European Business Review

Where will the axe fall?: An integrative framework for understanding attributions after a business failure

Joseph Amankwah-Amoah

Where will the axe fall?

An integrative framework for understanding attributions after a business failure

Joseph Amankwah-Amoah
School of Economics, Finance & Management, University of Bristol, Bristol, UK

Received 26 May 2014
Revised 28 January 2015
Accepted 8 February 2015

Abstract

Purpose – This study aims to examine the types of attributions after a business failure. Although business failure has garnered a plethora of scholarly attention, there remains an ambiguity and a lack of clarity about the process and types of attribution after a business failure.

Design/methodology/approach – The paper is based on a synthesis of the multiple streams of research on the subject. This led to the development of an integrated framework of attributions after business failure.

Findings – The paper integrates the business failure literature and attribution theory to develop a 2×2 conceptual framework which accounts for not only the effect on pace (time) but also *locus* of causality in the attribution process. Crossing the two main causes of business failure with two types of attribution produces the 2×2 matrix of types of attribution after a business failure which includes early internal attribution, late internal attribution, early external attribution and late external attribution.

Research limitations/implications – The theorisation of the literature offers a number of implications for theory and practice.

Originality/value – The study also explains the underlying processes inherent in learning from others' failures and consequences of business failure. The framework removes some of the ambiguity in the existing literature and outlines a number of fruitful avenues for future research.

Keywords Decision, Business failure, Attribution, Organisational decision-makers

Paper type Research paper

Introduction

Over the past three decades, we have witnessed the dramatic improvements in decision support systems and technologies in an array of areas including employee evaluation, production planning and control and strategic formulation (Shim *et al.*, 2002; Osterwalder *et al.*, 2005). It has been argued that they play a pivotal role in enabling organisations to minimise errors and achieve sustainable competitive advantage (Afuah, 2004).

Despite these assertions and considerable technological breakthroughs in decision support technologies, half of all decisions made within firms fail to achieve the desired outcome (Nutt, 1999), and business failure remains a regular occurrence often traced to decisions made within the firm (Dovey and Fenech, 2007). Against this backdrop,

The authors acknowledge the anonymous *European Business Review's* reviewers for their helpful suggestions in the preparation of this manuscript.

The preliminary version of this article was presented at the Annual Conference of the Academy of International Business (UK and Ireland). I am extremely grateful to the participants for their comments and suggestions.

0955-534X
DOI 10.1108/EBR-05-2014-0046

organisational leaders are expected to be judged by the outcomes of their decisions (Lipshitz, 1989), which provides a basis for rewards and punishment (Feather and Simon, 1973).

Broadly speaking, people have a natural tendency to search for meaning and explanations as to how and why things occur, to provide a basis for such attribution. Individuals who are able to achieve considerable successes through their decisions within an organisation are often rewarded with promotion and a pay rise. However, those whose decisions lead to business failure are also expected to be subjected to attribution by social arbiters. Despite decades of scholarly accomplishment on organisational failure (Mellahi and Wilkinson, 2004), some scholars (e.g. Yang and Aldrich, 2012) have indicated that our understanding of the relationship between business failure and attribution remains limited.

In addition, although attributions after business failure may be rendered at a different pace, scholars have often put together all attributions, ignoring the issue of pace (speed) in the attribution process. Indeed, "common observations tell us that our explanations of events change over time", and our attributions for individuals' actions are often modified with the passage of time (Burger, 1985, p. 330). Furthermore, no robust comprehensive framework has been developed to distinguish types of attribution after a business failure.

The primary purpose of this paper is to develop an integrated framework of types of attributions after a business failure to help explain how attributions are rendered. We depart from much of the existing literature by developing a unified model of the subject. Specifically, we differentiate types of attributions and delineate the underlying processes and mechanisms through which they are rendered. In so doing, our study integrates business failure literature and attribution theory (Jones and Davis, 1965) to develop a 2×2 framework to delineate two types of attribution: immediately or delayed attribution, and two *locus* of causality: controllable and uncontrollable. Such typologies can significantly enrich our understanding of the subject (Doty and Glick, 1994).

Our work further contributes to the literature by clarifying the conditions and the underlying processes in post-exit attribution. Our article proceeds by first defining business failure, attribution and the role of social arbiters in rendering attribution. This is then followed by the development of an integrated framework for studying types of attributions and their effects on individuals. By working through the framework, we clarify the components and dimensions of attribution. The final section outlines implications for theory and practice.

Towards a typology of attribution after business failure paradigms

By business failure, we are referring to situations where the inability of the firm to meet stakeholders' expectations and obligations forces it to cease operations (Amankwah-Amoah, 2014a; Hamilton, 2006). Although some scholars have argued that business failure is bad (see Mellahi and Wilkinson, 2004), others have suggested that business failure is good for some stakeholders such as competitors, the communities and the wider economy by removing inefficient firms and, thereby, allowing effective competition to thrive (Knott and Posen, 2005). Some scholars have indicated that: "some individuals respond to failure negatively, with feelings of dejection and loss of motivation, whereas others respond more positively, with heightened motivation to succeed" (Johnson *et al.*, 1997, p. 385). In entrepreneurial ventures, recent studies provide evidence that some venture capitalists view past venture failure as a sign that the individual is willing to take risks and are willing to invest in their venture (McGrath, 2011).

To ground our model on a firmer theoretical footing, we draw on the business failure literature (Whetten, 1987) and attribution theory (Kelley, 1967) to develop an integrative framework of attribution after business failure. We borrow the two main schools of thought on the causes of business failure: voluntaristic and deterministic views (Amankwah-Amoah and Debrah, 2010; Whetten, 1987). The deterministic view contends that business failure is attributed to external factors such as economic recession, declining demand, bad luck and market forces which are beyond the control of decision-makers rather than as an outcome of poor decision-making process, laziness and a lack of skills or ability. Failure may also stem from the process of natural selection or serendipity, which drives out inefficient firms (Andrews *et al.*, 2006; Svensson and Wood, 2005) or natural disasters which stem from indiscriminate "Acts of God" over which managers have little or no control (Fothergill, 2003). Nutt (2004a, p. 261) puts it this way:

> Good decision-making practices cannot guarantee good outcomes, because of chance events. Bad luck, when product demand falls below expectations because of unexpected bad weather and the like, can be mistaken for bad decision-making practices. Good luck, such as windfall profits because of favourable turn on interest rates or consumer interest in a product, can cover up failure-prone decision-making practices.

The voluntaristic perspective argues that business failures are simply the result of managers and their colleagues' actions and inactions. This view attributes failure to factors such as the inability to anticipate and respond to market changes, lack of effort and ability on the part of management and their subordinates (Nutt, 2002). This school of thought further contends that even natural disasters as a cause of failure can be attributed to managers' failure to anticipate and respond to risk in their environment, failure to take precautionary measures such as insurance or the decision to locate in high-risk areas (Fothergill, 2003). According to Nutt (2004b, p. 13), "Failure almost always stems from decision-maker actions and not from bad luck or situational limitations". In other words, business failure is a result of a number of controllable factors.

We employ these simplistic views of how business failure occurs in deducing our model. To build our matrix of attribution, we also borrow the notion of stigma to enrich our analysis. Stigma can be defined as the "attribute or characteristic that conveys a social identity that is devalued in a particular context" (Crocker *et al.*, 1998, p. 505; see also McKinley *et al.*, 1996). We contend that in instances where the cause of business failure is attributed to internal organisational factors such as the inability to identify and respond to changing market conditions, risky investment and overpaying for acquisitions bringing about exit, it is likely to lead to stigma, where the attribution can be too powerful for the individual to hide from others.

Failure can sometimes be attributed to external factors such as recession and environmental disasters, for example, fire, flood and heavy rainfall, which destroy all of the assets of the business, forcing it to cease operation. Under these circumstances, the organisation's managers can claim "no fault" dissolution, leading to minimal or no attribution of blame. Indeed, organisations should not be seeking to sanction individuals for past actions or decision-making over which they had little or no control (Arvey and Jones, 1985). Figure 1 articulates our argument about the causes of business failure and failure as a continuum incorporating internal and external causes with varying consequences.

Attribution theory and society's arbiters

We now turn to attribution theory because it provides a unique opportunity to enrich our understanding of how observers attach meanings to events. As Kelley (1973, p. 107) contends, the theory is "about how people make causal explanations, about how they answer questions beginning with 'why'". The theory has been found to be particularly useful for examining events or issues that span over a long period of time (Burger, 1985). There are a number of schools of thought on the processes underlying attribution.

Broadly speaking, attribution by social arbiters or observers begins by identifying the key individuals and *locus* of causality, sense-making and rendering sanctions (Wiesenfeld *et al.*, 2008; see also Weick, 1995). Recent evidence pinpoints that the basis for attribution commences by seeking meanings and explanations for the business failure and factors that precipitated it (Wiesenfeld *et al.*, 2008). Attribution after business failure can be seen as an iterative process which involves seeking the *locus* of causality and delivering attribution (Figure 2).

Organisational failure triggers a range of issues to which arbiters attribute blame or rewards where necessary. We employ an evaluating audience or arbiters to refer to the three society arbiters (i.e. social, legal and economic) identified by Wiesenfeld *et al.* (2008). Social arbiters refer to stakeholders who possess legitimate platforms to provide an assessment of individuals' actions (Amankwah-Amoah, 2013). Legal arbiters refer to regulatory agencies and prosecutors whose responsibility is to enforce the "rules of the game" and bring to book individuals who seem to have committed infringements (Wiesenfeld *et al.*, 2008). Economic arbiters encompass executives and directors at other organisations who play a key role in deciding to engage with individuals from departed

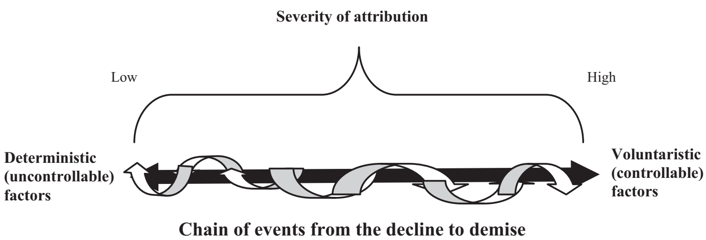

Figure 1.
A continuum of attribution after business failure

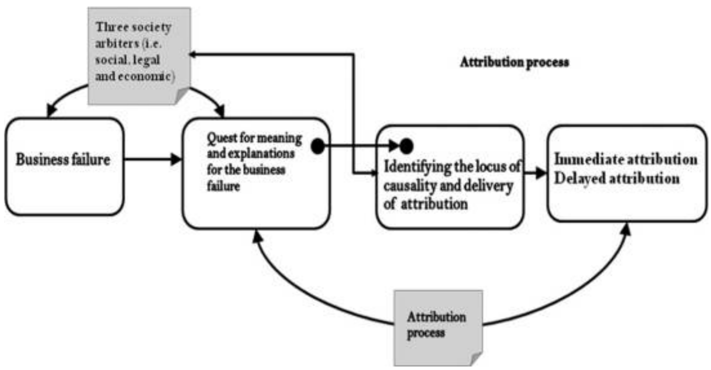

Figure 2.
An integrated framework of the attribution process

firms, such as offering them a job. Different arbiters such as regulators and investors can see an individual's involvement in business failure in completely different ways.

People have a general tendency to attribute success to their efforts and failure to outside forces beyond their control. According to the "egocentric bias" perspective (Ross and Sicoly, 1979), individuals have a greater tendency to give themselves credit for good organisational performance and remember more of their contributions relative to their colleagues.

However, individuals are less likely to either admit their involvement or contributions in driving an organisation into the ground. When an organisation ceases to exist, some former managers are more likely to engage in actions that allow them to take credit for the successful phase in the firm's life, whilst they attribute the declining period to colleagues or external factors (Zuckerman, 1979). This "self-serving attribution bias" means that when failure happens, it is up to the social arbiters as regulators, expert groups and government agencies to identify the *locus* of causality and then impose sanctions, blame and then punishment on managers involved with the failure (Wiesenfeld *et al.*, 2008). Managers involved in failure are more likely to exaggerate their involvement in successful periods in organisational life and attribute less successful periods to co-workers. The observers or arbiters are required to identify key individuals seen to have committed a deviant act in bringing about the failure.

Types of attribution

Once business failure has occurred, we identify two main types of attribution and their occurrence: immediate and delayed attribution. Immediate attribution occurs instantaneously after business failure, often before regulatory or professional bodies have thoroughly examined the issue. This is largely because the individuals are often the first to be identified, and they are often stigmatised because they might be in the public eye or have a prominent position of representing the company to the mass media. Immediately after business failure, there are executives who are automatically shamed in the media even before their culpability is established; however, there are also those who slip under the radar and never have their actions brought under the microscope.

One of the advantages inherent in early attribution of the individual is that it provides an early opportunity to engage in actions aimed at repairing trust and tarnished reputations. In so doing, such individuals can re-establish relationships with key stakeholders who have been lost because of their involvement in the failure. One of the effects of immediate attribution is that sometimes, the wrong people have their reputation tarnished for events or decisions which were beyond their control or in which they had no involvement, and the stigma can last wrongly forever.

Delayed attribution occurs when all of the factors precipitating the business failure are known. It is less likely to be potent, given that memory may have faded and the emotional sentiments associated with the failure have taken a back seat. It may stay in the pipeline for months or even years after the event when the individual has "moved on" or even changed profession before being sanctioned by arbiters. With delayed attribution, individuals connected to business failure are less likely to be sanctioned. This can be attributed to the passage of time between the event and the attribution which also leads to the fading of memory and often the involvement of the legal profession to mitigate the damage:

> By the time of the delayed attribution, the salience of the general impression may have faded considerably, but some recall of the subjects' own specific actions, and not those of the partner, remained (Burger and Rodman, 1983, p. 1238).

Some individuals welcome early attributions, others try to delay their attribution, whereas others do their very best to avoid attribution altogether. The delayed attributions may stem from a lack of information about an individual's involvement earlier during the immediate attribution phase or the sudden emergence of new documents outlining that person's direct involvement in directing and managing the failed venture.

Unlike immediate attributions which happen just after the event, those seen to have committed a deviant act or made the wrong decisions have little time or space to detach themselves from the guilt or shame following the business failure. Perhaps, in some cases, delaying attribution may not be as harmful to an individual as early attribution and social consequences to help bring about closure. Under certain circumstances, the stigmatisation might not be as severe as the individual expects or imagines. As not all "attribution of responsibility and allocation of rewards and punishments are made after the fact" (Lipshitz, 1989, p. 381), individuals who are able to delay investigation into their conduct or past decisions can get space to devise a strategy to deal with the consequences. Table I summarises the key features of the two types of attribution.

Social arbiters such as professional bodies and regulators who place a high value on fairness are more likely to deliver harsh attributions after business failure whether delivered immediately or delayed. There is a sense in these bodies to ensure that all individuals are treated in the same way, as those who receive delayed attribution have had the time to assemble resources and develop new expertise, which enable them to mount a defence or move on from the event:

> To avoid being cast in the role of a buffoon, protagonists in public dramas use a number of devices for forestalling such criticism, including justifications, rationalisations, and reinterpretations of the events (Davies, 1987, p. 51).

To simplify the discussion, we build on these views to develop a four-cell typology of the paradigms of attribution after business failure. Crossing the two main causes of organisational failure with two types of attribution produces the 2×2 matrix of the types of attribution after a business failure (Figure 3). The four combinations of the nature of attribution (early or delayed) and the *locus* of causality (controllable or uncontrollable factors) are represented by a 2×2 matrix. Figure 3 presents our matrix which delineates key features of attribution and the process model of the mechanism through which attribution is signalled by social arbiters.

Types	Immediate attribution	Delayed attribution
Features and benefits	Locus of causality not yet fully explored Arbiters tend to deliver harsher sanctions Demand greater resources to repair tarnished image Avoid lingering attribution process	Full examination of the facts Ability to assemble expertise and resources to mount defence Opportunity to engage impression management and preferential detachment

Table I.
Type of attributions after business failure

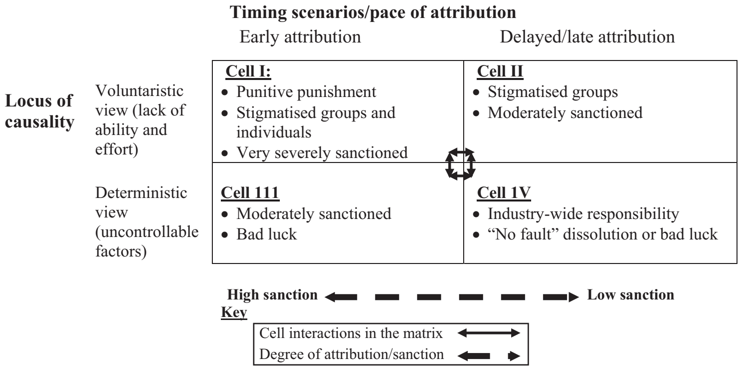

Figure 3. A four-cell typology of attribution after business failure

Who are the recipients of attribution?

Past studies indicate that social arbiters through the labour market reward or penalise executives and managers for their decisions which bring about business failure or success (Fama, 1980). Broadly speaking, all members of a departed organisation are subjected to attribution; however, the labour market is unlikely to tar "all managers with the same brush based on mere association with a failed firm" (Cannella *et al.*, 1995, p. 209). One plausible reason for not indiscriminately penalising managers of failed firms is the different responsibility and degree of controls of each one. Observers are also unlikely to treat all organisational members and leaders as equally influential and skilled or have the same level of expectations and control; therefore, there is a need to recognise, distinguish and reclassify managerial and non-managerial staff based on their level of responsibility and control in the attribution process (Figure 4).

By top-tier managers/executives, we are referring to corporate-level decision-makers such as the President, Chief Executive Officers, Board of Directors and corporate staff who are regarded as the linchpins in the strategic formulation and decision-making

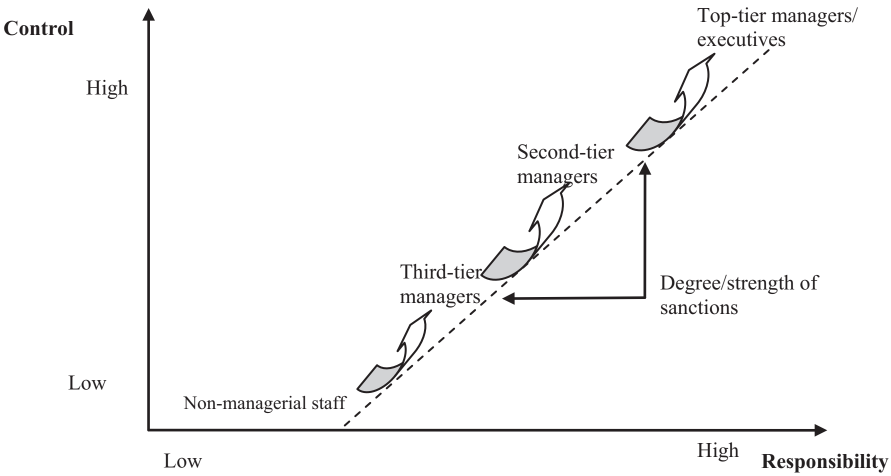

Figure 4. The influence of control and responsibility and effects on attribution

process. Such an elite and prestigious group is seen to be "competent, credible and trustworthy" and have a degree of higher control and responsibility (D'Aveni, 1990; Pozner, 2008). In cases where top-tier managers are perceived to be highly skilled and more knowledgeable about their organisation and strategies required to deliver success (D'Aveni, 1989b), failure is more likely to lead to severely stigmatised reputations and status within their industry (Sutton and Callahan, 1987). Indeed, top-tier managers of failed firms are more likely to attain fewer successive jobs in the same industry than their subordinates, largely attributed to their role and the greater responsibility attached to their position (Cannella *et al.*, 1995).

Individuals seen to have committed a deviant act or been culpable for bringing about failure are more likely to suffer from diminished human capital in future employment opportunities (D'Aveni, 1990; Sutton and Callahan, 1987). Human capital refers to the knowledge, skills and abilities possessed by individuals (Becker, 1964). Managers of failed firms are more likely to find a similar job position if social arbiters attribute the cause to external factors which are beyond their control and, thereby, suffer minimal decline in their human capital value (Sutton and Callahan, 1987). Top-tier managers with high degree of control have an important role in ensuring their firms' survival by not engaging in extremely risky ventures.

Second-tier managers refer to functional or divisional heads that often support and help to ensure the implementation of decisions made by the upper echelon managers/managers. Cannella *et al.*'s (1995) findings indicate that second-tier managers often play a minimal role in their organisation and are unlikely to face severe sanctions relative to top-tier managers and may be more likely to secure comparable jobs in the future after their firm's demise. These scholars also observed that managers of failed firms often secure fewer jobs in the same industry after business failure than managers from (non-failed) firms. The third-tier managers refer to functional low-level managers below second-tier managers who also play a role in strategic implementation. We also contend that third-tier managers can be seen as less-powerful and less-prestigious members of the organisation who are unlikely to be sanctioned by legal arbiters such as regulators often because of their minimal role and control of their organisation.

With regard to non-managerial staff, some scholars have observed that "lower-level members may perceive that it is not in their interest to convey information that suggests the existence of potential performance problems to their bosses" (Fang *et al.*, 2014, p. 1187). Such concealment is likely to affect top-tier managers' ability to identify root causes of organisational problems and deliver effective responses to avoid collapse. Such individuals operating in hierarchical organisational structures have a tendency to report positive feedback accurately while "sugar-coating", distorting or deleting negative feedback (Fang *et al.*, 2014; Morrison and Milliken, 2000). Such information distortions not only stifle interpretation of the data but also affect the manager's response during decline (for a detailed review of organisational decline, see Mone *et al.*, 1998).

Although such low-ranking employees have a low level of control and decision-making powers, they can affect how performance information is relayed through the organisational channels and the interpretation of the information. Such upwards communication has the potential to enrich the internal workings of the firm and "employees can help stem illegal and immoral behaviour, address mistreatment or injustice, and bring problems and opportunities for improvement to the attention of those who can authorize action" (Detert and Edmondson, 2011, p. 461). However, individuals seen to have "sugar-coated" information are unlikely to avoid attribution. Therefore:

P1. Non-managerial employees seen to have sugar-coated or be disinclined to disseminate negative information upwards in the organisation before business failure are more likely to receive harsher attribution.

Individuals in declining firms may engage in responses such as doing nothing, opting for flight, staying the course and generating a turnaround. The "downward spiral" perspective of organisational failure posits that once an organisation enters a period of decline, there is a tendency for further incapacitating events to transpire such as the departure of top-tier managers, customers' dissatisfaction, defection of allies and shrinking of the resource base with which to innovate (D'Aveni, 1989a, 1990; Hambrick and D'Aveni, 1988, 1992; Semadeni *et al.*, 2008). These events within the organisational life become so incapacitating that it forces it to cease operation.

When a firm enters a downwards spiral, executives with a degree of foresight can anticipate the potential stigma at the end of the tunnel and may, therefore, opt for flight before the organisation is forced into bankruptcy or exit (Sutton and Callahan, 1987). Such executives have access to inside information and can, therefore, anticipate, respond to and minimise potentially stigmatising events (Sutton and Callahan, 1987). Indeed, some studies have indicated that top-tier managers who "jump ship" two years prior to the failure are less likely to be stigmatised than those colleagues who remain with the declining firm (Semadeni *et al.*, 2008).

A case in point is Jeff Skilling of Enron, who departed the company just before the firm collapsed. Such actions often lead to that deterioration of expertise and top talent, and also limit the firm's ability to attract new executive talent which accelerates the decline and brings about the death of the organisation (D'Aveni, 1989a, 1990). Therefore, early attribution might not be able to capture the intricacies of "jumping ship" to avoid the stigma which significantly affects who should be blamed for business failure. This is important because studies have demonstrated that observers sometimes err in rendering attribution either through incomplete information, faulty mechanisms in processing information about the role of others or new information coming to light (Tetlock, 1985).

In the same way, the protracted delays before bankruptcy provide the space for some executives to opt for flight to avoid being stigmatised. Therefore, the attribution process of some individuals might be before the collapse, and the individuals with rich inside information about the nature of poor decisions and the potential impact on their reputations may opt to flee to deflect blame onto others. Prestigious top managers through elite affiliations are able to acquire and nurture legitimacy with respect to external agencies such as investors and shareholders, which are often lost when they depart declining organisations leading to failure (D'Aveni, 1990). By opting to quit before exit, this group of people is able to engage in preferential detachment actions to avoid or minimise any stigma stemming from the collapse. Also, elite managers may have elite political and social connections as well as financial resources which can be utilised to minimise the effects or avoid attribution all together (Wahrman, 1972). The elites have long been seem to be highly educated and are often connected to individuals who fill most positions of power and authority in the wider society (Clignet and Foster, 1964). The social network in tandem with the considerable financial resources can be deployed to mount a successful public defence of their reputation and actions through explaining issues seen to have been "misrepresented".

A similar line of thinking suggests that the pace at which bankruptcy happens has the potential to shape the post-exit attribution. During the process of decline, not all prestigious managers may "jump ship" to avoid stigma, but for some, their pay package may become totally unaffordable to a financially troubled firm, leading to their exit (D'Aveni, 1989b). Their exit sometimes accelerates the process of failure because it often conveys signals to stakeholders that "a financially troubled organisation is no longer worthy of their support", and that there will be a further decline in the firm's human capital base (D'Aveni, 1990, p. 138). Based on the above discussion, we propose the following:

P2. Top-tier managers, who jump ship before the business collapse, are more likely to avoid early attribution but are unlikely to escape delayed attribution ("Jeff Skilling effects").

The typology of attribution after business failure

Having set out the recipients of attribution and the attribution process, we now turn our attention to the 2 × 2 matrix articulated at the outset of this article and its distinctive features.

Cell I: early internal attribution

Cell I represents a situation where the observers deliver an attribution immediately after the event; however, the failure is attributed to mainly firm-specific factors such as poor leadership, loss of key personnel and inability to identify and address the early signals of decline. Delivering such rapid attribution is essential in an environment, where observers are under intense pressure for rapid decisions by making use of the available information (Dutton *et al.*, 1997). There is little time for the individual to assemble evidence and resources to mount any robust defence to deflect the blame from his or her actions. More importantly, the fresh emotion associated with the business failure means that often those in the spotlight are sanctioned, i.e. first- and second-tier managers.

However, this rush to judgement may create conditions where individuals are immediately stigmatised or shamed for the actions and decisions of others within the departed organisation. This often happens because of the demands of the public for immediate punishment of those seen to have made the wrong decisions. Stigmatisation occurs when a person possesses "some attribute or characteristic that conveys a social identity that is devalued in a particular social context" (Crocker *et al.*, 1998, p. 505). Shame refers to the "public disapproval of some impropriety or personal shortcoming" (Tangney, 1990, p. 102).

To illustrate this argument, we turn to the case of Spanair. The airline was founded in 1986 as a charter airline by Scandinavian Airlines System (SAS). At the outset, the firm was seen as one of the promising companies in the European airline industry. By the early 1990s, it had expanded to countries such as the USA and Mexico; however, its operations had remained largely unprofitable (Minder and Clark, 2012). In 2009, SAS sold its 80.1 per cent stake to Catalan investors for a mere €1. The sale value exemplified the precarious financial position of the firm at the time.

After the sale, the prominent top executives recruited were confident that they could turn the fortune of the airline around. Over time, the constant media reports of its weak position meant that observers became more informed of the internal problems of the business. Indeed, the firm reported an operating loss of €115 million (£96 million) in 2010 and warned investors of potential future losses (The Guardian, 2012). In 2012, Spanair collapsed after a period of poor performances. The collapse led to the uncertain status of around 2,000 employees, cancellations of around 220 flights and 23,000 stranded passengers (Minder and Clark, 2012).

The collapse immediately led to public condemnation and shame of top executives including the Chief Executive Officer Mike Szücs, Vice-President Miquel Martí and Chairman Ferran Soriano (Flottau, 2012; The 02b, 2012). They were also immediately condemned by the Spanish Government and Ministry of Public Works. Their reputations were severely tarnished and competences seriously questioned, given that they had closed the business and cancelled all flights at a mere half an hour's notice (Gulfnews, 2012; The 02b, 2012). The attribution was more potent, given the thousands of angry and stranded passengers of the airline around the world.

In addition, the top executives were also found to have pursued a reckless strategy which had endangered the airline. Indeed, prior to its demise, the firm "became notorious among its competitors for offering aggressively low fares, far below what could reasonably be the airline's own break-even threshold" (Flottau, 2012, p. 24). This helped to protect its key market and slowed down rivals' encroachment, but it was an unsustainable strategy for the business. In a nutshell, the top executives came to be stigmatised by the so-called "the ghost of Spanair", i.e. poor leadership and managerial issues (The 02b, 2012).

Cell II: late internal attribution

This is where observers conclude that the *locus* of causality is internal but render late attribution. This often stems from a long drawn-out process of investigation and the need to identify all of the culprits rather than those immediately visible to the public eye. In this cell, the seriousness of the case and the wider impact force observers to engage in such investigation. The ability to allow things to settle down before an attribution is made helps to take strong emotions out of the process and provides a basis for a better decision. Negative internal late attribution is more likely to lead to a decline in former employees' human capital and undermine any claim of competence.

However, individuals receiving verification from social arbiters of having acted correctly or as being completely exonerated of precipitating business failure are more likely to see their human capital value enhanced in the current and future job market (Deci and Ryan, 1985). However, such late attribution enables individuals to accumulate new resources and capability that then provide a basis for self-defence and demonstrate that lessons have been learnt.

To illustrate this point about the long drawn out attribution process and the effects on the individual, we turn to the UK financial industry and the case of the British arm of the collapsed Icelandic bank Kaupthing. Following the bank's demise, the UK Financial Services Authority concluded after a protracted investigation that the behaviour of three former directors of the bank, Armann Thorvaldsson, Sigurdur Einarsson and Hreidar Mar Sigurdsson, was unprofessional and that they failed to act with due skill, care and diligence and were banned from holding senior roles within the authorised British banking industry for five years (Treanor, 2012).

The authority ascertained that they adopted a growth strategy and made decisions but failed to anticipate and deal with the risks associated with them. Some argued that the punishment in the case did not fit the offence (Treanor, 2012). There are inherent difficulties in deciding the right level of sanction, as some individuals can be severely punished, while others escape with minimal damage to their reputation. The above illustrative case paints a less than flattering description about the tendency of observers to over-attribute or under-attribute in many instances.

Cell III: early external attribution

This is where the individual receives an early attribution, but the failure is due to external factors over which he/she had limited control. Under these circumstances, the attribution is less likely to be severe. Despite the early nature of the attribution, the individual recipient has a better chance of diminishing or avoiding any stigmatisation from the event. Although people often attempt to conceal their stigma by suppressing thoughts about it (Smart and Wegner, 1999), there is a greater likelihood that individuals with a tendency to withhold such information are more likely to be severely sanctioned when new information emerges, uncovering their stigma. However, when similar events occur in the future, observers' attention will be drawn to past events which are often moulded into the collective consciousness of interested parties and those who seek further accountability even in the future.

To illustrate this argument, we turn to the case of Q-cells. The firm was a German-based company with production facilities in countries such as Malaysia and Sweden. After its formation, it gained a reputation as one of the leading solar photovoltaic (PV) manufacturers. Indeed, it was regarded as "the energy company of the future" and ranked as the world's biggest maker of solar panels in 2008 with an estimated value of €8 billion (Schultz, 2012). By 2010, its position at the top of solar PV cell manufacturers in the world had slipped (REN21, 2011). In April 2012, the firm announced bankruptcy proceedings. Following the euro crisis and global economic crisis of 2008, governments in Europe and elsewhere sought to reduce government spending which affected the solar industry.

In 2012, the German Government decided to reduce the subsidies for solar power production by up to 30 per cent (Wiesmann, 2012). The decision to reduce the fixed price shrunk the revenue stream of the firm and weakened its financial position. By late 2012, the bankrupted Q-cells' assets were sold to South Korea's Hanwha. The reduction in subsidies alongside the increasing global competition and economic crisis sealed the fate of Q-cells. Perhaps, more importantly, the demise of rival businesses such as Solar Millenium, Odersun and Solarhybrid within months of each other persuaded observers that failure was largely due to factors beyond the control of the top management team (Wiesmann, 2012; Schultz, 2012).

Cell IV: late external attribution

Cell IV is where the causes of failure are attributed to external factors such as global competition, luck and natural disasters, but where attribution is delayed. The delay might be due to the observers' decisions to seek better sources of information on the individuals and the decision-making processes in the departed firm. There are cases where the timing of the business failure becomes very important in the attribution process. For instance, when the firm ceases to exist during times of economic crisis and political instability, this is more likely to be viewed as a "no-fault dissolution", where managers linked to the failure are less likely to be stigmatised (Forsman, 2001).

With such delayed attribution, the heat may have gone out of the issues, thereby providing the time and space to respond to and overcome any stigma or shame. Delayed attribution may come so late that it can be rendered toothless, and the imprint of the events in the consciousness of society may have faded away. Attribution rendered late after the event can be advantageous to the individual. This is partly because during the intervening period, some individuals can acquire new expertise, new resources and networks of ties which enable them to mount a robust defence of their actions or claim that lessons have already been learnt. Individuals may have developed inbuilt capacity to handle public scrutiny and assemble resources necessary to repair his or her reputation. In addition, protracted investigations often enable individuals to escape punishment or dodge any public scrutiny, or could simply not be traced by social arbiters (Wiesenfeld *et al.*, 2008).

To illustrate this cell further, we turn to the case of Solyndra. The firm was once regarded as an exemplary business model of public–private partnership to help promote and develop expertise in the solar PV industry (Johnson and Suskewicz, 2009). The firm then received US Government-backed loan guarantees of around US$535 million in 2009. In addition to this, it also received the support of the US Department of Energy to open factories to manufacture solar panels.

The collapse in 2011 triggered a protracted Congressional investigation which meant that attribution was rendered late. Since its collapsed, the name Solyndra has become synonymous with government's incompetence and ineffectiveness in picking "winners" and "losers" in the marketplace (Lesser, 2011). It has also become the symbol ingrained in the American political discourse that "federally subsidized solar-panel" manufacturers are unlikely to succeed in a competitive environment (Himmelman, 2012).

The demise was subsequently accompanied by political humiliation of politicians including the Vice-President Joe Biden who once stood at the company premises and declared "The future is here" (Scherer, 2011, pp. 34-37). After the initial euphoria, more information emerged to shed light on the role of managers (Committee on Energy and Commerce, 2012). With the passage of time, the public memory of the event had faded away after the investigations.

Moderating influences

There are a number of moderating factors which need to be taken into consideration in our quest to deepen our understanding of the subject. Although some scholars have suggested that attribution after business failure is based mainly on careful evaluation of actions and inactions of key players (Wiesenfeld *et al.*, 2008), we contend that hindsight plays an influential role in this process. Given that people have a tendency to view decisions that generate good results in a positive light, observers are likely to view decisions leading to business failure in a negative light. Indeed, it has been suggested that with hindsight, people not only exaggerate what things were foreseeable but also overestimate the predictability of the event if it had led to a negative outcome such as failure (Davies, 1987; Lipshitz, 1989). Davies (1987, p. 50) further argued that:

> […] not only do hindsightful judges overestimate how much other people knew (or should have known) before the event, they even misremember their own foresight state of ignorance, recalling that they were wiser before the event than was actually the case.

In rendering attribution, "decision making processes are perceived as more satisfactory when they lead to success, and successful decision makers are perceived more favourably than their unsuccessful counterparts" (Lipshitz, 1989, p. 380). This is important because scholars have long established that even when instructed not to do so, observers have a tendency to take into consideration outcomes when evaluating one's actions and decisions (Fincham, 1985).

Another moderating influence is that some attributions are based on incomplete information, especially in the case of early attributions. Because of the inherent difficulties in identifying the causes of failure, it is often very difficult for observers to be certain, which often leads to errors such as attributing blame to innocent bystanders or parties (Cannella *et al.*, 1995). In a way, delayed attribution may not be good for the public who demand immediate punishment, but it helps to thwart irrelevant information from impeding the attribution process.

In addition, there is a tendency for people involved in failure to engage in impression management to help minimise any stigmatisation of their identity or reputation. Impression management refers to the "psychological process by which people attempt to create and maintain desired perceptions of themselves in the eyes of others" (Dutton *et al.*, 1997, p. 409). It is worth noting that people have a tendency to defend themselves by arguing that social arbiters have a "lack of perspicacity" and ignore key events surrounding the decision that forced managers to engage in a particular course of action (Davies, 1987).

However, this often depends on the resources accumulated by the individual to mount a defence or change others' perceptions of them. We contend that "idiosyncratic credits" (Hollander, 1958), such as networks of relationships developed by the individual, are more likely to moderate the effects of attribution. "Idiosyncrasy credit" refers to a situation in which the observers' interpretations, sense-making and attribution of business failure is moderated by an individual or organisation's past behaviour or actions (Hollander, 1958; Amankwah-Amoah, 2013).

Furthermore, dissociative steps such as preferential detachment from groups or colleagues can be an effective mechanism through which individuals can protect their colleagues as well as minimise the effects of stigma on others. With preferential detachment, we are referring to actions taken by individuals to minimise the effects of stigma or reduce risk to others unconnected to the business failure (Yu *et al.*, 2008). Those who can demonstrate features that de-link them from the stigmatised others are more likely to minimise or alleviate the effects to preserve their reputation. Delinking activities can come from the stigmatised others who would mount a public defence of those connected to them. Based on the above arguments, we propose the following:

P3. On balance, former executives who take steps to assemble key resources as well as mount a public defence are more likely to moderate the effect of any sanction.

Discussion and conclusion

The primary purpose was to delineate the types of attributions after business failure and the underlying processes through which such attributions are rendered. The study tapped into the existing streams of research on attributions and business failure to develop a 2×2 matrix, which incorporates timing of attribution alongside the *locus* of causality. Crossing the two main causes of organisational failure (i.e. internal and external factors) with two types of attribution (i.e. immediate attribution and delayed attribution) produced the 2×2 matrix which entails: early internal attribution, late internal attribution, early external attribution and late external attribution. The conceptual strength of the matrix lies in enriching our understanding of the effects of pace in the attribution process.

Our analysis also suggests that either early or delayed attribution has varying effects on former first-tier, second-tier and third-tier managers, and other non-managerial employees of the departed firm. This is largely due to their degree of control, influences and expectations of the departed firm. Through their elite networks and resources, first-tier managers are able to assemble resources and capabilities to evade and/or mitigate attribution by jumping ship or responding better than second- and third-tier managers.

Our study contributes to the attribution and business failure literature in at least two ways. One of the shortcomings of the existing theoretical and empirical works on attribution after business failure has been the tendency to put all attributions together. Although scholars have examined the consequences of business failure (e.g. Hoetker and Agarwal, 2007) and attributions (e.g. Burger and Rodman, 1983), these have not been fully integrated to distinguish types of attribution in the post-exit environment. By integrating these two streams of research, we derive an overarching framework that distinguishes types of attribution and explicates the conditions and processes through which immediate and delayed attributions are rendered.

In addition, our paper contributes to ongoing efforts to develop a theory which helps to deliver a better explanation of the post-exit effects (Wiesenfeld *et al.*, 2008; Amankwah-Amoah, 2014b). Thus, we extend Hoetker and Agarwal's (2007) findings on the post-exit effect by conceptualising the literature through the 2×2 framework, which offers clarity and removes some of the ambiguity in the existing streams of research on attribution after business failure.

Practical implications

The study offers a number of useful insights for practising managers. First, our findings suggest that there is a need for greater accountability of social arbiters to help reduce or even eliminate errors in both early and delayed attribution. Although recipients of incorrect early attribution might be able to repair the damage, what often results is not the acquisition of fully normal status, but a transformation of self from someone with a particular blemish into someone with a record of having corrected a particular blemish (Goffman, 1963, p. 9).

Correct attribution is particularly important in ensuring that the wrong people are not punished or stigmatised for others' actions and inactions. This is pertinent, given how society deals with those who have been seen to have been involved in failure.

By requiring more observers to justify their decisions in public, they are more likely to invest time and pay careful attention to all of the relevant information before reaching a conclusion and eliminating errors in the attribution process (Tetlock, 1985). This helps to prevent attribution based on incomplete information. Furthermore, there is a need for the right balance in ensuring that those responsible for business failure are brought to book for illegalities and are punished for poor decision-making, but we must ensure that we do not create conditions that make people afraid or unwilling to take a risk. There is also a need to ensure that attributions are not so severe such that they inhibit an individual's ability to move on after the event; however, criminal behaviours should be punished to deter others:

> Since good processes are more likely (albeit not certain) to yield good outcomes, decision makers should not be rewarded for bad decisions that succeed, nor penalized for good decisions that fail (Lipshitz, 1989, p. 381).

Directions for future research

The typology has suggested a number of promising avenues for future research on attribution after business failure. A great deal remains to be learned about the role of organisational and national culture in the attribution process and the extent to which attribution differs across cultures. Unlike American society, many countries in the emerging world such as Ghana take a different attitude towards failure and often offer little or no opportunity for individuals to move on or recover (Amankwah-Amoah, 2013; Sandage, 2005). This area presents a fruitful avenue for scholars to enrich our understanding of attribution in general.

Another promising line of research would be to clarify the mechanisms through which some individuals are able to escape even delayed attribution for business failure and potential gains in such actions. This would be interesting, given that those who are able to dodge attribution in the short term may require fewer resources and capabilities to repair their tarnished image. A great deal of thought is also required to examine how the attribution by social actors can help government craft policies that provide conditions for a "second chance" to flourish.

Our work also points to the need for future research to test the propositions identified and their generalisability across societies. We ought to know more about the reasons why some individuals are able to escape the public eye and, therefore, attribution for their deep involvement in business failure. There is a need to broaden our theoretical quest to incorporate the mechanisms through which such individuals can take on new identities in a new location.

One of the limitations of our 2×2 matrix is that it glosses over the complex process and issues involved in determining the extent to which internal and external factors interacted to affect attributions. There is a great potential for exploring the complexities inherent in attributions after business failure. We hope that these efforts serve as a catalyst for more research on both pre- and post-business failure attributions.

References

Afuah, A. (2004), *Business Models: A Strategic Management Approach*, Irwin/McGraw-Hill, New York, NY.

Amankwah-Amoah, J. (2013), "Cauterising trial by fire: observers' interpretations of organisational failure", *Journal of General Management*, Vol. 38 No. 3, pp. 51-72.

Amankwah-Amoah, J. (2014a), "Old habits die hard: a tale of two failed companies and an unwanted inheritance", *Journal of Business Research*, Vol. 67 No. 9, pp. 1894-1903.

Amankwah-Amoah, J. (2014b), "A unified framework of explanations for strategic persistence in the wake of others' failures", *Journal of Strategy and Management*, Vol. 7 No. 4, pp. 422-444.

Amankwah-Amoah, J. and Debrah, Y.A. (2010), "The protracted collapse of Ghana Airways: lessons in organizational failure", *Group & Organization Management*, Vol. 35 No. 5, pp. 636-665.

Andrews, R., Boyne, G.A. and Enticott, G. (2006), "Performance failure in the public sector", *Public Management Review*, Vol. 8 No. 2, pp. 273-296.

Arvey, R.D. and Jones, P. (1985), "The use of discipline in organizational settings: a framework for future research", in Staw, B.M. and Cummings, L.L. (Eds), *Research in Organizational Behavior*, JAI Press, Greenwich, C, Vol. 7, pp. 367-408.

Becker, G. (1964), *Human Capital*, University of Chicago Press, Chicago.

Burger, J.M. (1985), "Temporal effects on attributions for academic performances and reflected-glory basking", *Social Psychology Quarterly*, Vol. 48 No. 4, pp. 330-336.

Burger, J.M. and Rodman, J.L. (1983), "Attributions of responsibility for group tasks: the egocentric bias and the actor-observer difference", *Journal of Personality and Social Psychology*, Vol. 45 No. 6, pp. 1232-1242.

Cannella, A.A., Fraser, D.R. and Lee, D.S. (1995), "Firm failure and managerial labor markets: evidence from Texas banking", *Journal of Financial Economics*, Vol. 38 No. 2, pp. 185-210.

Clignet, R.P. and Foster, P.J. (1964), "Potential elites in Ghana and the Ivory Coast a preliminary comparison", *American Journal of Sociology*, Vol. 70 No. 3, pp. 349-362.

Committee on Energy and Commerce (2012), *The Solyndra Failure*, US House of Representatives, Washington.

Crocker, J., Major, B. and Steele, C. (1998), "Social stigma", in Gilbert, D., Fiske, S.T. and Lindzey, G. (Eds), *The Handbook of Social Psychology*, 4th ed., McGraw Hill, New York, NY, pp. 504-553.

D'Aveni, R.A. (1989a), "The aftermath of organizational decline: a longitudinal study of the strategic and managerial characteristics of declining firms", *Academy of Management Journal*, Vol. 32 No. 3, pp. 577-605.

D'Aveni, R.A. (1989b), "Dependability and organizational bankruptcy: an application of agency and prospect theory", *Management Science*, Vol. 35 No. 9, pp. 1120-1138.

D'Aveni, R.A. (1990), "Top managerial prestige and organizational bankruptcy", *Organization Science*, Vol. 1 No. 2, pp. 121-142.

Davies, M.E. (1987), "Reduction of hindsight bias by restoration of foresight perspective: effectiveness of foresight-encoding and hindsight-retrieval strategies", *Organizational Behavior and Human Decision Processes*, Vol. 40 No. 1, pp. 50-68.

Deci, E.L. and Ryan, R.M. (1985), *Intrinsic Motivation and Self Determination in Human Behavior*, Plenum, New York, NY.

Detert, J.R. and Edmondson, A.C. (2011), "Implicit voice theories: taken-for-granted rules of self-censorship at work", *Academy of Management Journal*, Vol. 54 No. 3, pp. 461-488.

Doty, D.H. and Glick, W.H. (1994), "Typologies as a unique form of theory building: toward improved understanding and modeling", *Academy of Management Review*, Vol. 19 No. 2, pp. 230-251.

Dovey, K. and Fenech, B. (2007), "The role of enterprise logic in the failure of organizations to learn and transform a case from the financial services industry", *Management Learning*, Vol. 38 No. 5, pp. 573-590.

Dutton, J.E., Ashford, S.J., O'Neill, R.M., Hayes, E. and Wierba, E.E. (1997), "Reading the wind: how middle managers assess the context for selling issues to top managers", *Strategic Management Journal*, Vol. 18 No. 5, pp. 407-425.

Fama, E.F. (1980), "Agency problems and the theory of the firm", *Journal of Political Economy*, Vol. 88 No. 2, pp. 288-307.

Fang, C., Kim, J.H. and Milliken, F.J. (2014), "When bad news is sugarcoated: information distortion, organizational search and the behavioral theory of the firm", *Strategic Management Journal*, Vol. 35 No. 8, pp. 1186-1201.

Feather, N.T. and Simon, J.G. (1973), "Fear of success and causal attribution for outcome", *Journal of Personality*, Vol. 41 No. 4, pp. 525-542.

Fincham, F.D. (1985), "Outcome valence and situational constraints in the responsibility attributions of children and adults", *Social Cognition*, Vol. 3 No. 2, pp. 218-233.

Flottau, J. (2012), "Spanair's prolonged finish", *Aviation Week & Space Technology*, Vol. 174 No. 5, p. 24.

Forsman, T. (2001), "Failure as a badge of honor", available at: www.businessweek.com/magazine/content/01_35/b3746632.htm (accessed 24 February).

Fothergill, A. (2003), "The stigma of charity: gender, class, and disaster assistance", *Sociological Quarterly*, Vol. 44 No. 4, pp. 659-680.

Goffman, E. (1963), *Stigma: Notes on the Management of Spoiled Identity*, Prentice-Hall, Englewood Cliffs, NJ.

Gulfnews (2012), "Sudden Spanair shut-down strands passengers", available at: http://gulfnews.com/news/world/other-world/sudden-spanair-shut-down-strands-passengers-1.972744 (accessed 31 July 2014).

Hambrick, D. and D'Aveni, R.A. (1988), "Large corporate failures as downward spirals", *Administrative Science Quarterly*, Vol. 33 No. 1, pp. 1-23.

Hambrick, D. and D'Aveni, R.A. (1992), "Top team deterioration as part of the downward spiral of large corporate bankruptcies", *Management Science*, Vol. 38 No. 10, pp. 1445-1467.

Hamilton, E.A. (2006), "An exploration of the relationship between loss of legitimacy and the sudden death of organizations", *Group & Organization Management*, Vol. 31 No. 3, pp. 327-358.

Himmelman, J. (2012), "Here comes the sell", The Sunday Magazine, 9 August, p. MM24.

Hoetker, G. and Agarwal, R. (2007), "Death hurts, but it isn't fatal: the post-exit diffusion of knowledge created by innovative companies", *Academy of Management Journal*, Vol. 50 No. 2, pp. 446-467.

Hollander, E. (1958), "Conformity, status, and idiosyncrasy credit", *Psychological Review*, Vol. 65 No. 2, pp. 117-1127.

Johnson, E.A., Vincent, N. and Ross, L. (1997), "Self-deception versus self-esteem in buffering the negative effect of failure", *Journal of Research in Personality*, Vol. 31 No. 3, pp. 385-405.

Johnson, M.W. and Suskewicz, J. (2009), "How to jump-start the clean economy", *Harvard Business Review*, Vol. 87 No. 11, pp. 52-60.

Jones, E.E. and Davis, K.E. (1965), "From acts to dispositions: the attribution process in person perception", in Berkowitz, L. (Ed.), *Advances in Experimental Social Psychology*, Academic Press, New York, NY, pp. 220-266.

Kelley, H.H. (1967), "Attribution theory in social psychology", in Levine, D. (Ed.), *NE Symposium on Motivation*, University of Nebraska Press, Lincoln, NE.

Kelley, H.H. (1973), "The processes of causal attribution", *American Psychologist*, Vol. 28 No. 2, pp. 107-128.

Knott, A.M. and Posen, H.E. (2005), "Is failure good?" *Strategic Management Journal*, Vol. 26 No. 7, pp. 617-641.

Lesser, J.A. (2011), "Sunburnt: solyndra, subsidies, and the green jobs debacle", *Natural Gas & Electricity*, Vol. 28 No. 4, pp. 30-32.

Lipshitz, R. (1989), "Either a medal or a corporal: the effects of success and failure on the evaluation of decision making and decision makers", *Organizational Behavior and Human Decision Processes*, Vol. 44 No. 3, pp. 380-395.

McGrath, R.G. (2011), "Failing by design", *Harvard Business Review*, Vol. 89 No. 4, pp. 76-83.

McKinley, W., Ponemon, L.A. and Schick, A.G. (1996), "Auditors' perceptions of client firms: the stigma of decline and the stigma of growth", *Accounting, Organizations and Society*, Vol. 21 No. 2, pp. 193-213.

Major, B.N. and O'Brien, L.T. (2005), "The social psychology of stigma", *Annual Review of Psychology*, Vol. 56 No. 1, pp. 393-421.

Mellahi, K. and Wilkinson, A. (2004), "Organizational failure: a critique of recent research and a proposed integrative framework", *International Journal of Management Reviews*, Vol. 5 No. 1, pp. 21-41.

Minder, R. and Clark, N. (2012), "Spain threatens fine after airline's quick close", The International Herald Tribune, January, p. 30.

Mone, M.A., McKinley, W. and Barker, V.L. (1998), "Organizational decline and innovation: a contingency framework", *Academy of Management Review*, Vol. 23 No. 1, pp. 115-132.

Morrison, E.W. and Milliken, F.J. (2000), "Organizational silence: a barrier to change and development in a pluralistic world", *Academy of Management Review*, Vol. 25 No. 4, pp. 706-725.

Nutt, P.C. (1999), "Surprising but true: half the decisions in organizations fail", *Academy of Management Executive (1993-2005)*, Vol. 13 No. 4, pp. 75-90.

Nutt, P.C. (2002), *Why Decisions Fail: Avoiding the Blunders and Traps That Lead to Debacles*, Berrett-Koehler, San Francisco, CA.

Nutt, P.C. (2004a), "Averting decision debacles", *Technological Forecasting and Social Change*, Vol. 71 No. 3, pp. 239-265.

Nutt, P.C. (2004b), "Expanding search during strategic decision making", *Academy of Management Executive*, Vol. 18 No. 4, pp. 13-28.

Osterwalder, A., Pigneur, Y. and Tucci, C.L. (2005), "Clarifying business models: origins, present, and future of the concept", *Communications of the Association for Information Systems*, Vol. 16 No. 1, pp. 1-25.

Pozner, J.E. (2008), "Stigma and settling up: an integrated approach to the consequences of organizational misconduct for organizational elites", *Journal of Business Ethics*, Vol. 80 No. 1, pp. 141-150.

REN21 (2011), *Global Status Report*, REN21 Secretariat, Paris.

Ross, M. and Sicoly, F. (1979), "Egocentric biases in availability and attribution", *Journal of 'Personality and Social Psychology*, Vol. 37 No. 3, pp. 322-336.

Sandage, S.A. (2005), *Born Losers: A History of Failure in America*, Harvard University Press, Cambridge, MA.

Scherer, M. (2011), "The solyndra syndrome", *Time International (Atlantic Edition)*, Vol. 178 No. 14, pp. 34-37.

Schultz, S. (2012), "Twilight of an industry bankruptcies have German solar on the ropes", 3 April, available at: www.spiegel.de/international/business/0,1518,825490,00.html (accessed 5 May 2012).

Semadeni, M., Cannella, A.A., Fraser, D.R. and Lee, D.S. (2008), "Fight or flight: managing stigma in executive careers", *Strategic Management Journal*, Vol. 29 No. 5, pp. 557-567.

Shim, J.P., Warkentin, M., Courtney, J.F., Power, D.J., Sharda, R. and Carlsson, C. (2002), "Past, present, and future of decision support technology", *Decision Support Systems*, Vol. 33 No. 2, pp. 111-126.

Smart, L. and Wegner, D.M. (1999), "Covering up what can't be seen, concealable stigma and mental control", *Journal of Personality and Social Psychology*, Vol. 77 No. 3, pp. 474-486.

Sutton, R.I. and Callahan, A.L. (1987), "The stigma of bankruptcy: spoiled organizational image and its management", *Academy of Management Journal*, Vol. 30 No. 3, pp. 405-436.

Svensson, G. and Wood, G. (2005), "The serendipity of leadership effectiveness in management and business practices", *Management Decision*, Vol. 43 Nos 7/8, pp. 1001-1009.

Tangney, J.P. (1990), "Assessing individual differences in proneness to shame and guilt: development of the self-conscious affect and attribution inventory", *Journal of Personality and Social Psychology*, Vol. 59 No. 1, pp. 102-111.

Tetlock, P.E. (1985), "Accountability: a social check on the fundamental attribution error", *Social Psychology Quarterly*, Vol. 48 No. 3, pp. 227-236.

The 02b (2012), "All the men of Spanair", available at: www.02b.com/en/notices/2012/10/all_the_men_of_spanair_3014.php#.U9oV3vldV8E (accessed 31 July 2014).

The Guardian (2012), "The thousands of passengers stranded as Spanair ceases operations", available at: www.theguardian.com/world/2012/jan/28/spanair-cancels-flights-legal-action (accessed 31 July 2014).

Treanor, J. (2012), "Kaupthing directors could run a bank again in 16 months", *The Guardian*, 26 June.

Wahrman, R. (1972), "Status, deviance and sanctions: a critical review", *Comparative Group Studies*, Vol. 3 No. 1, pp. 203-223.

Weick, K.E. (1995), *Sensemaking in Organizations*, Sage, Thousand Oaks, CA.

Whetten, D.A. (1987), "Organization growth and decline processes", *Annual Review of Sociology*, Vol. 13 No. 1, pp. 335-358.

Wiesenfeld, B.M., Wurthmann, K.A. and Hambrick, D.C. (2008), "The stigmatization and devaluation of elites associated with corporate failure: a process model", *Academy of Management Review*, Vol. 33 No. 1, pp. 231-251.

Wiesmann, G. (2012), "Cuts cloud German solar power landscape", *Financial Times*, 28 March.

Yang, T. and Aldrich, H.E. (2012), "Out of sight but not out of mind: why failure to account for left truncation biases research on failure rates", *Journal of Business Venturing*, Vol. 27 No. 4, pp. 477-492.

Yu, T., Sengul, M. and Lester, R.H. (2008), "Misery loves company: the spread of negative impacts resulting from an organizational crisis", *Academy of Management Review*, Vol. 33 No. 2, pp. 452-472.

Zuckerman, M. (1979), "Attribution of success and failure revisited, or: the motivational bias is alive and well in attribution theory", *Journal of Personality*, Vol. 47 No. 2, pp. 245-287.

Further reading

Crocker, J. and Major, B. (2003), "The self-protective properties of stigma: evolution of a modern classic", *Psychological Inquiry*, Vol. 14 Nos 3/4, pp. 232-237.

D'Aveni, R.A. and MacMillan, I.C. (1990), "Crisis and the content of managerial communications: a study of the focus of attention of top managers in surviving and failing firms", *Administrative Science Quarterly*, Vol. 35 No. 4, pp. 634-657.

Grunwald, M. (2012), "Yes, more solyndras", *Time*, Vol. 180 No. 8, p. B4.

NY Times (2012), "Solyndra", 31 May, available at: http://topics.nytimes.com/top/news/business/companies/solyndra/index.html.

Corresponding author

Joseph Amankwah-Amoah can be contacted at: joeaamoah@gmail.com

This article has been cited by:

1. Thomas Kaspereit, Kerstin Lopatta. 2016. The Solar Shakeout – Capital Market Reactions to Bankruptcy Announcements in the German Solar Industry. *Zeitschrift für Energiewirtschaft* **40**:3, 139-158. [CrossRef]
2. Shokri-GhasabehMorteza Morteza Shokri-Ghasabeh Morteza Shokri-Ghasabeh is a Project Consultant at SA Health contributing to a variety of industrial projects in Construction and Health. He is also a Casual Lecturer and a student supervisor in Construction Management and Project Management at the University of South Australia (UniSA) and Federation University. Morteza holds a PhD degree in Building from UniSA. He has also received a BSc in Civil Engineering and an MSc in Construction Management. Dr Shokri-Ghasabeh is a member of PMI (MPMI) and a former Board Member of PMI South Australia. Morteza is also a Member of the Australian Institute of Project Management and a Member of the Australian Institute of Building. His major research interests include knowledge management, project success, project selection, project controls and project management. Morteza is keen to provide support to both academia and industry for future cooperation. ChilesheNicholas Nicholas Chileshe Nicholas Chileshe is a Senior Lecturer in Construction and Project Management in the School of Natural and Built Environment at the University of South Australia. He is also the Research Education and Portfolio Leader and Program Director responsible for the Doctorate in Project Management. Nicholas obtained his PhD in Construction Management from the Sheffield Hallam University in 2004. Dr Chileshe is also a Fellow of the Chartered Institute of Building, Chartered Construction Manager (CCM), Fellow of the Australian Institute of Building, Fellow of the Chartered Association of Building Engineers, Chartered Building Engineer (C. Build E), Fellow of the Higher Education Academy, Member of the Chartered Institute of Management and Member of the Australian Institute of Project Management. Nicholas's ongoing professional involvement includes membership and Chair of the Australasian Education Committee, and the CIOB International Accreditation Panel; and he has acted as a PhD External Examiner for Universities in South Africa and Australia. He also regularly reviews proposals for the National Research Foundation in South Africa and the Higher Education Academy (U.K). His current research interests include total quality management, supply chain management, reverse logistics, sustainability, construction management, risk and value management, project management and project success. SA Health, Adelaide, Australia School of Natural and Built Environments, Barbara Hardy Institute (BHI), University of South Australia, Adelaide, Australia . 2016. Critical factors influencing the bid/no bid decision in the Australian construction industry. *Construction Innovation* **16**:2, 127-157. [Abstract] [Full Text] [PDF]