

## Editor's Introduction

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Scandals seem to be present and prevalent as part of the modern organizational world. Scandals are so common these days that we have almost become jaded about and inured to them. It seems that we would only be surprised if some new scandal were not in the news every week. And if a scandal only becomes a scandal when the media get hold of the news, what does that tell us about all the corruption, malfeasance, and other forms of egregious behavior that might have escaped media attention? Well, Paul Hirsch and Daniel Milner see less surprise in many scandals than meets the eye—perhaps to the point where surprise need not even be part of the definition of scandal anymore. It seems that somebody knows something sometime about almost everything that becomes a scandal.

## When Scandals Yield “It’s About Time!” Rather Than “We’re Shocked and Surprised!”

Paul M. Hirsch<sup>1</sup> and Daniel Milner<sup>1</sup>

FIFA, the governing body of world football, spells corruption.

—*The Economist* (February 20, 2016, p. 12)

When scandal occurs, people often express great surprise. Although some may experience the Oxford Dictionary definition of a scandal as “an occurrence in which people are shocked and upset by behavior that is morally or legally wrong,” we suggest by the time many scandals are publicized, many already know about or suspect them, even as some of those close to the developing scandal claim it is the first they’ve heard about it. The question of interest to us, helping to explain how many are/are not surprised by news of a scandal, is the stages through which information passes en route to becoming a scandal.

Our interest in how scandals are generated and received was piqued when we found that, instead of shock or surprise, our response was “it’s about time” when Swiss and American authorities arrested board members and top officials of world soccer’s governing body (FIFA) for accepting large bribes to favor certain countries to host its World Cup games. The arrests did not come as a surprise to many sports fans. Although rumor and suspicion had long followed the announcement of sites for the Olympics and soccer’s World Cup, FIFA’s selection of Qatar to host the Cup games in 2022 triggered the investigations leading to the arrests: Qatar has little sporting infrastructure, has a poor soccer team, and proposed to host the games during July when temperatures in

the Middle East are too hot for any team to play well. Because many already agreed its selection was bizarre, there was little shock or surprise in response to news of the arrests.

This scandal is not unique in generating little surprise when authorities announce instances of wrongdoing. The reaction of “it’s about time” was just as likely as shock and surprise when American prosecutors (finally) fined financial institutions for their actions during the mortgage crisis, or moved on the scandalous behavior of priests who abused children. Swiss banks’ revelations about which companies and individuals hold millions in secret accounts may also appear scandalous, but as their existence was already suspected, the news did not generate much of the “upset” and “shock” associated with the “official” (Oxford) conception of “scandal.” Similarly, the recent leak of the Panama papers, revealing large sums of money secretly tucked away by various dictators and high government officials, appeared less surprising to citizens who already suspected, but lacked documentation before the information was leaked.

However, there are instances of widespread shock and surprise in which few imagined that the actions brought to light were occurring. A sad and dramatic example of all counts of Oxford’s definition (“shock and upset at the moral and legal” lapses) is the delay by government officials in admitting the lead poisoning of Flint, Michigan’s water supply (although it was already clear to its victimized residents).

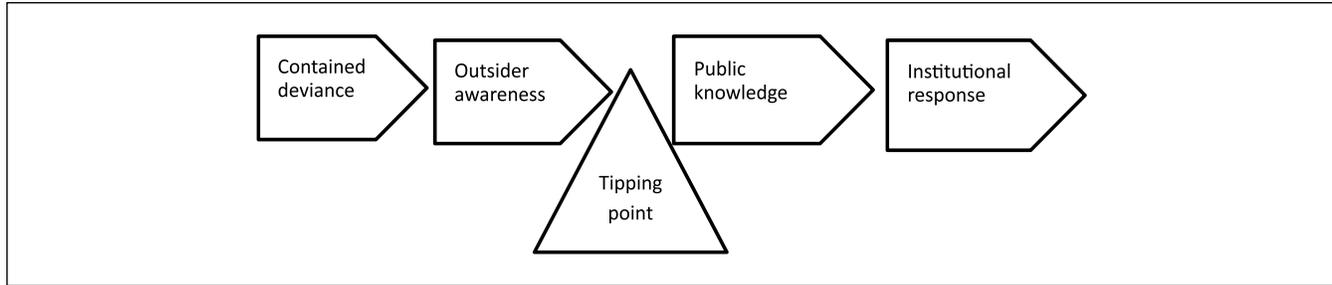
To help explain and distinguish instances in which news of bad behavior comes as a shock, from those which are not seen as so surprising, we generated a “Stages en Route to Scandal” flowchart (Figure 1). It traces the process of how information about “inside jobs,” initially known to only their participants, can work its way to passage through the tipping point that leads to notoriety and infamy as a public scandal. In this setting, the offending person or firm remains safe

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**Figure 1.** Stages en route to scandal.

from exposure so long as knowledge about it is “contained”—a tight lid is kept on and word of it does not leak to outsiders who might publicize it. Although corruption might be suspected, the media do not generally designate it as a scandal until its incidence and practitioners pass a tipping point that leads to documentation from more official sources.

Volkswagen (VW) successfully remained in the “contained” stage from 2008 until 2015, while selling millions of cars with a device that enabled its emissions systems to pass inspection while in violation of the air quality standards they were supposed to meet. What later became a scandal began when an independent scientist brought it to the “outsider awareness” stage by reporting the scam to the Environmental Protection Agency (EPA). The “tipping point” occurred when the EPA publicized VW’s deception to the press in September 2015. Once it became “public knowledge,” the company’s stock dropped, sales decreased, and lawsuits were filed. At the “institutional response” stage that followed, large fines were negotiated with American states, the U.S. and other national governments

### Three Cases

**FIFA.** The unfolding of the FIFA scandal illustrates our model of this process. Here, what started as “inside jobs” known to only their participants worked their way to outsiders becoming aware, and bringing their knowledge through the tipping point, which led to government investigations and arrests of seven senior officials at FIFA’s biannual conference by Swiss and American police in 2015. Outsider awareness of misconduct in FIFA (Stage 2 of our model) existed long before these arrests. In 2006, a British sports journalist (Jennings, 2006) published a book and hosted a BBC documentary asserting corruption in FIFA’s selection of sites going back to the late 1980s.

Jennings’ assertions (called “fiction” by FIFA President Sepp Blatter) stoked suspicions shortly before FIFA’s announcement in 2010 of Russia and Qatar as respective hosts of the 2018 and 2022 World Cups. The selection of Qatar was particularly egregious, as 2 months before the vote, reporters from the English *Sunday Times* disguised themselves as soccer executives and covertly videoed two executive committee members admitting to either being

willing to receive bribes or identifying other committee members who would likely do so for the coming selection. The airing of these videos made it publicly known how members of FIFA’s executive committee, who by secret ballot selected the hosts of the World Cup, engaged in inappropriate behavior. In response, FIFA tried to preempt a likely strong backlash by suspending the two executives caught on video. However, the public objections and outcries over its selection of Qatar to host the World Cup in 2022 were followed by (a) corporate sponsors pulling out, and (b) in the United States, the FBI’s investigation, which enabled turning a high FIFA executive, Chuck Blazer, into an informant in exchange for reduced charges of tax evasion for not reporting the bribes from cities seeking selection for the World Cup (and from television networks for broadcast rights).

As widespread knowledge of corruption preceded the indictments of its officials, the resulting scandal was less of a shock than it would have been had the indictments come earlier. Our model’s framing of a scandal’s emergence traces the passage of information about a bad act(s) from its beginning, through its escape from containment, to public revelation and the broader response to it. In FIFA’s case, the corruption stretched over decades, expanding uninterrupted until greater public suspicion and the tipping point of Qatar’s selection brought on investigation, arrests, and the indictments for wire fraud and tax evasion. By that time, the shock and upset accompanying newly discovered scandals had already occurred, so that the affirmation of corruption at FIFA came as more relief than surprise.

**Shooting of Laquan McDonald.** In a reversal of private-sector misconduct being “outed,” leading authorities to respond to the scandal and take action, this case entailed police malfeasance, with the scandal emerging as a result of public suspicion and a freelance journalist’s successful lawsuit to access the information. The evidence consisted of video footage from the dashboard camera of a police car whose officers responded to calls about a person carrying a knife allegedly trying to break into vehicles, in Chicago on October 24, 2014. When the suspect was ordered to drop the knife, he instead walked away. An arriving officer, without waiting for the arrival of a taser, shot the suspect, 17-year-old Laquan McDonald, who immediately fell to the ground. The video

footage shows the officer then fired the remaining 15 bullets of his firearm into a motionless McDonald.

The city contained news or evidence of these actions, privately compensating McDonald's family, with no publicity about the case. Requests for documents and video of what occurred were denied until the journalist successfully sued for their release under the Freedom of Information Act almost a year later. After the court honored this outsider's request and ordered their release, leading to awareness of possible malfeasance, the tipping point occurred when the video showed the shooting of McDonald on the ground. The offending officer was indicted for first-degree murder. A further institutional response was the federal government placing the city's police department under its direct supervision. The city's delay in its response to the shooting also became a scandal in its own right, generating a further institutional response: The chief state's attorney lost her bid for re-election, and the police chief was fired by the mayor. Protests of the city's cover-up and calls for the mayor's resignation also ensued.

*Bill Cosby sexual assault allegations.* Although allegations of sexual assaults by Bill Cosby were made for more than 30 years, the associated scandal emerged only in the last 2. Limited media attention in 2005 to allegations by more than a dozen women prevented the "outsider awareness" of Cosby's alleged behavior from tipping over into "public knowledge." Like the cases against FIFA's top echelon, the problem continued over decades, with an analytical difference between them being more testimonials in the Cosby case than in FIFA's. The "tipping point," which we suggested usually precedes widespread public knowledge, in this case did not occur until *after* the limited amount of outsider awareness was augmented by statements from close to 50 women who claimed he had assaulted them after the delayed release of a deposition by Cosby (from 2005) in which he admitted to these acts.

The unusual delay in this scandal's emergence, when the information was available but did not generate a publicized scandal, reflects a change in American culture. Accusations of rape are taken more seriously now than they were then, with greater societal support for victims of sexual assault. Many report they did not come forth because of fear that they would not be believed, and that a further deterrent was concern over going up against a powerful icon whose denials might be seen as more credible.

The tipping point's delay in this case is well illustrated by a *Washington Post* column written by one of Cosby's accusers: "Bill Cosby raped me. Why did it take 30 years for people to believe my story" (Bowman, 11/13/14). Bowman credits a Black *male* comedian (Hannibal Buress) whose attack on Cosby's credibility went viral on social media, for inspiring her to come forward again, and encouraging the widespread discussion that led more women to join her. When the Philadelphia district attorney's office reopened the

case that was not prosecuted back in 2004 and the Court released the earlier deposition in which Cosby admitted the assaults, additional women came forth to accuse him. Whereas in 2005 the allegations were not as easily taken up, by 2014-2015, they more clearly crossed the normative boundary into unacceptable and deviant behavior. This cultural shift helped enable the victims' accusations to pass the tipping point separating our model's stages of outsider suspicion and awareness to public knowledge.

*Revisiting the model.* In these cases, we have seen that a notable portion of the public is not completely surprised when a scandal erupts. Some knew of, or at least suspected, the associated deviance before the scandal broke. Our model of the stages a scandal goes through suggests a key to explaining differences between the proportion "in the know" and aware of the situation before it reaches the tipping point, and the proportion who are surprised when they first learn of it after that. In the scandal surrounding FIFA, because suspicion about its executives taking bribes was widespread before corrective action was taken, the proportion "not surprised" was quite large. In contrast, suspicion was less widespread about VW's emission violations before the tipping point of the U.S. government's release of the information, which led to a much larger proportion of those surprised by the news.

We think our model of the stages a scandal passes through helps explain our initial response of "it's about time" to the news of the FIFA scandal, while also explaining our surprise when scandals break over misbehaviors about which the information was better contained before reaching the tipping point.

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## Author Biographies

**Paul M. Hirsch** is James Allen Professor of strategy and organization at Northwestern University's Kellogg School of Management. His interest in scandal and violations of trust is longstanding. Hirsch's article, "Immoral but not illegal: monies vs mores amid the mortgage meltdown" was published in *Strategic Organization*, and he is co-editor of *Markets on Trial*, a volume of critical essays addressing the 2008 economic meltdown's origins and consequences. He has received the "Distinguished Scholar" award of the Academy of Management's Organization and Management Theory Division, and served as chair of the American Sociological Association's Section on Occupations, Organizations and Work.

**Daniel Milner** is a doctoral student in the Management and Organizations Department at the Kellogg School of Management, Northwestern University. He holds a bachelor of science from the Wharton School of the University of Pennsylvania. His research interests include organizational and political corruption, institutional change and persistence, and organizational attention and vocabularies.