

## ***JOURNAL OF BUSINESS ETHICS SPECIAL ISSUE PROPOSAL***

### **Linking Corporate Reputation and Accountability: Antecedents, Mechanisms, Paradoxes, and Outcomes**

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#### **Abstract/Summary**

Accountability refers to the state of being liable and answerable to someone for something. It establishes relationships, defines “the rights of society (or groups/stakeholders within society) and relates to the rights that emerge from the relationship between the accountable organization (the accountor) and the accountee” (Gray, Bebbington, & Collison, 2006). Being accountable requires the object of accountability to be capable of being observed, monitored, and evaluated through its willingness to provide reliable information. There must, as well, be clear consequences for failure (Carroll, 2016). In business, accountability has been equated with governance (Brennan & Solomon, 2008) and corporate social responsibility reporting (Gray, et. al., 1997; Newell, 2005; Valor, 2005; Bendell, 2005; Utting, 2008). Scholars have also investigated the role of intermediaries and gatekeepers, such as auditors and credit rating agencies, in upholding - or failing to uphold - corporate accountability (Coffee, 2002; Partnoy, 1999). Yet despite these recent studies, corporate accountability remains under-researched and under-theorized, especially when compared to political accountability.

This special issue proposes to explore the concept of corporate accountability by interrogating how stakeholders hold business organisations to account. In particular, it focuses on the role of reputation in creating, enabling, measuring, and monitoring corporate accountability. Many studies of corporate reputation, as well as business folk-wisdom, assume that reputation is a mechanism for keeping companies honest, a crucial attribute of accountability. Yet numerous recent and classic examples illustrate that even prominent public firms, which stand to lose the most from a tarnished reputation, engage in dishonest behavior for the sake of short-term benefits. At the same time, there are multiple cases of companies that have engaged in malfeasance without suffering lasting reputational harm. In 2017, for example,

Volkswagen reported healthy sales despite having been subjected to substantial fines and negative media scrutiny of its previous emissions cheating.

Given that there are so many exceptions to the 'Buffett rule,' it is imperative to ask what role reputation plays in holding companies to account. Swift (2001) identified at least two ways that accountability can be understood: 'true' accountability is when there is a contractual agreement between principal and agent; 'soft' accountability is negotiated between parties and is based on dialogue and interdependence rather than institutionalized rules. Reputation mechanisms tend to fall in the second category, but even in situations that are bounded by formal laws, reputation may still play a substantial role. For example, laws require public accounting firms and credit rating agencies to certify the financial condition of firms. As Macey (2013) has explained, however, these intermediaries themselves traded on nothing more than their own good reputations -- at least until the recent past. Other studies demonstrate that the effectiveness of reputation is highly contextual. Karpoff (2012) has shown that companies pay high reputational penalties when they engage in financial misrepresentation and consumer fraud but negligible penalties when committing environmental violations. The cognitive shortcomings of stakeholders also limit the power of reputation to discipline organizations (Barnett, 2012; Reuber and Fischer, 2010; Sacconi, 2007).

We believe that this is an optimal moment to explicitly link the constructs of accountability and corporate reputation, and that the *Journal of Business Ethics* is the most appropriate forum to do so. Within *JBE*, accountability is conceptually equated with being responsible (Lorenzo-Molo & Udani, 2013) or as an outcome of disclosing CSR investment (Brown-Liburd, Cohen, Zamora (in press)). In terms of corporate reputation, *JBE* has featured a number of papers on the topic since the late 1990s, but only a handful have specifically investigated how reputation constrains corporate wrongdoing (Lin-Hi and Blumberg, 2016; Wright, 2016; Sampath, Gardberg, Rahman, 2016; He, Pittman, and Rui, 2016; Hardeck and Hertl, 2014; Ma and Parks, 2012; Reuber and Fischer, 2010; Frances-Gomez and del Rio, 2008; Sacconi, 2007). Accountability, CSR, and corporate reputation are linked-- many corporations engage in CSR precisely because they hope to burnish their reputations--but there is growing skepticism about the authenticity, effectiveness, and sufficiency of CSR disclosure and engagement for holding organizations accountable. Forthcoming research in *JBE* (Illia, et. al., in press) shows that there are a number of online platforms and open spaces available to organizations to demonstrate their accountability, but to this day, these channels remain empty of dialogue. Our proposal then is to begin theorizing new ways that reputation can be linked with accountability, by examining the antecedents, characteristics, and consequences of this relationship.

This special issue will be of interest to several disciplines with ties to business ethics, including strategic management, organizational theory and behavior, business and public policy, social accounting, social issues management, corporate social responsibility, and corporate communication.

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## BACKGROUND OF THE GUEST EDITORS

**Craig E. Carroll** (Ph.D., University of Texas at Austin) is an adjunct professor at New York University, IE University, Singapore Management University, and Copenhagen Business School. He teaches courses in corporate reputation, research methods, and corporate social responsibility communication. His research examines the use of media and communication for holding organizations accountable, with his previous work highlighting these mechanisms at work in corporate reputation, CSR reporting, CSR stakeholder engagement, and corporate political activity. His past edited projects include being the sole editor of *The SAGE Encyclopedia of Corporate Reputation* (180 contributors from 15 academic disciplines), the *Handbook of Communication and Corporate Reputation* (Wiley-Blackwell, 2013), and *Corporate Reputation and the News Media* (Routledge, 2010), containing 24 country case studies of collaborators from business and journalism schools around the world examining the media's influence on corporate reputation.

**Rowena Olegario** (Ph.D., Harvard University) is a Senior Research Fellow at the Oxford University Centre for Corporate Reputation. She serves as the Centre's Research Coordinator and Case Study Editor. She is a leading historian of business, specializing in the history of credit in the United States, and the evolution of 'creditworthiness' in countries around the world. She also examines the role of reputation in business organizations and business practices.

Olegario's scholarly work examines the role of corporate reputation through history, and in particular, the relationship between reputation and regulation. She co-edited the special issue on corporate reputation of the *Business History Review* (Winter 2013) and contributed chapters and entries to the *Oxford Handbook of Corporate Reputation* (2012) and *The SAGE Encyclopedia of Corporate Reputation* (2016). She edits the Corporate Reputation e-Journal of the Social Science Research Network (SSRN). Olegario also pursues a separate but related strand of research, which investigates the history of credit and the institutional and cultural frameworks around credit reporting (*A Culture of Credit: Embedding Trust and Transparency in American Business*, 2006, Harvard University Press). Her latest book *The Engine of Enterprise: Credit in America* (2016, Harvard University Press) chronicles the nearly 300-year history of business and consumer credit in the United States, focusing on the institutional and cultural developments that have led to the credit structures, practices, and beliefs of the early 21<sup>st</sup> century.

## **PROPOSED SCHEDULE**

The deadline for the first completed draft is January 1, 2018 followed by a peer-review process until April, 4, 2018. The deadline for the second draft is December 4, 2018. The deadline for the whole volume will be March 1, 2019.

## **A LIST OF INDICATIVE SCHOLARS WHO MIGHT SUBMIT TO THE SPECIAL ISSUE**

Isabelle Le Breton-Miller and Danny Miller, HEC Montreal  
Sabine Einwiller, University of Austria  
Timothy Werner, University of Texas at Austin  
Brayden King, Northwestern University  
Mary Hunter McDonnell, The Wharton School, University of Pennsylvania  
Witold Henisz, The Wharton School, University of Pennsylvania  
John Mahon, University of Maine and Barry Mitnick, University of Pittsburgh  
Sinziana Dorobantu, New York University  
Robin Roberts, University of Central Florida  
Sergio Godoy, Pontificia Universidad Católica de Chile  
Vilma Luoma-aho, University of Jyväskylä, Finland  
Daniel Korschun, Drexel University  
Kevin T. Jackson, Fordham University  
Doris Merkl-Davies, Bangor University  
Jiuchang Wei, University of Science and Technology of China

## **A list of Proposed ad hoc editorial board members/reviewers**

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## **STRATEGY FOR CALL FOR PAPERS DISSEMINATION**

Our strategy for disseminating the call for papers is to work through our professional scholarly networks in corporate reputation and corporate social responsibility. The lead editor (Carroll) recently edited an encyclopedia of corporate reputation, comprising scholars and research from over 30 academic disciplines. The co-editor (Olegario) has a network of scholars from management, organizational studies, economics, sociology, finance, marketing, communications, politics, and history. Together, Carroll and Olegario hosted a workshop at New York University in December 2016 to assess interest in the topic area, producing a 1-day conference with scholars from strategic management, organizational studies (OB and OT), international management, business ethics and social issues management, corporate social responsibility, social accounting, finance, and organizational communication. We will combine our outreach to the our existing networks, association listservs, and specialized conferences such as the following:

1. Oxford University Centre for Corporate Reputation Symposium - August 30-September 2, 2017. Rowena Olegario is the lead organiser.
2. Academy of Management - August 4-8, 2017. Social Issues in Management division.
3. Society for the Advancement of Socio-Economics (SASE) - June 29 - July 1 2017.
4. CSR Communication (CSRCOM 2017) an interdisciplinary bi-annual conference will be held in Vienna (Austria), September 21-23, 2017.
5. EGOS. The theme of the 33rd European Group on Organisational Studies (EGOS) is “The Good Organization” Carroll is an adjunct faculty member in the department hosting EGOS.. The conference is July 6-8. We will announce through the organizing committee.
6. International Association of Business and Society (IABS) will be meeting in Amsterdam, The Netherlands during June 29 - July 2, 2017.