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LE INTELLIGENZE AZIENDALI PER LA COMPETITIVITÀ SOSTENIBILE E IL BENE COMUNE

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Lettera del presidente

Il XLI Convegno Nazionale di AIDEA è stato un'importante occasione di confronto sulle profonde trasformazioni che stanno interessando le imprese, le istituzioni, la società e naturalmente anche le università e le nostre discipline economico-aziendali.
La crescente diffusione dell'intelligenza artificiale sta imprimendo ai processi economici, organizzativi e sociali una velocità di cambiamento senza precedenti. Essa modifica le modalità attraverso cui si genera e si utilizza la conoscenza, si assumono le decisioni, si organizzano le attività e si costruiscono le relazioni con i diversi portatori di interesse: in sintesi, come si genera, si comunica e si distribuisce valore. La rapidità del progresso tecnologico non deve, tuttavia, farci dimenticare che la tecnologia non è mai del tutto neutrale: incorpora scelte, criteri, priorità e visioni della società. L'intelligenza artificiale deve rimanere uno strumento al servizio della responsabilità e della libertà umane, senza trasformarsi in un criterio autonomo e impersonale al quale delegare decisioni che incidono sulla vita delle persone e delle comunità.
Ciò richiede trasparenza, responsabilità e capacità di controllo, ma soprattutto la piena riconoscibilità della Governance aziendale cui compete la decisione finale. Le possibilità offerte dagli algoritmi non possono attenuare la responsabilità di chi progetta, governa e utilizza tali sistemi all'interno delle imprese e delle organizzazioni. In questa prospettiva, il bene comune non rappresenta un limite esterno all'innovazione, ma il suo criterio più alto di orientamento. Le imprese sono chiamate a concorrervi attraverso scelte che sappiano armonizzare competitività, sostenibilità, rispetto della persona e responsabilità verso le generazioni future. La loro capacità di perdurare non può essere separata dal contributo che offrono in termini di valore economico e di tutela del patrimonio umano, sociale e ambientale nel quale operano.
Gli studi raccolti in questi Atti testimoniano la vitalità della comunità italiana delle aziendaliste e degli aziendalisti, una comunità che ha sempre saputo confrontarsi con le trasformazioni del proprio tempo senza rinunciare alla solidità delle proprie centenarie radici scientifiche e alla responsabilità del proprio ruolo. È proprio dalla capacità di coniugare tradizione e innovazione, rigore metodologico e apertura interdisciplinare, che può nascere un contributo autorevole alla comprensione del presente e alla costruzione del futuro.
Nel corso di una storia più che bicentenaria, AIDEA e la tradizione scientifica che essa rappresenta hanno attraversato profonde trasformazioni ed anche diverse rivoluzioni industriali. Con il medesimo spirito, la nostra Accademia saprà continuare ad essere una comunità scientifica aperta, responsabile e capace di proiettarsi positivamente nel futuro, contribuendo a orientare anche la nuova rivoluzione che interessa le intelligenze aziendali.

Il Presidente

Gennaro Iasevoli

Il convegno

La celebrazione del XLI Convegno dell'Accademia Italiana di Economia Aziendale si è confermata un'eccellente opportunità per un ampio ed aperto confronto scientifico fra studiose e studiosi di discipline aziendali su temi che animano un dibattito accademico e culturale vivacissimo ed ormai giunto a un livello di maturazione e approfondimento tale da richiedere sintesi teoriche unitarie che si rivelino utili a integrare i paradigmi interpretativi utilizzati dai cultori delle discipline aziendali per condurre i loro studi e orientare l'agire manageriale.

L'amplissima partecipazione di socie e soci, la più alta mia registratasi da quando AIDEA ha adottato il nuovo modello di governance, è stata la dimostrazione più evidente dell'interesse per la tematica del Convegno e della crescente attenzione che le nostre comunità mostrano per le iniziative scientifiche di altro prestigio che AIDEA promuove con impegno e costanza.

Il successo del Convegno è il risultato di uno sforzo collettivo che ha richiesto l'impegno di numerosissime Colleghe e Colleghi e del numeroso ed efficiente staff dell'Università Cattolica del Sacro Cuore di Milano. Tutte le persone coinvolte, ciascuna nel proprio ruolo, hanno apportato un contributo importante nell'esclusivo interesse di AIDEA. Il consiglio direttivo, il comitato scientifico, il comitato organizzativo i coordinatori e i componenti delle track, le chair persons, i relatori e le relatrici, gli illustri ospiti della seduta plenaria e della track del Journal of Management and Governance, i dottorandi e le dottorande che hanno animato le attività precongressuali.

Il Convegno è stata un'occasione per riflettere sulle sinergie tra intelligenza artificiale e intelligenze aziendali. Se le intelligenze aziendali sono messe al servizio della generazione di valore, se la collaborazione e l'integrazione fra componente umana e artificiale genera maggiore valore, se le aziende restano al servizio "dell'uomo", è cruciale che questo maggior valore sia non solo generato, ma anche misurato, rendicontato ed equamente condiviso. Evidentemente non si tratta solo di valore in senso strettamente finanziario. In particolare, le nuove conoscenze generate dall'interazione delle intelligenze aziendali dovrebbero essere appannaggio di tutti per non rendere impari le relazioni economiche. La proposta di modelli teorico-interpretativi e di soluzioni operative per affrontare efficacemente anche le problematiche appena richiamate è un ulteriore impegno culturale che, grazie anche a questo Convegno, aziendaliste e aziendalisti hanno di mostrato di sapere assumere. Nell'esercizio del loro sforzo teorico, per accademiche e accademici, è utile tenere a mente l'ammonimento di Ursula Franklin: "La fattibilità della tecnologia, come la democrazia, dipende alla fin fine dalla pratica della giustizia e dall'imposizione di limiti al potere".

Riccardo Mussari

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Strategic Bankruptcy: Does Forum Shopping Matter?

Alessandro Gabrielli[1], Diletta Vito[2]

Abstract
Purpose:
This paper investigates whether bankruptcy forum shopping constitutes a strategic managerial choice that can shape corporate reorganization outcomes.
Methodology: The study examines a large sample of U.S. firms filing for Chapter 11 between 1984 and 2016. Drawing on Hrebiniak and Joyce's framework of strategic choice and environmental determinism, it employs logistic regressions and several robustness checks.
Findings:
Forum shopping increases the likelihood of successful emergence and reduces the probability of CEO turnover, suggesting that managers use venue selection to secure more favorable institutional settings. However, these effects are weaker or reversed in mass tort bankruptcies, where external scrutiny constrains managerial discretion. Additional evidence shows that forum shopping is also associated with a higher likelihood of refiling.
Managerial implications:
This study informs executives, boards, turnaround advisors, and policymakers that forum shopping is a strategic decision affecting restructuring success, leadership continuity, and the long-term stability of reorganization outcomes.
Research limitations:
The study is based on the U.S. Chapter 11 setting and on observational data; therefore, unobserved factors may still affect venue choice and reorganization outcomes.
Originality:
The paper contributes to management research by conceptualizing forum shopping as a strategic choice rather than a purely legal issue, showing how its effects depend on the interaction between managerial discretion and institutional constraints.

Keywords: Forum shopping; CEO turnover; bankruptcy emergence; refile likelihood

1. Introduction

Corporate bankruptcy has increasingly been recognized not only as a legal mechanism for coordinating creditors but also as an organizational arena in which distressed firms can pursue strategic actions to preserve value (Delaney, 2023; Serra Coelho, 2024). Within this perspective, Chapter 11 affords managers substantial discretion in shaping the restructuring process, including decisions that influence timing, governance arrangements, and the overall trajectory of reorganization (Antill, 2022; James, 2016). Building on the strategic management literature, scholars now view bankruptcy not as a deterministic consequence of decline but as a domain where managerial agency, governance dynamics, and institutional conditions jointly shape firms' survival prospects (Hambrick and D'Aveni, 1992; Pearce and Robbins, 1993; Trahms et al., 2013).

One strategic decision that remains underexplored in management research is bankruptcy forum shopping, the ability of distressed firms to select the court in which to file for Chapter 11. While legal scholars have extensively documented the prevalence of venue shopping, particularly

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the dominance of Delaware and New York (Eisenberg and LoPucki, 1998; LoPucki and Doherty, 2002), its organizational implications are largely unknown. Indeed, although venue choice is formally a legal decision, managers and restructuring advisors actively shape filing strategy, including venue selection (Ellias, 2016), as courts differ substantially in their judicial oversight, creditor influence, and tolerance toward incumbent leadership (Harner, 2011; Skeel, 2015). However, no empirical research has examined whether selecting a favorable venue influences reorganization outcomes, managerial stability, or long-term organizational trajectories.

We address this gap by drawing on Hrebiniak and Joyce's (1985) framework of strategic choice and environmental determinism. From this perspective, forum shopping represents an exercise of managerial discretion aimed at enhancing control over the restructuring process. In contrast, its effectiveness depends on the strength of environmental constraints, such as creditor pressure, litigation exposure, and judicial scrutiny. This lens is particularly relevant in mass tort bankruptcies, where firms confront diffuse claimants, intense public scrutiny, and reputational pressures that may limit the advantages of venue selection.

Using a large sample of U.S. firms filing for Chapter 11 between 1984 and 2016, combined with venue-level data from the UCLA–LoPucki Bankruptcy Research Database, we examine whether forum shopping affects (1) the likelihood of successful emergence, (2) CEO turnover during reorganization, and (3) the probability of subsequent refiling. Our results show that forum shopping enhances managerial continuity and reorganization success in ordinary bankruptcies but loses effectiveness and may even reverse in mass tort settings.

This study contributes to both literature and practice. First, by framing forum shopping as a strategic choice shaped by the interaction between managerial discretion and environmental constraints, this study extends the strategic management perspective on bankruptcy (Dawley et al., 2002; Hambrick and D'Aveni, 1992; Schweizer and Nienhaus, 2017; Trahms et al., 2013).

Second, this study contributes to the literature on CEO turnover in bankruptcy proceedings (Dallocchio et al., 2025; Daily and Dalton, 1994; Lin et al., 2020) by showing that forum shopping enhances CEO managerial continuity, though this effect is context-dependent and reversed in mass tort bankruptcy proceedings.

Third, this research also contributes to the literature on the determinants of bankruptcy emergence. Prior studies have emphasized factors such as accumulated tax losses, firm size, and pre-filing performance as key drivers of successful reorganization (Barniv et al., 2002; Bris et al., 2006; Gabrielli and Greco, 2025). We extend this literature by showing that firms that engage in forum shopping are more likely to emerge successfully from ordinary Chapter 11 proceedings.

Finally, the paper provides an early contribution to the growing scholarship on the determinants of bankruptcy recidivism (a.k.a. "Chapter 22"). Existing studies highlight characteristics such as poor post-emergence operating performance, industry distress, and inadequate deleveraging as drivers of repeat filings (Altman et al., 2019; Fenech et al., 2025), while Altman and Branch (2015) complement these findings by underscoring the need for more rigorous approaches to predicting re-filings. We advance this line of inquiry by showing that forum shopping is not only associated with a higher likelihood of recidivism but also provides measurable predictive power for identifying firms that are prone to refiling.

Beyond its theoretical contributions, our results also carry important practical implications for policymakers, bankruptcy judges, turnaround managers, and creditors. In the United States, venue reform has recently been debated to curb opportunistic forum shopping and ensure fairer outcomes across creditor classes (e.g., Financial Times, December 30, 2024). Our findings inform this debate by suggesting that venue choice, while beneficial for emergence, may also foster recidivism and uneven creditor recoveries, raising concerns about long-term efficiency and fairness. Moreover, the implications extend beyond the U.S. context. Comparative studies note that forum shopping is an emerging challenge in several jurisdictions where bankruptcy regimes replicate or adapt features of Chapter 11 (McCormack, 2016, 2021). For regulators in Europe and elsewhere, our findings highlight the need to carefully consider how venue selection rules may shape both short-term restructuring success and long-term risks of recidivism, thus offering valuable input for ongoing international discussions on bankruptcy harmonization, creditor protection, and the design of restructuring frameworks that balance efficiency with equity (Ringe, 2019).

2. Context and theoretical framework

Chapter 11 of the U.S. Bankruptcy Code represents a court-supervised reorganization framework designed to address corporate financial distress and enable a firm's restructuring (Barniv et al., 2002; James, 2016). Unlike liquidation under Chapter 7, Chapter 11 aims to rehabilitate a business, allowing it to continue operating while renegotiating its capital structure and restoring viability (Antill, 2022). Once a petition is filed, either voluntarily by the debtor or involuntarily by creditors, the firm assumes the status of debtor-in-possession (DIP) under 11 U.S.C. § 1101. Under this status, the company retains operational control of its assets and day-to-day management, albeit under the supervision of the bankruptcy court. The debtor must then prepare a plan of reorganization that details how it intends to restructure its obligations (Bris et al., 2006; Chelley-Steeley and Lambertides, 2022).

To successfully emerge from Chapter 11, a firm must restructure its operations and, through its reorganization plan, demonstrate a credible capacity to continue functioning as a viable and profitable entity (Barniv et al., 2002; Bernstein et al., 2019). If the court confirms the debtor-in-possession (DIP) plan, the firm can formally exit Chapter 11 and resume operations as a going concern. Conversely, if the debtor fails to achieve a sustainable restructuring or cannot provide sufficient assurance of future profitability, whether through operational adjustments or asset sales under Section 363 [1], the court may terminate the reorganization process (Antill, 2022). In such cases, the proceeding is converted to a Chapter 7 liquidation, which entails the sale of all corporate assets (Bernstein et al., 2019; Gabrielli and Greco, 2025). Recent evidence indicates that approximately one-third of firms that initially file under Chapter 11 ultimately convert to Chapter 7, while the remaining two-thirds successfully emerge following court-approved reorganizations (Antill, 2022).

In addition to the uncertainty of its outcome, prior studies also indicate that the whole Chapter 11 process can be highly resource-intensive, involving significant direct costs (e.g., professional and filing fees), indirect costs (e.g., loss of reputation, customers, and suppliers' attrition), and potential leadership changes such as frequent CEOs' replacements both during and after the procedure (Kalay et al., 2007; Hotchkiss, 1995; Eckbo et al., 2016). For example, Hotchkiss (1995) found that 70% of the post-bankruptcy firms investigated had replaced their CEOs by the time the reorganization plan was implemented. Similarly, Eckbo et al. (2016) documented that two-thirds of the CEOs of Chapter 11 filing firms left the executive labor market after the procedure.

Despite the perceived burdens, however, Chapter 11 is often pursued as alternative to other forms of out-of-court restructuring because it offers structured relief, including facilitated debt discharge or renegotiation supported by automatic stay (11 U.S.C§362) and cramdown mechanisms (11 U.S.C§1129), potential tax advantages (e.g., 11 U.S.C.§382 l(5) and l(6)), as well as sound management of stakeholder relations under legal protection (Cenciarelli et al., 2024). Moreover, as the literature shows, Chapter 11 can be a strategic opportunity for corporate renewal (e.g., D'Aveni, 1989; Gilson, 2001; Evans and Borders, 2014; James, 2016).

As Delaney (2023) insightfully argued in his sociological critique of Chapter 11, these characteristics suggest that "bankruptcy is really politics by another name", and we have moved far from viewing bankruptcy merely as the "anathema of good business." In this light, one of the most distinctive yet contested aspects of Chapter 11 practice is forum shopping – that is, debtors' strategic ability to select the jurisdiction most advantageous to their filing. 28 U.S.C. § 1408 provides the statutory foundation for venue selection in U.S. bankruptcy proceedings. Under this provision, a case may be filed in any district where the debtor's domicile, principal place of business, or principal assets have been located during the 180 days preceding the petition, or in a district where an affiliate has an ongoing bankruptcy case. This broad formulation grants firms considerable latitude in choosing among multiple legitimate venues, often leading them to file in courts known for their favorable precedents, procedural expertise, or perceived efficiency such as the District of Delaware and the Southern District of New York which are generally acknowledged as the "epicenters" of the U.S. bankruptcy forum shopping regime (Eisenberg and LoPucki, 1998; LoPucki and Doherty, 2002). While proponents contend that this flexibility promotes procedural efficiency and judicial specialization by concentrating complex cases in experienced jurisdictions (e.g, Casey and Macey, 2021; Ellias, 2018), critics argue that it simultaneously enables regulatory arbitrage and fosters unequal treatment among creditors (e.g., LoPucki, 2005; Zywicki, 2005).

Notably, while Chapter 11 provides an emblematic context for venue selection within a single-country bankruptcy regime, analogous practices have increasingly emerged outside the U.S. In the European Union, for instance, debtors have engaged in cross-border forum shopping by relocating their center of main interests (COMI) to take advantage of more favorable regimes such as the English Scheme of Arrangement, the UK's Part26A restructuring plan, or the Dutch's WHOA (McCormack, 2009; McCormack, 2014; Payne, 2014; Szydło, 2010). Similar behaviors have also been observed in jurisdictions such as Singapore or the Cayman Islands, which actively position themselves as international restructuring hubs and accept a "legitimate degree of forum shopping" by foreign debtors (e.g., Payne, 2014; Ringe, 2008). This development, in turn, has renewed interest in Chapter 11 as a reference point for understanding how management can exploit the bankruptcy institution's flexible design to their advantage and its related consequences (Eidenmüller, 2019; Antill and Bellon, 2024).

The above discussion illustrates that Chapter 11 creates a restructuring environment in which managers can actively shape key aspects of the process. However, their actions remain bound by legal, institutional, and stakeholder pressures. To understand how these forces interact, we rely on Hrebiniak and Joyce's (1985) framework, which conceptualizes organizational outcomes as emerging from the interplay between strategic choice and environmental determinism. Strategic choice highlights managerial agency and the capacity to pursue proactive courses of action, whereas environmental determinism emphasizes the external constraints that limit feasible responses. Rather than viewing these forces as oppositional, Hrebiniak and Joyce (1985) depict them as interacting dimensions that jointly define organizational adaptability. In this view, managerial discretion is fluid and varies across contexts depending on the strength of environmental pressures and the flexibility of the institutional setting (Moulton and Thomas, 1993; Dawley et al., 2002).

Bankruptcy represents an extreme yet analytically rich context for applying this framework because it simultaneously expands managerial discretion and intensifies environmental constraints. Chapter 11 grants managers access to powerful strategic tools, such as the choice of venue, that can meaningfully influence reorganization outcomes. At the same time, distress heightens regulatory oversight, judicial intervention, creditor monitoring, and stakeholder scrutiny. This duality makes bankruptcy a natural setting for examining how managerial agency operates under bounded discretion and how institutional constraints shape the strategic choices available to firms.

3. Literature review and hypothesis development

Corporate bankruptcy has broadly been conceptualized within the law-and-economics tradition as a legal mechanism for coordinating creditors and preserving the value of the insolvent estate. Prior works depict Chapter 11 as a collective forum that mitigates destructive individual enforcement actions and enforces priority structures approximating pre-bankruptcy rights

(Jackson, 1982; Baird and Jackson, 1985). This view frames bankruptcy outcomes as the product of statutory rules and judicial oversight rather than managerial or organizational behavior. Over time, however, research in management and organization studies has shown that this view fails to account for the substantial variation in reorganization trajectories, thereby motivating a reconceptualization of bankruptcy as a strategic process in which managerial discretion and institutional context jointly shape firms' survival prospects. This strategic turn builds on broader work on corporate distress and turnaround (Pearce and Robbins, 1993; Schweizer and Nienhaus, 2017; Trahms et al., 2013), emphasizing that managers facing insolvency can deploy purposeful actions to influence restructuring outcomes.

One increasingly salient but underexplored strategic choice concerns bankruptcy forum shopping. While prior research has examined forum shopping primarily from legal and institutional-competition perspectives (Eisenberg and LoPucki, 1998; LoPucki and Doherty, 2002; Ayotte and Skeel, 2013), management scholarship has not yet conceptualized filing location as a strategic choice made by managers. Although venue choice is formally a legal determination, prior work shows that managers and their restructuring advisors actively shape the filing strategy, including the venue selection (Ellias, 2016; Lubben, 2012). This conceptual gap is notable because a substantial body of work in strategic management and organizational theory consistently shows that firms in distress exercise considerable strategic discretion in shaping their reorganization prospects. Research on decline and turnaround highlights that distressed firms engage in purposeful and proactive decision-making, ranging from operational restructuring and asset reconfiguration to strategic repositioning and leadership change, to influence performance trajectories (Pearce and Robbins, 1993; Trahms et al., 2013). Complementary research further shows that managerial agency persists even under severe constraints, including high resource scarcity (Tangpong et al., 2015), tight regulatory boundaries (Joseph and Gaba, 2020), and emotionally charged threat environments where executive action is shaped by heightened attention and sensemaking demands (Vuori and Huy, 2022). Specifically, strategy scholars emphasize that decision-makers interpret environmental threats, mobilize internal and external coalitions, and select among alternative restructuring paths, thereby shaping organizational outcomes (Ndofor et al., 2013). Works in organizational behavior and corporate governance show that distressed firms adjust governance systems, renegotiate with key stakeholders, and enact symbolic actions to reestablish credibility and secure external support (Gilson, 1989; Daily and Dalton, 1994). The restructuring literature further documents that differences in managerial decisions during Chapter 11, such as the timing of asset sales, the aggressiveness of cost reductions, or the design of the reorganization plan, significantly influence emergence, creditor recoveries, and post-bankruptcy performance (Hotchkiss et al., 2008; Bris et al., 2006; Ayotte and Morrison, 2009). Collectively, this work demonstrates that distressed firms are not passive recipients of legal procedures but active organizational agents that navigate, interpret, and strategically exploit the institutional context in which restructuring occurs. In this light, venue selection represents a theoretically important yet unexplored dimension of strategic choice. As courts differ markedly in expertise, procedural speed, and attitudes toward managerial autonomy, Chapter 11 creates heterogeneous institutional environments that managers can strategically navigate to shape bargaining dynamics and increase the likelihood of emergence. Based on this premise, we posit the following hypothesis:

H1a. Firms that engage in forum shopping are more likely to emerge successfully from Chapter 11 than firms that file in their home district.

Forum shopping may also influence management retention, as bankruptcy courts differ systematically in governance oversight, monitoring intensity, and expectations regarding managerial accountability. Moreover, courts vary in their willingness to scrutinize incumbents, appoint examiners, impose independent trustees, or condition plan approval on changes in leadership structure, creating heterogeneous governance environments across venues (LoPucki, 2006; Harner, 2011; Skeel, 2015). This institutional variation directly intersects with a wellestablished body of research that views CEO turnover as a central governance mechanism in financially distressed organizations. Early work shows that leadership turnover functions as a disciplinary mechanism reallocating control when managers are perceived as responsible for poor performance (Gilson, 1990; Weisbach, 1988). Research on distress governance further demonstrates that declining firms face intensified monitoring by creditors, boards, and external stakeholders, thereby increasing the probability of leadership replacement as part of the crisis response (Daily and Dalton, 1994; Schwartz and Menon, 1985). Organizational scholars also highlight the symbolic and signaling role of executive turnover as replacing the CEO can enhance organizational legitimacy, reduce stakeholder uncertainty, and facilitate resource acquisition during distress (Pfeffer and Salancik, 2003; Tushman and Rosenkopf, 1996; Shen and Cannella, 2002).

In the bankruptcy context, empirical evidence shows that CEO turnover during Chapter 11 can improve reorganization outcomes by enhancing managerial capability and strengthening external perceptions of credibility (Hotchkiss, 1995; Lin et al., 2020). Governance research further documents that distressed firms adjust leadership structures, board composition, and executive roles to align with the unique demands of the restructuring environment (Kang and Shivdasani, 1997; Arora and Dharwadkar, 2011). Because Chapter 11 creates a hybrid governance system in which judicial actors shape oversight intensity, information flows, and bargaining dynamics, courts become part of the monitoring architecture, influencing whether leadership change is demanded, encouraged, or resisted. Courts that apply stricter scrutiny are more likely to lead to CEO replacement, whereas courts with reputations for managerial tolerance may attenuate such pressures (Harner, 2011).

This institutional heterogeneity provides managers with incentives to strategically select venues that minimize their personal exposure to governance interventions. Venue selection may allow them to engage in institutional arbitrage, navigating toward jurisdictions where oversight is less intrusive, examiner appointments are less frequent, and judicial attitudes more favorable to incumbent leadership, consistent with mechanisms of blame avoidance and reputation protection documented in the governance and institutional theory literatures (Baysinger and Hoskisson, 1990; Zajac and Westphal, 1996; Zuckerman, 1999).

These insights suggest that by selecting venues with more management-friendly oversight conditions, managers can reduce the likelihood of leadership displacement, avoid scrutiny, and preserve their influence during the restructuring process. However, despite these theoretical links, no prior research has examined how forum shopping affects CEO turnover in Chapter 11. We therefore propose the following hypothesis:

H1b. Firms that engage in forum shopping are less likely to experience CEO turnover than firms that file in their home district.

A growing body of scholarship has begun to examine bankruptcy through the lens of sustainability, arguing that modern restructuring processes must account not only for the recovery of creditor value but also for the broader social, environmental, and community impacts of corporate distress. This shift reflects an understanding that insolvency generates externalities that extend beyond contractual stakeholders, and that bankruptcy regimes increasingly operate within a multi-stakeholder governance framework in which employees, consumers, victims, regulators, and affected communities hold legitimate interests in the restructuring process (McCormack, 2016; Eidenmüller, 2016; Warner, 2025). Sustainable bankruptcy scholarship emphasizes principles such as procedural fairness, distributive equity, transparency, and long-term organizational resilience, positioning bankruptcy as a governance mechanism through which firms are expected to manage not only financial claims but also social and environmental responsibilities. Sustainability-oriented governance systems alter the configuration of stakeholder salience (Mitchell et al., 1997), increasing demands for transparency and accountability and thereby constraining the managerial latitude that typically characterizes strategic decision-making in Chapter 11.

As corporate bankruptcy increasingly intersects with societal concerns, scholars argue that financial distress should be understood not only as an economic event but also as a social issue that generates complex externalities for communities, regulators, and victims (McCormack, 2016; Eidenmüller, 2016). These considerations become particularly salient in mass tort bankruptcies, where the firm's distress arises from widespread harms such as environmental contamination, opioid addiction, product safety failures, or wildfire damage. Unlike ordinary corporate bankruptcies—where financial creditors and shareholders dominate—the stakeholder landscape in mass tort cases is far more diffuse, involving injured individuals, families, public agencies, and community groups. These cases attract substantial judicial, political, and media scrutiny, and courts face heightened expectations to ensure fairness, legitimacy, and protection of victims (Jacoby, 2023). As a result, the governance environment in mass tort bankruptcies is fundamentally different: judicial actors apply more intensive oversight, regulators and attorneys general play more active roles, and courts scrutinize managerial decisions—especially those perceived as self-serving—more aggressively.

Institutional theory suggests that in such environments, managerial discretion is constrained, and the strategic value of venue selection is altered. While forum shopping can offer managerial advantages in ordinary bankruptcies, by providing predictable procedures, lower monitoring intensity, or greater judicial receptiveness, these advantages may diminish or even reverse in mass tort cases. Courts handling mass torts tend to prioritize victim representation, transparency, and legitimacy, reducing the effectiveness of strategies that rely on selecting management-friendly venues. Moreover, managers may face reputational backlash or regulatory intervention when mass tort filings are perceived as opportunistic attempts to evade accountability. Consequently, the mechanisms through which forum shopping influences emergence and CEO turnover in standard bankruptcies may not hold, or may even operate in the opposite direction, in mass tort contexts.

These considerations suggest that the effect of forum shopping is contingent on the broader sustainability-oriented governance environment, and that the benefits attributed to forum shopping in ordinary bankruptcies are likely to be attenuated in mass tort cases. This reasoning leads to the following hypotheses:

H2a. The positive association between forum shopping and emergence is weaker or reversed in mass tort bankruptcies than in non–mass-tort cases.

H2b. The negative association between forum shopping and CEO turnover is weaker or reversed in mass tort bankruptcies than in non–mass-tort cases.

4. Research Design

4.1. Sample

The empirical analysis uses data obtained from the Compustat North America database, CRSP, and the UCLA-LoPucki Database. We first downloaded financial statement data for active and inactive U.S. firms from Compustat North America. Then, we merged these data with bankruptcy information from the CRSP and UCLA-LoPucki Database, which provides detailed information on a firm's bankruptcy procedures. Our sample spans the timeframe from 1984 to 2016.

We focus on this specific period of time for two main reasons. First, the Bankruptcy Amendments and Federal Judgeship Act of 1984 (BAFJA) consolidated and codified the modern venue provisions of corporate bankruptcy under 28 U.S.C. §1408 "Venue of cases under Title 11", entrenching the flexibility that allows firms to file in the district of their incorporation, principal place of business, or principal assets, as well as through affiliate-based venue. Second, this timeframe well captures the whole evolution and affirmation of forum shopping in the U.S., as well as the rise of what legal scholars later described as the "Delaware phenomenon", "Delawarization", or "duopoly of destination courts", characterized by a concentration of significant Chapter 11 cases in Delaware and the Southern District of New York (Brown et al., 2022; Eisenberg and LoPucki, 1999). Finally, by ending the observation window in 2016, we avoid the impact of structural breaks introduced by subsequent major fiscal reforms, such as the Tax Cuts and Jobs Act (2017), and macroeconomic changes stemming from the 2019 COVID-19 crisis, which substantially altered corporate reorganizations under Chapter 11[2]. After excluding firm-year observations with incomplete data, a final sample of 10,382 firm-year observations is obtained.

4.2. Methods

To test our H1a, we use the following model, estimated with a logistic regression with fixed effects specifications:

[EQ(1)] $\text{Emergence} = \beta_0 + \beta_1(\text{Shop})_{it} + \beta_2(\text{Involuntary})_{it} + \beta_3(\text{Prepack})_{it} + \beta_4(\text{Sale363})_{it} + \beta_5(\text{Tort})_{it} + \beta_6(\text{Size})_{it} + \beta_7(\text{Industry Leverage})_{it} + \beta_8(\text{Industry ROA})_{it} + \beta_9(\text{Leverage})_{it} + \beta_{10}(\text{Solvency})_{it} + \beta_{11}(\text{GDP change})_{it} + \sum YearFixedEffects + \sum IndustryFixedEffects + \varepsilon_{it}$

The dependent variable (Emergence) is a dummy variable that identifies firms that successfully emerge from Chapter 11 procedures (i.e., non-liquidated entities) (Hotchkiss, 1995; Gabrielli and Greco, 2025). Shop is a key explanatory variable capturing the forum shopping behavior. It is defined as an indicator variable equal to 1 if the case was filed in a district other than the firm's headquarters, and 0 otherwise (Antill and Bellon, 2024). Involuntary equals 1 if the bankruptcy petition was filed involuntarily by creditors, capturing exogenous distress triggers[3]. Prepack indicates a pre-packaged Chapter 11 case, reflecting pre-filing creditor negotiations and likely management control (Betker, 1995; Lehavy, 2002). Sale363 identifies cases in which the firm's assets were sold under Section 363 of the U.S. Bankruptcy Code, representing a faster, often creditor-driven, reorganization path (Antill, 2022; Gabrielli and Greco, 2025). Tort denotes firms that file under Chapter 11, driven by mass-tort large-scale litigation and non-financial legal liabilities, such as product liability, environmental, or asbestos-related claims (Antill, 2022). Following prior bankruptcy literature, we also include several relevant Firm-specific controls, including Size, proxied as the natural logarithm of total assets; Leverage, measured as a ratio between total liabilities and total assets, and Solvency, which is measured as cash on total assets (Altman et al., 2019; Barniv et al., 2002). Industry-level controls include Industry Leverage, proxied following previous literature as the ratio of total liabilities on total assets from time t to time t+4 (Acharya et al., 2007; Ramanna and Watts, 2012), and Industry ROA, calculated considering the sic-two-digit return on total assets from time t to time t+4 (Hotchkiss, 1995; Lehavy, 2002; Gabrielli and Greco, 2025). Finally, GDP Change controls for macroeconomic conditions affecting all firms in a given year. A detailed description of the variables used in our analysis is reported in Table 1.

To test our H1b, we developed the following logistic regression model:

[EQ(2)] $\text{CEO Turnover} = \beta_0 + \beta_1(\text{Shop})_{it} + \beta_2(\text{Involuntary})_{it} + \beta_3(\text{Prepack})_{it} + \beta_4(\text{Sale363})_{it} + \beta_5(\text{Tort})_{it} + \beta_6(\text{Size})_{it} + \beta_7(\text{Industry Leverage})_{it} + \beta_8(\text{Industry ROA})_{it} + \beta_9(\text{Leverage})_{it} + \beta_{10}(\text{Solvency})_{it} + \beta_{11}(\text{GDP change})_{it} + \sum YearFixedEffects + \sum IndustryFixedEffects + \varepsilon_{it}$

In this latter case, CEO Turnover is our dependent variable, taking the value of 1 if the CEO is replaced during the Chapter 11 procedure and 0 otherwise (Evans et al., 2014; Lin et al., 2020). All the other variables included are measured consistently with the description provided for model 1. Notably, both models incorporate Industry fixed effects (IndustryFE) and Year fixed effects

(YearFE) to control for unobserved heterogeneity across industries and over time, allowing the estimated coefficients to capture within-industry, within-period variation.

To mitigate concerns that our estimates regarding the impact of forum shopping on Emergence (Model 1) or CEO turnover (Model 2) may be driven by non-random case selection or omitted variable bias, we employ a comprehensive robustness framework combining Propensity Score Matching (Rosenbaum and Rubin, 1983; Shipman et al., 2017), Entropy Balancing (Hainmueller, 2012), and the Oster (2019) coefficient stability test.

5. Results

5.1. Descriptive statistics

Table 1 presents descriptive statistics for the main variables used in the analysis. The sample includes 10,382 firm-year observations covering U.S. companies that filed for Chapter 11 between 1984 and 2016. Based on our results, roughly 41% of the firms in the sample experienced a change in chief executive officers during the bankruptcy process (i.e., CEO Turnover mean of 0.413). This figure is overall consistent with prior evidence that corporate reorganizations often trigger substantial leadership reshuffling (Gilson, 1990; Hotchkiss, 1995). The variable Shop, indicating whether a firm engaged in bankruptcy forum shopping, has a mean of 0.649, suggesting that strategic venue selection during the timeframe considered is widespread within the U.S. bankruptcy system (Antill and Bellon, 2024)[4].

Other procedural features appear less frequently. Involuntary filings initiated by creditors rather than management account for only 3.9% of the sample, confirming that Chapter 11 remains largely a debtor-driven process (Hotchkiss et al., 2023). Pre-packaged bankruptcies, where firms negotiate a reorganization plan prior to filing, occur in about 10% of cases, while Section 363 sales (Sale363), involving significant asset sales during the proceeding, appear in roughly 19% of all cases. The Tort variable, capturing mass tort bankruptcies, has a mean of 0.029, indicating that such litigation-intensive cases are relatively rare but socially relevant.

Turning to firm characteristics, the results show that the average firm is of moderate size (log-asset mean of 6.93) and has a broad distribution across the sample. Industry Leverage averages 0.70, while industry ROA is slightly negative, reflecting that the sectors in which these firms operate are generally leveraged and exhibit limited profitability. Firm-level performance is also negative on average, as expected for companies entering reorganization (James, 2016).

Financial structure measures reveal considerable heterogeneity. Leverage averages 1.01, indicating that debt marginally exceeds equity, while solvency averages 0.63, suggesting that although most firms are financially strained, some retain residual capacity to meet obligations. Finally, GDP change, which reflects macroeconomic conditions, shows modest average growth of 3.3% with limited variation, consistent with the long time span of the sample. Overall, the descriptive evidence suggests that the firms in our sample are financially distressed but remain viable enough to seek going-concern-preserving reorganizations under Chapter 11 (Altman et al., 2019).

Descriptive Statistics			N=10382		
	Mean	Median	p25	p75	SD
CEO Turnover	0.413	0.000	0.000	1.000	0.492
SHOP	0.649	1.000	0.000	1.000	0.477
Involuntary	0.039	0.000	0.000	0.000	0.194
Prepack	0.104	0.000	0.000	0.000	0.305
Sale363	0.191	0.000	0.000	0.000	0.393
Tort	0.029	0.000	0.000	0.000	0.169

Size	6.934	6.624	5.963	7.684	1.259
Industry Leverage	0.704	0.703	0.628	0.779	0.114
Industry ROA	-0.028	-0.014	-0.058	0.009	0.056
Performance	-0.044	-0.000	-0.082	0.042	0.162
Leverage	1.008	0.929	0.782	1.107	0.424
Solvency	0.633	1.000	0.000	1.000	0.482
GDP Change	0.033	0.023	0.009	0.046	0.037

Table 1. Descriptive statistics

5.2. Univariate results

Table 2 reports the pairwise correlations among the main variables. Overall, the coefficients are moderate in magnitude, suggesting that multicollinearity is unlikely to pose a concern in the multivariate analyses. No pairwise correlation exceeds the conventional threshold of 0.7 (Kennedy, 2008), and the observed relationships generally align with theoretical expectations.

First, the results show a negative and statistically significant correlation between CEO Turnover and Shop (–0.119, $p < 0.01$). This result preliminarily supports the idea that firms engaging in forum shopping tend to retain their incumbent CEOs during the Chapter 11 process, consistent with forum shopping operating as an enhancer of the debtor firm's managerial stability. Second, the results show that the variable CEO Turnover appears positively correlated with indicators of external constraints and procedural intensity. Specifically, it shows small but significant positive associations with involuntary filings (Involuntary) and tort cases (Tort), both contexts where the managerial discretion is likely limited by creditor pressures or external litigation exposure (Altman et al., 2019; Casey and Macey, 2023). Conversely, CEO Turnover is negatively related to Pre-packaged bankruptcies (–0.261, $p < 0.01$) and Section363 sales (–0.407, $p < 0.01$). This result is theoretically consistent, as both mechanisms represent more structured, management-driven forms of reorganization (Hotchkiss et al., 2023). Together, these correlations suggest that leadership continuity is more common in proactive, strategically managed bankruptcies and less so when external environment constraints dominate.

Correlation results also show that the variable for forum shopping (Shop) is positively associated with Prepack (0.075, $p < 0.01$) and Sale363 (0.0561, $p < 0.01$), indicating that venue selection often coincides with deliberate procedural strategies aimed at facilitating reorganization (LoPucki, 2006). It also correlates modestly with firm size (0.064, $p <0.01$), aligning with the idea that larger firms are better positioned to exploit jurisdictional flexibility, consistent with prior evidence on venue choice among high-profile Chapter 11 filers (Antill and Bellon, 2024; Eisenberg and LoPucki, 1999). Notably, the analysis also shows a positive correlation between GDP Change and CEO Turnover (0.284, $p < 0.01$), consistent with the literature, which shows that boards and creditors are less forgiving of underperformance during periods of economic expansion. Conversely, the negative correlation between GDP Change and Shop (–0.152, $p < 0.01$) suggests that forum shopping becomes increasingly attractive during weaker periods.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) CEO Turnover	**1**												
(2) SHOP	-0.119***	**1**											
(3) Involuntary	0.0285**	-0.0701***	**1**										
(4) Prepack	-0.261***	0.0745***	-0.0687***	**1**									
(5) Sale363	0.407***	0.0561***	-0.0639***	-0.147***	**1**								
(6) Tort	0.0474***	0.0300**	-0.0351***	-0.0592***	-0.0627***	**1**							
(7) Size	-0.00570	0.0684***	-0.0620***	-0.0974***	-0.0940***	0.118***	**1**						
(8) Industry Leverage	-0.0389***	-0.0363***	-0.00773	0.0114	-0.0401***	0.00373	0.156***	**1**					
(9) Industry ROA	0.0787***	-0.0853***	-0.0309**	-0.0210*	-0.0117	0.0477***	0.0529***	-0.193***	**1**				
(10) Performance	0.0419***	-0.0716***	0.00583	-0.00317	-0.0624***	0.107***	0.0753***	0.134***	0.166***	**1**			
(11) Leverage	-0.196***	0.107***	0.0205*	0.137***	-0.0777***	-0.0727***	-0.0639***	0.103***	-0.121***	-0.193***	**1**		
(12) Solvency	0.171***	-0.147***	-0.0267**	-0.187***	0.0563***	0.0379***	0.0678***	-0.0724***	0.131***	0.151***	-0.668***	**1**	
(13) GDP Change	0.284***	-0.152***	0.0354***	-0.268***	0.0339***	0.387***	0.0633***	0.0582***	0.0651***	0.145***	-0.124***	0.127***	**1**

Table 3. Correlation analysis

5.3. Main results

Forum shopping and bankruptcy emergence

Table 3 reports the results for Hypothesis 1a, which examines whether firms that engage in forum shopping are more likely to emerge successfully from Chapter 11. In the baseline specification (Column 1), the coefficient on Shop is positive and statistically significant ($p < 0.05$). This initial estimate suggests that choosing a favorable bankruptcy venue can make a meaningful difference in a firm's prospects for emergence. As for the analyses reported in the section above, we run additional robustness checks using the PSM (column 2) and EB (column 3) to mitigate endogeneity concerns. Specifically, we argue that, since it is plausible that firms that can forum shop are systematically different (e.g., larger, better advised, or more sophisticated in managing stakeholder negotiations), this, in turn, might also explain the higher emergence rates observed. Our results, reported in columns 2 (PSM) and 3 (EB), suggest that the observed relationship is statistically significant and becomes stronger when accounting for self-selection and omitted-variable bias. In both cases, the coefficient on Shop roughly triples in magnitude (0.221 and 0.230, respectively, both significant at the 1 % level), which corroborates the idea that venue choice can be a relevant determinant of the form of exit from bankruptcy.

Again, the control variables behave as expected overall. Pre-packaged bankruptcies (i.e., those negotiated with creditors before filing) show strong positive coefficients across all models, confirming that early coordination enhances the chances of successful emergence (Betker, 1995; Hotchkiss et al., 2023). In contrast, Section 363 sales, which involve rapid asset disposals, are negatively associated with emergence, signaling that such cases often represent de facto liquidations rather than genuine reorganizations (Antill, 2022; Gabrielli and Greco, 2025). Interestingly, mass tort cases display a positive relationship with emergence, suggesting that, ceteris paribus, litigation-heavy firms can easily achieve restructuring success when they strategically engage in forum shopping. Results in Table 3 also suggest that larger firms are more likely to emerge, possibly due to stronger resource bases and bargaining power with creditors (Lehavy, 2002). Better pre-filing performance and moderate leverage also correlate positively with emergence, while favorable macroeconomic conditions, as captured by GDP Change, increase the likelihood of emergence. Taken together, these findings suggest that managers, by deliberately selecting the judicial venues, can significantly enhance the prospect of successful recovery from the reorganization.

	Emergence		
	(1) Baseline Model	(2) PSM	(3) Entropy Balancing
Shop	0.0797**	0.221***	0.230***
	(0.0356)	(0.0592)	(0.0402)
Involuntary	-0.0376	0.415***	-0.216**
	(0.0830)	(0.132)	(0.107)
Prepack	1.174***	0.496***	0.991***
	(0.0937)	(0.106)	(0.125)
Sale363	-1.452***	-2.246***	-1.448***
	(0.0413)	(0.132)	(0.0503)
Tort	0.879***	0.789**	0.895***
	(0.251)	(0.375)	(0.125)
Size	0.0913***	0.388***	0.169***
	(0.0146)	(0.0244)	(0.0167)
Industry Leverage	-0.265	-0.101	-0.226
	(0.246)	(0.401)	(0.277)
Industry ROA	-0.184	-0.755	-0.399
	(0.443)	(0.726)	(0.511)
Performance	0.703***	0.998***	0.933***
	(0.121)	(0.203)	(0.145)
Leverage	0.393***	0.421***	0.0586

	(0.0660)	(0.108)	(0.0867)
Solvency	-0.367***	-0.424***	-0.537***
	(0.0524)	(0.0843)	(0.0581)
GDP change	3.464***	5.293***	3.437***
	(0.514)	(0.928)	(0.702)
Constant	-1.323***	-2.748***	-1.769***
	(0.309)	(0.475)	(0.374)
Observations	9,841	3,682	9,841
Industry FE	YES	YES	YES
Year FE	YES	YES	YES
Log-Likelihood	-4014	-1643	-1771
Chi-square test	3865	1777	2554
Pseudo R2	0.325	0.351	0.334

Table 3. Forum shopping and emergence likelihood

Forum shopping and CEO turnover

Table 4 presents the results for Hypothesis 1b. In the baseline model, shown in Column 1, the coefficient on Shop (–0.261, $p < 0.01$) indicates that firms engaging in forum shopping are substantially less likely to replace their CEO during a reorganization. This result holds after controlling for several procedural characteristics (e.g., pre-packaged filings, Section 363 sales, and mass tort cases), firm-level financial indicators, and both industry- and year-fixed effects. Using the standard deviation of Shop (0.477), the estimated coefficient translates into about a 3 percentage-point decrease in the likelihood of managerial turnover for a one-standard-deviation increase in the probability of forum shopping, suggesting a moderate but economically meaningful effect[5]. This result aligns with the notion that managers can exercise a substantial degree of strategic (bankruptcy) adaptation through venue selection to maintain continuity and control in the reorganization process (Hrebiniak and Joyce, 1985; Eisenberg and LoPucki, 1999).

The PSM specification, displayed at Column 2, matches each forum-shopping firm with similar non-shopping firms based on observable characteristics such as size, leverage, solvency, industry conditions, and procedural features. The estimated coefficient on Shop (–0.269, $p <0.01$) remains virtually unchanged from the baseline, confirming that the observed relationship is not driven by sample composition or selection bias. Moreover, the pseudo-R^2 increases slightly (0.348 vs. 0.324), indicating improved model fit once matching corrects for observable heterogeneity (Schipman et al., 2017).

The EB model, shown in Column 3, further strengthens our results. This approach yields a Shop coefficient of –0.198 ($p < 0.01$), which, although slightly attenuated, remains highly significant. The persistence of the effect under EB provides strong evidence that forum shopping is likely to exert an independent influence on CEO retention, rather than simply reflecting the underlying characteristics of firms predisposed to retain incumbent managers. In econometric terms, the results from the test shown in column 2 (PSM) and 3 (EB) suggest that the estimated relationship is robust to both functional-form misspecification and sample-selection bias, two of the most common sources of endogeneity in observational strategic management and corporate finance studies (Hill et al., 2021; Roberts and Whited, 2013).

Considering our control variables, the results show that, as expected, involuntary filings (Involuntary) are positively associated with CEO turnover ($p<0.01$), consistent with more decisive creditor intervention in these cases. Pre-packaged bankruptcies (Prepack) show a strong negative association, suggesting that pre-negotiated restructurings enhance managerial stability (Hotchkiss et al., 2023). Conversely, Section 363 sales are positively and significantly related to CEO turnover (coefficients range from 1.56 to 1.69, $p < 0.01$), consistent with rapid asset sales typically occurring in firms that are more likely to need cash and to engage in more substantial restructuring efforts (Gabrielli and Greco, 2025).

At the firm level, larger firms display a slightly higher probability of CEO turnover ($p < 0.01$), in line with the idea that they are more subject to greater stakeholder scrutiny. On the other hand, higher leverage and poorer performance reduce the likelihood of turnover, possibly reflecting managerial entrenchment in highly indebted firms. Lastly, macroeconomic control (GDP change) remains strongly positive across specifications, implying that CEO turnover tends to increase in more favorable economic conditions, when managerial replacement may be less disruptive and external candidates more available. Across all models, the inclusion of industry and year fixed effects helps alleviate the impact of unobserved heterogeneity at both the industry and macroeconomic levels. Collectively, these results provide empirical support for the hypothesis that forum shopping could serve as a deliberate managerial strategy that mitigates the likelihood of leadership replacement during Chapter 11 proceedings.

	CEO Turnover		
	(1)	(2)	(3)
	Baseline Model	PSM	Entropy Balancing
Shop	-0.261***	-0.269***	-0.198***
	(0.0338)	(0.0572)	(0.0412)
Involuntary	0.412***	0.339**	0.388***
	(0.0807)	(0.140)	(0.0835)
Prepack	-1.232***	-1.413***	-1.628***
	(0.0954)	(0.180)	(0.0912)
Sale363	1.560***	1.678***	1.682***
	(0.0436)	(0.0779)	(0.0532)
Tort	-0.259**	-0.355	-0.613***
	(0.112)	(0.293)	(0.114)
Size	0.0416***	0.0162	0.0822***
	(0.0136)	(0.0231)	(0.0163)
Industry Leverage	0.392*	-0.462	0.0517
	(0.210)	(0.395)	(0.253)
Industry ROA	1.071***	0.878	0.929*
	(0.410)	(0.712)	(0.487)
Performance	-0.334***	-0.782***	-0.476***
	(0.124)	(0.201)	(0.144)
Leverage	-0.513***	-0.473***	-0.342***
	(0.0611)	(0.118)	(0.0842)
Solvency	0.0399	0.275***	0.193***

	(0.0475)	(0.0855)	(0.0624)
GDP change	9.783***	12.58***	12.33***
	(0.522)	(0.993)	(0.693)
Constant	-0.880**	1.481**	-1.583***
	(0.383)	(0.584)	(0.379)
Observations	10,103	3,732	10,103
Industry FE	YES	YES	YES
Year FE	YES	YES	YES
Log-Likelihood	-4648	-1666	-1885
Chi-square test	4453	1778	3044
Pseudo R2	0.324	0.348	0.341

Table 4. Forum shopping and CEO turnover

The role of mass-tort claims

We also run a cross-sectional analysis using mass tort bankruptcy (Tort) as a moderator variable. Table 5 reports the results for our H2a, while Table 6 reports the results for our H2b.

The results from Table 5 show that, across all three models, the coefficient on Shop remains positive and statistically significant ($p<0.01$). Consistent with earlier findings, firms that choose their venue strategically are more likely to emerge successfully, highlighting the adaptive dimension of managerial discretion. In line with the strategic adaptation framework (Hrebiniak and Joyce, 1985; Child, 1997), this result again confirms that managers can use the venue selection option to secure advantageous procedural features and create a more controllable restructuring environment, thereby increasing the prospect of successful reorganization. However, the significant and negative interaction term (Shop×Tort) suggests that, once environmental constraints become salient, like in mass tort bankruptcies, the positive effect of forum shopping on emergence appears to be neutralized or even reversed. As before, this result suggests that, ceteris paribus, strategies that ordinarily enhance reorganization prospects, such as forum shopping, may lose efficacy or backfire when perceived as opportunistic or evasive by the external environment.

	Emergence		
	(1)	(2)	(3)
	Baseline Model	PSM	Entropy Balancing
Shop	0.144***	0.162***	0.273***
	(0.0367)	(0.0595)	(0.0414)
Tort	0.511***	1.353***	1.005***
	(0.122)	(0.316)	(0.152)
SHOP*Tort	-1.001***	-2.098***	-1.212***
	(0.151)	(0.355)	(0.195)
Involuntary	-0.00465	-0.120	-0.216**
	(0.0837)	(0.135)	(0.107)
Prepack	1.204***	1.022***	0.997***

	(0.0949)	(0.151)	(0.126)
Sale363	-1.482***	-1.591***	-1.463***
	(0.0416)	(0.0725)	(0.0510)
Size	0.101***	0.221***	0.174***
	(0.0146)	(0.0249)	(0.0167)
Industry Leverage	-0.345	-0.579	-0.261
	(0.246)	(0.437)	(0.279)
Industry ROA	-0.166	0.0342	-0.376
	(0.444)	(0.721)	(0.513)
Performance	0.706***	0.619***	0.918***
	(0.121)	(0.184)	(0.146)
Leverage	0.372***	0.251**	0.0455
	(0.0652)	(0.112)	(0.0857)
Solvency	-0.355***	-0.409***	-0.534***
	(0.0521)	(0.0892)	(0.0581)
GDP change	3.831***	3.250***	3.568***
	(0.512)	(0.907)	(0.704)
Constant	-1.327***	-2.808***	-1.735***
	(0.311)	(0.655)	(0.376)
Observations	9,841	3,797	9,841
Industry FE	YES	YES	YES
Year FE	YES	YES	YES
Log-Likelihood	-3998	-1575	-1765
Chi-square test	3897	1682	2566
Pseudo R2	0.328	0.348	0.336

Table 5. Forum shopping and emergence likelihood: role of mass tort bankruptcy

Results from Table 6 show that, in the baseline model (see Column 1), the main effect of Shop remains negative and highly significant (–0.321, p <0.01), again confirming that forum shopping generally reduces the likelihood of CEO turnover. However, the results also show that when the variable Shop is interacted with Tort, the observed pattern reverses, highlighting that CEO turnover becomes more likely when the forum-shopping firm is also a mass-tort case. We also observe qualitatively consistent results when running PSM and EB, as shown in columns 2 and 3, respectively. Collectively, these results suggest that, in mass tort bankruptcies, forum shopping no longer stabilizes leadership and instead increases the likelihood of CEO turnarounds. As emphasized in the strategic adaptation literature, organizational agency is constrained by the institutional context in which the firm operates (Child, 1997; Oliver, 1991). Within the framework proposed by Hrebiniak and Joyce (1985), mass-tort bankruptcies, which typically involve large-scale claims for social and environmental harms (such as those involving asbestos, toxic waste, or defective pharmaceuticals) and violations of human rights, can thus be interpreted as instances in which environmental determinism exerts a dominant influence over strategic choice. External constraints, criticisms, and accountability demands (Gross, 2023; Ukwatte Jalathge et al., 2024) tend to generate intense reputational pressures on firms and their managers, constraining their ability to successfully navigate the bankruptcy system and undermining their prospects for retaining leadership positions.

	CEO turnover		
	(1)	(2)	(3)
	Baseline Model	PSM	Entropy Balancing
Shop	-0.321***	-0.347***	-0.249***
	(0.0351)	(0.0587)	(0.0423)
Tort	0.00542	0.0541	0.174
	(0.0981)	(0.200)	(0.141)
SHOP*Tort	0.522***	1.171***	0.583***
	(0.120)	(0.249)	(0.164)
Involuntary	0.367***	0.319**	0.304***
	(0.0813)	(0.141)	(0.0818)
Prepack	-1.261***	-1.473***	-1.665***
	(0.0956)	(0.182)	(0.0927)
Sale363	1.594***	1.730***	1.716***
	(0.0439)	(0.0788)	(0.0540)
Size	0.0336**	-0.00239	0.0756***
	(0.0137)	(0.0235)	(0.0165)
Industry Leverage	0.488**	-0.317	0.179
	(0.211)	(0.399)	(0.255)
Industry ROA	1.124***	0.964	0.991**
	(0.412)	(0.722)	(0.486)
Performance	-0.313**	-0.763***	-0.459***
	(0.124)	(0.202)	(0.145)
Leverage	-0.484***	-0.444***	-0.305***
	(0.0606)	(0.116)	(0.0799)
Solvency	0.0305	0.268***	0.176***
	(0.0476)	(0.0857)	(0.0620)
GDP change	8.435***	11.23***	10.85***
	(0.502)	(0.961)	(0.678)
Constant	-0.891**	1.573***	-1.626***
	(0.384)	(0.590)	(0.378)
Observations	10,103	3,732	10,103
Industry FE	YES	YES	YES
Year FE	YES	YES	YES
Log-Likelihood	-4628	-1635	-1885
Chi-square test	4492	1840	3044

Pseudo R2	0.327	0.360	0.341

Table 6. Forum shopping and ceo turnover: role of mass tort bankruptcy

5.4. Additional robustness and endogeneity checks

Both PSM and EB address selection on observables by constructing comparable counterfactual samples between firms that filed for bankruptcy in an alternative venue and those that filed in their home jurisdiction. PSM matches treated and control firms based on the predicted probability of forum shopping conditional on pre-filing firm characteristics, ensuring that treatment assignment is as if random among observationally similar firms (Rosenbaum and Rubin, 1983; Shipman, 2017). EB, in turn, generalizes matching by re-weighting control observations to balance the covariate distributions of the treated group while preserving sample size and variance structure (Hainmueller, 2012).

While these tests provide reasonable assurance that endogeneity biases related to self-selection and omitted-variable biases are unlikely to affect our results, there remains the possibility that certain unobserved factors, such as managerial quality, board influence, or creditor control, may simultaneously drive both forum shopping and CEO turnover or emergence. To assess the sensitivity of our results to such unobservables, we thus apply the Oster (2019) test, which extends the Altonji et al. (2005) framework by evaluating the degree of selection on unobservables necessary to eliminate the estimated effect. The test compares changes in coefficients and in explanatory power (R^2) between a parsimonious and a fully controlled model. It computes the δ (delta) statistic, the proportional strength of selection on unobservables relative to observables required for the treatment effect (i.e., forum shopping) to vanish. A δ value substantially greater than 1 suggests that unobserved selection would have to be several times stronger than observed selection to overturn the estimated coefficient, indicating robustness to omitted variable bias. This battery of tests can also provide indirect evidence against reverse causality. If the direction of causation were reversed, i.e., if anticipated CEO turnover drove forum selection, one would expect substantial instability in the treatment effect across specifications and weaker δ values. Results are untabulated but available upon request.

6. Further investigation on forum shopping and post-bankruptcy outcomes

6.1. Unsecured Claims Distributions

We conduct additional analyses to explore a critical post-bankruptcy outcome: the distribution of recoveries to unsecured creditors. Unsecured creditor recoveries represent the portion of residual value allocated to the least protected claimants. The rationale for this test is to assess whether the observed advantages of strategic venue choice in terms of management stability and emergence likelihood come with redistributive costs for certain parties.

In this regard, we regress Shop and CEO Turnover on the percentage of unsecured creditor recoveries (as reported in the LoPucki Bankruptcy Research Database), controlling for our complete set of controls. The results, shown in Table 7, indicate that CEO turnover is positively and significantly associated with the share of unsecured claims paid ($p < 0.01$). This finding suggests that changes in leadership during reorganization may foster more balanced negotiations or enhance procedural transparency, ultimately improving outcomes for weaker creditors. However, the interaction term (Shop×CEO Turnover) is negative and statistically significant, showing that this relationship attenuates when forum shopping is involved. In other words, for firms that strategically select their venue, managerial replacement no longer results in higher payouts to unsecured creditors. This pattern suggests that the benefits of leadership change may be partially offset when venue selection enables debtors to retain stronger procedural control, consistent with prior work portraying forum shopping as a debtor-oriented mechanism (James, 2016; LoPucki, 2006; Eisenberg and LoPucki, 1999).

The district-specific models (Columns 2–4) provide further nuance. Filings in Delaware and New York, the dominant venues for significant Chapter 11 cases (see e.g., LoPucki and Doherty, 2002; Ringe, 2019), are associated with significantly lower distributions to unsecured creditors. The coefficients for Shop-to-Delaware and Shop-to-New York are both negative and significant at the 1% level, indicating that while these districts are often praised for their procedural efficiency and managerial expertise (Antill and Bellon, 2024), they also tend to produce less equitable creditor outcomes. Notably, the interaction terms (Shop-to-Delaware×CEO Turnover and Shop-to-New York×CEO Turnover) remain negative and significant, suggesting that even when executive changes occur, these courts' institutional orientation continues to favor debtors over dispersed creditors. By contrast, Shop-to-Other coefficients are small and occasionally positive, implying that alternative jurisdictions (i.e., those outside the most competitive districts) may deliver more equitable results.

Taken together, these findings suggest that the geography of bankruptcy plays a crucial role in determining post-reorganization outcomes, with the Courts of Delaware and New York primarily driving the observed redistributive costs of forum shopping, as reflected in the lower share of unsecured claims distributions. This result mirrors what LoPucki (2006) describes as a "race to the bottom", a competitive environment in which courts attract high-profile cases by offering favorable procedural conditions.

	%Unsecured Distributed			
	Pooled Model	District-Specific Models		
	(1) Entropy Balancing	(2) Baseline	(3) PSM	(4) Entropy Balancing
SHOP	-0.0515			
	(0.0351)			
CEO turnover	0.312***	0.299***	0.235***	0.406***
	(0.0596)	(0.0396)	(0.0657)	(0.0677)
SHOP*CEO turnover	-0.376***			
	(0.0593)			
Shop-to-Other		-0.0423	0.124	0.110*
		(0.0605)	(0.112)	(0.0583)
Shop-to-Other*CEO turnover		-0.132	0.0714	-0.313***
		(0.0822)	(0.176)	(0.0856)
Shop-to-Delaware		-0.368***	-0.260***	-0.299***
		(0.0312)	(0.0481)	(0.0358)
Shop-to-Delaware*CEO turnover		-0.426***	-0.329***	-0.439***
		(0.0553)	(0.0997)	(0.0667)
Shop-to-New York		-0.229***	-0.185***	-0.195***
		(0.0320)	(0.0580)	(0.0470)
Shop-to-New York*CEO turnover		-0.373***	-0.262***	-0.488***
		(0.0473)	(0.0881)	(0.0773)
Observations	1,382	1,382	450	1,382
R-squared	0.578	0.597	0.688	0.677

Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 7. Further investigation on post-bankruptcy outcomes: unsecured claims distribution under forum shopping

6.2. Bankruptcy recidivism and its prediction

We Finally, we extend our analysis to the issue of bankruptcy recidivism, i.e., the likelihood that a firm emerging from Chapter 11 will subsequently re-enter bankruptcy (a.k.a., the "Chapter 22" phenomenon; Altman and Branch, 2015). The purpose of this analysis is to assess whether the short-term advantages associated with strategic venue selection translate into durable recovery or, conversely, conceal structural weaknesses that re-emerge over time.

To this end, we re-estimate our baseline forum shopping model (as specified in Model (1)) using a binary dependent variable equal to 1 if the firm refiles under Chapter 11 and 0 otherwise. Data on repeat filings were collected from the UCLA–LoPucki Bankruptcy Research Database, which provides detailed longitudinal information on Chapter 11 cases and refiling patterns.

Table 8 provides the results from the analysis. Across all specifications, we show that forum shopping is strongly and positively associated with the probability of refiling. In the pooled entropy-balancing model (Column 1), Shop has a strong positive coefficient (1.65, $p < 0.01$), indicating that firms that strategically choose their bankruptcy venue are significantly more likely to re-enter Chapter 11 in subsequent years. This finding suggests that while forum shopping may facilitate emergence, it may also produce less durable restructurings, echoing earlier concerns in the literature about "quick but fragile" reorganizations (Altman and Branch, 2015; LoPucki, 2006).

The district-specific models (Columns 2-4) provide granular results. Interestingly, the results show that filings in Delaware and New York, the two dominant venues in the U.S. Chapter 11 system, display markedly higher refiling probabilities. The coefficients for Shop-to-Delaware and Shop-to-New York are positive and significant across all specifications at 1% level, suggesting that firms reorganizing in these jurisdictions face a higher risk of returning to bankruptcy in the subsequent years. By contrast, the analysis shows that the coefficients for Shop-to-Other are negative and significant, indicating that cases filed outside Delaware and New York tend to produce more stable long-term outcomes.

From a strategic management perspective, these findings suggest that while managers strategically engage in venue choice to craft a procedural environment favorable to emergence, over the long term, they may experience a relapse into financial distress, likely as a consequence of overly accommodative reorganization terms, which, while facilitating short-term recovery, may allow underlying operational or strategic weaknesses to persist unaddressed. Alternatively, our results may point to systematic differences in managerial behavior among forum-shopping firms, using Chapter 11 not as a mechanism for genuine turnaround but as a strategic instrument to reset stakeholder relations without implementing substantive changes in governance or the business model (James, 2016). Both interpretation aligns with prior work suggesting that excessive procedural flexibility can incentivize repetitive bankruptcies by reducing the perceived costs of failure and enabling cyclical dependence on judicial relief (Altman and Branch, 2015; LoPucki, 2006).

	Pooled Model		*District-Specific Model*	
	(1) Entropy Balancing	(2) Baseline	(3) PSM	(4) Entropy

				Balancing
SHOP	1.649***			
	(0.143)			
Shop-to-Other		-0.672**	-1.569***	-1.684***
		(0.281)	(0.472)	(0.419)
Shop-to-Delaware		2.117***	2.904***	2.710***
		(0.166)	(0.333)	(0.243)
Shop-to-New York		1.509***	2.101***	1.940***
		(0.193)	(0.353)	(0.306)
Observations	3,330	3,330	1,115	3,237
Control Variables	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Log-Likelihood	-1199	-1157	-393.6	-380
Chi-square test	880.4	966.3	442.6	654.9
Pseudo R2	0.268	0.295	0.360	0.369

Table 8. Further investigation on post-bankruptcy outcomes: refile likelihood

To better understand the role of forum shopping in bankruptcy recidivism, we also investigate whether it embeds predictive power for bankruptcy refiling. To this end, we evaluate the predictive power of venue choice relative to traditional firm- and industry-level determinants of refiling. Tables 9 and 10 present the results of the predictive analysis. In Table 9, the baseline models (Columns 1 and 3) include the complete set of control variables but exclude the Shop variable. In contrast, the shop-augmented models (Columns 2 and 4) incorporate forum shopping as an additional explanatory variable. Across both samples, the inclusion of Shop substantially improves the model's predictive performance. The results show that the coefficient for Shop is positive and highly significant, both in the model including control variables calculated during the first filing and in that measured at the moment of the refile. Interestingly, findings show that the proportion of correctly classified firms increases from 75.78% in the baseline to 76.21% in the augmented model for the pre-emergence sample, and from 67.93% to 72.28% for the post-emergence sample. More importantly, the Area Under the ROC Curve (AUC), a nonparametric measure of model discrimination (Hanley and McNeil, 1982), increases from 0.830 to 0.831 in the first sample and from 0.811 to 0.842 in the second. Although the numerical differences may appear modest, the AUC improvement is economically and statistically relevant given the model's high baseline performance (Fawcett, 2006). As shown in Table 10, the ROC curves visually confirm the result. As shown, the shop-augmented model (see red curve, "prob_model2") consistently dominates the baseline specification (see blue curve, "prob_model1") across all sensitivity and specificity thresholds. Compared to traditional approaches on bankruptcy emergence forecasting (e.g., Altman and Branch, 2015; Fenech et al., 2025; Breuer and Mersmann, 2025) which mainly emphasize firm-level financial ratios and macroeconomic conditions, the results from this predictive analysis suggest that strategic choice, as embedded in venue selection, carry distinct predictive content not captured by firm or industry-level accounting variables.

	Refile

	(1) Baseline	(2) Shop-Augmented	(3) Baseline	(4) Shop-Augmented
SHOP		0.243***		1.649***
		(0.0439)		(0.143)
Predictive diagnostic				
% correctly classified firm	75.78	76.21	67.93	72.28
AUC	0.830	0.831	0.811	0.842
Observations	8,719	8,719	3,330	3,330
Control Variables	YES – before	YES – before	YES – after	YES – after
Industry FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 9. Predictive analysis: forum shopping as a predictor of bankruptcy re-filings

Prob_model1: model without SHOP
Prob_model2: model with SHOP

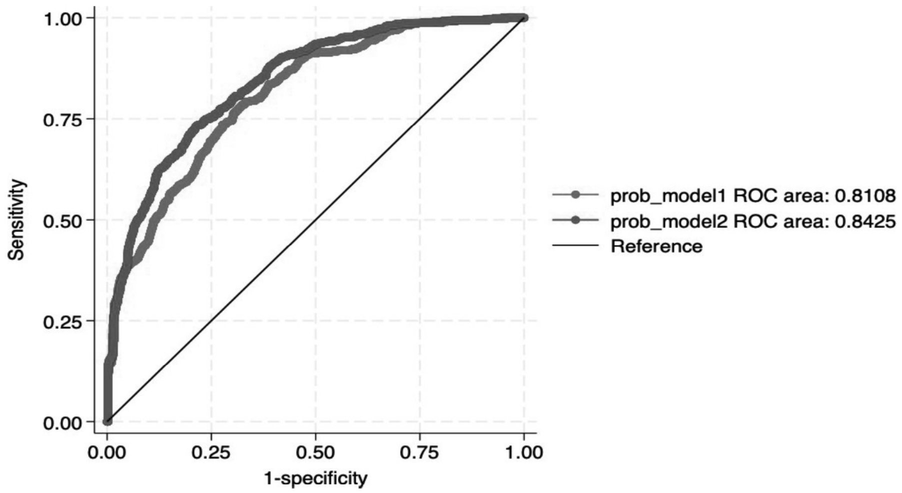

Table 10. Predictive analysis: auc graphical comparison

7. Conclusions

This paper examines whether bankruptcy forum shopping, understood as the strategic selection of a filing venue outside the debtor's home district, constitutes a meaningful form of managerial discretion that shapes the trajectory of corporate reorganization under Chapter 11. Building on Hrebiniak and Joyce's (1985) framework of strategic choice and environmental determinism, we theorize venue selection as an exercise of managerial agency that operates within heterogeneous institutional constraints. In this study, we investigate its implications for two key outcomes, namely the likelihood of emergence and CEO turnover during reorganization, using a large sample of U.S. firms filing for Chapter 11 between 1984 and 2016. Our analysis shows that forum shopping is not a neutral procedural choice but a substantive strategic decision with significant organizational consequences (Eisenberg and LoPucki, 1998; LoPucki and Doherty, 2002; Antill and Bellon, 2024).

Three main findings emerge from the empirical analysis. First, firms that engage in forum shopping are more likely to emerge successfully from Chapter 11. This result is consistent with the idea that managers use venue selection to locate their filings in courts that offer procedural expertise, greater predictability, and more favorable conditions for debtor-led reorganizations, thereby expanding the scope for strategic adaptation in distress (Hotchkiss et al., 2008; James, 2016). Second, forum shopping is associated with a lower probability of CEO turnover during bankruptcy, suggesting that venue choice can serve as a management device that protects incumbent leadership from the disciplinary pressures typically observed in financially distressed firms (Gilson, 1990; Daily and Dalton, 1994; Lin et al., 2020). Third, the effects of forum shopping are contingent on the nature of the underlying distress. In mass tort bankruptcies, where social pressures are particularly salient and where courts face strong expectations of fairness toward victims, the positive association between forum shopping and emergence is reversed, and the negative association with CEO turnover is similarly weakened. In these cases, environmental determinism appears to dominate strategic choice, as external scrutiny and institutional demands constrain managerial discretion and limit the capacity of venue selection to deliver favorable outcomes (Hrebiniak and Joyce, 1985).

The paper also documents important longer-term and distributional implications of forum shopping. Firms that strategically select their venue display a significantly higher probability of refiling, indicating that the short term advantages associated with favorable courts may come at the cost of less durable restructurings, a pattern that resonates with prior concerns about "Chapter 22" recidivism and the fragility of some reorganizations (Altman and Branch, 2015; Altman et al., 2019; Fenech et al., 2025). Moreover, we show that forum shopping is associated with lower recoveries for unsecured creditors, particularly in Delaware and the Southern District of New York, two districts that have become central destinations in the geography of U.S. corporate bankruptcy (LoPucki, 2006; Ringe, 2019). These results suggest that venue selection, while enhancing managerial continuity and the probability of emergence, may redistribute value away from weaker creditor classes, thereby raising questions about the distributive fairness and long-term efficiency of the current venue regime (LoPucki and Doherty, 2002; LoPucki, 2006; Ringe, 2019). Finally, the predictive analysis indicates that including forum shopping improves the ability of standard models to forecast refiling, suggesting that strategic features of the bankruptcy process carry informational content not captured by conventional financial and macroeconomic indicators (Barniv et al., 2002; Breuer and Mersmann, 2025).

Taken together, these findings contribute to several strands of literature. First, by framing venue choice as a strategic decision embedded in the interaction between managerial discretion and institutional constraints, the paper extends the strategic management perspective on corporate bankruptcy and turnaround, reinforcing the view that distressed firms remain active agents in shaping their reorganization prospects rather than passive subjects of legal procedure (Hambrick and D'Aveni, 1992; Pearce and Robbins, 1993; Trahms et al., 2013; Schweizer and Nienhaus, 2017). Second, the evidence on CEO turnover adds to the literature on executive turnover in bankrupt firms, showing that the geography of bankruptcy intersects with the monitoring architecture faced by managers and can be leveraged to preserve leadership continuity, albeit with context-dependent effects in mass tort settings (Hotchkiss, 1995; Eckbo et al., 2016; Dallocchio et al., 2025). Third, by linking forum shopping to both emergence and recidivism, as well as to unsecured creditor recoveries, the study connects strategic venue choice to the emerging scholarship on sustainable and socially attentive bankruptcy, which emphasizes the need to consider not only efficiency but also equity and long-term resilience in the design and evaluation of restructuring regimes (Warner, 2025).

Beyond its theoretical contributions, this study speaks directly to current policy debates on venue reform. In the United States, concerns over opportunistic forum shopping and unequal treatment of creditors have renewed calls for regulatory intervention (e.g., Financial Times, December 30, 2024). Our findings contribute to this discussion by showing that, while venue choice can support emergence, it is also associated with higher recidivism and lower recoveries for unsecured creditors, raising issues of long-term efficiency and fairness. The relevance of these insights extends beyond the U.S., as similar challenges have emerged in jurisdictions adopting Chapter 11–11-inspired frameworks (McCormack, 2016, 2021), reinforcing the need for policymakers to consider how venue rules shape restructuring outcomes and creditor protection (Ringe, 2019).

As with any empirical study, the analysis presented here is subject to limitations that suggest directions for future research. Although we use rich procedural and financial data, along with propensity score matching, entropy balancing, and coefficient stability tests, we cannot entirely exclude the influence of unobserved factors such as managerial quality, board dynamics, or creditor governance, which may jointly affect venue selection and restructuring outcomes. Moreover, this study focuses on the U.S. Chapter 11 and its institutional characteristics, thereby limiting its findings. In jurisdictions with different restructuring frameworks or venue rules, the effects of forum selection may differ. Addressing these limitations would deepen the understanding of how the geography of bankruptcy shapes managerial behavior, creditor outcomes, and the sustainability of corporate reorganizations.

Authors' contribution

Autthor 1: Research Desing; Context; Results; Further investigation; Conclusions

Autore 2: Introduction; Theoretical framework; Literature review and hypothesis development

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