An study of the type of interorganizational defamation risk based on Grounded Theory——an analysis from the Chinese scenario

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ABSTRACT. Image spoiling" occurs when an organization uses words or other symbols to attack another organization's image. The most common form of image destruction is "inter-organizational defamation". With the intensification of market competition, the defamation behavior between organizations has become a means of unfair competition. Based on Grounded Theory, from the perspective of organizational impression management, this study clarifies the types of inter-organizational defamation risk through 1307 defamation cases published by "China Referee Instrument Network" between 2013 and 2018. The research results show that, first, inter-organizational defamation is divided into three categories: vilification, product disparagement and out-casting. Second, different types of defamation have differences motivations. Third, defamation between organizations has difference by regions and industries. The conclusion of this paper is helpful to understand the unfair competition situation of defamation between organizations, and enriches the research of impression management after different types of negative events under the same situation.

KEYWORDS: inter-organizational defamation, organizational impression management, Grounded Theory, vilification, product disparagement, out-casting

1. Introduction

Events such as "Dairy Defamation" and "Tencent denounce 360" show that in today's market, in order to gain competitive advantage, some enterprises openly violate business ethics and legal provisions, create or spread rumors or false situations. The effort to make stakeholders feel that the other organization is inferior to themselves can be conceptualized as an improper " image spoiling " impression management behavior, that we called Inter-organizational defamation [1].
"Image spoiling" occurs when an organization uses words or other symbols to attack another organization’s image. Image warfare not only exists in companies mentioned above. As the competition in the market is fierce, the leading gap between cost and technology is gradually narrowing. The defamation among organization is becoming more and more common in reality. In the "China Judgment Document Network" set up by the Supreme Court of China, there are been more than 20,000 cases of defamation and defamation of reputation rights recorded since the establishment of the network in 2013, however, this phenomenon has been largely ignored by researchers. There are two main reasons. First, defamation is hard to quantify. Second, defamation is hard to clearly defined. In recent years, the research of this area has become possible due to the strictness of legal norms, apply of big data, artificial intelligence and other methods in management research, and the openness of network information. Although the law punishes defaming companies for “eliminating influences and apologies”, how does defamed companies respond to rhetoric or symbolic actions, emphasizing their positive attitudes and social values, which are essential to maintaining corporate image and reputation.

This article goes through libel cases heard in the Chinese court system, the preliminary interpretation of the concept of image destruction between organizations. After collecting the data from "China judgment documents Network" which publish by China Supreme People Court, using grounded theory to analyze these 1307 libel cases, explore the motive and behavior of inter-organizational defamation.

Studying organizational defamation behavior and defensive impression management strategies have the following theoretical and practical value. Firstly, most of the research on impression management is mainly how the organization protects its image and legitimacy after the crisis [2-3]. Regrettably, the defensive motivation of scholars has led them to ignore the attack power of organizational impression management. They didn’t realize that organizations can perform a direct (acquired) impression management strategy against other organizations to gain strategic advantage. Secondly, most of the impression management literatures ignore the organizational image damage is caused by other organizations’ IM strategic, and the image and reputation threat of the defamed companies is derived from the “purpose party” (defaming companies), and the type of crisis can be divided into two dimensions: internal-external and intentional unintentional. The intentional and unintentional dimensions are related to the controllability dimension of attribution theory. A purposeful crisis means that a crisis event is generated by the purpose of some people or organizations, such as defamation. In the case of non-targeted crisis, the objective crisis represents a higher degree of controllability, and a purposeful behavior is more controllable than a non-purpose behavior. This possibility raises consideration because an organization's efforts to repair its image depend on the nature of the dilemma it encounters. Therefore, in order to better understand image restoration, we must understand and understand image destruction.
2. Theoretical basis

Organizational impression management define as organization attempt to control its image in social interaction, which is divided into acquired and defensive [4]. The first category represents the organization's creativity to shape the ideal image, such as the behavior of the leader (acquired excessive behavior); the second category represents the organization to protect its image from damage, such as the behavior of the detainee (defensive behavior). In previous researches, organizational scholars paid attention to the defensive role of image management and image restoration in impression management. The object of impression management is enterprise itself, so it often ignores the “image spoiling”, which is the acquisition behavior of other entities.

(1) The impression management object. Generally, most papers have focused their impression management goals on the organization itself. For example, the concept of impression management and self-expression are often considered synonymous and interchangeable. In this case, impression management is defined as the individual's attempt to control his or her image in the minds of others [5]. In fact, if other people's images are related to themselves, people can also manage the image of other entities [1;6]. For example, Cialdini and Richardson (1980) argue that people sometimes try to blast the image of others or entities to improve their own image [7]. With the introduction of organizational impression management theory, the reason people control the image of other entities has nothing to do with the identification of their own image. In fact, the view that organizations can and does engage in impression management represents a significant development in the field. As agents of their respective organizations, employees perform impression management on behalf of employers and benefit employers. This shows that individuals can manage other images besides themselves. This also means that the concepts of impression management and self-presentation are separable. Therefore, the potential object of impression management include itself and others.

(2) The impression management goal. Another tradition of impression management research is to assume that the goal of impression management is to build a likable or “good image.” When actors’ traits and behaviors are consistent with social values and expectations, they perform very well. For example, some scholars have explained how employees get a more pleasing image in interviews [8], performance appraisal [9], and other scenarios that require feedback. Other scholars have studied how organizations attempt to use impression management to appear legal and formal [10-11]. This view holds that the environment often accepts these individuals or organizations that shape the image. However, Becker and Martin (1995) argue that some scenarios motivate individuals or organizations to try to look bad [12]. Therefore, creating and maintaining a "bad" impression is a formal area of impression management theory. It is believed that the inclusion of unconfirmed information is rumors, and the fact that one-sided dissemination of real claims can constitute commercial slander, the constituent elements of defamation are competitive relations, hypocritical facts, subjective faults and damage results [13]. From the above description, the legal concept of slander is an important form of image destruction.
Table 1 Organizational Impression Management Research Domain Matrix

<table>
<thead>
<tr>
<th>Impression management purpose</th>
<th>Impression management object</th>
<th>Own</th>
<th>Other entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bolino and Tunley(2003)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>McDonnell and King (2013)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Yang Jie and Guo Lihong</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2016;2017;2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carlos and Lewis(2018)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Slander: Image Spoiling)</td>
<td></td>
</tr>
</tbody>
</table>

As the examples in the matrix of Table 1 and the previous discussion, the research fields that shape the "good" and "own" images have attracted more attention, while the "other entities" and "bad" fields have been completely ignored. Although bad impression management is formal, there are few studies involved. And among all of the Impression Management literatures, nothing is found on this topic in both empirical and theoretical. There are some reasons to explain this: the most important one is the relative development of impression management, especially the lack of organizational impression management reference. Another reason is that the unacceptable behavior "image plunder" is difficult to conceptualize and actually operate.

As mentioned above, the current research is an attempt to construct a grounded theory to study image destruction (organizational defamation) can fill this gap. In the following sections, we describe the research methods in this paper to clarify the formation of inter-organizational defamation and the environment and purpose for companies to use them.

3 Methods and Design

3.1 Grounded theory method

This paper uses the open coding and category development of grounded theory analysis to determine the classification of inter-organizational defamation behavior [14-16]. Reasons for using the grounded theory research method: First, the inter-
organizational defamation is a new perspective in management research area. At present, the literature and data are relatively lacking. The grounded theory extracts the theory from the phenomenon and can help to form new theory. Second, the grounded theory assumes that social phenomena are complex, the theory has flexibility and applicability. Third, grounded theory can discover the basic processes and changes in phenomena. These characteristics of grounded theory are conducive to our study of different strategies and responses between inter-organizational defamation.

The core of grounded theory is data collection and analysis, including both theoretical deduction and theoretical induction, emphasizing the continuous induction analysis and induction process. It is different from other method in following the eight general steps, as shown in Table 2.

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Familiar with theory: First, it reviews the literature on impression management, institutional theory, organizational theory, public relations, and legal know-how, and proposes tentative questions, ideas, and concepts related to the phenomenon of focus organization. (For this project: “image spoiling” behavior such as defamatory, slander, and slander)</td>
</tr>
<tr>
<td>2</td>
<td>Open coding: Collect, analyze, compare, and conceptualize case characteristics. The researchers generated a “theoretical memo” that reflected alternative hypotheses, speculations, and possible explanations for this phenomenon. (For this project: create a set of labels or concepts for different image spoiling behaviors)</td>
</tr>
<tr>
<td>3</td>
<td>Category development: Researchers try to divide similar labels or concepts into higher, more abstract levels, called classifications (for this project: similar defamation acts are classified as a category)</td>
</tr>
<tr>
<td>4</td>
<td>Theoretical refinement: Researchers are trying to simplify, integrate, and reduce concepts.</td>
</tr>
<tr>
<td>5</td>
<td>Form theory and share: The “Theory Memorandum” is shared with members of other research groups, while simultaneously implementing the concepts of empirical testing, mechanical modification and retesting and their connections.</td>
</tr>
<tr>
<td>6</td>
<td>Repeated reviews, iterations, and reviewing the tags in cases and theories to see if they appear in the same environment or condition.</td>
</tr>
<tr>
<td>7</td>
<td>Researchers collect, code, and return to early steps in a dynamic and peer-to-peer manner. (For this project: put each case under a label until all cases are completed)</td>
</tr>
<tr>
<td>8</td>
<td>Write a research report: The writing report is not a mechanical record, but also the theoretical induction and deduction.</td>
</tr>
</tbody>
</table>
3.2 Data source and sample selection

(1) An enterprise that engages in libel

The Interim Measures of Online Publishing of Judgment Documents from Supreme People's Court, which was officially implemented in July 2013, stipulates that the Supreme Court shall take place legal validity judgments, rulings, and decisions should generally be published on the Internet. In 2018, the number of Chinese refereeing documents exceeded 10 billion, and the total number of refereeing documents exceeded 32.47 million. The number of visits covered more than 210 countries and regions all around the world. Therefore, this article collects data using this method. In addition, "China Judgment Document website" provide download of the judgments, rulings, and decisions free of charge. This article uses keywords such as “defamation”, “commercial defamation” and “honorary rights” in the search engine of the webpage, showing a total of 8376 cases (query time is ending in June 2018), considering the large amount of data, using web crawler technology download all cases to the folder for backup.

This article uses three criteria for filtering cases:

First, multiple appeals for the same case are deleted. (subject to the final result);
Second, the designated plaintiff and defendant are organizations. This is to ensure that the data collected is used to analyze the level between organizations;
Third, the court must determine the plaintiff's advantage. This is to ensure that the case does contain unfair competition, such as defamation and slander, resulting in damage to the image of the plaintiff.

Use text analysis to "filter out", "apologize" and "recover reputation" as key words to filter all cases. In addition, if the "original plaintiff" is the second-instance appellant, the plaintiff is generally unfavorable and refuses to accept the original judgment. Meets the third screening criteria. After screening the case, 1307 case samples were obtained, including the elimination of 745 and the apology of 562; the case was distributed by criminal cases from 31, civil cases by 1091, administrative cases by 23, and civil cases by more than 95%. Explain that the main case of defamation comes from civil cases. From the geographical distribution, there are 207 in Beijing, 184 in Guangdong, 142 in Jiangsu, 139 in Zhejiang, 104 in Henan, 98 in Hebei, 84 in Shandong, and 24 in other provinces. (specifically as shown) (165), as shown in Figure 1 2 3 and Table 3.

![Figure 1 Apology and Elimination of impact Distribution in libel cases](image)
Figure 2 Distribution of libel cases

Figure 3 Distribution of provinces in libel case

Table 3 Inter-organizational defamation sample collection pathway

| In principle | The law stipulates that four discriminating factors, namely, Publicity, 2 Falsity, 3 injury to reputation, and 4 vicious, are defined as defamation. |
| Source       | China Referee Document Website |
| Key words    | Defamation, slander, slander, name (commercial) reputation, corporate reputation |
| Case screening basis | 1 The plaintiff and the defendant designated are the individuals of the organization or representative organization; 2 the court shall determine the plaintiff's advantage |
In this paper, data were extracted from 1307 cases, and the collected research samples were analyzed and summarized using the grounded theory method combined with text analysis to determine the types of defamation behavior between organizations.

(2) The original plaintiff

In sampled data, it has been determined that “the image of the plaintiff has been damaged”, and the news of the legal proceedings, coupled with the media sensation, the impact on the corporate image and reputation is obvious. Studies have shown that when major events occur, most companies (more than 96%) will make statements, announcements, etc. through the company's website to state the ins and outs of the event and the final result [2,17]. The slandered company as a plaintiff will generally choose to publish the results of the case through a certain network and the “elimination of influence” made by the company. Therefore, defamed corporation impression management behavior in this article is the company's website, industry authority website and other statements and announcements.

The specific approach is as follows. Based on the identified sample of defamation cases, the “web crawler” technology is used to collect the statements and announcements from the company website and authoritative website of the slandered company. Finally, a text analysis perform on those statement once the event was conducted, and different type of behavior of the slandered company was determined by grounded theory analysis.

4 The process of grounded theory research

4.1 Open coding

First, open coding of defamation cases. According to the requirements of open coding, we code 1307 cases. The goal of this process is to create a set of labels or concepts for different variables in this phenomenon. The encoding process begins by identifying the event features in the first case and then transcribes them into a "memo". Each time a descriptive tag is created, it represents a new concept. When the first event ends, we turn to the second event. The second event is described in the "memo" and then compare the first event and the second event. If the second case is different from the first one, another concept is created; if the same, there is no new concept. This continued comparison prevents researchers from rushing to conclusions. Pay attention to iterative review, iteration, and review the label to see if it appears in the same environment or condition. This process of summarization, analysis, and comparison continues until the new case does not add any new variables, then the coding ends.

Second, form a category. After analyzed labels and concepts, we get 10 categories, which is the motivation of companies to carry out shackles. This article selects several important categories for explanation, as shown in Table 4.

Defend innocence. This type of claim indicates that the organization has nothing to do with the creation of negative events, and the organization uses the defense to transfer condemnation to other organizations. This type of strategy is
common in defamation cases, for example, the contractor assigns responsibility for engineering problems to subcontractors. There are also cases where a consulting firm accuses another company of making a mistake in a research project. As the number of research cases increases, we find that defense innocence is often used when the root cause of the problem is unclear. This gives the organization an opportunity to condemn the plaintiff. The difficulty in determining causality may come from the complexity of the technology that generates the negative event or public lacks information or expertise to assess the event.

Shrink responsibility. The organization admits that it has destructive behavior, but shrinks the behavior to external forces. If the organization's decisions are considered unreasonable or irrational by members, this will result in these members may refuse to accept decisions or cooperate with the organization. To rationalize organizational behavior, an organization may defame another entity. For example, the owner of a park lot caused controversy among tenants when they dismissed the company that manages the park. In order to overcome the dispute, the owner posted a notice accusing this company is mismanagement. In other words, the park owner made up the management company's inaction for supporting his decision.

Disclaimer. Unlike the previous two strategies that focus on explaining what has happened, the disclaimer focuses on future events. The disclaimer is made by the organization before a potential defamation action occurs to avoid the negative impact of future events on the organization's image. Organizations often use disclaimers of their advertisements and contracts to mitigate the responsibilities of their products or services that do not meet expectations. These disclaimers portray the image of the organization's honesty and concern for the interests of others.

Divert attention. Distracting attention from dilemmas includes a means of discrediting other organizations. Therefore, the organization does not try to explain the dilemma, but tries to avoid it. This strategy is particularly useful when allegations made by other organizations create difficulties. Because the damage caused by these allegations depends on their proliferation and credibility, the organization may be able to protect itself by attacking (defaming) attackers. Specifically, there are two purposes for distracting attention. First, it can become a group attack and prevent them from further attacks. Second, it may reduce the credit of the attacking group, thereby reducing the credit of its allegations. For example, a consumer advocacy group accuses pharmaceutical giants of producing antidepressants that lead to suicidal tendencies. The company responded that the consumer group is part of the Scientology Church. In this case, the company's shackles of the group shifted consumers' attention to the side effects of the drug to other aspects. And we also have the category of Competitor limit and Tort.

<table>
<thead>
<tr>
<th>Number</th>
<th>Main category</th>
<th>Typical Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Extort or force another entity to take action</td>
<td>(2001) Shanghai No. 1 Intermediate People's Court Hu Yi Zhong Zhi Chu Zi No. 157</td>
</tr>
<tr>
<td>2</td>
<td>Coping with</td>
<td>(2011) Beijing No. 2 Intermediate People's Court Second</td>
</tr>
</tbody>
</table>

Table 4 Open coding of libel case
current or potential competition
Zhongmin End Word No. 12237. Use "peek", "peep into the interests of the people", "peep into your private documents", "such as the chill in the back", "rogue behavior", "anti-day behavior", "most complaints", "QQ snooping users QQ software has been evaluated for words and expressions such as "Private has long been" and "Please choose QQ carefully".

3 New market entrants challenge the upper players

4 Competitor innovation
(2007) Beijing No. 1 Intermediate People's Court No. 4433. As the company published on its website, "Jingcheng KTV Factory Romance" and "Shenzhou KTV Factory Romance" two articles depreciated others to promote the company.

5 shirk responsibility
(2012) The first character No. 479 of Minamizo (know). The park owner made up the management company's inaction for supporting his decision.

6 Defend innocence
(2013) Min Shen Zi No. 24. Jiangxi Nile Copper Co., Ltd. and Jinlong Precision Copper Tube Group Co., Ltd.

7 Disclaimer

8 Divert attention
(2010) Hu Yi Zhong min Wu (Zhi) Chu Zi No. 90. A British Medical Devices (Beijing) Co., Ltd. and Shanghai Demou Technology Development Co., Ltd.

9 Competitor limit

10 Tort
4.2 Category development

The category development process is where researchers try to classify similar labels or concepts into higher and more abstract levels. It also can be called classifications [18]. How to distinguish labels or concepts from the same category? Rely on if the label appears in the same environment or condition. For example, in this study, the labels "new company get in the market" and "competitor innovation" are divided into more abstract level called market threat categories. Based on the samples, explore the classification of the behavior of Chinese listed companies. The study found that the behavior of the latter is divided into at least three categories: product disparagement, moral disparagement, and financial disparagement.

Product Disparagement. It means that the organization will describe the organization as inability to provide goods or services to third company, primarily through misrepresentation of the characteristics of the competitor's products. For example, an international company provides people with wrong information about the performance of their competitors. In another case, a candy importer informed the customer that the competitor's product was unhealthy. It included respond to current or potential competition; new market entrants challenge the superior; competitors' innovation; competitors set limits.

Moral Disparagement. This means that the opponent is portrayed as vicious. This is achieved by characterizing the opponent as a moral omission or accusing him of committing illegal and criminal acts. This strategy will enable the organization to gain moral high ground in this struggle against its rivals. For example, Toyota Motor Corporation sued... car companies infringe on their appearance rights. It consisted of reproof responsibility; defense innocence; disclaimer; infringement.

Financial Disparagement. It refers to the depiction of an opponent as an unattractive feature, such as financial bankruptcy or lack of experience. In a case, a News network company published an article in its homepage suggesting that its competitors went bankrupt and closed down. In another case, a listed company communicate on the public platform that the equity holders and CEO of its rival will change. Therefore, cause the opponent large fluctuation of its stock price. It included only the category

<table>
<thead>
<tr>
<th>Numbering</th>
<th>Main category</th>
<th>Motivation</th>
<th>The category of influence relationship (corresponding code)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product disparagement</td>
<td>Illegal business</td>
<td>Respond to current or potential competition; new market entrants challenge the superior; competitors' innovation; competitors set limits</td>
</tr>
<tr>
<td>2</td>
<td>Moral Disparagement</td>
<td>Pick a quarrel</td>
<td>Reproof responsibility; defense innocence; disclaimer; infringement</td>
</tr>
<tr>
<td>3</td>
<td>Financial Disparagement</td>
<td>Extortion</td>
<td>Divert attention</td>
</tr>
</tbody>
</table>
5. Conclusions and research insufficient

It should be noted that the unfair competition behavior between organizations is very common in the Chinese market. Exploring the motives and behaviors of interorganizational motives and the motives and behaviors of the beggars are important for the government to stabilize the market order and the enterprises to cope with the crisis. Based on the impression management theory, this paper uses the grounded theory to study the inter-organizational behaviors in China's market, revealing the motives of companies to gain the competitive advantage and plundering other corporate images. Besides defensive impression management motivation, it also provides evidence for acquiring motivation. The main conclusions of this paper are:

First, there are three types of interorganizational behaviors between organizations. ① Product disparagement. A libel organization describes a slandered organization as unable to provide the value of goods or services to a third party. It’s mainly completed by making false statements about the characteristics of its opponent's products. ② Moral Disparagement. Refers to depicting the opponent as vicious. This is achieved by characterizing the opponent as a moral omission or accusing him of committing illegal and criminal acts. ③ Financial Disparagement. Refers to depicting an opponent as an unattractive feature, such as financial bankruptcy or lack of experience.

Second, the main purpose of inter-organizational defamation is to make the target group to perceive another organization as “inferior”. In general, it mainly aims to improve its visibility and image in the market. Therefore, the libeler has the following motives: ① Enterprises use defamation of other organizations as a means to increase market share and gain competitiveness in the process of marketing, such as dealing with potential competitors, challenging market leaders, blackmailing to discourage innovation from competitors or forcing another entity to take restrictive actions; ② In the image shaping process, excuses, Push, disclaim, distract, limit competitors, extort or force another entity to take certain actions [19], respond to current or potential competition [1], challenge the superiors (for example: Mengniu challenges Yili) to gain a competitive advantage. The development of Porter's competition theory shows that market-oriented strategies such as cost leadership, differentiation and specialization are not the “general” strategy for enterprises to gain competitive advantage. Enterprises have incentives to adopt other non-market strategies to improve their competitive advantage.

This article has two limitations. First, this article uses defamation as a surrogate variable for “image spoiling”, but defamation is not the only way of it. The second limitation involves the use of legal defamation cases as a source of data for this study.
References


