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We investigate the classic management debate of agency versus institutional pressures through the application of the varieties of capitalism literature. In particular, we examine corporate social responsibility (CSR), corporate social irresponsibility (CSiR) and their relationships with firm performance in two types of capitalist systems: coordinated market economies (CMEs) and liberal market economies (LMEs). We note that while the CSR literature has tended to develop a balanced view on the influence of agency and institutional pressures, the CSiR literature has tended to emphasize the influence of agency. The latter appears to be a result of the fundamental attribution bias, where irresponsible corporate behaviours are attributed to individual managers or organizations, rather than the institutional environment. Our results, which include five years of data across 16 countries, show significantly greater CSR and significantly lower CSiR in CMEs compared with LMEs. Further, we find a positive relationship between CSR and firm performance in CMEs but not LMEs, and a negative relationship between CSiR and firm performance in LMEs but not CMEs. Overall, our results demonstrate the influence of the institutional environment, suggesting that corporate behaviours mirror the external environment.

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