

Exogenous Shocks in Leadership and Management Research: Types, Challenges, and Opportunities

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(Structured draft — do not circulate)

Abstract

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Keywords: kw1, kw2, kw3.

1 Introduction

2 What is an exogenous shock?

2.1 Exogenous shocks in the literature on natural experiments

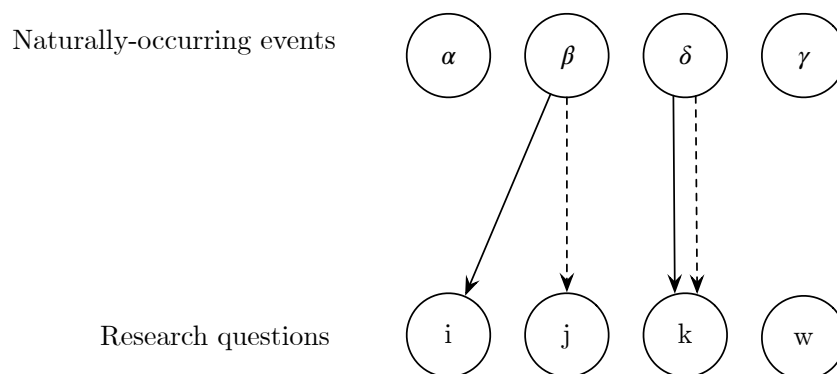


Fig. 1: Exogenous shocks map naturally-occurring events onto research questions via empirical and substantive relevance. Notes: \longrightarrow = empirical relevance; $\text{-----}\longrightarrow$ = substantive relevance.

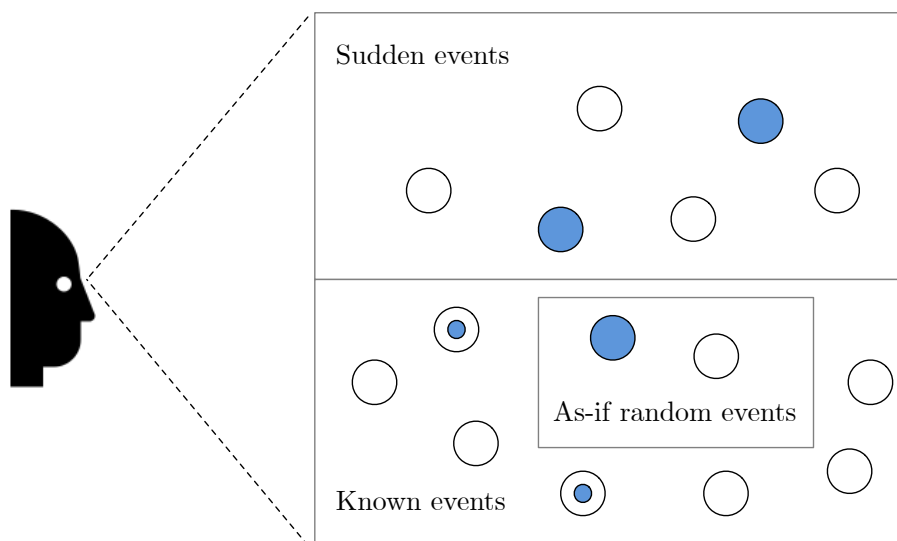


Fig. 2: Semantic representation of exogenous shocks in the natural experiment literature. Notes: \bullet = exogenous shocks; \odot = events that have substantive relevance but do not support causal inference; \circ = events that lack empirical and substantive relevance.

2.2 Exogenous shocks in leadership and management research

3 How do exogenous shock differ?

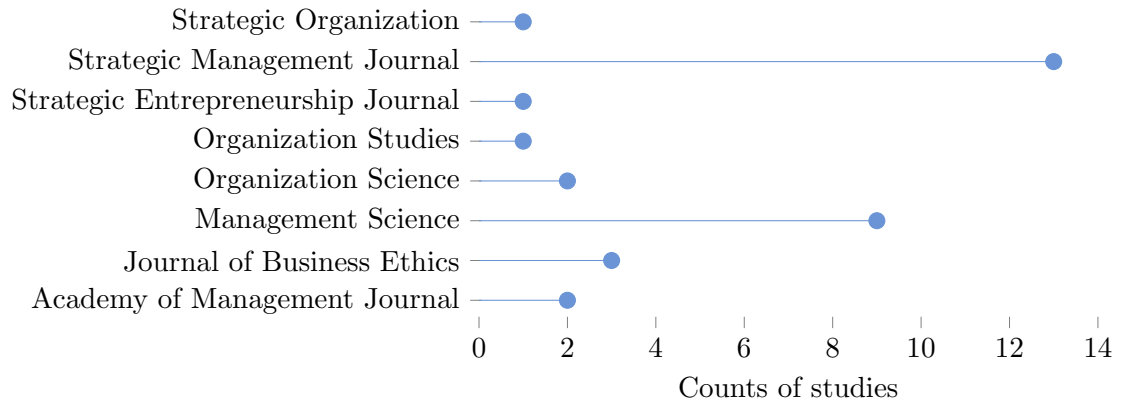


Fig. 3: Distribution of studies that claim to use an exogenous shock across management journals. Notes: $N = 32$; in the interest of consistency, we excluded ‘exogenous shock’ published in Management Science that address finance or operations problems. The following journals do not have any ‘exogenous shock’ study: Administrative Science Quarterly, Entrepreneurship Theory and Practice, Journal of Business Venturing, Journal of Management, Leadership Quarterly, Research Policy.

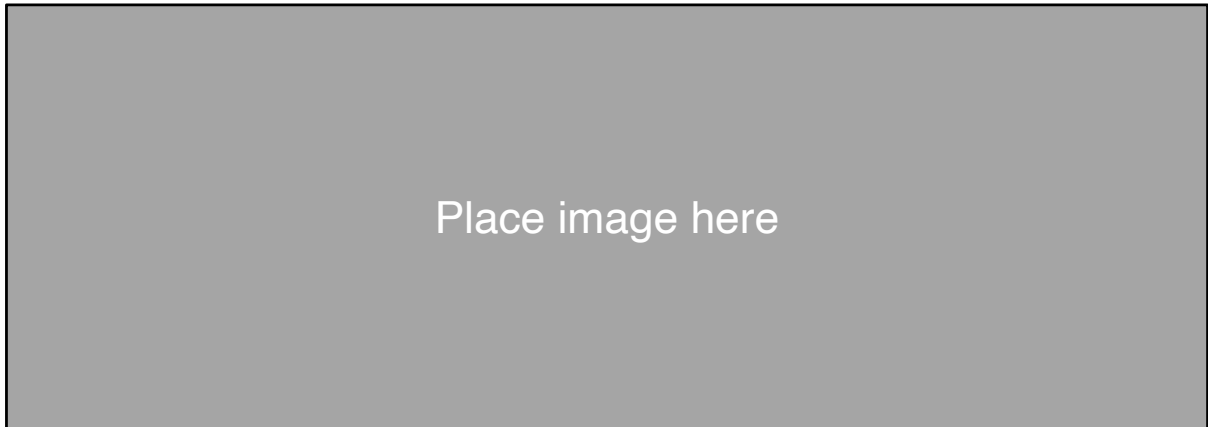


Fig. 4: Classes of events presumed to create exogenous shocks.

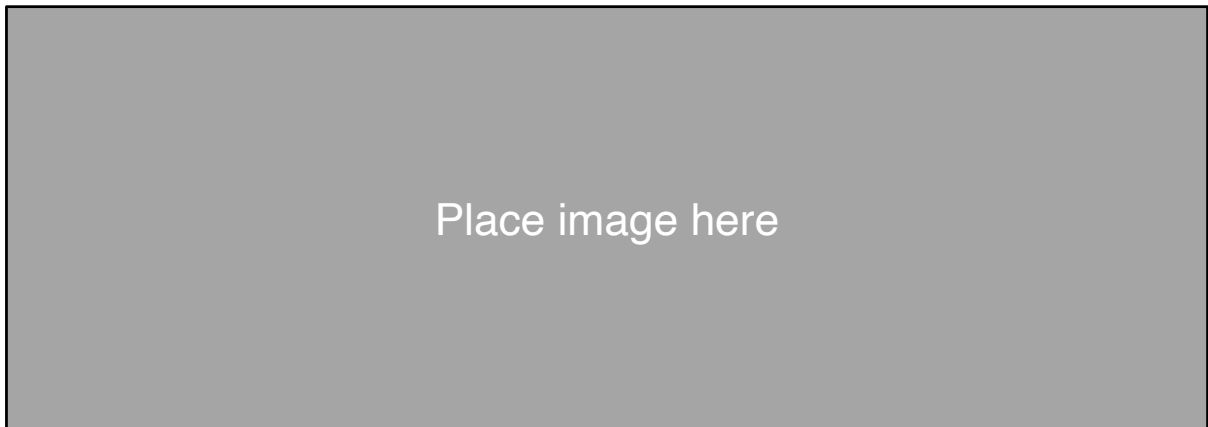


Fig. 5: A typology of exogenous shocks.

TABLE I
Summary of study events, research questions, and exogenous shocks

Study	Event	Research question	Relevance of the event		
			Empirical	Substantive	Summary
Cai & Shi (2019)	Revelation of the sex abuse of children by Catholic priests in U.S.	Does a firm's religious environment influences outside parties' perceptions in contracting with the firm?	•	◦	Revelation of the sex abuse of children by Catholic priests is an exogenous shock to the religiosity of a region, which can meaningfully influence the capital structure, credit rating, cost of debt, and covenants of firms located in the region.
Gupta et al. (2020)	Sarbanes-Oxley Act (SOX) & Global Financial Crisis	Does CFO gender influence the likelihood of financial misreporting?	•	◦	The authors expect: i) SOX to lead to a larger decrease in financial misreporting for male CFO firms than female-CFO firm; ii) firms to face greater pressure to report favorable earnings during crisis periods, which is more likely to influence male compared to female CFOs (based on the logic that female CFOs will be less likely to engage in fraud regardless of stakeholder pressure).
Seebeck & Vetter (2021)	Brexit Referendum	Does board gender diversity affect corporate risk disclosure?	•	◦	The outcome of Brexit Referendum increases the amount of risk environment for all UK-based companies, which attenuates reverse causality concerns regarding board gender diversity on corporate and risk disclosure.

TABLE I (cont'd)

Study	Event	Research question	Relevance of the event		
			Empirical	Substantive	Summary
Vergne (2012).....	9.11	Does straddling multiple product-market categories dilute stakeholder attention to the stigma of operating in the global army industry?	•	•	<i>“Because the attackers used commercial airlines hijacked by terrorists armed with kitchen knives, the definition of the weapons category was questioned in the post-9/11 period.”</i> Hence, 9/11 allows the author to test whether the salience of the category ‘weapons’ weakens the negative relationship between stigma dilution (i.e., the situation in which a diversified business operates also in a stigmatized sector, such as ‘arms’) and media disapproval.
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4 Harnessing exogenous shocks: opportunities and challenges



Fig. 6: A decision tree to harnessing exogenous shocks.

5 Coda

6 References

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