HESAM FASAEI

Changing the Narrative

The Behavioral Effects of Social Evaluations on the Decision Making of Organizations

Changing the Narrative: The Behavioral Effects of Social Evaluations on the Decision Making of Organizations

Changing the Narrative: The Behavioral Effects of Social Evaluations on the Decision Making of Organizations

Het verhaal veranderen: de gedragseffecten van sociale evaluaties op de besluitvorming van organisaties

Thesis

to obtain the degree of Doctor from the
Erasmus University Rotterdam
by command of the
Rector Magnificus

Prof. dr. R.C.M.E. Engels

and in accordance with the decision of the Doctorate Board.

The public defense shall be held on
17 September 2020 at 15:30

by

Hesam Fasaei
born in Tehran, Iran

Erasmus University Rotterdam

Doctoral Committee

Doctoral dissertation supervisors: Prof. Dr. J.J.P. Jansen
Prof. Dr. T.J.M. Mom

Co-supervisor: Dr. M.P. Tempelaar

Other members: Prof. Dr. C.B.M van Riel
Prof. Dr. Wouter Stam
Prof. Dr. V.J.A. van de Vrande

Erasmus Research Institute of Management – ERIM
The joint research institute of the Rotterdam School of Management (RSM)
and the Erasmus School of Economics (ESE) at the Erasmus University Rotterdam
Internet: www.erim.eur.nl

ERIM Electronic Series Portal: repub.eur.nl/

ERIM PhD Series in Research in Management, 492
ERIM reference number: EPS-2020-492-S&E
ISBN 978-90-5892-584-8

Design: PanArt, www.panart.nl

This publication (cover and interior) is printed by Tuijtel on recycled paper, BalanceSilk®
The ink used is produced from renewable resources and alcohol free fountain solution.
Certifications for the paper and the printing production process: Recycle, EU Ecolabel, FSC®C007225
More info: www.tuijtel.com

FSC
RECYCLED
Paper made from recycled material
FSC® C007225

Acknowledgment

As much as the PhD journey was an individual embarkment, it wasn't a lone one. Along the way I had the support of some significant individuals whom hereby I would like to thank. First and foremost, I would like to thank my promoter, the one and only Justin Jansen, and my co-promoter, a true research companion, Michiel Tempelaar. I feel lucky that I had you guys as my supervisory team. Your mentorship and guidance along the way made it possible for me to not only get to the finishing line, but also get there feeling accomplished.

A big thank you to my lovely sister, Farnoosh, for being always there for me as my advisor and as my home. I would also like to thank my parents for being my true supporters all my life. Thank you!

Hesam Fasaei

Amsterdam,
17 September 2019

TABLE OF CONTENTS

CHAPTER 1. GENERAL INTRODUCTION

Social approval assets as a distinct set of intangible assets have been the focus of an important stream of research (Deephouse, 2000; Fombrun, 1996). Social approval assets are particularly distinguished from other intangible assets since they are rooted in the collective perceptions of stakeholders (Bitektine, 2011; Lange & Washburn, 2012). In that sense, social approval assets are derived from social judgements of stakeholders (Mishina, Block, & Mannor, 2012). Such social judgements are mainly formed via either one or both sociocognitive processes of deliberate and analytical judgement on the one hand, and intuitive and affective evaluation on the other hand (Bundy & Pfarrer, 2015). For instance, in research regarding legitimacy, as one of the prominent social approval assets, it has been often cited that legitimacy is mostly derived from deliberate and analytical evaluations of stakeholders of the organization's conformity to the social values and norms that are considered appropriate (Deephouse & Carter, 2005). Reputation has been also cited as a social approval asset that is mostly shaped through deliberate and analytical processes of evaluation (Bundy & Pfarrer, 2015; Zavyalova, Pfarrer, & Reger, 2017). Celebrity however has been considered as a social approval asset that is basically derived from affective responses of stakeholders towards the organization (Pfarrer, Pollock, & Rindova, 2010; Zavyalova et al., 2017). On the other hand, status has been considered as a social approval asset that is rooted in both analytical and intuitive judgements of stakeholders, as status is affectively created based on the admiration and prestige of the organization in the minds of its stakeholders, and yet is deliberately shaped in comparison to other competitors and via an analytical ranking system (Podolny, 1993).

Possessing social approval assets, such as having a good reputation or occupying a high social status, has been identified as a source of competitive advantage for organizations (Rhee & Haunschild, 2006). It has been argued in the literature on social approval assets that the socially-favored organization, be it highly reputable or with a high status, will benefit from a number of financial and non-financial perks that are basically the positive outcomes of the organization's better bargaining power against its stakeholders and also compared to its competitors (Fombrun & Shanley, 1990; Podolny, 2010; Weigelt & Camerer, 1988). Such benefits include the ability of the organization in employing high-quality employees (Pfarrer, Pollock, & Rindova, 2010), better access to financial resources

(Rindova, Williamson, Petkova, & Sever, 2005), better performance (Roberts & Dowling, 2002), and the possibility of charging premium prices (Rindova et al., 2005).

Furthermore, the importance of corporate reputation for the organization is also derived from the fact that reputation as an important social judgment, creates a crucial gauge for the stakeholders of the organization in making inferences about the organization's capabilities, qualities, and future behavior when more specific information is either impossible or difficult and costly to obtain (Mishina et al., 2012). In that sense, in the absence of concrete information organizational reputation mitigates the uncertainty of stakeholders by rendering a reliable idea of what the outcome of their interaction with the organization might look like (Stiglitz, 2000). Consequently, stakeholders would make informed decisions and embark on transactions and interactions with the organization confidently. They do so , for instance, by making their buying and selling decisions, their investing decisions, and their employment decisions (Rindova & Fombrun, 1999).

At the same time, the importance of status in granting resources and opportunities to its possessor has been greatly discussed and investigated in the literature (Nippa, 2011). A higher status, as the hierarchical position that a social actor occupies within a social system (Gould, 2002), is beneficial for the organization as market resources and opportunities are not equally disseminated among organizations. Instead, they are disproportionally distributed in favor of organizations with higher statuses (Blau, 1994). This unbalanced distribution of opportunities and perks result in the desirability of being positioned in the top of the status hierarchy for the organizations (Jensen & Kim, 2015).

As we can detect from the aforementioned discussion though, in terms of the outcomes of having a better social approval asset such as a better reputation or a higher status, the dominant perspective in the existing literature is mainly driven by the resource-based view towards the organization and its social approval assets. The premise of the resource-based view is that an organization's success depends on the assets and capabilities that it possesses (Wernerfelt, 1984). The resource-based view goes a step further and posits that intangible assets are particularly important for their role in the success of the organization via granting it a sustainable competitive advantage as intangible assets are considered to be valuable, rare, inimitable, and non-substitutable (Galbreath, 2005). In that sense, current studies on the organizational effects of corporate reputation and status, as two prominent social approval assets, merely look at them as "valuable resources" that give the organization competitive advantages and mainly superior financial performance

(Rindove et al., 2005; Galbreath, 2005). Tables 1.1 and 1.2 present summaries of major studies on the organizational outcomes of reputation and status, and depict their key findings related to the resource-based view.

Table 1.1 An overview of major studies on the organizational outcomes of reputation

Article	Key findings
Milgrom & Roberts (1982)	Reputation provides protection against market entrants
Shapiro (1982)	Seller's reputation increases sales
Gatewood, Gowan, & Lautenschlager (1993)	Reputation increases the attractiveness of the firm for prospective employees
Chu & Chu (1994)	reputation leads to higher profits
Ju Choi & Kim (1996)	Reputation acts as a substitute for quality
Benjamin & Podolny (1999)	Reputation has a positive effect on charging premium prices
Deephouse (2000)	Reputation has a positive effect on return on assets
Shane & Cable (2002)	Reputation increases the attractiveness of the firm for prospective funding sources
Roberts & Dowling (2002)	Reputation has a positive effect on organizations' ability to sustain above average profits over time

Table 1.1 An overview of major studies on the organizational outcomes of reputation

Article	Key findings
Turban & Cable (2003)	Organizations with better reputations attract more and higher quality applicants
Boyd, Bergh, & Ketchen (2010)	Reputation has a direct positive effect on prominence and indirect positive effect on price premium

Table 1.2 An overview of major studies on the organizational outcomes of status

Article	Key findings
Benjamin & Podolny (1999); Roberts & Reagans (2011)	High-status organizations can charge a premium for the same quality output
Podolny, Stuart, & Hannan (1996)	High- status organizations experience greater sales growth for the same demonstration of quality
Phillips & Zuckerman (2001)	Status lowers labor costs
Jensen (2008)	Status lowers barriers to entry into new markets
Stuart & Ding (2006)	Status improves access to financial capital
Baum & Oliver (1992); Park & Podolny (2000)	Status increases an organization's likelihood of survival

Such a dominant resource-based view towards the outcomes of social approval assets however overlooks their possible behavioral effects on the organization. The importance of investigating the behavioral outcomes of social approval assets would become more critical when we consider the fact that being evaluated as favorable by stakeholders might affect the strategic decision making of the organization, which could have serious implications. For instance, Bundy and Pfarrer (2015) argue that upon the occurrence of a crisis, an organization with higher levels of social approval assets may be more inclined to embark upon accommodative strategic decisions and less favorably disposed toward defensive strategic decisions. Such an effect of social approval assets in return will be interpreted by stakeholders as mismatched over-conformity of the organization in accepting responsibility for a crisis that may have its roots in the situational attributes, and therefore opposes stakeholders' prior positive perceptions of the organization (Bundy & Pfarrer, 2015).

Furthermore, in recent years, there have been few attempts on addressing other possible undesirable behavioral outcomes of "being socially-favored". For instance, Mishina, Dykes, Block, and Pollock (2010) have pinpointed how high-performing and prominent firms could be involved in illegal actions as a result of the pressure of their inflated internal aspirations and the environment's external expectations. In another study, Jensen and Kim (2015) have studied how a sudden positive shift in the status of individuals could lead to negative outcomes, such as higher divorce rates, for them. Rhee and Haunschild (2006) studied how high-reputation organizations suffer more negative reactions from their stakeholders after the occurrence of a negative event such as a product recall. Even then, our understanding of the behavioral outcomes of social approval assets is limited and could be extended in three major areas. First, there is a need to investigate the effect of social approval assets on the decision making of organizations. On the contrary to few recent attempts on examining the influence of social approval assets on individuals' behavior, our understanding of such effects on the organizational level is very limited. Second, as social approval assets could suddenly and unexpectedly change, there is a need to break through the dominant static view towards social approval assets and examine how their shifts and dynamics might affect organizations' decisions and behavior (George, Dahlander, Graffin, & Sim, 2016). Third, there are multiple social approval assets to an organization, such as reputation, status, and celebrity, that are simultaneously in play and may affect the decisions of the organization both separately and jointly. This is an important premise to take into consideration as various social approval assets are rooted in different evaluation processes. In principle, social evaluators engage in two kinds of cognitive processing to assess social entities and organizations (Kahneman, 2011; Kahneman & Frederick, 2002). The first type, deliberate processing, mainly involves analytical reasoning of evaluators based on concrete decision rules, and hence is a slow process that takes time and effort to take shape (Bazerman, 2006). Legitimacy and reputation are among social approval assets that have deep roots in this type of cognitive processing (Lange, Lee, & Dai, 2011; Tost, 2011). The second type, intuitive processing, mostly involves affective reasoning of evaluators based on loosely defined decision rules, and hence is a fast process that takes little time and effort to be created (Bundy & Pfarrer, 2015; Kahneman & Frederick, 2002). Celebrity is a social approval asset that is created based on this type of cognitive processing (Pfarrer et al., 2010). Status on the other hand, is a social approval asset that is shaped based on the combination of both cognitive processes as it is based on the admiration and respect of stakeholders toward an organization, and yet is created in comparison to other competitors. Therefore, there is a need in the studies related to social approval assets to investigate how multiple social approval assets of an organization might jointly affect its outcomes.

In this dissertation, I attempted on bridging those gaps in the literature by investigating the effects of social approval assets and their shifts on the behavior and decision making of the organization. I was particularly interested in the stability-change interplay, as the dichotomous behavior of the organization that could be impacted by social approval assets to a great extent. As many social approval assets, and reputation and status in particular, are shaped around the concepts of consistency and path-dependence, organizations with higher levels of such social approval assets would naturally face a dilemma in regard to stability and change. Reputation of an organization is based on the stakeholders' assessment of "what the organization can do and what the organization would likely do" (Mishina et al., 2012). In that sense, reputation is deeply connected with the past actions and behaviors of the organization and its ability to consistently show such behaviors over time (Milgrom & Roberts, 1986; Shapiro, 1983). On the other hand, organizational status is created by the path-dependent prestige and deference that is attributed to an organization (Marr & Thau, 2014). Since both social approval assets are formed and maintained based on the organization's past behaviors and consistency in repeating them, considering the fact that organizations often need to deal with decisions that require them to change the status quo (Crossan & Berdrow, 2003), it is important to investigate how such social approval assets could affect the decision making of the organization when facing a stability-change dilemma. To that end, I argue that reputation and status are the organizational constructs that are tightly coupled with the interplay between change and status quo, having critical implications for the organization. To that purpose, I tackled the following research question in this dissertation:

How do social approval assets of the organization (i.e., reputation and status) and their possible changes over time affect the organization's strategic decision making related to stability and change?

By investigating this research question, I aim to make four distinct contributions to the current literature. First, in my dissertation I intend to make a general contribution to the literature on social approval assets and a specific contribution to the corporate reputation literature by theorizing and empirically investigating the behavioral outcomes of reputation for the organization. There are numerous studies on the benefits of possessing social approval assets, and having a high reputation as a prominent social approval asset, as a source of competitive advantage for the organization (Tables 1.1. & 1.2 present a summary of the major studies in regard to the benefits of reputation and status for the organization). The main premise of such studies though is their resource-based view toward social approval assets and the consequent assumption that social approval assets are resources that the organization could possess and benefit from. At the same time, there is a growing stream of studies on organizational reputation that believe in high reputation as a source of certain burdens and dangers for the organization (e.g., Rhee & Haunschild, 2006). There are however not concrete theoretical explanations for how reputation could become such burdens for the organizations. In this dissertation however, by arguing that higher degrees of reputation have certain behavioral consequences for the organization, I intend to contribute to that line of theory and provide a better understanding of the underlying mechanism that may affect reputable organizations in their decision making. Building my initial arguments upon theories pertinent to path-dependence and expectancy violations, I argue that due to the deep roots of reputation in the past performance and behavior of the organization and the fact that reputation is created and maintained through consistent adhering of the organization to the past-driven expectations of stakeholders, reputation may be considered as a behavioral compass that hinders the organization from breaking through the status quo and embarking upon change initiatives. Complementing this line of thought, I further on build upon the self regulatory focus theory and argue that reputation may bring a prevention-focus upon the organization, and by doing so, prevent it from taking part in risky initiatives that are related to change and exploration. The arguments and findings related to this line of thought present an important contribution to our understanding of social approval assets as behavioral regulators for organizations, and inform us on its underlying theoretical mechanism.

Second, I aim to make another distinct contribution to the literature on social approval assets by going beyond the general assumption that social approval assets are static and will not change over time. This is specifically a timely contribution to the recent call of studies on social approval assets for such an investigation (e.g., George, Dahlander, Graffin, & Sim, 2016). Organizations that are better endowed with social approval assets are believed to benefit from their advantages continuously and maintain their positions in the high levels of social evaluations hierarchy. Nevertheless, recently we have witnessed a growing trend in organizations going through negative shifts in their social evaluations such as negative shifts in their status. For instance, in the aftermath of the recent financial crisis in the late 2000's, we witnessed the fall from grace in many cases such as in the case of Lehman Brothers, which clearly lost their status. Such cases are evidences of the notion that social approval assets, and status in specific, are not stable and therefore could change over time (George et al., 2016). Nevertheless, our current understanding of such changes in social approval assets and their behavioral consequences for organizations is very limited. Keeping with that line of argument, I intend to contribute to the literature on social approval assets in general, and to the status literature in specific, by theorizing on the changes in social approval assets and investigating the effect of a negative shift on the decision making of the organization. To that purpose, I make use of behavioral theory of the firm and performance feedback theory to show how a self-threat such as a status loss may encourage the organization to break through its status quo and embark upon change and exploration. Hence, I intend to contribute to the literature on social approval assets by positing that they actually could change and have behavioral effects on the organizations' decision making.

Third, I intend to make a crucial contribution in the confluence of theories related to self-affirmation, self-enhancement and psychological effects of social approval assets. In the aftermath of a threatening event, organizations attempt on enhancing and affirming their identity by seeking affirmation and approval from various sources (George et al., 2016; Lange et al., 2011). The created affirmation and approval in turn may influence the decision making and strategic behavior of the organization. How such affirmation and approval sources and their possible changes may interact with each other and how organizations interpret and make sense of them and consequently take them into consideration in their decision making however haven't been addressed in the literature. Using self-affirmation and self enhancement theories and their underlying theoretical foundations, in this dissertation I attempt on extending our understanding of how various social approval assets of an organization and their shifts may provide the organization with different self-affirmation cues, and jointly affect the organization's self-view and consequently its decision making and behavior.

Fourth, in this dissertation I intend to make an important contribution to the stability-change literature. Research on the antecedents of organizational decision making related to stability and change has remained limited to the investigation of structural and resource-based factors (Raisch & Birkinshaw, 2008). In this dissertation however, by positing that social approval assets and their probable shifts over time, via both direct and interaction effects, may also affect the organization's decision making related to stability and change, I attempt on extending the current understanding by rendering a behavioral and psychological perspective toward the antecedents of stability and change interplay.

Theoretical Background

Social approval and social approval assets

Organizations are subject to various assessments by their stakeholders, which influence the relationship between them and consequently affect the organizations' strategies and operations (George et al., 2016). Social approval as the perception of stakeholders targeted at the organization is defined as "evaluators' general affinity toward an organization" (Bundy & Pfarrer, 2015). This general affinity could be a benefit and a burden for the organization at the same time. As stakeholders identify better with the organizations that they have a stronger affinity toward (i.e., socially approve to a greater extent), stakeholders are willing to prioritize those organizations over other competitors and associate with them by their endorsement decisions (e.g., the purchase decision of customers, the investment decision of investors, the employment decision of applicants, etc.) (Lange et al., 2011). Such endorsements give the organization the opportunity to build and maintain good relationships with its stakeholders, and consequently benefit from the financial and non-financial outcomes of such a good relationship, and eventually the competitive advantages that come afterwards (Roberts & Dowling, 2002).

That being said, the advantages of being socially approved are mainly present and valid in ordinary times when the organization is operating and acting according to the expectations of its stakeholders, and could become a burden when the organization violates from those expectations (Zavyalova, Pfarrer, Reger, & Hubbard, 2016). The burden of social approval is particularly evident when the organization faces a crisis such as a public scandal or a product recall. As the occurrence of a crisis is interpreted by stakeholders as a breach of trust and opposes their initial certainty in their interacting with the organization, its negative repercussion for the socially approved organization would be intensified and widespread (Coombs, 2007; Roberts, Madsen, & Desai, 2007). Therefore, it is important to investigate how social approval assets and their possible changes could affect the organization and its decision making.

Corporate reputation

Despite its simple definition, corporate reputation has been a point of interest and various interpretations in the literature. That's the reason that corporate reputation has been described in the literature as an organizational construct that is simple yet intricate at the same time (Lange et al., 2011). The dispersed definitions of reputation in the literature might give the audience the impression that reputation has been interpreted differently by various scholars. However, Lange et al. (2011) made an important conclusion in their invaluable review of the reputation literature stating that all those definitions could be classified under three categories, altogether shaping the 3 dimensions of corporate reputation as a multi-dimensional construct. "Being known" is the first dimension of reputation and those definitions that define reputation as the general awareness of the organization fall under this dimension (Barnett, Jermier, & Lafferty, 2006). Some scholars such as Rindova et al. (2005) call this dimension as "prominence" and define it as the extent of the organization's recognition among its various stakeholder groups. This dimension of reputation has been described as the general awareness and perception of stakeholders without any particular judgement or assessment (Barnett et al., 2006; Bromley, 2000).

There are some other definitions of reputation that fall under the second conceptualization of reputation, namely "being known for something". Fischer and Reuber (2007) have described this dimension of reputation as "an assessment of a particular attribute or characteristic". In that sense, an organization could have reputation for a specific attribute such as high quality products (Milgrom & Roberts, 1986). This dimension of reputation has been labeled as "perceived quality" by scholars such as Rindova et al. (2005), defined as the assessment of an organization by its stakeholders on a particular attribute. As it is evident in the mentioned definitions, on the contrary to the first dimension of reputation, this dimension contains a certain judgement towards the organization and its abilities in demonstrating particular attributes in a certain manner (Basdeo, Smith, Grimm, Rindova, & Derfus, 2006; Love & Kraatz, 2009).

Finally, the third dimension of reputation, conceptualized as "generalized favorability", contains those definitions in the literature that refer to reputation as the general esteem and attractiveness of the organization among its general audience (Barnett et al., 2006). Unlike the "being known for something" dimension of reputation, this dimension entails the aggregated judgement on multiple organizational attributes and not only one aspect (Fischer & Reuber, 2007). In this dimension of reputation therefore, audiences will shape a global impression of the social, financial, and environmental aspects of the organization and affectively evaluate its favorability as in comparison to other organizations (Fischer & Reuber, 2007; Rhee & Valdez, 2009).

Besides the research that are focused on the definitions of reputation, there are two other major streams of research that are prominent in the corporate reputation literature, namely antecedents and outcomes of reputation. It is worth noting that the majority of the studies that have investigated either the antecedents or the outcomes of corporate reputation has treated it as a unidimensional construct with deep roots in the "being known for something" conceptualization (Lange at al., 2011).

In terms of the antecedents of reputation, as reputation is shaped by the perceptions of stakeholders towards the organization and its attributes, various clues and signals have been identified as reputation's possible antecedents. Such clues include specific industry characteristics such as industry dominance (Shamsie, 2003), archival third-party ratings as determinants of status ordering (Benjamin & Podolny, 1999), financial performance and firm size (Staw & Epstein, 2000), and resource signals such as the qualifications of an organization's members (Rindova et al., 2005).

As in regard to the outcomes of reputation, the positive effect of reputation on the economic outcomes of the organization has been dominantly studied and evidenced in the literature (Benjamin & Podolny, 1999; Deephouse, 2000; Roberts & Dowling, 2002; Standifird, 2001). Despite the positive outcomes of reputation, there has been a growing sub-stream of research that has started to investigate the possible liabilities of having a good reputation. Rhee and Haunschild (2006) for instance have found supporting results for their argument that reputable organization may suffer a more severe backlash from the market in the aftermath of a product recall.

Status and status loss

Status as an important social approval asset that gives the organization advantages over its competitors has attracted many scholars working in the social approval assets area of research. On the contrary to its simple appearance though, there has been no consensus on a definition of status among scholars (Piazza & Castellucci, 2014). Nevertheless, the concepts of order, rank, esteem, and prestige in a social system are recurring notions in the literature and hence, organizational status has been mostly described as “the prestige accorded to firms because of the hierarchical positions they occupy in a social structure” (Jensen & Roy, 2008).

The role of status as an important signal of quality (Podolny, 1993, 1994) has been identified as a source of various benefits associated with occupying a higher status such as more social patronage and access to better opportunities (Marr & Thau, 2014). Besides the benefits of having a higher status (Podolny & Phillips, 1996) or the negative outcomes of not having a high status (Jost, Banaji, & Nosek, 2004) though, our understanding of the dynamics of status and their consequences for the organization is rather limited (Piazza & Castellucci, 2014). Only recently, some scholarly work started to explored the possibility of individuals losing their status (Pettit, Yong, & Spataro, 2010). However, work on the consequences of status loss, specially on the organizational level, is still underdeveloped; and we don't know much about how organizations might behave in the aftermath of a status loss (Marr & Thau, 2014).

Self-regulatory Focus Theory

The main premise of self-regulatory focus theory is that gains and losses regulate behavior and decisions of social entities by promoting behavior and decisions that may yield likely gains and prevent likely losses (Galanter & Pliner, 1974). However, it has been argued that avoiding losses is a more powerful drive in decision making compared to achieving gains (Fishburn & Kochenberger, 1979). In that sense, achieving gains has been considered as an equal to achieving ideals and a compelling situation, whereas avoiding losses corresponds with fulfilling duties and obligations (Idson, Liberman, & Higgins, 2000). Therefore, it is not surprising that social entities may prioritize loss aversion to gain achievement, although both yield two important end-states worthy of pursuing (Higgins 1997). While achieving gains fulfills the need for nurturance, avoiding losses meets the need for security (Idson et al., 2000). Although both needs are important to be fulfilled, the priority of security over nurturance has been emphasized in the literature (Higgins, 1998).

The nurturance-seeking and security-seeking end-states shape two distinct points of focus in behavioral and decision making regulation (i.e., two regulatory foci): promotion focus and prevention focus that correspond to nurturance-seeking and security-seeking respectively (Higgins, 1998). While the former has a predilection for an approaching strategy toward ideals and new horizons related to aspirations, the latter has a tendency toward avoidance strategies to preserve security and status quo (Higgins, 1998; Idson et al., 2000).

The distinct regulatory foci of promotion focus and prevention focus have contrasting implications for the decision making. Whereas the predominance of promotion focus intensifies the sensitivity toward the presence or absence of gains and positive outcomes, the prevalence of prevention focus amplifies the sensitivity to the absence and presence of losses and negative outcomes (Brockner & Higgins, 2001). Therefore, while promotion focus may encourage behaviors such as risk taking and exploration of new ideas that are aligned with its ideal attainment attribute, prevention focus may encourage stability and exploitation of status quo that are more in line with its safety seeking characteristic (Crowe & Higgins, 1997; Kark & Van Dijk, 2007). Therefore, it has been argued that those two discrete self-regulatory foci have two different underlying motivations: motivation for change in promotion focus and motivation for stability in prevention focus (Kluger, Stephan, Ganzach, & Hershkovitz, 2004; Van Dijk & Kluger, 2004).

Self-affirmation and Self-enhancement Theories

The theories of self-affirmation and self-enhancement are founded on the main assumption that under threatening events that jeopardize the self-integrity of a social entity and its positive view of self, it would undergo affirming processes that may protect its self-integrity and self-worth (Jordan & Audia, 2012; Sherman & Cohen, 2002; Steele, 1988, 1990). Such psychological protection self-system is activated after the occurrence of a threatening event, and takes effect until the former positive self-view is restored (Gilbert, Pinel, Wilson, Blumberg, & Wheatley, 1998). The outcome of the activation of the self-system will be a focus on the positive affirmation cues that may construe the threatening situation as less adverse (Heine & Lehman, 1997).

Self-integrity refers to the appropriateness of a social entity and its adherence to the expected standards of its salient stakeholders (Sherman & Cohen, 2006). Such standards may refer to being distinct and superior in delivering value and important outcomes. A threat to self-integrity thus involves perception of failure in meeting socially salient standards (Leary & Baumeister, 2000). Therefore, the threatened social entity will be susceptible to any events that may question its self-integrity, both regarding its own perceptions and others', and will attempt on restoring or reasserting their self-integrity (Sherman & Cohen, 2006).

Nevertheless, self-affirmation and self-enhancement theories suggest that by seeking external affirmation cues that support the status quo , one may appease the threat and restore self-integrity and self-worth (Sherman & Cohen, 2002, 2006). In that sense, self-affirmation and self-enhancement theories suggest a preserving and exploitative strategy that is distinct from explorative strategies that suggest accommodating the risk of change in the aftermath of the threatening event.

Theory on Exploration and Exploitation

Since the seminal work of March (1991), exploration and exploitation have been discussed and studies extensively in the literature and various debates have been evolved about different aspects of those constructs in organizations. Exploration, being associated with innovation and risk taking (March, 1991), and exploitation, being associated with efficiency and refinement (March, 1991), have been treated variously in the literature with some scholars having defined them as two extremes of a continuous spectrum (Lavie & Rosenkopf, 2006) and some others as orthogonal variables that could co-exist with various intensities (Katila & Ahuja, 2002).

With its focus on risk-taking and innovation, exploration's outcome for the organization has been defined as long-term oriented whereas with its variety-reducing and adaptability, exploitation's outcome for the organization has been characterized as short-term oriented (Uotila, Maula, Keil, & Zahra, 2009). Nevertheless, it has been argued in the literature that organizations need a balanced mix of exploration and exploitation to be able to survive in the changing environments that necessitate both adaptability and change at the same time (Uotila et al., 2009).

Dissertation Overview

This dissertation is composed of one conceptual paper and two empirical studies, which altogether and using the aforementioned theoretical foundations attempt on rendering a better understanding of the overarching research question of "how do social approval assets of the organization and their possible changes over time affect the organization's strategic decision making related to stability and change?".

The first part that constitutes this dissertation is a conceptual piece that lays the underlying and overarching theoretical foundations of our argumentations. In this paper, I have theorized on the effect of corporate reputation on the stability-change interplay in organizations. On the contrary to the extensively-investigated positive short-term effects of having a good corporate reputation on the organization's outcomes, studies on the long-term behavioral effects of reputation on organizations are in minority. To that purpose, this conceptual paper proposes that reputation acts as a behavioral compass that regulates the stability-change interplay, as the main dichotomous decision that could be affected by the path-dependent nature of reputation to a great extent. The paper further conceptualizes how reputation could play a crucial role in encouraging the stability-inducing initiatives of the organizations, while discouraging them from engaging in change initiatives. Further on, the paper investigates two sets of moderators in order to make the main argumentations more related to the possible contingencies that could affect the main relationship between reputation and the stability-change interplay. First, the paper investigates dynamism and organizational life-cycle as the general business environment factors that may foster a degree of uncertainty that could influence the impact of reputation on stability-change decisions. Second, the paper conceptualizes on how the social-embeddedness of reputable organizations may have a moderating effect on the main influence of reputation. To capture that influence, the paper investigates the moderating impacts of institutional ownership and the organization's network of relations.

Table 1.3 Underlying theories and methodologies of paper 1

Topic	The effect of reputation on the stability-change interplay
Underlying theory	Corporate reputation, stability-change
Method	Conceptual paper

The second paper that constitutes this dissertation is an empirical piece investigating the impact of reputation on the investment decisions of the organization, both directly and in the presence of the moderating effect of securities analysts' recommendations. The premise of the paper is founded on the conceptual argumentations of the first paper, in which I move beyond the resource-based consequences of a firm's reputation, and develop a behavioral perspective on the impact of corporate reputation on the organization. By applying the theory of self-regulatory focus, this paper suggests that highly reputable firms may tend to have a prevention focus rather than a promotion focus in their investment strategies. This tendency will lead the firm to opt for low-risk investments rather than high-risk investments. Furthermore, by developing a contingency model, the paper further argues that the main effect of reputation on the investment decisions of the firm is strengthened by the negative recommendations of securities analysts. By finding supportive results for the hypotheses, this paper addresses emerging theories about the potential negative consequences of a firm's reputation and provide important insights for the theoretical understanding of the behavior of highly reputable firms.

Table 1.4 Underlying theories and methodologies of paper 2

Topic	Firm reputation and investment decisions: The contingency role of securities analysts' recommendations
Underlying theory	Corporate reputation, self regulatory focus theory
Method	Panel analysis
Sample	128 firms with stocks being traded in the American securities market in the 2008-2011 period

Finally, in the last paper of the dissertation, I expand the span of my research by looking into the behavioral effect of social approval assets other than reputation. To that purpose, in this paper I investigated how status loss could affect the explorative-exploitative behavior of the organization. In this study I argue that a negative status shift is considered as a self-threat by the organization, which leads them to blame the current composition of their members for that. As a result, organizations facing a status loss would go through extreme makeovers in order to move away from what they were before. Furthermore, I developed theory on the moderating effects of celebrity and performance expectations. Celebrity via two mechanisms, namely the high level of public attention and the positive affections of stakeholders towards the organization, and performance expectations negatively moderate the main effect of status loss on the exploration-exploitation. I also looked into the effect of historical status losses on the explorative-exploitative behavior of the organization. The results showed that organizations are not inclined to change their explorative-exploitative behavior as a result of a historical status loss. To test the hypotheses of this study, I used a sample of soccer clubs in the English premier league as a unique context in which all social approval assets and their corresponding dynamics and interactions are constantly in play.

Table 1.5 Underlying theories and methodologies of paper 3

Topic	Status loss and organizational exploration/exploitation: The contingency role of celebrity and performance expectations
Underlying theory	Status loss, behavioral theory of the firm, celebrity, self-affirmation theory, self-enhancement theory, performance feedback, exploration/exploitation
Method	FGLS regression analysis
Sample	400 data points regarding clubs competing in the English Premier Soccer League in ten consecutive seasons, from 2005–2006 to 2014–2015

Table 1.6 shows the addressed gaps and the intended contributions of each study of my dissertation.

Table 1.6 Addressed gaps and intended contributions

Study	Research Gap	Main Contributions
The effect of reputation on the stability-change interplay	our understanding of the behavioral role of reputation and its implications for the decision-making of a firm is rather limited.	providing a behavioral perspective on the consequences of being reputable. Extending the discussion on the possible burdens of reputation. Advancing research on the antecedents of stability and change.
Firm reputation and investment decisions: The contingency role of securities analysts' recommendations	Whilst most studies on firm reputation have focused on the benefits that reputation confers in terms of resources, its effects on behavioral outcomes have been overlooked.	I move beyond the resource-based perspective on firm reputation by examining the behavioral consequences of firm reputation. I examine the contingency role of recommendations made by securities analysts – as an external source of performance feedback – in shaping the relationship between a firm’s reputation and its investment decisions.
Status loss and organizational exploration/exploitation: The contingency role of celebrity and performance expectations	Our understanding of the effect of status loss on organizations' decision making is limited.	I extend our current understanding of how status shifts, and not only status itself, may affect the strategic decision making process in organizations. I seek to advance research on the antecedents of exploration and exploitation. I seek to make an important contribution to the literature on social approval assets by showing that several of these assets are in play at any one time, and interact with one another to affect the behavior and decision-making of organizations.

CHAPTER 2. THE EFFECT OF REPUTATION ON THE STABILITY-CHANGE INTERPLAY

ABSTRACT

The positive short-term effect of having a good corporate reputation, as a substantial, socially constructed, and intangible organizational asset, on the organization's outcomes has been researched extensively. Nevertheless, studies on the long-term behavioral effects of reputation on organizations are rather rare. To that end, we propose that reputation acts as a behavioral compass that could regulate the behavior and decisions of organizations. We specifically concentrate on the stability-change interplay, as the dichotomous decision that is affected by the bounded rationality and path-dependent nature of reputation. We conceptualize how reputation could push organizations into a competitive-inertial state by overemphasis on the stability-inducing initiatives of the firm, while discouraging them from engaging in change initiatives. Furthermore, we investigate two sets of moderators. First, the general business environment may foster a degree of uncertainty that could influence the impact of reputation on stability-change decisions. To this end, we investigate dynamism and organizational life-cycle as contingency factors. Second, we postulate that the way reputable firms are socially embedded may have mitigating or reinforcing effects on the main influence of reputation. To capture this, we describe the impact of institutional ownership and a firm's network of relations.

KEYWORDS: Reputation, stability, change, path-dependent

INTRODUCTION

In the past 25 years, researchers have investigated corporate reputation, its components, and its effect on a firm's performance (Fombrun & Shanley, 1990; Roberts & Dowling, 2002). Based on the resource-based view of the firm, a positive relationship between reputation and performance is usually depicted (Deephouse, 2000; Rindova, Williamson, Petkova, & Sever, 2005). This stems from the general consensus among scholars that a company's reputation is a strategically important intangible asset that endows the organization with a wide range of financial and non-financial benefits (Weigelt & Camerer, 1988; Raithel & Schwaiger, 2015). Attributes such as superior returns (Barney, 1991; Grant, 1991a), enhanced access to capital markets (Beatty & Ritter, 1986), and attracting higher-caliber employees (Fombrun, 1996) are among such reputation-derived benefits. However, reputation is a socially constructed judgment that is deeply rooted in the historical patterns of the organization's performance and behavior. Furthermore, as Lange, Lee, and Dai (2011) argue, on the contrary to its lay usage in the literature, reputation is a multi-dimensional construct that may constitute more than a strategic asset, and could act as a behavioral compass with certain guidelines and implications for the organization. Surprisingly though, our understanding of the behavioral role of reputation and its implications for the decision-making of a firm is rather limited.

As an organizational construct that is rooted in the past performance and behavior of the organization, reputation imposes certain path-dependent beliefs and practices as well as bounded rationality on the firm, which may affect its decision-making processes. In this conceptual paper, we focus in particular on the stability-change dilemma (Farjoun, 2010), as the one dichotomous decision of organizations that is impacted the most by the bounded rationality and path-dependent nature of reputation. We propose that higher levels of reputation could encourage organizations to pursue stability initiatives and, at the same time, discourage them from pursuing change initiatives. Firms with better reputations enjoy the subsequent financial and non-financial perks of their much-envied reputation over time (Love & Kraatz, 2009). Therefore, they will be more inclined to pursue familiar initiatives that endowed them with their reputation in the first place. This will shape a stability-reinforcing mechanism within the firm that, at the same time, deters the firm from investing in change initiatives that are not encapsulated by their reputation.

Extending our line of arguments, we also argue that organizations are complex entities that are embedded in the larger context of their environments and relationships. Therefore, we propose that examining a reputation's impact on stability-change interplay without considering the interactive effect of salient external factors surrounding the organization would not yield realistic conceptual arguments and reliable empirical outcomes. To that purpose, we distinguish between the general business context and the nature of a firm's relationships with stakeholders as the factors that may have an influence on the bounded rationality of reputation and its effect on the stability-change decision of the firm. For the general business context, we focus on environmental uncertainty and the organizational life-cycle. Both have been shown to have an impact on the degree of change a firm may pursue (Kimberly & Miles, 1980; Rosenkopf & Nerkar, 2001). We argue, however, that, depending on a firm's reputation, its reaction may deviate from previous notions. We also postulate the impact of social relationships with stakeholders. Social capital theory has extended the implications of embeddedness on the innovative behavior of firms (Behrens & Krackhardt, 2000). At the same time, reputation research has posited that reputation is stakeholder-driven (Mahon & Wartick, 2003). We complement these assertions by investigating the contingent impact of specific relationships with stakeholders: institutional ownership and the structural holes in the social network of a firm.

By drawing on theories concerning corporate reputation, organizational behavior, and expectations of stakeholders, we develop a theory on the behavioral consequences of corporate reputation for the firm. In doing so, we make distinct contributions to the existing body of literature in several ways. First, we contribute to the literature on corporate reputation by providing a behavioral perspective on the consequences of being reputable. Due to the focus of previous studies on reputation as a strategic resource (Dowling & Moran, 2012; Fombrun & Shanley, 1990), our understanding of the outcomes of reputation have been limited to its instantaneous positive outcomes such as superior financial returns (Clark & Montgomery, 1998; Roberts & Dowling, 2002). By adopting a behavioral perspective, we contribute to the literature on corporate reputation by proposing that reputation could be considered a behavioral compass with certain implications for the decision-making of organizations. In that vein, we theorize on the stability-promoting effect of reputation at the expense of change-promoting initiatives. In doing so, we propose that reputation could also be considered an organizational burden with adverse effects on the long-term success of the organization. Our current understanding on the possible burdens of possessing higher levels of reputation is limited to the endeavors that studied how a high reputation may intensify the unfavorable repercussions of a negative event such as a wrongdoing by the firm (Zavyalova, Pfarrer, Reger, & Hubbard, 2016). The arguments of such studies are based on two premises that negative events in firms with higher degrees of reputation are more salient (Fiske & Taylor, 2013) and are associated with greater violations of stakeholders' expectations and trust (Rhee & Haunschild, 2006) compare to similar negative events in other firms. Nevertheless, in this paper we argue that the burden of reputation would be also independent of the occurrence of any negative events. As studies have shown, the long-term success of firms is largely dependent on their balanced and simultaneous pursuit of both stability- and change-promoting initiatives (Tushman & O'Reilly, 1996; Gibson & Birkinshaw, 2004). We extend the discussion on the possible burdens of reputation by arguing that the fact that organizations favor stability over change as a result of their higher reputation could mean that their reputation could be a burden per se and threaten their success over time.

Second, by investigating the effect of reputation on the stability-change dichotomy, we advance research on the antecedents of stability and change. By doing so, we intend to go beyond the general focus of the literature on the structural and resource-based antecedents of stability and change (He & Wong, 2004; Raisch & Birkinshaw, 2008), and to present reputation as a socio-cognitive, stakeholder-driven factor that influences stability-change interplay. Furthermore, we attempt to develop the ongoing debate on the dual, and somewhat paradoxical, nature of stability and change, and on the organizations' temporal approach in pursuing them (Farjoun, 2010; Gupta, Smith, & Shalley, 2006).

Finally, we contribute to the literature on contingency theory in the conjunction of behavioral theory of the firm by juxtaposing four contingencies that affect the behavioral effect of reputation on the stability-change interplay. To that end, we argue that although environmental uncertainty, institutional ownership, and an organization's embeddedness in sparse networks of relations are considered as contingencies that would typically encourage the firm's engagement in change-promoting initiatives, in the presence of reputation as a rationally bounded organizational construct with a 'consistency and predictability' agenda, they could result in counter-intuitive outcomes. Furthermore, by integrating theory and research from studies regarding organizational life-cycle and multi-dimensionality of corporate reputation, we argue that at different organizational life-cycle stages, certain dimensions of corporate reputation become more salient. In doing so, we hypothesize on the moderating effects of two distinct initial and later developmental stages of an organization's life-cycle on the generic relationship between reputation and stability-change interplay. By investigating such interactions, our work provides a foundation for a better understanding of the complex nature of reputation as an organizational construct that has certain consequences for the stability-change decision-making of a firm.

In working towards these contributions, we begin with an overview of the path-dependence of corporate reputation and its related research. We then develop theory on the behavioral consequences of such a path-dependent nature from the stakeholders' perspective. In doing so, we theorize on how expectations of stakeholders are affected by the demonstrated behaviors of the highly reputable firm and, consequently, how their expectations would exert pressure on the firm's behavior and strategic choices over time. We then focus on the stability-change dichotomy, as the firm's behavioral choice, and develop theory on the relationship between them and the behavioral pressure of reputation. We conclude by considering the implications of our conceptualization for various lines of strategic and organizational scholarship.

THEORY

Corporate Reputation as a Path-Dependent and Boundedly Rational Construct

The resource-based view of corporate reputation has yielded a stream of research that has mainly analyzed the notion from the firm's perspective (Boyd, Bergh, & Ketchen, 2010). As far as the focus of resource-based view goes, in searching for sources of competitive advantage, firms acquire unique intangible assets such as reputation (Flanagan & O'Shaughnessy, 2005). The intangibility of such assets provides the possessor with the required complexity and ambiguity that make them hard for rivals to imitate (Hall, 1992; Hall, 1993). Nevertheless, whereas reputation is attributed to the firm as a characteristic, it is shaped in the minds of stakeholders (Bromley, 2000).

Reputation has been therefore defined as a socially constructed organizational notion that is shaped by the collective perceptions of the firm's multiple stakeholders (Fombrun & van Riel, 1997; McGuire, Schneeweis, & Branch, 1990). Based on the definition being rendered earlier by Fombrun and Shanley (1990), Fombrun (1996) defines corporate reputation as the stakeholders' aggregated perception of a firm's past actions and future prospects that determine the general appeal of the firm to all of its constituents when compared to similar rivals. In that regard, constituents of the firm judge the appeal of the organization based on the firm's demonstrated performance and behavior in the past, whether it be in financial, social, economic, or ethical, and project these onto their expectations of the firm's future performance and behavior (Rao, 1994; Rindova et. al, 2005). Even though Fombrun's definition has been widely used and cited in the literature, looking at other definitions of reputation in studies done prior to or later than those of Fombrun (1996) show a consistency in the underlying meanings. For instance, Weigelt and Camerer (1988) define reputation as "a set of attributes ascribed to a firm, inferred from the firm's past actions". Carter (2006) defines reputation as "a set of key characteristics attributed to a firm by various stakeholders". Barnett, Jermier, and Lafferty's (2006) definition of corporate reputation is the "observer's collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporate over time". Thus, corporate reputation is shaped and maintained through stakeholders' constant processing of perceptions and interpretations of informational cues surrounding the firm, and their constant vigilance in detecting confirmations of their initial expectations (Fiske & Taylor, 2013; Mishina, Block, & Mannor, 2012). To that end, path-dependence, as the central logic of reputation, plays a crucial role in the assessments of both potential and existing stakeholders of the firm.

By conveying a clear understanding of the firm's capabilities in delivering value in the future, it helps all groups of stakeholders to overcome their uncertainties and make their decisions (Weigelt & Camerer, 1988; Love & Kraatz, 2009). The uncertainties of a firm's stakeholders may arise from two major sources: the uncertainty that stems from the inability of stakeholders to directly analyze the firm's ability to deliver a certain level quality before engaging with the organization; and the uncertainty the stakeholders face concerning the extent to which organizations' behaviors will be predictable and reliable over time (Mishina et al., 2012). Whereas the first uncertainty would mainly affect the firm's new and potential stakeholders, the latter would primarily be a concern among incumbent stakeholders with a history of transactions with the firm. In that sense, reputation serves all groups of stakeholders by promoting predictability and reliability as regards firm behavior (Fombrun, 1996; Gardberg & Fombrun, 2006).

While firms may attempt to influence their reputation by embarking on activities that enhance or maintain their reputation, their reputation is ultimately the final product of stakeholders' perceptions and interpretations (Clark & Montgomery, 1998). In that sense, unlike the resource-based interpretation of reputation, in which it is considered an asset that the firm could possess and benefit from, looking at the concept from the stakeholders' perspective makes reputation a behavioral compass that could regulate the behavior and strategic choices of the firm.

Stakeholders will expect the reputable firm to behave in a certain way over time. To that end, stakeholders require the firm to constantly deliver consistent value according to key dimensions of performance (Rindova & Fombrun, 1999; Rindova, Pollock, & Hayward, 2006; Pfarrer, Pollock, & Rindova, 2010), and to persist in following a selected course of action over time (Clark & Montgomery, 1998; Petkova, Wadhwa, Yao, & Jain, 2014). Therefore, corporate reputation exhibits the key elements of a boundedly rational construct that contains certain past-reliant assumptions and implications for the decision making of the firm. As we gather from the literature on the behavioral theory of the firm, "A key assumption of the behavioral theory of the firm is that firms adjust their behavior in response to their experience rather than acting on their expectations of future states of the world" (Lant & Shapira, 2008). As firm reputation is a powerful signal about past experiences of the firm in delivering value to its stakeholders, it brings a backward-looking approach in decision-making upon the firm that will have crucial implications for its stability-change decision making in particular.

The Impact of Corporate Reputation on the Choice for Stability or Change

The path-dependent logic that reputation brings upon the firm goes beyond mere consistency and predictability in delivering the expected quality of goods and services, and spills over into the firm's decision-making as well. As we discussed, the experience-based or path-dependent tendency of reputable firms has its roots in the bounded rationality that reputation brings upon the firm. The notion of bounded rationality makes a clear cut distinction between the backward-looking search strategy of the firm, which is focused on local search and retention of stability by exerting prior behaviors. on the one hand and the forward-looking search strategy, which is concentrated on experimenting new ideas and unprecedented routines and behaviors, on the other hand (Gavetti & Levinthal, 2000;

Shinkle, 2012). As Cyert and March (1963) posit, organizations set their aspirations based on their past experience and their historical self comparison. In such a comparison and determining their aspiration level, organizations tend to opt for a decision that they deem "satisfactory" and therefore organizations are boundedly rational as they do not search for new alternatives per se (Gavetti, Greve, Levinthal, & Ocasio, 2012; Shinkle, 2012). As such, as long as the organization meets or exceeds its backward-looking aspirations, it will be expected by its stakeholders to resume the status quo (Bromiley, Miller, & Rau, 2001).

Nevertheless, consistency in a firm's behavior is not solely fueled and governed by the expectations of stakeholders. Scholars suggest that the relationship between reputation and other salient actions and characteristics of the firm (e.g., production costs or strategic investments in reputation-enhancing activities) is intricate and creates a virtuous circle, wherein reputable firms have a greater incentive to engage in activities that not only help them "get to be good", but also make them "stay that way" (Teece, Pisano, & Shuen, 1997). To achieve this, a good reputation needs to persist over time in order to become the source of “sustained” superior financial performance for the firm (Roberts & Dowling, 2002; Schultz, Mouritsen & Gabrielsen, 2001; Kraatz & Love, 2006). This is aligned with previous studies arguing that a good reputation is established and maintained by cumulative and consistent efforts to conform to a set of constant strategic choices and investments (Carter & Ruefli, 2006). The consistency of behavior over time generally enhances an organization's reliability by reducing future performance variance and possible organizational failure (Farjourn, 2010).

The consistency and predictability that the path-dependence and bounded rationality of reputation bring upon the firm have certain implications for its strategic initiatives. As consistency and the consequent reliability of the reputable firm need to be maintained over time, the reputable firm is inclined to use its reputation-fueled logic as a governing control factor that minimizes variations that might lead to future failures and endanger its reputation. Therefore, it will undertake initiatives that encourage the required persistence and predictability in behavior, in order to maintain its reputation in the future.

In higher reputable firms, the success of the firm's reputation in meeting the needs and interests of the stakeholders in the past sets the stage for the future, and leads stakeholders of the firm to prevail over the firm to remain consistent in its behavior and choices over time (Petkova et al., 2014). Consequently, the reputable firm would be obliged to stay true to the logic of 'consistency and predictability', as the central behavioral implication of its reputation, and to remain within the scope of its past strategic decisions and initiatives. Therefore, the 'consistency and predictability' implication of reputation imposes a certain path-dependent direction on the firm's strategic initiatives, and urges the firm to align its future strategic choices with those that were successful in the past. This suggests that higher levels of reputation encourage stability initiatives whose main goal is to use past knowledge in order to refine the existing successful competencies and paradigms (March 1991; Rosenkopf & Nerkar, 2001; Vassolo, Anand, & Folta, 2004). We therefore propose that:

Proposition 1a: Firms with higher levels of reputation are more inclined to engage in stability initiatives over time.

While the firm's reputation makes clear guidelines for the nature of initiatives that are aligned with the 'consistency and predictability' logic of reputation, it also conveys clear outlines for the initiatives that fall outside that logic. The bounded rationality implication of reputation has a variation-reduction effect on the future strategic initiatives that are forward-looking and of a 'change' nature. Those initiatives are the ones that deal with experiments with new alternatives (March, 1991) and radical innovations (Smith & Tushman, 2005). Therefore, the bounded rationality effect of reputation not only encourages the mobilization of the firm's resources and strategic intent in the direction that would maintain the stability status of the firm, but also discourages the firm from engaging in emergent patterns and leaning towards alternative conditions that lead to change. Therefore, we also propose that:

Proposition 1b: Firms with higher levels of reputation are less inclined to engage in change initiatives over time.

Contingency Factors: The Organizational Context and Stakeholder Relationships

Organizations are complex social entities with various external forces simultaneously influencing them and their outcomes (Rao, Monin, & Durand, 2003; Thornton & Ocasio, 2008; Thornton, Ocasio, & Lounsbury, 2012). In the following section, we describe a set of contingency factors that may influence the relationship between reputation and stability- or change initiatives. These are contingency factors that may affect the bounded rationality of reputation and its consequent effect on the search behavior of the organization. As a first set of contingencies, we consider the nature of the business context depicted by environmental uncertainty and organizational life-cycle (Jansen, Vera, & Crossan, 2009; Jawahar & McLaughlin, 2001). Uncertainty in the business environment has a profound influence on firms' choices between stability and change, generally driving firms towards change (Farjoun, 2010). However, under the influence of reputation, the behavioral implications of uncertainty may deviate from this norm, since reputation makes firms more risk-averse in dealing with such uncertainties. As a second representation of organizational context, we conceptualize the moderating impact of the organizational life-cycle. Contrasting this with the countervailing effect of uncertainty, we argue that the moderating role of life-cycle is more in line with prevailing theory: in the development stage, reputable firms are more prone to change-promoting behavior, while in the later stages, reputable firms are less likely to engage in change-promoting behavior.

The second set of contingencies involves the nature of the relationships a firm has with its stakeholders. In reputation research, stakeholders are seen as primary drivers of reputation. We complement this perspective by asserting that the type of relationship a firm has with its stakeholders exacerbates its tendency towards stability or change. To this end, we consider the contingency effect of institutional ownership (Aghion, van Reenen, & Zingales, 2013; Ramalingegowda & Yu, 2012) and structural holes in a firm's network (Gargiulo & Benassi, 2000).

Environmental Uncertainty: A Change Advocate with a Paradoxical Effect

According to Dess and Beard (1984), environmental uncertainty could be characterized by the rate and unpredictability of change. Examples include changes in technologies, variations in customer preference, and demand or supply volatility (Dess & Beard, 1984). There is a vast array of research that has studied environmental uncertainty as the contingency factor that affects firms' change-related outcomes (Hoque, 2004; Russell & Russell, 1992). The common thread in such studies and their underlying argumentations is that as the environment surrounding the firm becomes more uncertain and volatile, the firm becomes susceptible to obsolescence of its capabilities (Jansen et al., 2005a, Sørensen & Stuart 2000). Consequently, in an uncertain environment, characterized by unpredictable change, ongoing shifts between a focus on current capabilities and adapting to the volatile environment by developing new capabilities may become necessary and inevitable (Jansen, Van Den Bosch, & Volberda, 2006). Therefore, increasing uncertainty concerning the environment creates tensions between pursuing stability initiatives on one hand and change activities on the other (Floyd & Lane, 2000; Levinthal & March, 1993; March, 1991; Volberda, 1998). As higher degrees of uncertainty call for an emphasis on the pursuit of change initiatives, they could hinder the organization from pursuing strategic stability activities that entail promoting the status quo (Jansen, van den Bosch, & Volberda, 2005a).

Nevertheless, the effect of environmental uncertainty on the stability-change interplay cannot be accurately fathomed in isolation and needs to be investigated in conjunction with the dominant logic of the organization. As Duncan (1972) argues, the effect of uncertainty on the decision-making of organizations is rather dependent on their sense-making of the uncertainty and how they process it. In the case of reputable firms, where the logic of 'consistency and predictability' prevails, the path-dependence mindset generally discourages the firm from engaging in change initiatives over time. But in the presence of the environmental uncertainty, the reputable firm would be exposed to a new dilemma. On one hand, the reputation of the reputable firm has been built on the basis of its delivering the expected value to the stakeholders, consistently and predictably over time (Petkova et. al, 2014). On the other hand, the volatility of the environment necessitates that the firm adopt changes in the environment that would not necessarily fit its status quo (Koberg, Detienne, & Heppard, 2003). Nevertheless, a key theoretical perspective brought about by the 'consistency and predictability' logic of reputation is the risk-aversion of the reputable firm in dealing with such dilemmas. To understand the cognitive biases of reputable firms in coping with uncertainty and their consequent risk-avert behavior, one should look at the underlying theoretical foundation, the prospect theory.

According to the prospect theory, social actors frame their choices based on their evaluation of the gain and/or the loss that a certain situation entails (Kahneman & Tversky, 1979). Those evaluations could fall into the categories of a potential gain, a sure gain, a potential loss, or a sure loss, and a social actor will always behave in such a manner as to prevent sure losses (Tversky & Kahneman, 1981). Extending the prospect theory to reputable firms, this would mean that they are motivated by sure gains in light of their reputation and as long as they deliver the expected value to stakeholders consistently and predictably. Because adapting to the uncertainty in the environment would endanger such sure gains and result in an uncertain future for the reputable firm, which would be anything but a sure gain, we argue that environmental uncertainty will make reputable firms more inclined to hold on to their sure gain-inducing, path-dependent stability initiatives, and to be even more discouraged from engaging in change initiatives. Accordingly, we propose that:

> *Proposition 2a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger under higher levels of environmental uncertainty.*

> *Proposition 2b. The negative effect of reputation on the firm's engagement in change initiatives is stronger under higher levels of environmental uncertainty.*

The Role of Organizational Life Cycle

Organizations are social entities that go through the progressive stages of development over time (Dodge, Fullerton, & Robbins, 1994). As every developmental state of the organization's life-cycle entails certain characteristics, they could have different implications for the organization and organizational outcomes (Kazanjian, 1988). Therefore, an investigation of the impact of organizational life-cycle on the organizational outcomes seems crucial and makes the exclusive scholarly focus on mature organizations surprising (Jawahar & McLaughlin, 2001). While numerous life-cycle models have been created by various organizational researchers (Lewis & Churchill, 1983; Miller & Friesen, 1984), we gather from the literature that models with more stages are in fact the break-down of the main fewer-stage developmental models (Lester, Parnell, & Carraher, 2003). Nevertheless, there is a great deal of commonality among the stages of multi-stages models and they somehow fail to grasp and offer adequate explanations of the characteristics of a particular developmental stage (Dodge et al., 1994). Furthermore, as Kimberly and Miles have noted, "there is no inevitable linear sequence of stages in organizational life, although there may be remarkable similarities among the developmental patterns of certain clusters of organizations" (Kimberly & Miles, 1980). Therefore, by opting for the dichotomous life-cycle conceptualization (Dodge et al., 1994), we attempt to investigate and compare the effect that earlier and later stages of development in the organization's life-cycle would have on the relationship between reputation and stability-change. In doing so, we try to yield a better general understanding of the organizational life-cycle's effect without choosing multiple overlapping stages that would lead to simplification and over-stretching of our argumentations.

Initial development Stage. As the first stage in the natural life-cycle of an organization, the initial development stage is characterized by turning ideas into viable strategies, establishing the organizational culture and values, building new platforms and policies for the future, and planning the organization's entrance to the marketplace (Hanks, 2015). Starting with a blank slate, the organization needs to acquire various acceptance and endorsement from stakeholders (Dodge & Robbins, 1992). To achieve this, raising the audience's awareness and attracting its interest become important factors in helping the organization's successful launch (Dodge et al., 1994).

When it comes to the reputation-building activities of the organization in its initial developmental stage, we used Lange et al.'s (2011) conceptualization of reputation as a multi-dimensional organizational construct to argue that the organization's reputation would be mostly reflected in its '*being known'* and '*generalized favorability*' demonstrations. As Lange et al. (2011) have argued, in all of the definitional themes related to corporate reputation there are three conceptualizations that jointly shape multiple dimensions of the corporate reputation construct: '*being known*', '*being known for something*', and '*generalized favorability*'. Whereas 'being known' and 'generalized favorability' dimensions of reputation refer, respectively, to the general level of awareness (Shamsie, 2003) and attractiveness (Barnett et al., 2006) that the firm generates for itself, the 'being known for something' dimension contains a specific perceptual evaluation and judgement of stakeholders towards the firm (Fischer & Reuber, 2007).

As organizations attempt to build their reputation from scratch in their initial development stage, they need not fear the audience's judgment and are instead required to develop the necessary visibility in order to gain prominence (Barnett et al., 2006). Building towards the required prominence, the organization needs to embark on activities that eventually yield wide recognition among stakeholders and help them stand out among their competitors (Rindova et al., 2005). To generate such awareness and distinction, novel and risk-seeking actions of the organization would not only be justified at this stage, but would be also expected by its developing stakeholder base (Jawahar & McLaughlin, 2001). As stakeholders start to actually conceptualize the organization without any prior judgments (Bromley, 2000), they give the organization freedom to explore new horizons. This is also aligned with the prospect theory perspective where the developing organization tends to opt for riskier choices because otherwise it would be in a sure loss position. In evaluating options, organizations use the typical reference point of status quo in deciding whether an option would lead to a sure loss or a sure gain (Kahneman & Tversky, 1984). In the case of an organization in its earlier developmental stages, in the absence of an established status quo that could act as an anchor in the decision-making process and prevent the organization from taking risky and unprecedented actions, the organization would have the freedom to make riskier choices (Kahneman & Tversky, 1979).

Furthermore, organizations are also required to present themselves as attractive entities in the formation stage to go beyond having the simple curiosity of the audience and also gain their attention. The combination of such curiosity and attention, translated into 'being known' and 'generalized favorability' dimensions of reputation respectively, will lead to profitability for the organization and help them survive the initial development stage and successfully enter the later stage of development in their life-cycle. In attracting the attention of the audience and presenting themselves as favored organizations, in contrast to the 'being known' dimension of reputation the generalized favorability conceptualization entails the audience's aggregated holistic judgments about the organization (Fischer & Reuber, 2007; Highhouse, Broadfoot, Yugo, & Devendorf, 2009). To that end, it is vital for the organization to stand out from the competition by providing distinctive offerings to win the favorability of its audience.

We therefore propose that when in the initial development stage of their life-cycle, the natural tendency of corporate reputation as a path-dependent organizational construct, in skewing the stability-change interplay in the favor of stability activities and against change initiatives, would be weakened.

> *Proposition 3a. The positive effect of reputation on the firm's engagement in stability initiatives is weaker in the initial development stage of the firm's life cycle.*

> *Proposition 3b. The negative effect of reputation on the firm's engagement in change initiatives is weaker in the initial development stage of the firm's life cycle.*

Later development Stage. As organizations mature into more established entities, they attempt to provide a clear picture of who they are and what they offer to their various groups of stakeholders (Bird, 1988). By the end of the initial development stage, organizations become more definite about their strategies and their value-adding processes. In the later development stage of their life-cycle they will be mainly inclined to expand their market and to produce and distribute their products and services in volume based on those established strategies and initiatives (Lewis & Churchill, 1983). This is the stage in an organization's life-cycle that the organization becomes more attentive to the specific needs of its key stakeholders and attempts to consistently deliver value and satisfaction to them (Clarkson, 1995). The required consistency in delivering value to stakeholders in a predictable manner is imperative for a healthy future of the organization. Consequently, the organization embarks upon orchestrated and consistent branding activities in order to be recognized as something specific in the eyes of its stakeholders (Dodge et al., 1994). The organization targets its stakeholder groups with pre-defined strategies in hopes of gaining their long-lasting trust and support (Jawahar & McLaughlin, 2001). As 'specificity' and 'consistency' become the prevalent paradigms in the organization's strategies, its reputation building endeavors will be mainly focused on the corresponding 'being known for something' dimension (Lange et al. 2011).

Therefore, going through the later development stage of their life-cycle, developing a reputation for something specific becomes crucial. The imminent issue for the stakeholders of an organization in this stage is that, due to the lack of first-hand information, their ability to foresee the organization's future outcomes and behavior, and whether it would be able to meet their specific needs, is rather limited (Rindova et al., 2005). Still, from the perspective of being known for something, organizational reputation acts as the insuring body that predicts the firm's behavior in the future based on its behavior in the past (Deutsch & Ross, 2003; Dimov, Shepherd, & Sutcliffe, 2007). Therefore, in the later development stage of the organization, stakeholders' assessment of the organization's performance and behavior will become of great importance (Fischer & Reuber, 2007). As judgements of stakeholders become a central feature of such interpretation of reputation (Lange et al., 2011), organizational reputation and future prospects become tightly coupled to the stability of the organization in meeting the needs of its audience on the specific attribute for which it is known (Love & Kraatz, 2009). Consequently, the organization must behave in a stable way to stay consistent and predictable in delivering value to its stakeholders (Basdeo, Smith, Grimm, Rindova, & Derfus, 2006). This, in turn, pushes the organization towards a predictable set of behavior and decisions to ensure that all stakeholders are exposed to the same experience with the organization over time.

As stakeholders start to trust the established reputation of the organization in this stage, again from the perspective of the prospect theory, the organization has a clear reference point to assess its choices. Therefore, at this stage, the organization would in fact be inclined to avoid engagement in risky actions and activities that would take away the sure gains (Kahneman & Tversky, 1979; Tversky & Kahneman, 1981). Therefore, deviations from the expected path would be discouraged in the later development stage and organizations would be encouraged to build a specific reputation and stay true to it by engaging in stable and past-reliant activities. To that end, we propose that:

> *Proposition 4a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger in the later development stage of the firm's life cycle.*
>
> *Proposition 4b. The negative effect of reputation on the firm's engagement in change initiatives is stronger in the later development stage of the firm's life cycle.*

The Role of the Institutional Ownership Structure

The ownership structure of the firm has a crucial role in navigating it towards certain strategic directions (Hoskisson, Hitt, Johnson, & Grossman, 2002). Institutional investors in particular - including public and union pension funds, mutual funds, investment bankers, insurance companies, and private firms - have an important and unique influence on the decisions and behavior of the firm (Johnson & Greening, 1999).

As we gather from the literature, institutional ownership is believed to entail a sense of long-term orientation in decision-making (Kochhar & David, 1996). Scholars argue that institutional owners usually make large investments in the targeted firms and, therefore, cannot easily and quickly move in and out of funds - like the individual investors do - without seriously and negatively affecting the share price of the firm (Johnson & Greening, 1999). Due to the large investments that institutional investors make, their strategic view of companies would be rather broad-spanned, long run-oriented, and forward-looking. Consequently, their interest in their invested companies not only lies in their financial performance, but also in new strategies and activities that would further the performance over time (Gilson & Kraakman, 1991; Holderness & Sheehan, 1988).

In the context of reputable firms, we argue that the long-term orientation of institutional owners could be seen in the opposition of the prevalent bounded rationality of reputation and its effect on the stability-change interplay. Furthermore, we argue that the opposing effect of institutional ownership, compared to the main effect of reputation, could in fact be effective for two main reasons. First, given the long-term orientation of institutional owners' perspective towards the strategies of the firm in which they have invested, it would complement the long-term orientation inherent to the shareholders as the other important block-holders of the firm (Hillman & Keim, 2001; Laverty, 1996). Second, institutional owners have the required salience to make their interests, or the lack thereof, crucial for the firm and its future (Buxbaum, 1991). Any reduction in interest on the part of institutional owners in their investees would be a strong signal that something has gone profoundly awry in the firm, and will consequently have a severe impact on the firm's share price (Pound, 1992). Therefore, given the long-term orientation of institutional ownership, institutional owners have both the interest and power to over-scrutinize other stakeholders' strategies and activities, and to be peculiarly sensitive to strategic behavior and choices that would endanger their long-term gains (Holderness & Sheehan, 1988; Hoskisson, Johnson, & Moesel, 1994). In that sense, they could have a constraining effect on the backward-looking tendency of reputable firms and their primary inclination in pursuing stability initiatives and moving away from change initiatives.

Proposition 5a. The positive effect of reputation on the firm's engagement in stability initiatives is weaker under higher levels of institutional ownership structure within the firm.

Proposition 5b. The negative effect of reputation on the firm's engagement in change initiatives is weaker under higher levels of institutional ownership structure within the firm.

The Role of Structural Holes in Firms' Networks

Prior studies have indicated that the position of a firm in its inter-organizational network, and the structure of its network in terms of the nature and strength of the links that it holds with its network peers, influence the firm's behavior and strategic outcomes over time (Krackhardt, 1990; Walker, Kogut, & Shan, 1997). In particular, the degree of a firm's network closure has been investigated in a number of studies, with important implications for the effects of networks in coping with matters related to change and innovation (Burt, 2004; Lingo & O'Mahony, 2010). When it comes to the degree of network closure, firms fall somewhere along the spectrum that extends from cohesive networks of dense and tightly knit relations with other firms at one end, and relaxed networks with structural holes "defined as the extent to which an actor's network contacts are connected to one another" (Battilana & Casciaro, 2012), at the other end (Burt, 2005; Coleman, 1988).

The stability-change implication of the existence of structural holes, or the lack thereof, in a generic firm's network of relations is that in comparison to firms benefiting from more structural holes, firms with higher degrees of network closure have more difficulties in generating new ideas that could lead them to change and innovation (McFadyen, Semadeni, & Cannella, 2009). The main reason for such a difference is that firms with richer structural holes in their networks benefit from more exposure to non-redundant information that could help them generate novel ideas and new initiatives (Burt, 1992). As new knowledge and novel initiatives are created in networks that are more prone to free flow and exchange of information, networks richer in structural holes provide more opportunities for change (Levin & Cross, 2004; Reagans & McEvily, 2003).

As firms are run by certain logics, the interaction of those logics with the structure of the firm's network of relations could lead to counter-intuitive behavior. While networks rich in structural holes provide opportunities for innovation and change, they may have a deviating influence on firm behavior in the presence of a strong reputation. In a reputable firm that is run by the 'consistency and predictability' logic, the existence of structural holes would make stakeholders anxious that the firm would give in to the change opportunities rendered by the network structure and embark on unnecessary change initiatives that endanger its well-established reputation. As Krackhardt and Kilduff (2002) argue, even within tightly knit networks, firms are under stakeholder pressure and need to find the balance between conforming to the network norms and the expectations of their stakeholders. The looser a network becomes, the more divergent the needs of stakeholders. This effect has important implications in the context of reputable firms, where the firm is under the natural pressure of the firm's reputation logic to uphold the status quo and avoid consistency-breaking initiatives dictated by external factors. Consequently, we propose that reputable firms that are embedded in sparse networks with high degrees of structural holes would be even more discouraged from embarking upon new initiatives to avoid such stakeholder disappointments.

Proposition 6a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger in firms embedded in sparse networks.

Proposition 6b. The negative effect of reputation on the firm's engagement in change initiatives is stronger in firms embedded in sparse networks.

CONCLUSION AND DISCUSSION

This conceptual piece entails important implications for both theory and practice. First, as the main theoretical implication of this paper, we attempt to initiate a rather counter-intuitive dialogue in the corporate reputation field of research. There is no doubt that for organizations, a good corporate reputation is an invaluable intangible asset that is at the origin of many competitive advantages for the company (Dierickx & Cool, 1989; Weigelt & Camerer, 1988; Schwaiger, 2004; Roberts & Dowling, 2002). However, the concentration of the extant literature on the resource-based nature of reputation and its consequent favorable outcomes neglects potential behavioral outcomes that may threaten the future viability of a firm's competitive position. In that regard, in this paper we go beyond the common resource-based view, and try to expand the boundaries of our knowledge of the consequences of having a good corporate reputation by opting for a behavioral perspective towards reputation construct. We built on the path-dependent nature of corporate reputation, and discussed how reputation could act as a behavioral compass that affects the organization's stability-change decision-making over time. As corporate reputation ties the future performance of the firm to its past performance (Fombrun, 1996), it creates a certain behavioral implication for the firm that urges it to remain consistent and predictable in its actions and behavior over time. Consequently, we theorized that reputation encourages the firm to engage in stability initiatives, however at the expense of pursuing change activities.

Second, this paper makes a crucial implication for practice and the theories regarding the survival of organizations in the conjunction of stability-change interplay. As there are times that organizations need to alter their previous behavior in order to meet new requirements that might have arisen in the environment (Levinthal, 1991), corporate reputation may play a negative role by imposing a detrimental consistency pressure on the firm (Christensen & Bower, 1996). In view of that line of thought, we argue that if the firm's initiative-taking strategy merely focuses on the existing reputation base in order to satisfy its associated stakeholders' expectations, the over-concentration on the status quo would ignore the emerging opportunities in the environment, and could consequently push the firm to the rigidity abyss and competitiveness failure over time.

However, as we gather from the exploration-exploitation and organizational ambidexterity literature, firms can only achieve long-term success through the continuous alignment of current and prospective capabilities (Duncan, 1976; Gibson & Birkinshaw, 2004; Tushman & O'Reilly, 1996). It has been argued that firms should, on the one hand, constantly hone and refine their current capabilities to promote efficiency, increase their existing knowledge base, sharpen their skills, improve their designs, products and services, optimize distribution, and enhance their current processes and structures in order to better serve their existing customer base (March, 1991; Benner & Tushman, 2002). Meanwhile, research on organizational learning and strategy, innovation, and entrepreneurship has also clearly shown that firms must develop new capabilities to gain new knowledge, create new skills, designs, processes, structures, products and services, distribution channels, and even new markets. In that vein, a large body of research suggests that organizations can only achieve long-term success by simultaneously pursuing stability and change activities and strategies (Tushman & O'Reilly, 1996; Gibson & Birkinshaw, 2004; Gupta, Smith, & Shalley, 2006). In doing so, organizations would gain positive short-term performance effects due to their stability and consistency; and at the same time, they would benefit from the longer-term positive performance effects of their agility in adapting to significant environmental changes and emerging opportunities (Uotila, Maula, Keil, & Zahra, 2009). Still, corporate reputation and its constant pressure on the firm to adhere to a certain set of behaviors could hamper the needed change initiatives over time. Subsequently, the lack of flexibility in reconciling the firm's trade-offs in stability-change balance would harm the competitiveness of the firm in the long run.

Third, by further assessing the moderating effects of salient factors that are both crucial and pertinent to the stability-change interplay, we provide important implications for theory and practice alike. To that end, we argued that, contrary to the general belief that in cases of environmental uncertainty, dominance of non-institutional ownership structure and the prevalence of structural holes in the firm's network of relations, all firms would have more freedom in altering their course of action and embarking on change initiatives, the behavioral effect of reputation could lead to counter-intuitive results for reputable organizations. We therefore argued and proposed that such contingencies that are generically change-promoting in their interaction with the consistency- and predictability-promoting logic of reputation would result in organization's intensified pursuit of stability initiatives. In that sense, we further the contingency theory in conjunction with behavioral theory of the firm.

Furthermore, we argued that as organizations go through various developmental stages in their life-cycles, certain dimensions of their reputation become dominant and in each stage, reputation could have a different impact on the stability-change interplay. Our greatest contribution in that respect would be to the ongoing debate in the literature that over-emphasis on the mature organizations would yield un-generalizable outcomes. Specifically, we distinguished between earlier and later stages of organizational development, and conceptualized how reputation would have contrary effects on the stability-change interplay in each of those organizational life-cycle stages. The empirical investigation of such contingency effects would indeed be important avenues for future research.

Finally, this conceptual piece provides an important implication for managers and practitioners with direct reputation management-related responsibilities. Practitioners would benefit from the counter-intuitive discussions of this paper and go beyond the mere investigation of the apparent positive effects of the good corporate reputation for their organizations. In that sense, we tried to identify and highlight the dark side that a good corporate reputation might have in its nature and we conceptualized one of its vital implications on the interplay between stability and change. Keeping the appropriate balance between the firm's stability- and change activities is one of the most crucial and challenging tasks of managers. In that sense, it is imperative for such managers to be aware of the possible negative effects that reputation of their respective firms would have on their decision-making.

Future research could expand the ideas generated in this conceptual piece, and further this line of research by investigating other possible behavioral effects of corporate reputation on the strategic choices of the firm, and to examine their possible implications for theory and practice.

CHAPTER 3. FIRM REPUTATION AND INVESTMENT DECISIONS: THE CONTINGENCY ROLE OF SECURITIES ANALYSTS' RECOMMENDATIONS[1]

ABSTRACT

Moving beyond resource-based consequences of a firm's reputation, we develop a behavioral perspective on the impact of corporate reputation. Although there has been extensive discussion in previous studies of the benefits of reputation in terms of gaining resource advantages, we apply theory on self-regulatory focus to suggest that highly reputable firms may tend to have a prevention focus rather than a promotion focus in their investment strategies. This tendency will lead the firm to opt for low-risk investments rather than high-risk investments. Furthermore, we develop a contingency model and argue that the main effect of reputation on the investment decisions of the firm is further strengthened by the negative recommendations of securities analysts. We find support for our hypotheses. In doing so, we address emerging theories about the potential negative consequences of a firm's reputation and provide important insights for our theoretical understanding of the behavior of highly reputable firms.

KEYWORDS: Firm reputation, self-regulatory focus, expectancy violations theory, investment decisions, analysts' recommendations

---

[1] This paper has been published in Long Range Planning:
Fasaei, H., Tempelaar, M.P. and Jansen, J.J., 2018. Firm reputation and investment decisions: The contingency role of securities analysts' recommendations. Long Range Planning, 51(5), pp.680-692.

INRODUCTION

The value of having a strong reputation has been well addressed and emphasized in the literature (Dierickx & Cool, 1989; Schwaiger, 2004; Weigelt & Camerer, 1988). Firm reputation has been argued to be an asset that is valuable, rare, and difficult to imitate, thereby giving those who possess it particular competitive advantages in the marketplace (Roberts & Dowling, 2002). Reputable firms achieve superior financial returns (Barney, 1991; Grant, 1991b), have better access to capital markets (Beatty & Ritter, 1986), are able to attract higher-caliber employees (Fombrun, 1996), and can access potential investors more effectively (Milgrom & Roberts, 1986). Nevertheless, whilst most studies on firm reputation have focused on the benefits that reputation confers in terms of resources, its effects on behavioral outcomes have been overlooked. In this study, we address this shortcoming and draw upon expectancy violations theory and regulatory focus theory to uncover the relationship between a firm's reputation and its investment decisions. By doing so, our study provides important insights for research and practice by demonstrating that behavioral consequences may help in understanding the potential liabilities of a firm's reputation over time. In this way, we provide at least two important contributions to earlier research.

First, we move beyond the resource-based perspective on firm reputation (Milgrom & Roberts, 1986; Roberts & Dowling, 2002) by examining the behavioral consequences of firm reputation. Our behavioral perspective enriches emerging debates about the potential liabilities of having a high reputation (Mishina, Dykes, Block, & Pollock, 2010; Rhee & Haunschild, 2006) and challenges the notion that reputation may lead to a competitive advantage over time (Raithel & Schwaiger, 2015). We draw on research on expectancy violations theory and regulatory focus theory to explore how a firm's reputation — as a risk-averting mechanism for the firm — may affect its strategic choices. It has been argued that reputation creates expectations among stakeholders that firms will continue to act in the same way and to the same standard as their reputation has been built upon (Pfarrer, Pollock, & Rindova, 2010; Rhee and Haunschild, 2006). Firms that do not meet these expectations are punished more severely than their non-reputable competitors (Rhee and Haunschild, 2006). As such, reputable firms are expected to avoid violating expectations in this way. Informed by self-regulatory focus theory, we explain how and why a firm's reputation affects the tendency of organizations to become risk-averse. Any social entity regulates its behavior and strategic choices by opting either for a promotion-focus that is concerned with future-oriented growth and advancement or a prevention-focus that is more concentrated on safer choices which help maintain the status quo (Crowe & Higgins, 1997). We argue that reputable firms are more likely to adopt a prevention focus when seeking to meet external expectations and to engage in low-risk investments rather than high-risk investments.

Second, we examine the contingency role of recommendations made by securities analysts – as an external source of performance feedback – in shaping the relationship between a firm's reputation and its investment decisions. The reputation of a firm indicates how it is perceived by stakeholders (Fombrun & Shanley, 1990). With this comes a set of investment decisions that the reputable firm feels would prevent it from violating external expectations. However, while financial performance is a general indicator, it is hard for firms to get a sense of when they have either failed to fulfill external expectations or are at risk of doing so (Rhee & Valdez, 2009). One source of such information is securities analysts and their recommendations. A recurring theme in institutional theory is that pressures from external institutions such as securities analysts prompt firms to conform to the norms and expectations of those institutions (Greenwood & Hinings, 1988). Despite its relevance, the behavioral interplay between firms' reputation and analysts' recommendations has not yet been investigated. In this study, we argue that negative recommendations by analysts signal to reputable firms that stakeholder expectations are being violated. Because reputable firms are prone to prevention foci, these cues exacerbate their tendency to pursue low-risk investments.

In this study, we test our hypotheses using a 128-firm sample over a period of four years, for a total of 512 firm-year observations. Our multi-source panel data set consists of both survey data on reputation and objective data on financial aspects. Consistent with our theoretical framework and argumentations, we find that a higher level of reputation encourages a firm to invest in low-risk initiatives, and discourages them from investing in high-risk strategic initiatives. Finally, when we investigate the moderating effect of securities analysts' recommendations, we find that receiving negative recommendations from securities analysts reinforces the main effect of firm reputation, namely that it makes firms more risk-averse in their investment decisions.

THEORY

Firm Reputation as a Double-Edged Sword: Meeting and Violating Expectations

A firm's reputation — perceived by the firm's stakeholders — is a socially constructed organizational phenomenon that is rooted in its past performance and behavior (Lange, Lee, & Dai, 2011). The essence of the reputation construct is reflected in Fombrun's (1996) definition, where he defines firm reputation as the perceptual representation of the firm's past actions and future prospects that determines the general appeal of the firm to all of its constituencies when compared to other similar firms. In most of the literature on firm reputation the focus has been on the fact that reputation is an invaluable and difficult to imitate asset that endows the firm with various benefits not enjoyed by its less reputable competitors (Boyd, Bergh, & Ketchen, 2010). Scholars have argued that firms with a strong reputation may enjoy a number of advantages, both financial and non-financial (Saxton & Dollinger, 2004; Turban & Cable, 2003). However, a careful review of the literature on firm reputation leads to the realization that an over-emphasis on the positive resource-based outcomes of reputation has somewhat diverted attention from its possible negative behavioral consequences for the organization over time (Highhouse, Brooks, & Gregarus, 2009).

To that end, investigating the underlying psychological meaning of reputation should help to shed some light on the possible burdens of being reputable. As reputation is shaped in the minds of stakeholders, it involves the psychological processes of perception and interpretation (Love & Kraatz, 2009). Reputation contains a unique informational aspect that compensates for the informational asymmetry and uncertainty that stakeholders will naturally experience before initiating their dealings with a certain organization (Fombrun & Shanley, 1990). In that sense, reputation acts as a type of promise to stakeholders, reassuring them that, based on past performance, the firm will be capable of delivering the quality and outcomes they expect in the future and that the firm's future behavior will be predictable (Lange et al., 2011; Stiglitz, 2000).

At the same time, however, the reputable firm could lose all the benefits derived from its reputation if organizational errors are revealed or the firm fails to meet the expectations of its stakeholders (Rhee & Haunschild, 2006). According to expectancy violations theory, when a violation of the expected behavior or outcome occurs, the violation will arouse and distract the attention of the stakeholders (Burgoon, 1993). The violation will be arousing and distracting as it heightens and reallocates the attention of the stakeholders to the characteristics of the violator and the meaning of the violation act (Burgoon & Hubbard, 2005). According to expectancy violations theory, when there is a violation of expected behavior or outcome, this will draw the attention of stakeholders to the violator, causing them to look more closely at the characteristics of the violator and the nature of the violation itself. However, instead of seeking to understand the reasons why the violation has occurred, stakeholders are more likely to react negatively, calling into question the character of the violator and imposing severe penalties. Furthermore, as stakeholders' expectations of an organization mount, their backlash against any expectancy violations will become more severe (Burgoon & Poire, 1993). In line with this argument, Rhee and Haunschild (2006) argue that where firms have a very high reputation, this reputation enhances the expectations of stakeholders in such a way that they expect that the firm will consistently deliver the same high quality and value. Consequently, reputable firms will become more vigilant about maintaining their reputation over time and preventing themselves from making decisions that might endanger their capacity to meet stakeholder expectations. Over time, this will impose a certain self-regulation on the firm's decision-making that encourages risk-aversion and maintenance of the status quo (Baron & Tang, 2011; Hmieleski & Baron, 2008). Looking at the impact of firm reputation through the lens of self-regulation theory may help us to understand this effect better.

Reputation as a Prevention-focused System of Self-regulation

According to the theory of self-regulation, social entities are motivated to operate in a way that makes their actual self-state as close as possible to a desired end-state and as far as possible from an undesired one (Crowe & Higgins, 1997; Higgins, 1997, 1998). Therefore, social entities mostly operate under a discrepancy-reducing system, in which the goal is to overcome, over time, the discrepancy between social entity's actual self-state and the desired end-state (Carver & Scheier, 1990; Higgins, 1998; Higgins, Roney, Crowe, & Hymes, 1994). Higgins et al. (1994) propose there are two alternative strategies in any discrepancy-reducing system of self-regulation. In an 'ideal' self-regulatory system social entities aim to get closer to their ideal-selves by getting as close as possible to their maximal goals in terms of their wishes, hopes, and aspirations. In an 'ought' self-regulatory system, their minimum goals are to avoid a mismatch between their actual self-state and ought-selves in terms of their obligations, duties, and responsibilities (Brendl & Higgins, 1996; Higgins, 1989).

The two alternative strategies in the self-regulatory system lead to two distinct psychological situations. While the psychological situation associated with an ‘ideal’ self-regulation strategy involves the presence or absence of positive outcomes, in the ‘ought’ self-regulation strategy the psychological situation is defined by the presence or absence of negative outcomes (Higgins, 1989). Consequently, social entities that are run in accordance with an ‘ideal’ self-regulatory strategy will have a promotion focus and will be inclined to embark upon activities and decisions that help them to approach positive outcomes (i.e., meeting hopes and aspirations) (Higgins, 1996). Conversely, social entities that are concerned mostly with ‘ought’ self-regulatory strategies will have a prevention focus and will be inclined to embark upon activities and decisions that help them avoid negative outcomes (i.e., a failure to meet their duties and obligations) (Higgins et al., 1994).

Based on studies that have elevated the initial individual-level theorization of regulatory focus to social systems (Florack & Hartmann, 2007; Levine, Higgins, & Choi, 2000), we argue that firms may also differ in their collective regulatory focus. While firms with a promotion focus will be concerned with hopes, aspirations, and accomplishments, those with a prevention focus will be concentrated on duties, obligations, and safety. In promotion focus, hopes and aspirations serve as ‘ideals’ that function as maximal goals to achieve, and outcomes are reckoned in terms of gains/non-gains. In prevention focus, however, duties and obligations shape a series of ‘oughts’ that function as standards and minimal goals that need to be met, and outcomes will judged in terms of losses/non-losses (Brendl & Higgins, 1996; Idson, Liberman, & Higgins, 2000).

In particular, we argue that firm reputation imposes a prevention-focused self-regulation upon the firm. As reputation is shaped over time by the firm's consistent and predictable efforts to deliver a certain value to the stakeholders, that creates certain duties and obligations which the firm has to meet at any point in time (Mishina et al., 2010). Reputation helps stakeholders overcome any information asymmetries in their dealings with the organization and making their decisions (Stiglitz, 2000; Weigelt and Camerer, 1988). Therefore, it is not surprising that any revelations or insinuations of possible organizational error in firms' performance or in the way they deliver value to their stakeholders will incur more extreme negative reactions and penalties from stakeholders (Rhee & Haunschild, 2006). After all, reputation is a subtle, yet powerful, promise of value and quality, and the better the firm's reputation, the greater the extent to which any deviation from stakeholders' expectations will be perceived as an infringement of this implicit covenant (Rhee & Haunschild, 2006).

Thus, reputation acts as a powerful internal prevention-focused regulator with certain risk-averting implications for the firm. Alongside the advantages that reputation confers on the firm, reputation itself acts as a powerful reference point and a psychological anchor that encourages the firm to perform and act in a rather predictable and consistent manner (Carter & Ruefli, 2006; Fombrun, 1996; Gardberg & Fombrun, 2006). In this way, a reputable firm will maintain its non-loss situation. Therefore, the need to maintain predictability in order to constantly benefit from the advantages of reputation is of primary concern when a reputable firm is devising strategies or making investment decisions (Pfarrer, Pollock, & Rindova, 2010). Therefore, we argue that, for a firm to sustain the financial and non-financial advantages it receives as a result of its reputation (Rindova & Fombrun, 1999), it needs to embark upon a continuous quest for non-loss strategies that will reinforce its prevention focus over time. As such, reputable firms whose investment choices are determined by a prevention focus should avoid errors of commission and steer clear of risky initiatives and actions (Crowe & Higgins, 1997). Thus, reputable firms are encouraged to embark upon safe and low-risk investment patterns and do not tie the firm into irreversible or hard-to-reverse investments.

At the same time, the loss-aversion and prevention focus in the highly reputable firm would steer it away from making investments that might have an adverse effect on its strategy of seeking certainty (Friedman & Förster, 2001). As the stakeholders of the reputable firm do not take either positive or negative surprises easily (Pfarrer et al., 2010), the firm has an incentive to avoid investments that are either irreversible or hard to reverse – specifically high-risk investments of long-term nature. For two reasons, this long-term orientation is the chief source of risk in this type of investment. First, it makes the investments, with their distant cash flows, hard to liquidate (Shleifer & Vishny, 1990). In that sense, the prevention focus that stems from protecting reputation stops the firm from investing in assets that are difficult to liquidate in times of need. Second, due to the long time horizon, there is a risk that an investment project will be mispriced. This higher risk of mispricing will in turn be more harmful to the firm and the managers responsible, as the effects of mispricing of long-term investments will continue to be felt over a long period (Shleifer & Vishny, 1990). This will make the prevention-focused reputable firm more hesitant about embarking upon high-risk investments. Therefore, we hypothesize that:

> *Hypothesis 1a: Firm reputation is positively related to low-risk investments by the firm.*

> *Hypothesis 1b: Firm reputation is negatively related to high-risk investments by the firm.*

Firm Reputation and Investment Decisions of the Firm: The Moderating Role of Analysts' Recommendations

Securities analysts have an important impact on firms' strategic decision-making by providing them with tangible cues about their past and prospective performance (Zuckerman, 2000). Securities analysts evaluate the past performance of firms and issue periodic reports that include recommendations about whether to buy, hold, or sell the stock of firms (Bradshaw, 2004; Westphal & Clement, 2008). Whereas "buy recommendations" are considered to be positive recommendations, "sell recommendations" are regarded as negative (Benner & Ranganathan, 2012). Scholars have argued that recommendations may affect the processes of "resource allocation" and provide "definition of success" that are critical in shaping the strategic choices and investment patterns of the firm (Pollock & Gulati, 2007; Rao and Sivakumar, 1999). Financial markets, and securities analysts in particular, are typically a source of strong institutional pressure for firms, as they help firms to acquire the capital resources that are necessary for their continuing success over time (Benner, 2007; Mitchell, Agle, & Wood, 1997; Westphal & Clement, 2008). Receiving positive reactions from securities analysts has been viewed as being crucial for any firm's wellbeing (Oliver, 1991; Suchman, 1995), since they positively affect the firm's future stock value (Benner & Ranganathan, 2012).

When it comes to the reputable firm, the effect of analysts' recommendations in presenting the firm with tangible cues on how they have met the expectations of stakeholders becomes material. Recommendations from analysts provide firms with tangible external feedback on how well they have performed according to the performance criteria of financial markets (Zuckerman, 2000). Whereas receiving positive recommendations provides tangible evidence that the expectations of stakeholders are being met, negative recommendations present the reputable firm with an explicit demonstration that the firm has deviated from stakeholder expectations. This is particularly important when we consider the fact that the prevention-focused self-regulatory effect of reputation makes the firm react in a certain way to such expectancy violations. While the absence of negative feedback implies a non-loss situation for the prevention-focused firm, the presence of negative feedback would suggest that a loss situation is imminent. Therefore, if it receives negative feedback from salient evaluators and critics (i.e., securities analysts), the prevention-focused firm is more likely to opt for strategic avoidance decisions, and steer clear of choices that threaten its status quo and could endanger its non-loss position (Higgins et al., 1994).

For the reputable firm, as a prevention-focused organization, we argue that receiving negative feedback from securities analysts, as salient external evaluators of the firm performance and investment decisions, would indicate that performance of the reputable firm has not lived up to the expectations and is likely to experience a loss situation. As Idson et al. (2000) argue, negative feedback will make the firm more vigilant in the future and make it less eager to take risky decisions. By engaging in high-risk investments, the firm could be developing a misalignment with the demands in its environment and could be bringing more uncertainty, risk, and consequently a potential loss situation for the firm (Förster, Grant, Idson, & Higgins, 2001). As such, we argue that having received negative recommendations from securities analysts, the reputable firm will be more inclined to reduce its high-risk investments to avoid such risks and future loss situations.

Conversely, we argue that receiving negative feedback and recommendations from analysts would strengthen the impact of reputation on low-risk investments. Upon receiving negative recommendations from securities analysts, a reputable firm’s main concern will be to move away from a potential loss situation, as represented by the perceived violation of expectations, and to re-establish a non-loss situation that will involve less risk and uncertainty and will once again meet the expectations of stakeholders (Van Dijk & Kluger, 2004). To that end, low-risk initiatives are easy-to-liquidate investments that enhance the reputable firm's ability to adjust its course in order to turn a loss situation into a non-loss situation. Therefore, we argue that when a reputable firm receives negative recommendations, it will, because of its prevention focus, be more inclined to invest in low-risk initiatives. At the same time, receiving negative recommendations from securities analysts conveys a discouraging message about high-risk investments, which might bring a future loss situation for the firm. Therefore, we suggest that:

> *Hypothesis 2a: Securities analysts' recommendations moderate the relationship between firm reputation and low-risk investments in such a way that more negative recommendations strengthen the positive effect of firm reputation on low-risk investments.*

> *Hypothesis 2b: Securities analysts' recommendations moderate the relationship between firm reputation and high-risk investments in such a way that more negative recommendations strengthen the negative effect of firm reputation on high-risk investments.*

METHODS

Sample and Data

To test our hypotheses and build our statistical models, we used a mixture of survey and archival data. Our sample consists of all firms whose reputations have been rated by Reputation Institute, and are included in its Global RepTrak® Pulse under the United States listing. The United States listing consists of all the North American and international firms whose stocks are traded in the American securities market. This enabled us to have a sample with data available on all the independent, dependent, and control variables of our study.

Taking into account the data that were available on all the independent, dependent, and control variables in our study, we used a panel consisting of a sample of 128 firms with their reputation scores being collected in the 2008–2011 period. We used the Compustat database as a source of financial data on the firms in our sample. Compustat collects financial information from firms' public filings. Following prior research (Benner & Ranganathan, 2012; Haunschild & Miner, 1997), we used I/B/E/S (Institutional Brokers Estimate System) to obtain data on securities analysts' recommendations.

Finally, because changes in strategic choices and investment decisions take some time to take effect, we followed existing studies and lagged all the data regarding our predictors and control variables for one year (e.g., Quigley & Hambrick, 2012). As a result, the data on reputation and our controls were gathered in the period of 2008–2011, while the data on our dependent variables are collected in the 2009–2012 period.

Measures

Low-risk investments as* d*ependent variable. Looking at previous research (e.g., Bajtelsmit & VanDerhei, 1997; Vives, 1995), we can see that short-term investments have been used as the measure for low-risk investments. As short-term investments are those that can potentially be liquidated more easily, they are characterized as low-risk investments that pay off in the short run, and if they do not, they can be easily reversed in the short term to avoid detrimental and long-term losses. The measure of short-term investments is based on the items in the current asset section of the balance sheet that represent currently marketable investments, and are intended to be converted to cash within a relatively short period of time (Raddatz & Schmukler, 2014). The measure, namely Compustat's "Short-term Investments", includes all short-term investments maturing within one year and comprises the following items: accrued interest (included in short-term investments by the company), cash in escrow, cash segregated under federal and other regulations, certificates of deposit (included in short-term investments by the company), certificates of deposit reported as a separate item in the current assets section of the balance sheet, commercial paper, gas transmission companies' special deposits, good-faith and clearinghouse deposits for brokerage firms, government and other marketable securities (including stocks and bonds listed as short-term), margin deposits on commodity future contracts, marketable securities, money market fund, real estate investment trusts' shares of beneficial interest, repurchase agreements (when shown as a current asset), restricted cash (when reported as a current asset), term deposits, time deposits and time certificates of deposit (savings accounts when shown as a current asset), and treasury bills (listed as short-term). We used short-term investment intensity by scaling total short-term investment by the firm's total assets.

High-risk investments as dependent variable. Prior research has used long-term investments as the measure for high-risk investments (e.g., Shleifer & Vishny, 1990), as they are hard to liquidate and bear a high risk of being mispriced over time. Following earlier studies, we used capital expenditures as these are long-term and future-oriented investments that reflect a firm's decisions about its strategic direction (Benner & Ranganathan, 2012; Kotha & Nair, 1995; Maritan, 2001; Souder & Bromiley, 2012; Souder & Shaver, 2010). This item represents cash outflow or funds used to make additions to the company’s property, plant, and equipment, excluding amounts arising from acquisitions. We followed the approach used in prior research by using the variables' intensity by scaling each firm's yearly data by the firm's total assets (He & Wang, 2009; Ryan & Wiggins, 2001).

Firm reputation as independent variable. For our independent variable, we used reputation scores reported by Reputation Institute's Global RepTrak® Pulse in the 2008–2011 period. Global RepTrak® is a unique means of reputation measurement and the world's largest and highest quality normative reputation benchmark database. It is an annual ranking and individual rating for more than 2000 companies operating in 20 industries, across 40 countries, using responses from all the different stakeholder groups, including the general public.

The Global RepTrak® Pulse is "an emotion-based measure of the firm reputation construct that untangles the drivers of firm reputation from measurement of the construct itself" (Ponzi, Fombrun, & Gardberg, 2011). In that capacity, its comprehensiveness, as a global measure of reputation that reflects the opinions of a wide variety of stakeholders, is unrivaled, and gives it the potential for generalizability and makes it an accurate reflection of reputation (Fombrun, Ponzi, & Newburry, 2015). Global RepTrak® captures the emotional bond, in terms of the degree of admiration, trust, good feeling, and overall esteem, that stakeholders and the general public hold towards a certain firm across 23 attributes within seven major dimensions of reputation (Ponzi et al., 2011). The Global RepTrak®'s attributes and their corresponding dimensions of reputation are profitability, high-performance, and strong growth prospects under the performance dimension; high quality, value for money, standing behind, and meeting customer needs under the products & services dimension; innovativeness, being first to market, and adapting quickly to change under the innovation dimension; rewarding employees fairly, caring for employee well-being, and offering equal opportunities under the workplace dimension; openness and transparency, behaving ethically, and fairness in the way it does business under the governance dimension; being environmentally responsible, supporting good causes, and having positive influence on society under the citizenship dimension; and being well organized, having an appealing leader, having an excellent management, and having a clear vision for its future under the leadership dimension (Fombrun et al., 2015).

As such, there are two unique points that distinguish Global RepTrak® from similar measures, and that make it particularly good for reputation measurement. First, Global RepTrak® is very much aligned with the inherent meaning of reputation because it tracks the perceptions and feelings of stakeholders regarding a firm's capacity to deliver what is expected of it across a wide range of factors that shape the reputation of the firm. In that sense, it differs from other measures, such as the well-known *Fortune's most admired companies*, which address predominantly the financial aspects of a firm's past performance (Brown & Perry, 1994; Fryxell & Wang, 1994). Second, Global RepTrak® aggregates the perceptions and views of a wide variety of stakeholder groups including the general public, and by doing so it sets itself apart from *Fortune's most admired companies* measure that relies solely on the views of certain stakeholder groups (i.e., taking only the views of executives, directors, and securities analysts into account). It has been also empirically proven that the Global RepTrak® framework and its underlying seven dimensions and 23 attributes have high reliability, and high internal and external validity in capturing reputation, and are applicable across different stakeholder groups, industries, and countries (Fombrun et al., 2015).

Securities analysts' recommendations. As our moderating variable we used *analysts' mean recommendations* in order to capture the degree of consensus among securities analysts regarding their evaluation of particular firms. We calculated a measure of the mean analysts' recommendations for each of the firms in our sample in any given year during the period for which we were collecting data (Benner & Ranganathan, 2012). We obtained our data on recommendations from the consensus recommendations in the I/B/E/S dataset, and its respective coding schema. The I/B/E/S database records the mean analysts' recommendations on a five-point scale where 1 = "strong buy", 2 = "buy', 3 = "hold", 4 = "underperform", and 5 = "sell" (Benner & Ranganathan, 2012; Ioannou & Serafeim, 2015).

Control variables. As we use the fixed effect model in our panel data models, we control for the "differences among firms" that are invariant over time. Fixed effect models only exploit within-firm variation. We also control for *year* so that we control for the conditions that would affect all firms in our panel sample in a particular year. By doing so, we control for time-invariant and unobservable firm attributes (Benner & Ranganathan, 2012; Ioannou & Serafeim, 2015).

Furthermore, we follow existing literature and control for other variables that could affect the investment decisions of the firm. We control for the firm *size*, measured by the natural logarithm of the firm's revenue, for two reasons. First, larger firms could have a natural tendency to favor more short-term investments and less long-term investments. Second, analysts might favor larger firms by issuing more positive recommendations, since trading in larger firms would bring in more commission for them (Ioannou & Serafeim, 2015), and also the better revenues (i.e., the larger the firm is) will indicate that the firm is in better financial health (Benner & Ranganathan, 2012). In that regard we also control for *market value of the firm* (the natural logarithm), since this is also a signal of the financial health of the firm and of its financial performance; we also control for return on assets (ROA) as this is an important profitability measure for firms (Ioannou & Serafeim, 2015). We control for *industry revenue* (the sum of revenue for all firms falling within a particular SIC code) to capture changes in firms' overall competitive environment (Benner & Ranganathan, 2012). Although only a few firms in our sample reported their *research and development (R&D) expenditure*, which can provide another possible demonstration of future-oriented investment by a firm (Sanders & Carpenter, 2003), we control for it. We also control for *retained earnings* and *intangible assets* as two other variables that could affect our dependent variables. We obtained the financial data relating to all of our control variables using the Compustat data-base.

Statistical Procedure

To test our hypotheses, we use panel data and panel analysis techniques. The longitudinal nature of the data ensures information-rich analyses and precise estimations as there is a considerable degree of variability between the different entities and also a low degree of variability for any single entity over time (Hausman, 1978; Hoechle, 2007). As we aim to trace the effect of reputation and the moderating effect of securities analysts' recommendations on the firm's subsequent investment choices over time, using panel data and panel analysis seemed to be the best approach. Our models incorporate firm and year fixed effects. Our lagged predictors and control variables allow us to capture the possible causal relationships between independent and dependent variables. To build our models we use xtscc command in Stata, which estimates fixed-effects (within) regression models with

Driscoll and Kraay standard errors. Driscoll and Kraay standard errors are robust to general forms of spatial (i.e., cross-sectional) and temporal dependence (Hoechle, 2007).

Our research design with firm fixed effects allows us to control for differences between firms that might drive variation in short-term and long-term investments (i.e., our dependent variables). Nevertheless, as in most firm-level strategy research, it is very important in our study that we should guard against possible endogeneity (i.e., error terms must not be correlated with independent and control variables) in order to ensure a high validity for our results. Similarly, we also need to avoid unobserved heterogeneity (i.e., statistical inferences may be erroneous if, in addition to the observed variables within the study, other relevant but unobserved variables exist that correlate with the observed variables). For instance, the same unmeasured factors that lead firms to invest in short-term initiatives may also lead to a higher reputations for firms. Thus, there is a risk that a third, unobserved factor is driving both the dependent and independent variables. Nonetheless, our study addresses this issue in several ways. To control for possible endogeneity, we lag our independent and control variables by one year. This should give us increased confidence in our findings, and mitigate the risk of reverse causality. For instance, we can at least be confident that changes in our dependent variables are to a large extent due to changes in the firm reputation. Furthermore, our models employ a robust panel design with firm fixed effects and year controls. Such panel data models provide a particularly effective way of mitigating against the possible risks of unobserved heterogeneity; that is, they offer us the "ability to control for all stable covariates, without actually including them in a regression equation" (Allison & Waterman, 2002). These models hence "condition on" the changes in independent and dependent variables year-to-year within firms (rather than differences in the levels of both types of variables across firms), making it more likely that a change in firm reputation is causing a subsequent change in a firm's investment.

Finally, we have ensured that our models are controlled for possible heteroskedasticity and serial correlation (also known as autocorrelation) and for cross-sectional and temporal correlation by running a fixed-effects panel regression using Driscoll and Kraay standard errors (Driscoll & Kraay, 1998; Hoechle, 2007). It is common for panel data sets to exhibit all sorts of cross-sectional and temporal dependencies, which could result in overestimations in consequent analyses (Hoechle, 2007). Hence, overlooking possible correlation of regression disturbances over time and between subjects can lead to biased statistical inferences. To ensure the validity of the statistical results, we include a regression on our panel data in order to adjust the standard errors of the coefficient estimates for possible dependence in residuals. By doing so, we control for the possible cross-sectional or spatial and temporal dependence, as well as for heteroskedasticity and autocorrelation consistency issues. Heteroskedasticity of standard errors – or, in other words, a non-constant variance of errors, given the independent variables – would lead to biased estimations and an overestimation of the model. Subsequently, the presence of heteroskedasticity could invalidate statistical tests of significance that assume that the modeling errors are uncorrelated and normally distributed and that their variances do not vary with the effects being modeled. An equally severe issue, especially in longitudinal data sets, is autocorrelation or serial correlation of residuals across entities. As a consequence, the standard errors would be under and the t-scores overestimated and the results would be biased and invalid. However, using the Driscoll and Kraay robust standard errors that are autocorrelation- and heteroskedasticity-consistent ensures the best linear unbiased estimators (Wooldridge, 2010) testing this study's hypotheses.

RESULTS

Our study suggests that one of the main possible findings arising from our theory development would be that a high reputation can lead firms to reduce their engagement in high-risk investments and to become more focused on low-risk investments[2]. Furthermore our moderating hypotheses suggest that negative recommendations from securities analysts strengthen the main prevention-focus effect of reputation on investment decisions of the firm.

---

[2] Although our dependent variables could have been treated as a ratio (i.e., the ratio of low-to-high risk investments), we treated them as two separate dependent variables for one main reason. Firms can embark upon high-risk investments using long-term retained earnings or debt. In that sense, in their source of financing, high-risk investments are distinguished from low-risk investments that are mainly funded by cash in hand (e.g., cash in escrow) or short-term marketable securities. Our statistical findings also support such a separation. Looking at the correlations in Table 1 (i.e., summary statistics), we realize that the two types of investments are not highly correlated. Furthermore, the coefficients in Tables 2 and 3 clearly show that there is a meaningful distinction between the absolute sizes of the main effect of reputation on low-risk and high-risk investments, supporting our argumentation that low-risk and high-risk investments should be indeed treated as two separate variables. Therefore, we can conclude that the two investment types are not exactly two ends of a spectrum and firms could embark upon both simultaneously and with various degrees.

Table 3.1 presents the descriptive statistics and within-panel correlation coefficients for the variables used in our study. Looking at the distribution pattern of our variables' values, we can see there is considerable variation. Table 3.1 also provides within pairwise correlations between our variables.

Table 3.1

Summary Statistics

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1. Low-risk investment	0.12	0.1	1.000										
2. High-risk investment	0.04	0.035	-0.2	1.000									
3. Reputation	66.12	9.34	0.05	-0.02	1.000								
4. Analysts' recommendations	2.32	0.38	-0.18	0.03	0.01	1.000							
5. R&D expenditure	0.02	0.039	0.43	-0.02	0.2	0.06	1.000						
6. Retained earnings	9.35	1.4	-0.03	-0.04	-0.11	-0.25	0.1	1.000					
7. Intangible assets	0.19	0.19	-0.15	-0.15	0.14	-0.12	0.1	0.02	1.000				
8. Size	10.37	1.01	-0.16	0.15	-0.18	-0.14	-0.08	0.63	-0.08	1.000			
9. ROA	0.05	0.09	0.28	0.11	0.18	-0.27	0.2	0.18	0.12	0.05	1.000		
10. Market value	10.16	1.35	0.13	-0.04	-0.01	-0.38	0.13	0.78	0.17	0.6	0.38	1.000	
11. Industry revenue	12.1	1.55	-0.12	-0.01	-0.35	0.03	-0.03	0.35	-0.36	0.43	-0.18	0.26	1.000

Note: Correlations with absolute value equal to or greater than 0.13 are significant at $p < 0.05$

Table 3.2 depicts the results to test our hypotheses 1a and 2a. Hypothesis 1a predicts that reputable firms are more likely to engage in low-risk investments. Model 1 shows the effect of control variables on the dependent variable. The negative effect of size and intangible assets, and the positive effect of retained earnings (all highly significant at $p<0.01$) are the notable elements here. When we add the independent variable of firm reputation, as we can see in Model 2, the coefficient is positive and highly significant (at $p<0.01$), suggesting that, on average, the more reputable firms tend to engage in low-risk investments, supporting our hypothesis 1a. Model 3 replaces the independent variable with analysts' recommendation to see its particular direct effect on low-risk investments. The resultant effect is negative and highly significant (at $p<0.01$), suggesting that receiving more negative analysts' recommendations has a negative effect on low-risk investments of the firm. In Model 4 we use both reputation and analysts' recommendations as independent variables to investigate their concurrent effects on low-risk investments. The result is in line with the findings of Model 2 and Model 3, in which we found significant results (at $p<0.01$) for the separate independent variables' effects on low-risk investments. Model 5 adds the moderating effect of analysts' recommendations. The significant positive coefficient (at $p<0.05$) suggests that negative recommendations from securities analysts will strengthen the positive main effect of reputation on a firm's low-risk investments, supporting our hypothesis 2a.

Table 3.2

Effect of Firm Reputation on Low-Risk Investment

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Reputation (t – 1) a		0.19***		0.19***	0.19***
		(0.03)		(0.02)	(0.03)
Analysts' recommendations (t – 1) a			-0.01***	-0.02***	-0.07***
			(0.005)	(0.003)	(0.02)
Interaction (analysts' recommendations × reputation)					0.08**
					(0.03)
R&D expenditure (t – 1)	-0.04	-0.07	-0.04	-0.06	-0.06
	(0.12)	(0.11)	(0.12)	(0.11)	(0.11)
Retained earnings (t – 1)	0.02***	0.01***	0.01***	0.01***	0.01***
	(0.002)	(0.001)	(0.002)	(0.001)	(0.001)
Intangible assets (t – 1)	-0.32***	-0.34***	-0.32***	-0.34***	-0.34***
	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)
Size (t – 1) b	-0.03***	-0.03***	-0.03***	-0.03***	-0.03***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
ROA (t – 1)	-0.05	-0.08**	-0.06*	-0.08**	-0.09**
	(0.07)	(0.03)	(0.03)	(0.03)	(0.03)
Market value (t – 1) b	0.02	0.01	0.02	0.02	0.02
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Industry revenue (t – 1) b	0.002	0.001	0.002	0.001	0.001
	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)
Constant	0.19	0.15	0.13	0.25***	0.24***
	(0.06)	(0.06)	(0.08)	(0.08)	(0.08)
Year controls	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes
Within R-squared	0.18	0.20	0.20	0.22	0.22

Standard errors in parentheses
a Centered
b Logarithm
* p<0.1
** p<0.05
*** p<0.01

Table 3.3 depicts the results of testing our hypotheses 1b and 2b. Model 1 once again shows the effect of control variables on the dependent variable. The negative and highly significant effect of retained earnings ($p<0.01$), and the highly significant positive effect of size (at $p<0.01$) and ROA ($p<0.05$), on high-risk investments are noteworthy here. Model 2 introduces the independent variable of firm reputation to the analysis. The coefficient is negative and highly significant (at the $p<0.01$ level), suggesting that, on average, firms with higher reputations are less inclined to embark on high-risk investments, supporting our hypothesis 1b. Model 3 replaces reputation with analysts' recommendations as the independent variable. The effect is positive and highly significant (at $p<0.01$), suggesting that receiving more negative analysts recommendations will increase a firm's high-risk investments. Model 4 once again uses both reputation and analysts' recommendations as independent variables and investigates their simultaneous effects on high-risk investments of the firm. The result confirms our previous findings in Model 2 and Model 3 of Table 3.3. Model 5 adds the moderating effect of analysts' recommendations. The significant ($p<0.05$) negative coefficient supports our hypothesis 2b, suggesting that negative recommendations from securities analysts will intensify the initial negative effect of reputation on the high-risk investments of the firm.

Table 3.3

Effect of Firm Reputation on High-risk Investment

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Reputation (t – 1) a		-0.08***		-0.05***	-0.06***
		(0.03)		(0.02)	(0.02)
Analysts' recommendations (t – 1) a			0.004***	0.01***	0.04**
			(0.001)	(0.001)	(0.02)
Interaction (analysts' recommendations × reputation)					-0.05**
					(0.02)
R&D expenditure (t – 1)	0.14*	0.15**	0.14*	0.14**	0.14**
	(0.08)	(0.07)	(0.08)	(0.07)	(0.07)
Retained earnings (t – 1)	-0.01***	-0.01***	-0.01***	-0.01***	-0.01***
	(0.002)	(0.002)	(0.002)	(0.001)	(0.001)
Intangible assets (t – 1)	-0.01*	-0.003	-0.001	0.004	0.004**
	(0.01)	(0.003)	(0.003)	(0.002)	(0.002)
Size (t – 1) b	0.02***	0.02***	0.02***	0.02***	0.02***
	(0.01)	(0.01)	(0.01)	(0.005)	(0.005)
ROA (t – 1)	0.05**	0.06***	0.06**	0.06***	0.07***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Market value (t – 1) b	-0.002	-0.001	-0.01***	-0.01***	-0.01***
	(0.003)	(0.002)	(0.004)	(0.002)	(0.002)
Industry revenue (t – 1) b	0.001	0.001	0.0004	0.001	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Constant	-0.09***	-0.08***	-0.02	-0.05**	-0.01
	(0.03)	(0.02)	(0.02)	(0.03)	(0.02)
Year controls	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes
Within R-squared	0.11	0.15	0.18	0.20	0.21

Standard errors in parentheses
a Centered
b Logarithm
* $p<0.1$
** $p<0.05$
*** $p<0.01$

The graphs of interactions in Figures 3.1 and 3.2 show that negative analyst recommendations lead to an increase in low-risk and a decrease in high-risk investments. Therefore, as reflected in our results, negative recommendations reinforce the prevention-focus effect of reputation on a firm's investment decisions.

Figure 3.1

Moderation Effect of Analysts' Recommendations on Reputation-Low Risk Investment Relationship

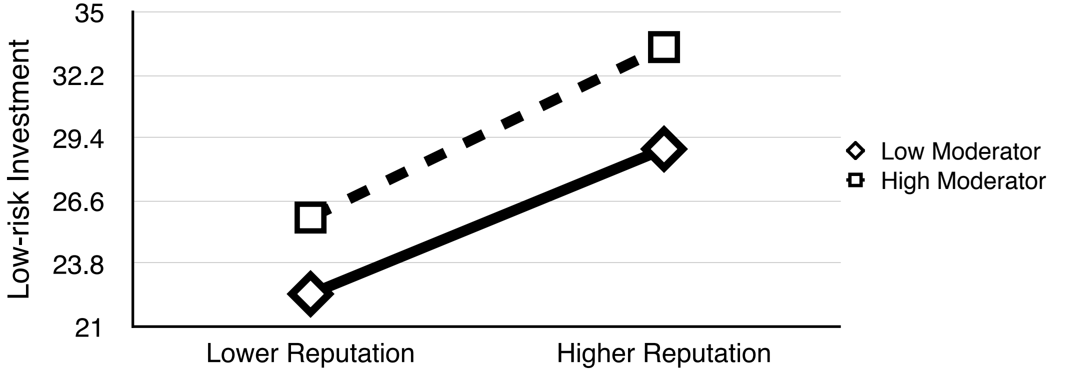
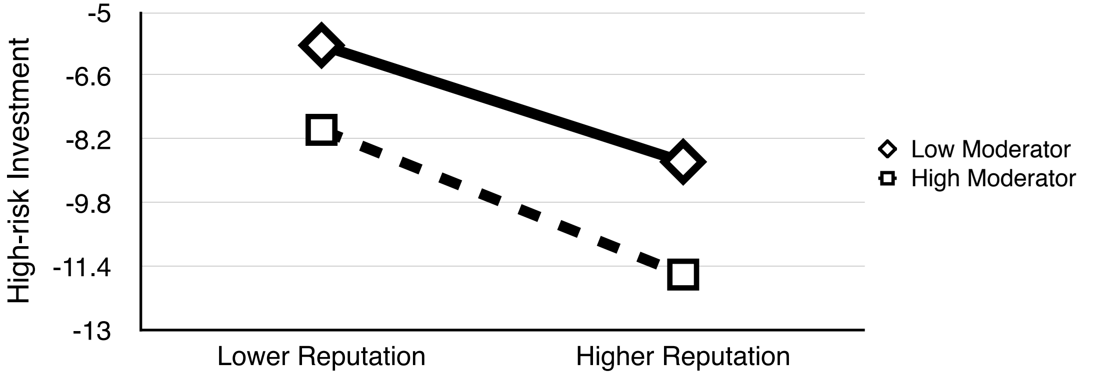


Figure 3.2

Moderation Effect of Analysts' Recommendations on Reputation-High Risk Investment Relationship



DISCUSSION

Although significant efforts have been made in earlier research, using the resource-based view as the analytical lens, to identify the immediate positive outcomes for firms of having a good reputation, the main goal of our study was to investigate what effects reputation had on firms' behavior over time, specifically with regard to their investment decisions. Our study therefore has a number of important implications for theory and practice.

First, in this study we consider the hitherto somewhat neglected behavioral effects that a high reputation can have on a firm, and how it can affect the firm's strategic choices and investment decisions over time. Our approach to the construct and measurement of reputation is a generalizable one, ensuring that our theorizing is not context-specific, and our findings and conclusions could therefore be applicable to any firm in any context. In that sense, we add to the relatively small number of recent context-specific attempts to address the behavioral consequences of possessing specific types of reputation (e.g., Petkova, Wadhwa, Yao, & Jain, 2014). Having a good reputation has largely been considered to be a source of competitive advantage for a firm (Brammer & Pavelin, 2006; Walker, 2010). The dominant perspective in the existing literature is deeply rooted in the resource-based view of the organizational construct. In that sense, current studies on firm reputation merely see reputation as a valuable resource which brings a firm a sustainable competitive advantage and better financial performance (Galbreath, 2005; Rindova et al., 2005). It is therefore very valuable to explore what behavioral effects a good reputation has on the firms concerned and on the decisions they make. By positing that firm reputation can also be viewed as a source of performance feedback and as an organizational behavior gauge which could then affect the firm's subsequent behavior and choices over time, we advance reputation research by providing a more detailed behavioral perspective on reputation. The low-risk investment focus that stems from reputation may prove detrimental for the sustainability of a firm's competitive advantage.

Second, our findings have important implications for the strategy and firm reputation literature in that they show the potential danger of short-sightedness that possessing a high reputation could create within the firm. Confirming our hypotheses, our study suggests that a certain type of prevention-focused self-regulatory mechanism may exist in highly reputable firms, and our findings provide evidence that the positive effect of reputation can lead them to pursue less risky short-term investments, while its negative effect can dissuade them from pursuing riskier long-term investments. It may be that as stakeholders of highly reputable firms make decisions based on their inferences drawn from the firm's past performance (Mishina et al., 2012), they put pressure on the firm to continue with safe and tested behaviors and avoid acting in ways that are risky or unexpected. The fact that stakeholders have certain expectations instills a prevention focus in the highly reputable firm that regulates its strategic behavior and investment decisions in a certain way. This will encourage it to invest in safe, low-risk initiatives that have immediate positive results for the firm and are constantly informative about the firm's quality. At the same time, our findings regarding the negative effect of reputation on the high-risk investments of the firm provide some novel insights for research on reputation and strategy. In keeping with earlier arguments, the prevention focus that a firm acquires as a result of its good reputation suggests that reputation discourages the firm from investing in long-term initiatives that are typically interwoven with high risks that could eventually prevent the firm from achieving the goals expected of it.

Third, we advance research on firm reputation at the intersection of strategy and organizational behavior by developing a novel theory regarding the prevention-focused self-regulatory effect of firm reputation. This prevention focus means that those within the firm will feel under pressure to invest mainly in safe initiatives and overlook riskier long-term investments. The implication of this is particularly crucial, since, as previous studies have shown, some highly reputable firms have failed as a result of placing too much emphasis on less risky but short-term investments in their current strategies, and have at the same time fallen short in taking on risky long-term investments that would have enabled them to develop new capabilities (Rindova & Fombrun, 1999). While we do not claim that possessing a high reputation played a definite role in the downfall of such firms, our study provides deeper insights into how the desire to maintain reputation and to continue meeting the expectations of stakeholders effectively narrows the range of choices that firms see as being open to them. Therefore, we argued that reputable firms become somewhat myopic, opting for the less risky short-term and dismissing more adventurous but riskier long-term investment options.

Our study also advances current understanding of the relationship between organizational reputation and external performance feedback in terms of the behavioral outcomes that stem from the interaction between the two. The importance of investigating this relationship stems from the fact that, even though firm reputation is an indication of how the firm is performing in relation to its stakeholders' expectations, the effect of reputation on the decision-making of the firm will be further strengthened when there is tangible and explicit negative feedback on performance from external experts. In that sense, although both firm reputation and analysts' recommendations can be seen as evaluations of an organization's actions and decisions by a social system, they seem to be the products of rather fundamentally different forms of assessment (Deephouse, 1999; Deephouse & Carter, 2005). Whereas analysts' recommendations are concerned with the need for inclusion and compliance to taken-for-granted standards, firm reputation is built on the need for distinction (King & Whetten, 2008). In order to examine how the interaction between reputation and analysts' recommendations may affect strategic and investment decisions of firms over time, we develop a theory on the moderating effect of securities analysts' recommendations, as an important source of institutional performance feedback (Westphal & Graebner, 2010), on the internal self-regulatory mechanism of firm reputation. We subsequently contribute to the literature that lies at the intersection of institutional performance feedback and firm reputation by investigating how external institutions, and securities analysts in particular, provide firms with tangible fact-based cues that moderate the influence of their reputation on the investment decisions they make. Our theory and supporting evidence suggest that reputable firms use securities analysts' negative recommendations as an important source of performance feedback that affects their investment decisions. In line with the logic of expectancy violation theory, negative recommendations from analysts accentuate the tendency towards prevention focus in reputable firms, making firms switch their investment decisions away from riskier and potentially loss-making investments towards safer, non-loss investments.

Fourth, this study also makes a substantial empirical contribution by providing evidence from a panel dataset and longitudinal statistical methods. The panel data models used in this study allow us to show that it is the changes in the level of reputation within-firm over time that drive the changes in the investment decisions of firms. This characteristic is crucial in enabling us to identify the causal relationships between our variables over a certain period, and it makes this approach very different from simple cross-sectional regressions that try only to suggest certain associations between variables at a certain point in time.

Fifth, our study contributes to management practice by providing rather counter-intuitive results and conclusions. As firm reputation has almost always been regarded as a valuable organizational asset that provides numerous advantages in the marketplace, nurturing capabilities and embarking upon actions that will enhance reputation has been always considered as a necessity (Raithel & Schwaiger, 2015). Nonetheless, by revealing the longer-term behavioral consequences of having a higher reputation, our study pinpoints the fact that being reputable is not without its burdens. The consequent short-sightedness with regard to investment decisions that the prevention focus associated with higher levels of reputation may bring is something that managers should bear in mind. As reputation encourages tactical short-term investments at the expense of more strategic long-term investments, managers of highly reputable organizations must be aware of the possible dangers of their firm's reputation. The short-term orientation effect of reputation on the investment decisions of the firm could result in the firm becoming less agile as it may fail to develop or invest in the types of initiatives and capabilities needed to help it cope with change and respond to emerging opportunities in the future. This is a particularly crucial finding for managers interested in the adaptation and survival of their organization, since they must constantly take steps to strike a balance between continuous short-term investments on the one hand, and exploration of future competencies through long-term investments on the other (Gibson & Birkinshaw, 2004; Jansen, Van Den Bosch, & Volberda, 2006; Tushman & O'Reilly, 1996). Managers therefore need to be aware that the resource-related benefits that can accrue from their firm’s reputation may be countered by the myopic effect that reputation can have on the strategic choices made by the firm over time.

Finally, our study also has another important implication for practice as it looks into the moderating effect of negative analysts' recommendations on the main effect that reputation has on the investment decisions of firms. Looking into our findings, we realize that negative analysts' recommendations strengthen the positive and negative effect of reputation on low-risk and high-risk investments respectively. On the contrary, the direct effect of negative analysts' recommendations on the investment decisions of the firm is otherwise, in which they have a negative effect on low-risk investments and a positive effect on high-risk investments. Therefore, we could conclude that the natural effect of receiving negative recommendations from securities analysts on the decision making of firms will be the opposite of its effect when it is combined with the main, and probably the dominant, effect of reputation. That being said, managers of reputable firms should consider those countervailing effects in making their investment decisions to make conscious and deliberate decisions that would benefit their organizations.

Limitations and Directions for Future Research

Some of the limitations of our study also provide opportunities for future research. Our focus on investigating the effect of reputation on the investment decisions of firms regarding low-risk or high-risk investments could provide opportunities for future research in two ways. First, future studies could explore other behavioral consequences of having a high firm reputation by investigating other types of strategic choices made by firms. For instance, the effect of reputation on a firm's ability to develop capabilities regarding the strategic dichotomies such as exploitation/exploration could be an valuable avenue to explore. Second, as we found evidence of there being a prevention-focus mechanism behind the reputation construct, this suggests that in firms with a high reputation there may be a focus on stability and on maintaining the status quo. Future studies could explore this notion further, and examine other short-term/long-term effects of reputation with regard to its distinctive self-regulatory focus. In that sense, they could go beyond our sole focus on the investment decisions of firms, and investigate other behavioral outcomes of reputation regarding its prevention-focus.

The method we used to measure our independent variable also had its limitations, since we opted for a unidimensional interpretation of reputation and its associated measure. In that sense, we measured reputation as a reflection of the perceptions of the firm held by all the firm's stakeholders. Nonetheless, there has been a strong and emerging trend in the management literature on firm reputation that promotes the notion that reputation is multidimensional (Lange et al., 2011). In a multidimensional perspective, "...a firm's reputation rests on individuals' categorizations and evaluations of the organization" (Fischer & Reuber, 2007). These categorizations and evaluations could in turn be investigated by looking at the possible mechanisms that underlie reputational change processes, such as being known, being known for something, and generalized favorability, or by approaching reputation as a singular construct but measuring it from the perspective of various stakeholders (Lange et al., 2011). Either way, this would provide a multidimensional measurement of reputation, and would differ from the measurement path that we took in this study, and this could provide new insights for management research.

Finally, for the purpose of our analysis, and since industries differ significantly on measures such as free cash flow and cost of capital, we controlled for differences across industries using a series of dummy variables. Nevertheless, it could be an insightful direction for future research to investigate the behavioral effects of reputation within different industries. This could give us new insights into industry-specific factors that might facilitate or hinder certain effects that reputation has on the strategic choices of firms.

CHAPTER 4. STATUS LOSS AND ORGANIZATIONAL EXPLORATION/ EXPLOITATION: THE CONTINGENCY ROLE OF CELEBRITY AND PERFORMANCE EXPECTATIONS

ABSTRACT

Research on the organizational impact of possessing higher status has been focused mainly on its immediate positive outcomes, arguing that losing status could be damaging for the organization, as the organization would no longer enjoy the same level of prestige and the competitive advantages that this brings. Whereas such argument is derived from the resource-based view towards the organization, in this paper we argue that status loss could be construed as an important behavioral motive that influences the organization's decision-making. In this study, we look specifically at the exploratory/exploitative behavior of the organization and investigate how status loss could affect the balance between these two types of activity. Using the behavioral theory of the firm, we hypothesize that a status loss will be considered a self-threat to the self-view of the organization, and will thus encourage it to search for solutions by embarking upon change and exploration. Furthermore, using self-enhancement theory, we develop theory and find supporting empirical evidence on the moderating effect of celebrity and performance expectations as two salient sociocognitive affirmation cues that mitigate the main effect of status loss. We used data on soccer clubs in the English Premier League in the 2005–2015 period to test our hypotheses and we found supporting results for them.

KEYWORDS: Status loss, self-enhancement theory, behavioral theory of the firm, exploration, exploitation, celebrity, performance expectations

INTRODUCTION

The significance of status in terms of affording resources and opportunities to those who possess it has been widely discussed and investigated in the literature (Nippa, 2011). A higher status, defined as occupying a higher position within a particular social system (Gould, 2002), is beneficial for organizations. Organizations with a higher status tend to have a better access to resources and opportunities (Blau, 1994), and therefore, are better positioned to develop a competitive advantage (Podolny & Phillips, 1996; Van der Vegt, Bunderson, & Oosterhof, 2006). Although recent studies have started investigating the effect of status loss on individuals' reactions (Pettit, Yong, & Spataro, 2010; Scheepers & Ellemers, 2005) or on their performance quality (Marr & Thau, 2014), our understanding about how and why status shifts, and status loss in particular, may shape strategic decision-making processes in organizations has remained rather limited (George, Dahlander, Graffin, & Sim, 2016). Yet, over the past two decades we have witnessed a drastic increase in events where organizations faced accusations and instances of status losses such as the Worldcom and Enron fraud in early 2000s, the global financial crisis and its repercussions in late 2000s as well as Volkswagen's emissions fraud and FIFA racketeering scandal in recent years.

To address this shortcoming, we build a contingency model and investigate how and under what circumstances status loss may impact distinct strategic outcomes, i.e. exploration and exploitation. By applying the behavioral theory of the firm perspective (Cyert & March, 1963; Simon, 1997), we argue that a loss of status puts senior executives within organizations in an aversive psychological state (Pettit, et al., 2010) that may act as a motive for challenging the status quo and to pursue exploratory activities rather than exploitative ones. Moreover, because we suggest that such an initial response is shaped by the external affirmation cues as well, we also investigate how firm celebrity and performance expectations affect the relationship between status loss and organizational outcomes. By so doing, we provide at least three important contributions.

First, by considering status dynamics, we extend our current understanding of how status shifts, and not only status itself, may affect the strategic decision making process in organizations. As status is a dynamic organizational construct that could change over time (Bendersky & Shah, 2012; Marr & Thau, 2014; Neeley & Dumas, 2016), scholars have started to investigate the consequences of status gains over time. Yet, we know very little about how firms may respond to status loss. Using performance feedback theory, we argue that when an organization suffers a loss of status, senior executives consider such an adverse event as a threat to its self-view and will tend to reassert itself by stepping up its exploration activities, as it seeks to move away from maintaining the status quo. By doing so, the organization could free itself from the burden of the status loss, and reaffirm its previously-held positive self-view and self-worth. By investigating the relationship between status loss and exploration/exploitation, we contribute to studies on the behavioral effects of organizational status and status shifts by examining the effect that status loss may have on the strategic behavior of organizations.

Second, we develop a contingency model and investigate the moderating effect of organizational celebrity and performance expectations as key external affirmation cues. Building on notion that firms are embedded within their environments, and receive various frames of affirmation in different stakeholder groups (Pfarrer, Pollock, & Rindova, 2010; Rindova & Fombrun, 1999), we argue that when confronted with a status loss, firms take affirmation cues into account that jointly shape the way they respond (Giorgi & Weber, 2015; Scott & Lane, 2000). For instance, whereas celebrity garners external information about the attention and positive emotions that an organization receives from the public and the media (Kjærgaard, Morsing, & Ravasi, 2011), performance expectations provides the organization with information in regard to the appreciation of external stakeholders of the ability of the organization in delivering value (Wade, Porac, Pollock, & Graffin, 2006). Notwithstanding, current research on social evaluations has rendered limited attention to the context in which multiple social evaluations and their corresponding evaluating frames are in play. By investigating those different social evaluations that are charged with distinct frames of evaluation, we thus seek to contribute to the broader literature about social evaluations by showing how the internally perceived effect of status loss and external affirmation cues jointly affect an organization's decision-making processes and subsequent behavioral response.

Third, by examining the effect of status loss on the exploration–exploitation interplay we seek to advance research on exploration and exploitation. Current understanding on the reasons behind organizations' decisions to pursue either exploration or exploitation is mainly based on resource-based view and dynamic capabilities perspectives in which organizations are typically thought to be associated with more exploitation or exploration depending on the type of resources and capabilities that they may possess (Malter, 2014;

Zhan & Chen, 2013). In this study however, we intend to extend that understanding by uncovering how social evaluations and affirmation cues surrounding organizations, and how their decision makers interpret and consider such evaluations and cues in regard to their strategic decisions related to exploration and exploitation. This property of status loss is particularly important to investigate in regard to the organization's exploratory and exploitative behavior, as a dichotomous behavior that is most likely to be affected by status loss.

THEORY

Status as a Performance Feedback Mechanism

Over the years, the definition of status has evolved from a basic signal of quality in the early work by Podolny (1993) to more comprehensive definitions such as a "socially constructed, intersubjectively agreed-on and accepted ordering or ranking of individuals, groups, organizations, or activities in a social system" (Pearce, 2011; Washington & Zajac, 2005), or "the prestige accorded to firms because of the hierarchical positions they occupy in a social structure" (Jensen & Roy, 2008). Therefore, status is constructed via a ranking or hierarchical ordering that signals admiration and respect of stakeholders toward an organization (Henrich & Gil-White, 2001). In that regard, one immediate positive benefit of status, identified in many past studies, is that it can act as a source of performance feedback by mitigating market uncertainty for the organization, since it is simultaneously a signal of quality and a guide for others in choosing partners (Piazza & Castellucci, 2014). This effect of status in providing organizations with a performance feedback mechanism, being identified as the "psychology of status", has become of interest in the contemporary status literature (Galinsky, Gruenfeld, & Magee, 2003; Guinote, 2007; Overbeck & Park, 2006; Smith, Jostmann, Galinsky, & van Dijk, 2008).

The psychological effects of status are very closely related to the notion that alongside the benefits associated with a higher status, status is an end in itself, as status endows its possessor with the respect of peers and other audiences (Bothner, Podolny, & Smith, 2011). In that sense, although status has been considered to be mainly an external guide to quality for stakeholders and partners, helping them to overcome uncertainties in their decision-making (Sharkey, 2014), it could be also considered to function as an internal performance feedback that may guide the behavior and strategic decisions of organizations. For instance, Bunderson and Reagans (2011) theorize on the effect that status differences between individuals might have on collective learning in organizations. They state that status differences can "distract members from collective learning goals, compromise risk-taking and experimentation, and decrease the open sharing and equal consideration of different member knowledge and insight" (Bunderson & Reagans, 2011). Thus, status functions as a behavioral compass. This is in line with assertions from proponents of the behavioral theory of the firm (Cyert and March, 1963). March and Simon (1958), for instance, already highlighted the importance of the impact of social comparison as a force driving performance aspirations. Based on social comparison theory (Festinger, 1954), it is asserted that people compare themselves to similar others (Cyert & March, 1963). An important enabling aspect of such comparisons is salience. Certain salient factors among firms, such as size and industry, create referent groups against which the firm compares itself (Greve, 1998). Among the sociological factors, status provides such salience, as status is constructed via a hierarchical ranking of peers (Jensen & Roy, 2008). Thus, as a social referent, shifts in status should affect future performance expectations. This affects aspiration levels, which guide organizations' behavior (Greve, 2003a). To further explore this effect, we now turn to the impact of a loss of status on the behavior of organizations.

The Impact of Status Loss on Exploratory and Exploitative Behavior of Organizations

Given the importance of status as an end and a crucial source of respect and prestige for the organization, as well as considering the repercussions of a status loss, it is likely that organizations prioritize maintaining their current status over improving it. That simply means that, despite the fact that organizations are always on a quest to gain a higher status, not being demoted from the current status position will be always their first priority (Pettit et al., 2010). In that sense, a status loss at any point will be a trigger for psychological arousal (Scheepers, Ellemers, & Sintemaartensdijk, 2009) and will prompt organizations to adjust their strategies so that they can at least regain their previous status (Pettit et al., 2010). Status loss is an immediate threat which requires urgent attention from the organization (Marr & Thau, 2014; Scheepers & Ellemers, 2005).

Podolny (1993) defines status as the perceived quality relative to the perceived quality of competitors. A loss of status can thus be construed as a loss of quality in the eyes of the firm, and since this constitutes a loss relative to competition, it affects firm-level aspirations (Washburn & Bromily, 2012). The immediate psychological outcome of any such threat to status will be to provoke self-questions such as "Am I not good enough"? (Marr & Thau, 2014). A threat of this kind will spur the decision makers in the organization to search for solutions that may solve the problem to improve performance (Cyert & March, 1963; Simon, 1997). This increases the likelihood that the organization changes focus and embarks upon solutions that may entail more risk as opposed to exploiting existing trajectories (Greve, 2003a).

When discussing risk-taking behavior, one typically sees a distinction between exploitative and exploratory behavior (Levinthal and March, 1993). Exploitation is about reducing variety, refinement, and increasing efficiency, looking backward, involving short-term performance, while exploration is concerned with variation, risk taking, increasing adaptability, looking forward, and is thus focused mainly on the organization's performance in the long run (Gavetti & Levinthal, 2003; Uotila, Maula, Keil, & Zahra, 2009). Exploitation then, is an extension of the existing organizational trajectories, while exploration is a divergence from these trajectories (Lavie, Stettner, & Tushman, 2010; Levinthal & March, 1993). Thus, since status loss negatively affects performance aspirations, we argue that it will affect firm behavior in such a way that it will deviate from existing behavior and strategies and emphasize exploration over exploitation. The reason for such a distancing roots in the fact that organizations who lose status seek to regain admiration and respect from stakeholders while minimizing their concentration on the domains that may have been the sources of their failure (Sedikides & Strube, 1997). Therefore, we hypothesize as follows:

Hypothesis 1: Status loss is positively related to the exploration behavior of the organization compared to its exploitation behavior.

The Role of External Affirmation Cues in the Aftermath of Status Loss

However, the impact of status loss on firm behavior only tells part of the story. As we gather from the literature on self-enhancement, in the aftermath of a threatening event such as status loss, decision makers seek for external positive affirmation cues that may affirm the self-worth of the organization and restore the stained self-image (Jordan & Audia, 2012; Sherman & Cohen, 2006). A threat such as a status loss will spur the decision makers in the organization to seek for positive evaluative cues that may enhance the positivity of the self-concept and self-view of the organization (Baumeister, Smart, & Boden, 1996; Sedikides & Strube, 1997).

At the organizational level, self-concept refers to an organization's knowledge of its own abilities and also to the knowledge held by others about those abilities (McGuire, 1984; Tedeschi, 1986). According to the self-enhancement perspective (Dutton & Brown, 1997; Dunning, Leuenberger, & Sherman, 1995) and self-affirmation theory (Steele, 1988; Sherman & Cohen, 2002), social entities will strive to protect their self-concept by enhancing the positivity associated with that self-concept and diminishing any possible negativity associated with it. Therefore, decision makers in organizations tend to regard affirmation cues that bring them respect and admiration as helping to preserve and enhance their self-importance and self-concept, whereas cues that jeopardize that respect and admiration are seen as a self-threat (Sedikides & Strube, 1997). Accordingly, faced with a threat to the self-concept, the motive to consider other positive affirmation cues to distort the cognitive processes of the decision makers in organizations is accentuated (Jordan & Audia, 2012; Sherman & Cohen, 2006).

As self-enhancement theory suggests, having experienced a threatening event such as status loss, organizations may look into various sociocognitive sources of affirmation to offset the repercussions of the threatening event (Audia & Brion, 2007; Sedikides & Gregg, 2008). Such sociocognitive affirmation cues fall into two distinct categories of deliberate and analytical sociocognitive processes such as performance expectations of market analysts on the one hand, and intuitive and affective sociocognitive processes such as social approvals on the other hand (Bundy & Pfarrer, 2015; Jensen, Kim, & Kim, 2012; Zavyalova, Pfarrer, Reger, & Shapiro, 2012).

In the case of affirmation cues with different sociocognitive processes and in the presence of a threat to the self-concept of the organization, each affirmation cue presents a distinct self-enhancement frame as a mental lens that create reality out of perceptual assessments of stakeholders (Giorgi & Weber, 2015). For instance, performance expectations of market analysts provide us with an analytical self-enhancement frame about the performance of the organization and its ability in delivering value in the future, whereas the emotional tenor of media reports renders an affective self-enhancement frame about the positive image that the organization has with its publics. What is interesting here though is the fact that in either of those situations, organizations may consider the self-enhancement frames not in a vacuum but in conjunction to one another (Alan Fine &

White, 2002). Despite the fact that organizations are exposed to multiple of affirmation cues and their underlying self-enhancement frames (Giorgi & Weber, 2015), how those framings interactively affect the organization and its strategic behavior and decision making in the aftermath of a threat to the self-concept is rather unknown to us. This a counterpoint to the insights from the behavioral theory of the firm, as self-enhancing mechanisms may induce organizations to persist in the behavior that brought them a positive self-image, in spite of lower performance expectations. Below, we seek to unpack this interaction effect.

The Moderating Effect of Celebrity

The celebrity of the organization is the collective social evaluation derived from high levels of attention from the public and the media and positive emotional responses from stakeholders and the public (Rindova, Pollock, & Hayward, 2006). As a social approval asset that is derived from affective sociocognitive processes of evaluation (Zavyalova, Pfarrer, & Reger, 2017), celebrity provides an important source of affirmation for the organization after the occurrence of status loss.

As we have discussed, when a loss of status presents an imminent threat to the organization, it will respond by engaging in exploration or undertaking extreme makeovers as a strategy for self-affirmation. However, should the organization also be a celebrity, due to the high levels of public attention and positive affection toward the organization, embarking upon change may be less desirable for the organization.

In the presence of celebrity, when an organization has experienced a status loss, 'the high level of public attention' feature of celebrity would hinder the organization from embarking on change initiatives. Although the main effect of a status loss would be to encourage the organization to engage in strategies and initiatives that are more exploratory rather than exploitative, the high public and media attention that are focused on the current identity of the organization, may prevent a future change and exploration that could resolve the adversarial situation (Andreassen, 1987). As public and media tend to focus on and be excited about the way that the celebrity organization is, they shape a dramatized reality around what the organization is about (Pfarrer et al., 2010). Such a dramatization of the status quo gives the celebrity organization the confidence about who they are, and makes them comfortable with it (Rindova et al., 2006). Therefore, celebrity organizations will have an incentive to keep on doing what is dramatized about them by the public, so as to live up to the positive image that has been created.

Furthermore, the second component of celebrity, defined as positive emotional responses from stakeholders, could also diminish the effect of status loss on the exploratory tendencies of the organization. As stakeholders form positive responses to the “identity” and “ongoing properties and resources” of the celebrity organization (Fiske & Taylor, 2013), they develop a sense of individual identification with the organization and with what it represents (Scott & Lane, 2000). As the degree of this identification grows with the intensity of the celebrity base of the organization, the resultant over-identification may become an impediment for the organization's attempts on change and adaptation (Ashforth, Harrison, & Corley, 2008; Dukerich, Kramer, & McLean Parks, 1998).

When facing external approving sources and cues of identity such as affective social approval, the perception of the salience of the self-threatening event may be diluted and the organization may relate more salience to such self-approving constructs (Cohen, Aronson, & Steele, 2000). In the presence of such external identity-approving cues, the organization will consider the identity costs of change and compromise and may be more obliged to maintain the status quo even though a self-threatening event has occurred (Sherman & Cohen, 2006). Effectively, the salience of status loss is lowered, thus affecting the degree to which it acts as a social comparison mechanism (Greve, 1998). As a result, the evaluative frame that celebrity provides thus produces a substitute for the tarnished self-view, and mitigate the necessity of change as a result of the self-threatening event. Therefore, we suggest that,

> *Hypothesis 2: The celebrity of the organization moderates the relationship between the status loss and the exploration/exploitation of the organization such that higher levels of celebrity weaken the positive effect of status loss on the organization’s exploration behavior compared to its exploitation behavior.*

The Moderating Effect of Performance Expectations

Performance expectations of market analysts, as the collective assessment of salient stakeholders on the resources and abilities of the organization in delivering value, diminish the evaluative uncertainty that might exist about the organization (Wade et al., 2006). By evaluating the performance abilities of the organization and its resources and also comparing them with competitors' performance expectations of market analysts convey lucid and comparable attributions of an organization's relative worth in delivering value (Elsbach & Kramer, 1996, Fombrun & Shanley, 1990). Such evaluations signal the relative quality of the organization's resources and capabilities and hence could mitigate technical uncertainty surrounding the organization (Wade et al., 2006). Technical uncertainty evolves around the notion that the ability of an organization in meeting specific value-delivery could be uncertain due to the lack of information and hence the inability of stakeholders in foreseeing the capabilities of an organization (Weick, 1995). However, performance expectations of market analysts could compensate for such shortcoming by providing stakeholders as well as the organization with a concrete signal on the viability of the organization's resources in delivering value (Graffin & Ward, 2010; Podolny, 2010). Such collective evaluations suggest that the focal actor is thought capable relative to its peers therefore its capabilities are deemed desirable in terms of delivering value (Graffin & Ward, 2010).

Although a change of current resources and exploring new capabilities could be a remedy for the self-threat of a status loss, performance expectations of market analysts could affect such a tendency. Higher external performance expectations might be interpreted by the organization as the collective confidence of stakeholders and salient evaluators (i.e., market analysts) in the current resources and capabilities of the organization. As scholars have argued, self-esteem maintenance processes could be influenced by external performance-related, self-affirmation processes in such a way that they increase the self-confidence of the actor by giving it a positive feedback about its status quo (Tesser 2000; Tesser, Crepaz, Collins, Cornell, & Beach, 2000). Hence, such external affirmation sources act as a substitute frame for alternative self-esteem maintenance processes that may involve a change in the current perspective toward the identity and resources (Nail, Misak, & Davis, 2004). The resultant certainty and confidence of the organization about its current identity and resources may restore the self-worth of the actor, and make them less inclined to pursue explorative behavior as a means for self-esteem maintenance. Hence, we hypothesize that:

> *Hypothesis 3: Performance expectations of market analysts moderate the relationship between status loss and the exploration/exploitation of the organization such that higher levels of performance expectations weaken the positive effect of status loss on the organization's exploration behavior compared to its exploitation behavior.*

METHODS

Empirical Setting and Sample

We chose our sample from the professional soccer context of the English Premier League as it provides us with a unique setting in which social approval assets such as status and celebrity, and also their dynamics and interactions, are ubiquitous and objectively measurable. Furthermore, the fact that soccer clubs make regular or periodic changes to the composition of their squads by bringing in new players makes this a good context in which to consider how organizational strategies of exploration (and also exploitation) may be used. Our sample consists of data relating to clubs playing in the English Premier League in ten consecutive seasons, from 2005–2006 to 2014–2015. During each season 20 teams compete with one another from the end of the summer to the late spring of the following year. During each season, clubs embark upon changes in their squad that they deem necessary in 2 transfer windows: one after mid-season in Winter and the other one in the end of the season in Summer. The place of a club in the table in mid-season is a good indicative of where they might end up in the end of the season in the table compared to the earlier year. Consequently, clubs use the winter transfer window to make changes in their squad accordingly. As we gathered data on clubs in mid-season and end of the season and their corresponding transfer windows, in winter and summer respectively, in a 10-year period, that yielded 400 data points, given that there were 20 clubs playing in each season.

We collected our data using the Transfermarkt portal, which is a German-based website that contains detailed historical data on soccer leagues, clubs, their statistics and transfer news.

Measures

Exploration/exploitation ratio as the dependent variable. To measure the extent of exploration and exploitation that the clubs pursue in their strategies, we followed previous studies and looked at the exploratory or exploitative tendencies of the clubs in terms of how they recruited players (Perretti & Negro, 2006). In building our measures for exploration/exploitation ratio we Follow March (1991) that made a distinction between "old-timers" who are familiar with the knowledge within the organization and hence increase exploitation, and "newcomers" who bring new knowledge to the organization and therefore contribute to the exploration. Old-timers are more adept at accepting and adopting the organization's norms and values and therefore, their adding to the organization could be seen as the continuation of the status quo (Rollag, 2004). On the other hand, newcomers are accustomed to the norms, values, and knowledge-base of their previous organizations (Perretti & Negro, 2007). Therefore, they think and act differently than old-timers and are thus sources of new ideas, flexibility, and more risk-taking for the organization (Jackson, Stone, & Alvarez, 1992; Rollag, 2004). Their fresh perspective to situations and their improvisation based on their knowledge-base that is different from the experienced members of the organization are sources of innovation and creative solutions (Perretti & Negro, 2006). This is specially the case in the soccer context as each club has its own unique and strong values, norms, philosophy, and knowledge-base. Therefore, bringing in new players from outside the club – i.e., new resources – can be argued to equate to exploration, whereas drawing on existing resources by promoting players from within can be seen as corresponding to exploitation; the proportion of players falling into each of these categories therefore can reflect a club's tendency towards either exploration or exploitation. To that end, we used the ratio of the number of players that a club buys from other clubs to the number of players that it promotes from within (i.e., players from their youth teams or returning from loan to other clubs) as the measure for exploration/ exploitation ratio. Therefore, our dependent variable consists of the number of *newcomers* relative to the *players promoted from within.*

Status loss as the independent variables. To capture the status loss as the independent variables in our study, we measured the status of clubs as the starting point. To do that, we followed previous studies that treated status as a ranking (Phillips & Zuckerman, 2001) and used the ranking of clubs as the indicator of their status. Specifically, in the context of FA Premier League, the status of clubs is determined by which of five distinct categories they fall into: the team that wins the Premier League (i.e., the champions), other teams that also qualify for the UEFA Champions League, teams that qualify for the Europa League, teams that have won no particular honors, and teams that will be relegated next season. In soccer, the club’s position in the table conveys a clear message regarding the prestige and esteem of the club in relation to its peers in the league and could be considered as the most salient indicator of status, as it reflects the definition and benefits attached to the status of an organization. A club’s position in the table is an indicator of the fate of the club in the end of a particular season, in terms of relegation, championship, or being qualified to compete in the European leagues the following year.

The position of the club in the table reflects the status of a club relative to its competitors that season: the club in first place (tier 1) is the winner of the Premier League (the champions); the next three clubs (tier 2) qualify for the UEFA Champions League; those in the fifth, sixth, and seventh places (tier 3) qualify for the Europa League; the next ten clubs (tier 4) are those that have failed to win any particular honor; and the three clubs at the very bottom of the table (tier 5) are the ones that will be relegated to the lower league, known as the "Championship". These five tiers reflect five distinct levels of status, with top tiers indicating higher levels of status. We therefore coded the club in tier 1 as 5, clubs in tier 2 as 4, clubs in tier 3 as 3, clubs in tier 4 as 2, and clubs in tier 5 as 1, with a higher number corresponding to a higher status.

To measure the size of the status loss, as we were addressing status as a discrete variable that could be expressed as any integer between between 1 and 5, we operationalized the size of the status loss as the difference between the current status - either in mid season or end of the season- and last season's status as a discrete variable with higher positive numbers indicated a higher status loss and lower positive numbers indicated a lower status loss. For clubs that didn't witness a loss or in the case of a status gain we coded the size of the status loss as 0. We did the comparison twice in each season, once at the opening of the winter transfer window and again at the end of the season, when the summer transfer window opens.

Celebrity as the moderating variable. Following previous studies, we used two components of media visibility and positive affect to create the celebrity measure "since the celebrity of a firm is defined as a combination of high levels of public attention and positive emotional responses from stakeholders" (Pfarrer et al., 2010). To construct media visibility we used the number of articles published about a club in each period (i.e., each half-season) in three major newspapers in England that have substantial sections devoted to soccer: the Daily Mail, The Guardian, and The Daily Telegraph. The articles were gathered using Lexis-Nexis. In total, our search generated 387,272 articles. To account for the high levels of public visibility, we followed Pfarrer et al. (2010) and coded clubs that were in the top quartile of media visibility in a given period as 1, and 0 otherwise.

To capture the affective component of celebrity, we started by calculating the positive and negative affective language used in the articles using the Linguistic Inquiry Word

Count (LIWC) program. LIWC has an internal dictionary of over 900 affective words with various positive and negative valence (Pennebaker, Booth, & Francis, 2007). We then constructed the positive and negative affect intensity of the articles by calculating the ratio of the positive and negative affective content of each article to the total affective content. That way, we could obtain a balanced affective perspective that would account separately for both positive and negative affective content, as an article could have high levels of both types of content (Tetlock, Saar-Tsechansky, & Macskassy, 2008). Following previous studies, we coded an article as "positive" if its positive affective ratio was at least 60 percent, and "negative" if its negative affective ratio was at least 60 percent (Tetlock et al., 2008).

We then used the constructed dummies to calculate the Janis-Fadner (JF) coefficient of imbalance, which captures the overall affective resonance (Pfarrer et al., 2010) and the evaluative tenor of media coverage (Pollock & Rindova, 2003). The JF coefficient of imbalance is calculated as:

(P^2 – PN) / V^2 if P > N; 0 if P = N; and (PN – N^2) / V^2 if N > P,

"where P is the number of positive articles written about a firm in a given year, N is the number of negative articles, and V is the total annual article count" (Pfarrer et al., 2010). We then created a dummy variable for the positive affect component of celebrity, and coded clubs in the top quartile of JF coefficient scores as 1, and others as 0.

Finally, to measure the celebrity of a club, we used both its media visibility and JF coefficient. A club was considered to be a celebrity if it was in the top quartile for both media visibility and positive affect in a given period (Pfarrer et al., 2010).

Performance expectations of market analysts as the moderating variable. To construct the measure for performance expectations, we followed past studies and used betting odds of bookmakers who make bets on the matches of the Premier League as the baseline for performance expectations (Pieper, Nüesch, & Frank, 2014). We collected odds data from OddsPortal database, which provides historical data on the bookmakers' odds on every match in various sports and leagues including soccer and FA Premier League.

Bookmakers announce decimal odds for each possible match outcome, including win, draw, and loss odds. To construct the probabilities of each match's outcome we needed to covert them into probability odds by dividing 1 by the bookmakers' odds. Therefore, higher odds will be translated into lower probabilities of a particular outcome of a match to occur. Furthermore, as bookmakers add a margin to their odds in order to gain profits under any circumstances, the odds and probabilities were adjusted so in overall they add up to 1 and not exceeding that. To measure performance expectations, we followed similar studies in the soccer context and calculated "the expected number of points as an approximation of the ex-ante performance expectations" (Pieper et al., 2014). We conducted performance expectations calculations by multiplying the win probability by three -as the points a team could gain as a result of winning in a match- and adding the draw probability multiplied by one -as the points a team could gain as a result of a draw with the opponent.

Control variables. The size of the club in terms of the number of players in the squad at the beginning of any transfer window (i.e., without considering any newcomers) might be a factor that would make exploration more difficult. Larger organizations have a larger pool of internal resources to draw on and therefore tend to feel less need to acquire new resources from outside (Perretti & Negro, 2006). Therefore, we consider size so that we can control for its possible effect on the balance between exploration and exploitation.

We also took into consideration the change in the combination of players by controlling for the players departing the club during any transfer window, as this could affect the balance between exploration and exploitation. If the club simply sold some players, it might be the case that they were buying new players to compensate for a shortfall in their squad caused by the players being transferred to other clubs.

We also controlled for the effect of the manager's history and experience with the club, both as a player and as a manager. A previous affiliation and history with the club could make the manager better informed about the club's internal resources and more comfortable about using them. On the other hand, managers with no previous history with the club might be more inclined to favor buying new players, sometimes recruiting players whom they have worked with at previous clubs they have managed. We used three separate control variables to capture both the existence and the intensity of a manager's past history with the club. First, we used two dummy variables, *previous club affiliation as a player* and *previous club affiliation as a manager,* to capture the existence of any previous experience and history with the club. Second, we used *uninterrupted tenure* variable to capture the intensity and depth of a manager's history with the club. To measure *uninterrupted tenure* we used number of consecutive seasons that the manager had been in post with the club.

We also controlled for the celebrity of the manager, as this might affect the exploratory/exploitative behavior of the club (Hayward, Rindova, & Pollock, 2004). We followed previous studies and used the manager's personal awards in previous years as our measure of individual celebrity (Wade et al., 2006). To do that, we added up all the 'manager of the month' and 'manager of the year' awards being won by a particular manager.

Another variable that we controlled for was the proportion of foreign players in the squad, as it might make recruiting new players from outside the organization a norm. In soccer particularly, it is very common for players from certain countries to lobby and pave the way for their fellow countrymen to join the same club. Foreign players were considered to be those with a nationality other than British.

Finally, as clubs with greater financial resources might have more discretion and capacity to employ newcomers, we controlled for the *total market value of the club*. To capture that, we used the logarithm of the club's total market value, measured by the cumulative market value of its players at the beginning of each period (i.e., before the start of the summer and winter transfer windows). We also controlled for time by using dummy variables for each season.

RESULTS

Our study suggested that status loss would have a positive effect on the exploration/ exploitation tendencies of the organization. We were also interested in examining the moderating effect of celebrity on the main effect of status loss on the exploration/ exploitation ratio. To test our hypotheses we conducted GLS regression analyses, which is a robust estimator by allowing estimation in the presence of autocorrelation within panels and cross-sectional correlation and heteroskedasticity across panels.

Table 4.1 presents descriptive statistics, including the means and standard deviations, and the correlation matrix for the variables used in our study.

Table 4.1

Descriptive Statistics

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
1. Exploration/ exploitation ratio	0.54	0.59												
2. Status loss	0.27	0.48	0.05											
3. Celebrity	0.48	0.5	-0.06	0.14										
4. Performance expectations	26.32	7.9	0.17	0.09	0.55									
5. Manager's celebrity	4.53	5.51	-0.19	0.1	0.27	0.44								
6. Size	19.84	7.79	0.05	0.13	-0.02	-0.01	0.1							
7. Manager's previous club affiliation as a player	0.15	0.36	0.05	0.02	-0.002	-0.1	-0.24	-0.02						
8. Manager's previous club affiliation as a manager	0.60	0.49	-0.18	0.01	0.06	0.08	0.33	0.12	0.05					
9. Manager's uninterrupted tenure	3.07	5.29	-0.18	0.06	0.27	0.42	0.09	0.09	-0.09	0.42				
10. Foreign players	0.63	0.12	-0.01	0.08	0.11	0.24	0.13	-0.03	-0.04	0.02	0.09			
11. Total market value	4.56	0.87	-0.27	0.23	0.19	0.12	0.39	0.19	-0.18	0.06	0.32	0.18		
12. Departing players	0.43	0.16	-0.13	-0.01	0.04	0.003	-0.04	-0.65	-0.1	-0.24	-0.1	0.04	-0.08	

Note: Correlations with absolute value equal to or greater than 0.18 are significant at $p < 0.05$

Table 4.2 presents the results for the GLS regression analyses for all of the hypotheses. Model 1 depicts the results when considering only control variables which affect the dependent variable. The highly significant negative coefficients of previous club affiliation as a manager, total market value, and departing players (all at $p<0.01$) are worth mentioning here. Model 2 adds status loss as the dependent variable of hypothesis 1 to see its effect on the exploration/exploitation ratio as the dependent variable. Hypothesis 1 predicted that status loss might have a positive effect on the exploration compared to the exploitation tendencies of the organization. The positive coefficient (highly significant at $p<0.01$) supports our prediction. Models 3 and 4 investigate the moderating effects of celebrity and performance expectations on the main effect of status loss on exploration/ exploitation ratio respectively. The coefficients are negative and highly significant (at $p<0.01$), supporting the predictions of hypotheses 2 and 3.

Table 4.2

Results of FGLS Regression Analysis for Exploration/Exploitation Ratio

Variables	Model 1	Model 2	Model 3	Model 4
Status loss		0.12*** (0.04)	0.3*** (0.11)	0.44*** (0.14)
Celebrity			0.15*** (0.05)	
Celebrity x Status loss			-0.21** (0.12)	
Performance expectations				0.01*** (0.01)
Performance expectations x Status loss				-0.01*** (0.01)
Manager's celebrity	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Size	0.001 (0.01)	0.001 (0.01)	0.001 (0.01)	0.001 (0.01)
Manager's previous club affiliation as a player	-0.01 (0.1)	-0.03 (0.1)	-0.03 (0.1)	-0.03 (0.1)
Manager's previous club affiliation as a manager	-0.22*** (0.04)	-0.23*** (0.04)	-0.2*** (0.04)	-0.21*** (0.04)
Manager's uninterrupted tenure	-0.01 (0.01)	-0.01 (0.01)	-0.003 (0.01)	-0.001 (0.01)
Foreign players	0.35*** (0.16)	0.35*** (0.16)	0.43*** (0.16)	0.31** (0.16)
Total market value	-0.19*** (0.02)	-0.19*** (0.02)	-0.23*** (0.02)	-0.23*** (0.03)
Departing players	-0.55*** (0.14)	-0.55*** (0.14)	-0.51*** (0.14)	-0.57*** (0.14)
Constant	1.51*** (0.16)	1.51*** (0.16)	1.54*** (0.17)	1.45*** (0.16)
Wald chi2	369.15	386.63	260.29	254.77

Standard errors in parentheses
Year has been controlled for by using 10 year dummies for 2005-2014
* $p<0.1$
** $p<0.05$
*** $p<0.01$

To gain a better understanding of the moderating effects of celebrity and performance expectations on the main effect, we can look at the graphs of interactions presented in Figures 4.1 and 4.2. As we can see in those figures, both celebrity and performance expectations negatively moderate the main effect of status loss on the exploration/ exploitation tendencies of the organization. A closer analysis of the two graphs reveals interesting and crucial findings related to the similar, yet differential effects of the two moderators. Although the moderating effects of celebrity and performance expectations are similar in direction, as they both weaken the main effect of status loss on the explorative/ exploitative behavior of the organization, they are different in their magnitude in such a way that the moderating effect of performance expectations is so much stronger that in fact it skews the main effect of status loss in favor of more exploitation compared to exploration.

Figure 4.1

Moderation Effect of Celebrity on Status Loss-Exploration/Exploitation Relationship

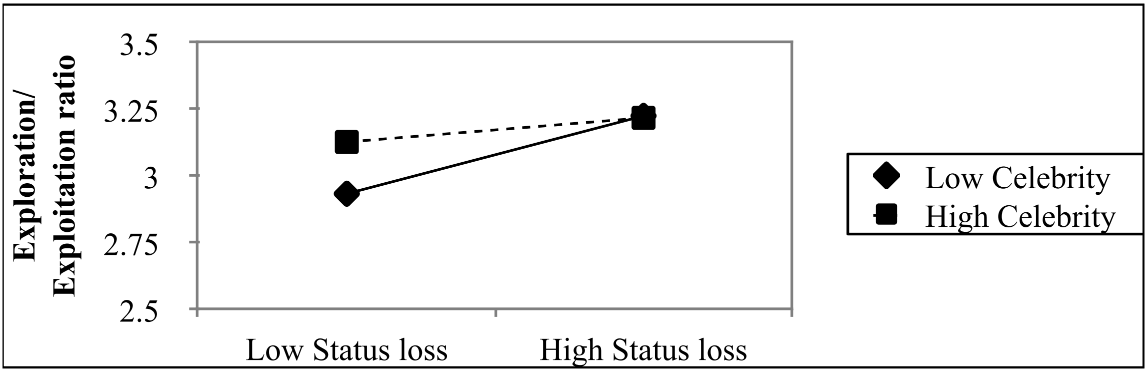
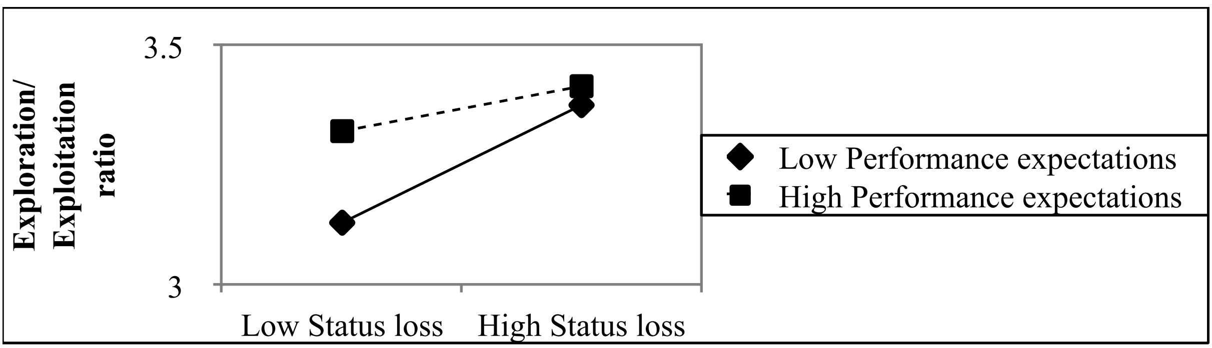


Figure 4.2

Moderation Effect of Performance Expectations on Status Loss-Exploration/Exploitation Relationship



Robustness checks

To test the robustness of our findings we analyzed our data in two different ways. First, we considered an alternative model of estimation and used a panel analysis of clubs that were present in all data-years. Second, using cross-sectional time series regressions, we only used end-of-season data points as the observations of the study. Neither of the two alternative analyses changed our initial findings.

Third, we addressed some other methodological matters regarding the construction of the independent variable. As we hypothesized our main effect, higher degrees of status loss in a 1-year time frame positively influences an organization's exploration compared to exploitation activities. In a supplementary analysis though, we re-analyzed the data using different time frames for the status loss to see whether the recency of a status loss might influence our findings. To do so, we went back up to seven years and introduced four new independent variables to our models, comparing the current status of the club with the occurrence of a status loss at various time frames in the past: in the last 2, 3, 4, and 5 years. We then conducted the FGLS regression analysis using various manifestations of status loss. As shown in Models 1–4 in Table 4.3, the results are insignificant for the effect of status loss on the exploration/exploitation ratio for all time frames. This finding clearly support our initial argumentation that a recent status loss is considered an immediate self-threat to the organization. Based on this supplementary analysis it seems that organizations do not hold a historical memory in determining the psychological effect of their status loss.

Table 4.3

Supplementary Results of FGLS Regression Analysis for Exploration/Exploitation Ratio Predicted by status loss in various time frames

Variables	Model 1	Model 2	Model 3	Model 4
Status loss (2 year-time frame)	0.01 (0.13)			
Status loss (3 year-time frame)		0.1 (0.1)		
Status loss (4 year-time frame)			0.03 (0.1)	
Status loss (5 year-time frame)				0.13 (0.1)
Manager's celebrity	-0.02 (0.01)	-0.001 (0.01)	-0.01 (0.01)	-0.03* (0.01)
Size	0.01 (0.01)	0.004 (0.01)	0.01 (0.01)	0.01* (0.01)
Manager's previous club affiliation as a player	-0.02 (0.1)	-0.16* (0.1)	-0.32*** (0.8)	-0.04 (0.1)
Manager's previous club affiliation as a manager	-0.31*** (0.01)	-0.04 (0.09)	-0.2*** (0.07)	-0.16** (0.08)
Manager's uninterrupted tenure	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.02 (0.01)
Foreign players	0.04 (0.41)	0.04 (0.33)	0.72* (0.3)	0.23 (0.39)
Total market value	-0.35*** (0.06)	-0.23*** (0.05)	-0.2*** (0.04)	-0.03 (0.1)
Departing players	-0.9*** (0.28)	-0.3 (0.26)	-0.77*** (0.21)	-0.8*** (0.24)
Constant	2.89*** (0.46)	1.82*** (0.41)	1.23*** (0.3)	0.9** (0.38)
Wald chi2	54.51	49.03	61.3	68.73

Standard errors in parentheses
Year has been controlled for using 10 year dummies for 2005-2014
* $p<0.1$
** $p<0.05$
*** $p<0.01$

DISCUSSION

The purpose of this study is to contribute to the larger body of literature on social approval assets, their dynamics, and to see how it may connect to the literature on organizational strategic decision making, and decisions regarding exploration/exploitation in particular. We therefore look specifically at status loss as it might provide an important demonstration of the dynamics of social approval assets and develop theory on the way in which a status loss would affect the exploratory/exploitative behavior and decision-making of the organization. Furthermore, by investigating the moderating effects of celebrity and performance expectations of market analysts, as crucial affirmation cues that might interact with the main effect of status loss on the organizational exploration/exploitation, we attempt to extend current understanding of how various affirmation cues and social approval assets may interact and jointly affect organizational decision making.

Our research and its findings have therefore important implications for theorizing on social approval assets, their interaction with various affirmation cues, and their effects on strategic decision making of organizations related to exploration and exploitation. First, by arguing that the effect of status on organizations may go beyond the dominant resource-based and static view of status, we extend theories on status by exploring the impact of status shifts on the behavior and decision-making of organizations. The focus of the majority of status research has been on the positive outcomes of status in terms of the resultant resources and advantages that the organization may get access to (Jensen, Kim, & Kim, 2011; Malter, 2014). Consequently, current status literature assume that a negative shift in status will only be problematic as the organization may be deprived of such resources and privileges (Jensen, 2003; Pettit at al., 2010). In interpreting such studies, however, there is a need for more studies that investigate the dynamics of status shifts and their effects on the organizational outcomes and behavior (Azoulay, Stuart, & Wang, 2014; Marr & Thau, 2014). This stream of research on status has attracted scholars' interest recently, particularly at the individual level of analysis. For instance, Jensen and Kim (2015) have investigated the negative consequences of sudden positive status shifts for upwardly mobile social actors, and argue that when male movie actors suddenly acquire more status after receiving or being nominated for an Oscar, they become more likely to divorce in the years that follow.

By putting our focus on the behavioral ramifications of status loss on the organizational level and how status loss could affect the decision making process in organizations, we seek to extend theory related to the outcomes of status shifts and broaden the current understanding, which is mainly limited to the resource-deprivation as the only consequence of a status disruption. As our theorization and our supporting findings suggest, status loss makes the organization more inclined to embark upon exploratory rather than exploitative initiatives. Using behavioral theory of the firm, we argue that status loss is likely to be considered a significant threat by the organization, which will trigger a problem-solving mode in the organization's decision makers. Consequently, decision makers will be more likely to respond to the threat of status loss "by increasing search, enacting changes, and taking risks" (Jordan & Audia, 2012). The subsequent change of status quo and re-invention of self translate into a new balance between exploration and exploitation in the strategies of the organization, swinging towards more exploration. This extends our understanding on the underlying theoretical mechanism behind the effect of status loss on the decision making process in organizations. By doing so, we contribute to the status literature, and expand its focus of examination, which has been mainly on relatively stable industries (e.g., in the wine industry) in which the status of organizations do not change markedly or unexpectedly over time (George et al., 2016; Podolny, 2010), and investigate the effect of negative status shifts on the strategic decision making in organizations.

Second, our study makes an important implication in the intersection of theories on social approval assets and the decision making process of organizations related to exploration and exploitation by expanding our understating of their antecedents. In that sense, our research brings psychological aspects derived from the interplay among various social evaluations and affirmation cues into play. From the existing literature on exploration and exploitation, we discern that the antecedents of exploitation and exploration have been mainly identified using the resource-based view and the dynamic capabilities perspectives respectively (Yalcinkaya, Calantone & Griffith, 2007; Zhan & Chen, 2013). Using the resource-based view promoted by Barney (1991), the antecedents of exploitation have been considered in terms of resources such as physical and financial capital, human capital and organizational capital that may lead to efficiency and competitive advantages in the short term (Benner & Tushman, 2003; He & Wong, 2004). Using the dynamic capabilities perspective however, the antecedents of exploration have been identified in terms of higher-order capabilities related to knowledge absorption (Cohen & Levinthal, 2000; Holmqvist, 2003, 2004), developing inter-organizational relationships (Koza & Lewin, 1998; Rothaermel & Deeds, 2004), and facilitating financial leverage and market projection (Auh & Menguc, 2005; Cao, Gedajlovic, & Zhang, 2009), which may lead to innovation, learning, and sustainable competitive advantage over time (Prange & Verdier, 2011; Rosenkopf & Nerkar, 2001). Furthermore, it's been also argued that the tendency of organizations to engage in exploration and exploitation activities may be affected by contingency factors of environmental antecedents -including dynamism (Jansen, Van den Bosch, & Volberda, 2005b; Sørensen & Stuart, 2000), exogenous shocks (Murmann & Tushman, 1997; Romanelli & Tushman, 1994), and competitive intensity (Levinthal & March, 1993)-, historical and structural antecedents -including the organization's age (Rothaermel & Deeds, 2004), size (Rothaermel & Deeds, 2004), slack resources (Voss, Sirdeshmukh, & Voss, 2008), and absorptive capacity (Cohen & Levinthal, 1990; Van den Bosch, Volberda, & de Boer, 1999), together with the organizational structure (Jansen et al., 2006), and culture (Ravasi & Schultz, 2006)-, and managerial biases -including the internal processes of the top management team and the leadership style of the organization's leaders (Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2011; Raisch & Birkinshaw, 2008; Raisch, Birkinshaw, Probst, & Tushman, 2009; Siggelkow & Levinthal, 2003). Our study however has an important implication for research regarding the antecedents of strategic decision making related to exploration and exploitation by theorizing and finding unprecedented evidence on the role of social approval assets and affirmation cues in influencing such a decision making process. Our finding on the positive effect of status loss on the tendency of organizations to engage in explorative compared to exploitative activities present a novel view towards our current understanding of the factors that may affect exploration/exploitation decisions of organizations by extending them to internal shocks that may stimulate the search for new ideas and knowledge base.

Third, our study has crucial implications for the literature and theories on organizational celebrity. Although more researchers have gradually become interested in celebrity at the organizational level in recent years (Pollock, Mishina, & Seo, 2016; Zavyalova et al., 2017), our understanding of the construct and its effects on the organization's behavior and decision-making remains very limited. Therefore, unlike other well-established and widely studied social approval assets such as reputation, firm celebrity and its possible behavioral consequences for the organization still need to be investigated further. Our findings in this study thus have important implications for theories regarding firm celebrity. By theorizing and finding supportive findings on the moderating role of firm celebrity in the organizations' sense-making process related to strategic change, we therefore make an important contribution to that line of literature by providing a better understanding of the underlying theoretical mechanism of organizations' sense-making of celebrity as an important sociocognitive cue surrounding organizations.

Fourth, by investigating the moderating effects of firm celebrity and performance expectations of market analysts on the main effect of status loss on the strategic decision making of organizations, we provide a more comprehensible picture of how organizations make sense of the multiple sociocognitive cues surrounding them and their consequent effect on the organizations' strategic decision-making. This is a major implication for the literature related to sociocognitive processes that influence organizational decision making and how decision makers perceive such diverse processes and make sense of their effects on the organization's behavior (Bitektine, 2011; Lange & Washburn, 2012). Existing studies tend to approach sociocognitive processes and their effects on the organization from a singular perspective (e.g., investigating the outcomes of social approval assets for organizations one at a time), without considering the fact that multiple sociocognitive processes are always in play concurrently, and may jointly affect organizations. Drawing upon research on social psychology and mass communications (Fiss & Zajac, 2006; Mishina, Block, & Mannor, 2012), we argue that organizations and their strategic decision makers are subject to affective and analytical information and affirmation cues that they receive from their social evaluators, and their interpretation of such cues of various nature may influence their strategic decision making. This is specially a relevant and crucial implication for studies on the strategic change decision making processes in organizations as organizations go through a cognitive reorientation by revisiting their priorities and goals upon receiving sociocognitive cues and information (Fiss & Zajac, 2006; Gioia, Thomas, Clark, & Chittipeddi, 1994).

By juxtaposing two distinct affirmation cues of celebrity as an affective affirmation frame and performance expectations of market analysts as an analytical affirmation frame, we extend the idea that organizations are susceptible to various sociocognitive processes and their corresponding affirmation signals that simultaneously exist and take effect. By opposing behavioral theory of the firm to self-enhancement theory, as overarching theories that bind the interactive effects of status loss, celebrity, and performance expectations together, we show how the change seeking effect of status loss comes face to face with the status quo encouraging effects of celebrity and performance expectations of market analysts. Although the shattered self-view of the organization in the aftermath of a status loss may encourage the organization to redeem its "self" by embarking upon change and exploring new ideas and resources, the positive affections of stakeholders toward the current interpretation of the organization's "self-view" being reflected in the celebrity base of the firm, alongside the positive analytical portrait of the prospective performance of the organization being reflected in the positive performance expectations of market analysts may mitigate the change-encouraging effect of status loss. This is an important implication for our understanding of sociocognitive processes as it shows how various of them may interact with each other and have joint psychological effects on the decision making of organizations.

Finally, our study has an important implication for managerial practice. As exploring new resources by recruiting new people from outside the organization could generate potential tensions with exploiting existing resources and promoting employees from within the organization (Andriopoulos & Lewis, 2009), it is crucial for managers to understand the underlying psychological triggers that affect the organization's exploratory/exploitative strategies. The variation and the unfamiliar recombinations of knowledge that are associated with exploring new resources could be in conflict with the familiarity and efficiency that are linked to exploiting existing resources (Taylor & Greve 2006). Such conflicts have been characterized as outside–inside and new–old tensions (Dougherty, 2006), and these can bring both opportunities and threats to the organization. While achieving a good balance between exploration and exploitation can make the organization ambidextrous, enabling it to enjoy the benefits of both strategies (e.g., the efficiency of exploitation as well as the flexibility of exploration), mismanaging the tension between the two kinds of activity can lead the organization into traps – for example, concentrating exclusively on either exploration or exploitation (Andriopoulos & Lewis, 2009). In that sense, as our study and the associated findings suggest, status loss will be among the psychological triggers that encourage organizations to opt for more exploration compared to exploitation. Merely being conscious of this should help managers to make more rational and considered decisions regarding their exploratory/exploitative strategies.

Limitations and Directions for Future Research

Our study has a number of limitations that alongside the questions that our theorization and findings raise could provide opportunities and new directions for future research. First, as we were focusing on one particular context in our study, it is important not to overgeneralize our results. Future studies looking at contexts other than professional soccer or the sports industry more broadly could help to give us a better understanding of the effect of sociocognitive cues on the decision making of organizations.

Second, although we focused only on two social approval assets of status and celebrity, there are opportunities for future research to investigate other such assets such as reputation, and to explore their underlying psychological mechanisms that could affect organizations and their decision-making. For instance, there has been a recent and growing interest in the reputation literature in various dimensions of reputation, and in defining this more precisely in terms of whose reputation and for what (Lange, Lee, & Dai, 2011). It would be particularly interesting for future research to examine what effects those dimensions have on the decision-making of the organization, both singularly and combined with the effects of status and celebrity that were the focus of our study. This will give us a better understanding of how organizations behave and how they make their strategic decisions and what role various social approval assets may play in that process.

Another important avenue to explore in future research is to investigate other key areas of strategic decision-making other than the exploration/exploitation that was the focus of our study. In that regard, it will be interesting to look into other organizational dimensions of decision making and behavior such as citizenship behaviors and counterproductive behaviors that may be influenced by experiencing the self-threat of a loss of status. This will expand the scope of our understating of the consequences of a status loss on the organizational level.

Finally, although the analysis in our study was at the organizational level, future research could extend our findings by conducting analyses on multiple levels of analysis – for instance, on the individual and the country level. That might enable us to arrive at a better understanding of this complex issue as we would then know more about both its micro- and macro-foundations.

CHAPTER 5. GENERAL CONCLUSION AND DISCUSSION

In this dissertation, I intend to make crucial implications to both theory and practice by extending and combining theories from literature on corporate reputation, status shifts, celebrity, performance feedback and expectations of market analysts, and exploration/exploitation. I firstly elaborate and theorize on how corporate reputation, although being a valuable organizational resource that gives the organization competitive advantage over its competitors, could navigate the behavior and decision making of the organization in such a way that higher levels of reputation may lead the organization to pursue more exploitation and less exploration. Only then I put the developed theory into empirical examination and look into the effect of reputation on the exploration/exploitation manifestation in investment decisions of the organization. By doing so I draw the attention of scholars and practitioners alike to the effect that reputation may have on the behavior and decision making of organizations. In that sense, I go beyond the general attribution of a mere valuable resource to corporate reputation and look at it as a construct that also has behavioral repercussions for the organization, specifically in terms of short-term orientation that it brings upon the organization.

Secondly, I draw attention to the fact that social approval assets such as status should be seen as dynamic constructs that could experience negative shifts over time. Furthermore, I discuss and empirically test how such negative shifts may affect the decision making of organization, specifically in regard to its exploration/exploitation decision making. Thirdly, I examine how the main effects of reputation and status loss could be further affected by important moderators of celebrity and performance expectations of market analysts.

In this final chapter of my dissertation I firstly provide an overview of my main propositions, hypotheses and findings. Afterwards I will discuss the theoretical and practical implications of my findings in detail.

Summary of Main Propositions, Hypotheses and Findings

Study 1 is a conceptual work that lays the foundation for the second study of my dissertation. The main premise of this study is that due to its path-dependent nature, corporate reputation may be a promoter of stability initiatives and at the same time a demoter of change initiatives. Building upon previous literature (e.g., Fiske & Taylor, 2013; Mishina, Block, & Mannor, 2012), I propose that reputable firms are expected to stick to more familiar initiates over time in order to maintain stability and the trust of their stakeholders. I then look into the contingencies that may affect this main relationship. Table 5.1 summarizes those propositions.

Table 5.1 Propositions of Study 1

Propositions	**Nature of Effect**
Proposition 1a: Firms with higher levels of reputation are more inclined to engage in stability initiatives over time.	main effect
Proposition 1b: Firms with higher levels of reputation are less inclined to engage in change initiatives over time.	main effect
Proposition 2a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger under higher levels of environmental uncertainty.	moderation
Proposition 2b. The negative effect of reputation on the firm's engagement in change initiatives is stronger under higher levels of environmental uncertainty.	moderation
Proposition 3a. The positive effect of reputation on the firm's engagement in stability initiatives is weaker in the initial development stage of the firm's life cycle.	moderation
Proposition 3b. The negative effect of reputation on the firm's engagement in change initiatives is weaker in the initial development stage of the firm's life cycle.	moderation
Proposition 4a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger in the later development stage of the firm's life cycle.	moderation
Proposition 4b. The negative effect of reputation on the firm's engagement in change initiatives is stronger in the later development stage of the firm's life cycle.	moderation
Proposition 5a. The positive effect of reputation on the firm's engagement in stability initiatives is weaker under higher levels of institutional ownership structure within the firm.	moderation

Table 5.1 Propositions of Study 1

Propositions	Nature of Effect
Proposition 5b. The negative effect of reputation on the firm's engagement in change initiatives is weaker under higher levels of institutional ownership structure within the firm.	moderation
Proposition 6a. The positive effect of reputation on the firm's engagement in stability initiatives is stronger in firms embedded in sparse networks.	moderation
Proposition 6b. The negative effect of reputation on the firm's engagement in change initiatives is stronger in firms embedded in sparse networks.	moderation

In study 2, I investigated how corporate reputation may have a significant effect on the investment decisions of the firm. Using a panel dataset of 128 firms from various industries, our longitudinal study and its results show that higher levels of reputation encourage the firm to embark upon more low-risk investments and less high-risk investments. Furthermore, I looked into the contingency role of securities analysts' recommendations in moderating the main effect of reputation on the investment decisions of the firm. In that regard, I found evidence on the strengthening effect of negative recommendations on the main relationship between reputation and investment decisions. Table 5.2 depicts the hypotheses of study 2 and the main results in a nutshell.

Table 5.2 Hypotheses and Results of Study 2

Hypotheses	Result
Hypothesis 1a: Firm reputation is positively related to low-risk investments by the firm.	Supported
Hypothesis 1b: Firm reputation is negatively related to high-risk investments by the firm.	Supported
Hypothesis 2a: Securities analysts' recommendations moderate the relationship between firm reputation and low-risk investments in such a way that more negative recommendations strengthen the positive effect of firm reputation on low-risk investments.	Supported

Table 5.2 Hypotheses and Results of Study 2

Hypotheses	Result
Hypothesis 2b: Securities analysts' recommendations moderate the relationship between firm reputation and high-risk investments in such a way that more negative recommendations strengthen the negative effect of firm reputation on high-risk investments.	Supported

Finally, in study 3, I examined the effect of status loss on the exploration/exploitation behavior of the organization to shed some light on the effect of another type of social approval assets and its dynamics on the behavior of the organization related to stability/ change dichotomy that I started in the first study and continued in the second one. Using data on soccer teams in the English context in a 10 year period, I found evidence on the positive effect of status loss on the exploration behavior of the organization relative to its exploitative behavior. I further examined the contingency role of celebrity and performance expectations of market analysts in moderating the main effect of status loss and found out that higher levels of both contingencies weaken the main effect of status loss on exploration vs. exploitation behavior of the organization. Table 5.3 summarizes the hypotheses and results of study 3.

Table 5.3 Hypotheses and Results of Study 3

Hypotheses	Result
Hypothesis 1: Status loss is positively related to the exploration behavior of the organization compared to its exploitation behavior.	Supported
Hypothesis 2: The celebrity of the organization moderates the relationship between the status loss and the exploration/ exploitation of the organization such that higher levels of celebrity weaken the positive effect of status loss on the organization’s exploration behavior compared to its exploitation behavior.	Supported

Table 5.3 Hypotheses and Results of Study 3

Hypotheses	Result
Hypothesis 3: Performance expectations of market analysts moderate the relationship between status loss and the exploration/exploitation of the organization such that higher levels of performance expectations weaken the positive effect of status loss on the organization's exploration behavior compared to its exploitation behavior.	Supported

Implications for Theory

Regarding the implications for theory, as I combine theories on various social approval assets (i.e., reputation, status, and celebrity) and their shifts, stability-change interplay and its particular organizational manifestation as exploration-exploitation balance, and also the contingency role of external moderating factors such as securities analysts' recommendations and performance expectations, there are five distinct theoretical implications to discuss.

First, in this dissertation I attempted on extending the current understanding of the outcomes of social approval assets by going beyond the dominant resource-based view towards the outcomes of social approval assets, and rather examine the effects of social approval assets on the behavior and decision making of organizations. In the first and second papers of this dissertation I specifically looked into the effects of reputation on the decision making of the firm.

The dominant resource-based view towards the outcomes of reputation is evident in the literature where the most consequences of reputation have been depicted as favorable economic outcomes (Lange et al., 2011). I however extended the current understanding by investigating the effect of reputation on the degree of risk-taking of the organization that would determine the level of its tendency towards change or stability. As I conceptualized in my first paper, the path-dependancy, which is an important foundation for the reputation of the organization (Fombrun, 1996), leads the organization to maintain the consistency and predictability in its decisions and behavior over time. As reputation of an organization is created and maintained by the organization's showing consistent behaviors over time, stakeholders of the organization won't take any unpredictability in its behavior lightly (Gardberg & Fombrun, 2006). Therefore, the organization will be inclined to engage in more stability initiatives and less change initiatives in order to maintain the expected consistency and predictability. This is due to the fact that change initiatives, on the contrary to stability initiatives, are associated with risk taking and breaking through the status quo (Jansen, van den Bosch, & Volberda, 2005). The main implication of this conceptualization for the theory on corporate reputation is that corporate reputation is not a mere resource that companies could only benefit from, but rather is a mindset that may affect the behavior and decision making of the organization in regard to stability and change.

I extended this conceptualization further in my second paper, where I put it into empirical examination and looked into the effect of reputation on the investment decisions of the firm. By finding supporting findings for hypotheses stating that reputation can persuade the firm to pursue less risky short-term investments while dissuade them from pursuing riskier long-term investments, I put forth the argument that firm reputation can also be viewed as an organizational behavior gauge that could affect the firm's behavior and decisions over time. These findings have important implications for theories related to the outcomes of corporate reputation by rendering a perspective in which reputation could bring potential dangers upon the organization. As the positive effect of reputation on pursuing less risky short-term investments and its negative effect on pursuing riskier long-term investments bring a short-term orientation in the investment decisions of the organization, reputation may pose the threat of short-sightedness to the organization over time. In essence, I show how social approval assets such as reputation may foster managerial myopia (Levinthal and March, 1993). This sheds new light on external social sources of such myopia among decision-makers.

Second, I attempted on extending literature related to the behavioral effects of changes in social approval assets. In that sense, the third paper has an important implication for studies on the possible effects of status shifts that have been only recently addressed on the individual level of analysis (e.g. in the work of Jensen & Kim, 2015). To that purpose, my third study extends that line of research on the effects of social approval assets' changes, and status shifts in particular, on the organizational level by investigating the effect of a status loss on the strategic decision making of the firm. By looking into the psychology of status and its possible negative shifts, I extend the idea of social approval assets as psychological compasses that may shape the behavior of organizations and not as mere resources that they will benefit from. Furthermore, the dominant resource-based view of the current literature towards social approval assets posits that in the aftermath of a negative change in such assets, organizations will be mainly deprived of the benefits that naturally come with such assets. Nevertheless, the third study of my dissertation has a crucial implication for current theoretical understanding of the organizational effects of a negative shift in social approval assets by furthering the notion that such negative shifts have behavioral and decision making-related consequences as well. A negative shift in social approval, in this case status, acts as performance feedback. In theorizing this effect, I extend research on the behavioral theory of the firm.

Third, by juxtaposing the simultaneous effects of multiple social approval assets and their shifts on the strategic decisions of the firm, I attempted on presenting a more comprehensive and dynamic picture of the behavioral effects of social approval assets. As organizations possess multiple social approval assets that are concurrently affecting the organizations' behavior and decision making, the findings of my third paper have important implications for the literature on social approval assets. Current literature tend to approach social approval assets separately without considering that multiple social approval assets and their shifts are always in concurrent play, interacting with one another, and jointly affecting organizational outcomes. To that purpose, by examining the simultaneous effect of celebrity and status loss in interacting with one another, I attempted on contributing to the literature by developing theories on multiple social approval assets' conjunctive behavioral effects on the organization. Not all approval assets are created equally, or have same effects when in place at the same time. Where status shifts affect performance expectations, celebrity and analysts' expectations affect the self-image of the firm and act as self-enhancing mechanisms.

Fourth, the studies in this dissertation have a particular implication for the literature on stability and change, and their more operational expression of exploration/exploitation interplay. By investigating possession or loss of social approval assets such as reputation and status as the antecedents of stability and change, I broaden the current understating on the reasons behind the organizations' choice for either exploration or exploitation. As I gather from the literature, the focus has been on three major contingencies of environmental factors, organization's historical and structural aspects, and managerial biases that would influence the exploration-exploitation interplay (Jansen et al., 2005). Nevertheless, my dissertation has an important implication as I attempted on initiating a new stream on the research related to exploration and exploitation by arguing that one important set of antecedents for exploration and exploitation is derived from the psychological state of organizations, prompted by possessing or losing certain social approval assets. The studies in this dissertation prompt future research to consider external antecedents of exploratory and exploitative behavior beyond environmental drivers such as technological disruptions, demand shifts, and environmental uncertainty.

Fifth, by looking at the moderating effects of various contingencies, in my dissertation I intend to present a better understanding of the behavioral effects of social approval assets by positing that salient external and internal contingencies may influence the main effect of social approval assets and their shifts on the organizational outcomes. As organizations operate in the bigger setting of their environment, the investigation of a relationship without considering the moderating effect of other salient factors might be misleading. Our findings have particularly an important implication for the signaling theory and theories on performance feedback as I examined the interaction between the implicit cues stemmed from reputation and status loss on one hand and explicit cues of performance feedback and analysts' recommendations on the other hand. As organizations receive various implicit and explicit cues in regard to their performance and favorability by their stakeholders, a concrete understanding of how such cues could jointly affect the strategic behavior and decision making of organizations will be crucial. By juxtaposing such cues in this dissertation and showing how those cues may affect the decision making of the organization via their interactions, I move a step forward in reaching that concrete understanding.

Implications for Practice

Besides the implications for theory, this dissertation has important implications for managerial practice as well. First, practitioners may benefit from the counter-intuitive discussions of this dissertation and think beyond the mere investigation of the obvious positive effects of a good corporate reputation or negative repercussions of a loss in their status for their organizations. Social approval assets has almost always been considered as valuable assets that provide the organization with competitive advantages (Raithel & Schwaiger, 2015). Consequently, managers might merely regard them as invaluable assets that they should possess without considering how those assets could psychologically affect their decision making. However, in my dissertation I particularly pinpointed that reputation exerts a prevention-focus upon the organization and by doing so brings a short-term orientation to its decision making. In that sense, reputation could become a burden by encouraging tactical short-term decisions at the expense of more strategic long-term ones.

Therefore, managers must be aware of the possible dangers that obtaining a higher corporate reputation may bring upon their organizations. At the same time, by highlighting the fact that the effect of losing social approval assets such as status may not be limited to simple deprivation of the organization from the advantages that are typically attached with possessing such social approval assets, this dissertation renders managers with a deeper understanding of the effects of shifts in social approval assets. This is a specifically important implication for managers who are concerned with the adaptation and survival of their organizations, as they must constantly take steps to strike a balance between continuous exploitation of short-term capabilities on the one hand, and exploration of novel and long-term competencies on the other hand (Gibson & Birkinshaw, 2004).

Second, managers would benefit from the findings and underlying discussions of this dissertation by getting a better picture of factors that could affect their exploration/ exploitation behavior. As exploring new resources and capabilities could generate potential tensions with exploiting existing ones (Andriopoulos & Lewis, 2009), it is important for managers to have a good understanding of the underlying psychological aspects that influence the organization's exploratory/exploitative strategies.

Finally, by presenting a better understanding of how various cues regarding performance and favorability of organizations may interact with one another and jointly affect the decision making of organizations, our findings provide managers with an important implication. Organizations are exposed to various implicit and explicit signals such as their reputation, status, celebrity, and performance expectations of market analysts. By examining how such cues interact with one another and how they may affect the decision making of managers, this dissertation presents a crucial implication for practitioners.

SUMMARY

In this dissertation, I intend to make crucial implications to both theory and practice by extending and combining theories from literature on corporate reputation, status shifts, celebrity, performance feedback and expectations of market analysts, and exploration/ exploitation.

Study 1 is a conceptual work that lays the foundation for the second study of my dissertation. The main premise of this study is that due to its path-dependent nature, corporate reputation may be a promoter of stability initiatives and at the same time a demoter of change initiatives. Building upon previous literature, I propose that reputable firms are expected to stick to more familiar initiates over time in order to maintain stability and the trust of their stakeholders. I then look into the contingencies that may affect this main relationship.

In study 2, I investigated how corporate reputation may have a significant effect on the investment decisions of the firm. Using a panel dataset of 128 firms from various industries, our results from this study show that higher levels of reputation encourage the firm to embark upon more low-risk investments and less high-risk investments. Furthermore, I looked into the contingency role of securities analysts' recommendations in moderating the main effect of reputation on the investment decisions of the firm. In that regard, I found evidence on the strengthening effect of negative recommendations on the main relationship between reputation and investment decisions.

Finally, in study 3, I examined the effect of status loss on the exploration/exploitation behavior of the organization to shed some light on the effect of another type of social approval assets and its dynamics on the behavior of the organization related to stability/ change dichotomy that I started in the first study and continued in the second one. Using data on soccer teams in the English context in a 10 year period, I found evidence on the positive effect of status loss on the exploration behavior of the organization relative to its exploitative behavior. I further examined the contingency role of celebrity and performance expectations of market analysts in moderating the main effect of status loss and found out that higher levels of both contingencies weaken the main effect of status loss on exploration vs. exploitation behavior of the organization.

SAMENVATTING (DUTCH SUMMARY)

In dit proefschrift wil ik komen tot belangrijke implicaties voor zowel de theorie als de praktijk door theorieën uit de literatuur over bedrijfsreputatie, statusverschuivingen, populariteit, prestatiefeedback, verwachtingen van marktanalisten en exploratie/exploitatie aan te vullen en met elkaar te combineren.

Studie 1 is een conceptueel werk waarin de basis wordt gelegd voor de tweede studie van mijn proefschrift. Het belangrijkste uitgangspunt van dit onderzoek is dat de reputatie van een onderneming door zijn padafhankelijke aard stabiliteitsinitiatieven kan bevorderen en tegelijkertijd veranderingsinitiatieven kan tegengaan. Voortbouwend op eerdere literatuur stel ik dat verwacht mag worden dat gerenommeerde bedrijven in de loop van de tijd zullen kiezen voor meer vertrouwde initiatieven met het oog op het behoud van stabiliteit en het vertrouwen van hun stakeholders. Vervolgens kijk ik naar de onvoorziene factoren die van invloed kunnen zijn op deze hoofdrelatie.

In studie 2 heb ik onderzocht hoe de reputatie van een bedrijf een significant effect kan hebben op de beleggingsbeslissingen van het bedrijf. Aan de hand van een paneldataset van 128 bedrijven uit verschillende bedrijfstakken, blijkt uit onze studieresultaten dat een hoger reputatieniveau bedrijven stimuleert om meer investeringen met een laag risico te doen en minder met een hoog risico. Verder heb ik gekeken naar de contingente rol van aanbevelingen van effectenanalisten bij het modereren van het hoofdeffect van reputatie op de beleggingsbeslissingen van het bedrijf. In dat opzicht vond ik bewijs voor het versterkende effect van negatieve aanbevelingen op de belangrijkste relatie tussen reputatie en investeringsbeslissingen.

Tot slot heb ik in studie 3 onderzocht wat het effect is van statusverlies op het exploratie- en exploitatiegedrag van de organisatie, met als doel om meer duidelijkheid te krijgen over het effect van een ander type sociale waardering en de dynamiek ervan op het gedrag van de organisatie met betrekking tot de dichotomie stabiliteit/verandering waarmee ik begon in de eerste studie en waarmee ik verder ging in de tweede. Met behulp van gegevens over voetbalteams in de Engelse context over een periode van tien jaar, vond ik bewijs voor het positieve effect van statusverlies op het exploratiegedrag van de organisatie ten opzichte van het exploitatieve gedrag. Verder onderzocht ik de contingente rol van populariteit en prestatieverwachtingen van markanalisten bij het modereren van het hoofdeffect van statusverlies. Het bleek dat een hogere mate van beide contingente factoren het hoofdeffect van statusverlies op het exploratie- versus exploitatiegedrag van de organisatie verzwakt.

REFERENCES

Adler, N. E., Epel, E. S., Castellazzo, G., & Ickovics, J. R. 2000. Relationship of subjective and objective social status with psychological and physiological functioning: Preliminary data in healthy, White women. ***Health psychology***, 19(6): 586.

Aghion, P., Van Reenen, J., & Zingales, L. 2013. Innovation and institutional ownership. ***The American Economic Review***, 103(1): 277-304.

Alan Fine, G., & White, R.D. 2002. Creating collective attention in the public domain: Human interest narratives and the rescue of Floyd Collins. ***Social Forces***, 81(1): 57-85.

Allison, P. D., & Waterman, R. P. 2002. Fixed–effects negative binomial regression models. ***Sociological Methodology,*** 32(1): 247–265.

Anand, J., Mesquita, L., & Vassolo, R. 2009. The dynamics of multimarket competition in exploration and exploitation activities. ***Academy of Management Journal***, 52(4): 802-821.

Andreassen, P. B. 1987. On the social psychology of the stock market: Aggregate attributional effects and the regressiveness of prediction. ***Journal of Personality and Social Psychology***, 53(3): 490.

Andriopoulos, C., & Lewis, M. W. 2009. Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation. ***Organization Science***, 20(4): 696-717.

Ashforth, B.E., Harrison, S.H., & Corley, K.G. 2008. Identification in organizations: An examination of four fundamental questions. ***Journal of Management***, 34(3): 325-374.

Audia, P.G., & Brion, S. 2007. Reluctant to change: Self-enhancing responses to diverging performance measures. ***Organizational Behavior and Human Decision Processes***, 102(2): 255-269.

Auh, S., & Menguc, B. 2005. Balancing exploration and exploitation: The moderating role of competitive intensity. ***Journal of Business Research***, 58(12): 1652-1661.

Azoulay, P., Stuart, T., & Wang, Y. 2014. Matthew: Effect or fable?. ***Management Science***, 60(1): 92-109.

Bajtelsmit, V. L., & VanDerhei, J. L. 1997. Risk aversion and pension investment choices. ***Positioning Pensions for the Twenty-first Century***, 45: 66.

Barnett, M. L., Jermier, J. M., & Lafferty, B. A. 2006. Corporate reputation: The definitional landscape. ***Corporate Reputation Review***, 9(1): 26-38.

Barney, J. 1991. Firm resources and sustained competitive advantage. ***Journal of Management***, 17(1): 99-120.

Baron, R. A., & Tang, J. 2011. The role of entrepreneurs in firm-level innovation: Joint effects of positive affect, creativity, and environmental dynamism. ***Journal of Business Venturing****,* 26(1): 49-60.

Basdeo, D., Smith, K., Grimm, C., Rindova, V., & Derfus, P. 2006. The impact of market actions on firm reputation. ***Strategic Management Journal***, 27: 1205-1219.

Battilana, J., & Casciaro, T. 2012. Change agents, networks, and institutions: A contingency theory of organizational change. ***Academy of Management Journal***, *55*(2): 381-398.

Baum, J.A., & Oliver, C. 1992. Institutional embeddedness and the dynamics of organizational populations. ***American Sociological Review***, 540-559.

Baumeister, R.F., Smart, L., & Boden, J.M. 1996. Relation of threatened egotism to violence and aggression: The dark side of high self-esteem. ***Psychological review***, 103(1): 5.

Bazerman, M.H. 2006. Climate change as a predictable surprise. ***Climatic Change***, 77(1-2): 179-193.

Beatty, R. P., & Ritter, J. R. 1986. Investment banking, reputation, and the underpricing of initial public offerings. ***Journal of Financial Economics***, 15(1): 213-232.

Beckman, C. M. 2006. The influence of founding team company affiliations on firm behavior. ***Academy of Management Journal***, 49(4): 741-758.

Bendersky, C., & Shah, N.P. 2012. The cost of status enhancement: Performance effects of individuals' status mobility in task groups. ***Organization Science***, 23(2): 308-322.

Benjamin, B.A., & Podolny, J.M. 1999. Status, quality, and social order in the California wine industry. ***Administrative Science Quarterly***, 44(3): 563-589.

Benner, M. J. 2007. The incumbent discount: Stock market categories and response to radical technological change. ***Academy of Management Review,*** 32(3): 703-720.

Benner, M. J. 2010. Securities analysts and incumbent response to radical technological change: Evidence from digital photography and internet telephony. ***Organization Science,*** 21(1): 42–62.

Benner, M. J., & Ranganathan, R. 2012. Offsetting illegitimacy? How pressures from securities analysts influence incumbents in the face of new technologies. ***Academy of Management Journal,*** 55(1): 213-233.

Benner, M. J., & Tushman, M. L. 2003. Exploitation, exploration, and process management: The productivity dilemma revisited. ***Academy of management review***, 28(2): 238-256.

Bird, B. 1988. Implementing entrepreneurial ideas: The case for intention. ***Academy of Management Review***, 13(3): 442-453.

Bitektine, A. 2011. Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. ***Academy of Management Review***, 36(1): 151-179.

Blader, S. L., & Chen, Y. R. 2011. What influences how higher-status people respond to lower-status others? Effects of procedural fairness, outcome favorability, and concerns about status. ***Organization Science***, 22(4): 1040-1060.

Blau, P. M. (1994). ***Structural contexts of opportunities***. University of Chicago Press.

Bothner, M. S., Podolny, J. M., & Smith, E. B. 2011. Organizing contests for status: The Matthew effect vs. the Mark effect. ***Management Science***, 57(3): 439-457.

Boyd, B. K., Bergh, D. D., & Ketchen, D. J. 2010. Reconsidering the reputation-performance relationship: A resource-based view. ***Journal of Management***, *36*(3): 588-609.

Bradshaw, M. T. 2004. How do analysts use their earnings forecasts in generating stock recommendations?. ***The Accounting Review,*** 79(1): 25-50.

Brammer, S. J., & Pavelin, S. 2006. Corporate reputation and social performance: The importance of fit. ***Journal of Management Studies,*** 43(3): 435-455.

Brendl, C. M., & Higgins, E. T. 1996. Principles of judging valence: What makes events positive or negative?. ***Advances in Experimental Social Psychology,*** 28, 95-160.

Brockner, J., & Higgins, E.T. 2001. Regulatory focus theory: Implications for the study of emotions at work. ***Organizational Behavior and Human Decision Processes***, 86(1): 35-66.

Bromiley, P., Miller, K. D., & Rau, D. 2001. Risk in strategic management research. ***The Blackwell Handbook of Strategic Management***, 259-288.

Bromley, D. B. 2000. Psychological aspects of corporate identity, image and reputation. ***Corporate Reputation Review***, *3*(3): 240-252.

Brown, B., & Perry, S. 1994. Removing the financial performance halo from Fortune's "Most Admired" companies. ***Academy of Management Journal,*** 37(5): 1347-1359.

Bunderson, J. S., & Reagans, R. E. 2011. Power, status, and learning in organizations. ***Organization Science***, 22(5): 1182-1194.

Bundy, J., & Pfarrer, M.D. 2015. A burden of responsibility: The role of social approval at the onset of a crisis. ***Academy of Management Review***, 40(3): 345-369.

Burgoon, J. K. 1993. Interpersonal expectations, expectancy violations, and emotional communication. ***Journal of Language and Social Psychology***, 12(1-2): 30-48.

Burgoon, J. K., & Hubbard, A. E. 2005. Cross-cultural and intercultural applications of expectancy violations theory and interaction adaptation theory. ***Theorizing about Intercultural Communication***, 149-171.

Burgoon, J. K., & Poire, L. 1993. Effects of communication expectancies, actual communication, and expectancy disconfirmation on evaluations of communicators and their communication behavior. ***Human Communication Research***, 20(1): 67-96.

Burt, R. S. 1992. ***Structural holes: The social structure of competition***. Cambridge, MA: Harvard University Press.

Burt, R. S. 2004. Structural holes and good ideas. ***American Journal of Sociology***, *110*(2): 349-399.

Burt, R. S. 2005. ***Brokerage and closure: An introduction to social capital***. OUP Oxford.

Buxbaum, R. M. 1991. Tensions Between Institutional Owners and Corporate Managers: An International Perspective. ***Brook. L. Rev.***, 57: 1.

Cao, Q., Gedajlovic, E. and Zhang, H. 2009. Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. ***Organization Science***, 20(4): 781-796.

Carmeli, A., & Tishler, A. 2004. The relationships between intangible organizational elements and organizational performance. ***Strategic Management Journal,*** 25(13): 1257-1278.

Carter, S. M. 2006. The interaction of top management group, stakeholder, and situational factors on certain corporate reputation management activities. ***Journal of Management Studies***, 43(5): 1145-1176.

Carter, S. M., & Ruefli, T. W. 2006. Intra-industry reputation dynamics under a resource-based framework: assessing the durability factor. ***Corporate Reputation Review,*** 9(1): 3-25.

Carver, C. S., & Scheier, M. 1990. ***Principles of self-regulation: Action and emotion***. Guilford Press.

Christensen, C. M., & Bower, J. L. 1996. Customer power, strategic investment, and the failure of leading firms. ***Strategic Management Journal***, 17(3): 197-218.

Chu, W., & Chu, W. 1994. Signaling quality by selling through a reputable retailer: An example of renting the reputation of another agent. ***Marketing Science***, 13(2): 177-189.

Clark, B., & Montgomery, D. 1998. Deterrence, reputations, and competitive cognition. ***Management Science***, 44: 62-82.

Clarkson, M. E. 1995. A stakeholder framework for analyzing and evaluating corporate social performance. ***Academy of Management Review***, 20(1): 92-117.

Cohen, G.L., Aronson, J., & Steele, C.M. 2000. When beliefs yield to evidence: Reducing biased evaluation by affirming the self. ***Personality and Social Psychology Bulletin***, 26(9): 1151-1164.

Cohen, W. M., & Levinthal, D. A. 1990. Absorptive capacity: A new perspective on learning and innovation. ***Administrative Science Quarterly***, 128-152.

Cohen, W.M., & Levinthal, D.A. 2000. Absorptive capacity: A new perspective on learning and innovation. ***In Strategic Learning in a Knowledge economy,*** 39-67.

Coleman, J. S. 1988. Social capital in the creation of human capital. ***American Journal of Sociology***, 94: S95-S120.

Coombs, W.T. 2007. Protecting organization reputations during a crisis: The development and application of situational crisis communication theory. ***Corporate Reputation Review***, 10(3): 163-176.

Crocker, J., & Park, L. E. 2004. The costly pursuit of self-esteem. ***Psychological Bulletin***, 130(3): 392.

Crossan, M.M., & Berdrow, I. 2003. Organizational learning and strategic renewal. ***Strategic Management Journal***, 24(11): 1087-1105.

Crowe, E., & Higgins, E. T. 1997. Regulatory focus and strategic inclinations: Promotion and prevention in decision-making. ***Organizational Behavior and Human Decision Processes,*** 69(2): 117-132.

Cyert, R. M., & March, J. G. 1963. ***A behavioral theory of the firm***. Englewood Cliffs, NJ, 2(4): 169-187.

Deephouse, D. L. 1999. To be different, or to be the same? It's a question (and theory) of strategic balance. ***Strategic Management Journal,*** 20(2): 147-166.

Deephouse, D. L. 2000. Media reputation as a strategic resource: An integration of mass communication and resource-based theories. ***Journal of Management***, *26*(6): 1091-1112.

Deephouse, D. L., & Carter, S. M. 2005. An Examination of Differences Between Organizational Legitimacy and Organizational Reputation*. ***Journal of Management Studies,*** 42(2): 329-360.

DeNisi, A. S., & Kluger, A. N. 2000. Feedback effectiveness: can 360-degree appraisals be improved?. ***The Academy of Management Executive,*** 14(1): 129-139.

Dess, G., & Beard, D. 1984. Dimensions of organizational task environments. ***Administrative Science Quarterly***, 29: 52-73.

Deutsch, Y., & Ross, T. W. 2003. You are known by the directors you keep: Reputable directors as a signaling mechanism for young firms. ***Management Science***, 49(8): 1003-1017.

Dierickx, I., & Cool, K. 1989. Asset stock accumulation and sustainability of competitive advantage. ***Management Science***, 35(12): 1504-1511.

Dimov, D., Shepherd, D. A., & Sutcliffe, K. M. 2007. Requisite expertise, firm reputation, and status in venture capital investment allocation decisions. ***Journal of Business Venturing***, 22(4): 481-502.

Dodge, H. R., Fullerton, S., & Robbins, J. E. 1994. Stage of the organizational life cycle and competition as mediators of problem perception for small businesses. ***Strategic Management Journal***, 15(2): 121-134.

Dodge, H. R., & Robbins, J. E. 1992. An empirical investigation of the organizational life cycle. ***Journal of Small Business Management***, 30(1): 27.

Dougherty, D. 2006. Organizing for innovation in the 21st century. ***The Sage Handbook of Organization Studies***, 2: 598-617.

Dowling, G., & Moran, P. 2012. Corporate reputations. ***California Management Review***, 54(2): 25-42.

Driscoll, J. C., & Kraay, A. C. 1998. Consistent covariance matrix estimation with spatially dependent panel data. ***Review of Economics and Statistics,*** 80(4): 549-560.

Dukerich, J. M., Kramer, R., & McLean Parks, J. 1998. The dark side of organizational identification. In D. A. Whetten, & P. C. Godfrey (Eds.), Identity in organizations: Building theory through conversations: 245-256. ***Thousand Oaks, CA: Sage***.

Duncan, R. B. 1972. Characteristics of organizational environments and perceived environmental uncertainty. ***Administrative Science Quarterly***, 313-327.

Duncan, R. B. 1976. The ambidextrous organization: Designing dual structures for innovation. ***The Management of Organization***, 1: 167-188.

Dunning, D., Leuenberger, A., & Sherman, D. A. 1995. A new look at motivated inference: Are self-serving theories of success a product of motivational forces?. ***Journal of Personality and Social Psychology***, 69(1): 58.

Dutton, K. A., & Brown, J. D. 1997. Global self-esteem and specific self-views as determinants of people's reactions to success and failure. ***Journal of Personality and Social Psychology***, 73(1): 139.

Elsbach, K. D., & Kramer, R. M. 1996. Members' responses to organizational identity threats: Encountering and countering the Business Week rankings. ***Administrative Science Quarterly***, 442-476.

Farjoun, M. 2010. Beyond dualism: Stability and change as a duality. ***Academy of Management Review***, 35(2): 202-225.

Festinger, L. 1954. A theory of social comparison processes. ***Human relations***, 7(2): 117-140.

Fischer, E., & Reuber, R. 2007. The good, the bad, and the unfamiliar: The challenges of reputation formation facing new firms. ***Entrepreneurship Theory and Practice***, 31(1): 53-75.

Fishburn, P.C., & Kochenberger, G.A. 1979. Two−piece von Neumann−Morgenstern utility functions. ***Decision Sciences***, 10(4): 503-518.

Fiske, S. T., & Taylor, S. E. 2013. ***Social cognition: From brains to culture***. Sage.

Fiss, P.C. & Zajac, E.J. 2006. The symbolic management of strategic change: Sensegiving via framing and decoupling. ***Academy of Management Journal***, 49(6): 1173-1193.

Flanagan, D. J., & O'Shaughnessy, K. C. 2005. The effect of layoffs on firm reputation. ***Journal of Management***, *31*(3): 445-463.

Florack, A., & Hartmann, J. 2007. Regulatory focus and investment decisions in small groups. ***Journal of Experimental Social Psychology***, 43(4): 626-632.

Floyd, S., & Lane, P. 2000. Strategizing throughout the organization: Managing role conflict in strategic renewal. ***Academy of Management Review***, 25: 154-177.

Fombrun, C. J. 1996. ***Reputation: Realizing value from the corporate image***. Boston: Harvard Business School Press.

Fombrun, C. J., Ponzi, L. J., & Newburry, W. 2015. Stakeholder Tracking and Analysis: The RepTrak® System for Measuring Corporate Reputation. ***Corporate Reputation Review***, 18(1): 3-24.

Fombrun, C., & Shanley, M. 1990. What's in a name? Reputation building and corporate strategy. ***Academy of Management Journal***, 33(2): 233-258.

Fombrun, C., & Van Riel, C. 1997. The reputational landscape. ***Corporate Reputation Review***, 1-16.

Förster, J., Grant, H., Idson, L. C., & Higgins E. T. 2001. Success/failure feedback, expectancies, and approach/avoidance motivation: How regulatory focus moderates classic relations. ***Journal of Experimental Social Psychology,*** 37(3): 253-260.

Friedman, R. S., & Förster, J. 2001. The effects of promotion and prevention cues on creativity. ***Journal of Personality and Social Psychology,*** 81(6): 1001.

Fryxell, G. E., & Wang, J. 1994. The fortune corporate'reputation'index: Reputation for what?. ***Journal of Management,*** 20(1): 1-14.

Galanter, E., & Pliner, P. 1974. ***Cross-modality matching of money against other continua. In Sensation and measurement (pp. 65-76)***. Springer, Dordrecht.

Galbreath, J. 2005. Which resources matter the most to firm success? An exploratory study of resource-based theory. ***Technovation,*** 25(9): 979-987.

Galinsky, A. D., Gruenfeld, D. H., & Magee, J. C. 2003. From power to action. ***Journal of personality and social psychology***, 85(3): 453.

Gardberg, N. A., & Fombrun, C. J. 2006. Corporate citizenship: Creating intangible assets across institutional environments. ***Academy of Management Review,*** 31(2): 329-346.

Gargiulo, M., & Benassi, M. 2000. Trapped in your own net? Network cohesion, structural holes, and the adaptation of social capital. ***Organization Science***, *11*(2): 183-196.

Gatewood, R.D., Gowan, M.A., & Lautenschlager, G.J. 1993. Corporate image, recruitment image and initial job choice decisions. ***Academy of Management journal***, 36(2): 414-427.

Gavetti, G., Greve, H. R., Levinthal, D. A., & Ocasio, W. 2012. The behavioral theory of the firm: Assessment and prospects. ***The Academy of Management Annals***, 6(1): 1-40.

Gavetti, G., & Levinthal, D. 2000. Looking forward and looking backward: Cognitive and experiential search. ***Administrative Science Quarterly***, 45(1): 113-137.

Gavetti, G., & Levinthal, D.A. 2004. 50th Anniversay article: The strategy field from the perspective of Management Science: Divergent strands and possible integration. ***Management Science***, 50(10): 1309-1318.

George, G., Dahlander, L., Graffin, S. D., & Sim, S. 2016. Reputation and Status: Expanding the Role of Social Evaluations in Management Research. ***Academy of Management Journal***, 59(1): 1-13.

Gibson, C., & Birkinshaw, J. 2004. The antecedents, consequences and mediating role of organizational ambidexterity. ***Academy of Management Journal***, 47: 209-226.

Gilbert, D.T., Pinel, E.C., Wilson, T.D., Blumberg, S.J., & Wheatley, T.P. 1998. Immune neglect: a source of durability bias in affective forecasting. ***Journal of Personality and Social Psychology***, 75(3): 617.

Gilson, R. J., & Kraakman, R. 1991. Reinventing the outside director: An agenda for institutional investors. ***Stanford Law Review***, 863-906.

Gioia, D.A., Thomas, J.B., Clark, S.M., & Chittipeddi, K. 1994. Symbolism and strategic change in academia: The dynamics of sensemaking and influence. ***Organization Science***, 5(3): 363-383.

Giorgi, S., & Weber, K. 2015. Marks of distinction: Framing and audience appreciation in the context of investment advice. ***Administrative Science Quarterly***, 60(2): 333-367.

Gould, R. V. 2002. The origins of status hierarchies: A formal theory and empirical test 1. ***American journal of sociology***, 107(5): 1143-1178.

Graffin, S. D., & Ward, A. J. 2010. Certifications and reputation: Determining the standard of desirability amidst uncertainty. ***Organization Science***, 21(2): 331-346.

Grant, R. 1991a. The resource-based theory of competitive advantage: Implications for strategy formulation. ***California Management Review***, 33(3): 114-135.

Grant, R. M. 1991b. The resource-based theory of competitive advantage: implications for strategy formulation. ***Knowledge and Strategy,*** 3-23.

Grant, R. M., & Baden−Fuller, C. 2004. A knowledge accessing theory of strategic alliances. ***Journal of management studies***, 41(1): 61-84.

Greve, H.R. 1998. Performance, aspirations and risky organizational change. ***Administrative Science Quarterly***, 43(1).

Greve, H. R. 2003a. ***Organizational learning from performance feedback: A behavioral perspective on innovation and change***. Cambridge University Press.

Greve, H. R. 2003b. A behavioral theory of RandD expenditures and innovations: Evidence from shipbuilding. ***Academy of Management Journal,*** 46(6): 685-702.

Greenwood, R., & Hinings, C. R. 1988. Organizational design types, tracks and the dynamics of strategic change. ***Organization Studies,*** 9(3): 293-316.

Guinote, A. 2007. Power and goal pursuit. ***Personality and Social Psychology Bulletin***.

Gupta, A. K., Smith, K. G., & Shalley, C. E. 2006. The interplay between exploration and exploitation. ***Academy of Management Journal***, 49(4): 693-706.

Hall, B. 2000. ***Innovation and market value***. In G. Mason, & M. O'Mahoney (Eds.), Productivity, Innovation, and Economic Performance. Cambridge: Cambridge University Press.

Hall, R. 1992. The strategic analysis of intangible resources. ***Strategic Management Journal***, *13*(2): 135-144.

Hall, R. 1993. A framework linking intangible resources and capabilities to sustainable competitive advantage. ***Strategic Management Journal***, *14*(8): 607-618.

Hanks, S. H. 2015. The organization life cycle: Integrating content and process. ***Journal of Small Business Strategy***, 1(1): 1-12.

Haunschild, P. R., & Miner, A. S. 1997. Modes of interorganizational imitation: The effects of outcome salience and uncertainty. ***Administrative Science Quarterly,*** 472-500.

Hausman, J. A. 1978. Specification tests in econometrics. *Econometrica:* ***Journal of the Econometric Society,*** 1251-1271.

Hayward, M., & Boeker, W. 1998. Power and conflicts of interest in professional firms: Evidence from investment banking. ***Administrative Science Quarterly***, 43: 1-22.

Hayward, M. L., Rindova, V. P., & Pollock, T. G. 2004. Believing one's own press: The causes and consequences of CEO celebrity. ***Strategic Management Journal***, 25(7): 637-653.

He, J., & Wang, H. C. 2009. Innovative knowledge assets and economic performance: The asymmetric roles of incentives and monitoring. ***Academy of Management Journal,*** 52(5): 919-938.

He, Z. L., & Wong, P. K. 2004. Exploration vs. exploitation: An empirical test of the ambidexterity hypothesis. ***Organization Science***, *15*(4): 481-494.

Heine, S.J., & Lehman, D.R. 1997. The cultural construction of self-enhancement: An examination of group-serving biases. ***Journal of Personality and Social Psychology***, 72(6): 1268.

Henrich, J., & Gil-White, F. J. 2001. The evolution of prestige: Freely conferred deference as a mechanism for enhancing the benefits of cultural transmission. ***Evolution and human behavior***, 22(3): 165-196.

Higgins, E. T. 1989. Self-discrepancy theory: What patterns of self-beliefs cause people to suffer?. ***Advances in Experimental Social Psychology***, 22: 93-136.

Higgins, E. T. 1996. The" self digest": self-knowledge serving self-regulatory functions. ***Journal of Personality and Social Psychology***, 71(6): 1062.

Higgins, E. T. 1997. Beyond pleasure and pain. ***American Psychologist***, 52(12): 1280.

Higgins, E. T. 1998. Promotion and prevention: Regulatory focus as a motivational principle. ***Advances in Experimental Social Psychology,*** 30: 1-46.

Higgins, E. T, Roney, C. J., Crowe, E., & Hymes, C. 1994. Ideal versus ought predilections for approach and avoidance distinct self-regulatory systems. ***Journal of Personality and Social Psychology,*** 66(2): 276.

Higgins, E. T., Shah, J., & Friedman, R. 1997. Emotional responses to goal attainment: strength of regulatory focus as moderator. ***Journal of Personality and Social Psychology,*** 72(3): 515.

Highhouse, S., Broadfoot, A., Yugo, J. E., & Devendorf, S. A. 2009. Examining corporate reputation judgments with generalizability theory. ***Journal of Applied Psychology***, 94(3): 782.

Highhouse, S., Brooks, M. E., & Gregarus, G. 2009. An organizational impression management perspective on the formation of corporate reputations. ***Journal of Management***, 35(6): 1481-1493.

Hillman, A. J., & Keim, G. D. 2001. Shareholder value, stakeholder management, and social issues: what's the bottom line?. ***Strategic Management Journal***, 22(2): 125-139.

Hirsch, P. M. 1972. Processing fads and fashions: An organization-set analysis of cultural industry systems. ***American journal of sociology***, 77(4): 639-659.

Hmieleski, K. M., & Baron, R. A. 2008. Regulatory focus and new venture performance: A study of entrepreneurial opportunity exploitation under conditions of risk versus uncertainty. ***Strategic Entrepreneurship Journal,*** 2(4): 285-299.

Hoechle, D. 2007. Robust standard errors for panel regressions with cross-sectional dependence. ***Stata Journal,*** 7(3): 281.

Holderness, C. G., & Sheehan, D. P. 1988. The role of majority shareholders in publicly held corporations: An exploratory analysis. ***Journal of Financial Economics***, *20:* 317-346.

Holmqvist, M. 2003. A dynamic model of intra-and interorganizational learning. ***Organization Studies***, 24(1): 95-123.

Holmqvist, M. 2004. Experiential learning processes of exploitation and exploration within and between organizations: An empirical study of product development. ***Organization Science***, 15(1): 70-81.

Hoque, Z. 2004. A contingency model of the association between strategy, environmental uncertainty and performance measurement: impact on organizational performance. ***International Business Review***, 13(4): 485-502.

Hoskisson, R. E., Hitt, M. A., Johnson, R. A., & Grossman, W. 2002. Conflicting voices: The effects of institutional ownership heterogeneity and internal governance on corporate innovation strategies. ***Academy of Management journal***, *45*(4): 697-716.

Hoskisson, R. E., Johnson, R. A., & Moesel, D. D. 1994. Corporate divestiture intensity in restructuring firms: Effects of governance, strategy, and performance. ***Academy of Management journal***, *37*(5): 1207-1251.

Idson, L. C., Liberman, N., & Higgins, E. T. 2000. Distinguishing gains from nonlosses and losses from nongains: A regulatory focus perspective on hedonic intensity. ***Journal of Experimental Social Psychology****,* 36(3): 252-274.

Ioannou, I., & Serafeim, G. 2015. The impact of corporate social responsibility on investment recommendations: Analysts' perceptions and shifting institutional logics. ***Strategic Management Journal***, 36(7): 1053-1081.

Jackson, S.E., Stone, V.K., & Alvarez, E.B. 1992. Socialization amidst diversity-the impact of demographics on work team oldtimers and newcomers. ***Research in Organizational Behavior***, 15: 45-109.

Jansen, J., Van Den Bosch, F., & Volberda, H. 2005a. Exploratory innovation, exploitative innovation, and ambidexterity: The impact of environmental and organizational antecedents. ***Schmalenbach Business Review***, 57: 351-363.

Jansen, J. J., Van Den Bosch, F. A., & Volberda, H. W. 2005b. Managing potential and realized absorptive capacity: how do organizational antecedents matter?. ***Academy of Management Journal***, 48(6): 999-1015.

Jansen, J. J., Van Den Bosch, F. A., & Volberda, H. W. 2006. Exploratory innovation, exploitative innovation, and performance: Effects of organizational antecedents and environmental moderators. ***Management Science***, *52*(11): 1661-1674.

Jansen, J. J., Vera, D., & Crossan, M. 2009. Strategic leadership for exploration and exploitation: The moderating role of environmental dynamism. ***The Leadership Quarterly***, *20*(1): 5-18.

Jawahar, I. M., & McLaughlin, G. L. 2001. Toward a descriptive stakeholder theory: An organizational life cycle approach. ***Academy of Management Review***, 26(3): 397-414.

Jensen, M. 2003. The role of network resources in market entry: Commercial banks' entry into investment banking, 1991–1997. ***Administrative Science Quarterly***, 48(3): 466-497.

Jensen, M. 2008. The use of relational discrimination to manage market entry: When do social status and structural holes work against you?. ***Academy of Management Journal***, 51(4): 723-743.

Jensen, M., & Kim, H. 2015. The real Oscar curse: The negative consequences of positive status shifts. ***Organization Science***, 26(1): 1-21.

Jensen, M., Kim, B.K. & Kim, H. 2011. The importance of status in markets: A market identity perspective. ***Status in Management and Organizations***, 48(2): 87-117.

Jensen, M., Kim, H., & Kim, B.K. 2012. Meeting expectations: A role-theoretic perspective on reputation. ***The Oxford handbook of corporate reputation***, 140-159.

Jensen, M., & Roy, A. 2008. Staging exchange partner choices: When do status and reputation matter?. ***Academy of Management Journal***, 51(3): 495-516.

Johnson, R. A., & Greening, D. W. 1999. The effects of corporate governance and institutional ownership types on corporate social performance. ***Academy of Management Journal,*** 42(5): 564-576.

Jordan, A.H., & Audia, P.G. 2012. Self-enhancement and learning from performance feedback. ***Academy of Management Review***, 37(2): 211-231.

Jost, J.T., Banaji, M.R., & Nosek, B.A. 2004. A decade of system justification theory: Accumulated evidence of conscious and unconscious bolstering of the status quo. ***Political Psychology***, 25(6): 881-919.

Ju Choi, C., & Kim, J.B. 1996. Reputation, learning and quality uncertainty. ***Journal of Consumer Marketing***, 13(5): 47-55.

Kahneman, D., 2011. ***Thinking, fast and slow***. Macmillan.

Kahneman, D., & Frederick, S. 2002. Representativeness revisited: Attribute substitution in intuitive judgment. ***Heuristics and biases: The psychology of intuitive judgment***, 49: 81.

Kahneman, D., & Tversky, A. 1979. Prospect theory: An analysis of decision under risk. ***Econometrica: Journal of the Econometric Society***, 263-291.

Kahneman, D., & Tversky, A. 1984. Choices, values, and frames. ***American psychologist***, 39(4): 341.

Kark, R., & Van Dijk, D. 2007. Motivation to lead, motivation to follow: The role of the self-regulatory focus in leadership processes. ***Academy of Management Review***, 32(2): 500-528.

Katila, R., & Ahuja, G. 2002. Something old, something new: A longitudinal study of search behavior and new product introduction. ***Academy of Management Journal***, 45(6): 1183-1194.

Kazanjian, R. K. (1988). Relation of dominant problems to stages of growth in technology-based new ventures. ***Academy of Management journal***, 31(2): 257-279.

Kimberly, J. R., & Miles, R. H. 1980. ***The organizational life cycle: issues in the creation, transformation, and decline of organizations***. San Francisco, CA: Jossey-Bass.

King, B. G., & Whetten, D. A. 2008. Rethinking the relationship between reputation and legitimacy: A social actor conceptualization. ***Corporate Reputation Review,*** 11(3): 192-207.

Kjærgaard, A., Morsing, M., & Ravasi, D. 2011. Mediating identity: A study of media influence on organizational identity construction in a celebrity firm. ***Journal of Management Studies***,48(3): 514-543.

Kluger, A.N., Stephan, E., Ganzach, Y., & Hershkovitz, M. 2004. The effect of regulatory focus on the shape of probability-weighting function: Evidence from a cross-modality matching method. ***Organizational Behavior and Human Decision Processes***, 95(1): 20-39.

Koberg, C. S., Detienne, D. R., & Heppard, K. A. 2003. An empirical test of environmental, organizational, and process factors affecting incremental and radical innovation. ***The Journal of High Technology Management Research***, 14(1): 21-45.

Kochhar, R., & David, P. 1996. Institutional investors and firm innovation: A test of competing hypotheses. ***Strategic Management Journal***, *17*(1): 73-84.

Kotha, S., & Nair, A. 1995. Strategy and environment as determinants of performance: evidence from the Japanese machine tool industry. ***Strategic Management Journal,*** 16(7): 497-518.

Koza, M.P., & Lewin, A.Y. 1998. The co-evolution of strategic alliances. ***Organization Science***, 9(3): 255-264.

Krackhardt, D. 1990. Assessing the political landscape: Structure, cognition, and power in organizations. ***Administrative Science Quarterly***, 342-369.

Krackhardt, D., & Kilduff, M. 2002. Structure, culture and Simmelian ties in entrepreneurial firms. ***Social Networks***, *24*(3): 279-290.

Lange, D., Lee, P., & Dai, Y. 2011. Organizational reputation: A review. ***Journal of Management***, 37: 153-184.

Lange, D., & Washburn, N.T. 2012. Understanding attributions of corporate social irresponsibility. ***Academy of Management Review***, 37(2): 300-326.

Lant, T., & Shapira, Z. 2008. Managerial reasoning about aspirations and expectations. ***Journal of Economic Behavior & Organization***, 66(1): 60-73.

Laverty, K. J. 1996. Economic "short-termism": The debate, the unresolved issues, and the implications for management practice and research. ***Academy of Management Review***, 21(3): 825-860.

Lavie, D., & Rosenkopf, L. 2006. Balancing exploration and exploitation in alliance formation. ***Academy of Management Journal***, 49(4): 797-818.

Lavie, D., Stettner, U., & Tushman, M. L. 2010. Exploration and exploitation within and across organizations. ***The Academy of Management Annals***, 4(1): 109-155.

Leary, M.R., & Baumeister, R.F. 2000. ***The nature and function of self-esteem: Sociometer theory. In Advances in experimental social psychology (Vol. 32, pp. 1-62)***. Academic Press.

Lester, D. L., Parnell, J. A., & Carraher, S. 2003. Organizational life cycle: A five-stage empirical scale. ***The International Journal of Organizational Analysis***, 11(4): 339-354.

Levin, D. Z., & Cross, R. 2004. The strength of weak ties you can trust: The mediating role of trust in effective knowledge transfer. ***Management Science***, 50(11): 1477-1490.

Levine, J. M., Higgins, E. T., & Choi, H. S. 2000. Development of strategic norms in groups. ***Organizational Behavior and Human Decision Processes***, 82(1): 88-101.

Levinthal, D. A. 1991. Random walks and organizational mortality. ***Administrative Science Quarterly***, 397-420.

Levinthal, D., & March, J. 1993. The myopia of learning. ***Strategic Management Journal***, 14: 95-112.

Lewis, V. L., & Churchill, N. C. 1983. The five stages of small business growth. ***Harvard Business Review***, 61(3): 30-50.

Liberman, N., Idson, L. C., Camacho, C. J., & Higgins, E. T. 1999. Promotion and prevention choices between stability and change. ***Journal of Personality and Social Psychology***, 77(6): 1135.

Lin, Z., Yang, H., & Demirkan, I. 2007. The performance consequences of ambidexterity in strategic alliance formations: Empirical investigation and computational theorizing. ***Management Science***, 53(10): 1645-1658.

Lingo, E. L., & O'Mahony, S. 2010. Nexus work: Brokerage on creative projects. ***Administrative Science Quarterly***, 55(1): 47-81.

Lord, C. G., Ross, L., & Lepper, M. R. 1979. Biased assimilation and attitude polarization: The effects of prior theories on subsequently considered evidence. ***Journal of Personality and Social Psychology***, 37(11): 2098.

Love, E. G., & Kraatz, M. 2009. Character, conformity, or the bottom line? How and why downsizing affected corporate reputation. ***Academy of Management Journal***, 52(2): 314-335.

Mahon, J. F., & Wartick, S. L. 2003. Dealing with stakeholders: How reputation, credibility and framing influence the game. ***Corporate Reputation Review***, 6(1): 19-35.

Malter, D. 2014. On the causality and cause of returns to organizational status: Evidence from the grands crus classés of the Médoc. ***Administrative Science Quarterly***, 59(2): 271-300.

March, J. 1991. Exploration and exploitation in organizational learning. ***Organization Science***, 2 (1): 71-87.

March, J. G. 1994. ***Primer on decision making: How decisions happen***. Simon and Schuster.

March, J.G., & Simon, H.A. 1958. Organizations.

Maritan, C. A. 2001. Capital investment as investing in organizational capabilities: An empirically grounded process model. ***Academy of Management Journal,*** 44(3): 513-531.

Marr, J. C., & Thau, S. 2014. Falling from great (and not-so-great) heights: How initial status position influences performance after status loss. ***Academy of Management Journal***, 57(1):223-248.

McCartney, H. P. 1987. Applying fiction conflict situations to analysis of news stories. ***Journalism Quarterly***, 64(1): 163-170.

McFadyen, M. A., Semadeni, M., & Cannella Jr, A. A. 2009. Value of strong ties to disconnected others: Examining knowledge creation in biomedicine. ***Organization Science***, *20*(3): 552-564.

McGrath, R. G. 2001. Exploratory learning, innovative capacity, and managerial oversight. ***Academy of management journal***, 44(1): 118-131.

McGuire, W. J. 1984. Search for the self: Going beyond self-esteem and the reactive self. ***Personality and the Prediction of Behavior***, 73: 120.

McKenna, R. 1989. ***Who's afraid of Big Blue?***. Addison-Wesley Longman Publishing Co., Inc..

Milgrom, P., & Roberts, J. 1986. Relying on the information of interested parties. ***The RAND Journal of Economics,*** 18-32.

Miller, D., & Friesen, P. H. 1984. A longitudinal study of the corporate life cycle. ***Management Science***, 30(10): 1161-1183.

Mishina, Y., Block, E., & Mannor, M. 2012. The path dependence of organizational reputation: How social judgment influences assessments of capability and character. ***Strategic Management Journal***, 33: 459-477.

Mishina, Y., Dykes, B. J., Block, E. S., & Pollock, T. G. 2010. Why "good" firms do bad things: The effects of high aspirations, high expectations, and prominence on the incidence of corporate illegality. ***Academy of Management Journal,*** 53(4): 701-722.

Mitchell, R. K., Agle, B. R., & Wood, D. J. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. ***Academy of Management Review***, 22(4): 853-886.

Murmann, J. P., & Tushman, M. L. 1997. Organization responsiveness to environmental shock as an indicator of organizational foresight and oversight: The role of executive club characteristics and organization context. ***Technological Innovation: Foresights and Oversights***, 261-278.

Nail, P.R., Misak, J.E., & Davis, R.M. 2004. Self-affirmation versus self-consistency: A comparison of two competing self-theories of dissonance phenomena. ***Personality and individual differences***, 36(8): 1893-1905.

Neeley, T.B., & Dumas, T.L. 2016. Unearned status gain: Evidence from a global language mandate. ***Academy of Management Journal***, 59(1): 14-43.

Nippa, M. 2010. On the need to extend tournament theory through insights from status research. ***Status in management and organizations***, 118-152.

Oliver, C. 1991. Strategic responses to institutional processes. ***Academy of Management Review,*** 16(1): 145-179.

O'Reilly, C. A., & Tushman, M. L. 2011. Organizational ambidexterity in action: How managers explore and exploit. ***California Management Review***, 53(4): 5-22.

O'Reilly, C. A., & Tushman, M. L. 2013. Organizational ambidexterity: Past, present, and future. ***The Academy of Management Perspectives***, 27(4): 324-338.

Overbeck, J. R., & Park, B. 2006. Powerful perceivers, powerless objects: Flexibility of powerholders' social attention. ***Organizational behavior and human decision processes***, 99(2): 227-243.

Park, D.Y., & Podolny, J.M. 2000. The competitive dynamics of status and niche width: US investment banking, 1920-1949. ***Industrial and Corporate Change***, 9(3): 377-414.

Pearce, J. L. 2011. Introduction: the power of status. ***Status in management and organizations***, 1-22.

Pennebaker, J. W., Booth, R. J., & Francis, M. E. 2007. Linguistic inquiry and word count (LIWC): A computerized text analysis program. Austin, TX: LIWC.net

Perretti, F., & Negro, G. 2006. Filling empty seats: How status and organizational hierarchies affect exploration versus exploitation in club design. ***Academy of Management Journal***, 49(4): 759-777.

Perretti, F., & Negro, G. 2007. Mixing genres and matching people: a study in innovation and team composition in Hollywood. ***Journal of Organizational Behavior***, 28(5): 563-586.

Petkova, A. P., Wadhwa, A., Yao, X., & Jain, S. 2014. Reputation and Decision Making under Ambiguity: A Study of US Venture Capital Firms' Investments in the Emerging Clean Energy Sector. ***Academy of Management Journal***, *57*(2): 422-448.

Pettit, N. C., Yong, K., & Spataro, S. E. 2010. Holding your place: Reactions to the prospect of status gains and losses. ***Journal of Experimental Social Psychology***, 46(2): 396-401.

Pfarrer, M., Pollock, T., & Rindova, V. 2010. A tale of two assets: The effects of firm reputation and celebrity on earnings surprises and investors' reactions. ***Academy of Management Journal***, 53(5): 1131-1152.

Phillips, D. J., & Zuckerman, E. W. 2001. Middle‐Status Conformity: Theoretical Restatement and Empirical Demonstration in Two Markets1. ***American Journal of Sociology***, 107(2): 379-429.

Piazza, A., & Castellucci, F. 2014. Status in organization and management theory. ***Journal of Management***, 40(1): 287-315.

Pieper, J., Nüesch, S., & Franck, E. 2014. How performance expectations affect managerial replacement decisions. ***Schmalenbach Business Review: ZFBF***, 66(1): 5.

Podolny, J. M. 1993. A status-based model of market competition. ***American Journal of Sociology,*** 829-872.

Podolny, J.M. 1994. Market uncertainty and the social character of economic exchange. ***Administrative Science Quarterly***, 458-483.

Podolny, J. M. 2010. ***Status signals: A sociological study of market competition***. Princeton University Press.

Podolny, J.M., & Phillips, D.J. 1996. The dynamics of organizational status. ***Industrial and Corporate Change***, 5(2): 453-471.

Podolny, J.M., Stuart, T.E., & Hannan, M.T. 1996. Networks, knowledge, and niches: Competition in the worldwide semiconductor industry, 1984-1991. ***American Journal of Sociology***, 102(3): 659-689.

Pollock, T. G., & Gulati, R. 2007. Standing out from the crowd: the visibility-enhancing effects of IPO-related signals on alliance formation by entrepreneurial firms. ***Strategic Organization**,* 5(4): 339-372.

Pollock, T. G., Mishina, Y., & Seo, Y. 2016. Falling stars: Celebrity, infamy, and the fall from (and return to) grace. In D. Palmer, K. Smith-Crowe, & R. Greenwood (Eds.), ***Organizational wrongdoing: Key perspectives and new directions***: 235–269. Cambridge: Cambridge University Press.

Pollock, T. G., & Rindova, V. P. 2003. Media legitimation effects in the market for initial public offerings. ***Academy of Management Journal***, 46(5): 631-642.

Ponzi, L. J., Fombrun, C. J., & Gardberg, N. A. 2011. RepTrak™ pulse: Conceptualizing and validating a short-form measure of corporate reputation. ***Corporate Reputation Review**,*14(1): 15-35.

Pound, J. 1992. Raiders, targets, and politics: The history and future of American corporate control. ***Journal of Applied Corporate Finance***, *5*(3): 6-18.

Prange, C. & Verdier, S. 2011. Dynamic capabilities, internationalization processes and performance. ***Journal of World Business***, 46(1): 126-133.

Quigley, T. J., & Hambrick, D. C. 2012. When the former CEO stays on as board chair: effects on successor discretion, strategic change, and performance. ***Strategic Management Journal**,* 33(7): 834-859.

Raddatz, C. E., & Schmukler, S. L. 2014. Institutional Investors and Long-Term Investment: Evidence from Chile. ***World Bank Policy Research Working Paper 6922***. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2456045.

Raisch, S., & Birkinshaw, J. 2008. Organizational ambidexterity: Antecedents, outcomes, and moderators. ***Journal of Management***, 34(3): 375-409.

Raisch, S., Birkinshaw, J., Probst, G., & Tushman, M. L. 2009. Organizational ambidexterity: Balancing exploitation and exploration for sustained performance. ***Organization Science***, 20(4): 685-695.

Raithel, S., & Schwaiger, M. 2015. The effects of corporate reputation perceptions of the general public on shareholder value. ***Strategic Management Journal***, 36(6): 945-956.

Ramalingegowda, S., & Yu, Y. 2012. Institutional ownership and conservatism. ***Journal of Accounting and Economics***, *53*(1): 98-114.

Rao, H. 1994. The social construction of reputation: Certification contests, legitimation, and the survival of organizations in the American automobile industry: 1895–1912. ***Strategic Management Journal***, 15(S1): 29-44.

Rao, H., Monin, P., & Durand, R. 2003. Institutional change in Toque Ville: Nouvelle cuisine as an identity movement in French gastronomy1. ***American Journal of Sociology***, 108(4): 795-843.

Rao, H., & Sivakumar, K. 1999. Institutional sources of boundary-spanning structures: The establishment of investor relations departments in the Fortune 500 industrials. ***Organization Science,*** 10(1): 27-42.

Ravasi, D., & Schultz, M. 2006. Responding to organizational identity threats: Exploring the role of organizational culture. ***Academy of Management Journal***, 49(3): 433-458.

Reagans, R., & McEvily, B. 2003. Network structure and knowledge transfer: The effects of cohesion and range. ***Administrative Science Quarterly***, 48(2): 240-267.

Reed, R., & Luffman, G. A. 1986. Diversification: The growing confusion. ***Strategic Management Journal,*** 7(1): 29-35.

Rhee, M., & Haunschild, P. R. 2006. The liability of good reputation: A study of product recalls in the US automobile industry. ***Organization Science***, 17(1): 101-117.

Rhee, M., & Valdez, M. E. 2009. Contextual factors surrounding reputation damage with potential implications for reputation repair. ***Academy of Management Review***, 34(1): 146-168.

Rindova, V. P., & Fombrun, C. J. 1999. Constructing competitive advantage: The role of firm-constituent interactions. ***Strategic Management Journal***, 20(8): 691-710.

Rindova, V. P., Pollock, T. G., & Hayward, M. L. 2006. Celebrity firms: The social construction of market popularity. ***Academy of Management Review***, 31(1): 50-71.

Rindova, V., Williamson, I., Petkova, A., & Sever, J. 2005. Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. ***Academy of Management Journal***, 48(6): 1033-1049.

Roberts, W., & Dowling, G. 2002. Corporate reputation and sustained superior financial performance. ***Strategic Management Journal***, 23(9): 1077-1093.

Roberts, K.H., Madsen, P., & Desai, V. 2007. Organizational sensemaking during crisis. ***International Handbook of Organizational Crisis Management***, 1: 107-122.

Roberts, P.W., & Reagans, R. 2011. Critical contributions: addressing a status paradox and the phenomenon of the 41st chair. Work. Pap., Goizueta Bus. Sch., Emory Univ., Atlanta, GA.

Rollag, K. 2004. The impact of relative tenure on newcomer socialization dynamics. ***Journal of Organizational Behavior***, 25(7): 853-872.

Romanelli, E., & Tushman, M. L. 1994. Organizational transformation as punctuated equilibrium: An empirical test. ***Academy of Management Journal***, 37(5): 1141-1166.

Rosenkopf, L., & Nerkar, A. 2001. Beyond local search: Boundary-spanning, exploration, and impact in the optical disk industry. ***Strategic Management Journal***, *22*(4): 287-306.

Rothaermel, F. T., & Deeds, D. L. 2004. Exploration and exploitation alliances in biotechnology: A system of new product development. ***Strategic Management Journal***, 25(3): 201-221.

Russell, R. D., & Russell, C. J. 1992. An examination of the effects of organizational norms, organizational structure, and environmental uncertainty on entrepreneurial strategy. ***Journal of Management***, 18(4): 639-656.

Ryan, H. E., & Wiggins, R. A. 2001. The influence of firm-and manager-specific characteristics on the structure of executive compensation. ***Journal of Corporate Finance,*** 7(2): 101-123.

Sanders, W. G., & Carpenter, M. A. 2003. Strategic satisficing? A behavioral-agency theory perspective on stock repurchase program announcements. ***Academy of Management Journal,*** 46(2): 160-178.

Saxton, T., & Dollinger, M. 2004. Target reputation and appropriability: Picking and deploying resources in acquisitions. ***Journal of Management,*** 30(1): 123-147.

Scheepers, D., & Ellemers, N. 2005. When the pressure is up: The assessment of social identity threat in low and high status groups. ***Journal of Experimental Social Psychology***, 41(2): 192-200.

Scheepers, D., Ellemers, N., & Sintemaartensdijk, N. 2009. Suffering from the possibility of status loss: Physiological responses to social identity threat in high status groups. ***European Journal of Social Psychology***, 39(6): 1075-1092.

Schwaiger, M. 2004. Components and parameters of corporate reputation - an empirical study. ***Schmalenbach Business Review***, 56: 46-71.

Scott, S. G., & Lane, V. R. 2000. A stakeholder approach to organizational identity. ***Academy of Management Review***, 25(1): 43-62.

Sedikides, C., & Alicke, M. D. 2012. ***Self-enhancement and self-protection motives***. Oxford handbook of motivation, ed. R. Ryan. Oxford University Press.

Sedikides, C., & Gregg, A.P. 2008. Self-enhancement: Food for thought. ***Perspectives on Psychological Science***, 3(2): 102-116.

Sedikides, C., & Strube, M. J. 1997. Self-evaluation: To thine own self be good, to thine own self be sure, to thine own self be true, and to thine own self be better. ***Advances in Experimental Social Psychology***, 29: 209-269.

Shamsie, J. 2003. The context of dominance: an industry−driven framework for exploiting reputation. ***Strategic Management Journal***, *24*(3): 199-215.

Shane, S., & Cable, D. 2002. Network ties, reputation, and the financing of new ventures. ***Management Science***, 48(3): 364-381.

Shapiro, C. 1982. Consumer information, product quality, and seller reputation. ***The Bell Journal of Economics***: 20-35.

Shapiro, C. 1983. Premiums for high quality products as returns to reputations. ***The quarterly journal of economics***, 98(4): 659-679.

Sharkey, A. J. 2014. Categories and Organizational Status: The Role of Industry Status in the Response to Organizational Deviance 1. ***American Journal of Sociology***, 119(5): 1380-1433.

Sherman, D. K., & Cohen, G. L. 2002. Accepting threatening information: Self–Affirmation and the reduction of defensive biases. ***Current Directions in Psychological Science***, 11(4): 119-123.

Sherman, D. K., & Cohen, G. L. 2006. The psychology of self−defense: Self−affirmation theory. ***Advances in experimental social psychology***, 38: 183-242.

Shinkle, G. A. 2012. Organizational aspirations, reference points, and goals: Building on the past and aiming for the future. ***Journal of Management***, 38(1): 415-455.

Shleifer, A., & Vishny, R. W. 1990. Equilibrium short horizons of investors and firms. ***The American Economic Review***, 80(2): 148-153.

Shoemaker, P. J., & Reese, S. D. 1996. ***Mediating the message***. New York: Longman.

Siggelkow, N., & Levinthal, D. A. 2003. Temporarily divide to conquer: Centralized, decentralized, and reintegrated organizational approaches to exploration and adaptation. ***Organization Science***, 14(6): 650-669.

Simon, H.A. 1997. **Models of bounded rationality: Empirically grounded economic reason (Vol.3)**. *MIT press*.

Sitkin, S. B., See, K. E., Miller, C. C., Lawless, M. W., & Carton, A. M. 2011. The paradox of stretch goals: Organizations in pursuit of the seemingly impossible. ***Academy of Management Review***, 36(3): 544-566.

Smith, P. K., Jostmann, N. B., Galinsky, A. D., & van Dijk, W. W. 2008. Lacking power impairs executive functions. ***Psychological science***, 19(5): 441-447.

Smith, W. K., & Tushman, M. L. 2005. Managing strategic contradictions: A top management model for managing innovation streams. ***Organization Science***, *16*(5): 522-536.

Sørensen, J. B., & Stuart, T. E. 2000. Aging, obsolescence, and organizational innovation. ***Administrative Science Quarterly***, *45*(1): 81-112.

Souder, D., & Bromiley, P. 2012. Explaining temporal orientation: Evidence from the durability of firms' capital investments. ***Strategic Management Journal,*** 33(5): 550-569.

Souder, D., & Shaver, J. M. 2010. Constraints and incentives for making long horizon corporate investments. ***Strategic Management Journal,*** 31(12): 1316-1336.

Standifird, S.S. 2001. Reputation and e-commerce: eBay auctions and the asymmetrical impact of positive and negative ratings. ***Journal of Management***, 27(3): 279-295.

Staw, B.M., & Epstein, L.D. 2000. What bandwagons bring: Effects of popular management techniques on corporate performance, reputation, and CEO pay. ***Administrative Science Quarterly***, 45(3): 523-556.

Steele, C. M. 1988. The psychology of self-affirmation: Sustaining the integrity of the self. ***Advances in Experimental Social Psychology***, 21: 261-302.

Steele, S., 1990. ***The content of our character (Vol. 38)***. New York: St. Martin's Press.

Stiglitz, J. E. 2000. The contributions of the economics of information to twentieth century economics. ***Quarterly Journal of Economics***, 1441-1478.

Stuart, T.E., & Ding, W.W. 2006. When do scientists become entrepreneurs? The social structural antecedents of commercial activity in the academic life sciences. ***American Journal of Sociology***, 112(1): 97-144.

Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. ***Academy of Management Review,*** 20(3): 571-610.

Taylor, A., & Greve, H. R. 2006. Superman or the fantastic four? Knowledge combination and experience in innovative teams. ***Academy of Management Journal***, 49(4): 723-740.

Tedeschi, J. T. 1986. ***Private and public experiences and the self.*** In Public self and private self (pp. 1-20). Springer New York.

Teece, D., Pisano, G., & Shuen, A. 1997. Dynamic capabilities and strategic management. ***Strategic Management Journal***, 18(7): 509-533.

Tesser, A. 2000. On the confluence of self-esteem maintenance mechanisms. ***Personality and Social Psychology Review***, 4(4): 290-299.

Tesser, A., Crepaz, N., Collins, J.C., Cornell, D., & Beach, S.R. 2000. Confluence of self-esteem regulation mechanisms: On integrating the self-zoo. ***Personality and Social Psychology Bulletin***, 26(12): 1476-1489.

Tetlock, P. C., Saar−Tsechansky, M., & Macskassy, S. 2008. More than words: Quantifying language to measure firms' fundamentals. ***The Journal of Finance***, 63(3): 1437-1467.

Thornton, P. H., & Ocasio, W. 2008. ***Institutional logics***. The Sage handbook of organizational institutionalism, 840: 99-128.

Thornton, P. H., Ocasio, W., & Lounsbury, M. 2012. ***The institutional logics perspective: A new approach to culture, structure, and process***. Oxford University Press on Demand.

Tost, L.P. 2011. An integrative model of legitimacy judgments. ***Academy of Management Review***, 36(4): 686-710.

Turban, D. B., & Cable, D. M. 2003. Firm reputation and applicant pool characteristics. ***Journal of Organizational Behavior,*** 24(6): 733-751.

Tushman, M., & O'Reilly, C. 1996. Ambidextrous organizations: Managing evolutionary and revolutionary change. ***California Management Review***, 38: 8-30.

Tversky, A., & Kahneman, D. 1981. The framing of decisions and the psychology of choice. ***Science***, 211(4481): 453-458.

Uotila, J., Maula, M., Keil, T., & Zahra, S. A. 2009. Exploration, exploitation, and financial performance: analysis of S&P 500 corporations. ***Strategic Management Journal***, 30(2): 221-231.

Van Den Bosch, F. A., Volberda, H. W., & De Boer, M. 1999. Coevolution of firm absorptive capacity and knowledge environment: Organizational forms and combinative capabilities. ***Organization Science***, 10(5): 551-568.

Van der Vegt, G.S., Bunderson, J.S., & Oosterhof, A. 2006. Expertness diversity and interpersonal helping in teams: Why those who need the most help end up getting the least. ***Academy of Management Journal***, 49(5): 877-893.

Van−Dijk, D., & Kluger, A. N. 2004. Feedback sign effect on motivation: Is it moderated by regulatory focus?. ***Applied Psychology**,* 53(1): 113-135.

Van Riel, C. 2014. Future trends in reputation management. ***RSM Discovery-Management Knowledge**,* 19(3): 5-7.

Vassolo, R. S., Anand, J., & Folta, T. B. 2004. Non−additivity in portfolios of exploration activities: A real options−based analysis of equity alliances in biotechnology. ***Strategic Management Journal***, *25*(11): 1045-1061.

Vives, X. 1995. Short-term investment and the informational efficiency of the market. ***Review of Financial Studies***, 8(1): 125-160.

Volberda, H. 1998. ***Building the flexible firm: How to remain competitive***. Oxford, UK: Oxford University Press.

Volberda, H., van den Bosch, F., Flier, B., & Gedajlovic, E. 2001. Following the herd or not? Patterns of renewal in the Netherlands and UK. ***Long Range Planning***, 34: 209-229.

Voss, G. B., Sirdeshmukh, D., & Voss, Z. G. 2008. The effects of slack resources and environmentalthreat on product exploration and exploitation. ***Academy of Management Journal***, 51(1): 147-164.

Wade, J. B., Porac, J. F., Pollock, T. G., & Graffin, S. D. 2006. The burden of celebrity: The impact of CEO certification contests on CEO pay and performance. ***Academy of Management Journal***, 49(4): 643-660.

Walker, K. 2010. A systematic review of the corporate reputation literature: Definition, measurement, and theory. ***Corporate Reputation Review***, 12(4): 357-387.

Walker, G., Kogut, B., & Shan, W. 1997. Social capital, structural holes and the formation of an industry network. ***Organization Science***, *8*(2): 109-125.

Washburn, M., & Bromiley, P. 2012. Comparing aspiration models: The role of selective attention. ***Journal of Management Studies***, 49(5): 896-917.

Washington, M., & Zajac, E. J. 2005. Status evolution and competition: Theory and evidence. ***Academy of Management Journal***, 48(2): 282-296.

Weick, K. E. 1995. ***Sensemaking in organizations.*** (Vol. 3). Sage.

Weigelt, K., & Camerer, C. 1988. Reputation and corporate strategy: A review of recent theory and applications. ***Strategic Management Journal***, 9(5): 443-454.

Wernerfelt, B. 1984. A resource−based view of the firm. ***Strategic management journal***, 5(2): 171-180.

Westphal, J. D., & Clement, M. B. 2008. Sociopolitical dynamics in relations between top managers and security analysts: Favor rendering, reciprocity, and analyst stock recommendations. ***Academy of Management Journal***, 51(5): 873-897.

Westphal, J. D., & Graebner, M.E. 2010. A matter of appearances: How corporate leaders manage the impressions of financial analysts about the conduct of their boards. ***Academy of Management Journal,*** 53(1): 15-44.

Wooldridge, J. M. 2010. ***Econometric analysis of cross section and panel data***. MIT press.

Yalcinkaya, G., Calantone, R.J. & Griffith, D.A. 2007. An examination of exploration and exploitation capabilities: Implications for product innovation and market performance. ***Journal of International Marketing***, 15(4): 63-93.

Zavyalova, A., Pfarrer, M. D., & Reger, R. K. 2017. Celebrity and Infamy? The Consequences of Media Narratives About Organizational Identity. ***Academy of Management Review***, 42(3): 461-480.

Zavyalova, A., Pfarrer, M. D., Reger, R. K., & Hubbard, T. D. 2016. Reputation as a benefit and a burden? How stakeholders' organizational identification affects the role of reputation following a negative event. ***Academy of Management Journal***, 59(1): 253-276.

Zavyalova, A., Pfarrer, M.D., Reger, R.K., & Shapiro, D.L. 2012. Managing the message: The effects of firm actions and industry spillovers on media coverage following wrongdoing. ***Academy of Management Journal***, 55(5): 1079-1101.

Zhan, W. & Chen, R.R. 2013. Dynamic capability and IJV performance: The effect of exploitation and exploration capabilities. ***Asia Pacific Journal of Management***, 30(2): 601-632.

Zuckerman, E. W. 1999. The categorical imperative: Securities analysts and the illegitimacy discount. ***American Journal of Sociology***, 104(5): 1398-1438.

Zuckerman, E. W. 2000. Focusing the corporate product: Securities analysts and de-diversification. ***Administrative Science Quarterly,*** 45(3): 591-619.

ABOUT THE AUTHOR

Hesam Fasaei (1982) obtained his MBA degree from Sharif University of Technology, Tehran, in 2005 and his master degree in hospitality management from Rotterdam School of Management in 2011. He commenced his PhD in the Strategic Management & Entrepreneurship department of Rotterdam School of Management in September 2012, working together with his promoter, Prof. Dr. Justin Jansen, and his daily supervisor, Dr. Michiel Tempelaar. His research has been focused on social evaluations and organizational behavioral outcomes, and specifically on the effect of organizational reputation, celebrity, and status on the decision making of organizations. He has presented his work in international conferences -including but not limited to Academy of Management annual meetings in Philadelphia 2014, Vancouver 2015, and Anaheim 2016- and specialized workshops and seminars around the world. Hesam has also spent three months as a visiting researcher at Imperial College London in Autumn 2015. One of his articles titled "Firm Reputation and investment decisions: The contingency role of securities analysts' recommendations" has been published in the journal of *Long Range Planning* and his other articles are currently under review in top-tier management journals.

Hesam is currently giving master and executive courses on Corporate Communication, Strategic Management, Innovation Management & Entrepreneurship, and Marketing Management in various universities across The Netherlands.

AUTHOR PORTFOLIO

Education

2012-present	PhD in Strategic Management | Rotterdam School of Management Dissertation title: Changing the Narrative: The Behavioral Effects of Social Evaluations on the Decision Making of Organizations
2010-2011	Master of Science In Hospitality Management | Rotterdam School of Management
2005-2008	MBA | Sharif University of Technology, Tehran
2000-2005	Bachelor of Science In Biomedical Engineering | Amirkabir University of Technology, Tehran

Research & Teaching Interests

Corporate reputation, celebrity firms, social status, persuasive communication, strategic management, scenario planning, marketing management, branding, customer experience journey, storytelling, innovation management, corporate communication, stakeholder theory, issues management, crisis communication, and organization theory

Publishing & Working Papers

1. Fasaei, H., Tempelaar, M.P. and Jansen, J.J., 2018. Firm reputation and investment decisions: The contingency role of securities analysts' recommendations. Long Range Planning, 51(5), pp.680-692.

2. Fasaei, H., Jansen, J.J., and Tempelaar, M.P. "The Effect of Reputation on The Stability-Change Interplay". Academy of Management Proceedings.

3. Fasaei, H., Tempelaar, M.P. and Jansen, J.J. "Status Loss and Organizational Exploration/Exploitation: The Contingency Role of Celebrity and Performance Expectations". Working Paper.

Teaching Experience

Managing Corporate Communication | Full-time/Part-time Executive Master of International Communication Management, The Hague University of Applied Sciences, 2016-current (2017 Lecturer of the year award)

Marketing Management | Full-time & Executive MBA, The Hague University of Applied Sciences, 2018-current

Strategy & Change | Bachelor of Science in Business Administration, University of Amsterdam, 2020-current

Entrepreneurship | Bachelor of Science in Business Administration, University of Amsterdam, 2020-current

Strategy and Innovation Management | Executive MBA, The Hague University of Applied Sciences, 2018-2019

Communication Studies | Arnhem Business School, 2018-2019

> *Having taught courses on persuasive communication, public relations, intercultural awareness, research in communication, media research, trends in global business*

Strategy & Organization | Bachelor of Science in Business Administration, University of Amsterdam, 2017-2018

Introduction to Strategy and Organization | Bachelor of Science in Economics and Business Economics program, Utrecht University School of Economics, 2017-2018

Research Training and M.Sc. in Strategy and M.Sc. in Entrepreneurship & Innovation Thesis Supervision | University of Amsterdam, 2016-current

Master of Corporate Communication & MBA Thesis Supervision | The Hague University of Applied Sciences, 2016-current

Research Training and Bachelor of Science in Business Administration Thesis Supervision | University of Amsterdam, 2017-2018

Thesis Supervision in the Master of Science in Strategic Management program | RSM, Erasmus University Rotterdam, 2013-2017

Selected Conference Presentations

Fasaei, H., Jansen, J. J. P., & Tempelaar M. P. "Firm reputation and investment decisions: The contingency role of securities analysts' recommendations". (P*resented at the Academy of Management Annual Meeting 2016, Anaheim, CA*)

Fasaei, H., Jansen, J. J. P., & Tempelaar M. P. "The Inertial Effect of Good Corporate Reputation on Exploration-Exploitation Interplay". (Presented at the Academy of Management Annual Meeting 2014, Philadelphia, PA)

Fasaei, H., Jansen, J. J. P., & Tempelaar M. P. "The Dark Side of the Good Corporate Reputation". (*Presented at the European Academy of Management Conference 2014, Valencia*)

Invited Workshops, Consortiums, and Seminars

2017 6th SKEMA KTO Paper Development Workshop, Sophia Antipolis, France

2017 Business and Society Research Seminar, Lille, France

2017 5th Austrian Early Scholars Workshop, Vienna, Austria

2017 4th Annual Paper Development Workshop on Organizational and Institutional Change, Edinburgh, United Kingdom

2016 Oxford SBS Reputation Symposium, Oxford, United Kingdom

2015 BPS Dissertation Consortium, Vancouver, Canada

2014 Corporate Communication Centre Symposium on Corporate Reputation, Rotterdam, The Netherlands

International Research Visit

Sep-Dec 2015 Imperial College Business School, London, UK

Professional Membership

Academy of Management since 2014 (OMT & BPS devisions); Oxford University Centre for corporate reputation since 2016; EURAM since 2014

Professional Service

Member of the Editorial Board of Corporate Reputation Review

The ERIM PhD Series

The ERIM PhD Series contains PhD dissertations in the field of Research in Management defended at Erasmus University Rotterdam and supervised by senior researchers affiliated to the Erasmus Research Institute of Management (ERIM). All dissertations in the ERIM PhD Series are available in full text through the ERIM Electronic Series Portal: http://repub.eur.nl/pub. ERIM is the joint research institute of the Rotterdam School of Management (RSM) and the Erasmus School of Economics (ESE) at the Erasmus University Rotterdam (EUR).

Dissertations in the last four years

Ahmadi, S., *A motivational perspective to decision-making and behavior in organizations*, Promotors: Prof. J.J.P. Jansen & Dr T.J.M. Mom, EPS-2019-477-S&E, https://repub.eur.nl/pub/116727

Akemu, O., *Corporate Responses to Social Issues: Essays in Social Entrepreneurship and Corporate Social Responsibility,* Promotors: Prof. G.M. Whiteman & Dr S.P. Kennedy, EPS-2017-392-ORG, https://repub.eur.nl/pub/95768

Albuquerque de Sousa, J.A., *International stock markets: Essays on the determinants and consequences of financial market development*, Promotors: Prof. M.A. van Dijk & Prof. P.A.G. van Bergeijk, EPS-2019-465-F&A, https://repub.eur.nl/pub/115988

Alserda, G.A.G., *Choices in Pension Management*, Promotors: Prof. S.G. van der Lecq & Dr O.W. Steenbeek, EPS-2017-432-F&A, https://repub.eur.nl/pub/103496

Arampatzi, E., *Subjective Well-Being in Times of Crises: Evidence on the Wider Impact of Economic Crises and Turmoil on Subjective Well-Being,* Promotors: Prof. H.R. Commandeur, Prof. F. van Oort & Dr. M.J. Burger, EPS-2018-459-S&E, https://repub.eur.nl/pub/111830

Avci, E., *Surveillance of Complex Auction Markets: a Market Policy Analytics Approach*, Promotors: Prof. W. Ketter, Prof. H.W.G.M. van Heck & Prof. D.W. Bunn, EPS-2018-426-LIS, https://repub.eur.nl/pub/106286

Balen, T.H. van, *Challenges of Early Stage Entrepreneurs: the Roles of Vision Communication and Team Membership Change*,
Promotors: Prof. J.C.M. van den Ende & Dr M. Tarakci, EPS-2019-468-LIS, https://repub.eur.nl/pub/115654

Bernoster, I., *Essays at the Intersection of Psychology, Biology, and Entrepreneurship,* Promotors: Prof. A.R. Thurik, Prof. I.H.A. Franken & Prof. P.J.F Groenen, EPS-2018-463-S&E, https://repub.eur.nl/pub/113907

Bouman, P., *Passengers, Crowding and Complexity: Models for Passenger Oriented Public Transport*, Prof. L.G. Kroon, Prof. A. Schöbel & Prof. P.H.M. Vervest, EPS-2017-420-LIS, https://repub.eur.nl/pub/100767

Breugem, T., *'Crew Planning at Netherlands Railways: Improving Fairness, Attractiveness, and Efficiency'*, Promotors: Prof. D. Huisman & Dr T.A.B. Dollevoet, EPS-2020494-LIS, https://repub.eur.nl/pub/124016

Bunderen, L. van, *Tug-of-War: Why and when teams get embroiled in power struggles*, Promotors: Prof. D.L. van Knippenberg & Dr. L. Greer, EPS-2018-446-ORG, https://repub.eur.nl/pub/105346

Burg, G.J.J. van den, *Algorithms for Multiclass Classification and Regularized Regression*, Promotors: Prof. P.J.F. Groenen & Dr. A. Alfons, EPS-2018-442-MKT, https://repub.eur.nl/pub/103929

Chammas, G., *Portfolio concentration*, Promotor: Prof. J. Spronk, EPS-2017-410-F&E, https://repub.eur.nl/pub/94975

Chan, H.Y., *'Decoding the consumer's brain: Neural representations of consumer experience'*, Promotors: Prof. A. Smidts & Dr M. A.S. Boksem, EPS-2019-493-MKT, https://repub.eur.nl/pub/124931

Dalmeijer, K., *Time Window Assignment in Distribution Networks*, Promotors: Prof A.P.M. Wagelmans & Dr R. Spliet, EPS-2019-486-LIS, https://repub.eur.nl/pub/120773

Dennerlein, T. *Empowering Leadership and Employees' Achievement Motivations: the Role of Self-Efficacy and Goal Orientations in the Empowering Leadership Process*, Promotors: Prof. D.L. van Knippenberg & Dr J. Dietz, EPS-2017-414-ORG, https://repub.eur.nl/pub/98438

Dolgova, E., *On Getting Along and Getting Ahead: How Personality Affects Social Network Dynamics,* Promotors: Prof. P.P.M.A.R Heugens & Prof. M.C. Schippers, EPS-2019-455-S&E, https://repub.eur.nl/pub/119150

Duijzer, L.E., *Mathematical Optimization in Vaccine Allocation*, Promotors: Prof. R. Dekker & Dr W.L. van Jaarsveld, EPS-2017-430-LIS, https://repub.eur.nl/pub/101487

Eijlers, E., *Emotional Experience and Advertising Effectiveness: on the use of EEG in marketing*, Prof. A. Smidts & Prof. M.A.S. Boksem, Eps-2019-487-MKT, https://repub.eur.nl/pub/124053

El Nayal, O.S.A.N., *Firms and the State: An Examination of Corporate Political Activity and the Business-Government Interface,* Promotor: Prof. J. van Oosterhout & Dr. M. van Essen, EPS-2018-469-S&E, https://repub.eur.nl/pub/114683

Feng, Y., *The Effectiveness of Corporate Governance Mechanisms and Leadership Structure: Impacts on strategic change and firm performance*, Promotors: Prof. F.A.J. van den Bosch, Prof. H.W. Volberda & Dr J.S. Sidhu, EPS-2017-389-S&E, https://repub.eur.nl/pub/98470

Frick, T.W., *The Implications of Advertising Personalization for Firms, Consumer, and Ad Platfroms,* Promotors: Prof. T. Li & Prof. H.W.G.M. van Heck, EPS-2018-452-LIS, https://repub.eur.nl/pub/110314

Fytraki, A.T., *Behavioral Effects in Consumer Evaluations of Recommendation Systems*, Promotors: Prof. B.G.C. Dellaert & Prof. T. Li, EPS-2018-427-MKT, https://repub.eur.nl/pub/110457

Ghazizadeh, P. *Empirical Studies on the Role of Financial Information in Asset and Capital Markets,* Promotors: Prof. A. de Jong & Prof. E. Peek, EPS-2019-470-F&A, https://repub.eur.nl/pub/114023

Giurge, L., *A Test of Time; A temporal and dynamic approach to power and ethics*, Promotors: Prof. M.H. van Dijke & Prof. D. De Cremer, EPS-2017-412-ORG, https://repub.eur.nl/pub/98451

Gobena, L., *Towards Integrating Antecedents of Voluntary Tax Compliance*, Promotors: Prof. M.H. van Dijke & Dr P. Verboon, EPS-2017-436-ORG, https://repub.eur.nl/pub/103276

Groot, W.A., *Assessing Asset Pricing Anomalies*, Promotors: Prof. M.J.C.M. Verbeek & Prof. J.H. van Binsbergen, EPS-2017-437-F&A, https://repub.eur.nl/pub/103490

Hanselaar, R.M., *Raising Capital: On pricing, liquidity and incentives,* Promotors: Prof. M.A. van Dijk & Prof. P.G.J. Roosenboom, EPS-2018-429-F&A, https://repub.eur.nl/pub/113274

Harms, J. A., *Essays on the Behavioral Economics of Social Preferences and Bounded Rationality*, Prof. H.R. Commandeur & Dr K.E.H. Maas, EPS-2018-457-S&E, https://repub.eur.nl/pub/108831

Hendriks, G., *Multinational Enterprises and Limits to International Growth: Links between Domestic and Foreign Activities in a Firm's Portfolio,* Promotors: Prof. P.P.M.A.R. Heugens & Dr. A.H.L Slangen, EPS-2019-464-S&E, https://repub.eur.nl/pub/114981

Hengelaar, G.A., *The Proactive Incumbent: Holy grail or hidden gem? Investigating whether the Dutch electricity sector can overcome the incumbent's curse and lead the sustainability transition*, Promotors: Prof. R.J. M. van Tulder & Dr K. Dittrich, EPS-2018-438-ORG, https://repub.eur.nl/pub/102953

Jacobs, B.J.D., *Marketing Analytics for High-Dimensional Assortments*, Promotors: Prof. A.C.D. Donkers & Prof. D. Fok, EPS-2017-445-MKT, https://repub.eur.nl/pub/103497

Jia, F., *The Value of Happiness in Entrepreneurship*, Promotors: Prof. D.L. van Knippenberg & Dr Y. Zhang, EPS-2019-479-ORG, https://repub.eur.nl/pub/115990

Kahlen, M. T., *Virtual Power Plants of Electric Vehicles in Sustainable Smart Electricity Markets*, Promotors: Prof. W. Ketter & Prof. A. Gupta, EPS-2017-431-LIS, https://repub.eur.nl/pub/100844

Kampen, S. van, *The Cross-sectional and Time-series Dynamics of Corporate Finance: Empirical evidence from financially constrained firms*, Promotors: Prof. L. Norden & Prof. P.G.J. Roosenboom, EPS-2018-440-F&A, https://repub.eur.nl/pub/105245

Karali, E., *Investigating Routines and Dynamic Capabilities for Change and Innovation,* Promotors: Prof. H.W. Volberda, Prof. H.R. Commandeur & Dr J.S. Sidhu, EPS-2018-454-S&E, https://repub.eur.nl/pub/106274

Keko. E, *Essays on Innovation Generation in Incumbent Firms*, Promotors: Prof. S. Stremersch & Dr N.M.A. Camacho, EPS-2017-419-MKT, https://repub.eur.nl/pub/100841

Kerkkamp, R.B.O., *Optimisation Models for Supply Chain Coordination under Information Asymmetry,* Promotors: Prof. A.P.M. Wagelmans & Dr. W. van den Heuvel, EPS-2018-462-LIS, https://repub.eur.nl/pub/109770

Khattab, J., *Make Minorities Great Again: a contribution to workplace equity by identifying and addressing constraints and privileges*, Promotors: Prof. D.L. van Knippenberg & Dr A. Nederveen Pieterse, EPS-2017-421-ORG, https://repub.eur.nl/pub/99311

Kim, T. Y., *Data-driven Warehouse Management in Global Supply Chains*, Promotors: Prof. R. Dekker & Dr C. Heij, EPS-2018-449-LIS, https://repub.eur.nl/pub/109103

Klitsie, E.J., *Strategic Renewal in Institutional Contexts: The paradox of embedded agency*, Promotors: Prof. H.W. Volberda & Dr. S. Ansari, EPS-2018-444-S&E, https://repub.eur.nl/pub/106275

Koolen, D., *Market Risks and Strategies in Power Systems Integrating Renewable Energy*, Promotors: Prof. W. Ketter & Prof. R. Huisman, EPS-2019-467-LIS, https://repub.eur.nl/pub/115655

Kong, L. *Essays on Financial Coordination,* Promotors: Prof. M.J.C.M. Verbeek, Dr. D.G.J. Bongaerts & Dr. M.A. van Achter. EPS-2019-433-F&A, https://repub.eur.nl/pub/114516

Kyosev, G.S., *Essays on Factor Investing*, Promotors: Prof. M.J.C.M. Verbeek & Dr J.J. Huij, EPS-2019-474-F&A, https://repub.eur.nl/pub/116463

Lamballais Tessensohn, T., *Optimizing the Performance of Robotic Mobile Fulfillment Systems*, Promotors: Prof. M.B.M de Koster, Prof. R. Dekker & Dr D. Roy, EPS-2019-411-LIS, https://repub.eur.nl/pub/116477

Leung, W.L., *How Technology Shapes Consumption: Implications for Identity and Judgement*, Promotors: Prof. S. Puntoni & Dr G Paolacci, EPS-2019-485-MKT, https://repub.eur.nl/pub/117432

Li, X. *Dynamic Decision Making under Supply Chain Competition,* Promotors: Prof. M.B.M de Koster, Prof. R. Dekker & Prof. R. Zuidwijk, EPS-2018-466-LIS, https://repub.eur.nl/pub/114028

Liu, N., *Behavioral Biases in Interpersonal Contexts*, Supervisors: Prof. A. Baillon & Prof. H. Bleichrodt, EPS-2017-408-MKT, https://repub.eur.nl/pub/95487

Maas, A.J.J., *Organizations and their external context: Impressions across time and space*, Promotors: Prof. P.P.M.A.R Heugens & Prof. T.H. Reus, EPS-2019-478-S&E, https://repub.eur.nl/pub/116480

Maira, E., *Consumers and Producers*, Promotors: Prof. S. Puntoni & Prof. C. Fuchs, EPS-2018-439-MKT, https://repub.eur.nl/pub/104387

Mirzaei, M., *'Advanced Storage and Retrieval Policies in Automated Warehouses'*, Promotors: Prof. M.B.M. de Koster & Dr N. Zaerpour, EPS-2020-490-LIS, https://repub.eur.nl/pub/125975

Nair, K.P., *Strengthening Corporate Leadership Research: The relevance of biological explanations*, Promotors: Prof. J. van Oosterhout & Prof. P.P.M.A.R Heugens, EPS-2019-480-S&E, https://repub.eur.nl/pub/120023

Nullmeier, F.M.E., *Effective contracting of uncertain performance outcomes: Allocating responsibility for performance outcomes to align goals across supply chain actors*, Promotors: Prof. J.Y.F.Wynstra & Prof. E.M. van Raaij, EPS-2019-484-LIS, https://repub.eur.nl/pub/118723

Okbay, A., *Essays on Genetics and the Social Sciences*, Promotors: Prof. A.R. Thurik, Prof. Ph.D. Koellinger & Prof. P.J.F. Groenen, EPS-2017-413-S&E, https://repub.eur.nl/pub/95489

Peng, X., *Innovation, Member Sorting, and Evaluation of Agricultural Cooperatives*, Promotor: Prof. G.W.J. Hendriks, EPS-2017-409-ORG, https://repub.eur.nl/pub/94976

Petruchenya, A., *Essays on Cooperatives: Emergence, Retained Earnings, and Market Shares*, Promotors: Prof. G.W.J. Hendriks & Dr Y. Zhang, EPS-2018-447-ORG, https://repub.eur.nl/pub/105243

Plessis, C. du, *Influencers: The Role of Social Influence in Marketing*, Promotors: Prof. S. Puntoni & Prof. S.T.L.R. Sweldens, EPS-2017-425-MKT, https://repub.eur.nl/pub/103265

Pocock, M., *Status Inequalities in Business Exchange Relations in Luxury Markets*, Promotors: Prof. C.B.M. van Riel & Dr G.A.J.M. Berens, EPS-2017-346-ORG, https://repub.eur.nl/pub/98647

Pozharliev, R., *Social Neuromarketing: The role of social context in measuring advertising effectiveness*, Promotors: Prof. W.J.M.I. Verbeke & Prof. J.W. van Strien, EPS-2017-402-MKT, https://repub.eur.nl/pub/95528

Reh, S.G., *A Temporal Perspective on Social Comparisons in Organizations,* Promotors: Prof. S.R. Giessner, Prof. N. van Quaquebeke & Dr. C. Troster, EPS-2018-471-ORG, https://repub.eur.nl/pub/114522

Riessen, B. van, *Optimal Transportation Plans and Portfolios for Synchromodal Container Networks*, Promotors: Prof. R. Dekker & Prof. R.R. Negenborn, EPS-2018-448-LIS, https://repub.eur.nl/pub/105248

Schie, R. J. G. van, *Planning for Retirement: Save More or Retire Later?* Promotors: Prof. B. G. C. Dellaert & Prof. A.C.D. Donkers, EOS-2017-415-MKT, https://repub.eur.nl/pub/100846

Schouten, K.I.M. *Semantics-driven Aspect-based Sentiment Analysis,* Promotors: Prof. F.M.G. de Jong, Prof. R. Dekker & Dr. F. Frasincar, EPS-2018-453-LIS, https://repub.eur.nl/pub/112161

Sihag, V., *The Effectiveness of Organizational Controls: A meta-analytic review and an investigation in NPD outsourcing*, Promotors: Prof. J.C.M. van den Ende & Dr S.A. Rijsdijk, EPS-2019-476-LIS, https://repub.eur.nl/pub/115931

Smolka, K.M., *Essays on Entrepreneurial Cognition, Institution Building and Industry Emergence*, Promotors: P.P.M.A.R. Heugens, & Prof. J.P. Cornelissen, Eps-2019-483-S&E, https://repub.eur.nl/pub/118760

Straeter, L.M., *Interpersonal Consumer Decision Making*, Promotors: Prof. S.M.J. van Osselaer & Dr I.E. de Hooge, EPS-2017-423-MKT, https://repub.eur.nl/pub/100819

Stuppy, A., *Essays on Product Quality,* Promotors: Prof. S.M.J. van Osselaer & Dr N.L. Mead. EPS-2018-461-MKT, https://repub.eur.nl/pub/111375

Subaşi, B., *Demographic Dissimilarity, Information Access and Individual Performance*, Promotors: Prof. D.L. van Knippenberg & Dr W.P. van Ginkel, EPS-2017-422-ORG, https://repub.eur.nl/pub/103495

Suurmond, R., *In Pursuit of Supplier Knowledge: Leveraging capabilities and dividing responsibilities in product and service contexts,* Promotors: Prof. J.Y.F Wynstra & Prof. J. Dul. EPS-2018-475-LIS, https://repub.eur.nl/pub/115138

Toxopeus, H.S. *Financing sustainable innovation: From a principal-agent to a collective action perspective,* Promotors: Prof. H.R. Commandeur & Dr. K.E.H. Maas. EPS-2019-458-S&E, https://repub.eur.nl/pub/114018

Turturea, R., *Overcoming Resource Constraints: The Role of Creative Resourcing and Equity Crowdfunding in Financing Entrepreneurial Ventures,* Promotors: Prof. P.P.M.A.R Heugens, Prof. J.J.P. Jansen & Dr. I. Verheuil, EPS-2019-472-S&E, https://repub.eur.nl/pub/112859

Valboni, R.,*'Building Organizational (Dis-)Abilities: The impact of learning on the performance of mergers and acquisitions'*,Promotors: Prof. T.H. Reus & Dr A.H.L. Slangen, EPS-2020-407-S&E, https://repub.eur.nl/pub/125226

Vandic, D., *Intelligent Information Systems for Web Product Search*, Promotors: Prof. U. Kaymak & Dr Frasincar, EPS-2017-405-LIS, https://repub.eur.nl/pub/95490

Verbeek, R.W.M., *Essays on Empirical Asset Pricing*, Promotors: Prof. M.A. van Dijk & Dr M. Szymanowska, EPS-2017-441-F&A, https://repub.eur.nl/pub/102977

Visser, T.R. Vehicle Routing and Time Slot Management in Online Retailing, Promotors: Prof. A.P.M. Wagelmans & Dr R. Spliet, EPS-2019-482-LIS, https://repub.eur.nl/pub/120772

Vlaming, R. de.,*Linear Mixed Models in Statistical Genetics*, Prof. A.R. Thurik, Prof. P.J.F. Groenen & Prof. Ph.D. Koellinger, EPS-2017-416-S&E, https://repub.eur.nl/pub/100428

Vries, H. de, *Evidence-Based Optimization in Humanitarian Logistics*, Promotors: Prof. A.P.M. Wagelmans & Prof. J.J. van de Klundert, EPS-2017-435-LIS, https://repub.eur.nl/pub/102771

Wang, R., *Corporate Environmentalism in China*, Promotors: Prof. P.P.M.A.R Heugens & Dr F. Wijen, EPS-2017-417-S&E, https://repub.eur.nl/pub/99987

Wasesa, M., *Agent-based inter-organizational systems in advanced logistics operations*, Promotors: Prof. H.W.G.M van Heck, Prof. R.A. Zuidwijk & Dr A. W. Stam, EPS-2017-LIS-424, https://repub.eur.nl/pub/100527

Wessels, C., *Flexible Working Practices: How Employees Can Reap the Benefits for Engagement and Performance*, Promotors: Prof. H.W.G.M. van Heck, Prof. P.J. van Baalen & Prof. M.C. Schippers, EPS-2017-418-LIS, https://repub.eur.nl/

Wiegmann, P.M., *Setting the Stage for Innovation: Balancing Diverse Interests through Standardisation,* Promotors: Prof. H.J. de Vries & Prof. K. Blind, EPS-2019-473-LIS, https://repub.eur.nl/pub/114519

Wijaya, H.R., *Praise the Lord!: Infusing Values and Emotions into Neo-Institutional Theory*, Promotors: Prof. P.P.M.A.R. Heugens & Prof. J.P. Cornelissen, EPS-2019-450-S&E, https://repub.eur.nl/pub/115973

Williams, A.N., *Make Our Planet Great Again: A Systems Perspective of Corporate Sustainability,* Promotors: Prof. G.M. Whiteman & Dr. S. Kennedy, EPS-2018-456-ORG, https://repub.eur.nl/pub/111032

Witte, C.T., *Bloody Business: Multinational investment in an increasingly conflict-afflicted world*, Promotors: Prof. H.P.G. Pennings, Prof. H.R. Commandeur & Dr M.J. Burger, EPS-2018-443-S&E, https://repub.eur.nl/pub/104027

Ye, Q.C., *Multi-objective Optimization Methods for Allocation and Prediction*, Promotors: Prof. R. Dekker & Dr Y. Zhang, EPS-2019-460-LIS, https://repub.eur.nl/pub/116462

Yuan, Y., *The Emergence of Team Creativity: a social network perspective*, Promotors: Prof. D. L. van Knippenberg & Dr D. A. Stam, EPS-2017-434-ORG, https://repub.eur.nl/pub/100847

Zhang, Q., *Financing and Regulatory Frictions in Mergers and Acquisitions*, Promotors: Prof. P.G.J. Roosenboom & Prof. A. de Jong, EPS-2018-428-F&A, https://repub.eur.nl/pub/103871

In this dissertation, the author intends to make crucial implications to both theory and practice by extending and combining theories from literature on corporate reputation, status shifts, celebrity, performance feedback and expectations of market analysts, and exploration/exploitation. Study 1 is a conceptual work that lays the foundation for the second study of this dissertation. The main premise of this study is that due to its path-dependent nature, corporate reputation may be a promoter of stability initiatives and at the same time a demoter of change initiatives.

In study 2, how corporate reputation may have a significant effect on the investment decisions of the firm is investigated. Using a panel dataset of 128 firms from various industries, our results from this study show that higher levels of reputation encourage the firm to embark upon more low-risk investments and less high-risk investments.

Finally, in study 3, the effect of status loss on the exploration/exploitation behavior of the organization is examined. Using data on soccer teams in the English context in a 10 year period, we found evidence on the positive effect of status loss on the exploration behavior of the organization relative to its exploitative behavior.

ERiM

The Erasmus Research Institute of Management (ERIM) is the Research School (Onderzoekschool) in the field of management of the Erasmus University Rotterdam. The founding participants of ERIM are the Rotterdam School of Management (RSM), and the Erasmus School of Economics (ESE). ERIM was founded in 1999 and is officially accredited by the Royal Netherlands Academy of Arts and Sciences (KNAW). The research undertaken by ERIM is focused on the management of the firm in its environment, its intra- and interfirm relations, and its business processes in their interdependent connections.

The objective of ERIM is to carry out first rate research in management, and to offer an advanced doctoral programme in Research in Management. Within ERIM, over three hundred senior researchers and PhD candidates are active in the different research programmes. From a variety of academic backgrounds and expertises, the ERIM community is united in striving for excellence and working at the forefront of creating new business knowledge.

ERiM

ERIM PhD Series
Research in Management

Erasmus University Rotterdam (EUR)
Erasmus Research Institute of Management
Mandeville (T) Building
Burgemeester Oudlaan 50
3062 PA Rotterdam, The Netherlands

P.O. Box 1738
3000 DR Rotterdam, The Netherlands
T +31 10 408 1182
E info@erim.eur.nl
W www.erim.eur.nl