**ORGANIZATIONAL WRONGDOING AS THE “FOUNDATIONAL” GRAND CHALLENGE: CONSEQUENCES AND IMPACT**

**ABSTRACT**

*Organizational wrongdoing is still very much prevalent in today’s society. Traditional and social media are full of examples of organizations engaging in unethical or illegal behavior. While it is difficult – if not impossible – to establish whether the ever-increasing number of reported cases of wrongdoing is due to an actual increase in the phenomenon (objectivist view of wrongdoing) or to more attention being paid to it (social-constructivist view of wrongdoing), the fact remains that organizational wrongdoing seems to have become the norm rather than an exception in our everyday life. This is concerning, as organizational wrongdoing tends to undermine trust in fundamental institutions, such as the Market, the State, Religion, and Law, and may lead to them being replaced by other – sometimes less desirable – institutions or create an “institutional void”. Because of its potential impact on established institutions, organizational wrongdoing deserves to be closely monitored and further examined. This double volume (Volumes 84 and 85 of Research in the Sociology of Organizations) is an attempt to draw attention to the theoretical and empirical relevance of the topic, consolidate and extend the knowledge accumulated in this area of research, and highlight potential direction for future research.* *In this volume, we detail the variegated consequences and impact of organizational wrongdoing, and, in the companion volume, we explore its definitions and antecedents.*

**INTRODUCTION**

In 2021, in opening the pages of a newspaper, one could not keep up with the number and frequency of reports on wrongdoing by organizations. In March, the U.K. Financial Reporting Council (FRC) commenced an investigation into Deloitte over its audit work of car dealership chain Lookers for the years 2017 and 2018. The audit became part of an investigation by the Financial Conduct Authority (FCA), with allegations of fraud and black holes in Lookers’ accounts. Although the FCA subsequently dropped its investigation, the FRC decided to carry out a full investigation of Deloitte’s work. In effect, the FCA was implicitly probing Deloitte’s role as a protector of the market system.

In July of the same year, both the former chief executive officer and the chief financial officer of telecommunications company FTE Networks, were arrested and charged with accounting fraud among a series of crimes, including the embezzling of millions of dollars from the company to pay for private jet use, luxury automobiles, personal credit cards, unauthorized wire transfer, stock issuances, and unauthorized salary increases.

In September 2021, the Securities and Exchange Commission fined New York City-based telecom Pareteum Corp. $500,000 for overstating its revenue by approximately $42 million over six quarters and for providing false information to its auditors. In the same month, Kraft Heinz agreed to pay $62 million as part of a settlement with the Securities and Exchange Commission for improper accounting that led to the restatement of several years of financial reporting, and, in December, Peter Armbruster – the former chief financial officer of trucking and logistics company Roadrunner Transportation Systems – was convicted for his role in a complex securities and accounting fraud scheme.

The above cases are just a few examples of companies that have been investigated or found guilty of financial misbehaviors within a few months. Such wrongdoings are not novel (Cooper, Dacin & Palmer, 2013): Enron (e.g., Arnold & De Lange, 2004; Coffee, 2001; Fox, 2003; Healy & Palepu, 2003; McLean & Elkind, 2013; Unerman & O’Dwyer, 2004) and Parmalat (e.g., Gabbioneta et al., 2013; Ferrarini & Giudici, 2006; Melis, 2005) are infamous earlier examples. But they do seem to keep attracting considerable and growing attention. Other venues and forms of organizational wrongdoing are also in the spotlight and are receiving significant media coverage internationally, such as the Weinstein and the Epstein scandals or the Roman Catholic Church’s abusive treatment of indigenous children in residential schools, to cite a few.

**Implications for Institutional Trust**

It is difficult to establish conclusively whether instances of organizational wrongdoing are on the increase or whether the seemingly growing list is an outcome of media interest and its sharper ability to uncover and expose such behaviors. As unreported instances of organizational wrongdoing are difficult, if not impossible, to observe, the media are the main source of information on organizational wrongdoing that one can draw upon (Roulet & Clemente, 2018, Clemente, Durand & Porac, 2016, Roulet & Pichler, 2020). The media, however, do not offer an objective, impartial representation of events (Clemente & Gabbioneta, 2017). Rather, by framing an event as an instance of wrongdoing, the media act as social control agents (Greve et al., 2010, Palmer, 2012), separating rightful from wrongful behavior and contributing to the categorization of that event as wrongdoing.

However, the increase in the number and frequencies of reported instances of organizational wrongdoing, whether due to an actual increase in the phenomenon (objectivist view of wrongdoing) or a social construction by the media (social constructivist view of wrongdoing), can and may irreparably undermine trust in fundamental institutions, such as the Market, the State, Religion, and Law (on this point, see also Lounsbury, forthcoming). These institutions are the foundation of our society, and they enable it to function and survive. If faith in these institutions erodes, they can become replaced by other, sometimes less desirable alternatives, (Zucker, 1986). For example, in Italy in the second half of the 19th century, the lack of trust in the newly formed State - due to the absence of central government institutions at the local level and repeated episodes of corruption and wrongdoing - was associated with the emergence and development of various criminal organizations (e.g., Cosa Nostra in Sicily, 'Ndrangheta in Calabria, and Camorra in Campania) that seemed to offer an answer to the problems and uncertainties experienced by the population at the time (Dikie, 2004). Similarly, the series of sex scandals that hit the Catholic Church in the U.S. and elsewhere resulted in a loss of trust in this institution and a sharp decrease in the number of its members, some of which moved away from religion as a whole or joined more extreme congregations (Piazza & Jourdan, 2018). Or, again, the lack of trust in the functioning of the financial market in the aftermath of the wave of financial scandals taking place at the turn of the century, of which Enron and Parmalat are only the most egregious examples, was followed by a resurgence of barter and, more generally, of several non-market-based forms of exchange (e.g., Goff, 2009; Marin & Schnitzer, 2002). Moreover, if the lack of trust in institutions becomes widespread, it might be used to justify populist and even violent challenges to taken-for-granted norms and behaviors, which constitute the pillars of our society.

The consequences of organizational wrongdoing, in other words, could be profoundly disruptive. Furthermore, with more and more scholarly attention directed towards other grand challenges, such as climate change, social inequality, and sustainability, and multiple calls for scholars to study the Sustainable Development Goals (George et al., 2016), we should not forget that solving corruption (Castro et al., 2020) and other forms of organizational wrongdoing is a “foundational” grand challenge that underlies many others. As the UN puts it, “acting against corruption is imperative to achieving the recently adopted Sustainable Development Goals, which aim to end poverty, protect the planet, and ensure prosperity for all, amongst others.” (UNDOC, 2020).

Hence, the motivation for this double volume (Volumes 84 and 85 of *Research in the Sociology of Organizations*) is to draw attention to the theoretical and empirical relevance of the topic, to consolidate and extend the knowledge being accumulated in this area of research, and to highlight potential directions for future research. Below we discuss the contents of this volume (Volume 85), followed by those of our companion volume (Volume 84).

**VOLUME 85 - ORGANIZATIONAL WRONGDOING AS THE “FOUNDATIONAL” GRAND CHALLENGE: CONSEQUENCES AND IMPACT**

This volume, *Organizational Wrongdoing as the “Foundational” Grand Challenge: Consequences and Impact*, includes seven papers and focuses on the consequences of organizational wrongdoing, and the role of whistleblowing. It also includes a methodology paper.

**Remedial Actions after Organizational Wrongdoing**

The first study in this volume examines the remedial actions that firms can take to recover from wrongdoing. Pozner, Mohliver, and Moore argue that organizational theory offers conflicting perspectives on whether new legislation will increase or decrease pressure on firms to take remedial action following misconduct. The dominant perspective posits that new legislation increases expectations, amplifying pressures to take remedial action. A more recent perspective, however, suggests that the mere expectation that a firm is required to meet more stringent regulatory requirements will influence relevant audiences to certify firms as legitimate. This certification effect, in other words, buffers firms, reducing the pressure to take remedial action after misconduct. Using a temporary, largely arbitrary exemption from a key provision of the Sarbanes-Oxley Act, the Authors find that firms that were *not* required to meet all the regulatory standards of good governance were 45% *more* likely to replace their CEOs following the announcement of an earnings restatement after Sarbanes-Oxley. On the other hand, firms that were required to meet all of the Sarbanes-Oxley’s provisions were 26% *less* likely to replace their CEOs. The Authors conclude that these results show some unexpected negative consequences of introducing new legislation as a means of curbing organizational wrongdoing.

**Spillover Effects of Organizational Wrongdoing**

The second and third paper in this volume focus more particularly on the so-called spillover effects of organizational wrongdoing, whereby “innocent” firms (bystanders) are affected by wrongdoings committed by other firms. This area of research has grown significantly in the last few years but produced mixed results. Whereas some studies provide evidence of negative spillover effects accruing to bystander firms (Barnett & King, 2008; Jonsson et al., 2009; Paruchuri & Misangyi, 2015), other studies document positive spillover effects (Naumovska & Lavie, 2021; Paruchuri et al., 2019; Piazza & Jourdan, 2018). Moreover, while some studies have found spillover to be driven by *similarities* in product offerings, industry membership, or category membership (Jonsson et al., 2009; Naumovska & Lavie, 2021; Paruchuri et al., 2019), other studies have also considered the role that organizational *differences* can play (Paruchuri et al., 2019; Piazza & Jourdan, 2018). More research is needed to uncover when a positive or negative spillover is more likely to occur and to uncover the underlying mechanisms driving them.

Han, Pollock, and Paruchuri address both of these questions by drawing on attribution and expectancy violations theories. These Authors argue that a spillover’s valence (i.e., being positive or negative) depends on the locus of attributions made by stakeholders: isolated attribution - i.e., when the causes of the wrongdoing are attributed to the perpetrator alone - results in positive spillovers; in contrast, systemic attribution - i.e., when the wrongdoing’s causes are perceived as indicative of a systemic problem shared among a broader set of organizations - leads to negative spillovers. The Authors further maintain that the nature of the wrongdoing —whether it is a capability or integrity failure — and its prevalence within a perpetrator and other firms, influences the attributions of stakeholders, and ultimately the spillover’s valence. By theorizing when a positive vs. a negative spillover is more likely, and by moving the explanations of the mechanisms behind each of them beyond mere category membership, the Authors enhance our current understanding of spillover effects.

Wecker and Brauer also focus on spillover effects but examine more specifically whether the number of prior allegations against *other* firms has implications for a firm currently facing an allegation. Building on behavioral decision theory, the Authors argue that the relationship between allegation prevalence among other firms, and investor reaction to a focal allegation, is an inverted U-shaped arising from the combination of two effects. In the absence of prior allegations against other firms, investors fail to anticipate the focal allegation, and hence react particularly negatively (the “anticipation effect”). In the case of many prior allegations against other firms, investors also react particularly negatively because investors perceive the focal allegation as more warranted (the “evaluation effect”). Examination of 8,802 misconduct allegations against U.S. firms between 2007 and 2017, provides support for the predicted, inverted U-shaped effect, and thus complements recent misconduct spillover research by highlighting that, not only can a current allegation against an individual firm “contaminate” other, unalleged firms, but, that prior allegations against other firms can “contaminate” an individual firm currently facing allegations.

**Whistleblowing and Organizational Wrongdoing**

The next three papers in this volume turn to the examination of whistleblowing. Whistleblowing – “the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action” (Near & Miceli, 1985: 4) – has proved to be an effective way to unveil – and to some extent, deter – organizational wrongdoing (e.g., Keenan, 2000). It is therefore important to examine the factors that may promote, or, on the contrary, hinder it.

Djawadi, Plaß, and Schäfers conduct a systematic review of the literature on internal whistleblowing and identify seven thematic clusters of ‘peer’ factors that have been studied: peer involvement in wrongdoing and whistleblowing situations, allegiance to peers and to the organization, behavioural prescription by peers, relationship and experiences with peers, fear of consequences from peers, adverse perceptions that peers have concerning whistleblowers, and adverse actions that peers undertake against whistleblowers. Taken together, these factors offer researchers an informative overview of the peer factors that have been examined to influence the whistleblowing decision, and of the extent to which whistleblowers experience adverse consequences from peers in the aftermath of whistleblowing. This paper provides a useful rationalization and categorization of prior studies on internal whistleblowing.

Oelrich examines the factors that influence the whistleblowing decision by looking at the influence of the media. This paper builds on research on norm activation to develop a moderation-mediation model of whistleblowing that highlights how the media can convey social norms and influence whistleblowing intentions. Using a cross-national survey of employees from China, Germany, and Russia (), Oelrich hypothesizes and finds that media criticism of corruption and fraud directly influences employee attitudes towards corruption as well as the likelihood that they will blow the whistle. He also finds that media criticism reduces the negative influence of “corrupted” colleagues on the whistleblower’s attitude towards corruption, and the negative influence of their fear of retaliation on whistleblowing intentions. These results highlight the media’s impact on whistleblowing decisions and illuminate the factors that promote whistleblowing.

Munro and Kenny investigate the whistleblowing decision by looking at the relationship that whistleblowers build with activist social movements. The Authors argue that there is a clear relationship of mutual support between whistleblowing and activist social movements, both in the process of whistleblowing and in furthering the campaigns of the social movements themselves. Alliances with activist social movements can not only mitigate the effects of retaliation against whistleblowers, but can also provide more general support. In addition, whistleblower disclosures can be a vital resource for the work of activists by drawing public attention to widespread corruption and wrongdoing. Whistleblowers can even become activists and be drawn into the social movements. Several whistleblowers have positioned their reasons for blowing the whistle not simply as a matter of public interest, but more broadly as a social protest and civil disobedience. By theorizing the complex and mutual relationship between whistleblowers and activist social movements, the Authors identify another factor that can promote whistleblowing and increase the unveiling and/or deterring of wrongdoing.

**Methodological Issues in Research on Organizational Wrongdoing**

The last paper in this volume is a methodology paper, in which Nix and Decker demonstrate the valuable insights provided by historical approaches. The Authors draw on a range of practices from history and the social sciences to introduce four historically informed approaches: narrative history, analytically structured history, historical process study, short-term process study. They differentiate these approaches based on their particular affordances and treatment of two key methodological considerations: historical evidence, and temporality. Narrative history makes critical use of social documents and narrative sources that originate from, or refer to, historical events, and it generally covers a long time period, following certain themes or actors through multiple historically relevant contexts. Analytically structured history relies on evidence based on historical norms and procedures, though source selection is guided by an interest in theoretical conceptualization rather than historical events, and focuses on events within a clearly specified period that is dictated by theoretical relevance. Historical process study uses historical sources as data but places this material in its historical context and is guided by an interest in long-term processes, often involving multiple stakeholders. Short-term process study uses contemporary secondary data from an event to reconstruct specific events and employs temporal distance to understand complex and fast-moving dynamics within specific event(s) and processes. By identifying these four historically informed approaches, the Authors point at the importance of history for the study of organizational wrongdoing and offer a valuable methodological roadmap for future research in this area.

**VOLUME 84 - ORGANIZATIONAL WRONGDOING AS THE “FOUNDATIONAL” GRAND CHALLENGE: DEFINITIONS AND ANTECEDENTS**

Volume 84, *Organizational Wrongdoing as the “Foundational” Grand Challenge: Definitions and Antecedents*, includes twelve papers and focuses on the definition and the antecedents of organizational wrongdoing. The increase in the number of studies on organizational wrongdoing in recent years has been accompanied by a proliferation of definitions. The most widespread and cited definition is offered by Greve et al. (2010), who define organizational wrongdoing “as 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 antitheses” (p. 56). This definition highlights the socially constructed nature of organizational wrongdoing and points to the role of social control agents in defining, identifying, and sanctioning wrongdoing.

**Social Control Agents and Organizational Wrongdoing**

The first three studies in Volume 84 probe the role of social control agents in drawing the line between rightful and wrongful behavior and assessing whether or not organizations have trespassed such a line. Social control agents are “actors that represent a collectivity and that can impose sanctions on that collectivity’s behalf” (Greve et al., 2010, p. 56). Examples of social control agents include market regulators, professional associations, and the media. Although several studies have acknowledged the role of these and other social control agents in the identification and punishment of organizational wrongdoing, not many have examined *how* social control agents exercise their role and differentiate between “right and wrong”. The first three studies in this Volume look into this issue and shed new light on the processes and mechanisms used by social control agents.

Cappellaro, Compagni, and Vaara examine how social control agents define organizational wrongdoing and show how such definitions can change over time. The Authors analyze how Italian state actors categorized behaviors in the so-called “gray area”, i.e., the conduct of individuals supportive of the mafia organization - Cosa Nostra - and its criminal aims, but who are not members of the organization. Cappellaro et al. document how state actors started from a preliminary definition of wrongdoing, moved to stigmatize the behaviors in question on moral grounds, and ultimately criminalized them with legal sanctions. They also identify three principles behind this evolving definition: first, “intentionality of conduct”, i.e., the extent to which individuals consciously support Cosa Nostra; second, “freedom of choice”, i.e., the extent to which individuals are forced to support it; and third, “scope of harm”, i.e., the consequences of these behaviors for society. By showing that the definitions provided by social control agents evolve over time, and by identifying possible explanations for these changes, the Authors contribute to the debate on the active role of social control agents in the social constructionist view of organizational wrongdoing.

Pichler, Roulet, and Paolella add to the social constructionist view by showing that social control agents are not independent one from the other, and that the assessment of organizational wrongdoing provided by one social control agent (in their case, the government) affects the assessment provided by other social control agents (in their case, the media). The Authors look at the 2008 government bailout of investment banks in the U.S. and show that state support can attenuate negative media coverage but that severing this tie brings back negative evaluations. These results point to the interdependency of social control agents and their judgment of what constitutes organizational wrongdoing and, by doing so, illuminate one of the mechanisms that affect the way social control agents define and assess wrongdoing.

Fiorito, Hoff, and Ehrenhard unveil another mechanism that influences the behavior of social control agents: namely, the occurrence of fieldwide critical events, such as scandals or the introduction of new regulations. The Authors investigate why some fieldwide critical events can redirect social control agents’ attention and prompt them into action, while others do not. Using the case of a regulatory agency’s actions against violations of anti-money laundering regulations by three European banks over a 16-year period, the Authors identify three categories of fieldwide critical events: “constraining events”, “conducive events”, and “clustered events”. Constraining events significantly restrict social control agents’ ability to act upon the identified violations. Conducive events redirect social control agents’ attention towards the identified violations. Clustered events challenge ingrained beliefs among social control agents and spring them into action.

**Organizational Wrongdoing and Organizational Scandals**

The social constructionist perspective adopted by the studies in the previous section is further elaborated in the next three studies in Volume 84, which focus on organizational scandals – rather than organizational wrongdoing – and offer different accounts of the process and/or dynamics behind them. Organizational scandals originate from alleged or actual instances of wrongdoing, but there is a significant exacerbating effect – hence, it is important to grasp how scandals emerge and develop. For wrongdoing to become a scandal, in fact, it must become “known to others and (…) sufficiently serious to elicit a public response” (Thompson, 2000, p. 13). Scandals arise, therefore, from negative publicity that then produces powerful negative externalities (Adut, 2005). Understanding the processes and/or dynamics that turn organizational wrongdoing into a scandal is, thus, of the utmost importance.

In his study, Jourdan adopts a social constructivist approach to scandals and challenges the usual representation of scandals as discrete events, proposing that they may be better understood as interactional processes associated with the disclosure of alleged organizational misconducts that involve the following elements: a) a public struggle between alleged perpetrators and social control agents over the framing of organizational misconduct; b) moralizing by audience members; c) collective effervescence at the societal level; and d) the potential rewriting of the moral rules applicable to organizations and their members. According to Jourdan, the interactions between alleged perpetrators, social control agents, and audience members take place publicly against the backdrop of an implicit moral code that delineates which actions and behaviors are prohibited in a given societal context and are thus amenable to being framed as scandalous behavior.

Dewan and Jensen add to the view of organizational scandals as socially constructed by proposing the concept of “scandal dynamics”. The Authors distinguish between single-actor scandals, i.e., scandals that result from the publicity of misconduct by a single actor, and multiple-actor scandals, i.e., scandals that result from the publicity of misconduct of a similar type by multiple actors, and develop a framework that draws a distinction between how scandals start (single-actor or multiple-actor) and how they end (single-actor or multiple-actor). Doing so differentiates between spillover scandals (from single to multiple actors) and scapegoating scandals (from multiple to single actors) and identifies several mechanisms that affect the likelihood of these two types of scandals to occur: “defection”, “traceability” “inferencing”, “intensity”, and “cohesion”. By identifying the mechanisms which explain different dynamics of scandals, the Authors lend additional support to the view of scandals as socially constructed and as dynamic processes comprising different mechanisms and actors.

Maier and Lamargot explore the media framings of an organizational scandal over time. Their analysis focuses on the frames used by the English and French Press in the coverage of the scandal involving SNC-Lavalin, a Quebec-based multinational engineering firm. The findings of the study show how media outlets shifted from balanced and nuanced coverage of a complex phenomenon that facilitated debates on the appropriate consequences of corruption to a selective (re)construction of events in order to serve partisan agendas when the company’s legal plight was politicized. By unveiling how the politicization of an organizational scandal led to a dual climate of opinion across the English and French Press, the study complements the paper by Dewan and Jensen to enhance our understanding of organizational scandals as socially constructed and processual in nature.

**The Antecedents of Organizational Wrongdoing**

The remaining six papers in Volume 84 look at the antecedents of organizational wrongdoing. Prior research has already unveiled a multiplicity of antecedents at the individual, organizational, and field level (Gabbioneta et al., 2013, Muzio et al., 2016). The antecedents uncovered thus far, however, do not always fully explain some of the episodes of organizational wrongdoing as reported by the media – prompting the need for more research that considers other, less explored, antecedents.

Roman, Naumovska, and Haleblian examine a largely overlooked antecedent of organizational wrongdoing at the individual-level: the childhood social class of the CEO. Building on research in sociology and social psychology that demonstrates that childhood social class significantly impacts adult behavior, the Authors examine its influence as a predictor of white-collar corporate crime. They develop the argument that individuals raised in middle-class families have a greater disposition to commit white-collar crimes because growing up middle-class leaves a lasting status-anxiety imprint, which increases the tendency to engage in white-collar corporate crime to preserve or enhance social status. The Authors also hypothesize that two status-anxiety-minimizing factors - Ivy League education and membership in a prominent golf club – would weaken the effect of middle-class upbringing on corporate crime. The results of their study confirm their predictions, as they find that firms led by CEOs who grow up in middle-class families are more likely to engage in white-collar crimes compared to firms led by CEOs who grow up in low- and high-class families, and that Ivy League education and golf club membership negatively moderate the relationship between middle-class upbringing and white-collar crime. The results of this study contribute to research on the individual-level antecedents of organizational wrongdoing by providing evidence of the impact of a new, understudied cause of wrongdoing.

Coppins and Weststar examine the impact of two other important individual-level antecedents of organizational wrongdoing: identification with the organization and identification with the occupation. The Authors build on social identity theory to argue that individuals who strongly identify with an organization may engage in unethical behavior that benefits the organization, (i.e., they may engage in unethical pro-organizational behavior, hereafter UPB). A strong occupational identification, on the contrary, is expected to mitigate this desire and moderate the impact of organizational identification on UPB. Utilizing a sample of 236 accountants and financial professionals, the Authors find that organizational identification and occupational identification alone do not significantly predict UPB, but the interaction of these two types of identification does. Organizational identification significantly positively predicts UPB only when occupational identification is extremely low in strength. The results of this study, again, contribute to research on the individual-level antecedents of organizational wrongdoing.

Fey and Amis complement the above by looking at an organizational-level antecedent of wrongdoing: namely, the nature of intraorganizational boundaries. The Authors show how the ways in which boundaries became established in Volkswagen before the “Dieselgate” scandal resulted in an internal context that defined “in” and “out” groups, normalized certain behaviors, and limited communication across intraorganizational boundaries. This, in turn, allowed wrongdoing to not only become established but also to go unchallenged. These results suggest that a combination of cognitive, horizontal, and vertical boundaries can create an infrastructure of organizational design that permits organizational wrongdoing, prevents it from being challenged, and ultimately normalizes it in everyday activities. The Authors, therefore, highlight intraorganizational boundaries as an important organizational-level antecedent of organizational wrongdoing.

Hensel and Makowski develop a multilevel framework to look at how employees of bureaucratic organizations strategically use references to complex bureaucratic procedures and routines to discourage clients from turning to these organizations for help or assistance. The Authors argue that this is a form of normalized organizational wrongdoing (Palmer, 2012), which is more likely to materialize within large organizations, where it is more difficult to monitor employees, and in organizations that use performance measurement systems. Other factors contributing to this form of wrongdoing are individual stress and burnout, job dissatisfaction, and individual-level traits -such as Machiavellianism, psychopathy, and narcissism- on the bureaucrats’ side, and poor knowledge of the system and limited ability to communicate, on the clients’ side. Collectively, these elements make employees of bureaucratic organizations more likely to discourage clients from turning to these organizations for help or assistance and contribute to the establishment and maintaining of a system in which those who are the most vulnerable and in need of the services are the least likely to apply for, and thus receive, them.

Andiappan and Dufour delve into the field-level antecedents of wrongdoing to explain how gender-based discrimination within an occupation can persist over time, despite changes in the nature of work and technological innovations that are intended to make the occupation increasingly accessible to women. Using data collected from 72 interviews with retired and active longshoremen and their employers, supplemented with archival and observational data, the Authors show that, although women were permitted into the longshore occupation at the beginning of their period of observation (1947 to the 1960s), they were subsequently and progressively completely excluded. Longshoremen rationalized this exclusion by strategically utilizing framing paradigms and self-serving justifications. These framing and justification strategies were consistently observed throughout the period of research, but the content of the strategies changed to reflect the work and technological changes taking place within the occupation. The results of this study highlight the importance of framing and justification for wrongdoing, but also show how persistent these are to changing environmental conditions.

Occupational wrongdoing is also the focus of the study by Bento, White, and Antonopoulos. The Authors argue that the unresponsiveness of Internal Audit (IA) amid signs that fraud is arising and spreading within an organization can be explained by internal auditors’ myopic interpretation of the three classic tenets of auditing (scope, compliance, and materiality). Although these tenets were initially created to prevent fraud from happening, their myopic interpretation may unwittingly enable fraud to go undetected for lengthy periods. By challenging one of the key assumptions within accounting research – i.e., that fraud is the result of the failed application of the classic tenets of audit – this study warns against oversimplified understandings of the antecedents of fraud and against the widespread – and to some extent reassuring – idea that the strict application of norms and rules can always prevent fraud from happening.

**FUTURE DIRECTIONS FOR RESEARCH ON ORGANIZATIONAL WRONGDOING**

While significantly enhancing our understanding of organizational wrongdoing, the contributions in this double volume highlight work that still needs to be done. One question that deserves future investigation is what makes social control agents act. In their study, Fiorito, Hoff, and Ehrenhard show that the introduction of new regulations can prompt social control agents and lead to the categorization of a certain behavior as organizational wrongdoing. Whether other types of fieldwide critical events can produce similar effects is, however, still an open question. Future research could investigate the impact of other types of fieldwide critical events on social control agents and examine whether there is a “tipping point” after which these events are more likely to trigger action.

Future research could also analyze how social control agents draw the line separating right from wrong, i.e., how they form their judgement. Cappellaro, Compagni, and Vaara show that the higher the negative consequence of a given behavior for society, the more likely social control agents are to categorize that behavior as wrongdoing. Perceptions of the “scope of harm”, as the Authors refer to it, are, however, likely to be subjective in nature and affected by other factors. The question therefore is: when are social control agents more likely to judge a behavior as causing great harm and, as a consequence, more likely to categorize it as wrongdoing?

Future research may also examine the mutual dependencies among social control agents. Although socio-constructivist research on organizational wrongdoing has recognized that social control agents affect each other (Greve et al., 2010; Palmer, 2012), very few studies have analyzed this issue empirically. The paper by Pichler, Roulet, and Paolella (see also, Gabbioneta et al., 2013 and Muzio et al., 2016) is an attempt in this respect, but more research is needed on how social control agents interact with each other.

Future research could also look more closely at the mechanisms that turn an incident of organizational wrongdoing into a scandal. While common wisdom would suggest that, if unveiled, all instances of wrongdoing would turn into scandals, research in sociology and political science provides evidence that this may actually not be the case (Thompson, 2000; Adut, 2005; Entman, 2012). Three papers in this double volume focus on scandals and theorize and/or show that scandals can be instrumentally used to support political or social views (Maier & Lamargot), to involve other organizations in order to deflect attention away from the focal organization (Dewan & Jensen), or to achieve other personal goals (Jourdan). More theoretical and empirical research, however, is needed to understand the relationships between organizational wrongdoing and scandals.

Another issue for further examination is the impact of occupational identification. Whereas Coppins and Weststar provide evidence that a strong occupational identification reduces the likelihood that occupational members will engage in organizational wrongdoing, Bento, White, and Antonopoulos show that the myopic application of the key tenets of an occupation, possibly associated with a strong occupational identification, may prevent its members from detecting and/or reporting wrongdoing. These apparently contradictory results point to a broader and longer-lasting debate on whether members of professions and occupations are more or less likely than other individuals to engage in organizational wrongdoing, and under which conditions professions and occupations safeguard against, or, on the contrary, promote and enable it. This debate, we feel, is far from being settled and more work is needed to further this line of research.

Another important yet insufficiently addressed question is if, and how, spillover effects are affected by social evaluations, such as status, reputation, celebrity, and stigma. Organizational and management scholars have long recognized social evaluations as an important factor shaping audiences’ interpretation of, and reaction to, organizational misconduct, particularly because of their ability to provide audiences with cognitive heuristics that alleviate perceived uncertainty at the onset of misconduct (Bundy & Pfarrer, 2015; Chandler, Polidoro, & Yang, 2020; Dewan & Jensen, 2020; Park & Rogan, 2019). However, they have not investigated how these evaluations may affect the attribution process theorized by Han, Pollock, and Paruchuri. Nor have we learned how social evaluations may influence the expectancy violations by stakeholders. Future studies are needed to analyze how social evaluations combine with social attributions and misconduct valance in causing – or preventing – spillover effects.

Finally, future studies could take a closer look at the relationship between whistleblowing and activist social movements. Munro and Kenny highlight the benefits of a closer relationship between these two actors, but further research is needed to uncover the potential problems associated with this relationship. Is it possible that activist social movements could make instrumental use of whistleblowers, such that the latter see their role more as supporting social movements, than as reporting wrongdoing? Are whistleblowers, in other words, at risk of being “captured” by social movements? The relationship between whistleblowers and activist social movements deserves further examination.

**CONCLUSIONS**

Volumes 84 and 85 draw attention to organizational wrongdoing, which has acquired significant momentum in recent years as a consequence of the increase in the number of cases reported in the media. For us, understanding the processes of organizational wrongdoing is of great theoretical and empirical relevance – not least because wrongdoing might contribute to the decline and loss of institutional trust. We consider organizational wrongdoing as a “foundational” grand challenge that affects the ability of our society to solve other grand challenges and attain the Sustainable Development Goals. Our hope is that the breadth and depth of the contributions included in this double volume will provide impetus to this area of research by inspiring more scholars to probe this fascinating and fundamentally important topic.

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