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Research article

Is corruption sand or grease in the wheels of corporate sustainability?

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ABSTRACT

Applying the institutional logics perspective, we examine how pervasive corruption influences the economic, social and environmental dimensions of corporate sustainability. We argue that pervasive corruption functions as an institutionalized logic, whose compatibility with the stakeholder accountability logic, underpinning corporate sustainability practices, varies across sustainability dimensions, and that this relationship is moderated by stakeholder pressure, financial slack and institutional ties. Using time-lagged survey data from CEOs (t1) and sustainability managers (t2) in 242 domestic firms in Ghana, we find that pervasive corruption has a negative relation with environmental sustainability, a negative but insignificant, thus negligible, relation with social sustainability and a positive relation with economic sustainability. Firms' financial slack and institutional ties strengthen the negative relations, while pro-sustainability stakeholder pressure weakens the negative relations, but has not significant influence on positive relations. Our study extends the corruption–sustainability debate by highlighting its multidimensional nature and the conditions that perpetuate corruption and shape how pervasive corruption interacts with corporate sustainability.

1. Introduction

Corruption is widely recognised as a major impediment to sustainable development (Castro et al., 2020; Khalfaoui et al., 2023). When corruption is pervasive, it becomes embedded in the institutional environment, systematically shaping firms' strategic choices and resource allocation decisions (Uhlenbruck et al., 2006). We therefore focus on pervasive corruption as an institutional condition that structures managerial expectations, rather than on the more commonly examined firm-level corruption incidents, which capture discrete behaviours but obscure the informal institutional context through which corruption persists.

In economic terms, pervasive corruption has been debated as either "grease in the wheels," enhancing efficiency (e.g.White III et al., 2023), or "sand," increasing costs and undermining performance (e.g. Majeed et al., 2024). Beyond the economic dimension, however, research on the implications of pervasive corruption for corporate social and environmental sustainability is even more fragmented and underdeveloped (Hennchen, 2015; Majeed et al., 2024).

The above-mentioned body of literature lacks a multi-dimensional perspective and therefore often overlooks how pervasive corruption may exert divergent effects across the economic, social, and environmental dimensions. Moreover, we know that pervasive corruption influences how scarce resources are allocated (Williams and Kedir, 2016), yet the conditions under which it undermines or facilitates corporate sustainability remain insufficiently understood (Sarhan and Gerged, 2023), particularly how resources and stakeholder pressures may magnify or mitigate pervasive corruption's impact across different corporate sustainability dimensions. Addressing these gaps, we extend the "sand or grease" debate by asking two interrelated research questions:

(1) Is pervasive corruption sand or grease in the wheels of each corporate sustainability dimension?
(2) What role do organizational resources and stakeholder pressures play in shaping these relationships?

To answer these questions, we adopt an institutional logics

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perspective. Organizations are embedded in multiple, and sometimes competing, logics (Greve and Zhang, 2017). The degree of logic compatibility—the extent to which logics imply consistent organizational actions (Besharov and Smith, 2014)—determines whether they function as complements or substitutes. We argue that corruption constitutes such an institutionalized logic (Cuervo-Cazurra et al., 2016). In contexts where corruption is pervasive, this logic substitutes the logic of stakeholder accountability in the environmental dimensions, complements economic sustainability logics of long-term performance, and has an almost neutral relation with the more heterogeneous and discretionary logics of the social dimension.

Following Misangyi et al. (2008) we conceptualize the availability of economic, relational, and symbolic resources as critical conditions that shape the interaction of these competing logics. Organizational resource munificence—in the form of financial slack and relational resources (institutional ties)—tends to reinforce the corruption logic by providing the economic means and interpersonal networks that sustain corrupt practices (Sheng et al., 2011; Ashraf et al., 2019). In contrast, stakeholder pressures provide relational and symbolic resources that strengthen the challenger logic of accountability, elevating pro-sustainability demands and exposing corrupt practices (Eesley and Lenox, 2006; Odziemkowska and Henisz, 2021) without affecting the complementary relationship between corruption and economic sustainability.

We test these ideas using time-lagged survey data collected from matched pairs of CEOs and sustainability managers in 242 firms in Ghana, a setting that combines systemic corruption with recent pro-environmental policy initiatives (Adomako et al., 2021). Collecting matched executive data in such a context is rare and methodologically demanding, enabling us to link perceptions of institutional conditions with independently reported sustainability outcomes while reducing common-method bias. Our dataset contains unique information capturing not only managerial perceptions of pervasive corruption but also bribery incidence, which is used to test the robustness of our results. We examine the relationship between corruption and corporate sustainability performance using Wijethilake (2017)'s multi-dimensional sustainability metrics.

Our findings indicate that pervasive corruption is positively associated with economic sustainability, negatively associated with environmental sustainability, and not significantly associated with social sustainability. Financial slack and institutional ties amplify positive and negative relationships, while primary and secondary stakeholder pressures weaken negative relationships but not positive ones.

We advance theory on corruption and sustainability by conceptualizing and empirically examining how the relationships between pervasive corruption and corporate sustainability diverge across economic, environmental, and social dimensions, and by identifying the boundary conditions under which these relationships emerge. The heterogeneous results across corporate sustainability dimensions help us better understand the trade-offs that underpin corruption's persistence despite its well-documented environmental costs (see, e.g., Khalfaoui et al., 2023; Hao et al., 2022). Importantly, while slack resources and institutional ties may entrench corrupt practices stakeholder pressure emerges as a potential countervailing force where corruption and sustainability logics conflict, offering insights for managers and policymakers operating in corruption-prone contexts.

2. Theoretical background and hypotheses development

2.1. The causes and effects of corruption

Corruption can be defined as “the abuse of entrusted power for private gain” (Cuervo-Cazurra, 2016, p. 1). Its negative impacts have spawned many studies emphasising that its causes and effects result from complex interactions at societal, organizational and individual levels, the behaviour of rogue individuals (‘bad apples’) operating within organizations with flawed designs (‘bad barrels’) which are embedded in broader ecological systems that enhance corruption (‘bad cellars’) (Muzio et al., 2016).

Many studies on corruption focus on the public sector, including regulators and policymakers embedding bribes and graft in policy regimes, or community leaders demanding personal perks (Cuervo-Cazurra, 2016). Public-sector corruption often produces inefficient judicial systems and suboptimal fund allocation (Khalfaoui et al., 2023) and can erode societal values such as honesty and accountability (Gelbrich et al., 2016). These effects are particularly evident for environmental protection: corruption has been linked to worsened environmental quality (Khalfaoui et al., 2023), reduced effectiveness of emergency environmental policies (Hao et al., 2022), lower environmental efficiency (Yang et al., 2025), higher non-renewable energy consumption (Xu, 2025), and increased carbon intensity (Kaymaz et al., 2025). Social sustainability effects are more heterogeneous—for example, could be positive for mitigating bureaucratic harm to less powerful actors when informality is high (Dobson and Ramlogan-Dobson, 2012).

At the company level, corruption influences the strategic allocation of resources across economic, social, and environmental sustainability performance (Collins et al., 2009). Firms that do not engage in corruption, lack access to corrupt decision-makers, or cannot afford bribes may face a competitive disadvantage (Marquette and Peiffer, 2018). For example, Williams and Kedir (2016) and Xie et al. (2019) found that corruption is associated with enhanced economic performance, measured through annual sales, employment and productivity growth, or product innovation. In contrast, Hu and Shi (2021) show that corporate SO_2 emissions are significantly higher in Chinese cities with government–enterprise collusion, and Qian et al. (2025) report a negative association between pervasive corruption and firms’ social responsibility.

At the individual level, corruption raises the question how managers' perceptions of corruption reduce or escalate the occurrence of corporate corruption. Prior research has pointed here to practices of socialization, rationalization (Ashforth and Anand, 2003) and overcompensation (Zyglidopoulos et al., 2009) that enable individuals involved in corrupt activities to reduce or blend out feelings of having acted immorally. Even in the few companies that could address corruption – chiefly multinationals that enjoy a high status position vis-à-vis host governments (Kwok and Tadesse, 2006) – these practices allow organizational actors to continue their behaviour without experiencing guilt, thus reducing reflection at the individual level and reinforcing the persistence of corruption over time at the societal level (Anand et al., 2004). In this context, we find that previous research on corruption and sustainability has often taken corporate sustainability performance as unidimensional, rather than considering it regarding distinct economic, social and environmental dimensions and their alignment or non-alignment. Accordingly, we suggest that understanding whether and under what conditions pervasive corruption influences a firm's economic, social and environmental performance is critical for understanding the effect of corporate corruption on sustainable development.

2.2. Institutional logics

Studies of corruption can fruitfully apply institutional theory (Castro et al., 2020). An institutional lens is particular appropriate to developing countries where institutions – the rules of the game (North, 1991) – are often largely informal (Kahupi et al., 2024; Vazquez-Brust et al., 2024). For example, Zhu et al. (2013) showed how institutional pressures lead Chinese manufacturing firms to first implement ISO 9000 and then ISO 14001. A key element of institutions are institutional logics: “Institutions display a logic which gives meaning to the practices that organizations and individuals engage in, forming the ‘laws of motion’ of a particular order” (Mutch, 2018, p. 248). Hence, institutional logics shape decisions about the allocation of resources, constraining the

discretion of individuals (Thornton et al., 2012); in the final analysis they thus shape the strategic direction of the firm. Again, institutional logics are particularly suited to studying developing countries as they may have unique constellations of institutional forces and logics (Peng, 2003). For example, Yang et al. (2024) captured how green innovation in Chinese agricultural firms is influenced by both state and market logics, as well as their interactions.

Firms are embedded in organizational fields characterized by institutionalized practices that follow a dominant institutional logic (Haveman and Rao, 1997). Organizational logics steer organizational actors towards allocating resources to practices that are endorsed by the institutional logic as a legitimate way of acting within the field (Thornton et al., 2012). However, other logics that are external or peripheral to the field can also influence an organization and provide alternative means of legitimacy (Reay and Hinings, 2009).

A substantial body of research has stressed that some institutional logics are more compatible with each other than others (Gümüsay et al., 2020). Besharov and Smith (2014, p.367) define compatibility as "the extent to which the instantiations of [different] logics imply consistent and reinforcing organizational actions". When such logics are compatible, they co-exist (Besharov and Smith, 2014), and the organizational practices they endorse are legitimacy complements. More resources will allow more implementation of both types of practices (Pache and Santos, 2013). For example, Yang et al. (2024), in their study of green innovation in Chinese agricultural firms, found such a complementary effect between the state and the market logic. When logics have low compatibility, the organizational practices they endorse become legitimacy substitutes. A rivalry between logics will lead their proponents to compete for the allocation of resources to support their preferred practices (Reay and Hinings, 2009; Thornton et al., 2012). The implementation of practices prescribed by the competing logics becomes a zero-sum game (Besharov and Smith, 2014); the more resources one logic has, the more it will be able to use these resources to oppose the practices embedded in the competing logic.

2.3. Hypotheses development

Given that corruption functions as an informal political institution in many countries (Gelbrich et al., 2016), we conceptualize an institutional logic of corruption (Misangyi et al., 2008) that becomes embedded in society, constraining individual and organizational discretion (Cuervo-Cazurra, 2016). We conceptualize pervasive corruption not as firm-specific corrupt acts, but as an institutionalized environmental condition that shapes managerial expectations and perceived constraints.

Managers' perceptions of corruption reflect the degree to which corruption is normalized and taken for granted in the business environment, which in turn influences firm-level resource allocation decisions even in the absence of direct engagement in corrupt transactions. In line with this, we focus on managers' perceptions of pervasive corruption as the firm-level manifestation of this broader institutional condition.

When pervasive corruption operates as an embedded informal institutional logic in societies, it becomes part of an accepted mode of coordination rather than a clear deviation from social rules (Gelbrich et al., 2016; Cuervo-Cazurra, 2016)). This logic shapes managerial expectations and resource allocation priorities, as managers operating in highly corrupt environments adapt to prevailing norms that normalize opportunistic exchanges and constrain transparency and accountability in organizational decision-making (Muratbekova-Touron et al., 2022). Building on Muratbekova-Touron et al. (2022), we argue that the institutional logic of corruption coexists with stakeholder accountability logics through varying forms of compliance, resistance or decoupling, depending on the type of stakeholder demand and the firms' embeddedness in corruption-endorsing organizational fields.

We contrast the logic of corruption with the logics of environmental, social and economic stakeholder accountability. Stakeholder theory (Harrison et al., 2019) posits that a firm should be viewed as a set of relationships among individuals and groups with a stake in the firm's activities (Freeman, 1984). Effective management of these relationships can help the firm achieve legitimacy and thrive (Jones et al., 2018). The primary goal of stakeholder accountability is to provide a transparent account of activities aimed at improving organizational responsiveness to stakeholder expectations and concerns (Safari et al., 2020).

Following a logic-compatibility perspective (Hengst et al., 2020), we argue that the compatibility between corruption and stakeholder accountability logics differs across the three sustainability dimensions. We explain these differences with regard to expected resource flows to and from the firm. In terms of economic sustainability, the logic of corruption is self-regarding, focused on securing resources for the benefit of the firm, its managers and owners (Muratbekova-Touron et al., 2022; Misangyi et al., 2008). To the extent that the logic of corruption sees long-term economic performance as a guarantee of the continuity of corrupt activities in the future (Ferris et al., 2021), the two logics are compatible and act as complements. For example, government protection or preferential treatment obtained through corruption may facilitate long-term partnerships, innovation and value creation (Adomako et al., 2021). Thus, economic sustainability performance may benefit from the allocation resources to corruption.

By contrast, environmental sustainability can cause serious expenses for the firm and often directly conflicts with corruption logics. Combatting pollution in manufacturing not only requires investment in abatement technology, it is also based on transparent systems of resource use, such as environmental management system ISO 14001, as well as adherence to externally enforced formal norms (Delmas and Toffel, 2008; Kolk, 2008). Such transparency undermines the opacity essential for corruption and exposes the firm to outsider scrutiny, which may challenge corrupt practices (Muratbekova-Touron et al., 2022). Moreover, external stakeholders can (admittedly within limits) verify firms' claims of environmental engagement. Hence, we expect that the logics of corruption and environmental stakeholder accountability exhibit low compatibility (Hengst et al., 2020). Consequently, the higher the level of pervasive corruption, the more resources will be given to corruption-related activities; fewer resources are now left for environmental sustainability activities. In other words, perceptions of pervasive corruption divert resources away from compliance and weaken genuine environmental initiatives, leading to a negative and significant impact on environmental sustainability.

Finally, for social sustainability, stakeholder expectations are heterogeneous, encompassing activities that differ in both resource flows and degree of compatibility between corruption and stakeholder accountability logics at the practice level. Full incompatibility arises when pervasive corruption makes it difficult for firms to establish cooperative relationships with powerful stakeholders, such as government, who can withhold rewards for social investments (Qian et al., 2025). Firms with a strong 'ability to pay' may even attract attention and become targets for rent extraction (Svensson, 2003). However, firms can often reduce the tension between corruption and social accountability because many social accountability practices rely on internal norms, are discretionary, have less visible outcomes, and face limited external scrutiny (Hess, 2008). Firms may adopt initiatives ceremonially (e.g., non-audited reports) rather than substantively (Trittin-Ulbrich, 2023), preserving legitimacy while avoiding significant resource outflows. Some practices can be compartmentalized (Pache and Santos, 2013) – coexisting with corruption without directly threatening it, such as community or employee programs with little political relevance. Others may be selectively compatible (Pache and Santos, 2013), particularly when stakeholders benefiting from corruption also gain from certain development initiatives. Thus, depending on stakeholder configurations and practices, the aggregate negative relationship between corruption and social accountability is expected to range from weak to negligible, reflecting partial normative incompatibility, decoupling, and selective

accommodation.

Bringing these arguments together, we suggest:

H1a. Pervasive corruption is negatively related to environmental sustainability performance.

H1b. Pervasive corruption is positively related to economic sustainability performance.

H1c. Pervasive corruption has a negative but weak or negligible relationship with social sustainability performance.

In corrupt institutional contexts, political ties increase firms' discretion –

i.e. their ability to decide which norms and expectations to follow, and how visibly to follow them (White III et al., 2023). Managers empowered by the incumbent corruption logic will leverage their access to resources to prevent any incompatible stakeholder accountability logic, whether environmental and social, from achieving salience. The institutional ties cultivated by the firm's managers with policy-makers are relational resources (Sheng et al., 2011) constitute a significant organizational asset that corrupt managers can exploit to increase the dominance of corruption – more people to safely offer bribes to – and prevent the rise of substitute logics (Misangyi et al., 2008). Firms with political ties have external protection from sanctions or public accountability pressures (Adomako et al., 2021). The intensity of engagement between officials and the firm's managers correlates with the normalization of corrupt practices and decreases the risk of corruption being exposed as a criminal activity (Fredriksson et al., 2003). Conversely, since the logics of corruption and economic sustainability may be complementary, more ties will give managers more opportunities to benefit the firm through bribes, enhancing the positive effects, i.e. the grease effect of corruption on economic sustainability (Adomako et al., 2021). Therefore, we posit the following hypotheses:

H2a. *The negative relation between pervasive corruption and environmental sustainability performance is increased when a firm's institutional ties are stronger*.

H2b. *The positive relation between pervasive corruption and economic sustainability performance is increased when a firm's institutional ties are stronger*.

H2c. *The negative relation between pervasive corruption and social sustainability performance is increased when a firm's institutional ties are stronger*.

The rise of a competing logic can also be prevented by leveraging the access that corrupt managers or owners have to resource slack, i.e. the extent to which uncommitted organizational resources are immediately available to them (Harrison and Coombs, 2012). Slack financial resources provide a readily available means for targeting corrupt officials with bribes (Shahzad et al., 2019). More financial slack allows managers to channel resources into reinforcing the dominance of the corruption logic in their business operations (Ashraf et al., 2019), both as a lever for economic sustainability performance and as the 'best way' to deal with environmental and social concerns. The greater the financial slack, the greater the positive effect of pervasive corruption on economic performance and the negative effect on social and environmental sustainability performance. Accordingly, we hypothesize:

H3a. *The negative relation between pervasive corruption and environmental sustainability performance is increased when a firm's financial resource slack is higher*.

H3b. *The positive relation between pervasive corruption and economic sustainability performance is increased when a firm's financial resource slack is higher*.

H3c. *The negative relation between pervasive corruption and social sustainability performance is increased when a firm's financial resource slack is higher*.

Corruption persists through the interplay of competing institutional logics, resource allocation, and influential stakeholders (Misangyi et al., 2008). Managers can leverage stakeholder pressures as symbolic resources to legitimize sustainability initiatives internally. When firms perceive alignment among stakeholders endorsing environmental and social accountability logics, sustainability practices are framed as risk mitigation and legitimacy-enhancing strategies (Ioannou and Serafeim, 2015). This alignment increases the salience of accountability logics, which can substitute for corruption logics—further weakened by the heightened risk of exposure that stakeholder scrutiny entails. As a result, stakeholder pressure provides actors supporting accountability logics with relational and symbolic resources that constrain the ability of corruption-oriented actors to limit resource allocation to environmental and social sustainability practices.

In contrast, stakeholder pressure has only a limited influence on the relationship between pervasive corruption and economic sustainability. This reflects the continued compatibility between corruption and stakeholder accountability logics in the economic domain, where both retain instrumental orientations toward performance outcomes. As Besharov and Smith (2014) note, when institutional logics are compatible, increases in the salience of one logic do not necessarily disrupt resource flows associated with the other. Accordingly, even under heightened stakeholder pressure, firms embedded in corrupt environments may continue to pursue economically beneficial outcomes through corruption without perceiving such actions as inconsistent with accountability expectations.

Primary stakeholders—such as shareholders, customers, regulators, and employees—have direct economic ties to the firm (Clarkson, 1995) and may be reluctant to challenge corruption when it threatens economic sustainability or their own interests. Secondary stakeholders—such as NGOs, media, and local communities—lack such ties and may take more principled positions (Eesley and Lennox, 2006); however, their influence largely depends on pressuring primary stakeholders (Odziemkowska and Henisz, 2021) and can be undermined in the economic dimension when primary stakeholders are compromised or when firms use corruption to steer secondary stakeholders' attention toward outcomes while overlooking corrupt practices (Silvestre et al., 2020). Taken together, pro-sustainability pressures from both stakeholder types are unlikely to significantly weaken the positive association between perceived corruption and economic sustainability performance. Thus:

H4a. The negative relationship between pervasive corruption and environmental sustainability performance is weaker when primary stakeholders pressure to engage in sustainability activities is higher.

H4b. The positive relationship between pervasive corruption and economic sustainability performance is not significantly moderated by primary stakeholders pressure to engage in sustainability activities.

H4c. The negative relationship between pervasive corruption and social sustainability performance is weaker when primary stakeholders pressure to engage in sustainability activities is higher.

H4d. The negative relationship between pervasive corruption and environmental sustainability performance is weaker when secondary stakeholders pressure to engage in sustainability activities.

H4e. The positive relationship between pervasive corruption and economic sustainability performance is not significantly moderated by secondary stakeholders pressure to engage in sustainability activities.

H4f. The negative relationship between pervasive corruption and social sustainability performance is weaker when secondary stakeholders pressure to engage in sustainability activities is higher.

3. Research design

3.1. Research setting

We collected data from domestic firms in Ghana, a country where corruption has been increasing in recent years. At the same time, the Ghanaian government has implemented a wide range of policies to enhance environmental protection (Adomako et al., 2021) and informal institutions strongly embed social and environmental responsibilities (Vazquez-Brust et al., 2024). Furthermore, it is one of the most stable countries in sub-Saharan Africa (Acquaah, 2007). All of these characteristics render Ghana a suitable research setting where respondents are willing – at least under conditions of anonymity – to answer questions on the topic.

3.2. Sample and data collection

The sampling frame for our study was derived from the database of the Ghana Business Directory (GBD), which contains the latest official information on firms operating in the country (Acquaah, 2007). The GBD compiles information from official registration records and industry listings and is periodically updated to reflect changes in the status of active firms. While the directory does not cover informal enterprises and may underrepresent very small or newly established firms, it provides the most appropriate and widely used source for identifying domestic manufacturing firms. Accordingly, our findings are best interpreted as applying to formally registered domestic manufacturing firms rather than the full universe of economic activity in Ghana.

We randomly selected 700 manufacturing firms from the GBD's total coverage of 11,400 firms. We selected domestic firms, because are more likely to be takers rather than shapers of the corruption environment unlike MNEs, which often can influence their institutional environment (Kwok and Tadesse, 2006).

Given the sensitivity of corruption-related questions, we took several steps to mitigate potential common method and social desirability bias, beyond guaranteeing respondent anonymity (Podsakoff et al., 2003). First, we applied temporal separation by collecting the independent and moderating variables at two different times, thereby reducing respondents' ability to cognitively link predictors and outcomes. Secondly, we relied on different respondents: CEOs reported on corruption and organizational conditions, while sustainability managers assessed sustainability performance, thereby limiting single-respondent bias and impression management. Thirdly, we used neutral and indirect item framing, asking respondents to evaluate corruption as a feature of the broader business environment rather than eliciting admissions of firm-specific misconduct, which reduces socially desirable responding in sensitive contexts.

We collected our data in two waves with a six-month time lag (t1 and t2)At t1 we approached all CEOs with a questionnaire, delivered in person, to capture the independent and moderating variables. We received 291 completed responses. At t2 we approached the managers responsible for corporate sustainability at the 291 firms to capture the corporate sustainability performance variables. After sending two reminders, a total of 278 responses were received. We discarded 36 questionnaires (incomplete or filled in by the CEO at t1). Thus, we were able to use 242 complete matched responses from t1 and t2 for the analyses (a response rate of 34.57 %). On average, the sampled firms had been in business for 14 years (SD = 7.28) and had an average of 17 full-time employees (SD 15.23). Firms with 11–99 employees are considered medium-sized in Ghana (Teal, 2023). CEO average age was 50 years (SD 13). The descriptive statistics of the sample are presented in Table 1. Although we expected that younger and smaller firms might be more susceptible to corruption, we did not find any differences between these groups.

Table 1
Characteristics of the research sample.

Variables	Sub-category	Frequency	%
CEO gender	Male	142	58.68 %
	Female	100	41.32 %
CEO age	25–30 years	12	4.96 %
	31–40 years	84	34.71 %
	41–50 years	82	24.38 %
	51–60 years	5	33.88 %
	>61 years		2.07 %
Firm age	1–5 years	83	34.30 %
	6–10 years	56	23.14 %
	11–15 years	50	20.66 %
	16–20 years	40	16.53 %
	>20 years	13	5.37 %
Firm size	1–9 employees	76	31.40 %
	10–20 employees	125	51.65 %
	21–30 employees	25	10.33 %
	>30 employees	16	6.62 %
CEO education	High school	11	4.55 %
	Bachelor's	168	69.42 %
	Master's	55	22.73 %
	Doctoral	8	3.30 %

Note: $n = 242$. The gender is a dummy variable.

3.3. Measures

All multi-item scales were measured on a seven-point scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The measures were taken from previous studies, with details of items, validity and reliability shown in Table 2.

Stakeholder pressure was measured using six items from Charan and Murty (2018). Managers rated the pressure from various stakeholders on sustainability practice decisions.

Institutional ties were measured with four items from Sheng et al. (2011). Respondents indicated the extent of their ties to different levels of public bureaucracy and government officials.

Financial resource slack was captured by 4 items measuring the extent of uncommitted financial resources available to the firm (Atuahene-Gima et al., 2005).

Pervasiveness of corruption was measured with six items capturing managers' perceptions of corruption within their politico-economic environment (Collins et al., 2016; Doh et al., 2003; Uhlenbruck et al., 2006). This measure captures managers' assessments of corruption as a feature of the broader politico-economic environment rather than self-reported firm misconduct. Such perceptions are theoretically appropriate in our study because they reflect the informal institutional constraints under which firms operate. We conducted a robustness check with additional items capturing firm-level bribery incidence, adapted from the World Bank Enterprise Survey (World Bank, 2019). The results using this alternative indicator are highly consistent with our main analyses, increasing confidence that our findings are not driven by social desirability bias.

Corporate sustainability performance was measured following Wijethilake (2017) with 8 items for environmental sustainability performance, 4 for economic sustainability performance and 6 for social sustainability performance. Separate constructs for each dimension were obtained.

Control variables. We controlled for four variables found in prior literature to influence firm-level sustainability performance (Anderson and Eshima, 2013; Wijethilake, 2017). Firm size (number of employees), firm age (number of years since inception), CEO age and education ("1" = "high school", "2" = bachelor's degree", "3" = "master's degree", "4" = "doctoral degree"). Firm size and age varied substantially, suggesting meaningful heterogeneity in organizational resources and strategic conditions. This diversity increases confidence that the observed relationships are not driven by a narrow subset of firms, while still operating within a common institutional environment.

Table 2
Constructs, measurement items, and reliability and validity assessment.

Item description	Factor loadings (t-values)
Financial resource slack: α = .84; CR = .85; AVE = .66	
We have uncommitted financial resources that can quickly be used to fund new strategic initiatives	.88(1.00)
We have few financial resources available in the short run to fund initiatives (reversed).	.72 (14.20)
We can obtain financial resources at short notice to support new strategic initiatives.	.79 (16.32)
We have substantial financial resources at the discretion of management for funding strategic initiatives	.85 (19.28)
Primary stakeholder pressure: α = .83; CR.84; AVE = .64	
Please rate the extent to which your company experiences pressures from the following stakeholder to take action on your sustainability activities	
Government/regulators	.74(1.00)
Customers/suppliers	.79(16.14)
Employees	.87(23.20)
Secondary stakeholder pressure: α = .90; CR = .91; AVE = .75	
Please rate the extent to which your company experiences pressures from the following stakeholder to take action on your sustainability activities	
Local community	.84(1.00)
Nongovernmental organizations/activists	.89(24.29)
Media	.91(26.52)
Institutional ties: α = .91; CR = .92; AVE = .75	
Top managers at our firm have maintained good personal relationships with officials in various levels of government.	.83 (1.00)
Top managers at our firm have developed good connections with officials in regulatory and supporting organizations such as tax authorities, state banks, and commercial administration bureaus	.92(27.19)
So far, our firm's relationship with regional government officials has been in a good shape	.87(17.25)
Our firm has spent substantial resources in building relationships with government officials	.86(16.28)
Pervasive corruption: α = .88; CR = .89; AVE = .58	
To get government contracts, firms have to offer additional payments to various government officials to get things done	.85(1.00)
Businesses generally must engage in various types of corruption in order to compete effectively in this industry	.71(14.87)
Engaging in various types of corruption is a normal part of doing business in this country	.69(13.56)
Firms which do not engage in corruption will be at a competitive disadvantage compared to firms that do engage in these types of actions	.74(16.47)
Corruption is one of the most important considerations when doing business in this country	.80(19.99)
Engaging in corruption is the way things get done in this country	.79(17.98)
Environmental sustainability performance: α = .93; CR = .94 AVE = .70	
Our firm handles or stores toxic waste responsibly	.80(1.00)
Our firm has reduced environmental impacts of production processes or eliminated environmentally damaging processes	.92 (27.11)
Our firm reduced operations in environmentally sensitive locations	.77 (16.12)
Our firm reduced likelihood of environmental accidents through process improvements	.78(17.45)
Our firm reduced waste by streamlining processes	.83(20.48)
Our firm uses waste as inputs for own processes	.89(25.12)
Our firm disposes of waste responsibly	.88(24.76)
Economic sustainability performance: α = .85; CR = .86; AVE = .62	
Our firm works with government officials to protect the company's interests	.79(1.00)
Our firm has reduced costs of inputs for same level of outputs	.81(19.34)
Our firm sells waste product for revenue	.80(19.09)
Our firm has created spin-off technologies that could be profitably applied to other areas of the business	.76(14.35)
Social sustainability performance: α = .90; CR = .91; AVE = .65	
We consider interests of all stakeholders in investments by creating a formal dialogue	.85(1.00)
We communicate the firm's environmental impacts and risks to the public	.86(25.56)
We have improved employee or community health and safety	.83(20.19)
We protect claims and rights of local community	.78(18.12)
We recognize and act on the need to fund local community initiatives	.77(15.45)
We show concern for the visual aspects of the firm's facilities and operations	.76(14.17)

Note: r = reverse coded; AVE = average variance extracted; CR = construct reliability; α = Cronbach alpha value.

3.4. Reliability and validity

First, we addressed potential non-response bias by comparing early and late respondents based on mean scores of the control variables and found no significant differences (Adomako et al., 2021). Secondly, we controlled for common method bias using Lindell and Whitney's (2001) marker variable technique with the item "I like the colour green", which showed nonsignificant correlations (from −.01 to .02). Thirdly, following Carson (2007), we conducted a confirmatory factor analysis (CFA) with two models. Model 1, a trait-only model, showed an adequate fit ($\chi 2/d.f = 1.67$; RMSEA = .06; CFI = .95; SRMR = .08). Model 2, a trait-method model, also fit well ($\chi 2/d.f = 1.27$; RMSEA = .05; CFI = .96; SRMR = .07). Comparing the models, Model 2 did not significantly outperform Model 1, indicating minimal common method bias. Table 2 reports the reliability and validity of our constructs, with composite reliability (CR) and average variance extracted (AVE) exceeding .60 and .50 respectively, and significant factor loadings showing convergent validity. The highest shared variances (HSV) between constructs are lower than the HSV, confirming reliability, convergent and discriminant validity.

4. Results

Table 3 reports means, standard deviations and correlations. We used a moderated hierarchical regression to estimate the research model because it is well established as a model estimator in management research (Anderson and Eshima, 2013), uniquely positioned to investigate configurational effects and assessing contextual and configurational research models (Cohen et al., 2003).

Prior to the regression analysis, we plotted the standardized residuals versus the predicted values. The normal probability plot of standardized residuals showed no serious violations of the main assumptions underpinning the regression analysis. To prevent potential multicollinearity issues in testing the moderating hypotheses (Cohen et al., 2003), the continuous variable was mean-centred. Post-regression estimation indicated no multicollinearity: the largest variance inflation factor (i.e. 3.42) was well below the threshold value of 10 (Cohen et al., 2003).

Table 4 presents the hierarchical regression analysis. In Models 1–4, the dependent variable is environmental sustainability performance, in Models 5–8 it is economic sustainability performance and in Models 9–12 it is social sustainability performance. Models 1, 5 and 9 present the influence of the control variables, Models 2, 6 and 10 add pervasive corruption and in Models 3, 7 and 11 the moderating variables are added. Models 4, 8 and 12 test the moderation hypotheses. Appendix 1 summarises the extent to which our hypotheses were supported.

Hypothesis 1 stated that pervasive corruption would be negatively related to environmental sustainability performance (H1a), positively related to economic sustainability performance (H1b), and negligibly negatively related to social sustainability performance (H1c). The results in Model 2 ($\beta = -.21$, $p < .01$), Model 6 ($\beta = .14$, $p < .05$), and Model 10 ($\beta = -.12$, $p < .10$) provide support for H1a, H1b, and H1c. The negative association between pervasive corruption and environmental sustainability performance, alongside its positive association with economic sustainability, is consistent with the idea that corruption reallocates organizational resources toward activities that protect

Table 3
Descriptive statistics and correlations (n = 242).

	Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Firm size (employees)	17.15	15.23	–												
2.	Firm age	14.26	7.28	.10	–											
3.	CEO age	49.73	12.94	−.03	.04	–										
4.	Education	2.27	1.02	−.12	−.13*	.04	–									
5.	Institutional ties	4.24	1.36	−.09	−.05	.14*	.12	–								
6.	Financial resource slack	4.84	1.31	.19**	.13*	.00	.09	.11	–							
7.	Primary stakeholder pressure	4.81	1.35	.08	−.11	.05	.02	−.06	.05	–						
8.	Secondary stakeholder pressure	4.42	1.27	.16**	−.07	.02	.05	−.01	.06	.07	–					
9.	Pervasive corruption	5.16	.58	−.15**	−.14*	−.18**	.11	.38**	.14*	−.14*	−.27**	–				
10.	Bribery incidence	5.12	.61	.19**	−.15**	−.14*	.08	.20**	.12	−.15**	−.14*	.42**	–			
11.	Environmental sustainability performance	4.13	1.08	.22**	−.06	−.06	.14*	−.12	−.06	.14*	.22**	−.23**	−.11	–		
12.	Economic sustainability performance	4.25	1.25	.09	−.09	−.05	.15*	−.22**	−.10	.14*	.17**	.18**	.13	.14*	–	
13.	Social sustainability performance	4.16	1.13	.11	−.13*	−.15**	.09	−.12	−.08	.21**	.19**	−.13*	−.06	.22**	.19**	–

*p < .05; **p < .01. SD = standard deviation.

Table 4
Regression results for three dimensions of corporate sustainability performance (Independent variable: pervasive corruption, n = 242).

	Models 1–4: Environmental sustainability performance				Models 5–8: Economic sustainability performance				Model 9–12: Social sustainability performance			
Control variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Firm age	−.05	−.05	−.04	−.04	−.07	−.08	−.08	−.11	−.11	−.11	−.11	−.10
Firm size (employees)	.13*	.13*	.11	.10	.08	.08	.08	.11	.09	.09	.09	.08
CEO age	−.03	−.03	−.02	−.03	−.02	−.03	−.03	.05	.12	.11	.11	.10
Education	.11	.11	.09	.10	.12	.12	.12	.12	.06	.05	.05	.03
Direct effects												
Pervasive corruption (PC) (H1a, H1b, & H1c)		−.21**	−.19**	−.18**		.14*	.13*	.13*		−.12	−.12	−.11
Institutional ties (IT)			−.09	−.04			.14**	.14**			−.10	−.09
Financial resource slack (FRS)			−.03	−.04			.07	.08			−.04	.03
Primary stakeholder pressure (PSP)			.13*	.10			.11	.12			.13*	.10
Secondary stakeholder pressure (SSP)			.13*	.13*			.14*	.13*			.12	.08
Moderating effects												
PC x IT (H2a, H2b, & H2c)				−.36**				.33**				−.41**
PC x FRS (H3a, H3b, & H3c)				−.29**				.26**				−.30**
PC x PSP (H4a, H4b, & H4c)				.14*				−.09				.15**
PC x SSP (H4d, H4e, & H4f)				.13*				−.11				.17*
Model fit statistics												
F	1.59	3.95**	5.30**	7.89**	1.38	2.28*	4.82**	6.18**	1.29	1.86	2.12*	4.90**
R2	.10	.16	.19	.28	.08	.13	.19	.27	.07	.11	.16	.23
ΔR2	–	.06	.03	.09	–	.05	.06	.09	–	.04	.05	.07
Largest VIF	3.14	3.16	3.40	3.42	1.89	1.94	1.99	2.19	1.67	1.89	2.15	3.10

**p < .01, *p < .05. standardised coefficients are shown.

economic interests while crowding out investments in environmental practices, which face external scrutiny and offer fewer immediate returns. The negligibly negative relationship with social sustainability suggests an almost neutral effect, reflecting how the heterogeneous and often opaque nature of this dimension of sustainability allows firms to separate practices aimed at satisfying stakeholders from practices that perpetuate corruption.

Hypothesis 2 proposed that higher levels of institutional ties would strengthen: the negative relationship between corruption and environmental sustainability (H2a), the positive relationship with economic sustainability (H2b), and the negative relationship with social sustainability (H2c). The results in Model 4 (β = −.36, p < .01), Model 8 (β = .33, p < .01), and Model 12 (β = −.41, p < .01) support H2a–c.

In hypothesis 3, we argued that a firm's level of financial resource slack would strengthen: the negative relationship between pervasive corruption and environmental sustainability performance (H3a), the positive relationship between pervasive corruption and economic sustainability performance (H3b), and the negative relationship between pervasive corruption and social sustainability performance (H3c). The results in Model 4 (β = −.29, p < .01), Model 8 (β = .26, p < .01) and Model 9 (β = −.30, p < .01) support H3a-c.

Overall, the relationships between corruption and sustainability outcomes are contingent on firm-level resources. In firms with greater institutional ties and financial slack, the positive association with economic sustainability is stronger, while the negative associations with environmental and social sustainability are more pronounced. Notably, the previously negligible negative relationship with social sustainability becomes significant, suggesting that resource-rich firms can extend corrupt practices more broadly, creating a shield that enables them to circumvent social expectations.

In Hypotheses 4a–c, we contended that pro-sustainability primary stakeholder pressure would weaken the negative relationship between pervasive corruption and environmental sustainability performance (H4a), have no significant effect on the positive relationship between pervasive corruption and economic sustainability performance (H4b), and reduce the negative relationship between pervasive corruption and social sustainability performance (H4c). The results in Models 4, 8, and 12 regarding the moderating role of primary stakeholder pressure were all consistent with Hypotheses 4a–c (H4a: $\beta = .14$, $p < .05$; H4b: $\beta = -.09$, $p < .10$; H4c: $\beta = .15$, $p < .01$).

In Hypotheses 4d–f, we proposed that pro-sustainability secondary stakeholder pressure would similarly decrease the negative relationship between pervasive corruption and environmental sustainability performance (H4d), have no significant effect on the positive relationship between pervasive corruption and economic sustainability performance (H4e), and weaken the negative relationship between pervasive corruption and social sustainability performance (H4f). Again, the results in Models 4, 8, and 12 regarding the moderating role of secondary stakeholder pressure fully supported Hypotheses 4d–f (H4d: $\beta = .13$, $p < .05$; H4e:$\beta = -.11$, $p < .10$; H4f:$\beta = .17$, $p < .05$).

Overall, primary and secondary stakeholder pressures weaken the negative relationships between pervasive corruption and environmental sustainability, as well as the already negligible negative relationship with social sustainability. By contrast, neither moderates the positive association between corruption and economic sustainability, consistent with our argument that primary stakeholders—closely tied to firms' economic performance—are reluctant to exert pressure when this conflicts with their interests. Although secondary stakeholders may be more vocal, their influence is largely confined to externally facing environmental and social domains, where their leverage is strongest.

To gain additional insights into the direction of the interaction effects, we applied Cohen et al.'s (2003) procedure for simple slopes at one standard deviation above and below the mean of the moderators. Figs. 1 and 2 reveal that the negative slope of the relationship between pervasive corruption and environmental sustainability performance was steeper when institutional ties were stronger (simple slope = −.32, t = −3.76, $p < .01$), whereas the slope was gentler for weak institutional ties (simple slope = .02, t = .12, p = n.s.). This further supports hypothesis 2a. The remaining plots – not shown here due to space constraints – were created following the same procedure.

In a post-hoc analysis, we performed a regression analysis using bribery incidence (measured with two items adapted from the World Bank Enterprise Survey, $\alpha = 91$) as dependent variable (Williams and Kedir, 2020). Only 126 firms provided complete information on bribery incidences at the firm level. Table 5 replicates the results of the regression analysis reported in Table 4.

5. Discussion

5.1. Theoretical implications

Earlier studies on corruption and performance have been fragmented, largely uni-dimensional, and theoretically lacking.Williams and Kedir (2016) and Xie et al. (2019) show positive associations between corruption and economic performance, while Majeed et al. (2024) report negative effects of pervasive corruption on green innovation, and Qian et al. (2025) document a negative association with corporate social responsibility. Adomako et al. (2021) find that financial slack and institutional ties strengthen the positive corruption–economic performance. Silvestre and colleagues (2018, 2020) qualitatively examine contexts where pro-sustainability pressures precede corruption but do not address sustainability performance outcomes. In parallel, studies not explicitly addressing corruption report that stakeholder pressures positively influence environmental and social performance (Charan and Murty, 2018; Preuss et al., 2022), but also generate tensions across sustainability dimensions (Fischer et al., 2020; Hahn et al., 2015).

By integrating these literatures through an institutional logics lens, we develop and empirically examine a firm-level, multidimensional theoretical framework linking pervasive corruption to environmental, social, and economic sustainability performance, while accounting for the contingent roles of firm resources and stakeholder pressures. Our framework provides a coherent explanation for why prior findings on corruption and sustainability have appeared fragmented or contradictory, To our knowledge, prior research has not jointly theorized or tested the multidimensional relationship between corruption and corporate sustainability, nor the multimensional moderating role of stakeholder pressures, financial slack and institutional ties.

A central implication of our framework is that corruption persists because it relates to corporate sustainability dimensions in systematically different ways. We extend the "grease" perspective by showing that pervasive corruption is positively associated with economic sustainability performance, moving beyond the short-term economic effects identified by Xie et al. (2019). At the same time, we theorize and find divergence between environmental and social sustainability, despite both being other-oriented and in tension with the self-serving logic of corruption. At the firm level, environmental accountability (e.g., pollution control) typically requires transparent resource use and compliance with externally enforced formal norms, and environmental outcomes are more easily observable and verifiable by external stakeholders. These features render environmental sustainability practices largely incompatible with the corruption logic, consistent with Majeed et al. (2024).

By contrast, the negligible association between pervasive corruption and social sustainability diverges from the strong negative relationship reported by Qian et al. (2025) in the U.S. context. We argue that the corruption–social sustainability relationship is highly contingent on the types of social practices and contexts examined. Social sustainability encompasses diverse activities that differ in visibility, resource intensity, and governance. Many social initiatives are discretionary, internally managed, and subject to limited external scrutiny, enabling firms to coexist with corruption through ceremonial ("fig leaf") adoption, compartmentalization, or selective alignment with actors who also benefit from corrupt arrangements. These offsetting mechanisms suggest that the aggregate firm-level association between corruption and social sustainability tends to remain weak in contexts such as Ghana—where social initiatives are low-cost and weakly verified—but becomes more strongly negative where external scrutiny is higher and practices more resource-intensive.

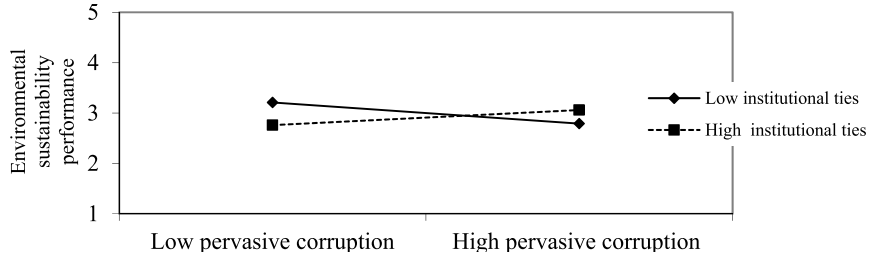

Fig. 1. Interaction of pervasive corruption with institutional ties on environmental sustainability performance.

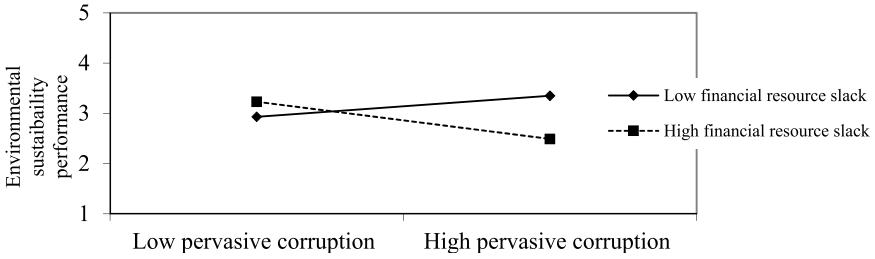

Fig. 2. Interaction of pervasive corruption with financial resource slack on environmental sustainability performance.

Table 5
Regression results for three dimensions of corporate sustainability performance (Independent variable: bribery incidence, N = 126).

	Models 1–4: Environmental sustainability performance				Models 5–8: Economic sustainability performance				Model 9–12: Social sustainability performance			
Control variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Firm age	−.06	−.06	−.05	−.04	−.08	−.08	−.06	−.06	−.13*	−.12	−.11	−.11
Firm size (employees)	.09	.08	.08	.07	.07	.07	.06	.05	.06	.06	.04	.03
CEO age	−.06	−.06	−.04	−.05	−.03	−.03	−.02	.02	.10	.08	.09	.09
Education	.09	.09	.08	.06	.13*	.10	.09	.08	.08	.08	.07	.06
Direct effects												
Bribery incidenece (BI) (H1a, H1b, & H1c)		−.30**	−.28**	−.25**		.16**	.14*	.14*		−.10	−.09	−.08
Institutional ties (IT)			−.05	−.05			.14**	.14**			−.12	−.11
Financial resource slack (FRS)			−.03	−.03			.08	.09			−.05	−.04
Primary stakeholder pressure (PSP)			.11	.10			.12	.11			.14*	.13*
Secondary stakeholder pressure (SSP)			.14*	.13*			.15**	.14*			.11	.10
Moderating effects												
BI x IT (H2a, H2b, & H2c)				−.29**				.36**				−.35**
BI x FRS (H3a, H3b, & H3c)				−.31**				.31**				−.29**
BI x PSP (H4a, H4b, & H4c)				.19**				−.05				.19**
BI x SSP (H4d, H4e, H4f)				.20**				−.04				.14*
Model fit statistics												
F	1.66	4.15**	5.90**	6.69**	1.47	3.44*	4.97**	7.27**	1.51	3.26	4.55*	6.20**
R2	.10	.15	.18	.22	.08	.12	.16	.21	.08	.12	.17	.23
ΔR2	–	.05	.03	.04	–	.04	.04	.05	–	.04	.05	.06
Largest VIF	1.22	2.15	2.41	2.76	1.33	1.43	1.67	2.10	1.60	2.13	2.19	2.89

**$p < .01$, *$p < .05$. standardised coefficients are shown.

Our findings further indicate that these relationships are contingent on firms' internal resources and external relationships. The negative association between corruption and sustainability performance is stronger when firms possess financial slack and institutional ties that can be mobilized to manage exposure and resolve conflicts through corruption. When such resources are limited, corruption becomes a less effective response to stakeholder demands, increasing the likelihood that firms allocate scarce resources toward projects aligning economic objectives with environmental protection or social welfare (Shahzad et al., 2016).

Pro-sustainability pressure from primary and, especially, secondary stakeholders weakens the negative link between pervasive corruption and environmental and social performance by amplifying stakeholder accountability and reducing confidence in corruption as an effective conflict-resolution mechanism. This aligns with evidence that corruption loses efficacy under collective and sustained stakeholder pressure (Marquette and Peiffer, 2018) and that cohesive stakeholder demands foster pro-social investment (Preuss et al., 2022). Consistent with research on institutional voids and uncertainty (Sydow et al., 2022), stakeholder ties remain central to firm survival, but their influence differs across sustainability dimensions: while stakeholder pressure enhances environmental performance, it does not offset the positive association between corruption and economic outcomes. This pattern is consistent with Besharov and Smith's (2014) argument on logic compatibility: when corruption and economic performance are perceived as compatible, increased stakeholder pressure does not necessarily disrupt corruption-enabled resource flows. The similarly insignificant effect of primary and secondary stakeholders on the corruption–economic dimension relationship challenges portrayals of secondary stakeholders as stronger corporate critics influencing firms indirectly through primary stakeholders (Odziemkowska and Henisz, 2021). Pervasive corruption erodes this leverage, as primary stakeholders benefit from corruption and secondary stakeholders are co-opted through patronage or symbolically accommodated. Accordingly, stakeholder pressure should not be assumed to be a panacea for all sustainability challenges.

5.2. Implications for practice

Our findings reveal the divergent ways pervasive corruption shapes corporate sustainability. Corruption endures partly because its perceived economic benefits and neutral impacts often outweigh its negative environmental consequences. Firms embedded in corrupt contexts are also less inclined to invest in sustainability when endowed with financial slack and institutional ties.

At the same time, stakeholder pressure—both primary and secondary—plays a pivotal role in strengthening social and environmental sustainability under systemic corruption. When stakeholders unite around sustainability demands, firms can harness this pressure to weaken the corruption logic. Yet, stakeholders may still avoid

challenging corruption when it is viewed as economically advantageous.

Policy efforts should therefore focus on breaking the perceived link between corruption and economic benefit and mobilizing pro-sustainability stakeholder activism, especially among resource-rich firms positioned to drive meaningful change.

5.3. Limitations and future research

Our study has several limitations worth discussing. Firstly, we could not differentiate between types of corruption, like grand versus petty corruption, or organized versus ad-hoc corruption. As these distinctions are crucial for a fuller understanding of corruption dynamics (Cuervo-Cazurra, 2016), future research should certainly delve into these differences and their interactions with stakeholder accountability.

Secondly, while our study employed a time-lagged, multi-respondent design, the data do not permit strong causal inference (Cornelissen and Kaandorp, 2023) and reverse causality cannot be ruled out. For instance, firms with weak economic performance may become more reliant on corruption to secure resources, and firms with poor environmental performance may be more exposed to regulatory pressure or extortion. The findings should be interpreted as directional associations consistent with our theoretical framework rather than as causal effects. Future research could test causality using longer time horizons, multiple waves of data, panel designs or quasi-experimental approaches.

Thirdly, we collected data from a single country which limits the statistical generalizability of the findings. However, our theoretical contribution lies in identifying conditions through which corruption heterogeneously shapes corporate sustainability under competing institutional logics. Future research could test our model across countries with different corruption profiles, regulatory capacities and stakeholder environments to assess the robustness and boundary conditions of these mechanisms. Fourthly, corruption was measured using self-reported data, which may be susceptible to a social desirability bias (Chung and Monroe, 2003). Employing triangulated methodologies and longitudinal designs in future studies may offer a more robust understanding of corruption's impact on stakeholder accountability, minimizing biases associated with self-reporting.

Fifthly, while the explanatory power of the baseline models is modest, this is consistent with prior firm-level research examining complex outcomes influenced by multiple contextual and organizational factors (Graham, 2020; Mihalache et al., 2014). The substantial increase in explained variance following the inclusion of interaction terms underscores the contingent nature of the effects of corruption, which aligns with our institutional logics framework. Future research could extend the model by incorporating additional firm-level capabilities, managerial characteristics or regulatory enforcement variables where data availability permits.

Finally, this study relies on perceptual measures of sustainability performance and corruption rather than objective firm-level indicators. In Ghana, detailed financial statements, environmental investment data and regulatory penalty records are not disclosed, nor are they publicly accessible for domestic firms, particularly the small and medium-sized enterprises that dominate our sample. As a result, objective indicators that could be consistently matched across firms were not available. While our robustness checks using bribery incidence mitigate this concern, future research could further disentangle perceived environmental corruption from firm-level engagement in corrupt acts using objective enforcement or transaction-level data.

6. Conclusions

We find that pervasive corruption is differentially associated with sustainability dimensions in ways that resemble both “grease” and “sand.” Corruption is positively associated with economic sustainability outcomes, while being negatively associated with environmental sustainability, where transparency, monitoring, and compliance requirements appear less compatible with a corruption logic. In contrast, we observe no statistically significant association between pervasive corruption and social sustainability at the firm level … Financial slack and institutional ties exacerbate the effects of corruption, both positive and negative ones, while stakeholder pressure mitigates the negative effects without denting the positive impacts.

Returning to the image of ‘bad apples’, ‘bad barrels’ and ‘bad cellars’ (Muzio et al., 2016), when managers (‘apples’) are exposed to deep-seated corruption (‘mould in the cellar’), a firm well-endowed with financial and relational resources (‘good barrel’) amplifies the damage of rot – unless there is sufficiently strong pressure from primary and secondary stakeholders to push the alternative logic for legitimate firm action (‘clean cellar’).

CRediT authorship contribution statement

Diego Vazquez-Brust: Writing – review & editing, Writing – original draft, Supervision, Conceptualization. **Samuel Adomako:** Methodology, Funding acquisition, Formal analysis, Conceptualization. **Lutz Preuss:** Writing – review & editing, Supervision, Conceptualization. **Irene Chu:** Conceptualization.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Appendix 1. Summary of the hypotheses tested

Hypothesis		Dependent variable	Standardised parameter	Results summary
H1a	Pervasive corruption (−) relates to environmental sustainability performance	Environmental sustainability performance	$\beta = -.21$, $p < .01$	Supported
H1b	Pervasive corruption (+) relates to economic sustainability performance	Economic sustainability performance	$\beta = .14$, $p < .05$	Supported
H1c	Pervasive corruption negligibly (−) relates to social performance	Social sustainability performance	$\beta = -.12$, $p < .10$	Supported
H2a	Pervasive corruption x institutional ties	Environmental sustainability performance	$\beta = -.36$, $p < .01$	Supported
H2b	Pervasive corruption x institutional ties	Economic sustainability performance	$\beta = .33$, $p < .01$	Supported
H2c	Pervasive corruption x institutional ties	Social sustainability performance	$\beta = -.41$, $p < .01$	Supported
H3a	Pervasive corruption x financial resource slack	Environmental sustainability performance	$\beta = -.29$, $p < .01$	Supported
H3b	Pervasive corruption x financial resource slack	Economic sustainability performance	$\beta = .26$, $p < .01$	Supported
H3c	Pervasive corruption x financial resource slack	Social sustainability performance	$\beta = -.30$, $p < .01$	Supported
H4a	Pervasive corruption x primary stakeholder pressure	Environmental sustainability performance	$\beta = .14$, $p < .05$	Supported
H4b	Negligible pervasive corruption x primary stakeholder pressure	Economic sustainability performance	$\beta = -.09$, $p < .10$	Supported
H4c	Pervasive corruption x primary stakeholder pressure	Social sustainability performance	$\beta = .15$, $p < .01$	Supported
H4d	Pervasive corruption x secondary stakeholder pressure	Environmental sustainability performance	$\beta = .13$, $p < .05$	Supported
H4e	Negligible pervasive corruption x secondary stakeholder pressure	Economic sustainability performance	$\beta = -.11$, $p < .10$	Supported
H4f	Pervasive corruption x secondary stakeholder pressure	Social sustainability performance	$\beta = .17$, $p < .05$	Supported

Data availability

The data that has been used is confidential.

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