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Permalink

https://escholarship.org/uc/item/8rc9696p

Journal

Academy of Management Review, 49(2)

ISSN

0363-7425

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Publication Date

2024-04-01

DOI

10.5465/amr.2021.0066

Copyright Information

Peer reviewed

Getting Away with It (Or Not): The Social Control of Organizational Deviance

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Abstract. The phenomenon of organizations breaking laws and norms in the pursuit of strategic advantage has received substantial attention in recent years. Such transgressions generally elicit the intervention of social control agents seeking to curb deviant behavior and defend the status quo. In some cases, their efforts result in the deviant behavior being suppressed; in other occasions, however, organizational deviance can persist and even be accepted into the very system of rules that was initially challenged. In this paper, we advance a structured view of this process by formulating a theory of the social control of organizational deviance. Building upon the sociological literature, we classify forms of social control based on their cooperativeness and formality; additionally, we shed light on the outcomes of social control by illustrating the conditions under which they are likely to be more or less accommodative of deviant behavior, as well as more or less permanent. In so doing, we contribute to the scholarly understanding of the role of social control in organizational fields, as well as of the advantageousness of deviant behavior as a strategic option for organizations.

Forthcoming at *Academy of Management Review*

In 2010, a newly-founded San Francisco Bay Area startup named UberCab began offering a service whereby users could hail a black luxury car through an app on their smartphones. While immediately popular, the legality of the company's business became contested, as UberCab was served cease-and-desist orders from city authorities in San Francisco on the grounds that it was running an unlicensed taxi and limo service (Baron, 2018; Kolodny, 2010). Instead of backing off, however, the company doubled down and in 2012 launched UberX, which allowed virtually anyone to drive non-luxury vehicles for the company, subject only to car registration and background check requirements. In so doing, UberX encountered a number of challenges from both taxi companies and municipal authorities, due to the potential threats to competition and public safety. The company—now known as Uber—understood that it would face legal and regulatory challenges but chose to forge ahead anyway.

While Uber's behavior might appear egregious at first glance, it is hardly unique in the contemporary economy (Roulet, 2020). Airbnb—perhaps the largest and best-known online platform for short-term lodging—has long flouted municipal regulations across the globe. And outside of the technology sector, the Ultimate Fighting Championship (UFC)—a promotion company for the full-contact combat sport known as Mixed Martial Arts (MMA)—thrived in the face of controversy, strategically using clashes with politicians and other regulators globally to achieve mainstream acceptance (Helms & Patterson 2014). While organizational theory has long emphasized the importance of conformity to prevailing norms, rules, and laws (DiMaggio & Powell, 1983), many contemporary organizations seem to thrive by openly flouting them (Webb, Tihanyi, Ireland, & Sirmon, 2009), de facto adopting *deviance as a strategy*.

This discussion outlines an intrinsic tradeoff. On the one hand, deviance is risky, both because of the negative externalities of non-conformity (e.g., Ruef & Patterson, 2009; Zuckerman,

1999) and because sanctioning—in its many forms—can do real damage to the profitability and survival prospects of organizations (King & Soule, 2007). When organizations violate well-established codes of conduct or run afoul of existing laws, other actors—which we refer to as social control agents—will often intervene so that the rule system is not upended. In the cases of Uber and Airbnb, municipal authorities around the world stepped in to enforce the rules that the companies had violated. In the case of the UFC, many U.S. states moved to outlaw MMA, while prominent professional bodies such as the American Medical Association and the National Cable Television Association recommended a blanket ban (Helms & Patterson, 2014; Plotz, 1999). Deviant organizations may thus face the choice of either conforming to the status quo or shutting down completely. At the same time, deviance can be generative—as was ultimately the case with Uber, Airbnb, and the UFC—since it marks the beginning of a process that can sometimes result in outcomes that are to the deviant organization's advantage. This trade-off highlights the fact that deviant organizations can—and do—emerge victorious from these confrontations. In the most favorable case, deviants are able to continue pursuing their strategy undeterred, sometimes even getting a say in how rules are made (e.g., Desai, 2016; Gilad, 2014; Susskind & McMahon, 1985).

Despite examples of market-based organizations positioning themselves in opposition to existing rules often making headlines (Greve, Palmer, & Pozner, 2010), the conditions under which deviance can be framed as a strategically sound option remain unclear. Part of the reason for this, we argue, is that scholars still lack a good understanding of the process through which deviant behavior is associated with positive outcomes for firms (Elsbach & Sutton, 1992; Tracey & Phillips, 2016) or, conversely, ends up generating penalties that make deviance an unattractive proposition (Roulet, 2020). In the remainder of the manuscript, we refer to this process as the *social control of organizational deviance* (Ermann & Lundman, 1978; Vaughan, 1998) and argue

that in order to understand whether and how deviant behavior can be advantageous for organizations, developing an integrative theory of the social control of organizational deviance is critical. We therefore ask: *how does the social control of organizational deviance unfold?*

We begin our discussion by elaborating on our conceptualization of deviant behavior by firms; we do so by grounding our arguments in the sociological literature on deviance (Becker, 1963; Durkheim, 1951) and its applications to organizations (e.g., Greve et al., 2010; Sharkey, 2014). We then introduce the notion of social control as developed within the fields of sociology and criminology (Meier, 1982), as well as its macro-level extensions to organizations (Ermann & Lundman, 1978; Jacobs, 1974) and industries (Zald, 1978). Having done so, we theorize about the *form* that social control will take (Black, 1998; Meier, 1982), and in particular, we elaborate on the degree to which deviant firms and social control agents are likely to resolve their conflicts cooperatively, as well as whether social control will be more or less formal in nature. We then break down the potential *outcomes* (Black, 1993a) of social control from the perspective of deviant organizations based on the extent to which they accommodate (vis-à-vis suppress) organizational deviance and their degree of permanence. Finally, we conclude by discussing the implications of our arguments for research on deviance and social control at the macro-organizational level, with particular reference to the degree to which deviant behavior is more or less advantageous as a strategic option, and by offering suggestions for future research.

THEORETICAL BACKGROUND

Defining organizational deviance

Any theory of the social control of organizational deviance requires an operating definition of the latter as a starting point—that is, what it means for organizations to engage in deviant behavior. At a baseline level, deviant behavior is fundamentally counternormative behavior—that

is, behavior that is at odds with societal expectations, informal norms, or written law. However, norms are subjective, laws can be inconsistently applied, and different segments of society may have different ideas regarding whether behavior is in line with norms; right or wrong; ethical or unethical. One way out of this conundrum is the labelling theory of deviance, which was developed in the 1960s within sociology and argues that behavior is not inherently deviant; rather, deviance is simply behavior that is labeled as such (e.g., Becker, 1963; Goffman, 1963; Matza, 1969). As observed by Kitsuse (1962: 253), "forms of behavior per se do not differentiate deviants from non-deviants; it is the responses of the conventional and conforming members of the society who identify and interpret behavior as deviant which sociologically transform persons into deviants." Extending the above to organizations, organizational deviance can therefore be defined as behavior judged by actors external to the organization as being in violation of established rules, norms, or other standards of behavior.

In line with the examples discussed in the introduction and in the spirit of keeping our theory development tractable, however, in what follows we narrow our focus to a particular type of organizational deviance which is characterized by a few common features and which has received limited attention in the organizational literature. The first is that we are interested in deviant behavior that is deliberate on the part of the organization—i.e., it is not merely accidental—and integral to its strategy. This does not mean that the organization necessarily intended to violate laws or norms—in some cases, firms may simply be negligent or ignorant—but it does mean that the underlying behavior is deliberate and strategic.[1] This excludes events like accidents (Vaughan, 1999), which—while often serious—are not deliberate. Second, while deviance is often perpetrated covertly, or at least with the intention of being covert, we focus our attention on

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[1] In some cases, organizations can even engage in overt, strategic behavior without controversy for some time before it is labeled as deviant.

behavior that is overt—that is conducted out in the open, as in the case of new product and service offerings. This excludes behaviors such as embezzlement or fraud, which—while undoubtedly deviant—are generally neither visible nor publicized. In sum, we focus on overt strategic behaviors by organizations which social control agents perceive as violations of prevailing laws or norms.

Taking this approach allows us to depart from existing perspectives within the field and complement existing research in at least two ways. First, existing approaches have largely been concerned with deviance that is involuntary or hidden, as well as with the prevalence and negative externalities of such deviance. This is the case, for example, of the literatures on accidents and errors (e.g., Chandler, Polidoro, & Yang, 2020; Desai, 2011; Vaughan, 1996), organizational misconduct (e.g., Greve, Palmer, & Pozner, 2010; Palmer, 2012), and scandals (e.g., Dewan & Jensen, 2020; Piazza & Jourdan, 2018). By contrast, we know relatively little about overt, strategic forms of deviance such as the Uber example discussed in the introduction. Such forms of deviance are both highly consequential and increasingly prevalent, as exemplified by Silicon Valley mantras such as "move fast and break things" (Taplin, 2017) and "ask for forgiveness, not permission" (Tusk, 2016), which arguably makes better understanding these deviant behaviors a necessity.

Second, with only limited exceptions (e.g., Aguilera, Judge, & Terjesen, 2018; Nam, Parboteeah, Cullen, & Johnson, 2014) macro-level organizational research has taken a negative approach to deviance, primarily viewing it as something to be eradicated, and in so doing it has arguably failed to recognize its potential upside for organizations. This stands in contrast to the organizational behavior literature (Mainemelis, 2010; Spreitzer & Sonenshein, 2004), which has explicitly conceptualized positive or constructive forms of deviance within organizations (Warren, 2003), such as dissent, whistleblowing, and voice. Yet even macro-level organizational deviance need not be inherently negative (Vadera, Pratt, & Mishra, 2013) and can be generative, potentially

yielding positive outcomes for those firms that engage in it (Baumol, 1990; Elert & Henrekson, 2016). And because the opportunity structure of organizational deviance is largely a function of social control, theorizing about the latter is essential to understanding the conditions under which the "dividends of deviance" make it a worthwhile strategic option. Key to doing so is expanding upon the dynamics of the social control of organizational deviance, which we address next.

The notion of social control

Defining social control. In its broadest sense, social control is the normative aspect of social life (Black, 1976; Cohen, 1985). As such, it encompasses a wide range of behaviors: "law is social control, but so are etiquette, custom, ethics, bureaucracy" (Black, 1976: 105). While the idea of social control goes as far back as Ross (1910), scholars do not appear to have converged around any precise definition of the term, despite its widespread usage (Meier, 1982). While it is understood by some as the totality of practices and arrangements that contribute to the maintenance of social order (Black, 1984), social control is also used as an umbrella term for how deviant behavior within society is identified and addressed (Black, 2014). As a result, the scope of social control as a phenomenon is remarkably broad—not only does it include legal, and highly formalized, types of sanctioning such as property seizures, prison sentences, and capital punishment, but also peer pressure and informal ostracism (Meier & Johnson, 1977). Importantly, theories of social control have also been concerned with how deviant behavior is channeled via various pathways through which deviant actors and social control agents can interact with the purpose of resolving conflict and adjudicating differences, whether at the negotiating table, in court, through the actions of a legislative body, or by other means (Black & Baumgartner, 1993). For the purposes of this paper, social control can thus be thought of as being "present whenever and wherever people express grievances against their fellows" (Black, 1984: 5).

The social control of individuals and organizations. Because of its historical origins in sociology and criminology, the bulk of social control scholarship and research has historically been concerned with deviant behavior by individuals (Beccaria, 1986). In practice, this translates to a prevailing focus on how criminal and delinquent behavior is prevented, dealt with, corrected, and deterred (Cohen, 1985). As such, this strand of research has largely examined societal phenomena such as the enactment and enforcement of laws (Pound, 1997), punishment (Foucault, 1977), and deterrence (Meier, Burkett, & Hickman, 1984). In spite of the fact that maintenance of social order does not stop at individuals, however, the social control of organizations has received relatively less attention (with Ermann & Lundman, 1978; Vaughan, 1998; and Zald, 1978 being important exceptions). This is in a sense surprising, since organizational actions often have enduring consequences and reverberate through society to a much greater degree than those of individuals. Indeed, as noted by Ermann & Lundman (1978: 55), "many of the discomforts characteristic of the contemporary experience are traceable to the actions of large-scale organizations." The need for a theory of the social control of organizations is thus self-evident (Zald, 1978), in that there is a manifest societal interest in the management of the behavior of organizations, in light of the scope and extent of its potential consequences (Jacobs, 1974). Moreover, while the social control exerted over individuals is typically unilateral and often characterized by coercion, this is less often the case for organizations. Unlike individuals, who typically have little agency in terms of the social control they are subjected to, organizations tend to have greater leverage and access to resources, factors which allow them—at least in principle— to dispute social control efforts that target them, turning social control into a potentially contested process (Oliver, 1991). Theorizing the nature and outcomes of organizational social control thus requires understanding the associated dynamics of contestation (Euwema, Van de Vliert, &

Bakker, 2003; Mnookin, Ross, & De Ros, 1995), and by extension, the relationships between social control agents and the deviants that underlie them (Li, Xie, Teo, & Peng, 2010; Oliver, 1991).

But how does the social control of organizations unfold? Or rather, how are organizations controlled? Not unlike individuals, organizations are bound by written law (Berg & Zald, 1978) as much as by relatively more informal pressures deriving from norms and societal expectations (DiMaggio & Powell, 1983). And much like the social control of individuals, the (limited) literature on the social control of organizational deviance has recognized that systems of surveillance and sanctioning (Zald, 1978) are necessary because organizations are often prone to engage in deviance "to attain desired organizational goals unless the anticipated penalties [...] exceed additional benefits the firm could gain by violation" (Vaughan, 1998: 23). Control can thus be exerted through physical coercion (Black, 1990), the withholding of resources (Emerson, 1962; Jacobs, 1974), as well as through attempts to shame deviants into compliance or by bestowing degrees of legitimacy on compliant organizations. On its own, the existence of formal and informal systems of sanctions, however, is not enough to ensure social control. As noted by Zald (1978:90), some social actor "must monitor the performance of target elements and […] must apply sanctions to influence the performance". In other words, social control is toothless—either as deterrence or as punishment—unless one or more social actors—typically other organizations—are willing to step up and actively sanction misbehavior. We turn to the question of which social actors might do so and why next.

Agents of organizational social control and their motivations

The preceding discussion of the social control of organizations leads us to the question of who takes up the mantle of social control and what their motivations for doing so may be. Ermann

& Lundman (1978: 59) refer to these as "controller organizations" to underline their "responsibilities and powers for labeling and controlling […] deviance", whereas in the remainder of the paper we refer to them as *social control agents*, in line with the literature on the social control of individuals (Marx, 1970). While social control's overarching purpose is the maintenance of social order, the motivations that make a particular social actor decide to get involved in social control may vary. In some cases, social control agents are motivated by violations of the law—that is, they intervene when they believe that one or more laws have been broken. Most commonly, this is the case for government-affiliated actors; representatives of the state often serve as social control agents (Pound, 1997; Turk, 1972) because they are required to—meaning that they are formally mandated to monitor and sanction violations of established legal codes.[2] Non-government actors, however, may also intervene in response to perceived violations of laws—for example, labor groups such as unions (Wiessner, 2016), watchdog organizations such as the ACLU (American Civil Liberties Union, 2020), and even private companies. The rise and fall of Napster—a pioneering file-sharing company launched in 1999 which allowed individuals to freely share and download copyrighted music through a peer-to-peer network—is a relevant example. Despite growing immensely popular and attracting substantial media coverage, the company went out of business after losing a lawsuit brought against it by the Recording Industry Association of America (RIAA), a group of recording labels (Giesler, 2008). Numerous examples also exist of community-based groups successfully filing lawsuits to block energy firms from engaging in the controversial practice of fracking (Tabuchi, 2020).

In other circumstances, social actors might decide to intervene because they feel that a shared norm has been violated—often in ways that threaten morality, health, safety, or the well-

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[2] In the United States, they include federal agencies at the national level, as well as a variety of state and local entities such as police and attorney generals.

being of society (Erikson, 1966; Goode & Ben-Yehuda, 1994)—even if no laws are broken. Here, entities sharing that norm are especially likely to operate as social control agents and often include—but are not limited to—nonprofits, neighborhood associations, interest groups, labor organizations, churches, media outlets, or social movement organizations. For example, when two major United States gun manufacturers announced plans to develop fingerprint guns—a technology that only allows designated owners to fire by means of fingerprint recognition—the National Rifle Association and gun rights activists almost drove them out of business through a boycott, which led the manufacturers to abandon their plans (Selk, 2018).

Social actors, however, can also engage in social control purely out of self-interest, for instance when deviant behavior is perceived to be a threat to their own motives (Di Stefano, King, & Verona, 2015; Lazega, 2009). On this front, it is not uncommon for private, for-profit organizations to seek to curb deviant behavior by other organizations which threatens their bottom line. As an example, in both the United States and in Europe cattle ranchers hired lobbyists to prevent producers of plant-based meat and dairy substitutes from using terms such as "burger" and "sausage" in food labels (Bunge & Haddon, 2019; Piper, 2019, 2020), with such pressure resulting in laws being passed in the U.S. states of Arkansas and Louisiana prohibiting such labeling.

These motivations are not necessarily exhaustive, of course, and social actors may also choose to become involved in social control for multiple reasons. Nonetheless, this discussion underlines that because the scope of the social control construct is remarkably broad, the range of social actors that can engage in social control efforts—and the reasons why they do so—is similarly diverse. As our goal is to theorize about the social control of organizational deviance in general terms, however, in the remainder of the manuscript we abstract away from these

differences in order to paint a parsimonious picture of the form of social control and its associated outcomes, irrespective of what specific actors may play the role of social control agents.[3]

Having introduced the actors involved, we build on the above discussion to more closely explore the characteristics of the social control of organizational deviance and its associated outcomes. In other words, we describe the process of social control as it unfolds between social control agents and the organizations they label as deviant. Figure 1 provides a visual overview of our proposed conceptualization of this process. Additionally, to ground this discussion in real-world phenomena, Table 1 reports selected examples of organizational deviance and its social control, which we rely on in our exposition.

[Figure 1. The social control of organizational deviance (process model)]

[Table 1. Selected examples of organizational deviance and its associated social control.]

THE FORM OF ORGANIZATIONAL SOCIAL CONTROL

Empirical observation of the social control of organizational deviance suggests that it can take various forms. The *form of social control* can be defined as the "mechanism by which a person or group expresses a grievance. It is a mode of conducting normative business, such as a court of law, face-to-face discussion, a public protest, or an act of violence" (Black 1993: 5). In other words, the form is the means by which social control is—or is attempted to be—enacted. As such, it encompasses a wide range of behaviors; any means by which a social control agent seeks to exert control can be referred to as a form of social control.

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[3] This abstraction is reasonable because all social control agents "are able to inform and educate, to persuade and organize allies to their points of view, to expose and embarrass, to pressure, to bargain, and even, within the scope of their charters, to levy significant penalties" (Leavitt, Dill, & Eyring, 1978: 260).

Understanding why different forms of social control come about therefore requires considering the decisions that social control agents make in their attempts to regulate or eradicate the deviant behavior. For one, they must consider how to approach the deviant organization; based on our earlier arguments concerning the social control of organizational deviance being rooted in dynamics of contestation (Oliver, 1991), social control agents must decide on the extent to which they will be cooperative (vis-à-vis contentious) in their approach. In other words, social control agents must decide whether they are willing to work out their differences with deviant organizations in a negotiated fashion or, conversely, they intend to pursue unilateral action—often in an oppositional manner.

Second, social control agents must decide on the extent to which they will make use of legal channels in their efforts of social control. We characterize this as the degree of formality, as certain means of social control involve a greater use of government representatives, an increased presence of lawyers, and a greater reliance on the legal system. For example, a social control agent may seek to organize a boycott of the deviant firm (lower formality) or may seek to stop the deviant practice through litigation (higher formality). Note that both the dimensions of cooperativeness and formality should be thought of as continua, rather than discrete categories, as doing so better captures the wide variety of specific forms that social control can take.

Importantly, the form of social control is not purely a function of the social control agents' intents or actions. Although social control agents may initially decide the desired level of cooperativeness and formality in their social control efforts, certain forms of social control are bilateral (or even multilateral). For example, negotiating with the deviant to curtail or alter a given behavior also requires the willing participation of the deviant; this cannot be unilaterally imposed.

Yet other forms of social control involve the participation of third parties, such as mediators or judges (Black 1993).

Although we develop both of these dimensions in detail below, we must also note that they are not perfectly orthogonal; cooperative forms of social control tend to be less formal, while less cooperative forms are often—though not always—more formal in nature. Nevertheless, these two dimensions are to some extent independent; this is evident in Table 2, which presents stylized forms of social control classified by cooperativeness and formality, both descriptively and visually. These are meant to be illustrative but not necessarily comprehensive: whether any specific form of social control is viable may hinge on the involvement of specific social control agents, and available options may go beyond the stylized forms listed here.[4]

[Table 2. Stylized forms of social control by cooperativeness and formality]

As will be seen, cooperativeness is largely determined by social structural factors—including the characteristics of the social control agents, those of the deviant, and their interrelationships—while formality is largely determined by characteristics of the deviance itself. The distinction between the two dimensions therefore helps to reveal how different aspects of the deviance and the actors involved differentially affect the form of social control, and consequently its outcomes.

The cooperativeness of social control

A first dimension that is relevant to the classification of social control forms is whether social control takes place cooperatively or, conversely, whether the social control agent and

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[4] For example, mediation and arbitration can be either voluntary or mandated, which affects cooperativeness.

deviant enter a collision course that causes social control to play out in an oppositional fashion (e.g., Axelrod, 1984; Bundy, Vogel, & Zachary, 2018; Hardy & Phillips, 1998; Odziemkowska, 2021).[5] This dimension—which we label *cooperativeness*—has been featured in theories of social control, albeit mostly at the individual level. For example, Black (1998) notes that social control can take place either unilaterally or via joint decision, whereby the social control agent and deviant seek common ground and reach a negotiated solution. This process can involve only the two disputing parties or it can take place with the assistance of a third party, such as a mediator or arbitrator (Goltsman, Hörner, Pavlov, & Squintani, 2009). Beyond the social control literature, this distinction is also a recurring theme in the literature on interorganizational relationships, and as such, it has been analyzed via power (Emerson, 1962), resource dependence (Pfeffer & Salancik, 1978), and network perspectives (Galaskiewicz, 2007), among others, giving rise to a substantial body of work on interorganizational cooperation (Gray, 1985) and conflict (DiStefano, 1984; Molnar & Rogers, 1979).

We build on these perspectives to argue that the primary antecedents of whether organizational social control will take a cooperative form are likely to be found in characteristics of the social control agent-deviant dyad. In so doing, we do not make the argument that the characteristics of deviant behavior play no role in shaping how cooperative social control is. For example, it is reasonable to expect that when deviance is seen as particularly harmful, or negatively received by the public, social control agents might be less inclined to cooperate (Tomasello & Vaish, 2013). At the same time, we do not believe the nature of deviance to be the primary determinant of how cooperative social control will be, as empirical observation suggests that organizations can often engage in egregious acts of deviance while eliciting a cooperative

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[5] Unlike formality, cooperativeness is less purely the decision of the social control agent. Although deviants are often welcoming of social control agents that seek a collaborative approach, cooperation requires the consent of both parties.

response, often on account of social structural factors. For example, tech companies such as Apple have long been criticized for engaging in tax avoidance by holding hundreds of billions of dollars in profits offshore; after lobbying the government heavily for years, however, in 2017 they obtained a "sweetheart deal" in the form of a low, one-time tax on repatriated profits, saving Apple alone $40 billion in taxes (Hoxie, 2018). By contrast, organizations that engage in lesser acts of deviance are frequently met with an oppositional response when interorganizational conditions are not conducive to cooperation. On this front, studies on financial regulation have consistently found that the sanctioning approach taken by regulators is predicated on the relational dynamics and political connections between firms and regulators, rather than being derived solely from the nature of rule violations (Correia, 2014).

As noted above, neither the social control agent nor the deviant can decide unilaterally to cooperate—not unlike in game-theoretic frameworks, both parties must be willing to do so. There is, however, a spectrum of alternatives between unconditional cooperation and all-out oppositional conflict. On one side of the spectrum, conflicts between deviant organizations and social control agents are frequently resolved cooperatively through various forms of negotiation or bargaining, either implicitly or explicitly (Leavitt, Dill, & Eyring, 1978). In some cases, social control agents will openly reach out to deviant organizations to strike a deal, or even invite them to the rulemaking table outright—a process variously known as participatory or negotiated rulemaking (Susskind & McMahon, 1985). In other cases, deviants might reach out to social control agents themselves with the goal of pre-empting aggressive enforcement. However they may come about, cooperative forms of social control create an opportunity for deviants to deploy negotiation tactics to their advantage (Hardy & Phillips, 1998; O'Toole & O'Toole, 1981; Ring & Van de Ven, 1994), which other forms of social control typically do not allow. Additionally, approaching social control

cooperatively is "more likely to uncover zones of hidden agreement between the partners, generate more nuanced settlements, and preserve the exchange relationship beyond the dispute" (Lumineau & Oxley, 2012: 825).

Conversely, when conflict between deviants and social control agents cannot be resolved cooperatively between the parties, social control will often take place via unilateral actions. On the one hand, deviants can adopt a defiant stance (Oliver, 1991), dismissing the possibility of social control or challenging the authority of social control agents. On the other hand, social control agents can enact a variety of non-cooperative strategies of their own, including executive action (in the case of government actors) and pressure tactics such as protests and boycotts. Here, too, there is also the possibility of a middle ground: while social control agents and deviants may not be inclined to cooperate directly, they may be willing to do so with the assistance of a third party (such as a mediator or arbitrator).

Alternatively, it is not uncommon for either deviant organizations or social control agents to go to court in an attempt to extract concessions from the counterparty (Conlon & Sullivan, 1999), or to only go to court after a cooperative negotiation has proved unsuccessful. A relevant example comes from the controversy surrounding electric scooters in the Bay Area: in 2018 micro-mobility startups Bird, Lime, and Spin filled the streets of San Francisco with hundreds of electric scooters without the city's permission, leading to hundreds of complaints from city residents (Matthews, 2018; Newberry, 2018). Eventually, this led the city to regulate scooters by granting operating permits to select companies; in so doing, however, it excluded Bird, Lime, and Spin, *de facto* shutting them out of the market (Griffith, 2018) and leading to the filing of lawsuits against the city by the scooter companies (Keeling, 2018). Eventually, the pressure tactics enacted by

scooter companies brought the city back to the bargaining table and all three scooter companies were given permission to operate (Moench, 2019).[6]

Cross-linkages. We now turn to factors that we believe are likely to play a role in shaping whether the social control of organizational deviance takes a more or less cooperative form. *Cross-linkages* represent preexisting ties between the two parties or joint ties with third-party actors that the deviant and the social control agent have in common. Preexisting relationships create common ground between parties and also serve as mediated endorsements of one party to the other, helping to alleviate concerns about motivation, capability, and character (Larson, 1992). Shared ties also highlight areas of common interest and might help bridge divergences of opinion between the parties. Third-party ties facilitate a more cooperative form of social control because "indirect ties open communication, bridging social gulfs that might otherwise preclude discussion and bargaining" (Black, 1993: 84). A common source of cross-linkages between deviants and social control agents is interorganizational mobility, as showcased by the well-known "revolving door" phenomenon whereby elected officeholders take private sector jobs once out of office, acting as liaisons between the public and private sectors (Blanes i Vidal, Draca, & Fons-Rosen, 2012). Between private actors, by contrast, cross-linkages can unfold not only via the transfer of personnel, but also through joint third parties such as banks, consulting firms, and law firms. Thus:

> *Proposition 1 (H1): The more cross-linkages exist between deviant and social control*
>
> *agent, the greater the cooperativeness of social control.*

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[6] Indeed, it is for this reason that we describe litigation as representing a medium level of cooperativeness in Table 2. In addition to commonly being used as a pressure tactic within a broader negotiation, over 80 percent of lawsuits in the United States are settled out of court (Eisenberg & Lanvers, 2009; Kiser, Asher, & McShane, 2008).

Potential for mutual benefit. The potential for mutual benefit between deviant organization and social control agent is also likely to make social control more cooperative (Lumineau & Oxley, 2012). In principle, this helps to align the incentives of the disputing parties, providing a way for both parties to gain something. The possibility of creating a win-win scenario has long been a recurring theme in the emergence of cooperative interorganizational relationships more broadly. For example, Cook (1977: 283-4) noted that exchange relationships between organizations are "voluntary transactions involving the transfer of resources within two or more actors for *mutual benefit*" (emphasis added). For the purposes of our argument, this suggests that deviant and social control agents should be especially likely to engage with each other cooperatively when the possibility for a mutually beneficial agreement exists and when the opportunities for mutual benefit are greater.[7] Examples include providing additional tax revenue or public services to states (Ebert, 2018); creating a social good for civil society (Odziemkowska & Dorobantu, 2021); or increasing market share or new revenue streams for competitors (Ingram & Yue, 2008). For example, after Airbnb proactively extended an olive branch to local governments by offering to collect lodging taxes on their behalf, myriad local governments reached out to Airbnb to strike voluntary lodging tax agreements with the company (Lehane, 2018).[8]

In light of the above, we posit that the potential for mutual benefit, however it may come about, will increase the willingness of social control agents to come to terms with deviance—rather

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[7] The potential for mutual benefit may be obvious to both parties before the form of social control is selected, or it may emerge during the social control process. For example, contentious litigation may reveal the potential for mutual benefit, leading to a cooperative settlement. Regardless of when opportunities for mutual benefit are recognized, however, they are likely to push the social control process in a more cooperative direction.

[8] As a further example, Leavitt et al. (1978: 265) notes that the Antitrust Division of the U.S. Department of Justice is incentivized to settle antitrust cases because "if the accused company were to make the main changes the Division wants short of a full trial, the Division can settle the case swiftly and release manpower to investigate and charge other violators".

than seek to stamp it out—and in so doing also enhance the odds of social control taking place in a cooperative fashion. Thus:

> *Proposition 2 (H2): The greater the potential for mutual benefit between deviant and social control agent, the greater the cooperativeness of social control.*

Relative bargaining power. Similarly important is the *relative bargaining power* of the two parties (Michael, 2000; Pfeffer & Salancik, 1978; Porter, 1980). As noted by Black (1993: 83), "negotiation is less likely among unequal parties. Superiors usually obtain what they want from inferiors with little or no bargaining, whereas the latter may have trouble even initiating negotiations with the former". Bargaining power is undoubtedly a function of (relative) resource availability—for example, larger and better resourced firms tend to have greater bargaining power with government actors because of their employment headcount and tax base. In a similar vein, a greater availability of resources should enable firms to hire better legal representation (Conlon & Sullivan, 1999).[9] Bargaining power, however, is arguably also a function of the ability to rally third-party support, as "allies and supporters […] can transform a conflict between unequal parties into one between equals" (Black, 1993: 84). For instance, Uber and Lyft were able to mobilize their user base in their battle supporting California's Proposition 22, which defined ride-share drivers as independent contractors (Hawkins, 2020). By contrast, a weak bargaining position can manifest in a variety of ways; for social control agents, this can mean a lack of sanctioning power or authority, limits on the extent to which they can restrain deviant behavior, inadequate organization, insufficient support, or a weak legal case. Along similar lines, deviant firms might

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[9] Indeed, many firms now proactively seek to build 'war chests' for this very purpose (Smith, 2004).

also vary in the degree to which they feel equipped to take on social control agents, in terms of either resource availability, ability to mobilize support, or both.

The above discussion suggests that when one party's bargaining power greatly exceeds that of the other, social control is unlikely to play out cooperatively, as the party with the upper hand may feel that they can prevail without recourse to negotiation and bargaining (Zartman & Rubin, 2002). Conversely, when neither the deviant firm nor the social control agent feels as though it can easily prevail over the other, cooperation becomes a more viable social control pathway. Thus:

> *Proposition 3 (H3): The greater the similarity in bargaining power between deviant and social control agent, the greater the cooperativeness of social control.*

The formality of social control

Discussions of the formality of social control have a long history, dating back to early sociological work on the topic (Bittner, 1970; Chriss, 2018; Parsons, 1951). This and subsequent work have generally distinguished between *formal* and *informal* social control. Formal social control—sometimes referred to as governmental social control—is defined as the use of the legal system, which includes the law, the police, and the courts (Black, 1976; Cohen, 1985; Ellickson, 1991). In contrast, informal social control refers to responses to deviance that take place outside of legal channels. Most commonly used in the domain of norm violations by individuals, informal social control often refers to the disapproving words, ostracism, or signals of contempt that witnesses of deviance use to sanction norm violators (Brauer & Chekroun, 2005; Cook, Hardin, & Levi, 2005; Elster, 2011; Feinberg, Willer, & Schultz, 2014). Due to the concentration of power in government, informal social control tends to be less coercive in nature than formal social control (Meier 1982).

Despite its focus on individual-level deviance, we view the formality of social control as similarly relevant for the social control of organizations. In this domain, social control is often highly formal, as many social control agents are explicitly government actors; even when non-state actors are involved, many social control efforts are adjudicated and enforced by the courts. Social control can also be informal, however, where social control agents act without recourse to formal sources of authority. Examples of more informal forms of social control include social movement activities such as protests or boycotts, shaming campaigns (Bartley & Child, 2014), or bilateral negotiation between deviants and social control agents without the use of the courts or other formal authorities. Similar to the cooperativeness of social control, we view the formality of social control as a continuum, rather than the binary distinction prevalent in theories of the social control of individuals.

Formality includes multiple dimensions that typically covary but are somewhat distinct: the extent to which government agents are involved and the extent to which law is directly applied. Thus, formality is to some extent inexact, but it is typically possible to determine whether different forms of social control are more or less formal. As can be seen in Table 2, most formal are the use of the courts to adjudicate a dispute, or the legislation of new laws or statutes in response to the deviant behavior.[10] Least formal are collective behaviors such as boycotts or protests that are organized informally and do not involve government officials. Negotiations can be more or less formal depending on the presence of government representatives and the presence of lawyers; for example, arbitration is typically more formal than mediation.

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[10] While formal social control often arises as a response to law-breaking, this is not always the case. Often, it proceeds from deviance that either does not break the law or could be considered (at best) legally ambiguous, as is the case for the robot brothel example in Table 1.

A key question is therefore what leads to varying levels of formality in the form of social control, or rather, what causes social control agents to prefer more or less formal means of resolution.[11] In contrast to the predictors of cooperativeness—which focus on the actors and their interrelationships—we argue that formality is largely determined by the nature of the deviance itself. Here, too, we do not intend to argue that other factors—such as characteristics of the deviant organization, the social control agents, and their relationships—do not matter, but their effect is arguably less clear-cut. For example, while in many cases preexisting relations between deviant organization and social control agent can reduce formality, in other cases they can increase it— e.g., when (formerly) deviant behavior is encoded into law. By contrast, the formality of organizational social control tracks to the characteristics of deviant behavior much more closely. In some cases, deviant behavior may be judged by social control agents to be of sufficient importance and urgency to be addressed through formal means—such as the court system or the passage of legislation—so as to ensure that it is dealt with appropriately and with the full force of law. In other circumstances, the relevance of deviant behavior may be more circumscribed, so that less formal avenues may be preferred, such as a warning letter or an ad hoc agreement.

In this regard, the literature on social problems (Blumer, 1971) offers useful insights regarding whether certain acts of deviance are configured as social problems or not (Goode & Ben-Yehuda, 1994) and, by extension, whether social control will play out via formal or informal (ad hoc) channels. Objectivist perspectives on social problems (Manis, 1974) have held that what causes deviant behavior to be seen as a social problem is the severity of harm associated with it, so that deviant behavior that is harmful to more people, whether in a physical, moral, social, or

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[11] It is important to acknowledge that social control agents, individually and collectively, can use a mixture of formal and informal strategies. However, as our goal is to provide an initial framework for the social control of organizational deviance, we stop short of theorizing the interaction of multiple strategies simultaneously.

economic sense, is especially likely to be perceived as a social problem. By contrast, subjectivist perspectives (Ben-Yehuda, 1980; Erikson, 1966) maintain that social problems are socially constructed, so that "the objective existence of a harmful condition does not, by itself or in and of itself, constitute a social problem" (Goode and Ben-Yehuda, 1994: 151); rather, social problems are defined by the existence of a societal consensus around a given deviant behavior being one. It follows from this discussion that the likely antecedents of the formality of social control are to be found in the characteristics of deviance, as well as in societal attitudes towards deviance. Hagan (1977, 1994) notes two factors that tend to covary with the intensity of the societal response to deviance, which we view as related to the extent to which social control agents seek to utilize or activate more formal means of dispute resolution: the severity of the harm associated with deviance, and the agreement about whether the behavior is deviant. We theorize about each in turn.

Severity. The severity of harm indicates the degree of damage or maltreatment that the deviance causes to those affected. In other words, given the deviance negatively affects certain others, severity indicates the degree to which those others are perceived to be harmed, i.e., the depth, rather than the breadth of the harm. Furthermore, because harm is often subjective in nature, what counts is arguably the severity of harm that a social control agent *perceives* the deviance as causing. These perceptions can be influenced by the media coverage or publicity that particular acts of deviance receive, beyond the objective facts (Henry and Lanier 1998). Furthermore, harm is not monolithic and can refer to a variety of types. Echoing the prior discussion of the motivations of different social control agents, harm can be economic, social, physical, and moral; it can harm the social control agent directly, their constituents, or others within their purview. Regardless of the specifics, we argue that greater perceptions of the severity of harm increase the determination of social control agents to deal with the deviance through legal channels, decrease the willingness

to pursue ad hoc solutions, and diminish sensitivity to the costs of social control. In other words, greater harm imposes greater costs, and those costs make the value of effective social control more substantial.

When perceptions of the severity of harm are high, therefore, the formality of social control tends to increase. More formal channels have a greater ability to constrain or punish the deviant behavior, which should become increasingly desirable as harm increases. Even when social control agents do not inherently have formal power, they are likely to put pressure on more formal actors to get involved and to act. Such efforts—if successful—can be more coercive and more punitive, increasing the likelihood that the behavior will be addressed with the force of law. This leads to the next proposition:

Proposition 4 (H4): The greater the severity of the harm associated with organizational deviance, the greater the formality of social control.

Note that the fact that the severity of organizational deviance relies on perceptions suggests that the media, the deviant organization, and other actors can play an outsize role in shaping whether the impact of any given behavior is seen as more or less severe (Goode & Ben-Yehuda, 1994). Social control agents can be influenced and manipulated in their perceptions (Ross, Amabile, & Steinmetz, 1977); thus, instances of deviance are likely to involve competing attempts to frame the behavior in particular ways in order to influence social control agents to take more or less formal action.

Consensus. Hagan's framework also posits an important role for the consensus, or agreement, about the deviance (Hagan 1977; 1994). This represents the extent to which there exists consistency in individuals' beliefs about whether the behavior in question is indeed deviant, and by extension, the harm associated with it. Agreement is often characterized as a continuum ranging

from conflict to consensus (Newman 1976; Henry & Lanier 1998; Rucman 2019) and this dimension goes beyond the social control agents themselves—who by definition view the behavior as deviant—to encompass other relevant audiences within the broader society. For example, widespread public condemnation of organizational deviance indicates relative consensus. In contrast, widespread public support for organizational deviance, or even support by a very vocal minority, indicates conflict. Between these extremes lie various gradations of contentiousness and ambiguity (Parsons, 2017). Similar to the magnitude of harm, public support or condemnation of the deviant behavior can also be influenced and manipulated by the media, the deviant organization, and other interested parties.

As above, the formality of social control is likely influenced by the consensus regarding the deviance. This is because the greater the consensus, the more that social control agents will feel empowered and pressured to take unequivocal action to deal with the deviant behavior clearly and decisively—i.e., through more formal channels. For one, this support may lead social control agents to feel justified in their attempts to forcefully take on the deviance, along with increasing their expectations of a favorable resolution, empowering them to utilize legal means to a greater degree. Second, social control agents may experience pressure to take greater—i.e., more formal— action, as greater consensus may lead to the deviance being broadly viewed as a social problem. Various constituencies may therefore put pressure on social control agents to take strong action and will condemn any efforts viewed as toothless. Similarly, consensus also alleviates potential concerns social control agents may have regarding subsequent backlash against decisive action, as they will perceive public opinion to be on their side. For instance, when a Canadian company proposed opening a "robot brothel" in Houston, Texas in 2018, widespread public outrage ensued and the Houston mayor and city council swiftly intervened by means of an ordinance to avert the

opening (Shannon, 2018). By contrast, the lack of consensus—i.e., the existence of conflictual views regarding whether a certain behavior is deviant—is likely to negatively impact the formality of social control, as social control agents may feel that resorting to legal channels may be unwise.[12] Under such conditions, therefore, social control is relatively more likely to take place informally, in a more ad hoc fashion. Together, this leads to the fifth proposition:

> *Proposition 5 (H5): The broader the consensus about a given behavior being an instance of organizational deviance, the greater the formality of social control.*

Extensiveness. Henry and Lanier (1998) identify an additional dimension that can be used to classify deviant behavior and that is particularly relevant to our discussion: its *extensiveness*. In essence, the extensiveness of the deviance represents its scope, meaning how widespread the social control agent perceives its effects to be, holding the perceived severity constant. In other words, while severity represents the magnitude or depth of harm, extensiveness represents its breadth. Certain types of deviant behavior may impact only a few individuals or organizations, while others may affect a broad swathe of society, as is the case when widely held societal norms are threatened. Furthermore, extensiveness also relates to who is impacted and their social standing; for example, when well-regarded individuals or organizations are affected, the harm might be seen as more serious than if only marginalized or stigmatized social actors are harmed. Put together, extensiveness thus represents both the breadth and variety of actors affected by deviance.

Similar to the two previous propositions, we expect the extensiveness of harm to increase the formality of the response by social control agents. For one, to the extent to which the

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[12] This does not mean that contentious issues will never lead to more formal channels, but that relying on such channels is less likely than when a broader group of people views an instance of organizational behavior as deviant. For example, lawmakers are likely to be more willing to act against a firm engaging in behavior that is widely condemned rather than a firm engaging in behavior about which constituents are strongly polarized. Even when lawmakers legislate on contentious issues, they are taking on greater risks by doing so.

externalities of deviance are broadly distributed— across individuals and geographic locales, for example—addressing it effectively tends to require relatively more formal avenues of social control, whose reach and coercive power are arguably greater. Perhaps more importantly, however, the more widespread the harm, the greater the likelihood that organizational deviance will be perceived as a social problem requiring a formal response, as a relatively larger segment of society will be affected. Similarly, the more deviance is viewed as affecting reputable (vis-à-vis marginalized) individuals or organizations, the more likely it will be seen as a social problem.[13] In both cases, social control agents may put greater pressure on formal institutions—such as the courts and the legislative system—to take decisive action. Government representatives are beholden to their constituents and to the public interest, and the more widespread the externalities of organizational deviance, the greater the odds that deviant organizations will be dealt with through formal channels. For example, when Hustler magazine started selling in 1974, it was one of the first United States magazines to feature full frontal nudity and graphic sex acts. In response, organizations such as Citizens for Decent Literature repeatedly sought formalized legal action in response to what they viewed as a pervasive negative influence on society (Yoakum, 1977). This leads to the sixth proposition:

Proposition 6 (H6): The greater the extensiveness of the harm associated with organizational deviance, the greater the formality of social control.

OUTCOMES OF SOCIAL CONTROL

[13] This is especially evident in Uber's case: because the associated harm appeared to be limited to taxi drivers who are often regarded as a stigmatized occupation (Phung, Buchanan, Toubiana, Ruebottom, & Turchick-Hakak, 2021), Uber's behavior was initially perceived as a lower-order problem.

Not unlike the form of social control, the outcomes that ultimately result from social control vary. We conceptualize social control outcomes as settlements (Fligstein & McAdam, 2012; Helms, Oliver, & Webb, 2012; Rao & Kenney, 2008) that arise from the interaction between social control agents and deviants—in other words, the end result of the organizational social control process. In essence, settlements are temporally bounded agreements between social actors on the appropriateness of organizational activities, practices, or relational arrangements (Helms et al., 2012) which arise from "concerted efforts […] to fashion a stable consensus regarding rules of conduct" (Fligstein & McAdam, 2012: 92). We classify the outcomes of organizational social control along two key dimensions, emerging from the two dimensions of cooperativeness and formality we used to classify forms of social control.

The first dimension concerns the degree to which a given social control outcome *accommodates* the behavior that triggered social control in the first place, thereby allowing it to persist in whole or in part, or instead results in the behavior being suppressed. Beyond being useful for analytical purposes, classifying outcomes based on the degree to which deviant behavior is accommodated also has substantial implications for deviant organizations. By contrast, the second dimension has to do with the permanence of social control outcomes; that is, the degree of finality of the settlement that is reached. While all settlements are inherently temporary truces (Rao, 1998), some are more precarious than others, and thus more likely to be upended. As with the previous dimension, settlements vary dramatically in terms of their permanence: while some carry the force of law, and as such are both time-consuming and laborious to alter, others are little more than informal agreements that are easier and quicker to overturn. Importantly, both dimensions are closely connected to the forms of social control previously discussed, mapping onto

cooperativeness and formality in ways which we detail below. To help illustrate our arguments, Table 3 reports stylized examples of social control outcomes along these two dimensions.

[Table 3. Stylized social control outcomes by degree of accommodation and permanence of deviant behavior]

From cooperativeness to accommodation

Our first argument here is that the degree to which social control takes place cooperatively—vis-à-vis in an oppositional, unilateral manner—will predict the extent to which organizational deviance is preserved or suppressed. In other words, the more that a social control agent and deviant organization are willing to settle their differences in a cooperative fashion, the more the resulting social control outcome will likely accommodate dimensions of the deviant behavior. By accommodation we refer to the acceptance of deviance in part or in whole allowing for its persistence. As social control becomes more cooperative in nature, deviant firms and social control agents have greater opportunities to exchange information and identify potential areas of common ground. In turn, this creates openings for both sides to make concessions, which can result in settlements that allow deviant behavior to continue, albeit in a partial, altered, or limited capacity. By contrast, when social control instead plays out in a highly contentious manner, parties are likely to perceive that their concerns and goals are opposed to one another, and as a result, settlements that allow for the behavior to occur, even in limited form, are less likely.[14]

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[14] Occasionally, forms of social control that are not especially cooperative can result in outcomes highly accommodative of deviance. For example, deviant practices are occasionally greenlighted via court decisions, as is the case for the 2022 appeals court decision that legalized Web scraping (Smith, 2022). This notwithstanding, a lack of cooperativeness tends to lead to less accommodative social control outcomes, resulting in riskier prospects for the deviant.

In the presence of high levels of cooperation, social control can lead to settlements that are highly accommodative of deviance. For example, in the early 1980s Italian media company Fininvest created a nationwide TV broadcasting network, leading to several lawsuits from competitors since at the time only Italy's public broadcasting company, RAI, could legally transmit nationally (Balbi & Prario, 2010). Thanks to the company's long-standing ties with the government, however, Fininvest was allowed to continue broadcasting nationally, first by means of an ad hoc decree and eventually through legislation (Henrekson & Sanandaji, 2011). Thus, we predict that cooperative forms of social control will typically lead to an outcome that is relatively more accommodating of organizational deviance. We highlight this relationship in the seventh proposition:

> *Proposition 7 (H7): The greater the cooperativeness of social control, the more the associated outcome will accommodate (vis-à-vis suppress) organizational deviance.*

From formality to permanence

As previously mentioned, formality generally entails the degree to which social control takes place through legal channels. To the extent to which social control unfolds informally and does not involve the government—whether as a social control agent, an adjudicator, or an ally—it tends to produce relatively impermanent settlements, as these will be inherently less codified and thus susceptible to change. Examples include written and unwritten agreements with varying degrees of enforceability ranging from "gentlemen's agreements" to formal contracts, developed with or without the assistance of non-governmental third parties (such as mediators or arbitrators).

By contrast, relatively more formalized forms of social control that involve government actors include executive action, judicial decisions, and the passage of legislation, all of which are likely to produce settlements with varying (but more substantial) staying power (Courtois &

Gendron, 2017). Government agents, representing the authority of the state, have greater power to make lasting changes to the rules by which constituents—including deviant organizations—are governed. Executive or regulatory action, for instance, typically has the force of law, but can be modified at any time and is thus the "least formal" legal channel.

Conversely, judicial decisions lead to relatively more codified precedents that define how deviance relates to the existing rule system. For example, the technology company Aereo—which allowed subscribers to view over-the-air television on Internet-connected devices—was forced by the Supreme Court to shut down following a lawsuit brought by several broadcast networks. Precedent, however, can be superseded by new legislation, which is why we regard lawmaking as perhaps the most highly formalized kind of social control, in that it is typically the most permanent (especially for what pertains to constitutional law).[15] Overall, as the formality of social control increases, the resulting settlements become more permanent and difficult to change through a reliance on the government's executive and regulatory authority, the establishment of precedent, and the difficulty of challenging settled law. This leads to our eighth proposition:

Proposition 8 (H8): The greater the formality of social control, the more permanent (vis-à-vis temporary) the associated outcome will be.

DISCUSSION

Implications for organizations: the opportunity structure of deviance

Despite longstanding observations that firms engage in, and benefit from, overt deviance, organizational theory has traditionally emphasized the importance of firms complying with norms and rules, theorizing the negative outcomes associated with breaking them. In this paper, we have

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[15] In many contexts, the executive, legislative, and judiciary branches of government are organized hierarchically, and formality and permanence arguably both increase the more high-ranking the involved social control actor is. For example, in the U.S. federal law takes precedence over state law, but it can be overturned by judicial decisions going all the way to the Supreme Court, whose decisions can in turn be superseded by amendments to the U.S. Constitution.

developed a theory of the social control of organizational deviance to better understand the conditions under which it is in firms' strategic interest to engage in deviant behavior—i.e., when they can "get away with it". In delineating our model, our goal was not only to explicitly conceptualize the ways in which deviant behavior by organizations is curbed and policed, but also to further the scholarly understanding of the variance in social control outcomes, which carries substantial implications for organizations pursuing non-conforming behaviors. On this front, the links we have theorized between cooperativeness and accommodation, as well as between formality and permanence, represent the *opportunity structure* of organizational deviance (Merton, 1995; Meyer & Minkoff, 2004), defined as those contingent factors that enhance or inhibit prospects for deviant behavior. A more favorable opportunity structure means that an organization faces better chances of achieving its goals by engaging in deviant behavior, making the latter a compelling option from a strategic standpoint.

Primarily, the degree to which social control outcomes accommodate deviance is likely to result in a more favorable opportunity structure for the deviant. The dividends of deviance can be manifold; beyond potentially engaging in the provision of novel products and services, additional benefits range from visibility (Elsbach & Sutton, 1992) to signaling and network benefits (Roulet, 2020). In broad terms, social control outcomes that are more accommodating of deviance are thus desirable in the sense that the deviant organization is able to "stay the course" and continue engaging in some—if not all— aspects of the deviant behavior, and thereby continue to enjoy its associated benefits. From this viewpoint, the opportunity structure of deviance becomes even more favorable when social control outcomes accommodate deviance and are relatively permanent. While a favorable short-term or temporary settlement may be beneficial, it is in constant danger of reversal or expiration; the social control agent might try to "walk it back" at a later date, the deviant

organization may have to constantly renegotiate its terms, or additional social control agents may get involved and seek to overturn the agreement. This makes strategic planning more challenging and uncertain, making the opportunity structure associated with a given social control outcome less favorable.

Second, social control can be relatively uncooperative at times, and by extension, more contentious and disputed. As a result, settlements can result that preserve very few, and in some cases, no aspects of the deviant behavior—i.e., the deviant behavior is outright suppressed. Under such circumstances, it is arguably in the deviant's best interest that the outcomes of social control be less permanent. As a result, the less accommodating of deviance social control outcomes are, the more favorable a non-permanent outcome is to the deviant firm. This provides opportunities for settlements that are unfavorable from the deviant's perspective to be renegotiated at a later date, potentially resulting in a subsequent settlement that is more accommodating of deviant behavior or even allowing for deviant behavior to be reintroduced after a temporary cessation.

Given the above reasoning, proactive firms will seek to influence the opportunity structure of deviance by shaping the cooperativeness and formality of social control in a variety of ways in order to bring about desired outcomes. Such efforts may involve strategies that seek to influence the hypothesized factors affecting the cooperativeness and formality of social control. For example, in order to increase the likelihood of cooperation, firms may strive to form cross-linkages with social control agents, or they might develop war chests to increase the similarity of bargaining power with social control agents. In order to influence the formality of social control, they may engage in public opinion campaigns in an attempt to affect perceived levels of consensus or the magnitude of harm. The opportunity structure of deviance is both influenced by the actions of

social control agents and firms, and it informs the latter's willingness to strategically engage in deviance in the first place.

Overall, our work sheds light on deviant behavior as a strategic choice on the part of firms—that is, on how advantage might be pursued *through* deviance, defined as the strategic violation of established laws and norms—complementing existing research on organizations operating in the so-called "informal economy" (Webb et al., 2009). Deviant firms ranging from start-ups positioning themselves in outright opposition to the law (e.g., such as those developing products around Schedule I drugs) to firms engaged in counter normative practices (e.g., manufacturers of robot sex dolls) in fact provide an organizational context ripe for exploration, and their study can undoubtedly help scholars to understand, for example, how and why deviance can persist and thrive (Hudson, 2008), as well as what its strategic benefits can be (Helms & Patterson, 2014; Roulet, 2019). In turn, this work can have relevant implications for a broader set of organizations which may benefit from "breaking free" from rules and norms, or that may have difficulties pursuing competitive advantage otherwise.

Implications for theory

The social control of organizations. Our work also contributes to theory by extending and complementing existing work on social control and organizational deviance in several ways. Primarily, our paper seeks to extend the study of social control to organizational contexts. While much sociological and organizational research has conceptualized the role that social control plays in curbing deviance among individuals, less attention has been paid to the social control of organizations (for notable exceptions see Ermann & Lundman, 1978; Vaughan, 1998; Zald, 1978). On this front, our theory proposes a counterintuitive role for social control in shaping the trajectory of organizational deviance. Research on social control has traditionally focused on the ways in

which agents prevent particular types of behavior or punish particular actors (Greve et al., 2010). As noted by Leavitt et al. (1978: 277), however, "organizations don't sit quietly waiting for other people to make the rules, nor do they passively accept whatever government or some other group imposes." Social control thus becomes not the mere imposition of penalties, but rather a complex—and often contentious—process in which both deviants and social control agents play an active role (Roulet & Pichler, 2020). As a result of this process, deviant behavior is sometimes curbed and suppressed, while being accommodated and even made permanent at other times, which suggests that under certain circumstances, deviance can pay off, not *in spite of* social control, but *because* of it—as illustrated, for example, by the Fininvest and MMA examples, where social control de facto institutionalized (formerly) deviant behavior. Such a conceptualization invites consideration of the ways in which organizations are able to use resources, relationships, and social skills to influence the trajectory of deviant behavior, allowing us to advance a more dynamic perspective on the social control of organizations and its outcomes.

Expanding our understanding of organizational deviance. Along similar lines, our work also expands on existing scholarly conceptualizations of organizational deviance and deviant organizations (specifically firms). While the organizational behavior literature has taken a relatively value-neutral approach to deviant behavior (e.g., Mainemelis, 2010; Spreitzer & Sonenshein, 2004; Vadera, Pratt, & Mishra, 2013), organization and field-level work on deviance has prevailingly painted deviant behavior by organizations in a negative light, with an emphasis on the negative consequences of deviance for the offending organizations (Pozner & Harris, 2016) and bystanders (Jonsson, Greve, & Fujiwara-Greve, 2009; Paruchuri & Misangyi, 2015; Piazza & Jourdan, 2018).[16]

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[16] Institutional entrepreneurship approaches also tend to be value-neutral, but they focus on systemic change and do not explicitly conceptualize non-conforming behavior as deviant.

While our framework explicitly allows for the possibility that deviance will be ultimately repressed, it also fleshes out the ways in which deviance can be accommodated, thereby persisting. While the literature on social control at the individual level has traditionally devoted little attention to the agency of the actors that are subjected to social control (Tucker, Orlando, Elliott, & Klein, 2006), organizational deviance presents an interesting opportunity of doing so, inasmuch as organizational actors typically have access to social and economic resources that often allow them to mount an effective response to social control attempts. Furthermore, one of the key features of our approach is that it places theoretical emphasis on the interactions taking place between social control agents and deviants (Thiemann & Lepoutre, 2017). We are hopeful that this will result in a renewed focus on public and private arenas of dispute resolution such as the court system and regulatory agencies, as well as more private dispute resolution systems, such as arbitration, where interpretation and implementation of rules are negotiated and conflict is resolved (Vaughan, 1998).

Boundary conditions

In our theory development, we have sought to shine a light on understudied types of organizational actors and processes, and in so doing provide fertile ground for scholarly inquiry in novel directions. Our framework, however, is also inevitably limited in scope and hinges on a number of simplifying assumptions. For one, we do not theorize about the conditions under which a given behavior will be recognized as deviant or not, instead taking as a starting point that social control agents are activated. This notwithstanding, we recognize that perceptions of deviance can often be traced back to a number of factors. We do hope that further work will draw on the rich literature on this topic in sociology and criminology to theorize about the conditions under which the behavior of organizations may—or may not—come to be seen as deviant. Along similar lines, we also refrained from addressing the question of what drives firms to engage in behavior that may

be seen as deviant. Frequently, firms do so in the pursuit of cognitive legitimacy (Garud, Kumaraswamy, Roberts, & Xu, 2020), because they benefit from upending the status quo (Taeuscher, Bouncken, & Pesch, 2021), or because they seek to burnish their image with an important stakeholder group, irrespective of the potential consequences of doing so (Helms & Patterson, 2014; Roulet, 2019). We regard both of these aspects as interesting directions for future research.

Further, we only looked at instances where social control agents will intervene when presented with, or made aware of, organizational deviance. While we think this assumption is reasonable in most cases, we also recognize that there are settings in which social control agents might not intervene, or only do so in a limited fashion—in inchoate fields such as emerging industries, for example, or in settings where social control agents are weak (Heese, Krishnan, & Moers, 2016) or have limited legitimacy (Funk & Hirschman, 2014). Rules might also be contested because a consensus around them at the field level has not yet formed (Durand & Vergne, 2012). In this regard, an interesting model extension would relax the assumption of an intervention by social control agents, instead explicitly including the likelihood of such a response into the model. In so doing, the agentic dimension of social control could be explicated even further.

In our theorizing, we have also sought to build a model that is agnostic to the motivations that may drive social control or the specific social control agents involved; in other words, our arguments deliberately do not hinge on the reasons why specific social actors may wish to take up the social control mantle, nor about the kinds of organizations that ultimately choose to do so. While this simplification was necessary for theoretical parsimony and to make our theoretical framework tractable, social actors undoubtedly differ in terms of both their underlying motivations for exerting social control and—just as importantly—the forms of sanctioning available to them.

This is especially the case for government actors, whose power generally exceeds that of private entities, so that certain forms of social control (e.g., executive action) are their exclusive prerogative. An interesting extension of our work, therefore, would be to explicitly consider how specific motivations, or the involvement of specific actors as social control agents, relate to the process of social control. Along similar lines, there may be additional dimensions to social control beyond cooperativeness and formality that we have not explored. For example, social control could vary in intensity—similarly to Black's (1998) conceptualization of the "quantity" of social control—and it could also be more or less effective in curbing deviant behavior. We regard these as interesting directions for future inquiry, as well.

Finally, we deliberately left out of the model the possibility that deviants may be able to evade sanctioning entirely (Elert & Henrekson, 2016; Thiemann & Lepoutre, 2017), so that social control becomes de facto impossible. This could happen, for example, when "firms engage in novel activities that are difficult to interpret within existing regulatory frameworks" (Funk & Hirschman, 2017: 32) or when deviance is covertly perpetrated. While opportunities to evade social control can and do exist, however, they are hardly an equilibrium state and are thus likely to be transient. Government actors such as regulators can be assumed to eventually catch up with most firm behaviors, and firms are rarely able to evade scrutiny for long—especially from social control agents such as competitors and watchdog organizations who have relatively fewer constraints. It is our belief that behavior that is labeled as deviant will eventually be policed, and the process we have theorized will play out, albeit on a delayed timeline.

CONCLUSION

Strategic violations of laws and norms by organizations increasingly make news headlines, shaping collective understandings of the appropriateness of firms' choices as judged by social control

agents in the process. Despite its potential upsides, however, organizational deviance typically triggers the intervention of social control agents whose purpose is to ensure that rule systems are not upended. As a result, existing work has not offered a clear picture of the trajectory of organizational deviance or of whether counter normative behavior might ultimately be advantageous for firms, and if so, under what conditions. We have sought to develop theory aimed at addressing these issues, grounded in the social control literature. We hope that our efforts will spark further examination of macro-level deviant behavior, recognizing it not only as an important source of change in market settings, but also as a potential driver of strategic advantage for firms.

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Figure 1. The social control of organizational deviance (process model).
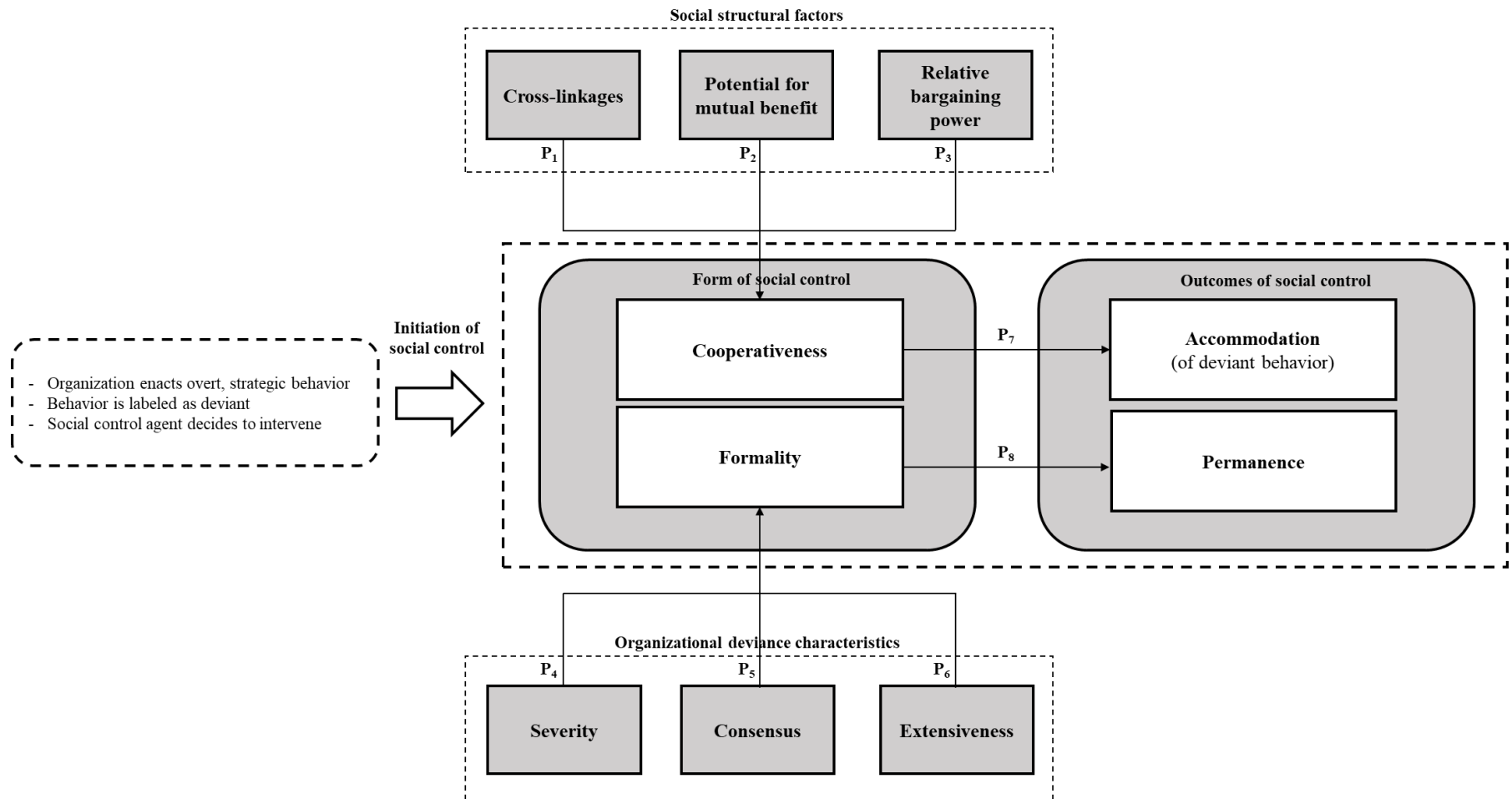
Table 1. Selected examples of organizational deviance and its associated social control.

Deviant firm(s)	Organizational deviance features	Social control outcome
Uber	Violation of state and local laws regulating taxi and limo services	Various U.S. cities (NYC, Austin, Houston, San Antonio, Philadelphia) initially banned Uber, then passed regulations restricting its operations; in some cases, Uber was able to overturn these regulations in part or in whole through lobbying and legal action
Airbnb	Violation of local housing laws and regulations concerning temporary accommodations, most notably in NYC	After Airbnb sued to block a New York State law imposing heavy fines on people who advertise illegal short-term rentals, a settlement was reached requiring Airbnb to turn over host information
Napster	Creation of a service that allowed peer-to-peer filesharing of copyrighted content	Ceased operations, filed for bankruptcy and eventually had to liquidate its assets after losing in court
Aereo	Creation of a service that allowed subscribers to view over-the-air television on Internet-connected devices	Had to cease operations following an unfavorable U.S. Supreme Court decision
Fininvest	Creation of a nationwide network of private television stations, in violation of Italian law	Following a lawsuit by the Italian state broadcaster, local judges ordered Fininvest to shut down all transmissions, but the company exploited government connections to get laws passed allowing it to continue operations
Scooter companies (Bird/Lime/Spin)	Dissemination of thousands of electric scooters over city sidewalks in San Francisco without permission	The City of San Francisco initially prohibited Bird, Lime and Spin from operating, leading to lawsuits; eventually an agreement allowing the companies to operate was reached
KinkySDolls	Proposed opening of a "robot brothel", where human-like dolls can be rented to be used in private rooms at the location by the hour	Following protests and public outcry, the Houston City Council banned the "robot brothel" from opening through an *ad hoc* ordinance
Ultimate Fighting Championship (UFC)	Promotion of the controversial, full-contact combat sport known as Mixed Martial Arts (MMA)	UFC was instrumental to the passage of state legislation regulating MMA, which is now permitted in most of the United States
Smart gun manufacturers	Development of firearms that allow only their designated owners to fire through fingerprint recognition	A boycott on the companies manufacturing smart guns led them to abandon the technology in order to preserve sales of their other products

| Producers of plant-based meat substitutes | Labeling of plant-based meat substitutes as meat | Cattle ranchers associations and farm bureaus put pressure on U.S. state governments to pass laws prohibiting the labeling of plant-based food using terms such as "sausage" or "burger"; producers of plant-based meat substitutes have sued states--such as Louisiana--that have implemented such measures |

Table 2. Stylized forms of social control by cooperativeness and formality.

		Cooperativeness		
		Low	Moderate	High
Formality	Low	Boycott	Mediation	Informal agreement
	Moderate	Cease-and-desist letter	Arbitration	Formal contracting
	High	Unilateral executive or legislative action	Litigation	Participatory rulemaking

Table 3. Stylized social control outcomes by degree of accommodation and permanence of deviant behavior.

		Accommodation		
		Low	Moderate	High
Permanence	Low	The deviant behavior is suspended	Aspects of the deviant behavior are allowed to continue on an ad hoc basis, others are suspended	The deviant behavior is allowed to continue as is on an ad hoc basis
	Moderate	The deviant behavior is temporarily suppressed	Aspects of the deviant behavior are temporarily accepted, others are suppressed	The deviant behavior is temporarily accepted as is
	High	The deviant behavior is permanently banned	Aspects of the deviant behavior are institutionalized, others are banned	The deviant behavior is institutionalized as is

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