

Performance Shortfalls and Corporate Recidivism: A Contingency Approach

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Abstract : This paper examines the phenomenon of recidivism in the Chinese stock market, emphasizing the significance of mitigating repeat offences within the corporate domain. Using a contingency model and data from Chinese publicly listed companies (1999-2018), the study investigates the impact of underperformance, governance factors, and managerial traits on unethical conduct. The research suggests that persistently unmet economic objectives can foster problem-focused exploration, potentially leading to misconduct. Furthermore, the study considers the unique cultural context of China, where “guanxi” and corruption may influence corporate behavior. It concludes that governance mechanisms play a pivotal role in regulating corporate behavior, underscoring the necessity for enhanced oversight and enforcement of corporate governance standards.

Keywords : recidivism, corporate misbehavior, BTOF, aspiration level, corporate governance, individual characteristics

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