

The influence of non-cooperative Informal Institutions on deviant behaviors in the business context

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ABSTRACT

Informal phenomena are a prevalent phenomenon worldwide, manifested in different ways across cultures. While management research has explored the impact of informal phenomena on various business-related areas, the relationship between informality and unethical behavior remains unclear. For example, while conventional wisdom holds that informal institutions that are not beneficial to society cannot survive, institutions like *Viveza*, a Latin American informal institution that encourages opportunism, exist in the world. I argue that addressing this research gap is important because informality is a prominent phenomenon that influences society at multiple levels, especially in developing countries.

To address this research gap, and in a joint research project with Tomoki Sekiguchi, we conducted an integrative review of 141 research articles published over the past 25 years that explore the ethical implications of indigenous informal phenomena. This review aims to develop a new classification that enhances our understanding of the ethical implications of informality for business. Moreover, together with Tomoki Sekiguchi and Tao Wang, we develop a theoretical account of the origins of *Viveza* and a situational model of its underlying mechanisms, illustrating how individuals utilize cultural repertoires to plan and execute opportunistic behaviors. Lastly, in a study conducted with Tomoki Sekiguchi based on a grounded theory approach, we developed a model that details how informal institutions can encourage economic agents to behave opportunistically and why these institutions persist over time.

The findings reveal that informal phenomena are complex, and their ethical implications are contingent upon whether the informal practices are performed individually or collectively. Also, we found that under opportunism-based informal institutions, actors make decisions based on a calculative rationale that considers environmental characteristics, expected benefits, and available resources within their cultural repertoire. Moreover, the findings suggest that opportunism-based informal institutions exist and persist because two distinct, simultaneous, and iterative processes legitimize opportunism-based informal institutions and delegitimize formal institutions and their enforcers.

The dissertation makes numerous contributions to management literature. First, we emphasize the need to include indigenous phenomena when exploring informality to achieve a holistic understanding of its effects on business. Second, we argue that different forms of collectively learned and shared understandings can also promote self-interested behaviors and act against the interests of other economic actors. Lastly, contrary to what new institutional theory would predict, we argue that informal institutions that promote opportunism can exist and persist over time, offering a novel insight that advances our understanding of the negative effects of informal institutions in business environments. Contributions for practitioners, research limitations, and future research avenues are also considered.