation of how organizations respond to a legitimacy loss after the disclosure of corruption (Schembera and Scherer, 2017). Scholars identify two ways of responding to the repeated loss of legitimacy: isomorphic adaptation and radical transformation by following the substantial influence strategy. Schembera and Scherer (2017, p. 328) look into managing strategic responses to legitimacy loss and found that “only the combination of high regulatory and social pressure leading to a legitimacy shock may trigger radical change in a firm’s anti-corruption strategy”. Pfarrer et al. (2008) outline the process of reintegration as the organizational repair of relationships with key stakeholders that were damaged by organizational misconduct. Furthermore, they argue that the reintegration process is primarily driven by stakeholders because firms assume that concurrence among stakeholders is likely and respond in full accordance with stakeholder demands. They may neglect however, to further specify the stakeholders, because some organizations may respond in a proactive way driven by internal actors (Aguilera, Rupp, Williams, and Ganapathi, 2007; Stephan et al., 2016). In addition, Crilly, Zollo, and Hansen (2012) argue that conflicting stakeholder demands are reflected by dissension within management teams, thus facilitating resistance to implementing stakeholder demands.

Most studies in the field address, however, only the reintegration process when it responds fully to stakeholder demands and do not consider the possibility of organizations radically changing their behavior in a proactive way. For this purpose, I elaborate on the concept of legitimacy as it reflects the key driver for organizations to respond to demands of the environment and to become reintegrated (Schembera and Scherer, 2017). In this study I follow Suddaby, Bitektine, and Haack's (2017) approach to legitimacy as an interactive process that maintains and constructs meaning through language use and constant interaction within the larger social framework. Schembera and Scherer (2017) identify a shift from 'decoupling' to 'substantial influence' strategies undertaken by organizations to regain legitimacy, with decoupling defined as a gap between formal structures and actual practices (see also Meyer and Rowan, 1977). Schembera and Scherer (2017) argue in their study that the focus on decoupling leads to the disclosure of corruption. In addition, Crilly et al. (2012) describe decoupling mechanisms as the result of a low level of managerial consensus and a lack of resources allocated to corporate social responsibility. The perception by managers of corporate social responsibility as an unnecessary cost results in their resistance to implementation. The decoupling mechanism is extrinsically motivated.

In response to the tendency to explain organizational responses as reactive approaches, scholars in the field of corporate social responsibility have developed a proactive approach to explain how organizations distance themselves from former behavior (Delmestri and Greenwood, 2016; McWilliams and Siegel, 2001). The proactive approach sees organizations as mainly intrinsically motivated by a detachment mechanism, described by Delmestri and Greenwood (2016) as the distancing of a social object from its existing category. More specifically, it is a process of transforming patterns of thought, behavior, social relationships, institutions, and/or the social structure to generate beneficial outcomes for individuals, communities, organizations, society, and/or the natural environment (see also concept of positive social change, Stephan et al., 2016).

A review of the literature on corporate irresponsibility reveals that the phenomenon is understudied in two ways. First, only a few studies empirically investigate reasons for corporate irresponsibility (Lange and Washburn, 2012; Mena et al., 2016; Whiteman and Cooper, 2016). A few studies take a rather static approach to understanding corporate irresponsibility, viewing it as a cause-effect relationship on the individual (Armstrong, 1977; Jones and Kavanagh, 1996), the organizational (Brass et al., 1998) or the environmental level (Baucus, 1994). Recent studies neglect to explain how corporate irresponsibility is accomplished on the ground. They disregard factors and underlying relationships that are distinguishing features of cause and effect. Instead, corporate irresponsibility must be understood as a flow of connected ideas, actions, and outcomes that interact and change over time (Van de Ven, 2007). It is an unfolding dynamic and emergent process.

Second, recent studies have taken important steps to explaining how organizations respond to disclosure. However, they tend to explain organizational responses as externally driven reactions with modifications on the surface level. Recent studies neglect alternative ways organizations respond to disclosure, for example, on a deep-route level towards a more proactive behavior. Furthermore, the studies focus broadly on response patterns, without identifying particular indicators for how and when the path unfolds. I address these issues in the literature by building on the concept of path dependency to theorize the unfolding paths of corporate irresponsibility.

Path Dependency Theory

Path dependency theory explains the unfolding process logic of path formation (Arthur, 1989; David, 1985, 1986; Garud et al., 2010; Koch, 2011; Schreyögg and Sydow, 2011; Sydow et al., 2009) by linking a broader organizational level of processes and outcomes. The assumption that history and sequencing matters allows scholars to understand how self-reinforcing mechanisms drive organizations to become path dependent (Garud et al., 2010; Schreyögg and Sydow, 2011). More specifically, self-reinforcing mechanisms often unfold behind the backs of the actors and bring about an escalating situation with unexpected results (Schreyögg and Sydow, 2011). Initially, organizational decisions and actions are open to future developments (Gruber, 2010). Small triggering events accumulate and bring the process to a critical juncture, emphasizing the power of subsequent self-reinforcing processes, which may lead to a path lock-in (Garud et al., 2010; Schreyögg and Sydow, 2011; Sydow et al., 2009).

Schreyögg and Sydow (2011) suggest in their study four self-reinforcing mechanisms as major drivers unfolding the process of path formation: *coordination effects, complementarity effects, learning effects,* and *adaptive expectation effects*. I will outline the adaptive expectation mechanisms in more detail because they appear to explain the responses of an irresponsible organization after disclosure. Self-reinforcing mechanisms relate to an interactive building of preferences that are developed in response to the expectations of others. The organization adopts these expectations in the hoping that others will behave similarly, and this will lead to a positive outcome (Schreyögg and Sydow, 2011). However, the organization locks in dominant decision patterns and “loses its capability to adopt better alternatives” (Sydow et al., 2009, p. 692). An interlinked causal chain of decisions and actions from the past impact future decisions and actions, demonstrating that “all choices are historically framed” (Schreyögg et al., 2011, p. 83).

In contrast to path dependency, scholars suggest a perspective in which the focus is on the creation of new alternative paths, so-called ‘path breaking’ (Garud et al., 2010; Gruber, 2010). A broader scope of organizational action is required for an organization to identify better alternative actions. The path dependent phase is followed by the path breaking phase, which is characterized by the unlocking of a path and a systemic approach to change (Gruber, 2010; Sydow et al., 2005). Sydow et al. (2009) suggest that path breaking varies in intensity and complexity, and so does not necessarily follow the path dependent phase. Path breaking entails a new alternative that is superior to the inferior one by interrupting the logic of the self-reinforcing mechanisms of path dependence (Sydow et al., 2009). This requires an organization to observe and evaluate prior self-reinforcing mechanisms.

In summary, there is not only a significant amount of literature on corporate irresponsibility, but recent research on corruption attempts to explain the emergence of such organizational behavior and an organization’s behavior after disclosure. Path dependency theory offers valuable explanations of how process paths unfold. Yet, research on corporate irresponsibility lacks insight into how corporate irresponsibility emerges and develops over time. Research neglects to fully explain alternative ways of how organizations may act or react after disclosure and disregards reasons why organizations enter a potential path. Thus, I follow the call of recent scholars to empirically study the phenomenon of the emergence and development of corporate irresponsibility by conducting a qualitative meta-analysis (Christensen et al., 2014; Kang et al., 2016; Whiteman and Cooper, 2016).

Method: A Qualitative Meta-Analysis

For this study on path processes of corporate irresponsibility, I conducted a qualitative meta-analysis by analyzing 20 published cases. A qualitative meta-analysis allows synthesizing evidence from primary qualitative data across a set of case studies. Across the re-examined cases it allows to refine, extend, or generate new theory (Habersang et al., in Press; Hoon, 2013; Rauch et al., 2014). In order to better understand the self-reinforcing processes of path dependency and path creation, I combined qualitative meta-analysis with path constitution analysis (Sydow et al., 2012). Path constitution analysis (PCA) integrates path dependency and path creation to develop a better understanding of the following constitutive features: level of interrelatedness, triggering events, self-reinforcing processes, lock-in, and multiple actors who reproduce the path. In this context, self-reinforcing processes describe positive feedback loops in an already pursued direction accompanied by an increasing degree of rigidity. The analysis allows the scholar to detect, analyze, interpret, and systematize processes (Sydow et al., 2012). Thus, the combination of the qualitative meta-analysis and the path constitution analysis helps to integrate multiple actors on a multi-level analysis. The combination takes a process perspective and draws on recurring patterns across re-examined cases.

Locating relevant research. In order to identify relevant case studies for my meta-analysis, I based the search on the ISI Web of Knowledge, Case Centre, and Harvard Business School case study database. I defined the keywords based on the concept of corporate irresponsibility and conducted a Boolean search including the following keyword combinations: ‘corporate irresponsibility’, ‘organizational irresponsibility’, ‘organizational corruption’, ‘corporate corruption’, ‘unethical organization’, OR ‘immoral organization’ AND ‘case’ OR ‘case study’. I complemented the case list with the reference list of relevant papers in the field of corporate irresponsibility, the publication lists of known scholars, and selected case studies from the Boolean search. To cross check for potential missing case studies, I used Google Scholar to identify case studies in published books and book chapters. The search resulted in an initial list of 47 case studies.

Inclusion and exclusion criteria. I applied inclusion and exclusion criteria to ensure the validity of synthesis, which depends on the quality of the primary studies (Habersang et al., in Press; Hoon, 2013; Rauch et al., 2014). I checked each case for its clear linkage between theory and empirical evidence (Hoon, 2013). Accordingly, I only included published case studies that described a temporal sequence of irresponsible activities the organization was closely related with (Mena et al., 2016), which resulted in a disclosed corporate irresponsibility event and matched with the outlined corporate irresponsibility definition. For this purpose and in alignment with indicators of the PCA; I included cases with all following three data prerequisites: (1) *action by an organization*: multiple actors as units of an organization (not governmental units, because the focus lies on market’s response to organizational actions), (2) *which it chooses to take*: the actor must act out of choice, with both freedom of will and willful purpose (for example, Shell did not choose the oil disaster, but Nike had the choice to produce in sweatshops), (3) *harming or disadvantaging others and the environment*: the irresponsible action must include an identifiable effect on an external stakeholder or the environment, with the external stakeholder here referring to social stakeholders, such as communities, consumers, employees (in contrast to economic stakeholders, which are harmed when the organization behaves irresponsibly by not generating sufficient wealth for shareholders) (Chiu and Sharfman, 2016; Frooman, 1997).

This detailed information allowed me to code for sufficient contextual aspects not only of the general corporate irresponsibility process, but for the processes of either path dependence or path creation. I excluded cases that focused only on single-level aspects, because a certain path can only be observed when it is put into context with regard to the levels of analysis (Sydow et al., 2012). This resulted in a data set of 20 case studies on corporate irresponsibility meeting the inclusion criteria of corporate irresponsibility (see Table I).

Table I. Overview of cases included in this study

No	Company	Country	Time Frame	Industry	Corporate Irresponsibility	Source
1	Abercrombie&Fitch	United States	1992-2013	Retail Trade	Violation of human rights	Journal of Undergraduate Research, Journalism & Mass Communication Quarterly, IESE Business school International Research Center on Organizations
2	Apple	United States	2014-2016	Information Technology	Violation of human rights	Journal of Business Ethics
3	Boeing	United States	1916-2003	Aerospace	Violation of governance standards	ICMR Center for Management Research
4	Chiquita	United States	1954-2007	Food	Violation of human rights	Indiana University CIBER Case selection
5	Citigroup	United States	1812-2011	Banking	Violation of governance standards	Kellogg School of Management NWU GW Law Faculty Publications and Other Works
6	Deutsche Bank	Germany	1870-2012	Banking	Violation of human rights	Wits Business School University of the Witwatersrand
7	Enron	United States	1985-2002	Energy	Violation of governance standards	Journal of Economic Perspectives
8	FIFA	Switzerland	1904-2015	Football	Violation of governance standards	Amity Research Centers Headquarter Bangalore, Ivey Publishing
9	Mannesmann	Germany	1890-2005	Telecommunications	Violation of governance standards	European Management Review, Harvard Business School
10	Nestlé	Switzerland	1975-2004	Food	Violation of human rights	ICMR Center for Management Research, Journal of Business Ethics, California Management Review
11	Nike	United States	1964-2012	Athletic Footwear& Apparel	Violation of human rights	Harvard Business School
12	Olympus	Japan	1919-2012	Camera Manufacturer	Violation of governance standards	AMNITY - Research Centers Headquarters, Federal Investigation Report
13	Parmalat	Italy	1961-2004	Food	Violation of governance standards	Research in International Business and Finance
14	Royal Ahold	Netherlands	1887-2006	Food Retailer& Food Service	Violation of governance standards	ICMR Center for Management Research
15	Rupert Murdoch	United Kingdom	1952-2011	Media	Violation of human rights	INSEAD
16	Sanlu	China	2006-2009	Food	Violation of human rights	ICMR Center for Management Research
17	Satyam	India	1987-2009	Computer Service	Violation of governance standards	Ivey Richard Ivey School of Business - University of Western Ontario, IBS Research Center, Asia Case Study Centre - University of Hongkong
18	Siemens	Germany	1951-2007	Electronics	Violation of governance standards, bribery	IBSCDC, Stanford Graduate School
19	Snow Brand	Japan	1950-2003	Food	Harming human health	ICMR Center for Management Research
20	Tianlong	China	1834-2012	Capsule Production	Violation of human rights	Ivey Richard Ivey School of Business - University of Western Ontario

Data analysis. In order to perform the data analysis of the qualitative meta-analysis I applied the PCA, which I conducted in six main steps using the software for qualitative data analysis, ATLAS.ti, to perform the coding. I followed a deductive and inductive coding scheme to explore categories, recurring patterns, and constitutive features of paths in and across the selected case studies (Alvesson and Sköldberg, 2009; Maxwell, 2012). This approach follows abductive reasoning, which allows the scholar to combine the deductive theoretical frameworks with the case data and emerging theory (Bamberger, 2018; Maxwell, 2013; Orton, 1997). More specifically, it allows the scholar to generate "a search for alternative explanations and the production of conjectures about how the puzzling observations might be explained" (Klag and Langley, 2013, p.151). Abductive reasoning is used for contrastive reasoning and causal explanations to identify patterns that offer alternative dynamics, processes, or mechanisms (Bamberger, 2018; Folger and Stein, 2017). This allowed me to look in particular for alternative indicators for organizational path breaking.

In the first step and in accordance with the research questions how and why corporate irresponsibility emerges and develops over time I developed a deductive coding scheme based on the major explanatory patterns of existing theoretical frameworks on corporate irresponsibility, informed by the outlined constitutive features of paths. This resulted in the use of the following dominant theories, both as an interpretative background and as a guiding framework to address the research question (Bamberger, 2018): *attribution theory*, *group think theory*, *industrial organization perspective*, *institutional theory*, *moral disengagement theory*, *resource-based view*, *stakeholder theory*, *strategic choice theory*, *threat-rigidity effect theory*, *upper-echelon theory* (see Table II).

Table II. Exemplary overview of theoretical backgrounds from the broader management and corporate irresponsibility literature

Theoretical Background	Central Constructs	Exemplary First Order Concepts (deductive codes)	Exemplary Literature
Attribution Theory Corporate irresponsibility is enhanced by an observer's belief to categorize an organizational behavior as irresponsible, attaching organizational practices to corporate irresponsibility.	Causal inference, causal judgement, culpability for the effect, collective memory	Losing belief in organization, escalating stakeholder conflict, formation of mnemonic memory traces, Rebelling/Defensive group dynamics	Lange and Washburn (2012); Mena, Rintamäki, Fleming, and Spicer (2016)
Group Think Theory Corporate irresponsibility results from a collective pattern of defensive avoidance, when a group places a higher priority on organizational counter-norms that lead to organizational benefits, thus, encouraging and supporting unethical behavior.	In-group cohesiveness	Illusion of invulnerability, TMT not acting responsible/neutral, unethical pro-organizational behavior, incomplete surveying of alternative strategies, poorly assessing TMT by board/BOD	Graham, Ziegert, and Capitano (2015); Janis (1972, 1989); Sims (1992); Umphress and Bingham (2011)
Industrial Organization Perspective Corporate irresponsibility is fostered by industrial pressures and de/regulations.	Economic and regulatory changes	High level of competition, high industry dynamism, industry deregulation, new regulations, irresponsible industry standards, controversial industry, established irresponsible industry norms, values, culture	Chiu and Sharfman (2016); Pinto, Leana, and Pil (2008); Porter (1980); Strike et al. (2006)
Institutional Theory Corporate irresponsibility fosters institutional pressures employed on the organization by assessing it's conformity to their value systems, existing rules and laws, and shared social knowledge and cognitive categories.	Legitimacy, Stakeholder pressures	Loss of legitimacy, mounting stakeholder pressure, window-dressing behavior, consumer boycotts, influences of media	Campbell (2007); DiMaggio and Powell (1983); Greenwood (2007); Surroca, Tribó, and Zahra (2012)
Moral disengagement Theory Corporate irresponsibility results from individuals rationalizing immoral behavior.	Moral rationalization, moral outrage	Hybrid behavior/moral rationalization, moral outrage	Antonetti and Maklan (2016); Bandura (1999); Tsang (2002)

TMT = Top Management Team

Table II. Exemplary overview of theoretical backgrounds from the broader management and corporate irresponsibility literature. *(Contd.)*

Theoretical Background	Central Constructs	Exemplary First Order Concepts (deductive codes)	Exemplary Literature
Resource-Based View Corporate irresponsibility results from the lack of or stretching their tangible and intangible resources to behave responsibly.	Tangible and intangible resources	Lack of knowledge, lack of clear ethical governance mechanisms, mismanaging financial resources, mismanaging production resources	Barney (1991); Barney, Wright, and Ketchen Jr (2001); Harting, Harmeling, and Venkataraman (2006); Strike, Gao, and Bansal (2006)
Stakeholder Theory Corporate irresponsibility results from stakeholder management not requiring simultaneous attention to the legitimate interests of all appropriate stakeholders.	Stakeholder engagement, Stakeholder agency	Strong relation with powerful stakeholders, low stakeholder agency, cooperating stakeholders for irresponsible practices, exclusive stakeholder opportunities	Freeman (1984); Greenwood (2007); Harting et al. (2006); Kaptein (2008)
Strategic Choice Theory Corporate irresponsibility is fostered by strategic decisions the top management chooses to take.	Growth strategies, Business model strategies	Defender strategy, reactor strategy, acting in accordance to shareholder business model, prospector strategy, extensive growth strategy, controversial business model/corporate strategy	Ansoff (1987); Jones, Bowd, and Tench (2009); Miles and Snow (1978); Windsor (2012)
Threat-Rigidity Effect Theory Corporate irresponsibility results from a restriction in information processing and constriction of control under threat conditions. Decision-making groups may reduce their flexibility under a stress situation resulting in a less flexible system.	Maladaptation of individual cognition and behavior	Pressure on dissenters, psychological anxiety/stress, blaming others, denial, manipulating stakeholders, abuse of power	Armstrong (1977); Greenwood (2007); Staw, Sandelands, and Dutton (1981)
Upper-Echelon Theory Corporate irresponsibility is fostered by immoral managerial background characteristics resulting in irresponsible strategic choices.	Immoral/amoral management, Bad management theories/education, Characteristics of TMT	Homogeneous vs. heterogeneous TMT, immoral management, egocentric TMT, long- vs. short-term TMT tenure, leading autocratic, Imposing unethical values on organization	Armstrong (1977); Bommer, Gratto, Gravander, and Tuttle (1987); Cai, Jo, and Pan (2012); Carroll (2000); Chiu and Sharfman (2016); Hambrick and Mason (1984)

TMT = Top Management Team

In order to identify the constitutive features of the PCA, I differentiated the codes between triggering events and processes as well as level of analysis (micro, meso, macro) and actors (top management team, employee, shareholder, government, media, consumers, other external stakeholders). Furthermore, the triggering events in this study define the major turning points by representing coherent periods of activities to provide temporal division in the case studies (Van de Ven, 2007). To identify the coherent periods of activities I marked each code with a '_pre' or '_post' suffix with the disclosure of irresponsibility as a point of reference. Additionally, this allowed me to identify potential indicators for the lock-in or break-with effect in the data analysis. I focused on indicators for corporate irresponsibility including "critical events and turning points, contextual influence, formative patterns that give overall directions to the change, and casual factors that influence the sequencing of events" (Van de Ven and Poole, 2005, p. 1384). Furthermore, I inductively coded for self-reinforcing mechanisms, which are by definition dynamic and repetitive, and produce and reproduce the same decisions and actions (Koch, 2011), thereby enforcing the path of corporate irresponsibility.

Second, I analyzed the data on a case-specific level by examining and coding for indicators that lead to corporate irresponsibility and determine paths of corporate irresponsibility. Furthermore, I focused on concepts influencing each other, both appearing together and evolving sequentially (Hoon, 2013; Miles and Huberman, 1994). This allowed me to apply the deductive coding scheme and to add emerging inductive codes for interaction among the theoretical frameworks and path indicators. Furthermore, this step ensured not only the identification of relevant codes, but also the constant refinement and modification of the coding scheme (Hoon, 2013). The first two steps resulted in a coding scheme of 360 first order codes – 202 deductive and 158 inductive codes.

Third, to identify categories of the first order codes I conducted an axial coding. I synthesized and clustered the first order codes into second-order themes representing recurring patterns of the cases to generate more abstract categories and to identify path indicators (Strauss and Corbin, 1998). I aggregated the 360 first order codes into 56 second order themes.

Fourth, I visually mapped each of the corporate irresponsibility cases as a detailed process model and a causal network with ATLAS.ti (Langley, 1999; Miles and Huberman, 1994). On the one hand, this allowed me to represent how the codes and certain conditions evolve over time influencing and interacting with each other on multiple levels. On the other hand, this allowed me to identify mutual linkages between first-order codes. This step also helped me to shape coherent time periods leading to corporate irresponsibility and determining paths of corporate irresponsibility. Accordingly, this resulted in categories, patterns and indicators on the case-specific level to move toward a more general understanding of corporate irresponsibility.

Fifth, I synthesized on a cross-case level to compare and contrast codes as well as mutual linkages. This allowed me to identify recurring patterns and coherent time periods on a more generalizable level. This step included a move towards abstraction, idealization, and classification (Bunge, 1996; Weber, 1976). For each coherent time period I identified the dominant second-order themes by calculating code frequency and code density for the first-order codes. Code frequency represents the centrality of the groundedness of a code based on the number of quotations across cases (see first number in Table III, representing code frequency of the core codes for each case per process path). Code density measures the centrality of a code based on the number of relations with other codes (see second number in Table III, representing code density of the core codes for each phase per process path) (Habersang et al., in Press). Thus, I examined the most central codes for each case based on the code frequency and density calculation. I listed all cases in rows and the dominant codes for each time phase as columns to create a ‘case-by-case-attribute matrix’ (Miles and Huberman, 1994). This matrix allowed me to cluster the cases based on similar codes and emerging dominant second-order themes informed by the PCA perspective. This resulted in two paths of corporate irresponsibility: ‘emerging-reactive’ and ‘opportunistic-proactive’.

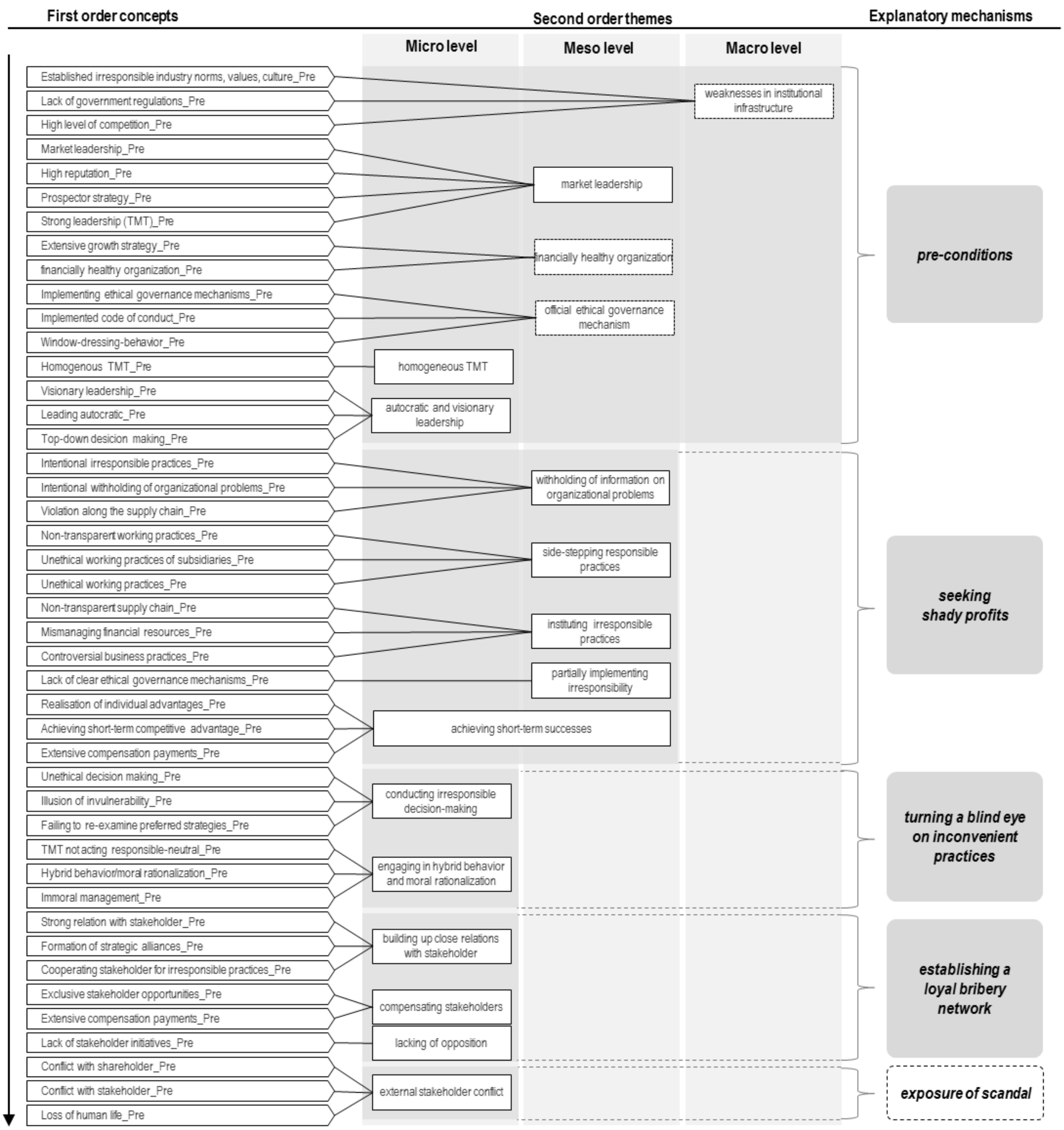
Table III. Code density and code frequency of paths

Dominant codes of first-order concepts	Opportunistic-proactive path[a]	Emerging-reactive path[b]
Established irresponsible industry norms, values, culture	**(4-8)**	(0-0)
Lack of sufficient regulations	(0-0)	**(16-13)**
Extensive growth strategy	(8-0)	**(31-11)**
Centralization high	(0-0)	**(15-3)**
Strong relation with stakeholder	**(7-19)**	(7-6)
Cooperating stakeholder for irresponsible practices	(11-18)	**(35-33)**
Formation of strategic alliances	(3-6)	**(13-11)**
Imposing unethical values on organization	(0-0)	**(7-30)**
Non-transparent working practices	(6-15)	**(17-28)**
Realization of individual advantages	**(5-5)**	**(5-5)**
TMT not acting responsible-neutral	**(7-1)**	(4-3)
Achieving short-term competitive advantage	(2-4)	**(8-12)**
Conflict with stakeholder	**(5-16)**	(0-0)
New draft/regulation	(0-0)	**(13-22)**
Escalating stakeholder conflict	(10-11)	**(15-28)**
Investigating/detecting unethical working practices	(10-2)	**(18-4)**
Denial	(3-8)	**(4-9)**
Rebelling/defensive group dynamics	(0-0)	(9-16)
Loss of legitimacy	(4-6)	**(18-9)**
Financial loss	(3-4)	**(17-14)**
Change of top management	(6-6)	**(8-11)**
Loss of position/executive turnover	(4-6)	**(12-16)**
Prospector strategy	**(10-6)**	(0-0)
Formation of strategic alliances	**(4-2)**	(0-0)
Rehabilitation strategy	(0-0)	**(10-10)**
Reactive addressment of corporate issues	(0-0)	**(13-14)**

[a] Cases included in the opportunistic-proactive path are Chiquita, Deutsche Bank, FIFA, Nike, and Royal Ahold.
[b] Cases included in the emerging-reactive path are Abercrombie&Fitch, Apple, Boeing, Citigroup, Mannesmann, Nestlé, Olympus, Satyam, Siemens, and Tianlong. Cases in this path that disappeared from the market are: Enron, Parmalat, Sanlu, and Snow Brand.
One case, Rupert Murdoch, comprises significant overlaps with both paths and characterizes a hybrid case in this study.

TMT = Top Management Team

Sixth, I identified the underlying mechanisms for each phase enforcing and determining the two different path processes of corporate irresponsibility. Furthermore, I captured and differentiated the distinct explanatory mechanism for each path leading to and determining corporate irresponsibility based on the PCA perspective. This step allowed for a simplified, more abstract concept structure including first order codes, second order themes, and aggregated dimensions (see also Gioia, Corley, and Hamilton, 2013). I identified 17 aggregated dimensions representing the explanatory mechanisms of the two paths across each phase and across multiple levels of analysis. Following Gioia et al. (2013) I visualized the emerging concept structure for each path and phase (see Figures 1 through 6). Each explanatory mechanism includes indicators of the PCA and outlines the recurring patterns unfolding over time.



TMT = Top Management Team

Figure 1. Concept structure of opportunistic-proactive path – institutionalization phase

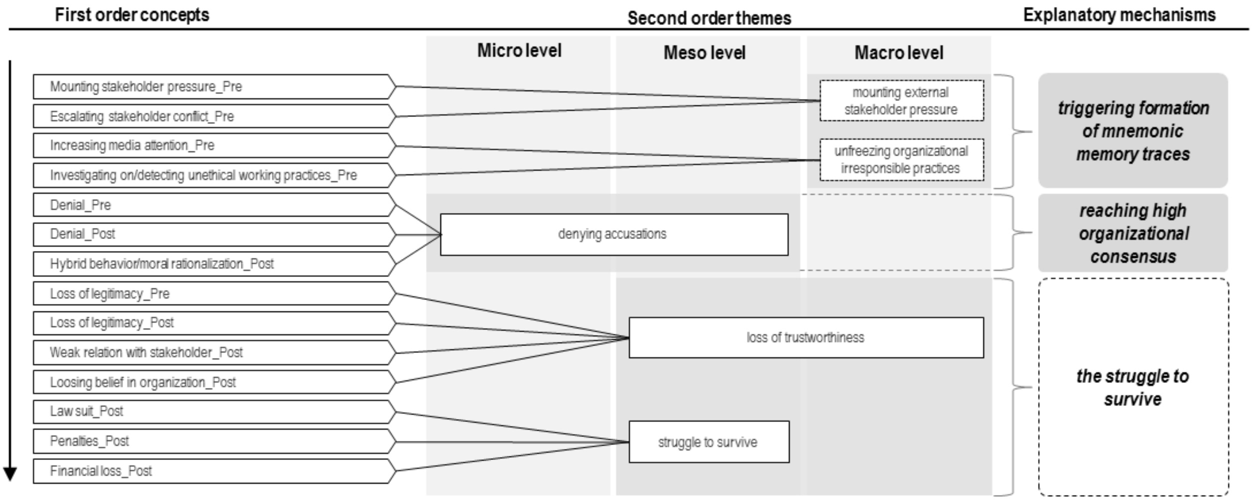


Figure 2. Concept structure of opportunistic-proactive path – problematization phase

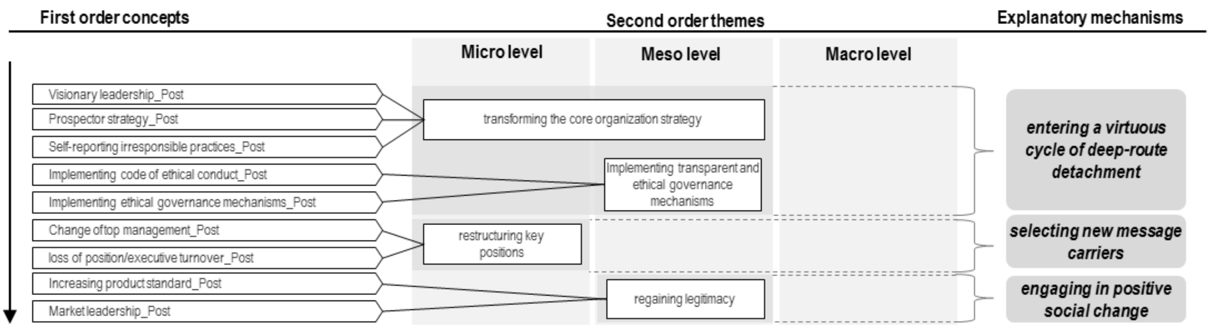
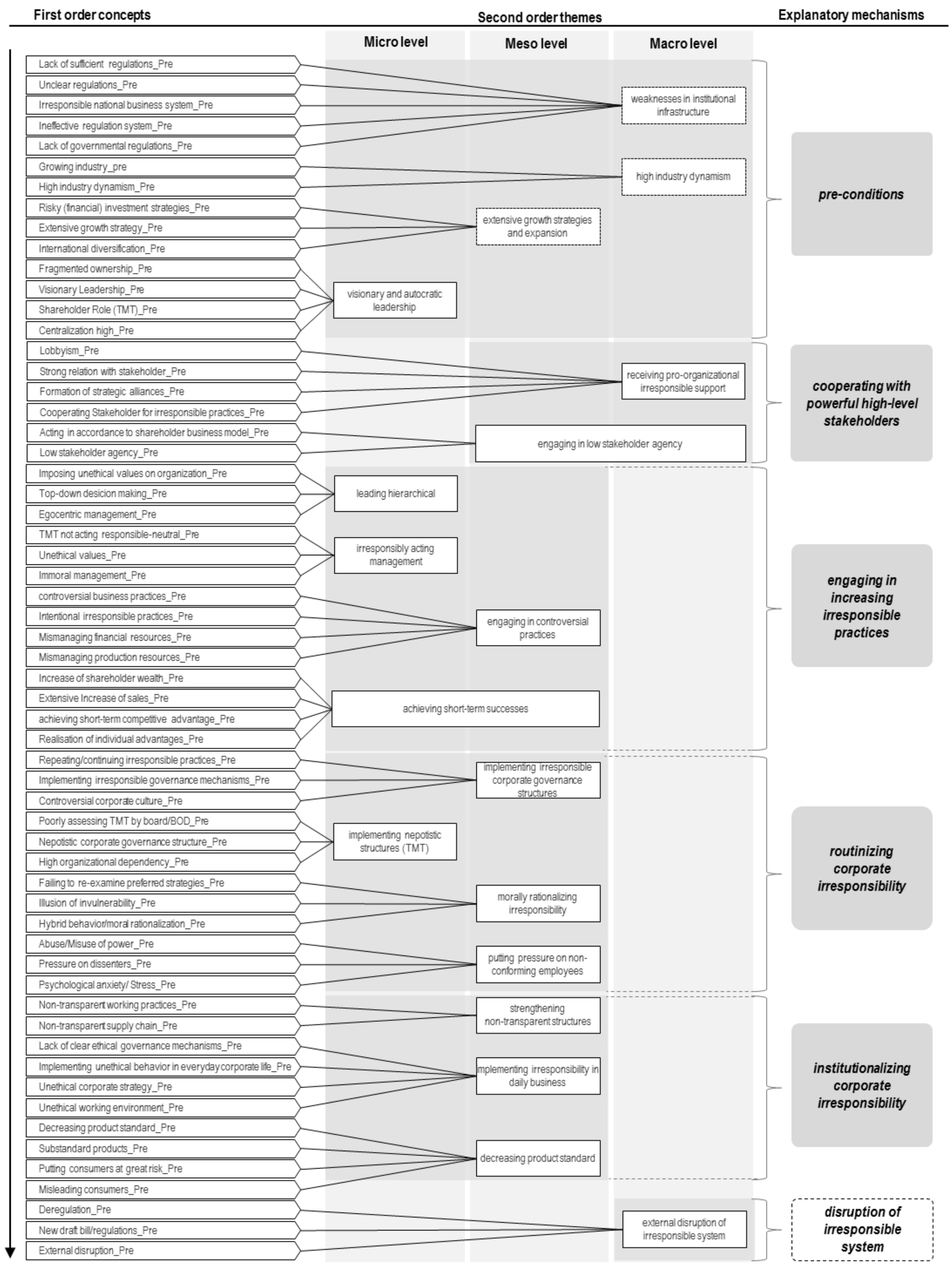
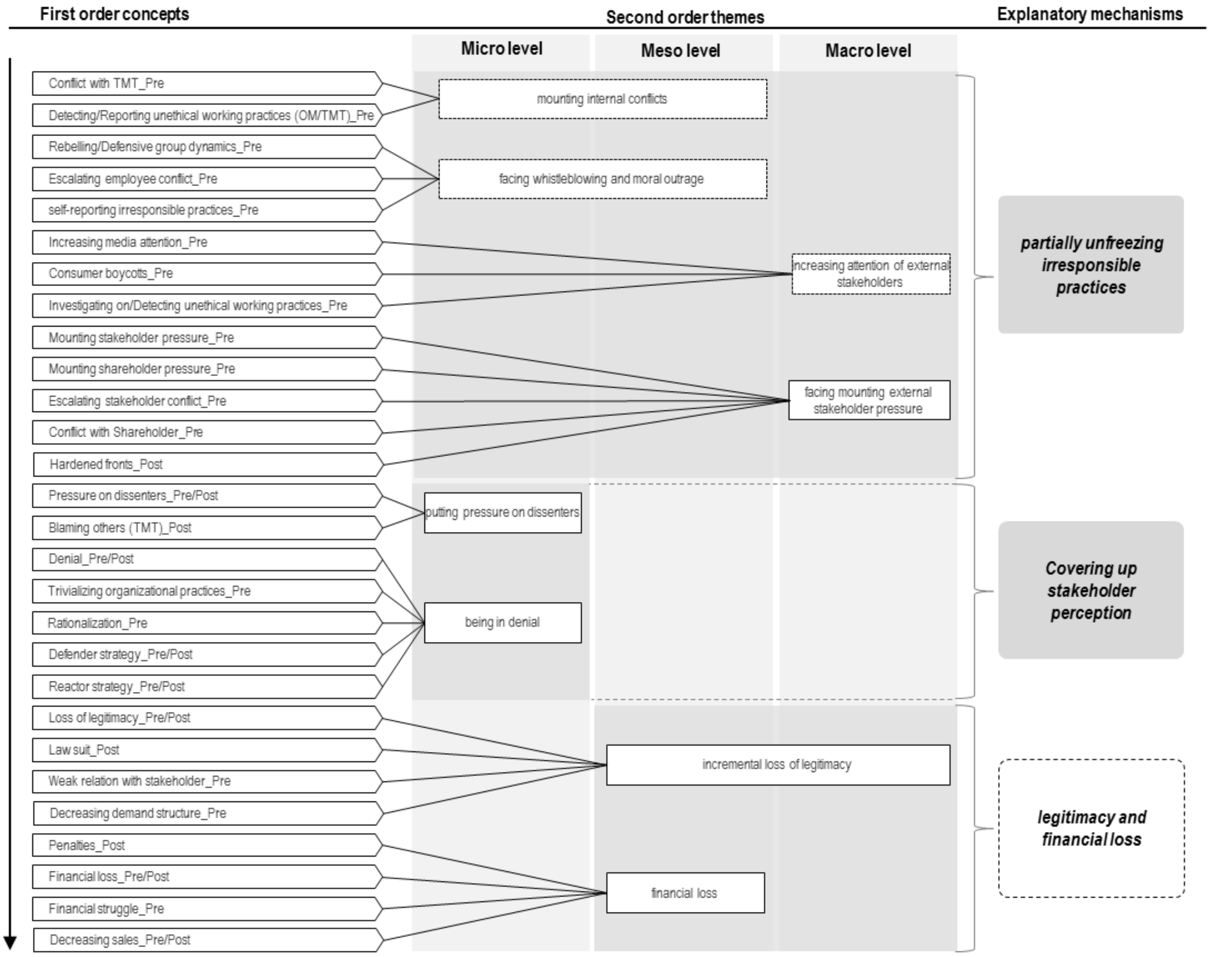


Figure 3. Concept structure of opportunistic-proactive path – adaptation phase



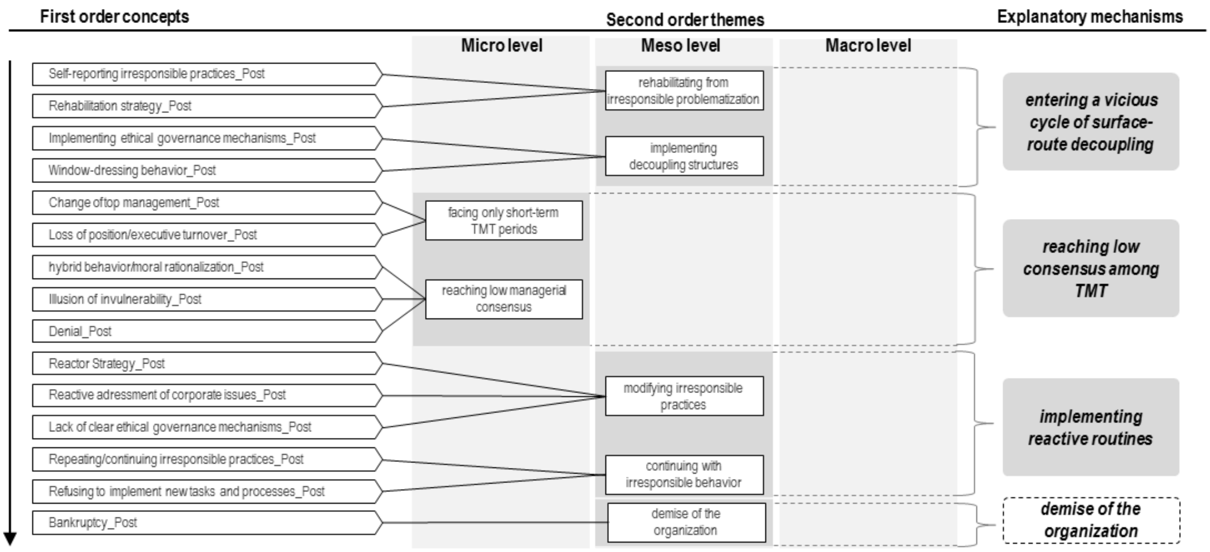
TMT = Top Management Team; BOD = Board of Directors

Figure 4. Concept structure of emerging-reactive path – institutionalization phase



TMT = Top Management Team

Figure 5. Concept structure of emerging-reactive path – problematization phase



TMT = Top Management Team

Figure 6. Concept structure of emerging-reactive path – adaptation phase

In qualitative research, “no analysis strategy will produce theory without an uncodifiable creative leap, however small” (Langley, 1999, p. 691). To ground this leap in data, I constantly involved colleagues and scholars in the field to critically question the identified unifying themes and categories of corporate irresponsibility. Accordingly, I contrasted them with literature from different fields. I followed a more reflexive mode and recursive process for theory generation by identifying emerging themes and categories from raw data. I applied these insights as a resource to reflect potential theoretical frameworks and contrasted them with different background literature (Alvesson and Kärreman, 2011; Habersang et al., in Press; Klag and Langley, 2013).

Validity of data analysis. To allow consistency during the process of coding and to increase the validity of my study, I documented carefully any discrepancy that emerged and resolved these by discussing with colleagues and scholars in the field (Hoon, 2013). I followed Miles and Huberman (1994) and applied ‘debriefing’ to increase the validity of data by using several opportunities to receive feedback on preliminary findings at various stages of the study from colleagues and scholars in the field. In addition, I used multiple case studies to ensure the quality of the data analysis and provided reasons for the case data set to allow external validity and to ensure that each case corresponded with the research question (Maxwell, 2012, 2013; Miles and Huberman, 1994; Steinke, 2004). Furthermore, to allow for triangulation I collected case studies from multiple sources when the case description was either incomplete or inconclusive (Habersang et al., in Press; Sydow et al., 2012).

Findings: Process Paths of Corporate Irresponsibility

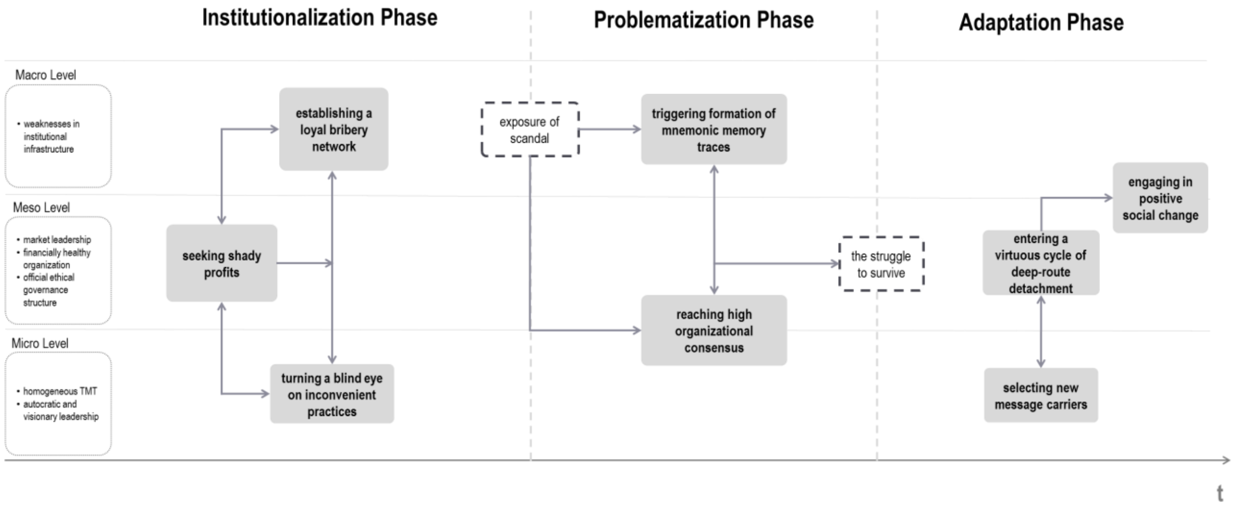
In the following I create a process story of corporate irresponsibility with a detailed story from raw data by following narrative theory (Langley, 1999; Langley et al., 2013). In narrative theory, the analytical chronologies reach towards theory presentation to outline the fundamental mechanisms of the dynamic patterns across levels and to include more than just a sequence of events (Langley, 1999; Langley et al., 2013; Pettigrew, 1990).

In order to better understand the process of corporate irresponsibility, I suggest subdividing the whole process into the following three phases: institutionalization, problematization, and adaptation. To identify these three phases, I take a transaction view of time by “focusing on the temporal occurrence of significant events” (Van de Ven and Poole, 2005, p. 1389). This view helps to represent phases of coherent periods of irresponsible activities (Van de Ven, 2007). Significant irresponsible events, also labeled critical events, represent major turning points and demarcate phases in the transactional view (Van de Ven and Poole, 2005). These phases can then be used as bounded units to provide temporal divisions of how corporate irresponsibility unfolds (Van de Ven, 2007) (see also 'temporal bracketing strategy', Langley, 1999). The institutionalization phase represents the coherent period of the emergence of corporate irresponsibility. The problematization phase outlines the disclosure of corporate irresponsibility. Finally, the adaptation phase illustrates the aftermath of corporate irresponsibility. I begin by describing the overarching dynamic patterns of each path and move on to explain the self-reinforcing mechanism of each stage on how corporate irresponsibility evolves over time and under which conditions.

Opportunistic - Proactive Path

"… not comparing US working standards with standards in developing countries." (Nike, #11)

The opportunistic-proactive path[1] characterizes a financially healthy organization with an over-ambitious visionary leadership, taking some opportunities of irresponsible actions for potential profits. Public disclosure leads the organization to create a new path by transforming into a proactive organization, engaging in virtuous cycles and contributing to positive social change. Furthermore, this path exemplifies how an organization with pockets of irresponsibility exploits loopholes in the system supported by an interwoven network of powerful stakeholders. However, the opportunistic-proactive organization learns from irresponsible behavior and radically changes into a positive social change contributor (see Figure 7).



TMT = Top Management Team

Figure 7. Opportunistic-proactive path

[1] The following cases were used as empirical basis for the opportunistic-proactive path: Chiquita, Deutsche Bank, FIFA, Nike, Royal Ahold.

Pre-conditions. Initially, the opportunistic-proactive organization enjoys a high reputation among internal and external stakeholders, and ranks among the market leaders in a highly competitive market. The organization follows a prospector strategy with profit goal-orientation by looking for new market and growth opportunities. In accordance with its high reputation, the organization in this path implements official ethical governance structures including ethical codes of conduct. However, the implementation is only for window-dressing reasons and to conform to external stakeholder demands.

On the micro level, the visionary leadership includes a strong structure with autocratic leadership attributes. The top management team has a homogeneous structure and shares similar values. Previously, new top managers were appointed and bring new dynamics into the team, for example, Josef Meinrad Ackermann in the case of Deutsche Bank. He merged the management of the organization, which helped him “to speed up decision-making processes at the bank and reduced the influence of the government controlled management board. Thus, this gave Ackermann an increased level of power to execute his plans for the bank” (Deutsche Bank, Case #6). This example illustrates the top-down decision making structure of this path.

On the macro level, the opportunistic-proactive organization is embedded in a growing industry with new entrants, thus, facing high competition. An example is Nike, “in emerging markets, Nike was facing a bevy of ambitious rivals such as Li Ning in China and Olympikus in Brazil” (Nike, Case #11). The institutional structure responds slowly to this growing industry and lacks sufficient regulations in the growing and often emerging market. In sum, the opportunistic-proactive organization builds upon this slow response and reflects its new management structure with autocratic attributes, which focuses on growth while looking for new business opportunities, with an official ethical behavior and its healthy financial structure.

Institutionalization Phase

Seeking shady profits. The opportunistic-proactive organization engages in shady practices to gain short-term advantages over competitors or for individual profit gain. Shady practices are, for example, non-transparent working practices, which cannot easily be uncovered. This is illustrated by the Chiquita case, with the paying of protection money to a terrorist group in Columbia, named AUC, “through its subsidiary, Banadex” (Chiquita, Case #4). To facilitate the shady practices, diffuse ethical governance structures are implemented, intentionally lacking transparency and control mechanisms. This is illustrated by the Nike case, where “Nike's code of conduct was minimalist and not fully enforced, claiming that posting the code in factories where most employees are functionally illiterate and/or do not possess the power to insist on its implementation is simply window dressing" (Nike, Case #11). The pockets of corporate irresponsibility achieve short-term successes to realize individual advantages, in particular for "personal gain" (FIFA, Case #8). Thus, short-term successes reinforce engagement with further irresponsible practices in the belief of ongoing successes. The pockets of irresponsibility result in a fragmented institutionalization of corporate irresponsibility.

Establishing a loyal bribery network. The opportunistic-proactive organization outsources these irresponsible practices to subsidiaries, suppliers or other external stakeholders to protect their official image as a responsible organization. It builds up a loyal bribery network with powerful stakeholders and strengthens them by forming strategic alliances. It connects stakeholders with each other, building an interwoven network for further non-transparency on which the organization can rely to participate in irresponsible practices. For example, the Deutsche Bank relied on private investigators to spy on their employees. In particular, one investigator monitored its managers' movements (here: Gerald Hermann) and "accessed Hermann's personal information with the aim of obtaining details of Hermann's travel records, flights and hotel bookings" (Deutsche Bank, Case #6). Participating stakeholders receive compensation with exclusive business opportunities and extensive payments. This is exemplified by the FIFA case, where "bribes and kickbacks to the tune of over $150 million were alleged to have been paid by U.S. and South American sports marketing executives in order to obtain high value media and marketing rights to the World Cup matches" (FIFA, Case #8). Thus, the interwoven network represents an important vehicle for the opportunistic-proactive organization to rely on when conducting corporate irresponsibility.

Turning a blind eye on inconvenient practices. The top management of the opportunistic-proactive organization turns a blind eye on irresponsible pockets and indirectly approves the practices. Thus, this behavior reinforces the partial engagement in irresponsible practices. The blind eye results in a top management that does not act in a responsible neutral manner and relies on strong ties with powerful stakeholders. This is exemplified by the Nike case where "managers refused to accept any responsibility for the various labour and environmental/health problems found at their suppliers' plants. Workers at these factories were not Nike employees, and thus Nike had no responsibility towards them" (Nike, Case #11). In sum, the opportunistic-proactive organization builds up a vicious cycle of corporate irresponsibility including strong relations with participating stakeholders for non-transparent practices, filling individual pockets with money. The vicious cycle represents the interaction of all three explanatory mechanisms in this phase, enforcing each other and leading to deeper pockets of corporate irresponsibility.

Critical event: exposure of scandal. However, the honeymoon of irresponsible practices and personal gains can be shaken up by an incremental external disruption. The external disruption, in most of the opportunistic-proactive cases, entails the loss of human lives through the interwoven stakeholder network. For example, Chiquita's funneling of protection money to a terrorist group, which "was by numerous accounts killing thousands of innocent people in rural Colombia" (Chiquita, Case #4).

Problematization Phase

Triggering formation of mnemonic memory traces. The exposure of the scandal gets the ball rolling by increasing external stakeholder attention to irresponsible practices of the opportunistic-proactive organization. For example, in the Deutsche Bank case the former cooperating stakeholder who spied on managers "began a legal battle with Deutsche Bank, alleging that Breuer [former CEO] had violated German banking laws that prohibited financiers from making public comments about the financial status of their clients" (Deutsche Bank, Case #6). Thus, the activation of external stakeholders leads to increasing attention by the general public, particularly when using the support of the media to unfreeze the irresponsible practices and form mnemonic memory traces that prevent the forgetting of such irresponsible behavior. For example, in the Chiquita case, a leader of the banana trade workers' union claimed "if there is justice, the Chiquita executives will see the inside of a Colombian prison" (Chiquita, Case #4).

Unfreezing irresponsible practices. Despite the increasing media attention, investigations and detections of alleged irresponsible practices start. The increasing media attention and the investigations mutually reinforce each other while contributing to further unfreezing of irresponsible practices. This can be seen in the FIFA case when investigations started, "because of the 2010 awards of the World Cup to Russia and Qatar, and massive negative media publicity about FIFA management's toleration of corruption, its internal workings and machinations and its weak governance practices" (FIFA, Case #8). The organization increasingly loses legitimacy among the general public.

Reaching high organizational consensus. But the opportunistic-proactive organization denies the accusations and does not understand the extent of the problematized practices. This is illustrated by the response of the Deutsche Bank top management, where "the bank denied the involvement of any of its senior executives in the spying operations". Furthermore, they said in a statement that "the questionable methods used were not authorized by the supervisory board or the management board" (Deutsche Bank, Case #6). The blind eye of the top management remains even in this unstable and highly critiqued times. In the case of Nike producing in sweatshops the top management engaged in moral rationalization and did not take the activated formation of mnemonic memory traces seriously, "executives at the time thought the critics were just radical activists and troublemakers who didn't understand how good the contract factories really were" (Nike, Case #11).

Critical event: the struggle to survive. However, the externally activated mnemonic memory traces and the unfreezing of the irresponsible practices force the opportunistic-proactive organization to change. The problematization phase affects the organization with the result to struggle with the organizational survival, as in the case of Chiquita "paying a fine of $25 million" (Chiquita, Case #4). Furthermore, the publicized irresponsible practices also affect the involved stakeholders. This resulted in weakened ties with the formerly strong network of external stakeholders while the greater public lost the belief in the organization. This is exemplified by the FIFA case, where the scandal was "disastrous for the main core group of big FIFA sponsors, the brands 'were at great risk' and the "sponsors could suffer up to $1 billion in value caused by the 'reputational damage' of being linked with FIFA." A brand expert suggested "that it was better for sponsors to distance themselves from FIFA, if they did not want to be impacted by the scandal" (FIFA, Case #8).

Adaptation Phase

Entering a virtuous cycle of deep-route detachment. The problematization phase also leaves visible traces in the opportunistic-proactive organization. The organization faces a situation with falling finances and the demand for change. It enters into to a virtuous cycle of completely detaching and distancing themselves from the former pockets of irresponsibility. The detachment starts with self-reporting its irresponsible practices to fully unfreeze former irresponsible practices. This is seen in the Chiquita case when one of the top managers reported the funneled payments, "some of the new board members expressed surprise, and they all agreed that self-reporting was the 'right thing to do'" (Chiquita, Case #4). The organization transforms its core strategy by concentrating on a prospector strategy and a visionary leadership style. Nike, for example, created “a new corporate responsibility department, and began to work on a strategic framework to address the issues facing the company’ to transform to a ‘hotbed of talent and innovation’” (Nike, Case #11). In addition, the opportunistic-proactive organization implements pro-ethical governance mechanisms and formulates clear ethical working standards for more transparency, which are frequently monitored by third parties.

Selecting new message carriers. Despite the change of the core strategy, the opportunistic-proactive organization implements new structures and fills key positions with responsible message carriers for a heterogeneous top management structure. Nike, for example, “hired Maria Eitel from Microsoft as Nike’s first vice president of corporate responsibility”. One of her first proactive actions entailed sitting “down with the head of Global Exchange, one of Nike’s most outspoken critics” and introducing “a section on corporate responsibility into Nike’s annual report to shareholders” (Nike, Case #11).

Engaging in positive social change. The opportunistic-proactive organization builds upon the deep-route detachment for further development of the “understanding of corporate responsibility in the larger community” by “moving beyond the policing stage” (Nike, Case #11). Organizations in this path form collaborative networks for innovation and responsibility in the industry and beyond. Positive outcomes of the pro-active initiatives represent innovative ethical products followed by regaining of organizational trust and long-term successes. Chiquita, for example, “has become the leader in its industry, raising expectations that its competitors must take similar initiatives” (Chiquita, Case #4). In sum, the opportunistic-proactive organization utilizes the external demand for change as an opportunity to contribute to positive social change.

Emerging - Reactive Path

"It was like riding a tiger, not knowing how to get off without being eaten." (Sanlu, Case #16)

The emerging-reactive path[2] characterizes an organization looking for extensive growth, embedded in a weak institutional infrastructure offering a breeding ground for corporate irresponsibility. Corporate irresponsibility is only partially uncovered and leads the organization on a reactive path of vicious cycles of irresponsible practices, if it does not disappear from the market. This organization exemplifies how irresponsibility systematically manifests itself in organizational structures supported by powerful high-level stakeholders and often embedded in an industry with irresponsible norms or a whole irresponsible national system. In addition, the organization manages to cover up the irresponsible system, which results in a vicious surface-route cycle (see Figure 8).

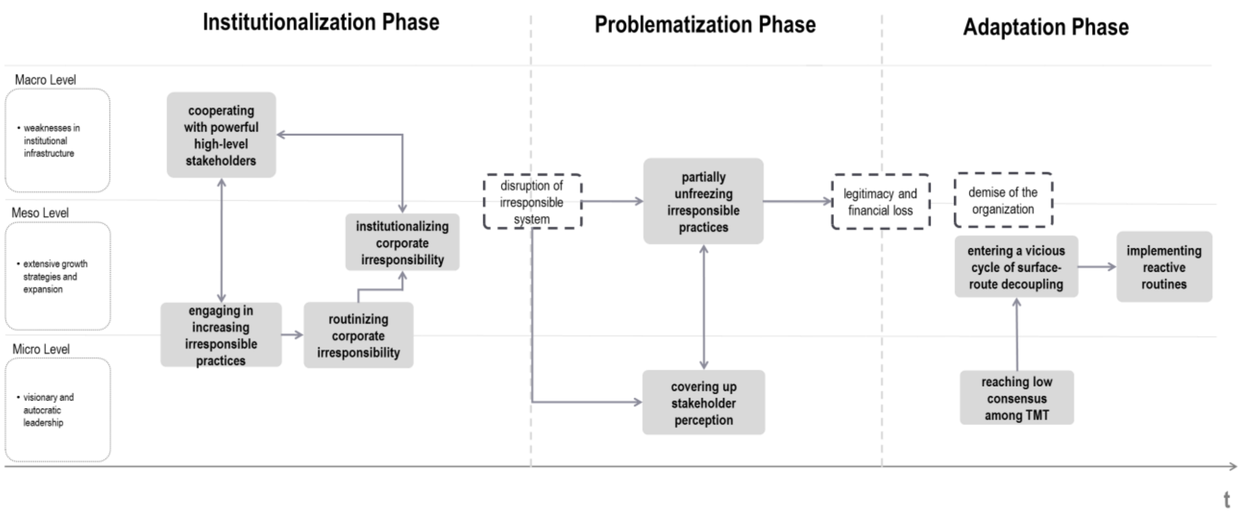


Figure 8. Emerging-reactive path

Pre-conditions. Initially, the emerging-reactive organization refers to a well-established organization, looking for new growth opportunities and internationally diversifying in a dynamic market. To reach their growth strategy the organization also conducts risky investment strategies. Boeing, for example, paid "$3.75 billion to acquire the Space and Communications Division of Hughes in a bid to enter the space business market." Furthermore, they were hopeful "that the booming market for space services and satellites would provide more balance to

[2] The following cases were used as empirical basis for the opportunistic-proactive path: Abercrombie&Fitch, Apple, Boeing, Citigroup, Enron, Mannesmann, Nestlé, Olympus, Parmalat, Sanlu, Satyam, Siemens, Snow Brand, Tianlong.

Boeing's commercial aircraft segment, which was very volatile and vulnerable to the cyclic fluctuations of the economy" (Boeing, Case #3). On the micro level, the emerging-reactive organization holds on the one hand an inconsistent management structure with a fragmented ownership, on the other hand a high centralization of leadership and a top-down decision making. This complex structure forces the management to act in self-interest and to respond particularly to shareholder demands. As B. Ramalinga Raju did, the founder and CEO of Satyam, who was "obsessed with billion-dollar targets" (Satyam, Case #17).

On the macro level, the organization is embedded in a growing and dynamic industry, as in the case of Mannesmann, "the industry had grown rapidly and in 1998 had global revenues of over USD1 trillion, accounting for 4% to 5% of global GDP. The industry was forecast to grow at 29% per annum in the near future" (Mannesmann, Case #9). Although market conditions are favorable, the governmental system the organization operates in lacks sufficient regulation. More specifically, the organization is embedded in a weak institutional infrastructure of corporate governance controls and regulations, where irresponsible practices are a common practice. As a result, the emerging-reactive path is organized around a centralized and profit-oriented leadership following a risky growth strategy embedded in an industry with potential growth, but with prevailing irresponsible norms.

Institutionalization Phase

Cooperating with powerful high-level stakeholders. Other organizations and institutions on the macro level cooperate with the emerging-reactive organization to exploit legal loopholes and to secure profit margins on both sides. The weak and inefficient institutional infrastructure and the increasing pressure for growth from shareholders perpetuate this behavior. The relationship to high-level stakeholders is built up by extensive lobbyism and the formation of strategic alliances with essential perpetrators. The essential perpetrators are carefully selected with the intent to collaborate with irresponsible practices. Parmalat, for example, "entered into a complex financing relationship with Citigroup Inc. The arrangement effectively allowed Parmalat to take on debt financing (a $140 million credit line) from Citigroup that was classified on its books as an investment" (Parmalat, Case #13). Furthermore, the centralized leadership applies pressure on non-conforming stakeholders to cooperate, as in the example of the Mannesmann case, "labor representatives were justifiably afraid of job losses following a successful takeover and resulting reorganization. As a result, the works council and union cooperated to prevent the takeover" (Mannesmann, Case #9). Thus, the organization acts only in the interest of influential stakeholders, and in return the cooperating stakeholders act in the interest of the organization. This reciprocal behavior self-reinforcing and strengthens the relationship, leading to a considerable increase of irresponsible practices.

Engaging in increasing irresponsible practices. The influences of the centralized leadership on the organization and its interactions with cooperating stakeholders reinforce the engagement of the emerging-reactive organization with corporate irresponsibility, in which they engage in due to the extensive growth strategy and pressures from shareholders. This results in a considerable accumulation of corporate irresponsibility events. The emerging-reactive organization intentionally conducts irresponsible practices, for example, mismanages financial or production resources for window-dressing reasons to gain more profits and attract shareholders. Nestlé, for example, mismanaged its production resources and was castigated several times for using unethical marketing practices when "selling genetically modified foods without appropriate labeling, and for supporting the use of child labor in some places" (Nestlé, Case #10). This behavior is strengthened by the achievement of short-term successes, as in the case of Siemens, "shareholders have admired Kleinfeld for increasing profits and share price" (Siemens, Case #18). However, the supporting system of cooperating stakeholders and the short-term successes reinforce an institutionalization of corporate irresponsibility, which lacks considerable initiatives against these organizational practices.

Routinizing corporate irresponsibility. The top management fills key positions with family and friends to introduce non-transparent and dependent structures. The case Parmalat exemplifies this nepotistic structure: "Tanzi's family holding company, La Coloniale, controlled a cascade of companies, including 51% ownership in Parmalat SpA and 100% of Parmatour and Parma AC. Parmatour was … managed by Tanzi's daughter, while Parma AC was … operated by Tanzi's son" (Parmalat, Case #13). To fulfill their roles in the nepotistic structure, the top management engages in a moral rationalization process of the irresponsible practices. They distance themselves from their feelings to maintain their role and do not evaluate their behavior as irresponsible at all. This results in an illusion of invulnerability such that the top management feels encouraged to exploit their role. Furthermore, the top management misuses their power, leading to psychological anxiety and stress. In the case of Citigroup, it "also 'dramatically reduced the number of employees' who reviewed mortgages for conformity with quality standards" (Citigroup, Case #5). These mechanisms represent the major vehicles enhancing routinization on the lower level.

To avoid non-conforming employees and to establish a high feeling of dependency on the organization, the emerging-reactive organization facilitates strong employee engagement by selective recruitment and intense training with irresponsible values. For instance, in the case of Abercrombie&Fitch, who only employed "good-looking people" because they wanted to sell only to "good-looking people". Furthermore, "in the job interview what matters most is the physical – candidates are photographed so that managers can choose among them – thereby giving less importance to other qualities needed for sales functions" (Abercrombie&Fitch, Case #1). The human resource strategy facilitates a moral rationalization on the organizational level among the employees to not question their practices as irresponsible, perpetuating a blind loyalty to the organization and a strong mode of groupthinking. As a result, these practices enhance the routinization of corporate irresponsibility for the emerging-reactive path. The routinization is the important vehicle of this path and lays the basic structures for full implementation and institutionalization of irresponsibility in the organization.

Institutionalizing corporate irresponsibility. The emerging-reactive organization institutionalizes irresponsible practices in its 'daily business' by strengthening non-transparent structures and implementing irresponsibility in the core business model. Thus, the whole DNA of the organization is transformed into an irresponsible DNA. To strengthen its non-transparent working structures, the emerging-reactive organization implements, for example, a non-transparent and complex value chain without any controls to conceal irresponsible practices. The Tianlong case exemplifies by marketing a product containing toxic gelatin, which went "through such a long production chain without being tested and then screened out. … at least some companies in this chain had been ignoring any quality control testing despite a good understanding of the truth" (Tianlong, Case #20). This example also outlines the lack of a clear quality management and the irresponsible working environment beyond the organization itself. Thus, this reinforces the institutionalization of corporate irresponsibility.

However, the institutionalization of organizational irresponsibility also leads to visible negative outcomes, such as decreasing product standards. The emerging-reactive organization intentionally misleads consumers to cover these substandard products, putting consumers at great risk. Sanlu, for instance, sold fake milk powder from which "50-60 children died of malnutrition in the city of Fuyang, China" (Sanlu, Case #16). Another example is Boeing, who wanted "to launch itself in telecom and space, and failed to check its equipment sufficiently before marketing them. The satellites eventually developed technical problems that reduced their lifespan by more than two-thirds. … Boeing wrote off $1.1 billion to cover the losses" (Boeing, Case #3). In sum, the emerging-reactive organization highly depends on the outlined factors in the institutionalized system. These factors reinforce each other leading to a deeper integration in the organization's DNA. However, if one of these factors changes, the system starts to shake.

Critical event: disruption of the irresponsible system. The emerging-reactive path operates in grey zones; thus, external changes of, for example, regulations disrupt the system and lead to an instability of the system. This is exemplified in the case of Olympus,

"… when the policy of valuing financial products on an Acquisition cost basis was changed to a Market Value Basis. However, with the increasing pressure for globalization of securities/financial markets and accounting standards, as well as other changes in the corporate management environment, new standards were being readied for the accounting treatment of financial products for the purpose of improving transparency of corporate accounting" (Olympus, Case #12).

Other disruptions of the irresponsible system are unforeseen external jolts, such as terrorist attacks or environmental jolts. However, the outlined disruptions trigger an increasing attention to the emerging-reactive organization - not only internally.

Problematization phase

Partially unfreezing irresponsible practices. Internal individual do-gooders take the opportunities provided by organizational instability to reach out for listeners to reinforce the disruption of the irresponsible system. In particular, internal do-gooders revolting against the organizational irresponsible practices reach out for external forces. In the case of Satyam one former senior executive "wrote an anonymous email to one of the board members: the email had details about financial irregularities and fraud at Satyam" (Satyam, Case #17). The former senior executive never got a response. Another example relates to the case of Citigroup in which the vice president and chief underwriter at CitiMortgage reported "the defects in regular reports, but colleagues did not welcome her warnings" (Citigroup, Case #5). In the majority of cases the external environment remained silent. The President of the Federal Reserve Bank of New York later admitted their lack of initiative, as illustrated in his quote about the Citigroup scandal, "I do not think we did enough as [regulators] with the authority we had to help contain the risks that ultimately emerged in [Citigroup]" (Citigroup, Case #5). However, the raising of internal voices and the silence and inactions of others mutually reinforce each other, resulting in an unacceptance of the internal voices and reaching out for external voices. This contributes to mounting external pressures, such as consumer boycotts, media attention and governmental investigations of the irresponsible practices.

Covering up stakeholder perception. In response to mounting external pressures, the top management tries to cover up stakeholder perceptions by denying the irresponsible practices and blaming others for the problems. Furthermore, they trivialize irresponsible practices and defend themselves to stop the ship from sinking. This is illustrated by the case of Snow Brand, which admitted at a news conference,

"… that on inspection of the Osaka factory Snow Brand employees had found a mass of solidified milk in a valve that was used to control the flow of left over low fat milk from the production line, through a tube connected to a reserve tank. However, according to Snow Brand officials, the valve was rarely used" (Snow Brand, Case #19).

This cover up strategy turns out to be partially successful, because the irresponsible practices only become problematized on the surface level. However, the true causes and the true irresponsible system remains uncovered. Cooperating stakeholders supporting the irresponsible system remain supportive of the organization - if they stay uncovered.

Critical event: legitimacy and financial loss. The surface-level problematization of corporate irresponsibility affects the organization with legitimacy and financial losses, due to, for example, being forced to close down factories or to pay penalties. Some cases of this path face law suits (e.g., Mannesmann, Snow Brand), for instance, when a harmed stakeholder brought charges against the organization. Thus, the external system forces the organization to change at some point. However, the external environment entails a high level of ambiguity about the evaluation of the practices. As in the case of Mannesmann, where the greater public in Germany responded quite negatively, as a quote of the then chancellor Schroeder about the Mannesmann scandal illustrates, "'Hostile takeovers destroy corporate culture,' while on the other side, Prime Minister Tony Blair said, 'We live in a European market today where European companies are taking over other European companies'" (Mannesmann, Case #9). This high level of ambiguity leaves not only the system uncovered as to its true causes, but offers the organization some flexibility in response.

Adaptation Phase

Entering a vicious cycle of surface-route decoupling. After the surface-level problematization of the irresponsible practices resulting in an organizational struggle, the emerging-reactive organization enters a vicious cycle of surface-route decoupling by superficially modifying and exploiting the flexibility in response. They stick to their irresponsible practices, forced by uncovered stakeholders to continue securing profit margins, resulting in a lock in effect in their irresponsible practices. The organization implements a rehabilitation strategy to meet stakeholder demands. The organization reacts to these demands by structural modification. However, it still builds upon the high level of ambiguity of some external stakeholders and the cooperation of uncovered stakeholders at the same time. Furthermore, the structural modification is only for window-dressing reasons to improve appearance towards external stakeholders, which should feel that their demands are being addressed, and to avoid being uncovered again. To regain their trust, the organization modifies its structures, for example, by selling parts of the irresponsible organization, as illustrated at the case of Snow Brand. “As part of its rehabilitation program, Snow Brand planned to sell part of its stake in Yukijirushi Access Inc., to reduce its stake to less than 20%” (Snow Brand, Case #19). Although the window-dressing behavior also includes the introduction of official ethical governance structures with, for example, a formal ethical committee and ethical training for employees, the emerging-reactive organization still lacks a clear control of these ethical governance structures. Thus, ongoing irresponsible practices remain uncovered and the new structures may offer new potential for irresponsible practices. The surface-route decoupling, pressure of the cooperating stakeholders and the ongoing irresponsible practices reinforce each other, leading to further or even a worse system of irresponsibility.

Reaching low consensus among top management team. Another consequence of the organizational struggle includes the change of top managers to signal organizational reactions to stakeholder demands in the problematization phase, if the managers did not already desert the sinking ship. However, organizational modification on the surface-level and ongoing engagement in irresponsible practices lead to a low consensus among the top management team. The low consensus among the top management is illustrated by the Deutsche Bank case: “Cromme and Ackermann [senior board manager] persuaded worker representatives, who make up half the members of the supervisory board, to back them in pushing Kleinfeld to leave” (Siemens, Case #18) This is followed by a high frequency of top manager changes. This can be seen in the Siemens case, where seven top managers in 2007 “had resigned during the year” (Siemens, Case #18). In other words top managers sit in ‘a hot seat’ after the surface-level problematization.

Implementing reactive routines. Surface-route decoupling and low consensus among top managers reinforce the implementation of reactive routines to irresponsible practices. The emerging-reactive path continues irresponsible practices and refuses to fully implement new more responsible tasks and processes. This is illustrated by the Citigroup Case, where “a single minded pursuit of higher earnings remained the overriding business strategy for Citigroup’s leaders, regardless of the disasters that strategy had created in the past" (Citigroup, Case #5). The organization modifies by moving from the rehabilitation to a reactive strategy. Thus, in case irresponsible practices are problematized again the organization seeks to remain uncovered by implementing structures for a reactive addressing of such issues by denying or blaming others. For example, Snow Brand, responded to an uncovered irresponsible practice with the statement that "this matter does not concern our parent company, Snow Brand Milk" (Snow Brand, Case #19). However, the emerging-reactive organization still lacks full trust among external stakeholders, as in the case of Olympus, "though the company was taking all steps to rebuild the company, there had been strong opposition from the international investors of the company regarding the nomination of the people in the proposed new management" (Olympus, Case #12). In sum, the organization in this path still prioritizes short-term profits and short-term competitive advantages for individual and shareholder advantages to only 'persist' in the market, but refuses to fully adapt to external stakeholder demands. The adaptation phase represents the interaction of all three explanatory mechanisms reinforcing each other to create a system of irresponsibility.

Demise of the organization. Despite the lawsuits and the high level of ambiguity of the external environment, four of the emerging-reactive paths did not have sufficient flexibility in responding to the disclosure and resulted in the demise of the organization. In Parmalat, for example, "the ownership structure of the Parmalat group created an environment for entrepreneurial opportunism and entrenchment, a factor which contributed to the ultimate demise of the company" (Parmalat, Case #13).

Discussion and Implications

Findings of this study suggest that corporate irresponsibility evolves along two distinct process paths: *opportunistic-proactive* or *emerging-reactive*. This is described by the self-reinforcing mechanisms of the institutionalization and problematization phases of corporate irresponsibility across levels, followed by either a virtuous cycle of deep-route detachment or a vicious cycle of surface-route decoupling in the adaptation phase. Furthermore, some organizations radically change and some organizations become locked-in after the problematization phase of corporate irresponsibility. From these perspectives, this study has two main contributions: first, this study offers a better understanding of how corporate irresponsibility evolves over time and under which conditions across different levels of analysis; second, this study introduces and identifies self-reinforcing mechanisms and explanatory patterns leading to either an entering in a virtuous cycle of deep-route detachment or a vicious cycle of surface-route decoupling. In the following, I elaborate on these insights to advance the corporate irresponsibility literature and I finish with outlining potential limitations and future research opportunities.

Evolution of Corporate Irresponsibility: Towards Process Paths

First, findings of both paths show that corporate irresponsibility unfolds as a dynamic process with either pockets of corporate irresponsibility or institutionalized irresponsibility structures. The corporate irresponsibility literature takes a rather static approach and it is often assumed that such behavior results from individual, organizational or field factors. However, this study demonstrates that corporate irresponsibility results from interacting mechanisms across micro, meso and macro levels enforcing each other. Furthermore, these self-reinforcing mechanisms bring together single factors examined in recent studies, for example, top managers and employees exerting their ‘dark side traits’ on the organization (Christensen et al., 2014), the effect of which is facilitated by organizational structures (Jackall, 1988), such as non-transparent corporate governance structures involving interlocking patterns of nepotism (Brass et al., 1998; Matten and Moon, 2008; Pearce and Manz, 2011). Looking at the self-reinforcing mechanisms in more detail, the findings demonstrate that the underlying relationships of these factors reinforce each other and change over time. For example, the opportunistic-proactive path initially implements official ethical governance structures with however a lack of clear controls. The lack of clear controls lays a breeding ground for organizational members to side-step responsible practices and to withhold such practices, which results in the achievement of short-term successes. This in turn enhances irresponsible practices, further leading to partially embedding such practices in the organization and a management turning a blind eye to such practices.

In addition, findings indicate that an industry or national business system with established irresponsible practices or the lack of clear ethical controls reinforces corporate irresponsibility. Consequently, corporate irresponsibility emerges systematically with non-transparent structures and practices among the organization and a variety of institutional agents without any clear ethical controls. Only a few studies in the literature offer insights on how the establishment of corporate irresponsibility reaches beyond the individual and organizational level to emerge “within a systemic field of diffuse actions” (Whiteman and Cooper, 2016, p. 118). In the corruption literature it is often assumed that corrupt behavior emerges from within the organization (Ashforth and Anand, 2003; Pinto et al., 2008). This study shows the importance of integrating the field level when examining the emergence of corporate irresponsibility.

In sum, this study helps to extend research into corporate irresponsibility by resolving the restrictions of recent corporate irresponsibility studies with their various explanatory patterns regarding the 'how' and 'why' of corporate irresponsibility. This study indicates that the emergence of corporate irresponsibility results from an interaction across levels simultaneously reinforcing each other, and it pushes current literature towards a more integrated understanding by explaining how corporate irresponsibility evolves over time and under which conditions.

Dynamic Perspective: Two Mechanisms Determining Corporate Irresponsibility Paths

Second, findings of this study demonstrate two mechanisms determining if the organization manages to break with or locks in the path: *the virtuous cycle of deep-route detachment* and *the vicious cycle of surface-route decoupling*. Although recent studies in organizational change consider detachment (Delmestri and Greenwood, 2016) and decoupling mechanisms (Crilly et al., 2012) as competing explanations, this study introduces detachment and decoupling as compounding cycles explaining two different ways organizations respond to stakeholder pressures. Additionally, these compounding cycles reflect two distinct types of the 'adaptive expectation mechanism', which relates to an interactive building of preferences developed in response to the expectations of others, driven by the hope to end up on the winning side. Furthermore, interlinked causal chains of decisions and actions from the past impact future decisions and actions (Schreyögg and Sydow, 2011). As findings relevant to the emerging-reactive path indicate, the organization engages in a path-dependent process and is unable to break with this process, thus remaining locked in their irresponsible practices due to a limited scope of strategic choices (Koch, 2011; Schreyögg and Sydow, 2011). As soon as the organization engages in the 'routinizing corporate irresponsibility' mechanism, such as implementing non-transparent corporate governance structures and putting pressure on non-conforming employees, choices for alternative decisions and actions are already limited. The 'institutionalizing corporate irresponsibility' mechanism strengthens the path further, and even the critical event, the 'disruption of irresponsible system', leads only to a partial disclosure of the institutionalized irresponsible practices. This leads to the final lock-in to the vicious cycle of surface-route decoupling, responding only to some stakeholder demands, and thus not ending up on the winning side.

In contrast to the path dependent explanation, Sydow et al. (2009) suggest in their study that organizations that are open to a superior alternative and reflect and observe the replicating dynamics are engaged in a path-breaking intervention. As findings of the opportunistic-proactive path show, organizations can break with path dependence by radically changing and engaging in a virtuous cycle of deep-route detachment. For instance, recent studies on processes in the field of organizational change show that radical change happens independently of the existence of reversals (Liguori, 2012). The opportunistic-proactive organization, however, fully adapts to stakeholder demands and contributes to positive social change and ends up on the winning side. Whereas previous literature argued that it is difficult to stop self-reinforcing processes in organizations (Sydow et al., 2009), more recent findings demonstrate the possibility of stopping formerly self-reinforcing processes by deeply detaching from past behavior (opportunistic-proactive path). Furthermore, the organization generates alternatives to corporate irresponsibility in an early stage of path creation by the interaction with multiple stakeholders to coordinate organizational activities (Sydow et al., 2012). This finding contrasts with that of recent research suggesting that alternative generation and evaluation only play a minor role in path creation (Gruber, 2010).

The discussion above shows that detachment and decoupling are compounding cycles of the process path of corporate irresponsibility and depict two distinct types of the ‘adaptive expectation mechanism’. This offers a finer grained understanding of organizational responses to stakeholder demands resulting in the two different corporate irresponsibility paths (opportunistic-proactive, emerging-reactive).

Previous literature often associates decoupling with a gap between formal structures and practices (Meyer and Rowan, 1977; Schembera and Scherer, 2017) as well as a lack of resource allocation for corporate social responsibility (Crilly et al., 2012). Findings of this study support this view. However, it is important to look more closely at the decoupling mechanism, particularly the reactive routines. For example, an organization following the emerging-reactive path modifies only superficially to meet the expectations of stakeholders for social belonging but actually to remain in the market by implementing reactive routines. As literature on organizational routines indicates, change is part of the nature of routines (Feldman, 2000), because parts of the routines change over time (e.g., employees, external stakeholders). Thus, routines are manifested on the one hand and develop on the other in a path dependent manner over time (Becker, 2004). This can even lead to obscuring the relevance of moral principles (Tsang, 2002). Furthermore, routines enable organizations to, among other things, balance interests among internal and external stakeholders and achieve some degree of behavioral stability (Becker, 2004). By introducing reactive routines, this study extends research on decoupling and also furthers attempts in the corporate irresponsibility literature to integrate and explore this interplay. Additionally, following Schembera and Scherer's (2017) contribution, the vicious cycle of surface-root decoupling might even serve as an indicator for a downward-spiral of corporate irresponsibility. This highlights the need for future research into this particular process path in the adaptation phase.

Path Dependency Theory: Implications

This study answers the question how 'precipitating' and 'enabling dynamics' interact in response to pressures for change after the disclosure of corporate irresponsibility (Greenwood and Hinings, 1996). Additionally, it adds to literature on path dependency and path creation concerning the triggering event for the turning point (David, 2001; Garud and Karnøe, 2001; Schreyögg and Sydow, 2011; Sydow et al., 2012). Some scholars of path dependency argue that external shocks lead to path breaking (David, 2001; Schreyögg and Sydow, 2011; Vergne and Durand, 2010), which the findings of this study support (opportunistic-proactive path). Keig et al. (2015), however, reveal that extreme conditions threatening an organization's survival may further increase the likelihood of organizations pursuing irresponsible actions to remain in the market, thus becoming path dependent. Path breaking, on the other hand, is conducted by collectivities of internal stakeholders (opportunistic-proactive path). Findings of this study support the argumentation of scholars that not only external shocks, but stakeholders coordinating their activities with each other can lead to deviations from existing paths (Garud and Karnøe, 2001; Sydow et al., 2012). Recently scholars combined these more or less complementary perspectives to path constitution (Jing and Benner, 2016; Singh, Mathiassen, and Mishra, 2015).

Another important implication of this study is that the specific temporal sequence of interactions between the self-reinforcing mechanisms matters. In a similar vein, necessary and sufficient conditions are the root of the right sequence of key-elements (Liguori, 2012). It is, however, the adaptive expectation mechanism (Schreyögg and Sydow, 2011) of the organization at the final stage that ultimately determines whether an organization fully locks in the vicious cycle of surface-route decoupling or not. More specifically, this mechanism marks a turning point past which organizations become either path dependent or break with the path. In addition, the problematization and adaptation phase indicates whether the organization is locked in a vicious cycle of surface-route decoupling or breaks through to engage in a virtuous cycle of deep-route detachment. Thus, the adaptive expectation mechanism determines the turning point of organizations becoming either path dependent or breaking with the path. Together, this study resolves the contradictions in the literature by identifying the processual significance of sequence and contributes to the questions of which organizations get locked into corporate irresponsibility and which break with the path (Schreyögg et al., 2011).

Limitations and Future Research

There are potential confounding factors that limit the results of this study and may be the object of future research. First, further insights on the cases is necessary to allow triangulation to shed different lights upon the reconstruction of the case and its respective paths (Sydow et al., 2012). Second, a potential self-selection bias might have occurred in the case sample. The primary cases included in the data set were identified by other scholars or educators as irresponsible behavior or irresponsibility events. A randomly selected number of data, however, might decrease the self-selection bias (Heckman, 1979). Additionally, the selected cases differ in their analytical research questions and objects as either educational or research-driven. However, highly subjective studies were excluded in this study. Third, the growing literature on path constitution analysis (Jing and Benner, 2016; Singh et al., 2015) indicates that there is a high need for a better understanding of the properties and the relations of the different agents in the formation of the respective paths. This represents an ongoing challenge of empirical data access and a call for better theoretical models as well as for empirical testing. Finally, future research would benefit from looking more deeply into organizations that fail to respond to stakeholder demands at all. In particular, as findings of this study suggest, future studies should also focus on organizations that disappear from the market. A finer grained understanding might help us to explain why some organizations resist change and how this process unfolds.

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A Process Perspective on Organizational Failure: A Qualitative Meta-Analysis

Acknowledgments: The authors greatly appreciate the helpful comments from the Special Issue editors James Combs, Russell Crook, Andreas Rauch, the JMS general editor and two anonymous reviewers. We would also like to thank Bill McKinley and participants in the meta-analysis workshops at the University of Tennessee in Knoxville (May 5–7, 2016), the methods in entrepreneurship workshop at Leuphana University of Lüneburg (July 7–8, 2016), the OMT Junior Faculty Consortium at the 2016 Annual Meeting of the Academy of Management (August 5-9, 2016), the 36th Annual Strategic Management Society Conference in Berlin (September 17–20, 2016) and the 2017 Annual Meeting of the Academy of Management (August 4-8, 2017). All remaining errors are our own.

Abstract

An important stream of the organizational failure literature has proposed process models to describe how firms fail. Despite much progress, this stream is currently at a crossroads. Previous process models try to capture how failure unfolds in singular models that describe organizational failure as the result of either inertia or extremism or as a mixture of both. However, it remains unclear how these competing explanations are related and what underlying mechanisms explain why organizational failure processes unfold as they do. We address these issues by examining failure processes using a qualitative meta-analysis research design. The qualitative meta-analysis allows us to analyze and synthesize the wealth of previously published single-case studies in order to develop process models of organizational failure. The most salient finding of our analysis is that failure processes converge around four distinct process archetypes, which we name imperialist, laggard, villain, and politicized. Each process archetype can be explained by the interplay of distinct rigidity and conflict mechanisms. Differentiating the four process archetypes and explaining the underlying mechanisms helps to resolve some contradictions in the previous failure process literature.

Keywords: Organizational failure; qualitative meta-analysis; process perspective; mechanisms

Introduction

A fundamental question that has puzzled organization and management scholars is: how and why do organizations fail (e.g., Josefy, Harrison, Sirmon, and Carnes, 2017; Mellahi and Wilkinson, 2010; Whetten, 1980). In this study, we define organizational failure as (1) an involuntary cessation of operations, (2) the insolvency of an organization, or (3) an involuntary change in ownership (Josefy et al., 2017). To understand failure, scholars have adopted various theoretical perspectives, which can be roughly grouped into externally and internally driven approaches (Mellahi and Wilkinson, 2004, 2010). Externally driven approaches examine how certain environmental conditions or situational factors lead to organizational failure (Heracleous and Werres, 2016; Mellahi and Wilkinson, 2010). For instance, in population ecology theory, the external environment selects those organizations out that are unfit with respect to environmental conditions (e.g., Hannan and Freeman, 1984; Hannan and Freeman, 1988). In a similar vein, in industrial organization theory (e.g., Anderson and Tushman, 2001), industry conditions create deterministic pressure for strategic adaptation and survival. Likewise, new institutionalism has shifted our attention to the normative, cultural, and regulative elements (Scott, 2001) of institutions shaping or constituting organizational actions (Oertel, Thommes, and Walgenbach, 2016). In contrast, scholars adopting an internally driven approach place strong emphasis on the decisions and actions of organizational members (Mellahi and Wilkinson, 2004, 2010). Internal approaches frequently draw on upper echelon theory and explore the role of top management teams (Hambrick and D'Aveni, 1992; Hambrick and Mason, 1984) and outline the role of strategic decisions such as founder succession (Haveman and Khaire, 2004), resource allocation (Christensen and Bower, 1996), or the simultaneous introduction of multiple products (Barnett and Freeman, 2001).

Traditionally cutting across these external-internal approaches (Mellahi and Wilkinson, 2004, 2010) is a stream that developed process models of organizational failure (Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Weitzel and Jonsson, 1989). Contrary to variance models “dealing with covariation among dependent and independent variables" (Langley, Smallman, Tsoukas, and Van de Ven, 2013, p. 2), process models attempt to capture the sequence of certain conditions and events in explaining how failure unfolds over time (Langley, 1999). The notion here is that it is important to theorize about the sequence over time (Mitchell and James, 2001) because an incident such as an inadequate leadership decision may have very different implications for an organization depending on the timing of the decision making (e.g., in times of a booming industry vs. declining industry) (Hambrick and D'Aveni, 1988, 1992).

Trying to capture how certain conditions and events occur over time, process models traditionally include both external (e.g., population density and entry of new competitors) and internal aspects (e.g., organizational inertia and cognitive bias) in their theorizing (e.g., Hambrick and D'Aveni, 1988; Tripsas, 2009; Weitzel and Jonsson, 1989). Based on these characteristics, some scholars even argue that process models may be well-suited to overcome the prevailing and long-lamented external-internal dichotomy (Amankwah-Amoah, 2016; Mellahi and Wilkinson, 2004, 2010).

While we agree with these scholars about the strong potential of process models to explain organizational failure (Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Tripsas, 2009; Weitzel and Jonsson, 1989), this stream of literature is currently at a crossroads. Most previous process models try to capture the paths to failure in one singular process model (Amankwah-Amoah, 2016; Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Tripsas, 2009; Weitzel and Jonsson, 1989), which tends to fall into one of two competing patterns. Whereas some portray failure as characterized by organizational inertia, i.e., the tendency of an organization to remain stable (e.g., Tripsas, 2009; Weitzel and Jonsson, 1989), others characterize failure rather as an extremism pattern, i.e., the tendency of an organization to change radically (e.g., Heracleous and Werres, 2016). Somewhere in between these two models is the downward spiral developed by (Hambrick and D'Aveni, 1988) and the extended downward spiral by Amankwah-Amoah (2016), which portray organizational failure as a mix of both inertia and extremism patterns.

Upon closer scrutiny, the competing inertia-extremism explanations in previous studies may be the result of two aspects. First, previous process studies tend to rely on a small case base (e.g., Heracleous and Werres, 2016; Tripsas, 2009) or adopt a purely conceptual approach (e.g., Amankwah-Amoah, 2016; Weitzel and Jonsson, 1989), thus limiting the generalizability and empirical support. Second, previous process models remain rather descriptive (Amankwah-Amoah, 2016; Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Weitzel and Jonsson, 1989). They do not specify the underlying mechanisms, i.e., processes that bring about or prevent change (Bunge, 1999; Van De Ven and Poole, 1995), in explaining the failure process. Although this would lead some scholars to even question whether they are proper explanatory process models (Langley et al., 2013; Van De Ven and Poole, 1995), the more direct problem is that without specifying the underlying mechanisms, it is difficult to properly differentiate processes of organizational failure (e.g., Van De Ven and Poole, 1995).

We address both of these issues by examining failure processes in a qualitative meta-analysis (Hoon, 2013; Rauch, Doorn, and Hulsink, 2014). A qualitative meta-analysis is an exploratory, abductive research method (Mantere and Ketokivi, 2013) that allows us to synthesize primary qualitative empirical data from case studies. The aim is to re-examine previously published case studies to generate new theory through the identification of recurring patterns across the re-examined cases (Hoon, 2013; Rauch et al., 2014). Theoretically guided by ideas about extant research on organizational failure as well as process theorizing and the role of mechanisms in explaining processes of organizational change (e.g., Langley et al., 2013; Van De Ven and Poole, 1995), we empirically examine organizational failures across 43 published cases. A salient finding is that the failure processes converge towards four distinct process archetypes, which we name *imperialist*, *laggard*, *villain*, and *politicized*. Examining the four process archetypes in more detail suggests that each of them can be explained by a distinct sequence of rigidity and conflict mechanisms. Whereas rigidity mechanisms refer to converging processes and conflict mechanisms refer to diverging processes, we find that both processes are capable of bringing about or preventing change (Bunge, 1999; Van De Ven and Poole, 1995). Furthermore, our findings suggest that it is the distinct sequence of rigidity and conflict mechanisms over time that explains why firms fail.

This study makes two main contributions. First, we advance the literature on organizational failure processes by moving from singular process models (Amankwah-Amoah, 2016; Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Weitzel and Jonsson, 1989) to four more differentiated process archetypes. The more specific process archetypes allow us to resolve contradictions around the competing inertia and extremism patterns (e.g., Hambrick and D'Aveni, 1988; Tripsas, 2009; Weitzel and Jonsson, 1989) by producing a more differentiated picture. Whereas on a high level of abstraction, the four process models resonate with the inertia and extremism surface patterns (inertia: *laggard* and *politicized*; extremism: *imperialist* and *villain*), our findings indicate that this distinction alone may actually be inadequate. This is because all of the four process archetypes are driven by very different logics and mechanisms. Making this distinction salient helps to resolve the inertia-extremism contradiction and enhances scholars’ ability to empirically explore organizational failure processes in the future (Suddaby, 2010).

A second main contribution is that we show how the interplay of rigidity and conflict mechanisms over time causes organizational failure. As we argue, it is this distinctive pattern of rigidity and conflict that gives each process archetype its pronounced characteristics. We thereby highlight an important oversight in the current debate. Whereas the literature places much emphasis on the role of rigidities in explaining organizational failure and decline (McKinley, Latham, and Braun, 2014; Staw, Sandelands, and Dutton, 1981; Weitzel and Jonsson, 1989), there has been virtually no systematic empirical research directed toward understanding how conflict drives organizational failure. This seems surprising, considering that early seminal works on failure (Greiner, 1972), on process theorizing (Van De Ven and Poole, 1995), and in the broader sociological and philosophical literature (Marx, Hegel) placed substantial emphasis on the role of conflict or dialectic mechanisms in explaining organizational change. For this reason, we believe that organizational failure scholars should re-balance their focus in future studies to consider the role of conflict to a greater extent again.

Method

Qualitative Meta-Analysis

To develop process models of organizational failure, we adopt a qualitative meta-analysis research design (Hoon, 2013; Rauch et al., 2014). A qualitative meta-analysis is a research design for synthesizing primary qualitative data from case studies. It makes refining, extending, or generating new theory possible through the identification of recurring patterns across the re-examined cases (Hoon, 2013; Rauch et al., 2014). This research design is particularly suitable to develop process models of organizational failure for the following reasons. First, qualitative case studies provide rich, contextualized empirical descriptions of the dynamics of a single setting across multiple levels of analysis. Accumulating primary insights of qualitative case studies allows us to theorize when and how specific conditions and events interact over time and why those interactions lead to organizational failure. Second, although single case studies often provide invaluably rich, contextualized empirical descriptions of the dynamics of a single setting, the cases either do not offer general inferences from particular ones (Dyer and Wilkins, 1991) or are non-representative and offer little grounding for generalizability in a positivistic sense (Eisenhardt, 1989; Yin, 2013). Drawing on a large number of case studies allows us to reconcile previously disparate and irreconcilable empirical evidence about processes of organizational failure and therefore provide more robust, generalizable and comprehensive findings. Third, a qualitative meta-analysis holds the potential to generate new theory (Hoon, 2013; Rauch et al., 2014). With a qualitative meta-analysis researchers can identify new relationships between concepts which existing theory did not account for (Maxwell, 2012). Examining those relationships grounded in a number of different research contexts can move existing theory about processes of organizational failure to a more general theory with a wider spectrum of application.

Data Sources

Search methods. We searched for relevant case studies on organizational failure in three steps. First, we conducted a keyword search in the following databases and search engines: the ISI Web of Knowledge, the Case Centre, and the Harvard Business School case study database. We included both research and educational case studies found in the Case Centre and the Harvard Business database. Based on our definition of organizational failure, we performed a Boolean search that included the following keywords and keyword combinations: ‘organizational failure’, ‘corporate failure’, ‘organizational downfall’, ‘bankruptcy’, ‘Chapter 11’, ‘dissolution of business’, ‘market exit’ and ‘government bailout’. This initial search resulted in 72 case studies. Second, we reviewed the reference lists on relevant papers in the field of organizational failure, the publication lists of known scholars, and the selected case studies above to identify further relevant cases. We searched the ISI Web of Knowledge for papers that cited the selected case studies, searching both forward and backward from each paper. Doing so resulted in additional 27 case studies. Third, we used Google Scholar to search for additional case studies in published books and book chapters (18 additional cases) until no further case studies were found. This search resulted in an initial sample of 117 case studies.

Inclusion and exclusion criteria. We applied inclusion and exclusion criteria to ensure the quality of the case data basis (Hoon, 2013; Rauch et al., 2014). We selected cases according to the following criteria. First, we only included case studies that match with our definition of organizational failure. To operationalize organizational failure (Josefy et al., 2017), we used the following five alternative criteria: (1) the dissolution (‘death’) and, in turn, termination of the firm’s operations, (2) the legal status of bankruptcy, or (3) the legal status of Chapter 11 of the United States Bankruptcy Code or similar arrangements in other judicial systems, (4) involuntary market exit, and (5) government bailout.

Next, we checked each case for quality criteria such as scope, comprehensiveness, and credibility. First, we only included cases with a detailed description of the process of organizational failure to understand a case within its particular historical setting. We included this criterion to ensure that the case description delivers detailed and sufficient information, thereby allowing us to code sufficient contextual aspects of the organizational failure process. Second, we included only cases that provide comprehensive multi-level accounts of how organizational failure progressed over time, because mechanisms may cross levels of analysis (Anderson et al., 2006). Thus, we excluded cases that only focused on, for instance, single levels such as cases on leadership hubris. Third, we only included case studies, which were published as official cases or in research papers. In doing so, we traded off potential publication bias for the increased scientific rigor associated with a publication process and full-text availability (Hoon, 2013; Kepes, Banks, McDaniel, and Whetzel, 2012). Finally, we excluded teaching cases presented in a highly suggestive and less factual manner.

Included cases. In total, we included 43 published case studies on organizational failure in this study (see Table I). They reflect different firm sizes and represent a wide range of industries, and they are located in diverse country settings. In this regard, our data base represents adequate variation in the phenomena of interest (Maxwell, 2012; Strauss, 1987).

Table I. Overview of cases included in our study

No	Company Name	Country	Time Frame	Industry	Sources & Supplementary Material
1	Adelphia[a]	United States	1972-2002	Cable Television	Harvard Business School Cases
2	AIG[a]	United States	1926-2005	Insurance & Financial Services	IBS Research Center
3	American Airlines[a]	United States	1920-2011	Airline	AMITY - Research Centers
4	Arcandor[a]	Germany	2004-2009	Retail	Saïd Business School Cases
5	Arthur Andersen[b]	United States	1913-2002	Accounting	Journal of Business Ethics Education
6	Barings Bank[a]	United Kingdom	1762-1995	Banking	IMD - International Institute for Management The Banking Law Journal
7	Blockbuster[a]	United States	1985-2010	Video Industry	University of Tennessee, Knoxville Case Study
8	Chrysler[a]	United States	1925-2009	Automobile Manufacturer	Book Chapter: Crisis, Resilience and Survival Lessons from the Global Auto Industry
9	Citigroup[a]	United States	1812-2011	Banking	Kellogg School of Management - Northwestern University Case Studies George Washington Law Faculty Publications & Other Works Case Studies
10	Daewoo[a]	South Korea	1967-1999	Diversified with focus on automobile	Northwestern Journal of International Law & Business
11	Delphi[a]	United States	1994-2005	Automobile Manufacturer	ICMR Center for Management Research
12	Delta Airlines[a]	United States	1924-2005	Airline	ICMR Center for Management Research Harvard Business School Cases
13	Dunlop[a]	United Kingdom	1889-1985	Tire Industry	Business History
14	Enron[a]	United States	1985-2002	Energy	Journal of Economic Perspectives Journal of Business Ethics Education
15	Fannie Mae[a]	United states	1938-2007	Finance & Mortgage	Case Studies: Corporations in Crisis
16	General Motors[a]	United States	1908-2009	Automobile Manufacturer	Case Studies: Corporations in Crisis
17	Ghana Airways[a]	Ghana	1958-2004	Airline	Group & Organization Management
18	Herstatt Bank[a]	Germany	1955-1974	Banking	Business History American Bar Association Journal
19	Kodak[a]	United States	1880-2012	Photography	Journal of Strategic Information Systems IBS Research Center

[a] Bankruptcy or insolvency based on Josefy et al. (2017). Note: We also included bankruptcies and insolvencies leading to a government bailout.
[b] Involuntary ceased operations based on Josefy et al. (2017), e.g., market exit.
[c] Involuntary change in ownership based on Josefy et al. (2017), e.g., take-over or merger with competitor.

Table I. Overview of cases included in our study *(Contd.)*

No	Company Name	Country	Time Frame	Industry	Sources & Supplementary Material
20	Lehman Brothers[a]	United States	1850-2008	Banking	Harvard Business Review Toronto Research Center
21	Long-Term Capital Management[a]	United States	1994-1998	Hedge fund	European Financial Management Journal of Economic Perspectives
22	Marconi PLC[c]	United Kingdom	1998-2005	Telecommunication	Prometheus
23	Marks and Spencer[b]	United Kingdom	1884-2001	Retail	British Journal of Management The International Review of Retail, Distribution, and Consumer Research
24	MG Rover[a]	United Kingdom	1950-2005	Automobile Manufacturer	Policy Studies ICMR Center for Management Research
25	Motorola in China[b]	United States	1987-2005	Electronics	ACRC Asia Case Research Center - University of Hong Kong Case Studies
26	News of the World[b]	United Kingdom	1952-2011	Media	ISEAD Case Studies
27	Nokia[c]	Finland	1865-2013	Mobile Phones	Harvard Business School Cases
28	Nortel[a]	Canada	1895-2009	Telecommunication	Journal of Business Ethics
29	Parmalat[a]	Italy	1961-2003	Food	IMA International Case Journal Corporate Governance
30	Polaroid[a]	United States	1990-2000	Photography	IBS Research Center Strategic Management Journal
31	Polly Peck[a]	United Kingdom	1940-1990	Electronics, Food,	Journal of Small Business and Enterprise Development
32	Procomp Informatics Ltd[a]	Taiwan	1991-2004	Chip Manufacturer	IMA International Case Journal
33	Refco[a]	United States	1969-2006	Financial Services	ICMR Center for Management Research
34	Saab[a]	Sweden	1949-2011	Automobile	Book Chapter: Crisis, Resilience and Survival
35	Sanlu[a]	China	2006-2009	Food	ICMR Center for Management Research
36	Satyam[c]	India	1987-2009	Computer Service	Ivey Business School - University of Western Ontario Case Studies IBS Research Center
37	Snow Brand[c]	Japan	1950-2003	Food	ICMR Center for Management Research
38	Steve and Barry's[a]	United States	1985-2009	Retail	Kellogg School of Management - Northwestern University Case Studies
39	Swissair[a]	Switzerland	1931-2001	Airline	IMD International
40	Tribune Company[a]	United States	1847-2008	Media	ICMR Center for Management Research
41	Wal Mart Germany[b]	United States	1997-2006	Retail	Martin Luther Universität Halle -Wittenberg Case Studies
42	Woolworth[a]	United States	1879-2008	Retail	IBS Research Center
43	WorldCom[a]	United States	1983-2002	Telecommunication	Yale Journal on Regulation ICMR Center for Management

[a] Bankruptcy or insolvency based on Josefy et al. (2017). Note: We also included bankruptcies and insolvencies leading to a government bailout.
[b] Involuntary ceased operations based on Josefy et al. (2017), e.g., market exit.
[c] Involuntary change in ownership based on Josefy et al. (2017), e.g., take-over or merger with competitor.

Data Analysis

Abduction. The data analysis followed abductive reasoning (Alvesson and Sköldberg, 2009; Mantere and Ketokivi, 2013; Maxwell, 2012). Abductive reasoning is predicated on the interaction among theoretical frameworks as the interpretative backdrop for analysis, our case study data, and emerging theory (Maxwell, 2013; Orton, 1997). Thus, the "abductive-oriented research process […] combines inductive and deductive steps" (Klag and Langley, 2013, p. 151). In practice, developing new theory through abduction means taking stock of existing theories on organizational failure as potential lenses for interpreting data; performing subsequent abstraction from the case study raw data by coding, categorizing, and linking categories to emerging themes; and reflecting them with existing theories. For our subsequent data analysis, we used the software program ATLAS.ti.

Steps in the data analysis. We analyzed the data in seven main steps. In the first step, we developed a deductive coding scheme. Informed by the literature on organizational failure, we identified the following dominant theories as an interpretive background for our data analysis: industrial organization theory, population ecology theory, institutional theory, strategic choice theory, resource-based view, contingency theory, upper-echelon theory, groupthink theory, and threat-rigidity effect theory. We screened the major explanatory concepts found in these theories to develop a theoretically informed deductive coding scheme (see Table II for an overview of background theories used). For instance, based on upper-echelon theory, we derived the central theme of characteristics of the CEO and top management team (TMT). Examples of first-order codes include 'homogeneity or heterogeneity of TMT', 'overestimation of CEO/TMT', and 'risk-taking or risk-averse CEO/TMT'. The deductive coding scheme gave us a "glimpse of the possible" (Fleming and Sorenson, 2004, p. 912) for the subsequent coding process.

Table II. Exemplary overview of theoretical background literature

Theoretical Background	Central Themes	1st order concepts (deductive codes)	Exemplary studies
Industrial Organization Theory Failure results from pressures and constraints of the industry structure.	Economic changes, Technological changes, Regulatory changes	e.g., new market entrants, increasing competitive pressure radical innovation	Anderson and Tushman (1990, 2001); Porter (1980); Tushman and Anderson (1986)
Population Ecology Theory Failure results from a selection process in which external environment selects those organizations out that are unfit with respect to environmental conditions.	Population density, Organizational age, size, and strategy, Industry life cycle	e.g., lack of organizational stability, lack of formal structures, structural inertia, lack of efficient cost structure	Agarwal, Sarkar, and Echambadi (2002); Aldrich and Auster (1986); Hannan and Freeman (1977); Hannan and Freeman, (1984)
Institutional Theory Failure results from the violation of established authoritative guidelines for social behavior, i.e. rules, norms and routines and the subsequent loss of legitimacy.	Legitimacy, Isomorphism, Decoupling	e.g., loss of legitimacy (pragmatic, moral, cognitive), coercive pressures, mimic behavior, normative pressures, lack between formal policies and actual practices	DiMaggio and Powell (1983); Elsbach and Sutton (1992); Scott (2001); Suchman (1995)
Strategic Choice Theory Failure results from strategic actions taken by top-management leading to a misalignment with environmental demands.	Competitive strategy, Growth strategy, Business level strategies	e.g., differentiation, cost-leadership diversification, prospector strategy, defender strategy, analyzer strategy, reactor strategy	Ansoff (1987); Child (1972); Miles and Snow (1978); Porter (1985)
Resource-Based View Failure results from the lack of development, deployment and utilization of resources and capabilities of firms.	Tangible and intangible resources, Core capabilities turn into core rigidities	e.g., mismanagement of financial, production, human resources lack of connections to other organizations	Barney (1991); Barney, Wright, and Ketchen Jr (2001); Leonard-Barton (1992)
Contingency Theory Failure results from a misfit of organizational characteristics (e.g., structure) with particular contingencies that reflect the situation of the organization (e.g., environmental dynamism).	Structural and strategic contingencies	e.g., organic vs. mechanistic, degree of centralization, degree of formalization, degree of specialization	Donaldson (2001); Mintzberg (1979)

Table II. Exemplary overview of theoretical background literature *(Contd.)*

Theoretical Background	Central Themes	1st order concepts (deductive codes)	Exemplary studies
Upper-Echelon Theory Failure results from managerial misperception of environmental and organizational stimuli leading to ineffective strategic choices.	Characteristics of CEO/TMT	e.g., demographics of CEO/TMT, homogenous vs. heterogeneous TMT, long vs. short tenured CEO/TMT, overestimation/ hubris of CEO/TMT, risk-taking vs. risk averse behavior of CEO/TMT	Hambrick and Mason (1984); Michel and Hambrick (1992); Pitcher and Smith (2001)
Groupthink Theory Failure results from a groups' desire for harmony or conformity leading to dysfunctional or irrational decision-making outcomes.	Group cohesiveness	e.g., illusion of invulnerability, collective rationalization illusion of unanimity, pressure on dissenters, incomplete survey of alternative strategies, poor information search	Janis (1972, 1982); Peterson, Owens, Tetlock, Fan, and Martorana (1998)
Threat-Rigidity Effect Theory Failure results from the tendency toward well-learned or dominant responses in case of threatening events leading to ineffective reactions to environmental changes.	Cognitive and motivational manifestations Behavioral consequences (e.g., ego-defense)	e.g., psychological stress/anxiety, pressure for uniformity, ignoring divergent solutions downplaying deviant positions loss of control denial rationalization, cognitive inertia, rigidity in response	Brown and Starkey (2000); D'Aveni and MacMillan (1990); Laughlin (1979); Staw et al. (1981)

CEO= Chief Executive Officer; TMT = Top Management Team

In the second step, we conducted a within-case analysis by coding the separate case studies in a line-by-line manner. This coding comprises "breaking down, examining, comparing, conceptualizing, and categorizing data" (Strauss and Corbin, 1998, p. 57). For the coding, we used the deductive coding scheme described above and additionally allowed for inductive codes to emerge (Klag and Langley, 2013). This inductive or open coding helped to "gain insights into the data by breaking through standard ways of thinking about or interpreting phenomena reflected in the data" (Corbin and Strauss, 1990, p. 12). In total, this step generated 289 first order concepts – 114 deductive and 175 inductive codes.

In the third step, we used axial coding to generate categories among the first-order concepts. We linked the first-order concepts to higher-order themes denoting emerging patterns in the data and more abstract categories (Strauss and Corbin, 1998). For example, first-order concepts such as 'new market entrants', 'radical innovation', and 'changes in consumer preferences' were linked to the second-order theme 'external disruption'.

Fourth, in analyzing the relationships between the codes, we distinguished between unidirectional and reciprocal relationships (Dooley, 2004). Unidirectional relationships connect codes chronologically and thereby create a coherent course of events in a failure case. For example, in the case of Nokia we examined the following unidirectional relationship: 'changing consumer preferences' resulted in a 'decreasing demand structure' for the focal organization (Nokia). In contrast, reciprocal relationships can be distinguished into two types: convergent and divergent relationships (Dooley and Van de Ven, 2017). Convergent relationships refer to self-reinforcing processes representing particular forms of rigidity. For instance, in the case of Marks & Spencer 'top-management overestimation' and 'middle managers illusion of invulnerability' were amplified through a self-reinforcing interaction. The more top-managers overestimated the current situation of their company, the more middle managers developed an illusion of invulnerability and feedbacked this illusion to top-management, who, again, further overemphasized their estimations about the current situation. In contrast, codes that are connected through divergent relationships refer to contradicting interactions manifesting in particular forms of conflict. For example in the case of Nokia, the interaction between 'changing consumer preferences' and 'increasing diversification of product portfolio' fostered a misfit of organizational strategies with market demands. More specifically, changing consumer preferences in terms of increasing demand for mobile innovations collided with the organization's strategy to diversify into other businesses (unrelated to the mobile phone market) and thereby losing sight of its core business.

Fifth, following Langley's (1999) recommendation, we visually mapped each organizational failure case as a detailed process model. Doing so allowed us to simultaneously display how specific conditions and events unfolded over time while interacting within and across different levels of analysis. Additionally, we created case-specific causal networks with ATLAS.ti (see Miles and Huberman, 1994). Building these networks helped us to examine the relationships between first-order concepts over time and therefore to identify dominant concepts which drive a particular failure case. Examining those relationships in detail enabled us to sketch case-specific patterns of convergent and divergent relationships between first and higher order concepts over time. In the subsequent analysis, we used those case-specific patterns to compare and identify similar patterns across cases.

In the sixth step, we conducted a cross-case analysis to identify unifying themes, imperatives, or logics (Miller, 1987) cutting across the cases to develop more generalizable process archetypes. This step involved a process of abstraction, idealization, and classification (Bunge, 1996; Weber, 1978). To identify logics, we first identified the dominant themes across cases. We did so by calculating code frequency and code density measures based on case-specific causal networks. Code frequency is a measure of the groundedness of a code as indicated by the number of quotations. In contrast, code density signifies the centrality of a code based on the number of relations with other codes. Therefore, code density is the sum of the unidirectional- and reciprocal relationships of a particular code in the causal network. For each case, we calculated the most central case-specific codes as signified by code density/frequency indicators. Next, we created a 'case-by-case-attribute matrix' (see Miles and Huberman, 1994), which listed all cases as rows and the main attributes, such as the code with the highest densities and frequencies, as columns. We then regrouped the cases according to attribute similarity and clustered them according to the emerging dominant themes. As a result, we clustered the cases into four groups that we refer to as the *imperialist*, *laggard*, *villain*, and *politicized* archetype. Table III displays the results of the dominant code frequencies and densities reflecting the core theme of each case cluster. For instance, the imperialist archetype is represented by such dominant codes like 'passive acquiescence', 'lack of regulation/ambiguous industry standards', and 'leading autocratic'.

Table III. Code density and code frequency of case clusters[a] CEO= Chief Executive Officer; TMT = Top Management Team

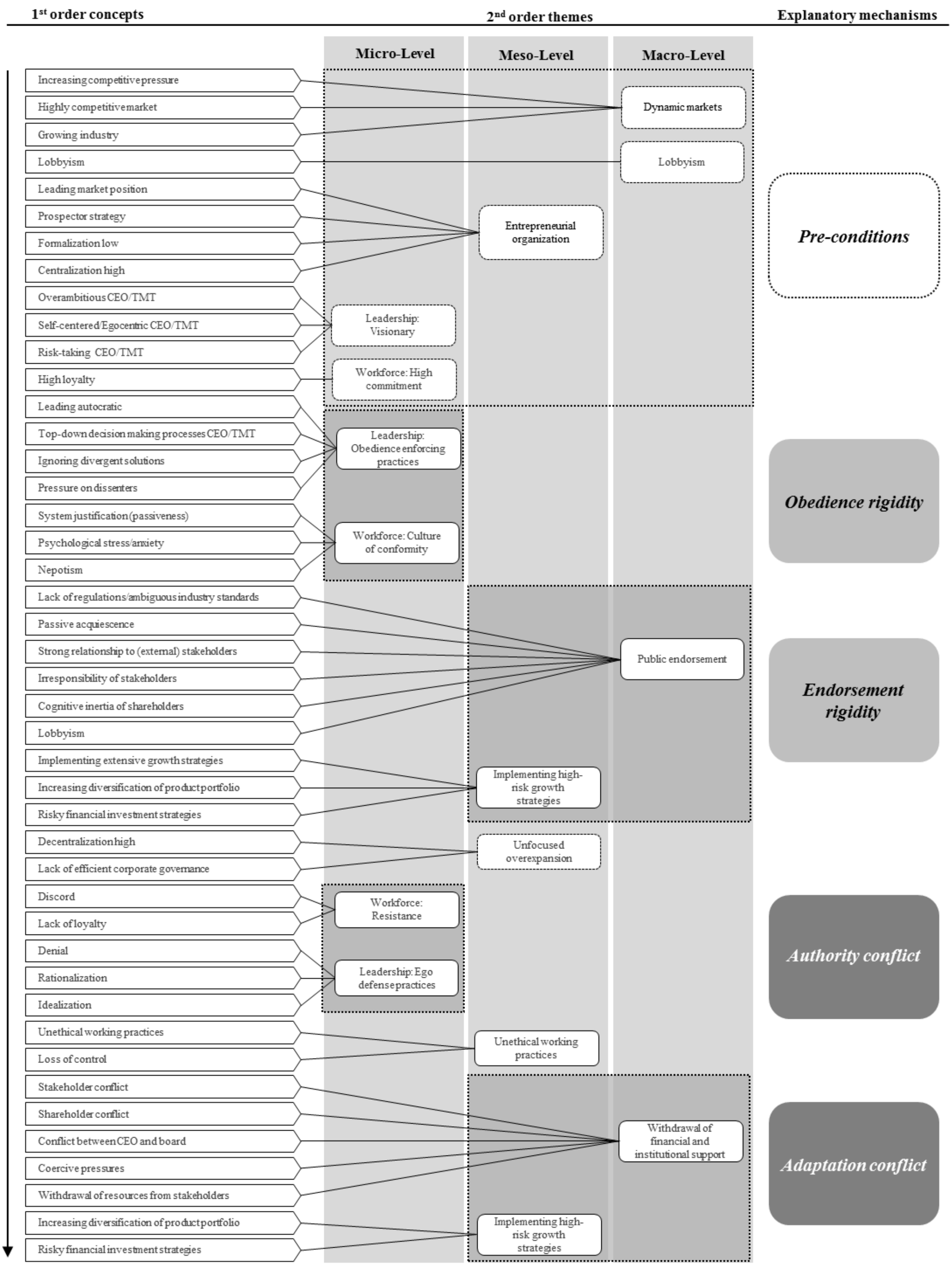
Dominant codes / first order concepts	Imperialist case cluster[b]	Laggard case cluster[c]	Villain case cluster[d]	Politicized case cluster[e]
Increasing competitive pressure	(9-4)	**(62-11)**	(2-3)	**(25-12)**
Changes in consumer preferences	(3-1)	**(16-5)**	(0-0)	(0-0)
Passive acquiescence	**(58-8)**	(3-4)	**(26-5)**	(0-0)
Lack of regulations/ambiguous industry standards	**(46-5)**	(1-1)	**(37-6)**	(1-1)
Conflict with stakeholders	(14-4)	(11-4)	(12-3)	**(52-12)**
Strong institutional influence of union	(0-0)	(2-2)	(0-0)	**(18-8)**
Mismanaging product portfolio	(3-4)	**(15-6)**	(1-2)	**(10-5)**
Unethical working practices	(21-4)	(2-3)	**(50-10)**	(0-0)
Investigation / Prosecution	(23-5)	(1-2)	**(64-8)**	(2-2)
Gap between formal policies and actual practices	(0-0)	(0-0)	**(24-6)**	(0-0)
Implementing disinvestment/cost-cutting strategy	(15-3)	**(31-5)**	(5-2)	**(34-6)**
Loss of legitimacy	(12-4)	(7-2)	**(32-7)**	(6-3)
Lack of efficient corporate governance	**(28-4)**	(1-4)	**(25-6)**	(1-0)
Cognitive inertia	(1-2)	**(36-12)**	(0-0)	(0-0)
Overestimation (CEO/TMT)	(8-6)	**(20-8)**	(5-4)	(2-3)
Rigidity in response	(5-4)	**(20-6)**	(7-2)	(0-0)
Leading autocratic (CEO/TMT)	**(27-11)**	(10-5)	(1-5)	(0-0)
Self-centered/Egocentric (CEO/TMT)	**(19-5)**	(9-4)	(1-5)	(0-0)
System justification (passiveness)	**(12-8)**	(10-8)	**(20-6)**	(0-0)
Risk-taking (CEO/TMT)	**(11-7)**	(1-3)	**(16-10)**	(0-0)
Lack of cooperation	(0-0)	(0-0)	(0-0)	**(9-5)**

[a] The first number refers to the code frequency/ groundedness and the second number refers to the code density/ centrality. (Frequency per case cluster - Density per case cluster).
Our analysis included 43 cases and we identified four case clusters. We were able to cluster 37 of our 43 cases within one of these four clusters. However, six cases show considerable overlaps between two case clusters. Lehman Brothers and Long-Term Capital Management show patterns of both, the Imperialist and Villain case cluster. MG Rover and Saab show patterns of the Laggard and the Politicized archetype. Tribune shows a considerable overlap between the Laggard- and Imperialist case cluster. Finally, Swissair shows patterns of the Politicized and the Imperialist case cluster.
[b] Cases included in case cluster: Adelphia Communications, Daewoo, Ghana Airways, Herstatt Bank, Marconi PLC, News of the World, Parmalat, Polly Peck, Steve & Barry's, WorldCom.
[c] Cases included in case cluster: Blockbuster, Dunlop, General Motors, Kodak, Marks & Spencer, Motorola in China, Nokia, Polaroid, Wal Mart in Germany, Woolworth.
[d] Cases included in case cluster: AIG, Arthur Andersen, Barings Bank, Citigroup, Enron, Fannie Mae, Nortel, Procomp Informatics Ltd., Refco, Sanlu, Satyam, Snow Brand.
[e] Cases included in case cluster: American Airlines, Arcandor, Chrysler, Delphi, Delta Airlines.

CEO= Chief Executive Officer; TMT = Top Management Team

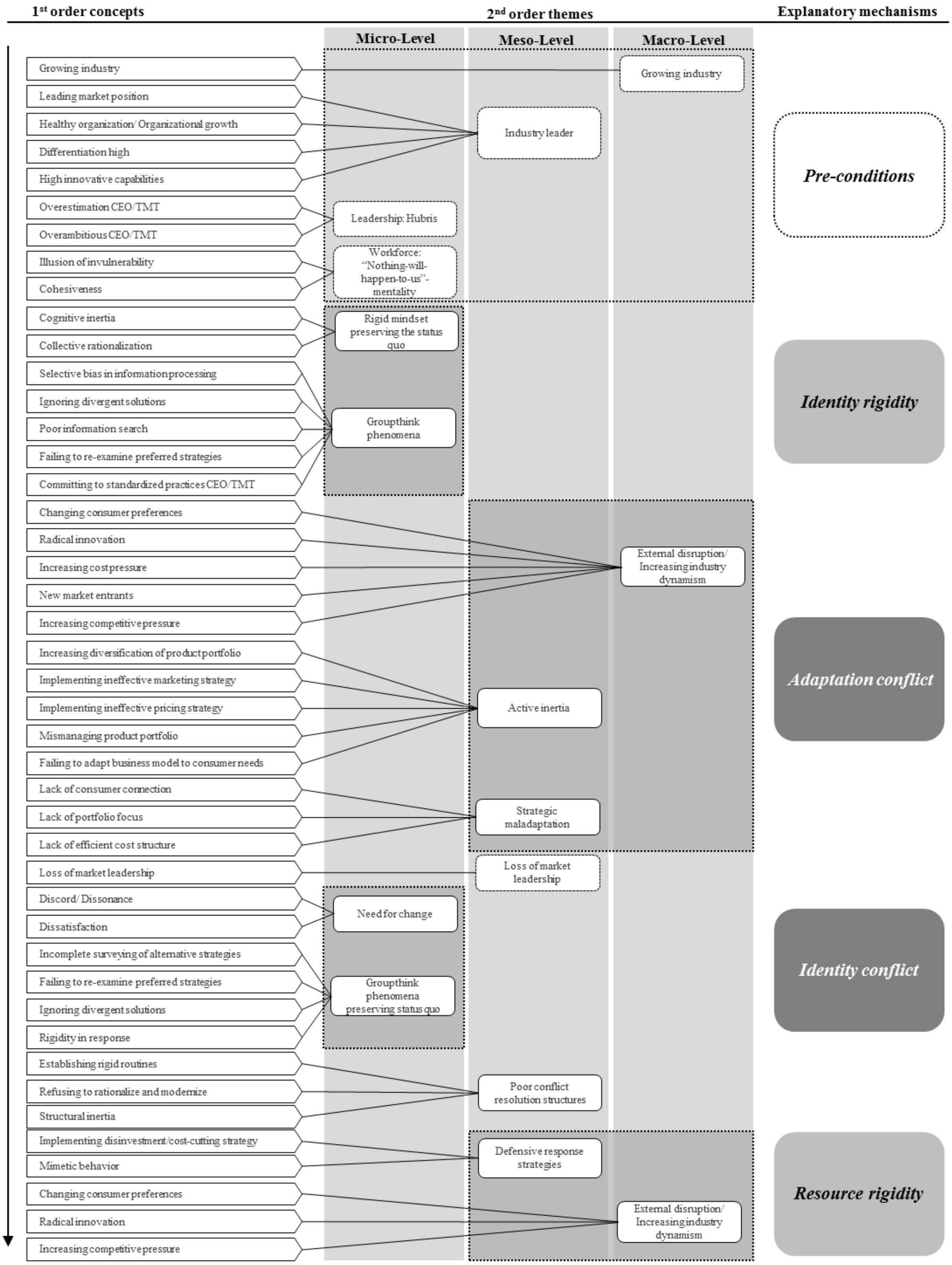
Seventh, for each of the four groups, we examined the underlying mechanisms driving the failure process. Based on the analysis of converging and diverging relationships described above, we identified and differentiated distinct rigidity mechanisms, i.e., converging processes, in addition to conflict mechanisms, i.e., diverging processes. This process yielded a simplified, more abstract concept structure with first order codes, second order themes, and aggregated dimensions (see also Gioia, Corley, and Hamilton, 2013). In total, we found 10 aggregated dimensions representing our mechanisms across the four clusters and across different levels of analysis ranging, e.g., from identity conflict on the micro-level to endorsement rigidity on the macro-level. Each archetype (i.e., the *imperialist*, the *laggard*, the *villain*, and the *politicized* archetype) can be described as a sequential pattern of interaction between rigidity and conflict mechanisms. Figures 1 through 4 display the emerging concept structure (Gioia et al., 2013) for each archetype.

In line with an abductive approach, coding does not produce theory without an 'uncodifiable creative leap' (see also Suddaby, 2006). We engaged in numerous discussions about potentially more abstract process models that reflect the unifying themes of organizational failure and reflected them with different background literature. In this sense, theory generation followed a more reflexive mode by identifying emerging themes and categories from the data, using these insights as a resource to challenge tentative theoretical frameworks, and reflecting them with the existing literature (Alvesson and Kärreman, 2011).



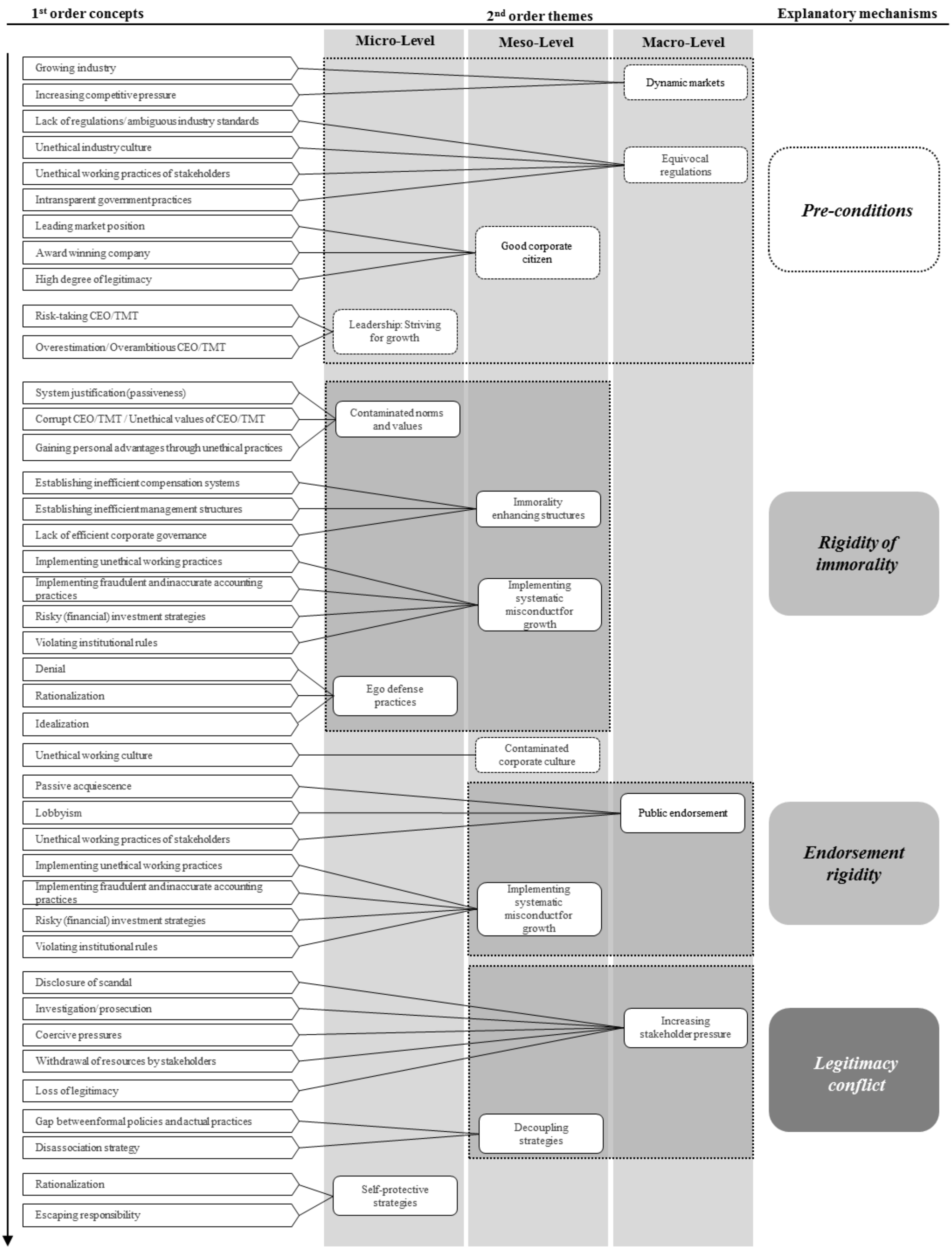
CEO= Chief Executive Officer; TMT = Top Management Team

Figure 1. Imperialist archetype concept structure



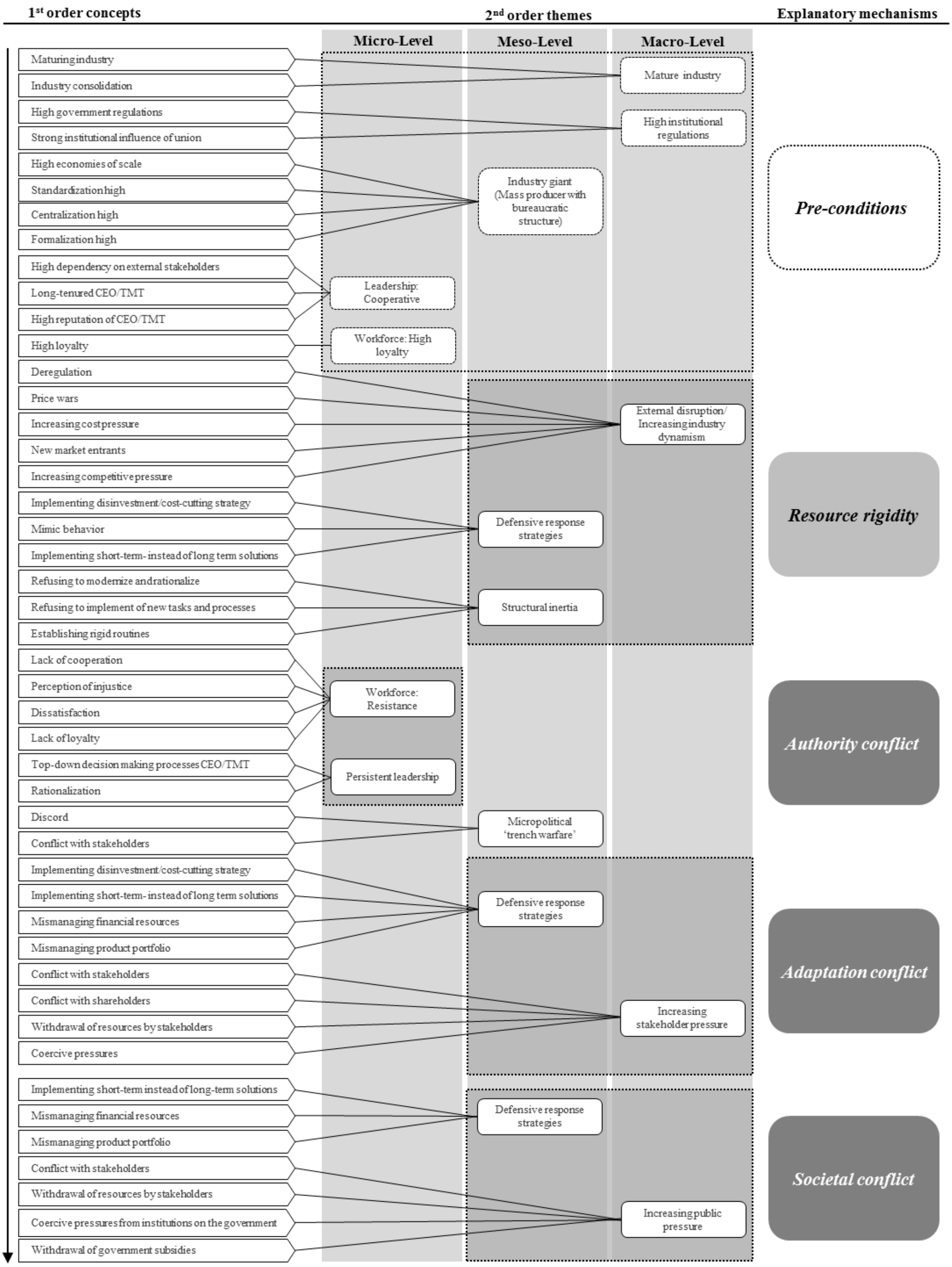
CEO= Chief Executive Officer; TMT = Top Management Team

Figure 2. Laggard archetype concept structure



CEO= Chief Executive Officer; TMT = Top Management Team

Figure 3. Villain archetype concept structure



CEO= Chief Executive Officer; TMT = Top Management Team

Figure 4. Politicized archetype concept structure

Validity of data analysis. We followed the proposals recommended by Miles and Huberman (1994), Maxwell (2012, 2013), and Steinke (2004) to ensure the quality of our data analysis. First, we used multiple case studies and provided a rationale for case selection to establish external validity, ensuring that each case was appropriate with regard to our research question. Second, to minimize researcher idiosyncrasies, we used a computer-aided database (ATLAS.ti) that stored all coding and decisions during the analysis, and we protocolled how we conducted our case analysis. Third, we tested the intersubjective comprehensibility within the research team also using ATLAS.ti. Since our entire database, with 43 cases and 5,051 coded statements, was relatively large, we took a random sample of six cases (approx. 14 percent) and checked for intercoder reliability (e.g., Lombard, Snyder-Duch, and Bracken, 2002). A second researcher who was not previously engaged in coding independently coded the data, which helped us determine the reliability of the coding. The two coders were found to have substantial agreement, with a Kappa value of 0.78 (Landis and Koch, 1977). Differences in interpretation were discussed in the research team, and changes in the coding scheme were eventually introduced. Fourth, we used different forms of triangulation to check and improve the validity of our study (Denzin, 1978). We used additional data sources in cases in which the original case description was either incomplete or inconclusive; engaged multiple researchers to jointly make sense of our data, coding, and abstraction; and applied diverse theories as lenses through which to reflect upon our findings. Finally, to increase the validity of our study, we used debriefing (Miles and Huberman, 1994) and exploited various opportunities to receive feedback on preliminary findings at different stages of the study from experts in the field.

Findings: Process Archetypes of Organizational Failure

Following Langley et al. (2013), this section presents a thick yet more idealized narrative of how the four failure processes unfold over time. For process theory building, the narrative "identifies the plot or generative mechanism at work" (Langley et al., 2013, p. 9). We therefore first describe the core idea of each archetype and then explain how each failure process is driven by a distinct pattern of rigidity and conflict mechanisms over time.

The Imperialist Archetype

"He was an incessant workaholic, continually looking for new ventures." (Polly Peck, #32)

The imperialist archetype[3] illustrates the organizational transformation of a creative entrepreneur into a reckless imperialist. This archetype exemplifies how autocratic leadership drives organizational obedience through a combination of guardianship, a lack of balanced controls, and a culture of conformity. This obedience is reinforced by external stakeholders who endorse the firm's strategic agenda and empower leadership to engage in high risk-seeking behavior. Without internal and external checks and balances, the organization embarks on a fatal path of overexpansion and maladaptation (see Figure 5).

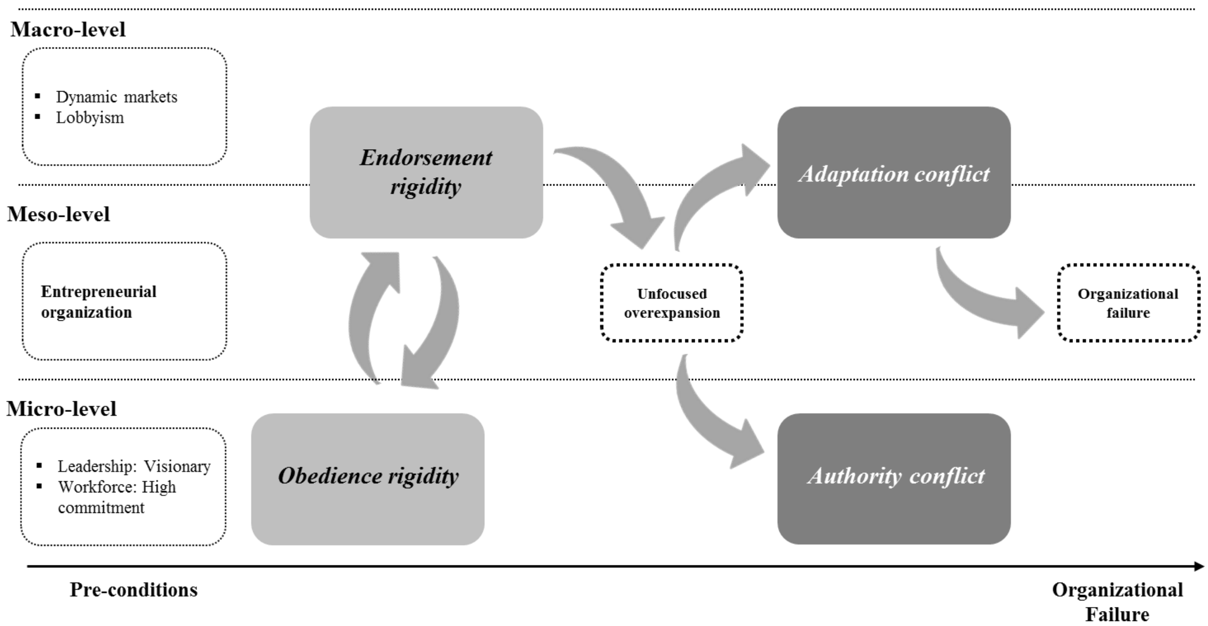


Figure 5. Imperialist archetype

[3] The following cases served as the empirical basis for the imperialist archetype: Adelphia Communication, Daewoo, Ghana Airways, Herstatt Bank, Marconi PLC, News of the World, Parmalat, Polly Peck, Steve & Barry's, and WorldCom.

Pre-conditions. Initially, the entrepreneurial organization is a flexible, opportunity-driven firm with a healthy financial core business. Flexibility is rooted in centralized decision-making, less formalized structures, and planning and reporting systems that allow quick responses to emerging market opportunities. While all firms in this sample operate in dynamic markets, they vary in terms of their market position and performance. On the macro level, a growing industry fuels organizational growth, enabling the firm to capitalize on new business opportunities and to engage in lobbying activities to successfully influence legislators to favor the firm's interests. A visionary top management leads the organization with aggressive goals and creates commitment in subordinates by either inspiring or controlling the workforce. An example of the former is Bernie Ebbers from WorldCom, who "was a charismatic leader, inspiring deep personal loyalty" (WorldCom, #43), while an example of the latter is Rupert Murdoch, the CEO of News of the World, who "distinguished himself as a shrewd and aggressive operator, willing to crush all opposition in a highly profitable, winner-take-all competition" (News of the World, #26). As a result, the entrepreneurial firm is organized around centralized and personalized leadership that provides strategic direction and retains flexibility through a combination of tight control and a responsive organizational structure.

Obedience rigidity. Entrepreneurial responsiveness is based on an important mechanism that we label obedience rigidity. In general, obedience rigidity refers to faith in hierarchical authority and disciplinary power among organizational members that stabilizes command-and-control relations. In particular, faith in authority and disciplinary power serves as a catalyst to prevent organizational members from challenging the centralized leadership authority. We found a number of managerial practices in our data that create and maintain obedience rigidity, such as implementing informal, centralized controls, punishing non-conformity, and engaging in collusive behavior and nepotism. For instance, News of the World established a culture of conformity in which "staff worked in […] an atmosphere that expected them to do whatever it took to satisfy the demands of Murdoch's editorial teams, no matter how degrading or improper" (News of the World, #26), or Parmalat created a powerful coalition by hiring relatives and friends: "The result is a business culture that is rooted in blood ties, friendship, [and] reciprocal favors" (Parmalat, #29). While obedience rigidity gives top management a substantial degree of entrepreneurial autonomy, the suppression of internal checks and balances comes at a significant risk because the fate of the firm relies on a leadership that acts wisely and responsibly.

Endorsement rigidity. Entrepreneurial autonomy is further accelerated when obedience rigidity is mirrored by a second mechanism that we label endorsement rigidity. Endorsement rigidity refers to the approval or support of organizational strategies by dominant external stakeholders that stabilizes the relations between the firm and field-level actors. In particular, the firm's previous performance history, strong personal relations between top management and dominant external stakeholders and intensive lobbying activities create an image of a grandiose entrepreneurial firm. As a result, external stakeholders turn a blind eye to critical matters within the organization and thereby actively or passively endorse the firm's strategic agenda. For instance, in the case of Marconi, external stakeholders provided large amounts of cash to support the company's risky growth strategy: "Money was easily obtained from banks. In pursuing its global transformation strategy, the company sacrificed its 'cash mountain' and took on high levels of debt, tolerable when creditors, banks and investors were eager to profit from the phenomenal growth of the industry" (Marconi, #22). In the case of Daewoo, foreign banks "passively acquired Daewoo debts in part as a reckless attempt to increase their own profit margins" (Daewoo, #10). Both endorsement and obedience rigidity become self-reinforcing mechanisms that empower top management to execute its ambitious growth and risky diversification strategy. Without internal and external controls, top management pushes the organization on a precarious path of high risk and unfocused overexpansion, a strategy that resonates with the imperialist metaphor of this archetype.

Authority conflict. Unfocused overexpansion rapidly overstretches an informal, centralized, and flexible entrepreneurial organization by increasing its structural complexity. However, structural complexity becomes a source of conflict when it prevents top management from executing its entrepreneurial agenda and exercising control over organizational members. Under these conditions, structural complexity escalates in an authority conflict when further structural reforms that mirror the new complexities of the diversified business are neglected. In general, an authority conflict is a struggle over claims of power that occurs when subordinates question and resist top management's decisions, thus changing the balance of power within the organization. However, unresolved conflicts due to new organizational complexities are largely ignored by top management through a mixture of different ego-defense strategies. Those strategies include the denial of the crisis (e.g., Marconi, #22), the idealization of previous strategic moves (e.g., Polly Peck, #31), or the rationalization of the devastating financial situation the organization finds itself in (e.g., WorldCom, #43). This resistance occurs either actively by publicly criticizing top management's agenda (e.g., News of the World, #26) or passively by leaving the firm for other positions (e.g., WorldCom, #43).

The failure to execute control and to recreate coherence in an increasingly complex organization can be illustrated with the case of WorldCom's large merger with MCI, which led to "a group of disparate entities rather than a seamless whole" (WorldCom, #43). Lacking rigorously executed controls made it increasingly difficult to keep organizational members from acting unethically in order to increase their performance. As a consequence of pumping the firm's financial performance and in some cases unethical business practices, external stakeholders pressured top management to regain control over an organization whose opaque structure became unmanageable.

Adaptation conflict. Despite increasing pressure from internal and external stakeholders, top management stubbornly proceeds with its extensive expansion strategy, leading the organization straight into a serious adaptation conflict. Adaptation conflict captures a misfit of organizational strategies with market demands, which impacts the strategic position of the firm vis-à-vis its stakeholders. Adaptation conflict is well illustrated in the Polly Peck case. In this case, top management recklessly stuck to its expansion strategy through the "use of surplus funds for growth and acquisition … [which] led to a range of conflictual relationships between Nadir (CEO) and other Polly Peck stakeholders" (Polly Peck, #31). The organization's inability to adapt its strategic actions to external stakeholders' demands results in a continuous withdrawal of financial and institutional support. As a result, the organization becomes a blurred imperialist suffering from an unfocused overexpansion, thus creating an ambiguous and unmanageable structure. While the organization may still enjoy a favorable position in some of its markets, financial and human resources have long since been exhausted. Either the organization faces the complete unraveling of its financial resources, leading to bankruptcy, or it takes a detour by violating existing rules and laws, leading to prosecution and then subsequent organizational failure (e.g., cessation of operations).

The Laggard Archetype

"Blinded by its previous long and uninterrupted success, and stubborn faith in its 'M&S way of doing things,' it failed to identify a variety of external threats. The company developed a faulty internal assumption, based on the fallacy that its reputation and brand name would insulate it from the competitive environment."

*(*Marks & Spencer, #23*)*

The laggard archetype[4] exemplifies the fall of an industry leader. It illustrates how a distinct organizational identity can constrain an organization from adapting to its disruptively changing environment by suppressing more radical innovations that are needed for long-term survival. The organization turns into a rigid follower that subsequently depletes its resource base until failure is inevitable (see Figure 6).

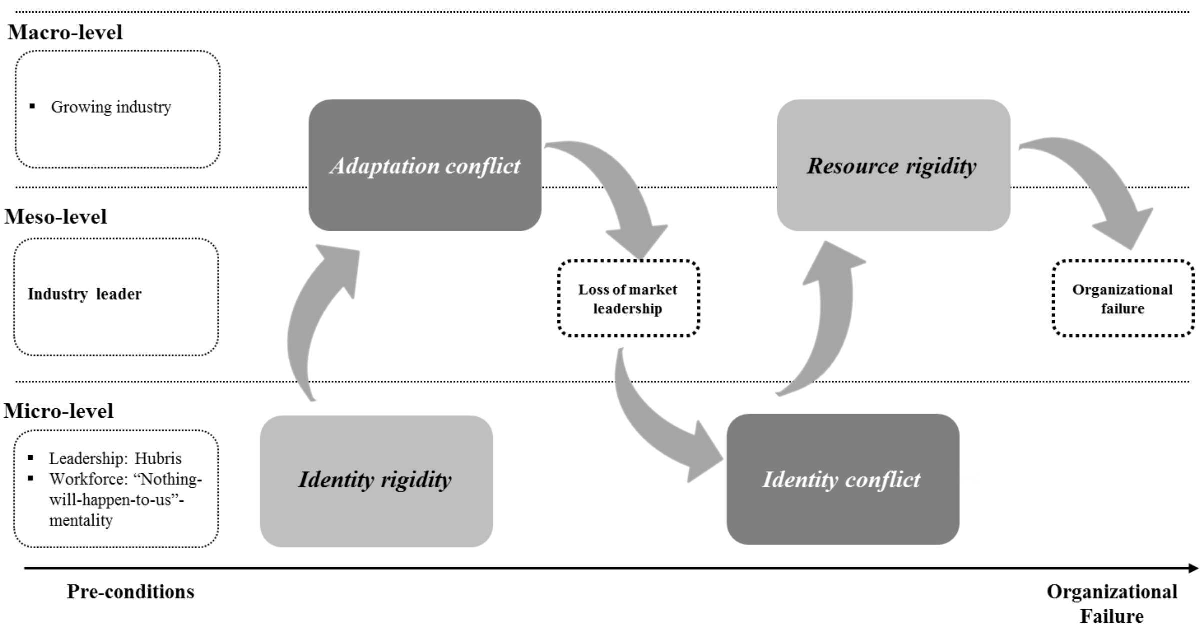


Figure 6. Laggard archetype

Pre-conditions. Initially, the organization operates under convenient environmental conditions: the market is growing, and the organization's well-executed differentiation strategy successfully keeps industry competition at bay. A portfolio of state-of-the-art products sustains a strong reputation among customers and a leading market position. Previous success creates a distinct but also a pure corporate identity that reflects well-established standards of quality and excellence. Both serve as a source of corporate pride. However, continuous market success also makes organizational members feel highly confident in their way of doing business. Not

[2] The following cases served as the empirical basis for the laggard archetype: Blockbuster, Dunlop, General Motors, Kodak, Marks & Spencer, Motorola in China, Nokia, Polaroid, Wal Mart in Germany, and Woolworth

surprisingly, this way of thinking becomes a breeding ground for overconfidence, arrogance, and managerial hubris that subsequently penetrates the corporate culture, as captured in the case of General Motors believing it had "the divine right to be the most successful automobile company on earth" (General Motors, #16). Unfortunately, managers become not only biased but also increasingly intolerant with regard to rival views. As a consequence, favorable industry conditions and a phase of uninterrupted success facilitate an illusion of invulnerability, as indicated by a 'nothing will happen to us'-mentality (Marks & Spencer, #23) among organizational members.

Identity rigidity. This mentality provides the foundation for a mechanism we refer to as identity rigidity. Identity rigidity is the sharing of understandings among organizational members concerning how they define themselves and what distinguishes them from others as a social group, which stabilizes their social relations. These shared understandings create a sense of cohesiveness and belonging among organizational members. In particular, the recipes for past success become increasingly institutionalized in organizational strategies, structures, and practices and reflect a dominant logic of how to do business. When those strategies, structures, and practices become taken-for-granted and management constrains critical thinking, they further reinforce cohesion, conformity, and biased decision making. A number of different managerial practices appeared in our data that drove suppressive forms of identity rigidity. For instance, Marks and Spencer's top managers isolated themselves from reality by "taking decisions based on previous presumptions […] and denying or ignoring disagreeable facts and reports" (Marks & Spencer, #23), and Kodak executives avoided risk-taking "because a mistake in such a massive manufacturing process would cost thousands of dollars" (Kodak, #19). Preserving the status quo cascades down the corporate hierarchy and is further manifested in the culture, structure, and politics of the firm. For instance, in the case of Kodak, managers practiced private pre-meeting negotiations to avoid confrontations that 'were considered un-Kodaklike.' Similarly, to defend the current circumstances, "managers … became conceited and obstinate, resenting challenges and, ultimately, isolating themselves from reality," leading to a company whose "ideals had frozen the firm in a bygone era" (Marks & Spencer, #23). While identity rigidity can serve as a powerful mechanism to create a sense of belonging and cohesion, it can also create dysfunctional, overly constraining forces, especially when more radical innovation and creativity are sources of adaptation within a dynamically changing environment.

Adaptation conflict. When new market entrants, new business models, or changing consumer preferences disrupt the market and increase industry dynamism, the organization is pushed into an adaptation conflict. In general, an adaptation conflict is a misfit of organizational strategies with market demands that initiates a reshuffling of strategic positions among competitors. This misfit emerges when the firm responds to changing industry dynamics with its repertoire of tried-and-true strategies that succeeded in the past but are bound to fail under these new market conditions. In fact, those strategies mainly include incremental changes, such as launching line extensions, and they fail to align the organization with its rapidly changing environment. The growing misfit leads to increasing activism by innovating with more of the same types of incremental improvements, thus accelerating the firm's strategic maladaptation. For instance, because "Polaroid never attempted to develop the manufacturing and product development capabilities that would have been key … in digital imaging" (Polaroid, #30), its existing strategy ignored opportunities to develop more radical innovations. Similarly, Nokia failed to introduce radical new products to respond to new competition and instead focused on incremental changes such as pricing and decreasing its portfolio diversification. Likewise, Wal Mart transferred its well-established strategy from the US to the German market but failed to adapt its retail system to the market and institutional differences between the two countries. As such, neither the particular "services which Wal Mart provided ('the greeter,' 'the ten-foot-rule')" (Wal Mart, #41) nor its human resource practices that were intended to increase employees' enthusiasm and involvement appeared to work under the German circumstances. The consequences of prolonged adaptation conflicts are severe: the firm suffers from an outdated product portfolio, cost structures rise far above those of competitors, and consumers switch to competitors' offers, resulting in a constant sales decline. As such, the adaptation conflict creates the momentum for an emerging identity conflict.

Identity conflict. When a firm realizes that it no longer holds the industry's leading position and is on the brink of a crisis, organizational members start to question the focal strategy, technology, and culture. More generally, an identity conflict is a struggle over contested understandings of organizational members concerning how they define themselves and what distinguishes them from others, which leads to competing social groupings. The loss of market leadership forces organizational members to alter those identities that are disrupted by emerging adaptation conflicts. For example, Kodak's top managers' attempt to prepare the company for the digital age collided with middle managers' 'strong belief that Kodak meant film':

"The old-line manufacturing culture continues to impede Fisher's [the CEO's] efforts to turn Kodak into a high-tech growth company. Fisher has been able to change the culture at the very top. But he hasn't been able to change the huge mass of middle managers, and they just don't understand this [digital] world." (Kodak, #19)

In particular, Kodak's middle managers became increasingly resistant to change and boycotted emerging ideas associated with the implementation of new technologies:

"Middle managers at Kodak did not serve the function of filtering ideas that bubble up from lower levels of the organization to determine what to pass on to senior management. Instead, middle managers resisted digital photography for a variety of reasons, a resistance that in the end jeopardized their own jobs." (Kodak, #19)

However, the ability to address identity conflicts within the firm is further obstructed by poor conflict-resolution structures, which appear in our data as a "stultifying bureaucracy that is chronically slow to change" (General Motors, #16), as "cumbersome reporting relationships and a complex mode of operation" (Marks & Spencer, #23), or as a "rigid, bureaucratic structure that hindered a fast response to new technology" (Kodak, #19). Unresolved identity conflicts reinforce the organizational crisis when organizational members with old beliefs violate and undermine strategic turnaround initiatives.

Resource rigidity. While overcoming strategic maladaptation would demand the reallocation of scarce resources to innovative ends, the firms in our sample were further constrained by what we refer to as resource rigidity. In general, resource rigidity refers to the perpetuation of organizational resource allocation patterns that make it difficult or impossible to change the course of investment into new products, processes, or technologies.[5] Resource rigidity emerges as an interplay between habit and necessity. Highly institutionalized capital investment routines become taken-for-granted conventions that are ill-suited to supporting strategic initiatives outside the firm's existing strategic umbrella. As Leo J. Thomas, SVP and director of Kodak research, noted, "We're moving into an information-based company, [but] it is very hard to find anything [with profit margins] like color photography that is legal" (Kodak, #19). However, the firm not only lacks internal structural flexibility to reallocate investments into new businesses, but with a failing market performance, the organization also increasingly faces difficulties mobilizing scarce resources. Due to continuous resource drains, large investments are either prolonged or canceled. In its struggle for survival, the organization

[3] We would like to note that our definition of resource rigidity slightly differs from Gilbert's (2005) definition because our construct is based on a multi-level interaction. While Gilbert (2005) defines resource rigidity as a single-level phenomenon that emerges from an organization's 'failure to change resource investment patterns' and an 'unwillingness to invest', our definition highlights the organization's inability to invest that emerges from the interaction of structural level and field-level factors.

focuses on simplistic efficiency projects, i.e., cutting costs and improving profitability, and/or on defensive strategies that do not require large investments, such as imitating competitors' products or sticking to its existing product portfolio. As a result, the inability to change resource allocation patterns plunges the organization into a severe financial crisis. A firm that was once known for its quality and excellence increasingly turns into a rigid laggard. Its inability to keep pace with a rapidly changing environment erodes sales, profitability, and financial assets. In the end, the former market leader is forced to file for bankruptcy, becomes insolvent, or exits markets.

The Villain Archetype

"My faith in Snow Brand has been shattered. Their milk was considered top quality, but I'll have to think twice before I buy their milk ever again." (Previous Snow Brand consumer; Snow Brand, # 37)

The villain[6] archetype illustrates the transformation of a good corporate citizen into a greedy villain. This archetype is driven by the risky and immoral actions of managers who foster organizational growth and thereby create a contaminated corporate culture that becomes blind to these practices. Repeated public disclosures reveal corporate misconduct and drive the organization into a severe legitimacy conflict. Eventually, the good corporate citizen loses its legitimacy, which causes its ultimate failure (see Figure 7).

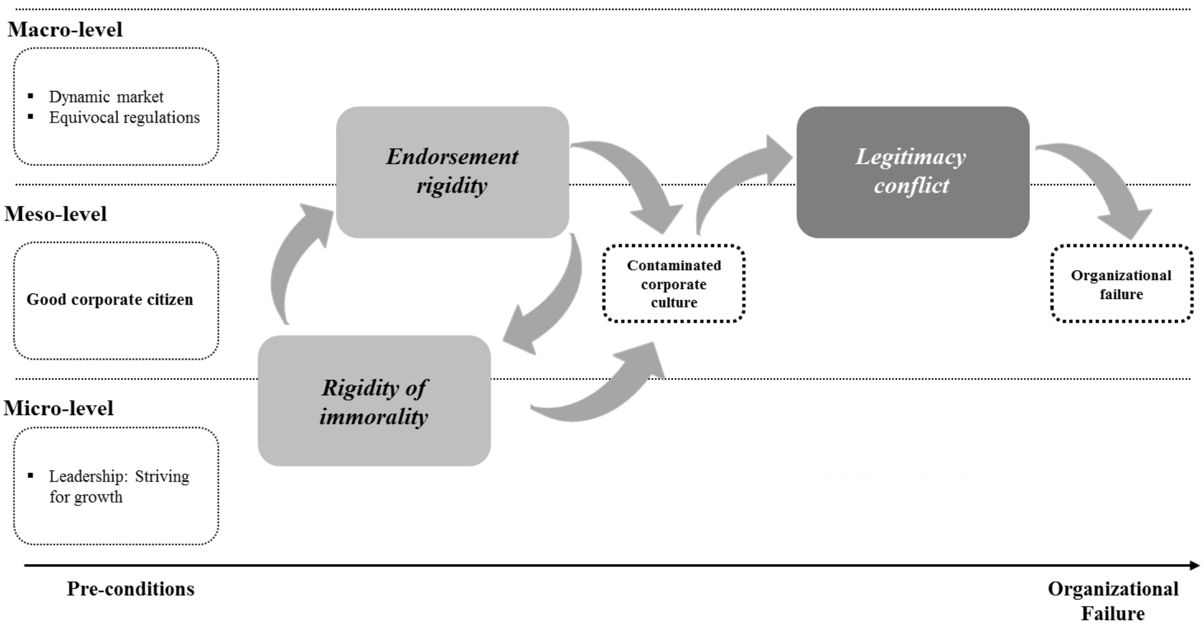


Figure 7. Villain archetype

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[4] The following cases served as the empirical basis for the villain archetype: AIG, Arthur Andersen, Barings Bank, Citigroup, Enron, Fannie Mae, Nortel, Procomp Informatics Ltd., Refco, Sanlu, Satyam, and Snow Brand.

Pre-conditions. The corporate citizen is one of the top performers in the industry and enjoys great trust and legitimacy among its internal and external stakeholders. Its business practices are perceived as exemplary due to their congruence with the industry's prevailing norms, values, and rules. Additional engagement in non-profit projects amplifies the organization's image as a good corporate citizen. The good image ensures access to a variety of critical resources such as financial assets, skilled employees, and political support. On the macro level, the firm operates in mature, yet still-growing industries. However, competitive pressure is high, and it constantly challenges the corporate citizen's current market position. In addition, ambiguous government regulation provides substantial discretion regarding how existing laws can be applied to the firm's operations. This creates legal loopholes that open up opportunities for unorthodox growth strategies. On the micro level, top management facilitates a competitive, tough, and market-driven corporate culture that becomes a breeding ground for performance-obsessed, overambitious managers.

Rigidity of immorality. These pre-conditions may turn into a vicious mechanism that we refer to as rigidity of immorality. In general, rigidity of immorality is the sharing by organizational members of unethical norms and values that are associated with the perpetuation of immoral activities, usually in the service of meeting stretch performance targets. When unethical norms and values become embedded in organizational routines, structures, and systems, organizational members take them for granted and presume that misconduct provides an appropriate way of increasing growth. As a consequence, profit-seeking managers search for legal loopholes to improve organizational performance and thus individual compensation. Examples of such performance-enhancing strategies range from shifting liabilities to 'whitewash' balance sheets (e.g., Enron, #14, Arthur Andersen, #5) to intentionally decreasing hygiene standards to save costs on expensive factory cleaning (e.g., Snow Brand, #37). In all these cases, saving costs and increasing profits under intense competitive pressure weighs heavier than textbook behavior. To overcome doubt, organizational members rationalize misconduct by employing a variety of ego defense strategies, such as denying responsibility and idealizing the means of their behavior. Over time, they become rigidly stuck in immoral practices that accept and encourage unethical and fraudulent behavior. Concurrently, individuals rationalize any sense of guilt, as a quote from the Snow Brand case illustrates: "When they questioned Tetsuaki Sugawara, the former head of the Itami Factory, he allegedly said that he did not think that they would be caught because they had been disguising the origin of [their] meat for ages" (Snow Brand, #37).

Endorsement rigidity. Corporate misconduct can remain undiscovered because of a powerful mechanism to protect organizational legitimacy that we introduced above as endorsement rigidity. To review, endorsement rigidity is the approval of organizational strategies by dominant external stakeholders that stabilize the relations between the firm and field-level actors. A common practice that appeared across our cases was lobbying in order to directly influence political actors, gain advocates for the firm's growth strategy, and shape field-level institutions. For instance, Arthur Andersen "… being one of President Bush's top financial backers, … spent $6 million [on] lobbying the U.S. government on such issues as electricity deregulation and self-regulation for the accounting profession" (Arthur Andersen, #5). In some cases, influential external stakeholders passively approved the misconduct. For example, in the case of Enron, "[a]nalysts had financial incentives to recommend Enron to their clients to support their firms' investment banking deals with Enron. […] Many of the financial analysts working at these banks received bonuses for their efforts in supporting investment banking" (Enron, #14). In the case of Snow Brand, the government actively understated serious violations of hygiene standards in the production of milk, thus officially legitimizing Snow Brand's actions through ambiguous industry standards. As such, external stakeholders' endorsement of the firm's unorthodox growth strategy creates the impression that the underlying organizational practices are socially acceptable. Consequently, endorsement rigidity reinforces corporate immorality.

Legitimacy conflict. When the scale of misconduct is uncovered in a public campaign, the organization is pushed straight into a legitimacy conflict. In general, a legitimacy conflict is an organization's struggle for social acceptance of their strategies and practices that leads to changes in public support. For instance, when a sudden public disclosure that is initiated by official investigations or consumer complaints uncovers the organization's immoral practices, it will lead to a decline of legitimacy. As a result of these violations, customers increasingly reject the organization's products and services. For instance, in the case of Snow Brand, supermarkets banned the organization's health-threatening products due to their filthy production processes: "We've actually pulled all Snow Brand milk off of our shelves. No one feels the milk is safe, so it wouldn't sell even if we put it on the shelf. Besides, our customers might complain that we are being irresponsible […]" (Jochi Nishizaki, an assistant manager at a Family Mart store in the Nishi ward of Osaka) (Snow Brand, #37). In an attempt to regain legitimacy and restore the organization's damaged reputation, top management applies different self-protective strategies that mask and distract attention from the controversial activities. These strategies include denying any knowledge of the immoral business practices in the organization (e.g., Arthur Andersen, #5), blaming individual employees as lone perpetrators of implementing fraudulent activities (e.g., Snow Brand, #37), or downplaying the accusations in public (e.g., Citigroup, Case 9; Refco, #33). In the case of Citigroup, top management wanted to regain trust and rebuild the firm's reputation by espousing a new strategy, yet it failed to implement appropriate structures and practices to address the misconduct: "Citigroup's senior management['s] and board of directors['] … measures failed to change Citigroup's entrenched culture of aggressive risk-taking" (Citigroup, #9). Typically, a series of new public disclosures leads to a drastic loss of organizational legitimacy. Consequently, the conflict between the organization and its stakeholders escalates when customers boycott the organization by refusing to buy its products and services (e.g., Snow Brand, #37), investors withdraw critical financial resources (e.g., Enron, #14), the government denies institutional support (e.g., Sanlu, #35), or authorities start to pursue criminal investigations (e.g., Citigroup, #9; Satyam, #36). Paralyzed by its struggle for legitimacy, the previous good corporate citizen has become publicly stigmatized as a villain who has lost all institutional support. In the end, the organization has navigated itself into organizational failure by stretching, eluding, and violating social and legal norms forced to terminate its business.

The Politicized Archetype

"[T]he union fought a hard battle—a 'jihad' in the words of COO Fred Reid." (Delta Airlines, #12)

The politicized[7] archetype exemplifies how a well-established industry giant becomes a paralyzed workhorse that is unable to resolve contradictions between interest groups inside and outside the organization. Stakeholder conflicts escalate into a micropolitical 'trench warfare' involving rival groups and contradictory forces that become destructive and eventually lead to organizational failure (see Figure 8).

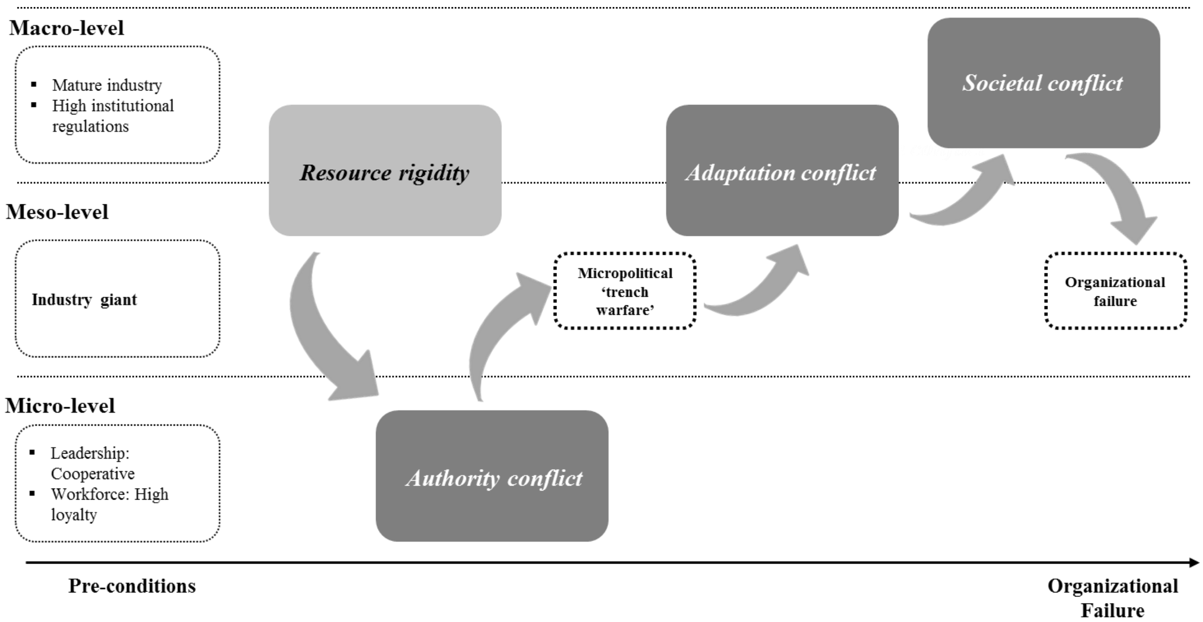

Figure 8. Politicized archetype

Pre-conditions. The industry giant belongs to a well-established elite of traditional market players. In a mature market, the organization sustains its competitive advantage based on efficiency through continuity and the maintenance of a mass-production system with proven technology and a bureaucratic organization. The guiding spirit of managing these industrial giants is permanency. The interplay of a number of supporting institutions ensures stability and predictability, upon which the efficiency of these mass-producing machines is founded. These supporting institutions include, in particular, governmental-sector regulations that protect the firm from demand fluctuations and excessive competition, a well-balanced system of power between top management and trade unions, and a highly loyal and committed workforce that facilitates cohesion and stability between different interest groups inside and outside the

[7] The following cases served as the empirical basis for the politicized archetype: American Airlines, Arcandor, Chrysler, Delphi, and Delta Airlines.

organization. However, cohesion and stability come at a price: inflexible labor structures, lack of innovation, high fixed costs, and imminent financial burdens through pension liabilities, which all remain reasonable as long as this fine-tuned industrial system runs smoothly without interruption. Nevertheless, when external disruptions such as the deregulation of markets drastically change the industry's dynamics and fiercely increase competition, the asset of a well-orchestrated, coherent system of power between different interest groups turns into a liability.

Resource rigidity. Caught in the iron cage of bureaucracy and a fine-tuned system of expectations and obligations, the firm is highly constrained in its strategic actions – a mechanism we refer to as resource rigidity. Resource rigidity is the perpetuation of organizational resource allocation patterns that suppress investments in new strategic initiatives. As a result, the firm responds defensively to disruptive events by staying within its 'turf'. While top management recognizes the fierce competitive pressures, its defensive strategic response follows proven methods of recalibrating the existing organizational machine. In particular, top management implements strategies that strengthen efficiency to enhance short-term profitability. Examples of such defensive strategies include the implementation of drastic cost-cutting programs or a shift of priorities to more profitable business units. Illustrative is Arcandor's restructuring program, which included cutting 8,500 jobs and the divestment of 77 smaller retail stores (Arcandor, #4). Likewise, "Delta was trying to reduce its operating cost and debt levels through wage reductions for its pilots and other employees" (Delta Airlines, #12). While these cost-reduction efforts are intended to restore efficiency, they also disrupt the fine-tuned balance of power and evoke severe protests from unionized employees. In sum, when the 'big business' of a giant is challenged by external disruption, resource rigidity becomes a breeding ground for imminent fundamental conflicts between opposing groups inside and outside the organization.

Authority conflict. The industry giants in our sample operate in industries with a unionized workforce, such as the automotive or airline industry. These de facto co-determined firms were founded on a culture of mutual understanding in which agreement is sought with stakeholders on issues of conflict. Employees expect to be involved and to influence the firm's decisions on important restructuring measures. However, when leadership fails to address these expectations and rushes into a top-down crisis mode, an authority conflict seems to be unavoidable. To review, an authority conflict is a struggle over claims of power that occur when subordinates question and resist top management's decisions, thus changing the balance of power within the organization. This conflict is well illustrated by the union's resistance to the cost-cutting program to fund new business units at Delta Airlines. In the words of Greg Davidovitch from the Association of Flight Attendants, “Why would, or why should, current employees give up thousands of jobs and other cuts to fund the startup of a new carrier that will only benefit corporate executives and others while it competes with us and drags us down even further?” (Delta Airlines, #12). A lack of participation, integration, and communication facilitates a growing perception of injustice and unfairness among employees. The tensions between the leadership and internal stakeholders increase as both parties stubbornly defend their positions. On the one hand, leadership justifies its cost-cutting programs as an unpleasant yet objective necessity to secure organizational survival. On the other hand, the giant’s employees, supported by powerful unions, relentlessly block the implementation of those efficiency programs in order to sustain the status quo. Unresolved tensions between opposing groups transform into a pervasive conflict that escalates into a micropolitical ‘trench warfare’. While the leadership’s efficiency programs initially are implemented to improve organizational performance, the programs ultimately create the opposite effect: costs rise due to declining employee loyalty, massive layoffs, and restructuring costs. Furthermore, the authority conflict distracts top management from reinventing a sustainable competitive strategy. Not surprisingly, the organization plunges into another severe conflict with its external stakeholders.

Adaptation conflict. Despite increasing pressure from internal stakeholders, top management proceeds to execute internal efficiency reforms, leading the organization into a serious adaptation conflict. Again, the adaptation conflict is the misfit of organizational strategies with external stakeholders and market demands, which leads to a reordering of strategic positions within an industry. On the product-market level, a firm with an increasingly demoralized workforce offers declining product and service quality, leading to a deterioration of its market share. The subsequent interplay between the inability of the firm to realign its strategy, massive financial obligations, and drastically declining market performance increases the firm’s financial bottlenecks. Investors and creditors become concerned about the declining financial performance and pressure top management to regain strategic control over the firm. To keep daily business operations running, the giant borrows increasingly expensive short-term capital to secure the “[…] required breathing space that is desperately needed to satisfy the [next] financing requirement […]” (Arcandor, #4). Because the situation is not improving, external stakeholders become increasingly unwilling to negotiate long-term solutions, as they anticipate the growing risks of investing in a financially troubled company. Trapped in a struggle between interest groups inside and outside the company, the leadership team becomes absorbed by resolving stakeholder conflicts. As such, the organization fails to address the underlying causes of its crisis and continues to lose market share to competitors and the trust of its stakeholders.

Societal conflict. The organization's size and hence its impact on the welfare of an entire community, region, or industry play a crucial role in the emerging struggle we refer to as societal conflict. In general, a societal conflict involves diverse external stakeholders who oppose organizational strategies that change their relations with field-level actors such as the local government or communities. When the organization's viability becomes seriously threatened by eroding financial resources, field-level actors such as the local government and financial institutions impose all kinds of formal, yet conflicting constraints on the organization. For instance, public demands, such as pressure from the government to 'protect jobs' (Arcandor, #4), collide with financial institutions and "shareholders' refusal to grant further funds" (Arcandor, #4). This leaves the organization stuck in a paralyzing conflict among multiple actors with contradictory interests. The interplay of persisting internal and external conflicts transforms the organization into a paralyzed workhorse captured by a micropolitical 'trench warfare' failing to implement adequate strategic responses to a rapidly changing environment. In the end, the organization's reluctance to cooperate, compromise, and resolve ongoing conflicts leaves it strategically unfocused and financially eroded. Eventually, the organization files for bankruptcy or becomes the target of an expensive government bailout.

Discussion

This study was motivated by inconsistencies in the current debate on process models of organizational failure (Amankwah-Amoah, 2016; Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Weitzel and Jonsson, 1989). Our qualitative meta-analysis resulted in two salient findings. First, we find that the processes leading to organizational failure can be captured in four archetypical process models (*imperialist*, *laggard*, *villain*, and *politicized)*. Second, we find that each of the process archetypes operates by distinct types and sequences of rigidity and conflict mechanisms. We discuss the theoretical implications of these two findings in the following and subsequently outline future research opportunities.

Resolving the Inertia and Extremism Contradiction

Contrary to existing process models of organizational failure that center on two competing patterns of inertia or extremism (Amankwah-Amoah, 2016; Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016; Weitzel and Jonsson, 1989), our findings reveal a more differentiated picture. Only at first glance, the four process archetypes - *laggard*, *politicized*, *imperialist* and *villain* - reflect the inertia vs. extremism distinction. Both the *laggard* and the *politicized* archetypes echo inert patterns of organizational failure (e.g., Staw et al., 1981; Weitzel and Jonsson, 1989). In the laggard archetype, both identity rigidity and identity conflict inhibit firms from making the necessary changes due to disruptive events within an increasingly dynamic environment. Similarly, in the politicized archetype, multiple and increasingly severe conflicts remain unreconciled, which undermines the firm's ability to undertake proper strategic turnaround actions to escape the downward spiral. In contrast, the *imperialist* and *villain* process archetypes reflect failure through forms of extremism (Hambrick and D'Aveni, 1988; Heracleous and Werres, 2016). In the imperialist archetype, a charismatic or autocratic leadership drives an aggressive overexpansion leading to organizational failure. Similarly, the villain archetype explains how increasingly extreme forms of organizational misconduct (Palmer, 2012) are uncovered. The subsequent loss of legitimacy (Hamilton, 2006) eventually leads to downfall. So far, our four process archetypes seem to be rather consistent with the overall explanatory patterns in the literature. This suggests that inert and extreme explanations of failure are complementary rather than competing.

However, our findings transcend this surface conclusion by suggesting that the inertia vs. extremism distinction may actually be inadequate. From a high level of abstraction, both the *laggard* and the *politicized* process archetypes seem to represent inertia patterns. However, as our findings show, both processes follow very different mechanisms. While the laggard is mainly driven by identity rigidity and identity conflict, both leading to adaptation issues, the politicized archetype explains the failure process through multiple unresolved and politicized conflicts that drain increasing resources, thus, causing organizational failure. Similarly, we suggest that the extremism explanation in the literature may actually need to be revisited. Although both the *imperialist* and the *villain* process archetypes resonate with the extremism pattern, they explain organizational failure along different mechanisms. While the imperialist archetype describes an organization that runs into adaptation issues due to strategic overexpansion, the villain archetype describes an organization that engages in extreme forms of misconduct, which, coupled with the loss of legitimacy (Baum and Oliver, 1991; Hamilton, 2006), creates the momentum for failure. As such, in the former case, risky strategic overexpansion and in the latter immoral actions drive organizational downfall.

The discussion above suggests that the distinction between inertia and extremism may actually be misleading because both general patterns include two distinct process archetypes (inertia: laggard and politicized vs. extremism: imperialist and villain), each of which are driven by different mechanisms. Making this distinction salient pushes the literature toward a more refined understanding of how organizational failure occurs and stimulates future empirical research into additional or hybrid forms.

Identifying Mechanisms of Organizational Failure: Rigidity and Conflict

A further contribution is that this study shifts the discussion on organizational failure from primarily rigidity-related explanations towards considering the role of conflict mechanisms. While the literature places much emphasis on the role of rigidities in explaining organizational failure (McKinley et al., 2014; Staw et al., 1981; Weitzel and Jonsson, 1989), our findings suggest that failure scholars should re-balance this focus by re-discovering the role of conflict because all four models describe organizational failure as a distinct pattern of rigidity, as well as conflict. We believe that the neglect of conflict in current theorizing on organizational failure may well be the reason that previous studies were not able to differentiate between the four archetypes. It also seems surprising because conflict played an important role in early failure theorizing (Greiner, 1972), in process theorizing (Van De Ven and Poole, 1995), and in the broader sociological and philosophical discourses (e.g., Marx, Hegel). For this reason, we suggest that future research on organizational failure should be more attentive to this important yet under-researched mechanism of conflict in explaining organizational failure.

Second, this study contributes by specifying distinct types of rigidity and conflict. Previous research provides evidence about how specific types of rigidity influence organizational failure, such as blinded perceptions (Zajac and Bazerman, 1991), strategic paralysis (D'Aveni, 1989), threat rigidity effects (Staw et al., 1981), or identity rigidity (Tripsas, 2009). With regard to types of conflict in explaining failure, literature has been surprisingly silent. Scrutinizing the different types of rigidity and conflict suggests they can be organized around different levels and dimensions, as illustrated in Figure 9. What we found theoretically interesting in this regard is that the rigidity and conflict mechanisms come in pairs related to identity (identity rigidity and conflict), power (obedience rigidity and authority conflict), norms (rigidity of immorality and legitimacy conflict), market and resources (resource rigidity and adaptation conflict), and the organizational field (endorsement rigidity and societal conflict). Whereas others already argued that it is important to differentiate between different types of rigidity in the process of organizational decline (Gilbert, 2005), we also recognize that so far, there has not been any systematic study about how different types of rigidity and conflict occur and how they interact in the process of organizational failure. In this regard, our study makes an important step by outlining different subtypes, which enables organizational failure processes to be explained in a more differentiated manner.

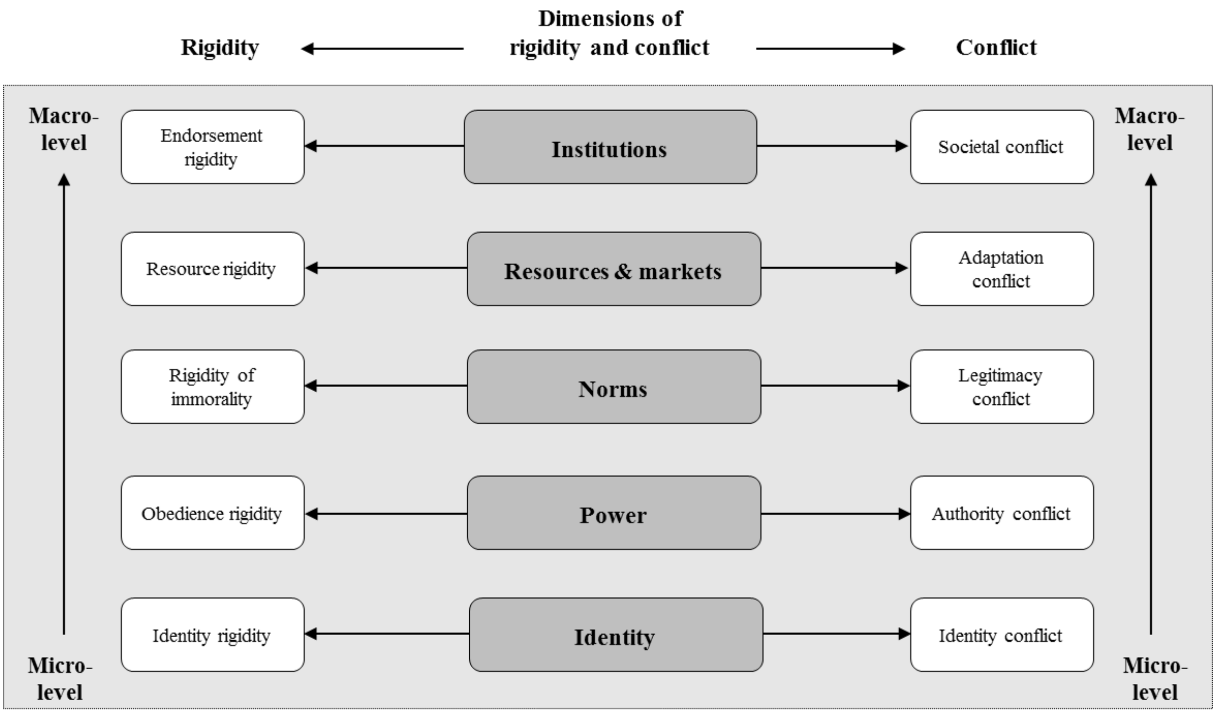

Figure 9. Types of rigidity and conflict in organizational failure cases

A final important implication concerns the dynamics of interactions between rigidity and conflict. We find that it is neither rigidity nor conflict alone that is accountable for organizational failure; instead, what matters is the specific sequence of interaction between subtypes. These interactions can lead to seemingly paradoxical results. For instance, the previous literature often associates rigidity mechanisms with organizational inertia patterns (Gilbert, 2005; Weitzel and Jonsson, 1989). However, we find that the specific interaction of rigidity mechanisms over time can also facilitate patterns of extremism. We found this unexpected pattern in the *imperialist archetype*, which is characterized by two mutually supporting types of rigidity mechanisms. The interaction between obedience and endorsement rigidity creates the social preconditions upon which an autocratic leader can act unchallenged and create the momentum for failure based on unfocused over-expansion. In a similar vein, conflict is often identified as a root of change (Deutsch, 1977; Mintzberg, 1983). However, for instance, in the *politicized archetype*, the sequential interaction between an authority, adaptation, and societal conflict results in organizational inertia. This insight is important because our findings suggest that the temporal relationship between specific types of rigidity and conflict is essential in the process of organizational failure and is orchestrated by one of the four core logics we found: the *imperialist*, the *laggard*, the *villain*, or the *politicized* logic.

Future Research

We suggest that future research should focus on three areas. First, from a theoretical perspective, it would be useful to reflect our new archetypes with the respective debates in the management studies literature. In particular, the villain archetype invites a conversation among scholars interested in the legitimacy of organizations (DiMaggio and Powell, 1983; Drori and Honig, 2013; Überbacher, 2014). This conversation may help us better understand how and why organizations lose their legitimacy and how they deal with legitimacy conflicts. Similarly, the politicized archetype provides a link to the more established, but underutilized political school in organization studies (e.g., Fleming and Spicer, 2014). Integrating the paradox literature (e.g., Putnam, Fairhurst, and Banghart, 2016) provides a fruitful avenue examining the systematic interaction of mutually reinforcing mechanisms creating their seemingly opposite effect. We believe that further theoretical integration of these literatures has substantial potential to improve our understanding of organizational failure.

Second, from an empirical perspective, we would like to encourage studies that clearly deviate from our sample by targeting countries, industries, or firm types that are not well represented in our sample. These studies may lead to replicating, refining, extending, or even contradicting our archetypes and help us better understand the boundary conditions of our findings. To that end, researchers may have to search for different sources, most likely outside the common case study publication outlets that we screened for this study. In addition, following McKinley et al.'s (2014) contribution, we suggest studies that compare firms that, after a period of organizational decline, have successfully managed a turnaround, even though others have fallen into a downward spiral of failure.

Third, from a methodological perspective, we believe that qualitative meta-analysis is a very useful and innovative approach to synthesizing a body of qualitative case study data. However, researchers have presented different philosophical concerns regarding how to conduct such analyses (Hoon, 2013; Rauch et al., 2014). Our approach in this paper is inspired by a realist position (Bunge, 1996), as eloquently translated into qualitative research by Miles and Huberman (1994) and Maxwell (2012). This position helped us refine Hoon's (2013) original landmark contribution. However, we recognize that distinctive philosophical underpinnings inspire different practices in our profession, and engaging in a more in-depth debate, particularly about different powerful approaches to qualitative meta-analysis and the ways in which they can be improved to acquire cumulative knowledge about particular phenomena, may be overdue (see Habersang and Reihlen, 2018; Thorne, Jensen, Kearney, Noblit, and Sandelowski, 2004).

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