A Market for Vice: An Exploration of Corporate Strategic Irresponsibility and its Determinants

Abstract

Organizational scholarship has assumed that corporate irresponsibility (CI) is largely detrimental to corporate financial performance. Alternatively, CI may sometimes work in firms' favor, though at the expense of stakeholders. Exploring this reality, I argue that many firms engage in *strategic* CI because there are short-term financial benefits or at least no clear financial payoffs for behaving otherwise. I critique the literature on CI and conceptualize the construct as more then corporate illegality and distinct from both corporate policy and low CSR. I then explain the proliferation of strategic CI as a strategy that firms employ toward competitive advantage. Importantly, CI becomes strategic when it is persistent and pervasive. Strategic CI can also be identified by a firm's use of public-facing CSR as a decoupling mechanism to buffer against and to obscure their CI as well as by increased corporate political activity as a sign of firm efforts to legitimate a firm's concurrent CI. Finally, driven by shareholder primacy ideology, strategic CI will be stronger in liberal market economies.

Keywords: Corporate Irresponsibility, Strategy, CSR, Legitimacy