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ORGANIZATIONS AND SOCIETAL ECONOMIC INEQUALITY:

A REVIEW AND WAY FORWARD

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ORGANIZATIONS AND SOCIETAL ECONOMIC INEQUALITY:

A REVIEW AND WAY FORWARD

ABSTRACT

We review research on the organizational causes (*how do organizations contribute?*) and consequences (*how are organizations affected?*) of economic inequality. Our review of 151 conceptual and empirical articles indicates that organizational research on economic inequality encompasses a wide range of topics at multiple levels of analysis, but also that this broad-scope literature exhibits conceptual ambiguities and lacks overarching organizing frameworks. To address these two issues, we develop an organizational perspective on economic inequality and clarify it as uneven distribution in the endowment and/or access to resources in a society, which manifests in differential abilities and opportunities to engage in value creation. Following this, we integrate the reviewed research to highlight the bi-directional relationship between societal economic inequality and organizations, and eight mechanisms that drive this relationship. We conclude by identifying opportunities for future research on economic inequality in research on management and organizations.

Economic inequality has become an issue of public concern, particularly since the 2008 global financial crisis. The Occupy Wall Street protests not only highlighted the growing economic inequalities, but they also etched on the public psyche the notion that the economic system is skewed in favor of the top one percent of the population. These protests also underscored the role of corporations in creating and maintaining the economic divide, such as by drawing attention to the growing salaries of CEOs and other top executives of public corporations. Studies by non-governmental organizations and academics corroborate the magnitude and rise of inequality. For example, the wealth owned by 26 wealthiest people is equal to the wealth owned by 3.8 billion people, i.e., the bottom 50% of the world (Oxfam, 2019). The income share of the top 10% has risen globally during 1980-2016, during which period the top 1% captured 27% of the total growth in real incomes, which is more than double the 12% of the growth that went to the bottom 50% (Alvaredo, Chancel, Piketty, Saez, & Zucman, 2018). The focus on growing inequalities in income and wealth has also renewed attention to demographic inequalities, such as gender and racial inequalities that were long a concern for society.

Management researchers have a robust tradition of studying gender and racial inequalities, as well as issues such as social class and status. Researchers in other disciplines (e.g., public health, sociology, and economics) investigate these issues too, but also devote considerable attention to the broader topic of economic inequality. The comparative lack of economic inequality research in management is surprising because organizations have an important role in creating and maintaining societal inequalities (Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013; Leana & Meuris, 2015). Underlining the important roles that organizations play in inequality-related issues, researchers have called for additional research (e.g., Davis, 2017; Kochan & Riordan, 2016; Kolk, 2016; Tsui, Enderle, & Jiang, 2018) or organized special issues on the topic (Amis, Munir, Lawrence, Hirsch, & McGahan, 2018;

Bapuji, 2015; Bapuji, Husted, Lu, & Mir, 2018; Suddaby, Bruton, & Walsh, 2018). As a result, management research witnessed a growth in studies on economic inequality. A "topic" search conducted in December 2018 for "economic inequality" and "income inequality" retrieved 310 articles in Business and Management categories in the *Web of Science* database. Of these, 208 were published between 2014 and 2018.

With this surge in interest and publications, we believe there is a need to take stock of the collective findings in the literature, clarify and distinguish concepts related to inequality, and seek integrative conceptual insights that can move the literature forward. There are at least three intellectual challenges to address. First, given the focus in the management field on demographic inequalities, it is possible that scholars might uncritically, or without due reflection, adopt a gender or race lens, and thus, possibly overlook or underestimate the distinctive features, antecedents, and consequences of economic inequality. Second, management researchers focus a great deal of attention on within- and across-organization pay dispersion or variation (Shaw, 2014). Given the primarily organizational level of analysis and monetary rewards this stream of research focuses on, management researchers face the twin challenges of bridging different levels of analysis (meaning the organizational level, but also others, that are typically above this level) and considering non-pecuniary and indirect rewards when studying economic inequality. Third, researchers outside of management have investigated societal economic inequality extensively, and management scholars need to adequately grasp this societal-level research and adjust their analytical and theoretical frames of reference to also draw from or contribute to this broader area of research.

These challenges also present an opportunity for management scholars to draw on the different streams of research both within and outside business and management disciplines to develop organizational perspectives to study economic inequality and make further contributions. Such organizational perspectives may provide an impetus for further research

in management on inequality, and also inform the broader research on inequality, thus raising the prominence and influence of the management field, given the visibility of the topic in both the popular press and a number of academic disciplines. To take a step in the direction of capitalizing on this opportunity, we review the research on economic inequality published in management journals (please see our review procedure in Appendix 1) and summarize the key findings and arguments to date.

Based on our review, we find that organizational research on economic inequality has studied various types of inequality, which can benefit from greater definitional and conceptual clarity. Further, this research has examined diverse topics, which have not yet been integrated into – or conceptualized as part of an – organizing framework. To address these two issues, we first develop an organizational perspective on economic inequality with an aim to move towards conceptual and definitional clarity. Then, we organize the reviewed research using a framework to illustrate the bi-directional relationship between organizations and societal economic inequality, and identify eight mechanisms that drive the bi-directional relationship. To encourage new streams of study, we conclude by outlining an agenda for future research.

AN ORGANIZATIONAL PERSPECTIVE ON ECONOMIC INEQUALITY

As can be expected from an emerging research stream, clarity and agreement are lacking with respect to the conceptualization and operationalization of economic inequality. This is reflected in at least three ways.

First, researchers might label a construct as economic inequality, but operationalize it as income or wealth inequality, specifically using the Gini coefficient of household incomes or wealth (e.g., Xavier-Olivera et al., 2015; Pathak & Muralidharan, 2018; Katic & Ingram, 2018). Using the label economic inequality and studying either income inequality or wealth inequality, or both, is also common in economics research, which is focused on developing

public policy implications. However, such an approach might lead to a narrowing of the richer construct of economic inequality (Sen, 1997). Specifically, by focusing on the quantifiable financial aspects, this approach overlooks the antecedents and consequences of broader socio-economic inequalities. The need to investigate and capture the richness of the construct is particularly salient for organizational scholars, not only because of their focus on theory, but also because organizations can potentially influence, and be influenced by, inequalities in non-financial resources as well.

Second, at times, economic inequality is used interchangeably with other types of inequality, such as income inequality and societal inequality. For example, Diehl and colleagues (2018: 2382) write: "Income inequality describes disparities in the distribution of wealth in a society." Similarly, Bapuji and colleagues (2018) use 'economic inequality' in the introduction section of their article, but shift to 'income inequality' when they discuss value distribution mechanisms. Likewise, Judge and colleagues (2010) use 'income inequality' in the abstract, 'economic inequality' in hypotheses development, and 'social inequality' in the methods section. Articulating a clearer understanding of the various constructs and maintaining the distinctions among them is necessary for the advancement of a body of knowledge through accumulation, replication, and reflection.

Third, some conceptual confusion exists between inequality and poverty. For example, Suddaby, Bruton, and Walsh (2018) suggest that rising income inequality has come to be accepted as an empirical fact, but that fact is disputed if poverty is considered, because poverty levels have been falling around the world. Additionally, they worry that "by embracing the contemporary language of inequality, we may be falling into a trap" to ignore poverty and recommend pushing "poverty back into the conversation about inequality" (2018: 16). Treating poverty and inequality as interchangeable, or as being influenced in the same ways/direction necessarily, is problematic because they are distinct constructs that have

distinct effects on individuals. For example, the effects of inequality on individuals are present even when poverty is controlled for (Belle & Doucet, 2003; Due et al., 2009; Elgar et al., 2009).

In sum, the conceptual and definitional ambiguity on economic inequality can limit the development of a growing and compatible body of research, whereas limiting the focus of economic inequality to financial indicators can result in researchers' overlooking the non-financial mechanisms through which organizations and institutions may contribute to inequality. For these reasons, it is important to gain clarity and develop an overarching definition from an organizational perspective in studying inequality.

Defining Economic Inequality

Although conceptual and definitional clarity on economic inequality have yet to emerge, a number of management researchers are moving the conversation in this direction. For example, Davis (2017) offered a brief tour of the inequality landscape, highlighting the various questions examined by researchers and suggesting that "inequality" is like a Rubik's Cube, and that researchers examine a wide variety of phenomena under inequality. Also, noting that a discussion of economic inequality can be informed by considering both income and wealth inequalities, Cobb (2016) clarified that he focused on labour income inequality. Similarly, other scholars offered definitions of inequality (Haack & Sieweke, 2018) and economic inequality (Bapuji, 2015; Bapuji & Mishra, 2015). We list some of the existing definitions of economic inequality and related constructs in Table 1.

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To gain clarity on the construct of economic inequality, we contend that it needs to be contrasted with three related constructs: income inequality, wealth inequality, and poverty. *Income inequality* captures the distribution of income across participants in a collective, where this collective can be an organization, a region, or a country (Cobb, 2016). The

aforementioned participants receive income (e.g., salaries, rents, royalties, dividends, fees, and commissions, etc.) on a regular basis in exchange for labor or use of capital (Bapuji & Mishra, 2016; Beal & Astakhova, 2017). When cast at the organizational level, income inequality can be captured as pay dispersion, particularly as vertical pay dispersion. *Wealth inequality* refers to the distribution of wealth (i.e., mobile assets such as cash, stocks and bonds, and immobile assets such as houses and land). In other words, wealth inequality refers to the distribution of the stock of assets held at a given point in time, whereas income inequality refers to the distribution of the flow of money on a regular basis. *Poverty* refers to the lack of economic means to fulfil basic human needs or to achieve a defined level of material possessions (Bapuji & Mishra, 2016). Conceptually, poverty and inequality can coexist in a society (large numbers of poor individuals and a few very wealthy individuals), inequality can exist without poverty (when there are a few wealthy individuals and the great majority – or even all – of other members of the society have resources adequate for meeting daily life needs), and poverty can exist without inequality (everyone in a society is equally poor).

An examination of the definitions in Table 1 reveals that management scholars have cast economic inequality mostly at a societal level, or discussed it in a fashion that is ambiguous about level, i.e., does not explicitly articulate the level at which the construct is formulated. In other words, there appears to be a consensus—or at least no explicit disagreement—on the analytical level being societal. Also, although some scholars have viewed economic inequality as consisting of income inequality and wealth inequality, there appears to be an agreement that economic inequality is broader than either of these, or other specific forms of inequality, such as gender inequality. Despite an underlying consensus on the level and scope of the construct, the content and definition of the economic inequality construct are still under deliberation.

Looking specifically at the content, it is evident that management scholars have viewed inequality both as dispersion in outcomes of economic activity (e.g., wages, rewards, and income) and inputs to it (e.g., social resources, opportunities, and access). This focus on outcomes and inputs implicitly points to the economic activities of production occurring in organizations and societies, but the two (i.e., inputs and outcomes) have not been linked to provide a coherent definition. As the spaces where economic value is created and appropriated, organizations can form the basis for integrating these two dimensions of inputs and outcomes. Therefore, to understand economic inequality from an organizational perspective and develop a definition relevant to management scholars, we view economic inequality from the perspective of value creation and appropriation, as presented in Figure 1.

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By value creation, we mean the "production of goods or services that a consumer is willing to buy" and by value appropriation, we mean the "production of goods and services at the lowest possible cost and their sale at the price closest to consumers' willingness to pay" (Bapuji et al., 2018: 986-7). In the process of value creation and appropriation, organizations use a number of financial and non-financial resources contributed by individuals and society. Following value creation and appropriation, organizations also engage in value distribution, i.e., the "allocation of retained earnings among those who contributed resources to value creation and appropriation" (Bapuji et al., 2018: 988). It is important to note that value creation, appropriation, and distribution are sequential processes rather than causal processes. That is, value appropriation takes place after value creation, and value distribution occurs after value appropriation. We do not mean to say, necessarily, that value creation causes value appropriation, which in turn causes value distribution.

Even though a consideration of value creation and value appropriation are of course not new to organizational research, scholars have paid limited attention to contextual

attributes (e.g., legitimacy, the government) and antecedents (e.g., unevenness in the possession of and access to resources) that influence the inputs to value creation. Similarly, limited attention has been paid to how the distribution of returns (i.e., the outcomes) influences societal inequalities. In other words, previous research has studied the use of resources to create and appropriate value, but has not paid equal attention to the antecedents of those resource contributions and the societal consequences of value distribution by organizations. Therefore, studying economic inequality from the perspective of value creation, appropriation, and distribution can generate new ideas and a broader understanding about inequality and organizations (Bapuji et al., 2018).

Taking these perspectives together, we define economic inequality as "*uneven distribution in the endowment and/or access to financial and non-financial resources in a society, which manifests in differential abilities and opportunities to engage in value creation, appropriation, and distribution*." Our definition underscores that economic inequality includes two dimensions: endowment of resources and access to resources. By resources, we mean economic, social, cultural, and symbolic capitals that can be used to take part in value creation, appropriation, and distribution (Bourdieu, 1986; Bourdieu & Wacquant, 2013).

We consider both resource endowments and access to resources and opportunities, because unevenness in resource possessions (or endowments) and access, each on their own or jointly, can influence the ability to participate in value creation, appropriation, and distribution. Some individuals might already possess financial capital to contribute to value creation, whereas others might be able to access financial institutions to raise capital via loans. Thus, having access to resources might offset the handicap of lacking the possession of such resources. When both possession and access are unevenly distributed in similar ways, inequality will be larger, i.e., an uneven distribution of this type can create even larger

differences in the ability to create and appropriate value, as well as in receiving suitable returns for the contributions made. We note, however, that even though endowments and access are two different dimensions, between these two, we take the distribution in resource endowments to influence access to resources and opportunities primarily, rather than the other way around or as both influencing each other equally (Bapuji & Chrispal, 2018).[1]

The definition we propose builds on and extends previous definitions and conceptualizations of economic inequality. For example, a number of definitions have referred to uneven distribution of resources or income (e.g., Diehl et al., 2018; Jiang & Probst, 2017; Packard & Bylund, 2018) and some have also additionally referred to unequal access to resources and opportunities (Bapuji, 2015; Haack & Sieweke, 2018; Mair et al., 2016; Neckerman & Torche, 2007). While many had focused on income inequality or wage inequality, Beal and Astakhova (2017) clarified income as an economic resource that is received regularly in exchange for labor or capital. In other words, extant definitions and descriptions of economic inequality have highlighted to varying degrees the different aspects of the definition we—with the benefit of being in a position now to assess and integrate this earlier work—propose, such as endowments, access, financial and non-financial nature of resources, resources and opportunities, and labor and capital.

Our definition can encompass a number of existing definitions and conceptualizations of inequality, and also affords an opportunity to expand the construct to further capture its full richness. Dispersion in resource endowments can encompass wealth and income inequality, but also leaves open the possibility to consider other types of resource

[1] We note that our definition does not automatically cast any amount, however small, of unevenness in a distribution of resources and opportunities as economic inequality. This is because unevenness in resources and opportunities is endemic to, and possibly even necessary for, successful economic activity. However, as a construct, economic inequality aims to capture the inequalities in economic participation. Recognizing this, our definition considers an uneven distribution as inequality only when such distribution results in differential abilities and opportunities for individuals to engage in value creation, appropriation, and distribution. In other words, inequality refers to those types of uneven distributions that privilege some individuals and groups in a social collective and disadvantage others as they engage in value creation, appropriation, and distribution.

endowments, such as inequality in land ownership or inequality in status or social capital. The access dimension recognizes that resources and opportunities are dispersed across social categories, such as gender, ethnicity, class, caste, and race. We contend that the definition can also help further the understanding of demographic inequalities, such as gender and racial inequalities, as broader economic inequalities that are rooted in (or manifested through) demographic characteristics. Such a perspective makes it possible for a research stream on a particular type of demographic inequality (e.g., gender) to also contribute to and benefit from other research streams on other types of demographic inequality (e.g., race, age, class, caste), as well as from the broader streams of research on economic inequality (e.g., income inequality, wealth inequality, asset inequality).

In this section, we reviewed current definitions and conceptualizations of economic inequality, as well as of related constructs, and developed an integrative definition from an organizational perspective. Our focus on organizations helped us relate inequality to value creation and appropriation, which in turn pointed to the possibility of organizations contributing to economic inequality through their value distribution. While theorizing about or further elaborating on this relationship is beyond the scope of this article, the studies we review and our mapping of the field in the next section illuminate the role of organizations in creating and maintaining economic inequality through their value distribution functions, as well as other strategic actions.

BI-DIRECTIONAL RELATIONSHIP BETWEEN ORGANIZATIONS AND SOCIETAL ECONOMIC INEQUALITY

A notable feature of the management research on economic inequality is the range and diversity of topics examined. In what is probably the first study on inequality to appear in a business journal, Elliott (1974) showed that income shares of the top and bottom segments remained relatively stable between 1950 and 1970 and argued that consumer welfare would

be higher if income inequality is lower, because the money spent by the rather few very rich members in an unequal society will provide less marginal utility to them, as compared to the marginal utility that would have been provided to the many poor, if the same money was available to the poor and spent by them. He also noted that inequality erodes the equality of opportunity such that “those in the lower income quantiles have less opportunity to realize their personal potential due to an inferior social environment” (Elliott, 1974: 10). Overall, this early study examined income inequality at a broad level and discussed it using economic and social perspectives.

Recent studies continue to show such breadth and diversity, albeit not in the span of a single study. For example, Lewellyn (2018) examined the contextual conditions under which high-growth and necessity entrepreneurial activities are associated with high income inequality, whereas Pathak and Muralidharan (2018) showed that income inequality increases social entrepreneurship, especially when opportunities for income mobility are fewer. In a qualitative study of Turkish workers, Soylu and Sheehy-Skeffington (2015) showed that inequality in a society manifests in organizations in the form of bullying and harassment that is targeted disproportionately towards members of a low status social group. Katic and Ingram (2018), on the other hand, found that even though income inequality increased the subjective wellbeing of individuals with higher incomes on average, it reduced the wellbeing of all those – regardless of their income level – who believed that income generation processes are unfair, as well as of those who believed that hard work leads to success.

The breadth of topics examined and the diversity of perspectives used in the study of economic inequality gives an indication of the many ways in which economic inequality can affect individuals and organizations, and vice versa. However, to consolidate this research and further it, these diverse topics need to be integrated to form a coherent picture. Therefore, to map out the research on economic inequality, we focused on its organizational causes (*how*

do organizations contribute to economic inequality?) and consequences (*how are organizations affected by economic inequality?*). In doing so, we integrate the empirical evidence in a framework (Figure 2) that highlights the bi-directional relationship between societal economic inequality and organizations, and clarifies the mechanisms that drive this relationship.

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Although we imposed our bi-directional framework in a top-down fashion in the interest of providing an integrative framework, we decided on the list and inclusion of each of the mechanisms that drive the relationship using a bottom-up approach by examining the research questions of as well as the findings reported by the studies, and grouped these studies together by similarity in the effects documented and the theoretical explanations. To be clear, not all of the studies we reviewed readily and neatly coalesce into this integrated picture. Rather, the framework we present is an aggregation we developed based on the overall sets of findings from the empirical studies, as well as theoretical arguments. In the following sections, we elaborate on this framework and elucidate the organizational antecedents and consequences of societal economic inequality.

Organizational Antecedents of Societal Economic Inequality

As presented in Figure 2, organizations contribute to the creation and dynamics of societal economic inequality in four major ways: wage and employment practices, philanthropy, institutional work, and externalities of organizational actions. We elaborate on each of these below.

Wage and Employment Practices

Wages and salaries account for 75 percent of income among working-age adults (OECD, 2011), and thus have a major role to play in societal income inequality. In recent decades, executive compensation strategies such as stock options and performance-based

compensation contributed to the rise of an executive class, whose incomes have a major impact on overall income inequality (OECD, 2011; Lemieux, 2006; Piketty & Saez, 2003). While these patterns of inequality in wages and incomes were shown at the macroeconomics level by economists, management scholars have long examined how wages and employment practices can create inequality within organizations and among occupational groups. Reviewing this research, Bidwell and colleagues (2013) noted a number of changes that occurred in employment relations, such as reduced benefits and declining tenures, as well as an increased use of incentive pay, layoffs, contingent work, and outsourcing.

While previous organizational research examined wage inequalities within organizations and suggested that such inequalities might also have an effect on societal income inequality (Bidwell et al., 2013), recent research has begun to theoretically and empirically examine the relationships between organizational actions and societal level income inequality in more direct ways. For example, Cobb (2016) theorized that income inequality at the societal level will be higher in countries where firms adopt a market orientation to employment relationships. This market orientation is reflected in the use of external labour market mechanisms to set wages and match workers to jobs, and in the use of nonstandard work arrangements to employ workers. At the executive level, a market orientation is reflected in external hiring to match executives to their positions, performance-based pay to remunerate executives, and external bench-marking to set executive pay. Interestingly, market orientation bestows higher rewards on executives and lower rewards on workers, relatively speaking, thereby increasing income inequality at the societal level (Cobb, 2016).

Skewed wage distributions caused by an external, market, orientation only partially account for the effects of organizational practices on income inequality. To further understand the role of organizations in this respect, we should also pay attention to how a

shareholder wealth maximization approach, as adopted by large public corporations, increases income inequality in a society by skewing value distribution in favor of shareholders and executives, and against non-shareholder stakeholders (or those whose shareholding position is weaker), such as employees, government, and the community. In other words, adopting a shareholder wealth maximization logic leads firms to give largesse to shareholders, in the form of dividends, and to executives, in the form of incentive pay and stock options, and to reduce salaries to employees, taxes paid to governments, and expenses on philanthropic efforts (Bapuji et al., 2018). A shareholder wealth maximization approach not only skews the value distribution in this way, but also reduces employment growth within firms, and increases the proportion of managerial and finance jobs while decreasing the proportion of non-managerial and production jobs (Lin, 2016).

Although the shareholder wealth maximization approach is in vogue, its effects are unlikely to be uniform across all organizations. For example, large organizations may resort to wage compression to circumvent the possibility of negative social comparisons among employees. Accordingly, income inequality is lower in countries and states where large firms employ more people (Cobb & Stevens, 2017; Davis & Cobb, 2010). In addition, income inequality was lower when the racial diversity or geographic dispersion of employment is lower (Cobb & Stevens, 2017), since social comparisons might be more prevalent across a group that is racially less diverse and geographically proximate. Although large firms compress wages, their role as wage equalizers is diminishing over time and thereby also gradually contributing to increasing wage inequality. In particular, the wage premium paid by large firms to low and middle-wage workers has been reduced, whereas the premium remained at the same level for high-wage workers (Cobb & Lin, 2017). In other words, declining real incomes at the lower and middle levels of the organization contribute to increasing income inequality.

While compensation levels for employees at different hierarchical levels play a direct role in increasing or decreasing income inequality in the society, firms can also influence economic inequality via other employment practices. For example, changing employment relations enable firms to use different types of employment contracts and create different classes of workers whose financial and non-financial rewards differ. Alamgir and Cairns (2015) illustrated this with their study of *Badli* workers (i.e., workers nominally appointed to fill posts during the temporary absence of permanent workers) in Bangladesh jute mills. The *Badli* workers received lower economic entitlements within the organization compared to regular workers (e.g., lower pay, lack of benefits, non-payment of wages for job disruptions due to machine failures), and also lacked job security. As a result of the differential rewards – both financial and non-financial, *Badli* workers faced marginalization and exclusion in society (e.g., social humiliation due to their inability – unlike regular workers – to participate as consumers, inability to maintain family ties due to distance and displacement for work) (Alamgir & Cairns, 2015).

While the study of Alamgir and Cairns is set in a manufacturing sector in a developing country, similar arrangements are becoming common across industries and countries. For example, it has been noted that Silicon Valley companies create two classes of employees – regular employees who receive highly valued benefits, as well as respect and recognition, and contract employees with lower wages, less respect and recognition, and no job security. Specifically, Google's TVCs (temps, vendors, and contractors), who outnumber its regular employees, wear different badges, work longer hours, receive lower pay, and do not receive health insurance or sick days. In addition, the opportunities and growth for TVCs are also limited, on account of their being isolated, precarious employment situation, and being treated as second-class citizens (Bergen & Eidelson, 2018).

In sum, a shareholder wealth maximization approach and the external orientation it engenders skews the value distribution in favor of shareholders and executives. This results in income differentials between the top managers and the rest of organization, which then contribute to income inequality at the societal level. Further, the shareholder logic also influences the level and types of employment within organizations, and gives rise to employment practices that, in turn, also generate economic inequalities between employees. Although large firms attempt to compress wages, the dominance of the shareholder logic is diminishing their willingness or ability to do so.

Philanthropy

Although organizations influence economic inequality in a rather direct and tangible way through wage and employment practices, they can also influence inequality via philanthropic support to welfare organizations aimed at responding to societal issues. When business leaders and organizations support welfare nonprofits and social enterprises, these organizations receive the necessary resources that enable them to implement programs to decrease income inequality (Berrone, Gelabert, Massa-Saluzzo, & Rousseau, 2016; Di Lorenzo & Scarlata, 2018). However, as the number of welfare organizations increases in a community, competition for resources increases and the nonprofits divert resources more to acquiring philanthropic support and away from their core developmental activities, which results in a reduced ability to decrease income inequality. In particular, the effectiveness of welfare-oriented nonprofit organizations to decrease income inequality is lower in the presence of elite nonprofits, because corporations and wealthy individuals prefer to give to elite institutions, like universities and museums (Berrone et al., 2016). In addition, the extent to which welfare nonprofits reduce community income inequality depends on a number of institutional conditions. For example, government capabilities to enforce laws and employee obligations facilitate the actions of welfare non-profits, and thus increase their ability to

decrease income inequality. Interestingly, when government social policies are weak rather than strong, non-profits are more effective at decreasing income inequality, perhaps because the state and market failures legitimize the role of nonprofits. The authors also suggest that political conservatism attributes poverty to individual causes rather than to structural causes, which thereby diminishes the ability of nonprofits to generate the support needed to carry their activities, and thus reduces their ability decrease inequality in conservative communities. Although a similar lack of support might be expected in communities with a large percentage of financial and insurance firms, Berrone and colleagues (2016) found that, surprisingly, welfare-oriented nonprofits decrease income inequality more in a community where the percentage of firms belonging to the financial and insurance sectors is high. This could be because financial services firms encourage and support professionalism and accountability among the nonprofits they contribute to, thus enhancing the effectiveness of welfare nonprofits. It is also possible, given the backlash and reaction that financial services firms receive for their perceived role in increasing income inequality, that they might be contributing at higher levels to welfare non-profits (Berrone et al., 2016).

In their efforts to decrease income inequality, welfare nonprofits and social enterprises are supported by organizations and philanthro-capitalists who aim to redistribute their accumulated wealth. In contrast, some wealthy individuals attempt to disrupt the very processes that generate inequality by engaging in ‘privilege work’ whereby they use their wealth and status to mitigate inequalities (Scully, Rothenberg, Beaton, & Tang, 2018). Scully and colleagues shed light on this complex ‘privilege work’ undertaken by wealthy allies that involved much preparation, including being acutely aware of their own privilege and owning up to the role of privilege in their wealth accumulation, wrestling with resultant emotions of guilt and shame, and partnering with the underprivileged to understand the wealth differences and their effect on individuals. After these steps, such individuals engaged in corporate and

political activism to change corporate practices that contribute to inequality and also directed their philanthropic contributions to organizations that worked on structural causes of inequality (Scully et al., 2018).

The study by Scully and colleagues (2018) identified processes of privilege work conducted by wealthy individuals to reduce inequality, which raises the question of what kind of people engage in philanthropy and under what contextual conditions. Scholars have generated insights about the interplay between contextual and individual attributes on charitable giving. This stream shows that the acceptance of inequality as normal in a society reduces charitable donations made by individuals. For example, individuals are less likely to assume responsibility for inequality in countries high on power distance, and thus make lower charitable donations (Winterich & Zhang, 2014). In these very same high power distance contexts, however, individuals who believe that they have high power (i.e., control over resources and others) become altruistic and donate more to charity, because high power distance contexts do not pose a threat to powerful individuals, which makes them more likely to assume the role of stewards and act in an altruistic manner. In contrast, individuals who believe that they have low power become more self-focused and donate less to charity in high power distance contexts, because high inequality situations lead to feelings of insecurity, which prompt low power individuals to conserve their limited resources (Han, Lalwani, & Duhachek, 2017). Supporting this argument, experiment participants primed with exchange norms were found to be less likely to donate to a non-profit (Winterich & Zhang, 2014).

The studies we reviewed above show that individuals donate less when they accept inequality, but donate more when they believe that they have the power to change the situation (Han et al., 2017; Winterich & Zhang, 2014). While these studies focused on power distance beliefs related to the acceptance of inequality, Cote, House, and Willer (2015) showed that the generosity of higher-income individuals varies depending on the level of

inequality itself. Specifically, the rich develop a sense of entitlement and become less generous than the poor in the context of high economic inequality, whereas they become as generous as the poor in the context of low economic inequality, or even more generous than the poor, because giving is more affordable to them. The authors used two different measures to capture economic inequality in two different studies: household income dispersion in the survey and dispersion of wealth in the experiment (Cote et al., 2015), allowing us to refer to their findings as being in the domain of 'economic inequality' more generally rather than only in the domain of 'income inequality'. Another study, using the 'Dictator Game' set-up in a laboratory experiment, also found that giving was lower when inequality is high, and also that those who were richer gave less than the poor only when inequality was self-chosen by the participants (Chiang & Chen, 2018). Although this study suggests that giving depends on individual preferences for income distributions and also on whether inequality was a result of one's own choices, its implications for situations outside the laboratory are not yet clear, because the prevalence of cases or situations in which inequality is a result of one's own choices is not yet well documented.

In sum, the stream of research that examines the effect of philanthropy and inequality found that nonprofits and social enterprises decrease inequality, but that their ability to do so depends on resources and institutional conditions. Studies in this stream also show that wealthy individuals give less in contexts of high inequality, but give more if they believe that they have power, even though recognizing this power and using it to combat inequality is a complex psychosocial process that involves questioning their own achievements and privilege.

Institutional Work

Organizations can directly influence economic inequality via wage and employment practices and philanthropy, but can also create conducive conditions for affecting different

levels of inequality through institutional work, i.e., "purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions" (Lawrence & Suddaby, 2006: 215). Such institutional work can occur at the levels of society, industry, organization, as well as at the boundaries, or intersections, between these levels.

One of the ways in which organizations conduct institutional work at the societal level is via framing, for example, by framing poverty as a problem of the poor, thereby making them responsible for alleviating such poverty, as opposed to making organizations and institutions responsible for reducing poverty (Wadhwani, 2018). Another study set in the context of the financial crisis of 2008 showed that media discourse constructed different levels of borrower competence along gender lines, portraying men as savvy and responsible, and women as the opposite (Buchanan, Ruebottom, & Riaz, 2018). These framing exercises can normalize inequalities and place the responsibility for achieving equality wholly on the disadvantaged individuals themselves.

Framing also helps organizations to employ and legitimize particular practices across industries. For example, Hamann and Bertels (2018) showed that South African mining companies attempted to maintain inequality by using "coercion" when labour was scarce. Such "coercion" involved conscription, i.e., identifying target groups for a labour bond, forming a cartel to keep their wages low, and working with the government to force Black Africans into cheap labor. Once conscripted, the employers used control mechanisms (e.g., passes that allowed employees entry to the mines during their shift and to a gated and closed gender-segregated housing outside the shift hours) to monitor the movement of employees and make them compliant. In time, when unemployment increased and resulted in larger supply of labor, mining companies offered the "illusion of choice" by giving a living out allowance in lieu of factory accommodations, which were increasingly being criticized for their apartheid nature. The allowance shifted the responsibility of housing to employees and

the government, while freeing employers of the responsibilities of housing the workers. As a result of this same increased labour supply, employers also resorted to outsourcing recruiting and contracting to agents, which changed the nature of the employment relationship, and reduced the inducements and investments employers offered their workers (Hamann & Bertels, 2018).

Another way in which organizations conduct institutional work is by adopting inequality-supporting logics and norms that are prevalent in the broader society and normalizing them within the organization. These might be reflected, for example, in discrimination against women, ethnic or racial minorities, and those from a lower social class (Amis et al., 2018). For example, bias against people of lower social status and social class can be normalized in organizations through 'class work,' in which those from the upper classes portray their achievements as a result of their competence and effort rather than as resulting, in some part, from the advantages of their social class (Gray & Kish-Gephart, 2013). Such classwork might be facilitated by organizations through behavioral expectations and norms for different occupational and social groups, as well as by an emphasis on meritocracy, which might gloss over advantages some individuals received due to social class, thus enabling them to occupy higher positions (Gray & Kish-Gephart, 2013).

Organizations also recreate and maintain societal inequalities via institutional work at the boundaries, for example, in their interactions with customers. In an ethnographic account of service encounters in luxury stores, Dion and Borraz (2017) showed that luxury goods companies not only signal status, but also engage in compelling the consumer to enact their class in the social hierarchy. This is done through an array of practices, including the design of the material surroundings of the store (e.g., type of furniture, lighting, music, display of products) and interactions with salespersons (e.g., attention, tone of voice, body language, offer of service, offer of extras). In addition, the companies use sales personnel to educate the

customers with low cultural capital, but high economic capital, by providing them appropriate guidance on etiquettes and suggesting means to acquire 'class' (Dion & Borraz, 2017).

Some individuals might respond to the institutional work of organizations by withdrawing and disengaging. For example, Neville, Forrester, O'Toole, and Riding (2018) showed that racial minorities who face frequent rejections discourage themselves from applying for venture loans when they need such loans, thereby resulting in the maintenance of inequality. Some individuals, however, attempt to overcome discrimination by concealing the markers of race or class. For example, Kang, DeCelles, Tilcsik, and Jun (2016) found that racial minorities attempt to avoid anticipated discrimination in labor markets by "résumé whitening," i.e., concealing or downplaying racial cues in job applications. Similarly, those from lower social class attempt to alleviate the inequalities they face by engaging in strategies such as dodging (i.e., avoiding situations and conversations that reveal their class position), code switching (i.e., altering language, mannerisms, and behavior to suit the context), and building peer support networks, while at the same time protecting themselves from any indignity that might result due to their belonging to a lower class by drawing on their core identity strength (Gray, Johnson, Kish-Gephart, & Tilton, 2018).

Although firms can decrease inequalities via support to nonprofits, as discussed in the previous section, they might in fact also increase inequalities by shifting the priorities of nonprofits. This was illustrated by Hayes, Introna, and Kelly (2018), who conducted a study of impact assessment initiatives adopted by a donor who supported an NGO working with rural farmers in India. The donor initiated an impact assessment tool that was developed based on his experience of assessing returns on investment in for-profit organizations. The tool took the form of a spreadsheet that rendered development practices visible through specific numbers, such as a farmer's income, housing, sanitation, family size, land size, and

their livestock. In the competitive grant market, impact assessment and demonstration were necessary to secure funds. So, the activities of the NGO revolved around this tool rather than improving the incomes of farmers, as the NGO had originally envisaged. In other words, the new tool redefined the activities of the NGO, as well as the dependence relations among the various actors involved in the NGO and its impact assessment. Consequently, it created a new regime of inequality that gave power to those involved in impact assessment, while limiting the power of those working with the beneficiaries. In effect, the impact assessment tool ended up deviating the NGO from its initial purpose of reducing inequalities (Hayes, Introna, & Kelly, 2018).

In contrast to institutional work that can hinder the inequality-reducing function of nonprofits, as above, some scholars also showed that inequalities can be and have been reduced through purposive institutional work of scaffolding, involving resource mobilization to effect change, stabilizing new interactions after the change, and concealing contested goals to gain acceptance of the change (Mair, Wolf, & Seelos, 2016). In a study set in the context of development, Qureshi, Sutter, and Bhatt (2017) examined knowledge sharing among poor rural farmers in India by local NGOs and the gender and caste barriers that impeded such knowledge sharing. They found that moderators from local NGOs attempted to reduce such barriers through boundary work, such as forming recipient groups with appropriate compositions, introducing video screenings, and setting rules that encouraged inclusion and discussion. As a result, differing beliefs were reconciled and unified, which paved the way for further boundary work by the NGOs (Qureshi et al., 2017).

In sum, a rich stream of research has examined institutional work related to inequality via influencing societal norms, creating employment practices in line with the norms, internalizing the norms that enabled classwork within and at the organizational boundaries. These norms, for example of effectiveness, also can affect nonprofits and shift their

developmental goals, even as institutional work at the ground level can also help to challenge and change social inequalities.

Externalities of Organizational Actions

While organizational actions related to wages and philanthropy, as well as their institutional work, affects economic inequality in a society via their effects on employees and proximate stakeholders, organizational actions can also affect inequalities via less direct effects—externalities—of their actions on distal stakeholders. These externalities might, for example, influence access to productive resources and opportunities to communities affected by the actions of a given organization. As an illustration, Elmes (2018) advanced the notion that the industrial food system created through industry concentration and specialization by firms has enabled food producers, processors, and distributors to extract higher value at the expense of the long-term benefits for consumers and others in the value chain, such as farmers and workers. This system, he argues, increased food insecurity and reduced access to nutrition, particularly for poorer populations, stymieing their ability to develop capabilities to participate fully in organizations and societies (Elmes, 2018).

Another way in which organizational actions can affect economic inequalities is via their effect on the environment, especially for the disadvantaged. For example, Jorgenson (2007) argued that in less developed countries, transnational manufacturing firms are more likely to use ecologically inefficient production equipment and processes, transportation equipment, and energy sources that contribute to the emission of carbon dioxide gas. He demonstrated that the stock of foreign investment in manufacturing sector activity was positively associated with carbon dioxide emissions, as well as with emissions of water pollutants, in less developed countries (Jorgenson, 2007). Similarly, landfills and Superfund sites (i.e., locations in the United States contaminated by hazardous industrial waste) were also found to be located in economically disadvantaged neighbourhoods (Smith, 2007). Also,

top industrial polluters are more commonly located in close proximity to schools in poor and minority neighbourhoods (Legot et al., 2010; Lucier et al., 2011).

Environmental inequalities caused by organizational externalities, in turn, manifest as health and education inequalities. For example, industrial pollution was found to contribute to health inequalities, such as increased child and infant mortality, which predominantly affect the poor (Jorgenson, 2009). Exposure to industrial pollution also reduces student academic performance and thereby reinforces or deepens existing economic inequalities (Legot et al., 2010; Lucier et al., 2011). Even though research has examined the effect of income inequality on child and infant mortality (Pickett & Wilkinson, 2015), the presence of a direct link from industrial pollution to health and education inequalities points to the possibility of industrial pollution as a mediating variable through which income inequality affects health and education inequalities.

In sum, the externalities of organizational actions can influence economic inequality in a society by their impact on access to nutrition and a healthy environment, which in turn manifests as education and health inequalities.

Overall, our review and discussion in this section indicates that organizations influence economic inequality not only via value distribution through compensation structures and philanthropy, but also through their institutional work and the externalities of their actions. We summarize these studies in Table 2, which shows that researchers have noted the multitude of ways in which organizations affect economic inequality in a society by examining both the directly visible financial dimensions of organizational actions, as well as the indirect and less visible non-financial dimensions. Although studies have examined some value distribution mechanisms and externalities that influence inequalities, more work needs to be done to better understand the inequality consequences of other value distribution practices, such as dividends to shareholders and taxes to the government. We discuss these

and some other topics for future inquiry and elaborate on them in the discussion section, but, we first move on to presenting the consequences of inequality in the following section.

------------------------ Please insert Table 2 about here ------------------------

Organizational Consequences of Societal Economic Inequality

Organizational researchers have generally examined inequality and its outcomes at the individual and organizational levels, such as the effects of normatively explainable within-organization variation in pay on positive organizational and individual outcomes like performance and safety (Shaw, 2014; Shaw, Gupta, & Delery, 2002). In contrast, the effects of societal economic inequality on employees and organizations are not as well-known, although the knowledge base here is slowly expanding. Bapuji (2015), for example, theorized that high economic inequality affects organizational performance indirectly, via human development pathways, and directly, via organizational and institutional pathways. Specifically, high economic inequality in a society results in low human development (e.g., poor health, high crime, low education), which in turn affects organizational performance indirectly by imposing burdens, such as increased healthcare and training costs, and lost productivity. In terms of its direct effects, economic inequality has an impact on organizational performance by influencing the cognition, attitudes, and behaviors of individuals, by affecting their interactions in the workplace, and by shaping an organization's institutional environment. The research we reviewed offered evidence about some of these arguments, as indicated in Figure 2. In particular, research suggests that societal economic inequality affects organizations through its influence on the attitudes and behaviors of employees, by shaping organizational strategies and performance, by affecting the competitive environment of firms, and via its effects on entrepreneurship. We now turn to these and elaborate on each below.

Employee Attitudes and Behaviors

The studies we reviewed show that income inequality in a society affects a range of employee attitudes and behaviors that in turn have an effect on organizations. For example, Parboteeah and Cullen (2003) argued that workers in countries with high income inequality lack access to enriched job opportunities and feel alienated due to perceived exploitation, which leads to lower work centrality, i.e., lower importance of work in their lives compared with leisure and family time. They offered support for this hypothesis using World Values Survey data from 26 countries. In addition to lacking opportunities and feeling alienated, individuals also feel resource deprivation and lack resources to deal with situations such as job loss. Therefore, country level income inequality exacerbates the effect of job insecurity on burnout among employees, such that employees in high income inequality countries and states experience higher burnout with job insecurity, relative to the levels of burnout experienced by employees in low inequality countries and states (Jiang & Probst, 2017).

As enriched jobs are fewer and poor working conditions become more common in countries with high income inequality, workers face higher physical demands. In turn, these demands affect the health of workers, as evidenced by nurses residing in counties with high income inequality reporting higher activity limitation due to back, neck or shoulder conditions/injuries (Muntaner, Li, Ng, Benach & Chung, 2011). Workers may also face higher physical demands due to moonlighting to increase their low incomes (Andrews & Htun, 2018). As a result of such ailments and also due to the feelings of alienation and deprivation, workers take more sickness absences in countries with high income inequality, and this effect is present over and above the effect of socioeconomic status and age (Muckenhuber et al., 2014).

In addition to affecting worker health, economic inequality can also have implications for organizations due to its effects on the behavior, cognition, and emotions of employees. For example, economic inequality creates a situation of disparity for disadvantaged

individuals, which prompts them to engage in greater financial risk-taking to achieve commensurate rewards and outcomes, compared to beneficiaries of inequality, and non-victims of inequality (Mishra, Hing, & Lalumiere, 2015). Although they do not directly test the effect of economic inequality, Meuris and Leana (2018) found that financial precarity faced by employees, which occurs in situations of high inequality, led to financial worry and emotional suppression, which diminished their cognitive capacity and resulted in lower performance. Similarly, Ragins and colleagues (2014) found that a fear of home foreclosure, as might be experienced more by those who are disadvantaged as a result of inequality, negatively spills over into the workplace and manifests as physical symptoms of stress at work, which in turn reduces organizational commitment and increases turnover intentions. Further, Andrews and Htun (2018) offer qualitative evidence to show that inequality poses challenges to organizations due to employees' moonlighting and being fatigued, and showing lower commitment in the workplace. Together, these yield increases in training and retention costs for organizations.

Societal economic inequalities can also manifest themselves as bullying in organizations that are targeted predominantly at disadvantaged groups, as documented by Soylu and Sheehy-Skeffington (2015) in their study of Turkish employees in public and private sector organizations. Similarly, Jagannathan, Bawa, and Rai (2018) noted the bullying experienced by a Dalit ('lowest' in the caste hierarchy) woman in an Indian company due to caste and gender inequalities in the broader society. Such bullying and incivility might occur in organizations because social comparisons become salient in the context of inequality, and bullying affords individuals a chance to mark, clarify, and possibly improve their status in these conditions.

As a result of individuals' making upward social comparisons, individuals report lower life satisfaction for a given income level in US counties with higher income inequality

(Cheung & Lucas, 2016). That social comparisons become more salient in the context of high income inequality is also reflected in the arguments and findings of Wang, Zhao and Thornhill (2015), who found that high pay dispersion increases employee turnover more when a firm's pay dispersion is higher than the dispersion in the industry. As a result of social comparisons, rising inequality gives rise to resentment against the rich (RAR) for both moral and emotional reasons. Examining RAR in the Chinese context, Wu and Lin (2018) found that moral RAR (arising from cognitive assessments driven by expectations about altruism and morals that the rich should follow) is negatively related to pay satisfaction but positively related to prosocial behavior, whereas emotional RAR (arising from affect-based assessments driven by social comparisons with the rich and self-interest) is negatively related to life satisfaction and prosocial behavior, but positively related to unethical behavior.

Economic inequality makes social comparisons more salient and decreases satisfaction with one's own situation, but responses to it – particularly those rooted in emotions – can result in unethical behaviours, either to increase their earnings or simply to engage in retribution against the system and the privileged. For example, using World Values Survey data from 28 countries, Chen (2014) showed that workers justify deviant behaviors (e.g., cheating on taxes, claiming benefits one is not entitled to, and accepting bribes in the course of their duties) more than managers, and that this justification is even stronger in countries with high income inequality.

In sum, economic inequality results in impoverished jobs and increased job demands, which cause a range of negative emotions in employees and leaves them feeling alienated and disengaged in the workplace. In turn, they tend to have lower work and life satisfaction. To improve their situation or simply in retribution, employees may engage more in unethical behaviours or avoid the workplace or work more generally, thus increasing costs to organizations.

Organizational Strategies and Performance

Employee attitudes and behaviors can increase costs for an organization, but high economic inequality can also influence transaction costs MNEs face in their host countries. For example, Lupton, Jiang, Escobar, and Jimenez (2018) argued that MNEs face higher costs in low inequality environments because institutions, civil society organizations, and employee unions tend to be strong in such environments. Accordingly, in high income inequality environments, MNEs can negotiate lower wages, lower CSR commitments, and greater political concessions. Using a large dataset of production entries made by Japanese firms in other countries, they showed that a host-country's income inequality has an inverted-U shaped relationship with MNE production entry into that country. Further, they showed that this relationship is stronger when the new subsidiary has an efficiency-seeking mandate (i.e., where costs are a primary concern), but weaker when the new subsidiary has a competence-enhancing mandate or a market-seeking mandate (Lupton et al., 2018).

While transaction costs engendered by host-country income inequality affect MNE entry strategies, income inequality in the home-country can also affect MNE entry strategies. Arguing that MNEs from weaker institutional environments have greater political capabilities to assess and manage policy risk in a host-country, Holburn and Zelner (2010) showed that MNEs from high income inequality countries seek out riskier host countries where they can use their political capabilities to gain attractive positions and maintain them. A similar relationship was also found at a micro-level; immigrants exposed to inequality in their home countries were able to engage in entrepreneurship and form business ventures in their host countries (Griffin-EL & Olabisi, 2018). Lending further support to the political capabilities argument, Chen, Cullen, and Parboteeah (2015) found that manager-controlled firms are more likely to engage in bribery relative to share-holder controlled firms, and that this effect is stronger when country income inequality is high. In another study on CSR disclosure,

Zamir and Saeed (2018) found that companies located away from financial centers disclose less CSR information compared to those located closer to financial centers, and that this effect is stronger in countries with high income inequality. Although the authors have not hypothesized such an effect, we can also see from their empirical results that there is a significant negative relationship between income inequality and CSR information disclosure, which further reflects on the political, or non-market, capabilities that firms develop due to working in contexts of high inequality.

In addition to influencing firm strategies, economic inequality can also affect firm performance. For example, using data on 98 countries, Barnard (2008) showed that developing country firms from low wealth inequality contexts achieve better performance in the US, compared to developing country firms from high wealth inequality contexts. This is because low inequality spreads opportunities more broadly in the country and increases the type of human capital needed to succeed in developed economies. A similar argument was also made, but tested more directly by Swaab and Galinsky (2015). They argued that institutional equality (which they define as the "extent to which societal institutions provide different people and groups equal rights and opportunities" (2015: 81)) and psychological equality ("the extent to which a society's prevailing normative value system encourages and motivates equal treatment of others" (2015: 82)) generate top talent, which in turn results in higher performance. Using data from Fédération Internationale de Football Association (FIFA) on the performance of national football teams, they showed that both institutional and psychological equality predicted top talent levels and performance. Additionally, they found evidence of serial mediation, whereby the effect of institutional equality on performance was mediated by psychological equality, which were in turn mediated by the proportion of top talent within the team (Swaab & Galinsky, 2015). These findings also give credence to

arguments in the previous section about the negative psychological effects of economic inequality on employees.

In addition to the human capital benefits due to low economic inequality, firms may also receive reputational benefits via stakeholders. For example, Benedetti and Chen (2018) showed, through a series of experimental studies, that consumers are more willing to buy products from companies with lower CEO to worker pay ratios, because those companies are perceived as fair. Such companies also received overall higher scores on reputation from consumers and employees, and potential employees showed more willingness to work in companies with lower CEO to worker pay ratios (Benedetti & Chen, 2018). Others found that high CEO pay results in the intent of stakeholders to take actions towards redistributing rewards, restore equity, and punish the firm more broadly (Rost & Weibel, 2013). Similarly, Vergne, Wernicke, and Brenner (2018) found that CEO overcompensation increases media disapproval in general, but that this effect is higher when the organization also engages in philanthropy because of signal incongruence (i.e., CEO overcompensation is a signal of greed or selfishness, whereas philanthropy is a signal of altruism or generosity).

Delving more specifically into consumers' preferences, Walasek, Bhatia, and Brown (2018) argued that high income inequality makes social comparisons salient and induces a race for status, which can be signalled through positional goods. They found that social media activity was higher for high-status brands in high income inequality contexts, whereas it was higher for low-status brands in low income inequality contexts. Further evidence for status-seeking, particularly by the disadvantaged was offered by Jaikumar and Sarin (2015), who found that conspicuous consumption increases with increases in income inequality, and this increase is higher for households with lower relative wealth and for households in rural areas (Jaikumar & Sarin, 2015).

While the studies we reviewed so far in this section generally underscore somewhat negative effects of economic inequality on organizational strategies and performance, a few studies also investigated the positive implications of economic inequality. For example, analyzing bankruns, i.e., mass withdrawals by depositors due to the breakdown of trust in the community, Greve and Kim (2014) showed that bankruns were less likely in communities where wealth inequality is high. They argued that this is because stratification hinders communication and therefore also the formation of community-wide opinions about specific banks, or banks in general. In another study, Husted (2000) found that software piracy is lower in countries with high income inequality because the rich can afford to pay for the software, while the poor might be too poor to have access to computers in the first place.

In sum, economic inequality can affect firm strategies by influencing transaction costs and the development of political capabilities. Low inequality contexts also have performance implications for firms, because such contexts spread opportunities more broadly in a country and thus facilitate the development of larger stocks of human capital, as well as generate favorable assessments and engagement from relevant stakeholders, such as consumers and prospective employees. Firm performance can also be indirectly influenced via shifting consumer preferences for status goods in high inequality contexts, as well as the weakening of community cohesion.

Competitive Environment

High income inequality in a country can affect the competitive environment of firms by giving rise to social movements that delegitimize global corporations and constrain firm action (Bapuji & Neville, 2015). Shrivastava and Ivanova (2015) presented evidence that the Occupy Wall Street movement posed challenges to the legitimacy of businesses (particularly to those in the banking and financial services industry) as well as to globalization as a broader economic force and to MNCs as its agents. Similarly, shareholder activism aimed at

improving the social performance of companies increases when income inequality is high (Judge, Gaur, & Muller-Kahle, 2010). In particular, Judge and colleagues (2010) found that country income inequality moderates the relationship between firm characteristics and socially-driven shareholder activism, such that shareholder activism against large and profitable firms is higher when country inequality is high, and that activism is lower against firms in which ownership is concentrated, because – the authors argue – such firms take a longer-term view and make social investments in communities (Judge et al., 2010).

As established and traditional business-model based corporations face legitimacy challenges, new organizational forms, such as Uber and Airbnb emerge as alternatives (Ahsan, 2018). Also, these alternatives use contributions from individuals reeling under conditions related to high economic inequality, such as changing employment relations causing people to look into precarious employment, or the working poor who supplement their earnings by putting their labor (e.g., gig economy) and assets (e.g., sharing economy) to maximum use. High income inequality also produces new political and regulatory risks that can undermine firms' performance or survival (Bapuji & Neville, 2015). These changes in the business environment and evolution of new organizational forms are illustrated by a study of the funeral industry by Audebrand and Barros (2018). They showed that funeral co-operatives countered inequality by resisting corporate dominance in the funeral industry, and by diffusing and institutionalizing a model that helped reduce inequalities in the industry. The emergence of cooperatives in the presence of anti-corporate sentiments has been pointed out by other studies as well (Boone & Ozcan, 2014).

In addition to giving rise to protest movements that constrain organizational actions and facilitate alternative organizational forms, inequality can also shape the competitive environment by increasing political risk, through policy changes or via resistance against business-friendly policy changes. For example, Rajan and Ramcharan (2016) showed that

House representatives from districts with more concentrated land holdings and low credit access were more likely to oppose the McFadden Act, which was aimed at allowing the branch expansion of national banks. This opposition was stronger in those districts where agriculture was relatively more important than manufacturing. This was because the landed elite, who held power over the local financial system, were concerned that they might lose their power, and thus might receive lower returns on their land and money holdings, if national banks entered the market place (Rajan & Ramcharan, 2016). A related study found that further bank deregulation between 1970s and 1990s increased wages at the lower end and resulted in lower income inequality (Beck, Levine, & Levkov, 2010).

In sum, high economic inequality in a society dents the legitimacy of traditional corporations and provides a base for newer alternative-form organizations to emerge, and some of these newer organizations create business models that make use of the financial precarity faced by the many. Additionally, the concentration of economic power in the hands of a few makes it easy for them to lobby against the types of reforms that were intended to benefit a greater number of the members of the society at large.

Entrepreneurship and Growth

Some scholars argue that entrepreneurship increases inequality in the short run, as creative destruction processes accrue abnormal gains to a few. However, in the long run, entrepreneurship can also decrease income inequality by reducing monopoly profits (Packard & Bylund, 2018). This view, originally proposed by Kuznets (1955), as constituting part of an inverted U-shaped relationship between economic growth and inequality, has lost steam due to increasing inequality concomitant with economic growth over the last few decades. Specifically, scholars found that income inequality has not declined during growth phases, but in fact has done so during recessions and in the periods immediately following such

recessions, and that entrepreneurship is positively associated with income inequality (Atems & Shand, 2018).

While entrepreneurships might not decrease income inequality, there is evidence to suggest that income inequality itself negatively affects entrepreneurship by making resources available to few and, in a relative sense, by reducing their access for many. For example, Perry-Rivers (2016) showed that high-strata groups engage in more entrepreneurship relative to low-strata groups, and that the entrepreneurship of high-strata groups is particularly high under conditions of economic adversity. Similarly, Sarkar, Rufin, and Haughton (2018) showed that a greater concentration of landholdings is associated with less self-employment in rural areas, although there is no such association in urban areas. In a qualitative study of women digital entrepreneurs in the UK, Dy, Marlow, and Martin (2017) found that gender, race and class inequalities with respect to access to resources are also reproduced online, and influence entrepreneurship through this route as well.

Offering further nuance on the relationship between inequality and entrepreneurship, Xavier-Oliveira, Laplume, and Pathak (2015) showed that individuals with higher financial and human capital are more likely to engage in opportunity entrepreneurship, but less likely to engage in necessity entrepreneurship. However, as income inequality in a society increases, individuals with financial and human capital also end up being more likely to engage in necessity entrepreneurship, and – under such conditions – it is only high levels of financial capital (but not human capital) that facilitates opportunity entrepreneurship (Xavier-Oliveira et al., 2015). Together, these studies indicate that inequality raises the resource threshold for entrepreneurship, particularly for opportunity entrepreneurship, which is more likely to create employment and wealth. As a result, under high inequality, more individuals, because they lack the necessary resources for opportunity entrepreneurship, engage in necessity or subsistence entrepreneurship.

The negative effect of economic inequality on entrepreneurship can also manifest as lower economic growth, in aggregate, as some indicative evidence suggests (Hasanov & Izraeli, 2011). However, by enabling institutional conditions that promote entrepreneurship, economic growth can be achieved even when income inequality is high (Patel, Doh, & Bagchi, 2018). Using data from 92 countries over a ten-year period, Patel and colleagues (2018) showed that under increasing income inequality, ease of startup and access to credit from the financial sector are positively associated with per capita economic growth.

While income inequality has a negative effect on entrepreneurship, it has a positive effect on social entrepreneurship, because pro-social motives (to alleviate the negative consequences of inequality) become dominant in entrepreneurs (Pathak & Muralidharan, 2018). Using GEM survey data from 26 countries, Pathak and Muralidharan (2018) showed that high levels of income inequality increase social entrepreneurship, even more so when income mobility is low.

In sum, the concentration of resources in the hands of the few, and limited access to resources for individuals more generally, results in fewer individuals engaging in entrepreneurship, particularly the kind (opportunity entrepreneurship) that creates more jobs and wealth. This same limited access to resources results, rather, in individuals engaging in necessity entrepreneurship. As entrepreneurship creates new businesses, the lower level of entrepreneurship under high inequality would also result in lower economic growth.

Our review and discussion above indicate that societal economic inequality influences organizations in four different ways, as summarized in Table 3. First, high levels of inequality in a society reduce the importance of work to employees, exacerbate burnout, increase absenteeism, and result in lower participation and higher turnover. Second, high inequality levels influence strategies adopted by companies, such as location decisions and their ability to achieve performance in given locations. Third, economic inequality shapes the

competitive environment of firms, via protest movements that constrain firm actions, withdrawal of social resources such as legitimacy from large corporations and the bestowing of legitimacy on alternative organizational forms, and via increased policy and regulatory risks. Fourth, economic inequality affects entrepreneurship and growth by changing the threshold of resources needed for entrepreneurship, such that the prospects of opportunity entrepreneurship decrease but those for necessity entrepreneurship increase.

--------------------- Please insert Table 3 about here ---------------------

Overall, our overview in this section highlights that organizations contribute to societal economic inequality via compensation and employment practices, philanthropy, institutional work, and externalities of organizational actions. Societal economic inequality, in turn, affects organizations via employee attitudes and behaviors, firm strategies and performance, the shaping of the competitive environment, and affecting entrepreneurship and growth.

DISCUSSION

Although management and organizational scholars have begun to focus on economic inequality more recently, they have already made insightful contributions by adopting approaches that are different from other disciplines that have long studied economic inequality. First, as different from other disciplines, management researchers have begun to view the construct of economic inequality in a richer fashion, by considering inequalities in the possession of both financial and non-financial resources, as well as inequalities in access to those resources. Second, even though much of the research in other disciplines has documented correlations between income inequality and other variables of interest, management scholars have focused on more rigorous testing of theoretical explanations that can advance our understanding of the antecedents and consequences of economic inequality. Third, research in other disciplines is typically cast at the societal level, generating public

policy implications. Management scholars are complementing these results by conducting multilevel work and developing organizational implications. In short, the approach of management scholars to study economic inequality is characterized by an expansive view of the construct, investigations of theoretical explanations and mechanisms, and multi-level examinations.

These approaches that management scholars have adopted, coupled with their pursuit of theory development and their primary analytical focus on organizations, can advance inquiry on economic inequality and influence other disciplines that have focused more on the empirical aspects of inequality at the country level. With the aim of enabling organizational scholars to leverage their unique position and to conduct research that will have an impact both on management scholarship as well as on other areas of inquiry, such as economics, sociology, public health, and political science, we discuss below some areas for future research.

Construct and Theory Development

Organizational scholars are well-positioned to use their theoretical rigor to elucidate economic inequality. As we noted earlier, despite an emerging appreciation for the richness of the construct of economic inequality, some scholars have predominantly focused on income inequality in their studies, while others have not articulated or clarified distinctions between income inequality, social inequality, wealth inequality, and economic inequality. To facilitate research accumulation, future research efforts on construct development can aim to further clarify the various dimensions of economic inequality and interrelationships among them.

We note at least two possible ways in which such construct development can be pursued by leveraging current management research. First, the construct of economic inequality can be developed by contrasting and comparing it with other types inequality on

which organizational research has a robust history, such as inequalities of gender, race, and class, as well as in emerging areas such as of caste. For example, an examination of the caste system helped to underscore the endowment, access, and reward dimensions of inequality, as well as to make the observation that these dimensions reinforce each other (Bapuji & Chrispal, 2018). Second, the further development of the construct of economic inequality can also be achieved by examining the underlying factors, such as privileges that individuals and groups are ascribed due to power structures in a society, which might then become manifest and observed in the demographic characteristics of individuals. For example, patriarchal and caste structures accord differential privilege to women and lower-status groups (Mair et al., 2016; Qureshi et al., 2018), and class structures privilege upper class individuals within organizations (Gray & Kish-Gephart, 2013). In short, examining the various demographic inequalities that shed light on the ways in which inequality manifests with respect to those characteristics, and examining the underlying structures to shed light on the unequal distribution of privilege in general, would further the development of a better understanding of the construct of economic inequality.

As with other relationships that are important for management scholars, theoretical development is also a critical endeavor to further the study of the relationships between economic inequality and organizations. Towards this end, the research we reviewed theorized about the relationship of economic inequality with market orientation (Cobb, 2016), value distribution (Bapuji et al., 2018), economic exchanges (Beal & Astakhova, 2017; Riaz, 2015), and institutions (Amis et al., 2017; 2018; Davis, 2017). A useful way for scholars to engage in future theoretical development is by extending current, and mainstream, theories of organizational strategies and performance to consider their implications to inequality. To illustrate the potential of this approach, we discuss two theories below.

Resource dependence theory suggests that a firm's actions, ranging from mergers and acquisitions to the selection of board members, are influenced by its intention to reduce dependence on the environment for resources or to increase its own power over the environment (Hillman, Withers, & Collins, 2009; Pfeffer & Salancik, 2003). To extend the implications of this reasoning to economic inequality, researchers can theorize how selecting board members for their ability to gather resources for the organization, for example, might also reinforce existing inequalities in the society, or examine how organizational strategies of acquiring power (via joint ventures or mergers and acquisitions) might create inequalities for nascent entrepreneurs, or examine the implications of increased corporate power on consumers, suppliers, and employees in terms of its economic inequality implications. Future research can also examine how pressures from powerful stakeholders (i.e., those who control resources) would influence the kind and shape of value distributions by organizations, which often have implications for societal economic inequality.

Institutional theory suggests that organizations respond to institutional pressures in the environment and also influence the environment to gain legitimacy and ensure continued survival (Dacin, Goodstein, & Scott, 2002; Oliver, 1991). Organizational responses to institutional pressures stem from their interpretation of the environment, which can be studied by focusing on the categorization processes, language, institutional work, and organizational aesthetics (Suddaby, 2010). Examining the interpretive processes within organizations can help to better understand how categories that are relevant for inequality in employee selection and advancement, such as class, merit, and culture-fit are created within organizations. Similarly, the use of language in organizations related to CSR will have implications for inequality, for example in terms of whether CSR initiatives are related to elite causes (e.g., statues and museums) or non-elite causes (e.g., hospitals and vocational training). Furthermore, the study of institutional work by powerful corporations – which has been

examined for its inequality implications, can be extended to theorize about how those with less power and privilege also engage in institutional work to gain access to resources and opportunities and how they use language to re-frame the narratives around inequality. Future research aimed at understanding these can benefit from the earlier institutional research on rituals and traditions within organizations to examine how these practices might influence inequality within the organization or contribute to the legitimization of societal rituals and thus reinforce existing inequalities in the society.

In addition to extending mainstream organizational theories to study economic inequality, future theoretical developments can also be pursued by elevating theories in the organizational domain (e.g., normatively explainable dispersion) to the societal level and understand how economic inequality affects individuals. As well, theories on the psychosocial processes of individuals can also be extended to study economic inequality. For example, the research we reviewed showed that economic inequality affects individuals via social comparisons, perceptions of inequity, and the eliciting of self-focus. These studies have been informed by theories of social comparison and social judgment, which have been predominantly developed in group and organizational settings. Efforts such as these can be extended to facilitate further theory development.

Another way theoretical development can occur is by revisiting current theoretical understandings from an inequality perspective. For example, previous management research has been predominantly concerned with the benefits of social capital to individuals and organizations. Approaching social capital from an inequality perspective would more clearly highlight that social capital is bestowed differentially on individuals and social groups, often based on aspects not inherently related to competence, such as gender, race, and class, and other indicators of ascribed status. This can then help future research theorize further about

the mechanisms that influence the initial bestowing and subsequent maintenance, accumulation, and diminishing of social capital, as different from studying its benefits.

Finally, examining the societal antecedents of current theoretical explanations in the organizational domain can also facilitate further theoretical development. For example, current theorizations about why individuals accept inequality center on "just world beliefs" and the availability of opportunities for social mobility for those who are capable and hardworking. An effort to study the acceptance of inequality from a societal level can direct attention to the broader social structures, and the cognitive and normative institutions in the society, to illuminate their role in legitimizing inequality for individuals, besides mobility opportunities and just world beliefs.

The approaches we outline above will facilitate the expansion of current theories to economic inequality and flesh out the implications. But, as theories that have been developed with certain ontological and epistemological assumptions, such extensions alone might not fully explain the complex and multifarious relationship between economic inequality and organizations. Therefore, it might well be necessary to also develop new theories that bridge the multiple analytical levels and that span a broader range of relationships between economic inequality and organizations.

In sum, construct and theory development are important to enrich and sustain a field of inquiry. We suggest that the construct of economic inequality can be developed by drawing on research on demographic inequalities and work on class and privilege. On the other hand, theory development can be achieved by extending current organizational theories to study inequality, for example by elevating individual and organizational level theories to the societal level, by revisiting current theoretical understandings from an inequality perspective, and by examining the societal antecedents of current theoretical explanations in the organizational domain. It might also be necessary to develop new theories that bridge

analytical levels to study the complex relationship between organizations and economic inequality.

Organizational Antecedents of Economic Inequality

As presented in Figure 2 and Table 2, research focused on the organizational antecedents of economic inequality has largely elucidated how income inequality is influenced by wage and employment practices of organizations, corporate philanthropy, institutional work by organizations, and externalities of organizational actions. This important stream of research can be extended by expanding its focus and by examining new ways in which organizations contribute to economic inequality. We turn to each of these in the following paragraphs.

The research examining organizational antecedents, particularly quantitative research, has predominantly focused on income inequality. To the extent that economic inequality is a broader and richer construct, this stream of research can generate and sustain a larger stream of research by broadening its focus, in terms of the predictors and outcomes studied. For example, scholars can generate further insights by expanding their focus on income inequality to cover dispersion in rewards that include other dimensions of economic inequality, i.e., dispersion in resource endowments and resource access. Researchers can also generate novel insights by focusing on non-financial aspects of rewards and employment practices, such as preferential or discriminatory practices in hiring, and how talent is rewarded and promoted. For example, management scholars can examine how status differentials within organizations (e.g., managers vs. employees, generalists vs. specialists, regular employees vs. contract workers) translate into social, cultural, and symbolic capitals for individuals and groups in the society. In short, this stream of research can generate richer insights by expanding its focus from dispersion in income to dispersion in resources and access to those resources, as well as to dispersion in non-financial returns.

Scholars studying the antecedents of inequality can also generate useful insights by turning their attention to relatively understudied employee sections in organizations, such as the working poor or the bottom rung of organizations (Leana, Mittal, & Stiehl, 2012). It is pertinent here, for example, to understand how organizational practices maintain, or entrench, inequality through the reinforcement of class privileges (Gray & Kish-Gephart, 2013). In addition to elucidating how organizational practices contribute to inequality at the societal level, this line of inquiry can also make an impact on diversity research and practice, by complementing the current focus, which is centered on conceptualizations based on demographic characteristics (e.g., gender, age, race, caste, class), to more abstract but possibly more fundamental conceptualizations, such as privilege, which might be manifest in different demographic combinations in different settings. These attempts can also leverage the insights and findings of the organizational stratification literature, which has primarily examined the individual consequences of stratification within organizations.

In addition to the above, future research can build on current research that has looked into how institutional work by corporations creates and maintains inequality in society. Furthermore, emerging evidence suggests that externalities of organizational actions can have consequences for inequality, for example, in terms of differential access to a healthy natural environment and nutrition. Further research is needed to examine such indirect (or less obvious) and long-range consequences of organizational strategies and actions on inequalities in societies and communities. These consequences could manifest in the form of differential access for individuals and groups, such as financial services, healthcare, and education that influences their ability to take part in value creation, appropriation, and distribution.

One way that organizations contribute to income inequality is via their value distribution function, which has received relatively little attention from management scholars. Our review noted that the effect of wages and philanthropy on income inequality has been

examined, but also that these constitute only two, of at least four, mechanisms via which organizations distribute the value they appropriate (Bapuji et al., 2018). Accordingly, we encourage further work on the consequences of value distribution for inequality, and also call specific attention to further understanding the effects of corporate tax contributions and shareholder dividend practices on income inequality.

It is estimated that 40 percent of multinational companies' profits are shifted to tax havens, and that such profit shifting is highest among the US multinationals (Torslov, Vier, & Zucman, 2018). Some researchers have begun to examine the nature and characteristics of firms that engage in tax avoidance. These scholars found that tax minimization, or avoidance, is associated with the use of Big 4 accounting firms, possession of intangible assets, presence in liberal market economies (Jones, Teouri & Cobham, 2018), institutional ownership (Khan, Srinivasan, & Tan, 2016), and the tendency of top executives to emphasize the letter of the law rather than the spirit of the law (Payne & Raiborn, 2018). Even though these studies have examined tax avoidance, they have not empirically related it to inequality in a country, which we suggest deserves further empirical research. Similarly, future research can expand CSR frameworks to also consider corporate tax practices, because shirking on tax responsibility by corporations can lead to a loss of legitimacy and also produce conflicts with stakeholders (Hillenbrand, Money, Brooks & Tovstiga, 2017).

While tax payments by corporations constitute one kind of returns they give to society, as possibly an ultimate stakeholder, dividend payments are another value distribution mechanism through which firms reward shareholders. The principle of shareholder wealth maximization adopted by firms has resulted in a substantial rise in dividend payments since the 1980s (Lazonick & O'Sullivan, 2000). Similar to the finding of Khan and colleagues (2016), which was related to institutional ownership being positively associated with tax avoidance, concentration of institutional ownership resulted in corporations adopting a

"downsize and distribute" approach, aimed at value appropriation and distribution to shareholders, rather than "retain and reinvest," aimed rather at future value creation. Furthermore, firms also adopt a share buyback strategy to indirectly reward shareholders and resort to cash holding to enable future distribution to shareholders, while reducing distribution to other current stakeholders (Bapuji et al., 2018; Lazonick & O'Sullivan, 2000; Lin, 2016). These strategies by corporations and their effect on economic inequality need further examination by management scholars, so that appropriate strategies aimed at creating value through surplus earnings can be formulated, in the larger interest of society and long-term interest of all stakeholders. By studying the relationship between value distribution strategies of firms and their inequality consequences, researchers can identify organizational and policy levers to change that relationship in the interest of future value creation and appropriation.

In sum, the research on organizational antecedents of economic inequality can be advanced by expanding the focus from income inequality to economic inequality, particularly the distribution of endowments and access to financial and non-financial resources. New insights can be also be generated by studying previously neglected areas, such as the working poor and bottom rungs in organizations, as well as examining the inequality-related externalities of organizational actions and their institutional work. Furthermore, the inequality implications of tax responsibility of corporations and shareholder dividend payments stand out as two important areas of research to study value distribution in organizations.

Institutional Antecedents of Economic Inequality

As consistent with our own focus and concern, we adopted an organizational perspective to review the research on economic inequality. However, institutional structures also need to be examined for their effect on economic inequality, because these structures

enable or constrain organizational strategies and practices that create, maintain, or change economic inequality in turn (Davis, 2017). Accordingly, some scholars have used profile studies to examine the relationships between configurations of various institutional conditions (e.g., level of economic development, state coordination, type of financial system, strength of unions) on different types of inequality (Greckhamer, 2011; 2016; Judge, Fainshmidt & Brown, 2014; Lewellyn, 2018). Future research can build on these findings and theorize the institutional antecedents of economic inequality.

In addition to macro-economic features, such as the state and labor market institutions, social institutions also contribute to economic inequality and, therefore, examining social institutions can generate interesting insights about theoretical mechanisms that influence societal economic inequality. For example, Shoham and Lee (2018) showed that countries with a higher level of gender marking in their dominant language have a higher wage gap between genders, which in turn has an effect on country income inequality. Similarly, examining the Indian caste system, Bapuji and Chrispal (2018) argued that this system perpetuates inequalities by unevenly distributing various capitals (economic, social and cultural) among different groups, by providing differential access to productive resources and opportunities to different groups, and by unevenly valuing and rewarding the resources contributed by these different groups.

In short, we focused our review on the organizational causes and consequences of economic inequality, but institutional antecedents and consequences of economic inequality are also pertinent for organizational scholars to study. Accordingly, numerous opportunities exist to study the economic, social, and cultural institutions that influence economic inequality.

Organizational Consequences of Economic Inequality

Research examining organizational consequences, as presented in Figure 2 and Table 3 and previously discussed, is impressive and points to multifarious effects of inequality. Similar to the stream on organizational antecedents, this research too has generally focused on income inequality and can benefit from expanding its focus to economic inequality. Below, we discuss some ways in which this stream of research can expand and continue to make progress by focusing on inequality consequences to employees, organizations, and the competitive environment.

Current research has focused on the consequences of economic inequality that are related to employees, in terms of higher absenteeism, decreased health, higher burnout, higher turnover, and other potentially counterproductive behaviours. While there is no doubt that these consequences are important, they are primarily performance-related and more directly observable. Previous research has indicated that economic inequality also affects the cognition, attitudes, morality, and judgment and decision-making, as well as the interactions of individuals (Bapuji, 2015; Cote, 2011; Mani et al., 2013). Therefore, future research can theoretically and empirically examine how societal economic inequality may affect employees in these indirect ways, which are less directly observable and less obvious.

At the organizational level, economic inequality has been shown to affect the strategies and actions of firms, and might also have performance implications. One of the ways in which societal economic inequality can affect the performance of organizations is via its effect on human development, e.g., education, health, and civic life (Wilkinson & Pickett, 2009). The low level of human development can impose additional costs on firms in the form of training and development costs, health insurance costs or costs of lost productivity, as well as security and monitoring costs, or losses due to crimes against businesses (Bapuji, 2015). Future research can examine these types of different ways in which inequality can affect firm performance. This research, as well as research on the effect of inequality on employees, can

also benefit from drawing on the theory of explainable pay dispersion (Shaw et al., 2002), which highlights the dysfunctional nature of dispersion and related organizational decisions (e.g., Garg, Li, & Shaw, 2018) that cannot be explained by normative justifications.

Evidence is beginning to accumulate that economic inequality may shape the competitive environment of firms in the form of protest movements, shareholder activism, loss of legitimacy for large corporations, support for alternative organizational forms, and increased political risks. Research outside of management scholarship has examined how inequality may increase pressures for redistribution, give rise to anti-globalization sentiments, and reduce generalized trust among members of a society. Future research by management scholars can examine how these broader developments can manifest as threats or opportunities in the marketplace, and how different types of firms are impacted by and can deal with those manifestations.

As we discussed in this section, there are many opportunities for further research on this important topic, ranging from construct and theory development to the various antecedents and consequences of economic inequality. We provide an overview of these in Table 4.

--------------------- Please insert Table 4 about here ---------------------

In conclusion, economic inequality research by organizational scholars has gained momentum in a relatively short period of time. Research into the organizational antecedents and consequences of economic inequality shows great promise to generate new insights that are relevant not only to scholars within management, but also beyond. Ongoing theorization of the economic inequality construct to adequately reflect its richness and the theorization of mechanisms that drive the relationship between economic inequality, individuals, and organizations will firmly place management scholars as leading contributors to the scholarly

understanding of economic inequality. Our hope is that this review helps management researchers in that endeavour.

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Table 1: Economic Inequality and Related Constructs: Definitions and Levels

Construct & Definition	Comments *(stated/implied & level)*
Inequality is broadly defined as the unequal distribution of income, wealth, power, prestige, and privileges, as well as the existence of social boundaries between classes.	Onaran, 1992: 1213 Stated; level-neutral
Discussion on economic inequality included inequality in earnings (i.e., wage inequality), wealth and opportunities	Neckerman & Torche, 2007 Implied; Societal
"uneven dispersion in resource endowments, access to productive resources, and rewards for labour in a social collective that limits the fulfilment of human functions"	Bapuji, 2015: 1071 Stated; level-neutral
"economic inequality describes disparity that is a consequence of the monetary value attached to the possessions and contributions of individuals in organizations and societies."	Bapuji & Mishra, 2015: 441 Stated; multiple levels
"Income inequality captures the distribution of income across participants in a collective, be it an organization, a region, or a country"	Cobb, 2016: 326 Stated; level-neutral
Inequality "manifests in unequal access to opportunities and rewards for different social positions or statuses within a group or society, and it is rooted in socially constructed categories (such as gender, caste, or class) that determine boundaries for inclusion and exclusion and demarcate positions of power and privilege."	Mair et al., 2016: 2021 Stated; Societal; Social groups
We use the term ''income inequality'' to refer to differences in the regular receipt of economic resources over time, generally in exchange for labor or use of capital. ''Wealth inequality,'' a related concept refers to individual differences with respect to control or ownership of economic resources at a given point in time.	Beal & Astakhova, 2017: 2 Stated; Societal
"Income inequality is the extent to which income is distributed unevenly among members of a group (most commonly conceptualized at the country or state level)."	Jiang & Probst, 2017: 673-4 Stated; Social group
Economic inequality consists of three elements: uneven dispersions in endowments of productive resources (i.e., economic, social, and cultural capitals), uneven access to productive resources and opportunities, and uneven returns to contribution of productive resources. These elements are interrelated and feed from each other, thus persisting economic inequality	Bapuji & Chrispal, 2018 Implied; Societal
Income inequality describes disparities in the distribution of wealth in a society	Diehl et al., 2018: 2382 Stated; Societal
"We define inequality as the uneven distribution of economic resources, such as income and wealth, as well as of other social resources, such as information and social integration, which contribute to income or wealth as intervening variables."	Haack & Sieweke, 2018: 487 Stated; Societal
Inequality – understood as the circulation of asymmetries of power	Hayes et al., 2018: 1217 Stated; level-neutral
Unequal distribution of resources	Packard & Bylund, 2018: 4 Stated; level-neutral

Table 2: Organizational Antecedents of Economic Inequality

Independent Variable	Dependent Variable	Study
Compensation and Employment Practices		
Employment concentration	Income inequality	Davis & Cobb, 2010; Cobb & Stevens, 2017
Employment level	Firm-size wage premium	Cobb & Lin, 2017
Employment practices	Economic inequality	Alamgir & Cairns, 2015
Philanthropy		
Social enterprises; venture philanthropy	Income inequality	Di Lorenzo & Scarlata, 2018
Type of non-profits	Income inequality	Berrone et al., 2016
Privilege work	Activism to reduce income inequality	Scully et al., 2018
Power distance	Charitable giving	Han et al., 2017; Winterich & Zhang, 2014
Income inequality; wealth inequality	Generosity	Cote et al., 2015; Chiang & Chen, 2018
Institutional Work		
Coercion and choice	Creation and maintenance of inequality	Hamann & Bertels, 2018
Framing poverty as problem of poor		Wadhwani, 2018
Framing of competence		Buchanan et al., 2018
Enactment of class		Dion & Boraz, 2017
Use of impact assessment		Hayes et al., 2018
Scaffolding		Mair et al., 2016
Boundary work		Qureshi et al., 2017
Externalities of Organizational Actions		
Industry concentration	Access to food and nutrition	Elmes, 2018
Manufacturing FDI	Environmental inequality – CO_2 emissions and water pollution	Jorgenson, 2007
Industrial pollution	Health inequalities – child and infant mortality	Jorgenson, 2009
	Educational inequalities – academic performance	Lucier et al., 2011; Legot et al., 2010

Table 3: Organizational Consequences of Economic Inequality

Independent Variable	Dependent Variable	Study
	Employee Attitudes and Behaviors	
Income inequality	Work centrality	Parboteeah & Cullen, 2013
	Burnout	Jiang & Probst, 2014
	Sickness absence	Muckenhuber et al., 2014; Torre et al., 2015
	Life satisfaction	Cheung & Lucas, 2016
	Resentment against the rich	Wu & Lin, 2018
	Deviant behaviors	Chen, 2014
	Health and health behaviors	Muntaner et al., 2011
Social inequality	Bullying	Soylu & Sheehy-Skeffington, 2015; Jagannathan et al., 2018
Economic inequality	Absenteeism, moonlighting, training costs, communication problems	Andrews & Htun, 2018
	Organizational Strategies and Performance	
Income inequality	MNE Location decisions	Lupton et al., 2018
	Political capabilities	Holburn & Zelner, 2010
	Bribery	Chen et al., 2015
	CSR disclosure	Zamir & Saeed, 2018
	Performance in host country	Barnard, 2008
	Software piracy	Husted, 2000
Institutional equality; psychological equality	Performance of national football team	Swaab & Galinsky, 2015
Pay ratio	Consumer goodwill and reputation	Benedetti & Chen, 2018
Wealth inequality	Bankruns	Greve & Kim, 2014
	Competitive Environment	
Wealth inequality	Socially-driven shareholder activism	Judge et al., 2010
Protests due to economic inequality	Legitimacy threats	Shrivastava & Ivanova, 2015
Economic inequality	Formation of alternative organizations	Audebrand & Barros, 2018; Ahsan, 2018
Land ownership inequality	Opposition to pro-market legislation	Rajan & Ramcharan, 2016
	Entrepreneurship	
Income inequality	Entrepreneurship	Lewellyn, 2018; Xavier-Oliveira et al., 2015; Atems & Shand, 2018
	Economic growth	Patel et al., 2018
	Social entrepreneurship	Pathak & Muralidharan, 2018
Land ownership inequality	Self-employment	Sarkar et al., 2018

Table 4: Economic Inequality and Organizations – Future Research Directions

Research Opportunity	Illustrative Themes and Topics
Construct and theory development	
Relating to demographic inequalities (*Building on and cross-pollinating with research on class, gender, racial, and caste inequalities*)	o Draw on research on demographic inequality (e.g., gender) to elucidate economic inequality o Examine the relationship between economic inequality and demographic inequalities (e.g., class status/gender).
Focusing on the underlying privilege (*Ascription of status, i.e. source of inequality, to demographic groups*)	o Study the ascription of privilege to different demographic groups in different contexts by social power structures (e.g., patriarchy, class system, caste system)
Extending current theories (e.g., c*reation and maintenance of inequality due to the actions and strategies of organizations*)	o Further explore the effect of resource-dependence strategies (e.g., board member selection; M&As) on inequality o Scrutinize the effect of legitimacy strategies (e.g., construction of class, merit, and culture-fit; organizational rituals and traditions) as they relate to inequality
Elevating current theories (*Casting theories of individual, group, and organizational level at societal level*)	o Theorize normatively explainable pay dispersion at societal level o Conceptualize the operation of social comparisons at societal level o Examine social judgments (e.g., attitudes and perceptions) related to inequality, particularly the societal antecedents (e.g., cognitive and normative structures) that shape attitudes to inequality
Revisiting current understandings (*Critically re-examining these from an inequality perspective*)	o Shift focus from the benefits of social capital to processes that contribute to its accumulation, maintenance, and use
Organizational and Institutional Antecedents	
Broadening the focus of examination (*from income inequality to economic inequality*)	o Study inequality consequences of dispersion in resource endowments and access to resources o Examine inequality-related consequences of non-financial rewards and practices, e.g., hiring preferences, status differentials
Researching understudied employee sections and phenomena(*those affected more by inequality*)	o Lower tiers of the organization, contract staff, and contractor staff o Reinforcement and operation of class privilege in organizations o Indirect and long-range societal consequences of organizational actions, institutional work, and strategies
Greater attention to value distribution (*mechanisms to distribute the financial and non-financial value generated by organizations*)	o Corporate tax responsibility, MNC tax evasion strategies o Shareholder dividend payment practices and related strategies to maximize returns to shareholders (e.g., share buyback) o Distribution of status, recognition, and similar non-financial rewards among employee groups
Studying institutional antecedents (*macro-economic, social, cultural, and political institutions*)	o Configurations of institutions that affect economic inequality o Social institutions that contribute to economic inequality
Organizational Consequences	
Studying the broader range of effects on employees (*effects that are less observable and not directly related to performance*)	o Effect of economic inequality on employee attitudes, cognition, morality, organizational citizenship behaviours, and judgement and decision-making o Effect of economic inequality on employee interactions, cooperation, and team dynamics
Examining the effect on organizational performance (*human development pathways*)	o Effect economic inequality on organizational performance, via lower human development, e.g., crime, education, and health
Opportunities and threats in the marketplace (*via the shaping of the competitive environment*)	o Effect of economic inequality on the competitive environment, e.g., erosion of legitimacy, political risks, protest movements, support for alternative organizational forms, etc.

Figure 1: Economic Inequality, Value Creation and Appropriation, and Value Distribution

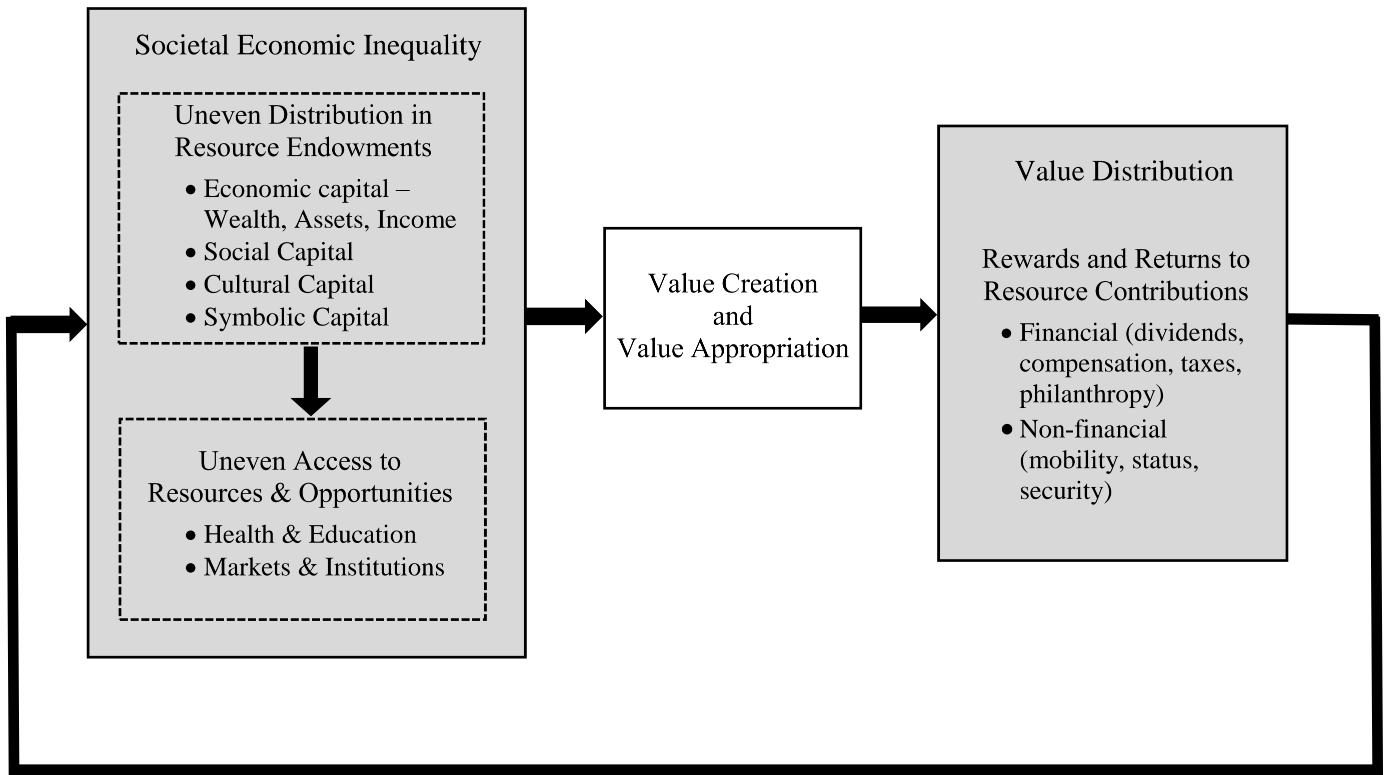
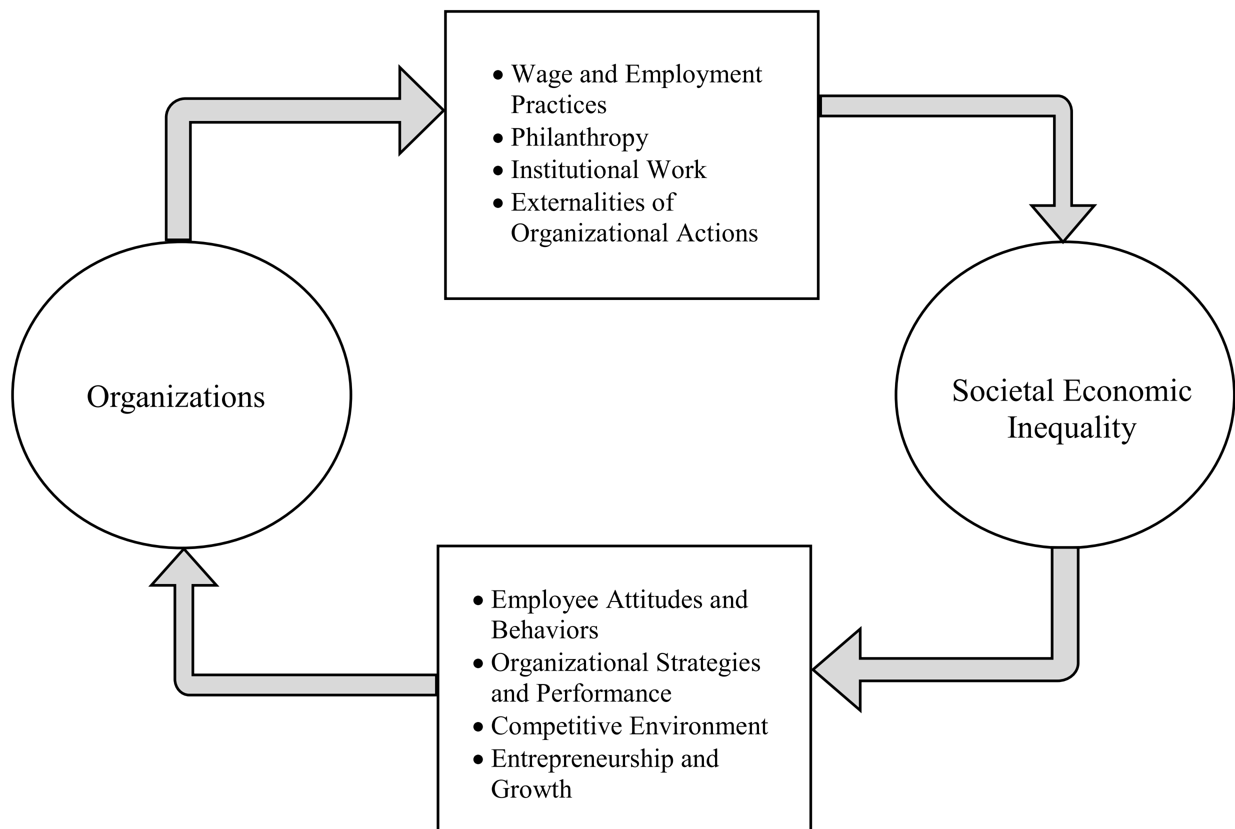


Figure 2: Organizing Framework for Management Research on Economic Inequality



Appendix 1: Search and Selection Procedure to Identify Articles for Inclusion in Review

To conduct a comprehensive review, we started by identifying relevant search terms (e.g., economic inequality, economic disparity, income inequality), but settled on the broader term of "inequality" for two reasons. First, researchers often use economic inequality interchangeably with income inequality, wealth inequality, and social inequality. As a result, "inequality" is the most common term among the various expressions used. Second, although a focus on societal economic inequality is relatively recent in organizational research, management scholars have long researched related topics, such as racial inequality and gender inequality. The broader search we conduct, using "inequality," also allows us to retrieve articles on such related topics and helps us to adequately clarify the constructs, identify the relationships among them, and derive implications for future management research.

Next, we identified a set of 82 journals, by including all FT-50 journals and the top 50 journals, by impact factor, in the management and business categories in Journal Citation Reports (JCR, 2016). We started with this large set of journals based on our aim to consider the effect of economic inequality on a range of management issues. After further exploration on *Web of Science*, we eliminated 26 journals (e.g., Accounting Review, Operations Research) in which the articles often used inequality to refer to numbers and formulas. This left us with a total of 56 journals.

We searched *Web of Science* (SSCI) for the topic "inequality" in the 56 journals identified above and retrieved 467 records. As a next step, we read through the titles and abstracts of these 467 papers to sharpen our focus on studies with organizational implications, i.e., organizational antecedents and/or organizational consequences of societal economic inequality, which is conceptualized or operationalized at the level of a country, state, or a similar geographic unit, but not at higher levels of analysis (e.g., continent or world). Specifically, we categorized the papers into three groups: Include in Review, Relevant to Review Topic, and Not Relevant. For 36 papers that could not be categorized from the abstract, we read the full papers before classifying them. We note that papers that dealt with generalized inequalities (e.g., economic inequality, income inequality, wealth inequality and social inequality) were categorized as "include in review." This step yielded 59 articles for inclusion in our review. Even though a number of papers related to gender inequality, racial inequality, and social class dealt with inequality, we decided not to include these in our review and instead categorized them as "relevant to review," because reviews of these streams have already been conducted.

As research on economic inequality in management and organization is in early stages, a number of papers are at various stage of production and have not yet appeared in journals. As *Web of Science* does not capture these papers, we searched the full text of the selected journal websites to capture in-press, early view, and forthcoming papers. We reviewed the abstracts of the retrieved articles and identified another 30 papers for inclusion in our review.

As a final step, we went through the references of the selected papers to identify any relevant papers that were missed in the steps above. We also went through a set of articles we collected on the topic over the last few years and selected those pertinent to the topic. These steps yielded another 33 papers for inclusion in our review, and our continuous scanning of the journals and use of Google Scholar alerts helped us to identify an additional 29 papers.

In total, we identified 151 papers for our review (the list is available from the authors).

Of the 151 papers we included in review, 44 were conceptual and 107 were empirical. These articles predominantly examined societal economic inequality as an antecedent to, or outcome of, organizational actions, or as a moderator of the relationship between individual and organizational variables. We also note that even though some of these articles discussed economic inequality at some length theoretically, alongside examining related phenomena (e.g., Bidwell et al., 2013; Leana & Meuris, 2015), others were less direct in their investigation, for example examining the relationship between economic inequality and a different variable of primary interest (e.g., Aggarwal, Goodell, & Goodell, 2015; Holburn & Zelner, 2010; Zamir & Saeed, 2018). Even in cases where the primary focus of an article was not economic inequality as such, we included them in our review, as long as the empirical results inform our discussion. Finally, it is important to note that we do not cite and reference each paper in our review, even as our consideration and reading of them informed our understanding and decisions, as we focused primarily on the organizational antecedents and consequences of economic inequality.