

Strategic Culture and Environmental Dimensions as Determinants of Anomie in Publicly-Traded and Privately-Held Firms

Jean L. Johnson, Kelly D. Martin, and Amit Saini

ABSTRACT: Anomie is a condition in which normative guidelines for governing conduct are absent. Using survey data from a sample of U.S. manufacturing firms, we explore the impact of internal (cultural) and external (environmental) determinants of organizational anomie. We suggest that four internal organizational factors can generate or suppress organizational anomie, including strategic aggressiveness, long-term orientation, competitor orientation, and strategic flexibility. Similarly, we argue that external contextual factors, including competitive intensity and technological turbulence, can influence organizational anomie. We extend anomie and ethics research by considering the impact of these firm cultural and environmental factors according to whether firms are publicly-traded or privately-held. Findings demonstrate that a number of firm cultural and environmental factors can generate or reduce anomie in firms. Moreover, strategic aggressiveness, long-term orientation, and strategic flexibility influence organizational anomie differently depending on whether the firm is publicly-traded or privately-held. Theoretical and practical implications of our findings are discussed.

GIVEN THE DIRE CONSEQUENCES of organizational ethical failures in terms of damage to reputation, loss of credibility in the market, and enormous tangible and intangible costs, it behooves firms to understand their genesis (De Cremer, Mayer & Schminke, 2010). Anomie, a collective condition characterized by the absence of normative guidelines that curb and constrain behavior to the range of ethical and legal boundaries (Martin, Johnson & Cullen, 2009), has been linked to the potential for ethical failures at the firm level (e.g., Cohen, 1993; Martin et al., 2009) and across national cultures (e.g., Cullen, Parboteeah & Hoegl, 2004; Martin, Cullen, Johnson & Parboteeah, 2007). In organizations characterized by anomie, premises such as “get it done anyway you have to” or “sometimes you have to break the rules to win” predominate, further illustrating how anomie can lead to organizational ethical failures. As such, by understanding the determinants of anomie, firms may be able to adapt and manage the conditions that give rise to it, thereby stemming potential ethical failures.

Despite its importance as an underpinning of ethical problems and failure, little is known about the determinants of organization-level anomie. Treatments of organizational anomie are rare to nonexistent; however, those examinations that do exist suggest that anomie derives from factors in the firm’s internal context and factors in the firm’s external context. Specifically, past research implies that organizational culture (internal) influences development of anomie in the firm (e.g., Cohen, 1993) and that turbulence and change in the firm’s environment (external) associates with

development of anomie in the firm (e.g., Martin et al., 2009). Taking a cue from this limited extant work, we argue that organizational anomie derives from two sets of contextual factors internal and external to the organization. Internally, we examine elements of the firm's strategic culture, and externally, we examine aspects of the firm's external environment that give rise to anomie. We also consider whether the firm is publicly-traded or privately-held.

In terms of the internal organizational context, we draw from anomie theory (e.g., Durkheim, 1966/1951; Merton, 1968) to identify four strategic culture dimensions that influence anomie in the firm including 1) strategic aggressiveness, 2) long-term orientation, 3) competitor orientation, and 4) strategic flexibility. Past work investigating internal organizational culture has considered humanistic and caring dimensions, communication transparency and openness dimensions, safety dimensions (e.g., Ashkanasy, Broadfoot & Falkus, 2000; Kuenzi & Schminke, 2009), innovativeness dimensions (e.g., Christensen & Raynor, 2003), and market oriented dimensions (e.g., Deshpandé, Farley & Webster, 1993; Homburg & Pflesser, 2000). Here, because strategic aggressiveness, long-term orientation, competitor orientation, and strategic flexibility involve competitive and market facing domains, we consider these culture dimensions as the organization's strategic culture. In the paper's conceptual development, we advance the notion that these internal culture dimensions can give rise to organizational anomie.

In terms of external organizational context, we investigate two environmental factors identified in the literature as important including 1) competitive intensity and 2) technological turbulence (e.g., Kirca, Jayachandran & Bearden, 2005; Zhou, Yim & Tse, 2005). Decades of research (e.g., Baucus & Near, 1991; Dess & Beard, 1984; Zhou et al., 2005) show that an organization's external environment is important and impacts a vast array of outcomes including ethical outcomes (Sama, 2006). Likewise, anomie theory (Durkheim, 1966/1951) and recent related theoretical advances (Martin et al., 2009) indicate that environmental factors could also give rise to organizational anomie.

Finally, we explore how the ownership structure of the organization—whether it is publicly-traded or privately-held—will affect the strength of the relationships between the internal and external context factors and anomie. Drawing from research suggesting that managerial and strategic practices differ substantially by ownership structure (e.g., Boatright, 2004; Fama & Jensen, 1983b; George, 2005), we expect internal and external factors to vary in their influence on organizational anomie depending on firm ownership. We highlight important differences between public and private firms with respect to transparency, accountability, and access to labor and capital markets. Our conceptual development demonstrates how these differences can either exacerbate or subdue conditions prone to anomie in the organization. We first distinguish how the influence of the strategic culture (strategic aggressiveness, long-term orientation, competitor orientation, strategic flexibility) on anomie will differ depending on whether the firm is publicly-traded or privately-held. Likewise, we delineate how the impact of the external context (competitive intensity, technological turbulence) of the organization's industry environment on

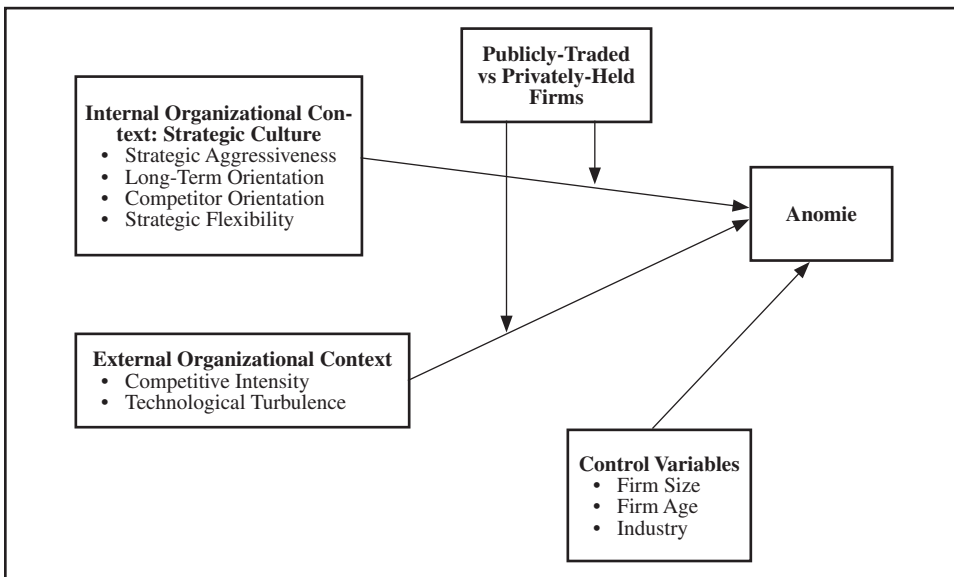


Figure 1. Conceptual Model

anomie will differ for publicly-traded versus privately-held firms. Figure 1 depicts our model and overall representation of the study relationships.

We make multiple contributions to organizational ethics research by offering a systematic empirical investigation of how organizational anomie (an important ethical determinant) can develop by examining internal and external contextual factors. We begin by providing a multifaceted conceptualization of anomie that considers it in terms of disruption, uncertainty (Durkheim, 1966/1951), and strain (Merton, 1968). Given apparent and increasing proliferation of ethical issues and concerns (e.g., De Cremer et al., 2010), coupled with the difficulty in controlling and understanding these complex phenomena, our study provides key insights into the underpinnings of anomie in the organizational context that allow it to take root and become normalized (e.g., Ashforth & Anand, 2003) and perhaps eventually even displace normative ethical frameworks such as ethical climates (e.g., Martin & Cullen, 2006; Martin et al., 2009; Victor & Cullen, 1988). Grounded in evidence that publicly-traded and privately-held firms face different pressures and differ in intra-organizational processes (e.g., George, 2005), our study further contributes to organizational ethics research by providing a rare glimpse into how the potential roots of unethical behavior evolve and emerge differently as a function of ownership.

ORGANIZATIONAL ANOMIE AND CONTEXTUAL DETERMINANTS

Anomie is best described as a collective state “social disequilibrium where the rules once governing conduct have lost their savor and force” (Merton, 1968: 226). Anomie evolves in the situation where goal driven individuals and collectives are subjected to disruption, uncertainty (Durkheim, 1966/1951), and strain (Merton, 1968). As a result, these individuals and collectives are tempted and pressured to abrogate ethi-

cal norms and use illicit, perhaps even illegal means to accomplish valued goals. Disruption- and uncertainty-related anomie happens in periods of rapid and radical change such that norms, rules, and regulations providing guidance and frameworks for limiting behavior become inadequate or are simply nonexistent as erratic conditions outpace any normative structure in place (Durkheim, 1966/1951). Likewise, embracing lofty goals when there are no reasonable accessible means to achieve them means that strain and ultimately anomie develop, manifesting in temptations and pressures to use illegitimate, illicit, and sometimes even illegal means to accomplish valued goals (Merton, 1968). The strain resulting from asynchrony between goals and socially acceptable means for achieving goals outstrips any existing normative or institutional curbs and limitations on behavior.

Whether induced by disruption and uncertainty or by strain, firm-level anomie involves the simultaneous degradation of certain norms, specifically ethical norms, and the rise of other antisocial norms where ruthlessness and perhaps even illicitness prevail. The rejection of commonly held social norms and values, and a “do whatever it takes” mentality characterize anomie. At the organization level, ethical norms are displaced by the willingness of managers and strategic decision makers to “have no moral qualms” (Rosenfeld & Messner, 1997: 214) about choosing whatever means necessary to achieve their goals, even at the expense of ethical and legal boundaries (Martin et al., 2009). In anomic organizational contexts, regardless of its acceptability, legitimacy, or legality, the pressure, and sometimes even the expectation, is to take any path that leads to the achievement of performance goals.

Internal Organizational Contextual Factors: Strategic Culture

We argue that in organizations, cultural factors, specifically strategic cultural dimensions can result in the breakdown of ethical norms and values in the organization, exerting pressure to engage in illicit and illegitimate behavior to achieve performance goals. Organizational culture has been defined as the system of shared meanings, assumptions, and underlying values in an organization along with the taken for granted patterns of responses regarding goals and practices (Schein, 2004). Part of the larger organizational context (Kuenzi & Schminke, 2009), organizational culture and climate concepts have long been juxtaposed (e.g., Reichers & Schneider, 1990; Schein, 2000; Schneider, 2000). Although some scholars seem to use the terms interchangeably (e.g., Schneider, 2000), others see the concepts as related but distinct (e.g., Kuenzi & Schminke, 2009; Trice & Beyer, 1993). Climate is cast as shared perceptions of the way things are done, including shared perceptions of organizational policies, practices, and activities, both formal and informal (Kuenzi & Schminke, 2009; Reichers & Schneider, 1990). Thus, like culture, climate pivots on shared meanings (Schneider, 2000). Climate has been treated with specific referents such as a service climate (Dietz, Pugh & Wiley, 2004), a safety climate (e.g., Zohar, 2000), and ethical climates (Schminke, Arnaud & Kuenzi, 2007; Victor & Cullen, 1988). Likewise, scholars have noted that culture also is multidimensional consisting of various subcultures and components (Reichers & Schneider, 1990; Schein, 2004).

Some perspectives cast culture and climate as reciprocal (Reichers & Schneider, 1990) with climate as the manifestation or an artifact of culture (Schein, 2004) that feeds back and reinforces it. Also, scholars suggest that culture may be deeper and less consciously held in the organization (Kuenzi & Schminke, 2009; Schein, 2004). In reality, the debate of culture-climate contrast may never be resolved.¹ With full appreciation of the distinctions and commonalities between climate and culture, the notion and sense of depth are consistent with conceptualizations of the firm's strategic culture (e.g., Schein, 2004). Thus, we cast strategic culture as the system of shared meanings, assumptions and underlying values related specifically to market facing and competitive advantage. It involves the taken for granted patterns of responses regarding the organization's strategic goals and practices, and includes norms, values, and collective beliefs (e.g., Schein, 2004) relevant to how the organization competes and approaches market interactions. Strategic culture provides meaning, frameworks for sensemaking, and to some extent guidelines associated with how the organization engages in and carries out its commercial endeavors.

Although some studies have investigated the association between organizational culture and performance (e.g., Tellis, Prabhu & Chandy, 2009; Wilderom, Glunk & Maslowski, 2000), the implications and outcomes of strategic culture are still unfolding. With the exception of Venkatraman (1989), treatments of strategic culture in the literature are fragmented, focusing on a single element such as a market oriented culture (Deshpandé et al., 1993), a customer focused culture (e.g., Homburg & Pflesser, 2000), or an innovativeness culture (Gatignon & Xuereb, 1997). Yet, these works demonstrate that strategic culture dimensions associate with firm performance. Here our central premise is that culturally induced performance pressures evolve from the organization's strategic culture and influence anomie. In anomic organizations, individuals may be tempted and pressured to deviate from normatively accepted mechanisms for achieving important outcomes like competitive advantage, market dominance, or profit.

As our review suggests, a number of dimensions could comprise an organization's strategic culture. Given that we focus on explaining organizational anomie, anomie theory and its underpinnings provide guidance in isolating those strategic culture dimensions relevant to it. Certain strategic cultural factors in the organization particularly contribute to disruption, uncertainty and strain due to asynchrony in goals and means, and thus develop anomie. Specifically, we argue that the strategic culture dimensions of strategic aggressiveness, long-term orientation, competitor orientation, and strategic flexibility are particularly relevant in understanding anomie. Below we conceptualize each and explicate their influence on anomie.

Strategic Aggressiveness

Firms intent on achieving competitive dominance possess a strategically aggressive culture (Hamel & Prahalad, 1989; 1994; Johnson & Sohi, 2001). A strategically aggressive culture implies that all in the organization understand that efforts to win competitively, get ahead, and dominate markets are incessant (Venkatraman, 1989). Throughout the organization, the expectation is of a willingness to forcefully challenge for performance gains (Ferrier, 2001). Strategic aggressiveness implies that

the organization is ambitious with regard to growth and supremacy in its markets, devoting all possible resources and working in all possible ways to pursue these objectives (Hamel & Prahalad, 1989; 1994).

Although strategic aggressiveness is a helpful ingredient for marketplace success, it has the potential to create anomic conditions in the organization. In a strategically aggressive culture, goal setting may be unrealistically ambitious. The probability for creating anomic conditions may be heightened when unrealistic goals are further obfuscated by a lack of means for achieving them. Perhaps undue focus on winning and dominance may lead to a prioritization of organizational goals without consideration for the means to reach those goals. This disjuncture between goals and means can create strain and thus the classic conditions for anomie. Likewise the frenetic and perpetual focus on dominance and winning may result in disruption and uncertainty; again the classic conditions for anomie. Therefore, we posit:

Hypothesis 1. A strategically aggressive organizational culture positively relates to anomie in firms.

Long-Term Orientation

Organization-wide belief in and focus on long-term initiatives rather than short-term gains suggests a long-term oriented culture (Pesämaa & Hair, 2007). A long-term orientation prioritizes future goals and initiatives, and values sustainable competitive advantage that is both gained and developed over a number of years (George, Wicklund & Zahra, 2005). Long-term oriented culture eschews a narrow focus on quarterly financial goals. Indeed, Tellis and colleagues (2009) identify the importance of looking beyond immediate gains and embracing a future oriented perspective as key in an organization's strategic culture, suggesting that such firms are cognizant of current asset and resource limitations and realize that they must look beyond the immediate. Long-term orientation involves persistence, patience, and commitment of dedicated resource investments over a longer time horizon (George et al., 2005).

Since building and maintaining an enduring competitive advantage requires commitments over a longer time horizon, some organizations may be tempted to focus primarily on the short-term, or specifically on quarterly earnings (Tellis et al., 2009). A short-term firm strategic culture suggests that a sense of disruption and uncertainty may pervade the organization. Pressure to achieve goals in time-compressed conditions also can create a disconnect from existing normative structures, forcing organizational members to resort to any possible means to meet their goals. In contrast, focusing on the organization's longevity can potentially alleviate the pressures for urgent and immediate performance. The steady, stable organizational context in place as a result of a long-term oriented strategic culture provides a less disrupted context where organizational members face less uncertainty and realize they will be allowed time for programs and activities to play out and produce results. Thus, we hypothesize:

Hypothesis 2. A long-term oriented organizational culture negatively relates to anomie in firms.

Competitor Orientation

A competitor orientation involves the extent of a firm's understanding of the multi-dimensional points of superiority and deficiency between itself and its competitors (Day & Nedungadi, 1994). It also involves the pursuit, at least implicitly, of competitor oriented goals. A focus on strengths and weaknesses of specific competitors, and the benchmarking of programs and activities against competitors, permeates the organizational fabric (Armstrong & Collopy, 1996). In a competitively oriented strategic culture, the emphasis is on the ability to anticipate competitive actions to facilitate preemption of competitor actions (Narver & Slater, 1990). Accordingly, organizations predominated by a competitor orientation shape most of their strategic actions with the known or potential actions of significant peer organizations in mind (Kohli & Jaworski, 1990).

Ultimately, an organization's fixation on their competitors can result in disruption and uncertainty. In essence, the organization's actions and directions are dictated by others, namely peer competitors. The sense of chaos that could easily result from a competitor-centered strategic culture means disjointed and unstable strategies, top management team dissension, and low levels of confidence in strategic actions (Day & Nedungadi, 1994; Slater & Narver, 1994). Such characteristics can lead to instability in organizations, creating a perpetual state of disruption and uncertainty; conditions where anomie burgeons. Thus we posit:

Hypothesis 3. A competitor oriented organizational culture positively relates to anomie in firms.

Strategic Flexibility

Strategic flexibility refers to the organization's shared commitment and purposive intent to formulate, configure, and reconfigure so that firm specific options are generated for strategic response to the unforeseen (Johnson, Lee, Saini & Grohmann, 2003). Strategic flexibility involves the firm's general predisposition toward adjusting so that initiatives and opportunities can be created and seized. In addition, strategic flexibility involves the collective belief in the value of accommodating changeable conditions and guarding against unforeseen threats (Johnson et. al., 2003). Research has considered a strategic culture of flexibility as manifest specifically in resource allocation decisions with regard to resource slack (e.g., Zhou & Wu, 2010). The norm of holding resource slack works as a cushion that facilitates responses to changing conditions such as emerging opportunities; on the other hand rigidly committing all available resources signals that strategic flexibility is not valued and embraced in the organization (Zhou & Wu, 2010).

Strategic flexibility, especially as manifest in resource slack, indicates that the means to achieve goals are in place and available in the organization (Matthyssens, Pauwels & Vandenbempt, 2005). In inflexible strategic cultures where resources are totally committed with no ability to redeploy or adjust, when opportunities arise for performance achievement, blockage occurs because there are limited or no resources with which to work when the organization's goals are at risk or when they could be readily achieved in alternative ways. Because strategic flexibility implies resources

are available (e.g., Zhou & Wu, 2010), it acts as a facilitator of goal achievement rather than as blockage, thereby diminishing the rise of anomie. Likewise, having resources available to accomplish valued goals and objectives suggests less uncertainty and disruption, diminishing the potential for anomie. This leads us to posit:

Hypothesis 4. A strategically flexible organizational culture negatively relates to anomie in firms.

External Organizational Contextual Factors

The impact of the environment on performance, as well as on organizational processes and activities more generally, has long been acknowledged (e.g., Dess & Beard, 1984; Pfeffer & Salancik, 1978). Some scholars have even suggested that an organization derives from what is understood and known about its industry context (e.g., Gordon, 1991). Grounded in this logic, we expect the organization's external context to influence anomie levels in the firm. This premise is consistent with recent treatments suggesting that change as triggered by external environments among other factors, gives rise to organizational anomie (Martin et al., 2009). Looking to the tenets of anomie theory, external contextual factors that result in strain (Merton, 1968), disruption and uncertainty (Durkheim, 1966/1951) likely influence the rise of anomie in the firm. As such, because of their capacity to cause strain and disruption in the organization, we focus on competitive intensity and technological turbulence as environmental factors that antecede anomie.

Competitive Intensity

Competitive intensity involves the severity and criticality of rivalries in the organization's industry (Van de Ven & Jeurissen, 2006). It means that participant organizations in an industry often vie for the same set of rewards and advantages (Slater & Narver, 1994). Programs and activities used by the organization in attempts to gain marketplace rewards and advantages are quickly matched and neutralized by competitors (Zhou et al., 2005). Naturally, such contexts could put performance goals and objectives out of reach. These fierce and hectic competitive contexts have vast implications for the organization, as far reaching as to impact firm survivability (Van de Ven & Jeurissen, 2006). Competitive intensity can severely threaten the organization, in some cases even greatly exacerbating organization-level pressures to succeed and survive (Baucus & Near, 1991).

Keeping with the central premises of anomie theory, we argue that in the face of competitive intensity, organizations may experience high levels of uncertainty and disruption. Constant upheaval and threats, perhaps even to survival, as organization members struggle to cope with and meet challenges, can result in a disconnect with normative frameworks that would typically curb and guide behavior. This suggests that anomie may develop. In addition, the frantic competitive situation faced by the firm can block goal achievement. The organization develops programs and activities that should garner marketplace rewards and accomplish objectives. Yet before rewards can be realized, these efforts are neutralized and blocked by competitors.

The blockage of important organizational performance objectives can pressure organizational actors to set aside rules and guidelines that limit behavior. Thus, we posit:

Hypothesis 5. A competitively intense organizational environment positively relates to anomie in firms.

Technological Turbulence

Defined as the rate of technology change in an industry (e.g., Jaworski & Kohli, 1993), technological turbulence implies that incumbent organizations are constantly advancing technology and proliferating new technologies, a vast majority of which involves product technologies (e.g., Zhou et al., 2005). Organizations face a constant churn with regard to marketplace offerings and shifting sands of customer expectations regarding product technologies. Accordingly, organizations in technologically volatile markets face increased pressures for significant adaptation and upheaval (Kirca et al., 2005).

As with competitive intensity, technological turbulence can generate both strain and disruption in the organization. Efforts to manage and cope with constant technological shifts can force the organization off balance and create pressure for circumvention of normative structures, perhaps even dislodging normative frameworks in place to curb behavior (Martin et al., 2009). Likewise, constant upheaval may act as a blockage toward achievement of valued goals. As organizations struggle to keep pace with technology advances, pressures build and anomie may arise. Thus, we suggest:

Hypothesis 6. A technologically turbulent organizational environment positively relates to anomie in firms.

Publicly-Traded and Privately-Held Firm Differences

In privately-held firms, typically, most if not all key top management positions are held by those who own the firm (Litz, 1995). In contrast, with publicly-traded firms, while they certainly may own stock in the firm, the top management team typically does not hold majority or even a substantive equity position in the organization (Durand & Vargas, 2003). This separation of ownership and control in publicly-traded versus privately-held firms has a number of implications (e.g., Fama & Jensen, 1983a; 1983b), three of which play a particular role in understanding firm-level anomie. Specifically, because differences in transparency, accountability, and access to labor and capital either exacerbate or subdue the disruption, uncertainty, and strain deriving from the strategic culture and environment, they will exacerbate or subdue the development of anomie deriving from strategic cultures and environmental factors.

With regard to transparency, in publicly-held firms, knowledge flows are established and formalized with knowledge and information widely diffused and residing in multiple locations throughout the firm (Schulze, Lubatkin & Dino, 2003). Relative to privately-held firms, reporting and oversight required by law for publicly-traded firms increases the observability of processes, activities, and investments for those inside and outside of the firm (Jensen, 1998). Additionally, research indicates that relative to privately-held firms, managerial systems and approaches in publicly-traded

firms tend to be more participative and thus more open in general (Schulze et al., 2003). By contrast, in privately-held firms, information flows are constrained and concentrated (Litz, 1995). Information regarding important strategic and operational domains such as investments, resources, strategic and growth plans, resides with a limited number of key owner-managers (Schulze et al., 2003; Trostel & Nichols, 1982).

Managerial accountability also derives from the heavy reporting requirements specified by law. In publicly-traded firms, managers must disclose extensive financial, investment, and performance information through routine reporting such as quarterly earnings reports and annual reports (Trostel & Nichols, 1982). In addition, stock market response to activities and decisions as well as efforts in attracting investors adds another lens through which managers in publicly-held firms are scrutinized (Casile & Davis-Blake, 2002; Howton, Howton & McWilliams, 2008). Given this visibility, managers' actions are necessarily constrained, with autonomy limits and consistent monitoring (Jensen, 1998). By contrast, privately-held firm's owner-manager actions receive less scrutiny and are subject to minimal reporting and disclosure requirements (Durand & Vargas, 2003). Accordingly, as opposed to their counterparts in publicly-held firms, owner-managers can act with substantially greater autonomy (Schulze et al., 2003). Research has even suggested that because disclosure is minimal, privately-held firms may be characterized by less participative management approaches (e.g., Schulze et al., 2003; Trostel & Nichols, 1982).

Additionally, relative to privately-held firms, publicly-traded firms have greater access to capital and labor markets. Publicly-traded firms have access to equity funds and actively participate in capital markets in multiple ways (Boatright, 2004; George, 2005). Privately-held firms have limited access to equity funds and often face constrained resource situations where they must rely on internally generated cash (Durand & Vargas, 2003). Not surprisingly, evidence suggests that owner-managers are more concerned with asset utilization relative to their counterparts in publicly-traded firms (Trostel & Nichols, 1982). With regard to labor assets, research indicates that privately-held firms participate in labor markets to a lesser extent than publicly-traded firms because they often involve family networks and other closely connected individuals. When needs arise, owner-managers tend to draw on this limited labor pool rather than participate in the labor market at large (e.g., Litz, 1995; Schulze et al., 2003).

Because of transparency, accountability, and access to labor and capital markets, we expect that the impact of the organizational context on anomie will vary depending on ownership. Specifically, we argue that relative to privately-held firms, the anomie generating effects of strategic aggressiveness and competitor orientation will be dampened in publicly-traded firms for three reasons. First, even in the face of ambitious market and competitor dominance (goals that characterize strategic aggressiveness and competitor orientation), necessary openness and transparency in publicly-traded firms imply more available and accessible information regarding goals, progress toward goals, and program implementation. This information and knowledge will act to reduce uncertainty and disruption associated with pressures to dominate markets or best competitors. Second, the disclosure, oversight, and

participative management approaches in publicly-traded firms limits top manager autonomy, again serving to reduce uncertainty and disruption. The constrained autonomy curbs potential caprice in unrealistic targets and activities and provides for an understanding of expectations. These curbs, in turn, limit uncertainty and disruption, and thus limit the rise of anomie. Third, publicly-traded firms' extensive participation in capital and labor markets provides access to greater resources (e.g., Boatright, 2004). Managers facing aggressive goals or pressures to outpace competitors more likely have the means to achieve those goals and best competitors. Access to resources for goal achievement diminishes strain because goals are more synchronized with the means to achieve them, thus diminishing anomie in the firm.

By contrast, in privately-held firms, information is constrained, managers have more autonomy and less oversight, and thus the uncertainty and disruption deriving from strategic aggressiveness and competitor orientation will be amplified, in turn amplifying anomie. Individuals in the firm will be less informed, feel less secure and more threatened in the face of perhaps unrealistic goals. Also, limited access to capital markets implies limited resources to accomplish goals and dominate markets, thereby increasing strain from asynchronous goals and resources and in turn increasing anomie. Further, research has suggested that in owner-managed firms there can be a tendency to favor organizational insiders with advancement and rewards (Schulze et al., 2003), further contributing to uncertainty, disruption and strain, and thus anomie.

Based on reduced uncertainty, disruption, and strain associated with strategic cultures characterized by a long-term orientation, we expect the dampening effects on organizational anomie to be greater in privately-held firms than in publicly-traded firms. In privately-held firms when a long-term orientation is strong in the culture, issues with restricted information and managerial autonomy and possibly caprice will be less problematic in creating uncertainty, disruption and strain and, thus, anomie. Long-term orientation means that owner-managers cultivate a sense of stability and endurance visible in managerial action and decision making throughout the firm. Owing to this, disruption is minimized and individuals experience less uncertainty even in the constrained information and less participative contexts of privately-held firms. Long-term orientation implies enduring persistence and "staying the course," giving the sense that there is time to achieve goals and objectives in reasonable ways. By contrast, in publicly-traded firms, even with a long-term orientation in place, accountability to shareholders, stock prices, and earnings disclosures require managers to attend to short-term considerations. Although a sense of long-term orientation may pervade the firm, short-term pressures cannot be ignored in publicly-traded firms. These short-term pressures lead to uncertainty and disruption such that individuals may not have clear understanding of what they should and should not do to address short-term pressures and achieve short-term goals.

Publicly-traded firms, because they participate more extensively in capital and labor markets relative to privately-held firms, face fewer resource constraints. When this less constrained resource context combines with strategic flexibility, the ability to adapt and pursue emerging opportunities is greater. The access to labor and capital markets that typifies publicly-traded firms works in tandem with strategic flexibility

to reduce the asynchrony between goals and the means to accomplish them. Given limited access to capital and labor markets for privately-held firms, however, the benefits realized from strategic flexibility are likely more pronounced as the availability of slack resources ameliorates strain. In turn, the anomie deriving from strain induced by the asynchrony between goals and means will be even more diminished in privately-held firms. In publicly-traded firms, strategic flexibility will work less effectively toward goal accomplishment because of the general availability of and access to resources in the firm context. Strategic flexibility will provide relief from the possible strain due to asynchrony between goals and means, thus reducing anomie; however relatively more so for privately-held firms. Therefore, we hypothesize:

Hypotheses 7. Effects of strategic culture dimensions on anomie differ for publicly-traded versus privately-held firms such that, relative to publicly-traded firms:

- (a) *the positive influence of strategic aggressiveness is greater for privately-held firms,*
- (b) *the negative influence of long-term orientation is greater for privately-held firms,*
- (c) *the positive influence of competitor orientation is greater for privately-held firms, and*
- (d) *the negative influence of strategic flexibility is greater for privately-held firms.*

Further, with regard to the external organizational context, competitive intensity and technological turbulence for privately-held firms should result in greater levels of anomie relative to publicly-traded firms. In coping with troubled and volatile environments, access to information is critically important (e.g., Aldrich, 1979; Argote, 1982). Without information, managers cannot see and understand the effects of competitive intensity and technological turbulence, and therefore cannot adapt or formulate responses. Again, the transparency, information sharing, formalized information flows, and participative management structures that characterize publicly-held firms (relative to privately-held firms), come into play. These attributes provide organizational members of publicly-held firms enhanced ability to cope with disruption and uncertainty from competitive intensity and technological turbulence. Specifically, access to information will diminish the uncertainty and sense of disruption from volatile environments, preventing anomie generation. In contrast, where privately-held firms' information access is limited, information flow is restricted, and management structures tend to be less participative, pressures from disruption and uncertainty brought by volatile environments are exacerbated and thus, further aggravate anomic conditions. On this basis, we offer:

Hypotheses 8. Effects of external context factors on anomie differs for publicly-traded versus privately-held firms such that, relative to publicly-traded firms:

- (a) *the positive influence of competitive intensity is greater for privately-held firms, and*
- (b) *the positive influence of technological turbulence is greater for privately-held firms.*

METHOD

Study Design and Data Collection

We test our hypotheses in the context of organizations from two manufacturing industries in the United States, the two-digit North American Standard Industrial Classification codes 35 (Industrial and Commercial Machinery and Computer Equipment) and 36 (Electronic and Other Electrical Equipment and Components). This context is well-suited for our research objectives because these industries are characterized by a range of competitive intensity, technological turbulence, and drivers in the strategic cultures.

We combine qualitative and cross-sectional quantitative research approaches. The qualitative component of the study provided the foundation for the quantitative study. It was designed and conducted to validate the nomological net and served as a check to ensure that the model was appropriately bounded. The qualitative component also provided the basis for item refinement and aided questionnaire development, particularly focused on development of the anomie measure. Finally, the qualitative component involved pretesting of the questionnaire.

For the qualitative component, we interviewed seven managers from organizations located in a large midwestern city in the U.S. Respondents were briefed about the study objectives and asked open-ended questions pertaining to factors that could impact anomie. Results indicated that the strategic cultures and environmental conditions were well identified, and the conceptual model accurately represented the relationships of these factors with anomie. The construct operationalizations also were deemed appropriate. For pretesting, we administered the questionnaire to four respondents and observed first-hand the completion time, obstacles in the questionnaire flow, and comprehension problems in items or instructions. Following completion of the questionnaire, we debriefed the respondents to refine the questionnaire further.

For the cross-sectional quantitative study, we obtained a commercially available mailing list of 800 (400 each publicly-traded and privately-held) manufacturing firms. Our interviews revealed that the executives most knowledgeable about strategic cultures were senior level managers. Thus the key informant (Campbell, 1955) for each firm was identified as senior level executives who were (a) highly aware of the firm's strategic culture and (b) highly involved with the firm's strategic planning and implementation. The mailing list included names and contact details of senior executives. Additionally, we inserted three questions (job title, firm strategy awareness, firm strategy involvement) in our survey to verify key informant appropriateness. Survey packets were mailed to all key informants and included a cover letter describing the project and guaranteeing confidentiality. A one-dollar bill was attached as a response incentive along with a copy of the questionnaire and a postage paid self-addressed return envelope. Follow-up involved an identical survey package, which was mailed three weeks later to non-respondents.

Data collection yielded 186 usable responses (109 private firms and 77 public firms) of the possible 800, excluding 12 packages that were undeliverable. The respondents also could complete the online version of the survey; however, only

6.3% of surveys were completed online. Total response rate for the study was 22.3%, which compares favorably to other studies on related issues (e.g., Flannery & May, 2000). A comparison of early respondents with late respondents did not reveal any non-response bias (Armstrong & Overton, 1977). Respondent characteristics were in line with our expectations of key informants. Among the respondents, 43% were Vice Presidents, 16% were Directors, 8% were Presidents, and the rest were executives such as CMOs etc. On average, respondents had spent 6.82 years in that position, and 12.41 years with the firm. Stated awareness of firm strategies was 6.55 (on a 7-point scale with 7 being “Extremely Aware”) and involvement with strategic planning and implementation was 6.16 (on a 7-point scale with 7 being “Extremely Involved”).

Instrument Development and Measures

Existing measures were gleaned from the literature. However, two of our measures, anomie and long-term orientation, were new. The qualitative interviews with executives were valuable in the new scale construction as we drew on them to delimit construct domains and insure that potentially critical information was not missed. We measured all constructs with multiple items, which are shown in the Appendix. All item responses were captured on a one to seven Likert-type scale with appropriate anchors. Details for the measures follow.

First, to assess our dependent variable *anomie* we conducted multiphase psychometric testing, since such a scale had not been used in an organizational context. We began scale development by adapting items from an existing anomie scale from the crime and delinquency literature (i.e., Menard, 1995) as well as crafting new items representative of the theoretical domain. For example, the Menard scale (1995: 143) contained the item “At school, it is sometimes necessary to play dirty in order to win,” which was adapted to “At work, it is considered okay to play dirty to win.” We also created new items including “In our firm, the feeling is that the ends justify the means” and others involving rule-breaking, playing dirty to win, and the notion of “nice guys finishing last.” The six adapted items and the newly generated items resulted in 56 total questions. We consulted with academic experts in this field to refine this larger pool of items to 31. Questionnaires with the 31 items were distributed in three departments of a large organization, for a total of 61 responses. We then performed principal components analysis with varimax rotation to further refine our questions. The distilled item pool contained eight questions, which we then tested with another independent business sample. In this wave, 45 employees in a medium-sized healthcare organization completed the brief, eight-item questionnaire. The refined scale was reliable at .85, with average variance extracted at .63.

Long-term orientation involves the temporal orientation of the firm. Central to this construct is whether the firm adopts a long-term as opposed to a short-term focus in their strategic decision making. We developed this with a new scale based on findings from qualitative research with business decision makers, specifically seeking confirmation about which aspects of a firm are affected by such an orientation. Most respondents focused on strategies, goals, and performance as being part

of a long-term orientation, and thus, all of these were captured as individual items in our scale.

The remaining measures derived from the extant literature. For *strategic aggressiveness* we used the Johnson and Sohi (2001) scale involving strategic intent (Hamel & Prahalad, 1989; 1994) which captures the extent to which firms are competitively oriented toward winning in the marketplace. The *competitor orientation* construct was measured using the Narver and Slater (1990) scale, and is construed as the firm's evaluation of current and potential competitors' strengths, weaknesses, long-range capabilities, and strategies. *Strategic flexibility* was assessed using the Nohria and Gulati (1996) scale, which evaluated the potential firm impact of various resource reductions. Firms less affected by resource reductions are considered more strategically flexible. We used Jaworski and Kohli's (1993) *competitive intensity* scale, which included questions that assessed the "cutthroat" nature of competition in the industry and the frequency of competitive moves and promotional wars in the firm environment. We also measured *technological turbulence* with a scale created by Jaworski and Kohli (1993), which evaluated the speed and degree to which technology in the industry changes. Items included whether the technological developments in the industry were substantial, and firms' ability to forecast the evolution of technology in their industry's future.

For the control variables, *firm size* was measured as a categorical variable based on number of firm employees, *firm age* was assessed by year the firm came into existence, and firms' SIC code information was used to derive our *industry* dummy variable.

RESULTS

Common Methods Variance Analysis

To understand whether common method variance associated with a single informant created a bias in our data, we employed two iterations of the Harman's single factor test. First, we ran a principal components analysis. The unrotated factor solution produced seven distinct factors with eigenvalues greater than 1.0. The seven factors account for nearly 80% of the total variance. Furthermore, the first factor accounted for less than 30% of the variance, demonstrating evidence that a common factor was not present in the data. Second, as a more sophisticated common methods assessment (Podsakoff, McKenzie, Lee & Podsakoff, 2003), we used confirmatory factor analysis (CFA) to compare our model to a model constrained to a single factor. If common method variance poses a problem, a single latent factor would account for all the manifest variables. A significantly worse fit for the single factor model, however, provides evidence against common method bias. Thus, we linked all explanatory variables to a single factor, which produced a $\chi^2 = 4229.3$, d.f. = 704. The measurement model, in contrast, produced a χ^2 value of 871.3, d.f. = 475 demonstrating significantly improved fit ($p < .001$).

Although the Harman's test is commonly employed in survey research where both independent and dependent measures are obtained from a single informant, the literature suggests more stringent assessments of common method biases (e.g.,

Podsakoff et al., 2003). One particular test considers the structural relationships in the measurement model with the effect of a first-order latent common methods factor introduced. The path relationships in the hypothesized model are compared with those in the model containing the common methods factor, where all items are allowed to load on their theoretical constructs as well as a latent common methods factor. We incorporated a latent common method factor into our model and found that all the hypothesized relationships remained indistinguishable in terms of their direction and magnitude, with no significant or substantive differences between the hypothesized path coefficients in the two models (p approaching 1.0 for two tailed t-tests). Overall, these diagnostics suggest that the relationships between the constructs are not caused by systematic error inherent to our measurement method.

Construct Validation

We conducted confirmatory factor analysis (CFA) for measure validation. Individual item loadings as well as construct composite reliabilities and average variances extracted (AVE) statistics are featured in the Appendix. All items loaded significantly and substantively on their respective constructs ($p < .001$). Each construct demonstrates acceptable internal consistency, with each composite reliability (Fornell & Larcker, 1981) value greater than .80 (Nunnally & Bernstein, 1994). In addition, the recommended AVE benchmark of .50 (Fornell & Larcker, 1981) was exceeded for each construct.

To assess discriminant validity, we compared the square root of the AVEs to the correlations between the constructs for both our public and private firm samples (Fornell & Larcker, 1981). As shown in Table 1, the largest correlation between constructs was between strategic aggressiveness and long-term orientation ($r = .47$) which is less than the square root of AVE for strategic aggressiveness ($\sqrt{.72} = .85$),

Table 1. Descriptive Statistics: Mean, Standard Deviation, and Correlationsa

	1	2	3	4	5	6	7	8	9	10	11
1. Anomie											
2. Strategic Aggressiveness	-.28										
3. Long-Term Orientation	-.43	.47									
4. Competitor Orientation	.03	.27	.16								
5. Strategic Flexibility	-.06	-.03	-.11	-.06							
6. Competitive Intensity	.28	-.03	-.16	.19	.06						
7. Technological Turbulence	.09	.01	.01	-.03	.14	.20					
8. Ownership (private = 1)	.02	-.13	.09	.04	-.16	-.06	-.17				
9. Firm Size	.03	.04	-.06	-.12	.07	.20	.13	-.42			
10. Firm Age	-.02	-.00	.15	.08	-.19	-.05	-.19	.22	-.05		
11. Industry (manufacturing = 1)	.01	.02	.05	.05	.06	-.05	-.04	.02	.04	.09	
Mean	2.17	4.87	4.91	5.77	4.92	4.36	4.69	1.77	47.36	0.80	0.59
Standard Deviation	1.20	1.26	1.32	1.17	1.55	1.17	1.42	1.44	26.34	0.40	0.49

^aCorrelations at 0.15 and above are significant at $p < .05$; Correlations at 0.19 and above are significant at $p < .01$.

and less than the square root of the AVE for long-term orientation ($\sqrt{.71} = .84$), in evidence of discriminant validity.

Hypothesis Testing: OLS Moderated Regression

Results of hypotheses testing are featured in Table 2. Hypotheses 1 through 4 examined the role of the internal organizational context, i.e., strategic culture in organization-level anomic conditions. Hypothesis 1 posited strategic aggressiveness would exacerbate anomie. Although this relationship was significant, surprisingly, it was negative rather than positive ($\beta = -.26, p < .05$). It may be that while strategic aggressiveness would certainly lead to strain and disruption, as an element of the firm’s culture, strategic aggressiveness also acts to reduce uncertainty. Strategic cultures, by definition involve shared meanings and assumptions, collectively held beliefs, and patterns of behaviors known by all. Because of all this understanding and buy-in that permeates the firm, strategic aggressiveness could act to reduce

Table 2. Hypotheses Testing: Ordinary Least Squares Regression Results

Explanatory Variable		β	s.e.	t-value	
Internal Organizational Context:					
Strategic Culture					
Strategic Aggressiveness	H1 (+)	-.26	.10	-2.24	*
Long-Term Orientation	H2 (-)	-.28	.12	-2.51	**
Competitor Orientation	H3 (+)	.08	.15	0.77	
Strategic Flexibility	H4 (-)	-.18	.24	-1.75	*
External Organizational Context					
Competitive Intensity	H5 (+)	.21	.15	1.74	*
Technological Turbulence	H6 (+)	.10	.14	0.96	
Ownership Interactions					
Public vs. Private Ownership		.06	.10	0.77	
Strategic Aggressiveness x Ownership	H7a (+)	.25	.13	1.85	*
Long-Term Orientation x Ownership	H7b (-)	-.15	.17	-1.26	†
Competitor Orientation x Ownership	H7c (+)	.00	.22	0.00	
Strategic Flexibility x Ownership	H7d (-)	-.11	.32	-1.15	†
Competitive Intensity x Ownership	H8a (+)	-.01	.18	-0.08	
Technological Turbulence x Ownership	H8b (+)	.01	.18	0.07	
Controls					
Firm Size		.03	.39	0.37	
Firm Age		-.01	.02	-0.20	
Industry		.05	.12	0.73	

Anomie $R^2 = .28$

† $p < .10$
 * $p < .05$
 ** $p < .01$

uncertainty and ameliorate anomic pressure. Indeed, our data seem to indicate that the uncertainty reduction deriving from a deeply seeded strategic aggressiveness in the firm culture trumps the strain and disruption in influencing anomie. As we predicted, long-term orientation had a strong and significant negative effect on anomie ($\beta = -.28, p < .01$), supporting Hypothesis 2. Competitor orientation had a positive effect on anomie as predicted, but this effect was not significant, failing to confirm Hypothesis 3. Strategic flexibility significantly reduced anomie ($\beta = -.18, p < .05$), supporting Hypothesis 4.

Next, Hypotheses 5 and 6 investigated the impact of external organizational conditions in promoting anomie. Hypothesis 5 was supported, as competitively intense environmental conditions had a strong and significant positive effect on anomie ($\beta = .21, p < .05$). Technologically turbulent conditions, however, did not significantly influence firm-level anomie. Thus, the results failed to support Hypothesis 6.

Finally, in the moderated hypotheses (H7 and H8) we predicted that each internal and external context variable would influence anomie differently based on whether the firm was publicly-traded or privately-held. To aid interpretation of the moderating relationships, we plot the significant interactions in Figures 2, 3 and 4 respectively. In creating these plots, we used conventions of ± 1 standard deviation to characterize high and low levels of the strategic context variables for publicly-traded and privately-held firms. Scores were standardized to facilitate direct comparison across variables and relationships.

The moderated regression results largely confirm our expectations with regard to the firm's internal context. Specifically, ownership structure, i.e., whether the firm is publicly-traded or privately-held, positively moderates the strategic aggressiveness-anomie relationship ($\beta = .25, p < .05$), consistent with Hypothesis 7a. However, given that the main effect was negative, rather than positive as expected, the form of

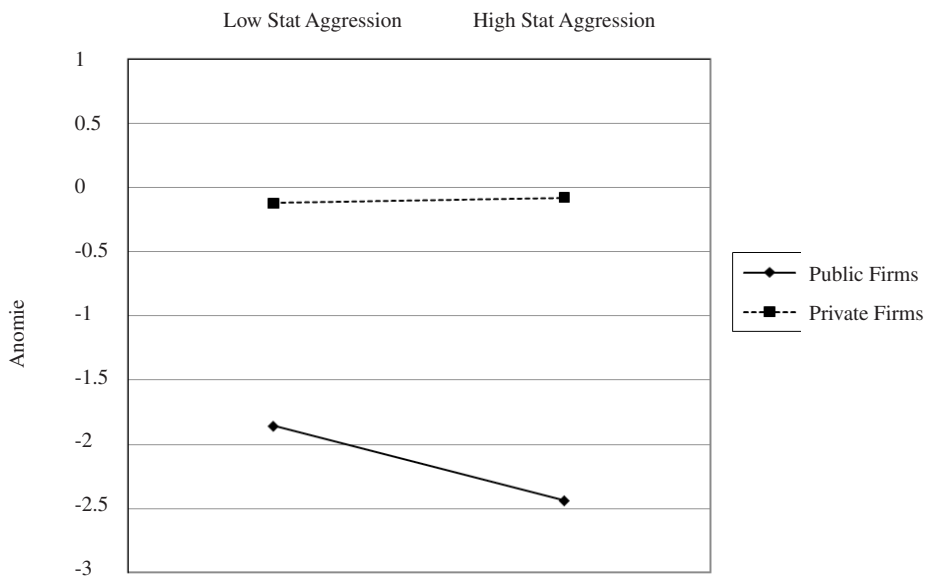


Figure 2. Anomie by Strategic Aggressiveness for Publicly-Traded and Privately-Held Firms

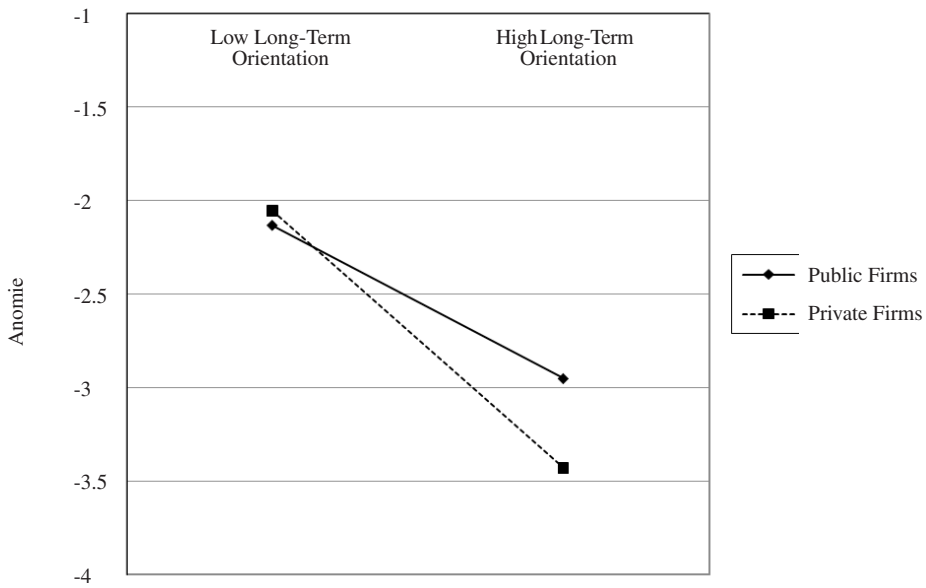


Figure 3. Anomie by Long-Term Orientation for Publicly-Traded and Privately-Held Firms

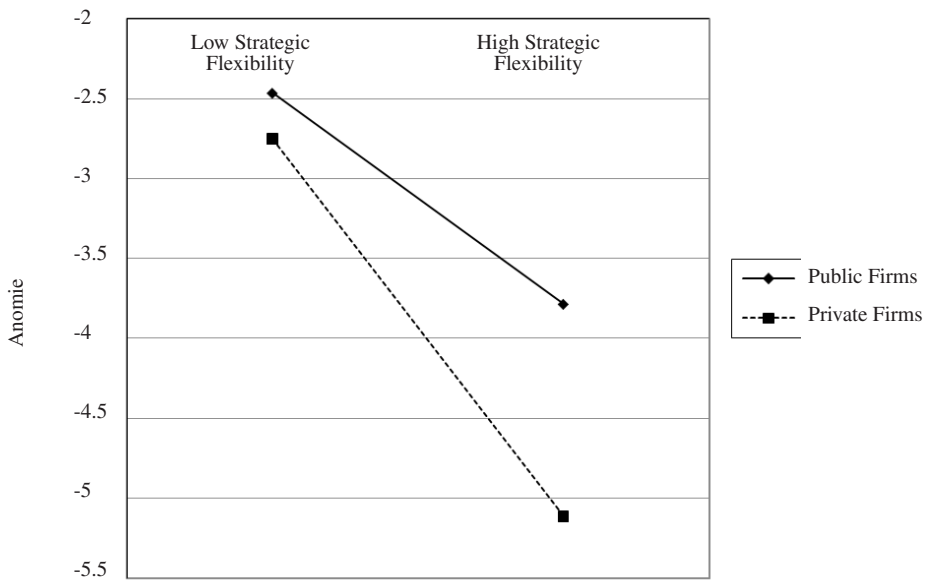


Figure 4. Anomie by Strategic Flexibility for Publicly-Traded and Privately-Held Firms

the moderation changed accordingly. Instead of an amplification of anomie resulting from strategic aggressiveness in privately-held firms, the positive moderation had the effect of neutralizing the anomie decrease resulting from strategic aggressiveness. This can be seen in the relatively flat plot for privately-held firms in Figure 2. We conjecture that the lack of transparency, restricted information flows along with relatively constrained access to resources that characterize privately-held firms results in uncertainty that cancels out the uncertainty reduction derived from a deeply seeded culture such as strategic aggressiveness. Greater strategic aggressiveness has a negative effect on anomie in publicly-traded firms. According to our data, publicly-traded firms with more strategic aggressiveness experience reduced anomie. Again, this is consistent with the conjecture that the consistency and firm-wide buy-in involved in a deeply seeded cultural dimension such as strategic aggressiveness would work to reduce uncertainty; here it is aided by the transparency and information flows that characterize publicly-traded firms.

Supporting Hypothesis 7b, long-term orientation interacts with ownership as a stronger long-term orientation reduces anomie significantly more drastically for privately-held as opposed to publicly-traded firms ($\beta = -.15, p < .10$). Although long-term orientation did negatively influence anomie levels for both types of firms, the plots in Figure 3 show that the effect is more drastic for privately-held firms. Similarly, Hypothesis 7d was supported as the negative influence of strategic flexibility was significantly greater for privately-held firms ($\beta = -.11, p < .10$). Specifically, strategic flexibility indeed reduces anomie for both types of firms, and as expected and shown in the plots in Figure 4, the effect was more pronounced for privately-held firms. Hypothesis 7c regarding ownership effects on competitor orientation was not supported.

Competitive intensity, while significantly influencing anomie as a main effect, did not have a disparate influence when distinguished by ownership and, thus, failed to support Hypothesis 8a. Likewise, Hypothesis 8b was not supported as technological turbulence did not influence anomie, and the effects did not differ by firm ownership.

DISCUSSION AND IMPLICATIONS

For our study of firm-level anomie, we conducted a survey of senior executives from manufacturing industries in the U.S. Our data collection efforts yielded 186 responses, 109 of which were privately-held firms and 77 of which were publicly-traded. All our construct measures exhibited good psychometric properties and we used ordinary least squares moderated regression analysis to test our hypotheses.

Our findings suggest that components of the firm's internal and external context influence anomie and provide understanding about controlling it and thus, controlling ethical misconduct. Interestingly, overall we find that the firm's internal context, in terms of its strategic culture dimensions helped reduce anomie, while the environmental factors seemed to increase it. This bodes well for firms seeking to create an environment that curbs unethical behavior given that internal factors are directly in the firm decision maker's control. Specifically, consistent with expectations, our data indicate that long-term orientation and strategic flexibility dampen anomie.

This suggests that favoring strategic cultures involving sustainable and enduring firm practices, and consistent future oriented expectations will minimize uncertainty and unrealistic expectations. Such cultures should, thereby, serve to minimize the strain and disruption creating pressures that often characterize firms with a short-term focus on immediate performance. Likewise, strategic flexibility in terms of resource slack facilitates goal attainment. It follows that firms with fewer resource constraints experience diminished pressures that promote the strain or disruption characteristic of anomie. To encourage ethical organizational behavior, managers may promote a long-term orientation and embrace strategic flexibility in an effort to minimize anomie—a known correlate of problematic ethical behavior.

One notable and unexpected result involved strategic aggressiveness. Counter to our initial logic on strategic aggressiveness, this dimension of the firm's strategic culture worked to reduce anomie rather than promote it. Although strategically aggressive firms are intent on market dominance and winning, perhaps such an approach also implies clearly defined paths for goal achievement and thus, minimal likelihood of deviating from prescribed paths. Importantly, by definition, organizational strategic cultures involve shared understandings, collective beliefs, and taken for granted responses and behaviors. Thus, strategic aggressiveness, as a firm culture may in fact create certainty, known expectations, a well-defined path for dominance, and resource accumulation for goal achievement. Although strategic aggressiveness could indeed contribute to strain, even if that is the case, its uncertainty reduction trumps the strain generation in influencing anomie. Our findings suggest that strategic aggressiveness should be cultivated as a way to win competitively, while remaining attentive to potential ethical snags and pitfalls. As with the others, this strategic culture dimension is controllable.

With regard to the environment, the firm's external context did not seem to play as substantive of a role in determining anomie as the internal context. Interestingly, competitive intensity, according to our results, promotes anomie, but a firm's competitor orientation has a non-significant impact. Although both notions concern involvement with and response to competitors, competitor orientation is within the firm's control. Conversely, industry competitive intensity is an external context factor. It is tempting to conjecture that a match between the two might be effective in managing uncertainty and disruption. For example, high competitive intensity coupled with high competitor orientation could allow firms to more effectively cope with the environment, reducing uncertainty and disruption and thus anomie. Likewise a mismatch where, for example, high competitive intensity was coupled with low competitor orientation, could exacerbate uncertainty and disruption thus contributing to the rise of anomie. A detailed analysis of such questions is interesting grist for future research. Perhaps the firm, through its strategic culture, can effectively counter external anomie generating factors.

Beyond these elements, findings demonstrate there is no "one size fits all" approach to controlling anomie in the organization. Specifically, the influence of the firm's strategic culture varies based on whether the firm is publicly-traded or privately-held. Decision makers should account for this important distinguishing characteristic. Indeed, strategic aggressiveness has a more profound effect on reduc-

ing anomie in publicly-traded, as opposed to privately-held firms as shown in Figure 2. Likely reasons involve more established information flows and greater information access, along with greater access to resources through participation in capital and labor markets that characterize public firms. These factors appear to interplay and amplify the underpinnings of strategic aggressiveness that suppress anomie.

In Figure 3, we see that the more long-term oriented a firm, the more diminished the level of anomie. This negative effect amplifies for privately-held firms compared to publicly-traded firm. Similarly, in Figure 4, anomie is reduced for both firm types as strategic flexibility increases. As with long-term orientation, this negative effect is amplified for privately-held firms relative to publicly-traded firms. These findings advance the strategic management dialogue on publicly-traded and privately-held firm differences to include anomie; a possible platform for ethically questionable behavior.

This study extends anomie theory by providing a rare empirical test of the construct at the organization level. Additionally, the rigorous psychometric development of our anomie measure should provide foundations for future research. Although the firm's internal and external context provides important insight, many questions remain regarding how anomie is conceived, grows, and eventually surfaces to create ethically problematic outcomes. Moreover, future empirical work can advance knowledge by investigating organizational anomie in varied contexts and as related to distinct questions. Indeed, recent reviews of behavioral ethics research suggest that myriad questions and concerns remain about understanding, preventing, and curbing unethical firm behavior (De Cremer et al., 2010). The compelling linkages between ethical theory and the anomie theoretical domain are likely to provide fruitful answers to burgeoning questions.

Future research opportunities abound, as empirical tests of organizational-level anomie until now have been neglected. Our research focuses on strategic cultural and firm environmental determinants of anomie as suggested by theory; however, future research could consider additional possible determinants in an effort to continue to enhance our understanding of organizational anomie. Thus, on the one hand, future investigations might explore additional antecedents beyond those studied here, including strategic risk taking propensity and employee output controls, for example. On the other hand, empirical testing of the outcomes of anomie also warrant future research. The theory we describe provides compelling arguments that anomie promotes ethically questionable firm outcomes and, thus, empirical evidence to support such assertions would represent a significant contribution to ethics research.

Also, given anomie theory's emphasis on goals, including goal setting, paths to goal achievement, and the presence of goal blockages, further work in this area could explore the impact of the nature of goals and goal setting on how a firm's contextual factors impact the level of anomie. Past research has shown that individuals with unmet goals are more likely to behave unethically than those who have given their best effort (Schweitzer, Ordóñez & Douma, 2004), and that goal setting actually inhibits correcting a dysfunctional role or a procedure (Staw & Boettger, 1990). Thus, an interesting next question involves the extent of goal setting as potential moderator or mediator between the impact of contextual factors and anomie.

Finally, we still understand little about the effective and practical means by which firms might deter anomic conditions. Next research steps might offer solutions to this perplexing and problematic firm phenomenon. Although our research findings suggest dimensions of the strategic culture that managers might do well to monitor, as well as offers implications based on firm ownership structure, much about organization-level anomie remains unknown and of critical importance to those actively seeking to nurture ethical organizations.

APPENDIX

STUDY MEASURES

Anomie (Menard, 1995; new items also developed)

Construct reliability = .92; AVE = .71; range of loadings .71–.92;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

Please respond to the following statements by circling the most appropriate number.

1. In our firm, there is pressure to meet organizational objectives by any means possible.*
2. For the most part at work, there is no right or wrong way to achieve the firm’s goals.*
3. At work it is considered okay to play dirty to win.
4. The attitude in our firm is that sometimes it is necessary to lie to others in order to keep their trust.
5. In our firm, the rules can be broken in order to achieve organizational goals.
6. The prevailing attitude in our firm is that “nice guys finish last.”
7. In our firm the feeling is that the ends justify the means.
8. In our firm you have to be willing to break some rules if that is what it takes to get the job done.

Strategic Aggressiveness (Johnson & Sohi, 2001)

Construct reliability = .94; AVE = .72; range of loadings .80–.98;

(Scale items anchored by 1 = “not at all and 7 = “to a very large extent”)

To what extent do you consider that your firm . . .

1. Is strategically aggressive?*
2. Seeks competitive dominance?
3. Systematically builds competitive advantage?
4. Seeks market leadership?
5. Is focused on strategic targets and goals?
6. Stretches or reconfigures resources into new competitive advantage?
7. Focuses everyone’s attention on the essence of winning in the marketplace?
8. Sets targets that require everyone’s effort and commitment?

Long-Term Orientation (New Scale)

Construct reliability = .89; AVE = .71; range of loadings .74–.91;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

For the most part, in our firm:

1. Strategies are planned with a focus on long-term success.
2. Long-term goals are prioritized over short-term gains.
3. It is generally believed that it is the long-term success that matters more.
4. It is considered important to create a company that remains competitive for a long, long time.
5. Long-term performance is not as critical as meeting this year’s financial goals.†

Competitor Orientation (Narver & Slater, 1990)

Construct reliability = .91; AVE = .79; range of loadings .80–.93;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

For the most part, in our firm we believe that . . .

1. Salespeople should regularly share information within the business concerning competitors’ strategies.
2. Firms should rapidly respond to competitive actions that threaten them.
3. Top management should regularly discuss competitors’ strengths and strategies.
4. Firms should target where they have an opportunity for competitive advantage.

Strategic Flexibility (Nohria & Gulati, 1996)

Construct reliability = .83; AVE = .85; range of loadings .77–.88;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

For the most part, in our firm we believe that . . .

1. A 10% reduction in workforce would have serious consequences for our firm’s ability to perform.[†]
2. Cutting our operating budget by 10% would impact the firm’s ability to meet output goals.[†]

Competitive Intensity (Jaworski & Kohli, 1993)

Construct reliability = .76; AVE = .54; range of loadings .86–.97;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

For the most part, in our firm we believe that . . .

1. Competition in our industry is cutthroat.
2. There are many promotion wars in our industry.
3. Anything that one competitor can offer, others can match readily.
4. Price competition is a hallmark of our industry.
5. One hears of a new competitive move almost every day.
6. Our competitors are relatively weak.^{†*}

Technological Turbulence (Jaworski & Kohli, 1993)

Construct reliability = .90; AVE = .78; range of loadings .80–.96;

(Scale items anchored by 1 = “strongly disagree” and 7 = “strongly agree”)

For the most part, in our firm we believe that . . .

1. The technology in our industry is changing rapidly.
2. Technological changes provide big opportunities in our industry.
3. It is very difficult to forecast where the technology in our industry will be in the next two to three years.^{*}
4. A large number of new product ideas have been possible through technological breakthroughs in our industry.
5. Technological developments in the industry are substantial.

Controls

Firm Size: Number of employees in your firm.

Firm Age: Year the firm came into existence.

Industry: Dummy coded (1 = manufacturing; 0 = services)

[†]Item was reverse coded; ^{*}Item was removed in measure purification

NOTE

1. To add further confusion, various authors also use other terms that seemingly connote culture or climate. In particular the term “orientation” appears frequently in the literature (e.g., Slater & Narver, 1994). Additionally, the term “values” appears to be used to connote organizational culture (e.g., Ashkanasy, Wilderom & Peterson, 2000). For the sake of focus and clarity, we intentionally eschew the introduction of additional terms.

REFERENCES

- Aldrich, H. 1979. *Organizations and environments*. Englewood Cliffs, NJ: Prentice Hall.
- Argote, L. 1982. Input uncertainty and organizational coordination in hospital emergency units. *Administrative Sciences Quarterly*, 27: 420–34.
- Armstrong, J. S., & Collopy, F. 1996. Competitor orientation: Effects of objectives and information on managerial decisions and profitability. *Journal of Marketing Research*, 33: 188–99.
- Armstrong, J. S., & Overton, T. S. 1977. Estimating nonresponse bias in mail surveys. *Journal of Marketing Research*, 14: 396–402.
- Ashforth, B. E., & Anand, V. 2003. The normalization of corruption in organizations. *Research in Organizational Behavior*, 25: 1–52.
- Ashkanasy, N. M., Broadfoot, L. E., & Falkus, S. 2000. Questionnaire measures of organizational culture. In N. M. Ashkanasy, C. P. M. Wilderom & M. F. Peterson (Eds.), *Handbook of organizational culture and climate*: 131–47. Thousand Oaks, CA: Sage.
- Ashkanasy, N. M., Wilderom, C. P. M., & Peterson, M. F. (Eds.). 2000. *Handbook of organizational culture and climate*. Thousand Oaks, CA: Sage.
- Baucus, M. S., & Near, J. P. 1991. Can illegal corporate behavior be predicted? An event history analysis. *Academy of Management Journal*, 34: 9–36.
- Boatright, J. R. 2004. Employee governance and the ownership of the firm. *Business Ethics Quarterly*, 14: 1–21.
- Campbell, D. T. 1955. The informant in quantitative research. *American Journal of Sociology*, 60: 339–42.
- Casile, M., & Davis-Blake, A. 2002. When accreditation standards change: Factors affecting differential responsiveness of public and private organizations. *Academy of Management Journal*, 45: 180–95.
- Christensen, C. M., & Raynor, M. E. 2003. *The innovator's solution*. Boston: Harvard Business School Press.
- Cohen, D. V. 1993. Creating and maintaining ethical work climates: Anomie in the workplace and implications for managing change. *Business Ethics Quarterly*, 3: 343–58.
- Cullen, J. B., Parboteeah, K. P., & Hoegl, M. 2004. Cross-national differences in managers' willingness to justify ethically suspect behaviors: A test of institutional anomie theory. *Academy of Management Journal*, 47: 411–21.
- Day, G. S., & Nedungadi, P. 1994. Managerial representations of competitive advantages. *Journal of Marketing*, 58: 31–44.

- De Cremer, D., Mayer, D., & Schminke, M. 2010. On understanding ethical behavior and decision making: A behavioral ethics approach. *Business Ethics Quarterly*, 20: 1–6.
- Deshpandé R., Farley, J. U. Webster F. E. Jr. 1993. Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis. *Journal of Marketing*, 57: 23–37.
- Dess, G. G., & Beard, D. W. 1984. Dimensions of organizational task environment. *Administrative Science Quarterly*, 29: 52–73.
- Dietz, J., Pugh, S. D., & Wiley, J. 2004. Service climate effects on customer attitudes: An examination of boundary conditions. *Academy of Management Journal*, 47: 81–92.
- Durand, R., & Vargas, V. 2003. Ownership, organization, and private firms' efficient use of resources. *Strategic Management Journal*, 24: 667–75.
- Durkheim, E. 1966/1951. *Suicide: A study in sociology*. New York: Free Press.
- Fama, E. F., & Jensen, M. C. 1983a. Agency problems and residual claims. *Journal of Law and Economics*, 26: 325–44.
- . 1983b. Separation of ownership and control. *Journal of Law and Economics*, 26: 301–25.
- Ferrier, W. J. 2001. Navigating the competitive landscape: The drivers and consequences of competitive aggressiveness. *Academy of Management Journal*, 44: 858–77.
- Flannery, B. L., & May, D. R. 2000. Environmental ethical decision making in the U.S. metal-finishing industry. *Academy of Management Journal*, 43: 642–62.
- Fornell, C. D., & Larcker D. F. 1981. Evaluating structural equation models with unobserved variables and measurement errors. *Journal of Marketing Research*, 18: 39–50.
- Gatignon, H, & Xuereb, J. M. 1997. Strategic orientation of the firm and new product performance. *Journal of Marketing Research*, 34: 77–90.
- George, G. 2005. Slack resources and the performance of privately-held firms. *Academy of Management Journal*, 48: 661–76.
- George, G., Wiklund, J., & Zahra, S. A. 2005. Ownership and the internationalization of small firms. *Journal of Management*, 31: 210–33.
- Gordon, G. G. 1991. Industry determinants of organizational culture. *Academy of Management Review*, 16: 398–415.
- Hamel, G., & Prahalad, C. K. 1989. Strategic intent. *Harvard Business Review*, 67: 63–76.
- . 1994. *Competing for the future*. Boston: Harvard Business School Press.
- Homburg, C., & Pflesser, C. 2000. A multiple-layer model of market-oriented organizational culture: Measurement issues and performance outcomes. *Journal of Marketing Research*, 37: 449–62.
- Howton, S. D., Howton, S. W., & McWilliams, V. B. 2008. The ethical implications of ignoring shareholder directives to remove antitakeover provisions. *Business Ethics Quarterly*, 18: 321–46.
- Jaworski, B. J., & Kohli, A. K. 1993. Market orientation: Antecedents and consequences. *Journal of Marketing*, 57: 53–70.

- Jensen, M. C. 1998. Self-interest, altruism, incentives, and agency. In M.C. Jensen (Ed.), *Foundations of Organization Strategy*: 39–50. Cambridge, MA: Harvard University Press.
- Johnson, J. L., Lee, R. P., Saini, A., & Grohmann, B. 2003. Market-focused strategic flexibility: Conceptual advances and an integrative model. *Journal of the Academy of Marketing Science*, 31: 74–89.
- Johnson, J. L., & Sohi, R. S. 2001. The influence of firm predispositions on interfirm relationship formation in business markets. *International Journal of Research in Marketing*, 18: 299–318.
- Kirca, A. H., Jayachandran, S., & Bearden, W. O. 2005. Market orientation: A meta-analytic review and assessment of its antecedents and performance implications. *Journal of Marketing*, 69: 24–41.
- Kohli, A. K., & Jaworski, B. J. 1990. Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing*, 54: 1–18.
- Kuenzi, M., & Schminke, M. 2009. A fragmented literature? A review, critique, and proposed research agenda for the work climate literature. *Journal of Management*, 35: 634–717.
- Litz, R. A. 1995. The family business: Toward definitional clarity. *Family Business Review*, 8: 71–81.
- Martin, K. D., & Cullen, J. B. 2006. Continuities and extensions of ethical climate theory: A meta analytic review. *Journal of Business Ethics*, 69: 175–94.
- Martin, K. D., Cullen, J. B., Johnson, J. L., & Parboteeah, K. P. 2007. Deciding to bribe: A cross-level analysis of firm and home country influences on bribery activity. *Academy of Management Journal*, 50: 1401–22.
- Martin, K. D., Johnson, J. L., & Cullen, J. B. 2009. Organizational change, normative control deinstitutionalization, and corruption. *Business Ethics Quarterly*, 19: 105–30.
- Matthyssens, P., Pauwels, P., & Vandenbempt, K. 2005. Strategic flexibility, rigidity and barriers to the development of absorptive capacity in business markets: Themes and research perspectives. *Industrial Marketing Management*, 34: 547–54.
- Menard, S. 1995. A developmental test of Mertonian anomie theory. *Journal of Research in Crime and Delinquency*, 32: 136–74.
- Merton, R. K. 1968. *Social theory and social structure*. New York: Free Press.
- Narver, J. C., & Slater, S. F. 1990. The effect of a market orientation on business profitability. *Journal of Marketing*, 54: 20–35.
- Nohria, N., & Gulati, R. 1996. Is slack good or bad for innovation? *Academy of Management Journal*, 39: 1245–64.
- Nunnally, J. C., & Bernstein, I. H. 1994. *Psychometric theory* (3rd ed.). New York: McGraw-Hill.
- Pesämaa, O. & Hair, J. F. Jr. 2007. More than friendship is required: An empirical test of cooperative firm strategies. *Management Decision*, 45: 602–15.
- Pfeffer, J., & Salancik, G. R. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.

- Podsakoff, P. M., McKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. 2003. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88: 879–903.
- Reichers, A. E., & Schneider, B. 1990. Climate and culture: An evolution of constructs. In B. Schnierder (Ed.), *Organizational climate and culture*: 5–39. San Francisco: Jossey-Bass.
- Rosenfeld, R., & Messner, S. F. 1997. Markets, morality, and an institutional anomie theory of crime. In N. Passas & R. Agnew (Eds.), *The future of anomie theory*: 207–24. Boston: Northeastern University Press.
- Sama, L. M. 2006. Interactive effects of external environmental conditions and internal firm characteristics on MNE's choice of strategy in the development of a code of conduct. *Business Ethics Quarterly*, 16: 137–65.
- Schein, E. 2004. *Organizational culture and leadership*. San Francisco: Jossey-Bass.
- Schein, E. H., 2000. Sense and nonsense about culture and climate. In N. M. Ashkanasy, C. P. M. Wilderom & M.F. Peterson (Eds.), *Handbook of organizational culture and climate*: xxii–xxx. Thousand Oaks, CA: Sage.
- Schminke, M., Arnaud, A. U., & Kuenzi, M. 2007. The power of ethical work climates. *Organizational Dynamics*, 36: 171–86.
- Schneider, B., 2000. The psychological life of organizations. In N. M. Ashkanasy, C. P. M. Wilderom & M. F. Peterson (Eds.), *Handbook of organizational culture and climate*: xvii–xxii. Thousand Oaks, CA: Sage.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. 2003. Exploring the agency consequences of ownership dispersion among the directors of private family firms. *Academy of Management Journal*, 46: 179–94.
- Schweitzer, M. E., Ordóñez, L., & Douma, B. 2004. Goal setting as a motivator of unethical behavior. *Academy of Management Journal*, 47: 422–32.
- Slater, S. F., & Narver, J. C. 1994. Does competitive environment moderate the market orientation-performance relationship? *Journal of Marketing*, 58: 46–55.
- Staw, B. M., & Boettger, R. D. 1990. Task revision: A neglected form of work performance. *Academy of Management Journal*, 33: 534–59.
- Tellis, G. J., Prabhu J. C., & Chandy, R. K. 2009. Radical innovation across nations: The preeminence of corporate culture. *Journal of Marketing*, 73: 3–23.
- Trice, E. L. & Beyer, J. M. 1993. *The cultures of work organizations*. Englewood Cliffs, NJ: Prentice Hall.
- Trostel, A. O., & Nichols, M. L. 1982. Privately-held and publicly-held companies: A comparison of strategic choices and management processes. *Academy of Management Journal*, 25: 47–62.
- Van de Ven, B., & Jeurissen, R. 2006. Competing responsibly. *Business Ethics Quarterly*, 15: 299–317.
- Venkatraman, N. 1989. Strategic orientation of business enterprises: The construct, dimensionality, and measurement. *Management Science*, 35: 942–62.
- Victor, B., & Cullen, J. B. 1988. The organizational bases of ethical work climates. *Administrative Science Quarterly*, 33: 101–25.

- Wilderom, C. P. M., Glunk, U., & Maslowski, R. 2000. Organizational culture as a predictor of organizational performance. In N. M. Ashkanasy, C. P. M. Wilderom & M. F. Peterson (Eds.), *Handbook of organizational culture and climate*: 193–210. Thousand Oaks, CA: Sage.
- Zhou, Z. K., & Wu, F. 2010. Technological capability, strategic flexibility, and product innovation. *Strategic Management Journal*, 31: 547–61.
- Zhou, Z. K., Yim, C. K., & Tse, D. 2005. The effects of strategic orientations on technology and market based breakthrough innovations. *Journal of Marketing*, 69: 42–60.
- Zohar, D. 2000. A group-level model of safety climate: Testing the effect of group climate on microaccidents in manufacturing jobs. *Journal of Applied Psychology*, 85: 587–96.