SOCIAL PERCEPTIONS AND THE STRUCTURATION OF MARKETS: Three Essays on the Impacts of Conforming and Framing Strategies on Organizational Status, Reputation and Legitimacy

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A ma famille et mes amis…

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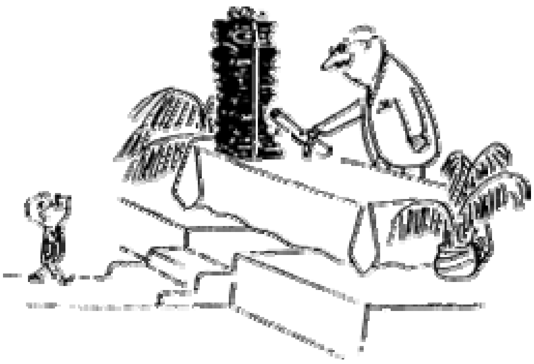

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Introduction

As many dissertations do, mine starts with a very large question: what makes the evolution of social structures possible?

The question is important, because social structures not only are constitutive elements of economic life but also have important strategic implications. Markets are socially structured. That is, economic exchanges are embedded in and shaped by social dynamics (Burt, 1997; Granovetter, 1985; Zuckerman, 1999). These social structures (i.e., social hierarchies, orderings or classifications of actors) play a significant role in the market actors' economic behaviors as they enable them to develop knowledge or beliefs about other actors and thereby facilitate economic exchanges.[1] Since market actors are not perfectly rational and fully informed about their environment, they do not possess perfect information on the quality and value of the commodities potentially exchanged (Podolny, 1994).[2] As such, social interactions are surrounded by uncertainty and ambiguity. To simplify the decision-making process, actors thus look at their environment to gather data and make decisions based on clues or shortcuts (Tversky and Kahneman, 1974). Most of these clues can be found in their social environment (DiMaggio and Powell, 1983; Podolny, 1994), that is, in the social structures of the market.[3] Since it is difficult to assess

[1] Throughout this dissertation I indifferently use the term "actor" and "organization". Because several of the theories I am referring to (e.g., social psychology) have been originally developed at the individual level (although frequently transposed at the organizational level), I find it easier to keep the "actor" neutral terminology in order to respect the original context in which these theories have been developed. Please note however, that my level of analysis throughout the dissertation is the organization.

[2] In this dissertation, I rely on two behavioral assumptions: actors are interest-driven and they are boundedly rational (Simon, 1957). Although their rationality is limited, they remain intendedly rational. That is, they rely on available information and cues to optimize the decision-making process under conditions of uncertainty. These behavioral assumptions are compatible with the theories I am drawing upon throughout the dissertation.

[3] Note that in this dissertation I interchangeably use the terms "social structures" and "social orders". Similarly, "social standing" and "social position" all refer to the position occupied by actors within these social structures – position that is dependent on the external social evaluations these actors are granted.

the value of the exchangeable commodity, attention tends to shift from the commodity to the potential exchange partner (Podolny, 1994) and some actors are awarded more attention or deference based on their standing within the social structures of the market: actors willing to start an exchange relationship will use the potential partners' social positions as heuristics to simplify their decision-making process. Decisions to trade with an actor will thus be highly dependent on her social standing. It follows that a) the position an actor occupies within social structures affects the opportunities and constraints she faces in the market and b) changes in social structures affect the opportunities and constraints confronted by all actors evolving within these social structures. Understanding how actors can improve their position within these social structures is therefore an important question for the field of strategy.

However, the question is theoretically difficult, because social structures are usually defined by their inertia. Most of the academic attention has been vested on the stability, permanence and reproduction of social structures over time (Gould, 2002). At the same time, much less attention has been devoted to an equally central aspect of these social structures: their processes of evolution and the role of actors in these processes. For instance, extant literature has been particularly interested in explaining the antecedents of the stability and continuity of social structures (e.g., Fligstein, 1996; Gould, 2002;) as well as describing organizational fields once social structures have crystallized into stabilized orders (e.g., Baker, 1984). One central argument brought to the fore is the self-fulfilling character of social judgments. In the context of status-hierarchies for instance, Gould (2002) suggests that the stability of the actors' social ranking does not result from stable intrinsic differences but from the pervasive effect of self-validating expectations. He further argues that this self-validating expectations argument is consistent with the game-theoretic concept of a Nash Equilibrium (Fudenberg and Tirole, 1991), where every actor's current choice of action is preferable to any alternative action such that no actor has incentive to unilaterally alter her action.

Such a conception is problematic for two reasons. First it fails to recognize that social orders never reach full crystallization but keep evolving over time through the influence of actors immersed in them. Second and more important, this perspective unconditionally adopts the point of view of dominant actors (i.e., actors enjoying high status, good reputation, or legitimacy) and largely neglects the agentic potential of dominated ones (i.e., actors suffering from low status, poor reputation, or illegitimacy). By assuming that every actor, whether occupying a favorable or unfavorable social position, is satisfied with the constraints and opportunities they face in the market, this perspective fails to take into account the willingness of dominated actors to improve their social standing in order to get higher pay-offs.

Based on this discussion, I now reframe the scope of this dissertation. Of course, it is not my intention to attempt any general treatment of the processes through which social structures can evolve, which is too large a topic for a single dissertation. Rather, I narrow it down, first by focusing on three specific external evaluations that determine actors' position within social structures – *status* (i.e., ordering of actors based on the deference and social esteem they can claim), *reputation* (i.e., ordering of actors based on expectations about their future performance) and *legitimacy* (i.e., classification of actors based on perceptions of alignment of their behavior with societal expectations) – and second by investigating two specific strategic behaviors that organizational actors can use to improve their social standing – *conformity* (i.e., recognition and acceptance of rules) and *framing* (i.e., use of language to influence others' perceptions) behaviors.

I chose to focus on these three evaluations because they significantly influence audiences' perceptions of organizations and willingness to exchange resources with them (e.g., Fombrun and Van Riel, 2004; Podolny, 2005; Rindova, Pollock and Hayward, 2006; Skvoretz and Fararo, 1996; Shamsie, 2003). Similarly, I focus on conformity and framing because they are particularly interesting in the context of external social evaluations. Social evaluations lie in the eye of the beholder: status, reputation and legitimacy are not objective intrinsic characteristics of a focal actor. Rather, they are perceptional constructs that are built by outside observers through an evaluative and attributional process, based on expectations of what actors should look like and how they should behave. As such, these evaluations can be altered if outside observers receive new information that they can use to update their judgments. Because these judgments are expectation-based, actors willing to improve their social position can either adhere to these behavioral expectations by conforming to them, or they can alter these expectations by framing outside observers' perceptions of what appropriate behaviors should be. Although adopting different trajectories, these two strategies therefore aim at attaining the same goal: help organizations negotiate and improve their position within social structures. Therefore, the question I address in this dissertation is:

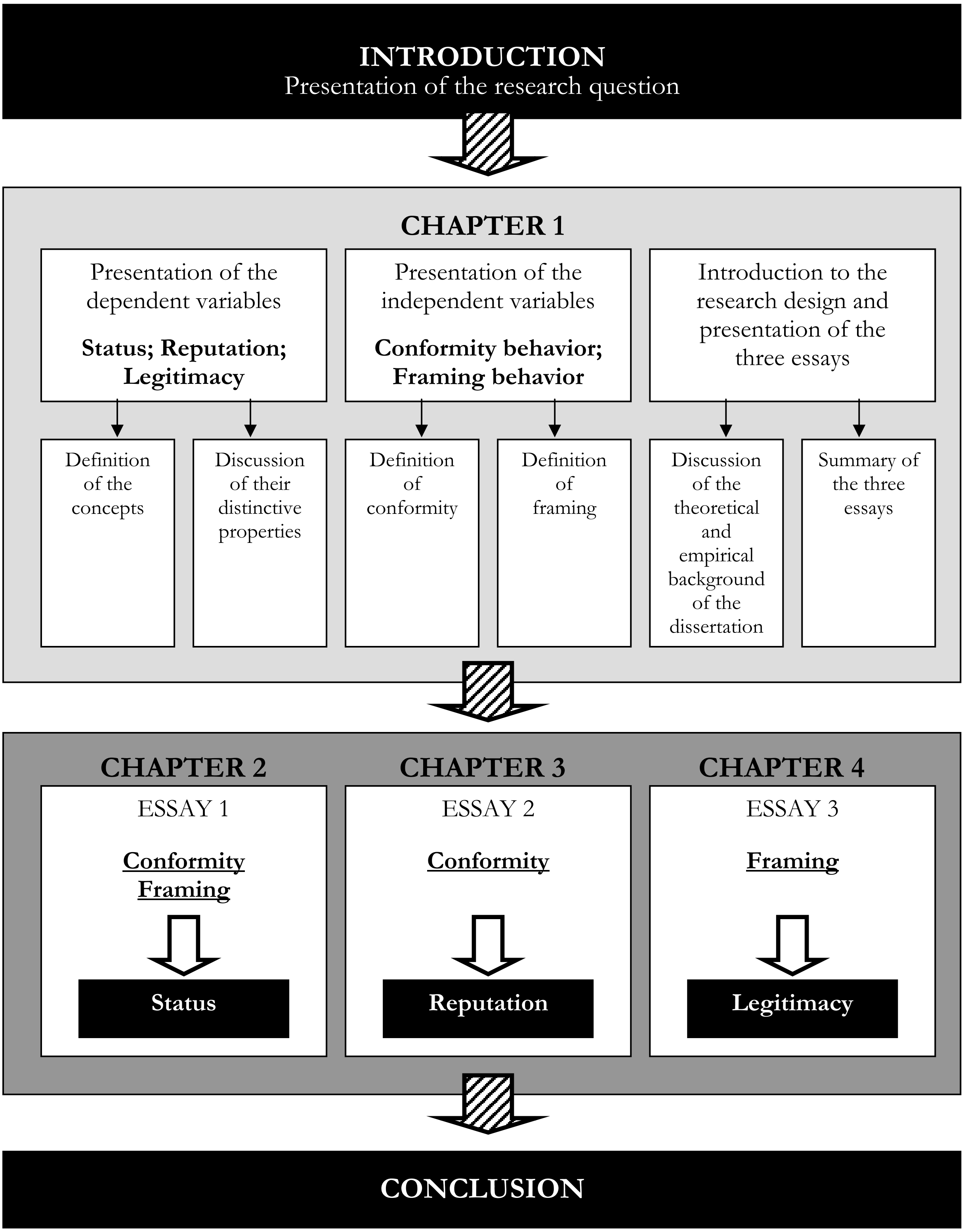
How do organizations strategically improve their external social evaluations?

In this dissertation, I thus try to provide a dynamic framework to explain how strategic agency (i.e., the strategic use of means designed to attain a sought-after goal) can alter the organizations' social evaluations. That is, I attempt to demonstrate that organizations can improve their status, reputation and legitimacy standings through the use of strategies of conformity and framing and I particularly focus on "dominated" actors, those that suffer from a lack of status, reputation or legitimacy.

I explore different aspects of the question within the context of corporate environmentalism and more specifically of corporate environmental communication. Corporate environmentalism refers to "the recognition and integration of environmental concerns into a firm's decision-making process" (Banerjee, 2002: 177). This empirical setting is particularly interesting for the purpose of this dissertation because of the recent increases in societal concerns for the degradation of the natural environment. These social concerns have contributed to the emergence of social norms on environmental issues (Banerjee, 2001, 2002; Hoffman, 1999) and corporate environmentalism has become a "normative institutional pillar" and a "matter of obligation" (Hoffman, 1999: 363). Organizations are now expected to integrate environmentally friendly practices in their activities. Studying their environmental communication thus enables me to investigate a) whether and how they do conform to these social expectations and b) how they frame their discourse to influence their audience's perceptions.

The dissertation is structured into four chapters. Chapter 1 presents the theoretical and empirical background of this work. Specifically, it provides a brief survey of extant literature on the social foundations of market relationships and defines the main concepts used in this dissertation. In addition, this chapter presents the chosen empirical setting and the theories I build upon. Chapter 2 introduces the first essay, which is a theoretical investigation of the mechanisms underlying the formation of ties between organizations of dissimilar status. In this essay, I suggest that lower-status organizations can improve their social standing and thus the probability of being selected as exchange partners either by adopting socially desired characteristics (i.e., replicating and thus reinforcing status beliefs through conformity behaviors) or by redefining the actors' perceptions of which characteristics are status valuable (i.e., altering status beliefs and referential structures through framing behaviors). In Chapter 3, I develop the second essay of this dissertation, where I suggest that organizations can strategically conform to social norms in order to acquire reputation. Based on the analysis of the organizations' corporate environmental communication, I quantitatively show that different conforming behaviors have differentiated impacts on reputation. The third essay which is developed in Chapter 4 is a study of the framing strategies used by organizations in their environmental communication. After identifying different discursive frames, I investigate their impacts on the organizations' legitimacy. Eventually, in the conclusion of the dissertation, I summarize and discuss the contributions of each essay to the research question. I also discuss the general contributions of the dissertation as well as its limitations and avenues for future research. It is useful to think at these three essays as addressing different elements of the objective pursued in this dissertation: deepening our understanding of the role that organizations play in the improvement of their external social evaluations. Figure 1 below summarizes the general content and articulation of this dissertation.

Figure 1 – General Content of the Dissertation



Chapter 1

Strategic Agency and the Evolution of Actors' Standings within the Social Structures of Markets

Social structures play a significant role in market interactions. To avoid problems posed by the uncertainty surrounding economic exchanges and forestall market failure, market actors rely on the social standings of organizations as cues to decide whether to transact with them. For instance, organizational status, reputation and legitimacy are particularly significant cues that may be used to determine the quality or value of market actors. Because of the need to simplify market interactions, some actors are granted more attention and deference based on their positions within social structures (i.e., status orders, reputational rankings and legitimacy classifications). Actors' positions within these structures therefore determine the constraints and opportunities they face in the market. After defining the three dependent variables of this dissertation (i.e., status, reputation and legitimacy), I discuss their distinctive properties and implications in the field of strategy. After identifying the gap I attempt to address, I present the concepts of conformity and framing, which are the two behavioral strategies that are expected to influence actors' external social evaluations. Eventually, I briefly introduce the design of research adopted in this dissertation as well as the three essays that are subsequently developed in Chapters 2, 3 and 4.

1. The Social Structuration of Markets and Market Relationships

Much of the theory behind the classical and neoclassical economic market models explains actors' relationships in terms of rational, self-interested behaviors but seldom considers the social and institutional structures that underlie markets. Such an understanding has led to under-socialized and atomized conceptions of market relationships, where market actors possess perfect information and are abstracted out of social and institutional contexts. In these models, actors do not need to form recurrent or continuing social relationships with one another (Hirshman, 1982), and their relationships possess no individualized content beyond that resulting from the role positions (e.g., producer, supplier, customer) actors occupy in the market (Granovetter, 1985).

This atomization of market actors and the relegation of the particulars of individual relationships to an epiphenomenal role in the global market structure are widely criticized by sociologists on the account that economic behavior does not take place in a vacuum but rather is embedded within social structures. Developed in the 1940s and 1950s by Polanyi (1944) and Polanyi and colleagues (1957), the concept of embeddedness is further refined and brought to the fore in the field of organizational sociology by Granovetter's 1985 seminal paper. In this paper, Granovetter suggests that social structures play a significant role in economic behavior. This emphasis on the social character of economic exchanges is largely adopted by scholars in the fields of institutionalism or economic sociology, where the issue of who exchanges with whom is considered as a central market outcome to be explained (Podolny, 1994).

1.1. Definitions

1.1.1. Behavioral Assumptions

As succinctly mentioned in the introduction (cf. footnote 2), the underlying behavioral assumptions of this work are twofold. First, I assume that actors are interest-driven. That is, they are motivated by pursuing and reaching individual goals. Second, I assume that they are intendedly but boundedly rational (Simon, 1957), which means that their capacities to apprehend, collect and compute information are limited. Two fundamental implications of these behavioral assumptions are 1) that actors' decisions are made under uncertainty and 2) that they rely on available information and cues to make optimal decisions in spite of the constraints they confront.

Uncertainty refers to "the difficulty firms have in predicting the future, which comes from incomplete knowledge" (Beckman, Haunschild and Phillips, 2004: 260). It characterizes situations where actors cannot anticipate nor predict future states of the world (Pfeffer and Salancik, 1978). Under conditions of uncertainty, actors have imperfect information, which prevents them from knowing how to behave and what to expect from their environment (Hogg and Terry 2000). Not only are they uncertain about the occurrence of a particular outcome, but they are also unable to identify the probability distribution of outcomes (Beckert, 1999; Knight, 1921). In the context of social interactions, behavior predictability thus becomes a prevailing concern for market actors (Granovetter, 1985; Podolny, 1994).

Actors thus persistently look for clues and shortcuts that will allow them to make decisions by substituting "simpler judgmental operations" for "complex tasks of assessing probabilities and predicting values" (Tversky and Kahneman, 1974: 1124). Most of these cues are found in the social structure that surrounds them (Beckert, 1996; DiMaggio and Powell, 1983; Haunschild, 1994; Podolny, 1994). As documented by a large body of research, who interacts and exchanges with whom, is a crucial question than cannot be abstracted out from the social context in which the interactions are happening (e.g., Podolny, 1994). Because social interactions need to be simplified, some actors will be awarded more attention or deference based on their positions within social structures. Uncertainty thus causes actors to economize on search cost by using social cues (Beckert, 1996) such as status, reputation and legitimacy as shortcuts around it. Indeed, in the absence of knowledge about the underlying quality of a potential exchange partner, the mitigation of opportunistic risks becomes crucial. For instance, organizations may adopt a principle of exclusivity in the partner selection process by electing to engage in relationships with actors of similar or higher status, actors that possess a strong reputation for reliability or actors that are considered as behaving in a legitimate manner. Status, reputation and legitimacy are thus central cues in the simplification of social interactions.

1.1.2. Status

Status refers to the position or rank of an actor or group within a social structure (Stark, 1998). It is used as an evaluation of the actors' worth (Jasso, 2001) based on their possession of discriminative characteristics, that is, characteristics associated with general expectations for superior (or inferior) ability (Ridgeway and Berger, 1986). It is thus fundamentally honorific (Deephouse and Suchman, 2008) in the sense that it elicits deference and tribute (Gould, 2002) and generates social esteem and privileges (Washington and Zajac, 2005). For purpose of this work, I follow Washington and Zajac (2005: 284) to define status as "a socially-constructed, intersubjectively agreed-upon ordering or ranking" of actors.

The relevance of status is contingent on the presence of uncertainty about the underlying quality of a focal actor. Based on the assumption that an actor's valued quality is to some extent positively related to her status, this actor's status can serve as an indicator of the valued quality in situations where it cannot be observed directly (Podolny, 2005)[4]. Highlighting the role of interorganizational relationships as conveyers of information, Podolny (2001) conceptualizes these relationships as "prisms" through which external audiences perceive a focal organization. According to this "prism" perspective, outside observers infer an organization's intrinsic quality from the quality of the organizations it is connected to (Benjamin and Podolny, 1999; Podolny, 2001; Washington and Zajac, 2005). This view is premised on the assumption that the willingness of others to associate with the focal organization provides a way to evaluate the organization's underlying quality (Podolny, 1994, Podolny and Phillips, 1996).

[4] Note though, as suggested by Podolny (1993), that status and quality might not be straightforwardly related. Due to time-lag effects for instance, high status evaluations may persist even when the level of quality originally attached to the position is depreciated. In addition, if status can serve as a signal of quality when it cannot be directly observed, it may also be valued per se in the absence of uncertainty about the underlying quality of an actor or a product.

1.1.3. Reputation

The concept of reputation is inherited from the economic literature, and specifically from game theory, but is widely used in strategy, marketing, accounting and sociology. Broadly defined, it refers to the beliefs of various audiences aggregated over time regarding the likelihood that the organization will deliver value along specific dimensions (Rindova and Fombrun, 1999; Rindova *et al.*, 2006), with a particular focus on product quality and financial performance (Fombrun and Shanley, 1990; Shapiro, 1983). In game-theoretic models, reputation is considered as a strategic asset, and is understood as a set of beliefs regarding an organization's future behavior. For instance, Kreps and Wilson (1982) develop the idea of a sequential equilibrium, where market participants must choose their future actions depending on their beliefs on past actions and their expectations regarding future actions of rivals (Weigelt and Camerer, 1988). Reputation building stems from the repetition of the game, as the behavior of the players is observed over time. For instance, an incumbent's reputation of being a though competitor might lead potential new entrants not to enter targeted markets because of the belief that economic retaliations will follow – through aggressive price cutting for instance (Weigelt and Camerer, 1988).

According to the economic literature, reputation is defined as the observation of the quality of past products/characteristics as an indicator of present and future quality (Shapiro, 1983). Reputation thus only makes sense in a context of imperfect information (Shapiro, 1983), when asymmetry of information forces market participants to rely on reputation signals to infer quality on specific attributes. Directly observing this quality would suppress the need to rely on such a heuristic procedure, and quality beliefs would be derived from direct inspection (Shapiro, 1983). Similar definitions might be found in the economic sociology literature, where reputation is considered and measured as past quality performance (e.g., Benjamin and Podolny, 1999). In those definitions, emphasis is laid on the signaling power of reputation which is used to sort organizations according to their underlying quality.

In the field of strategy, we encounter slightly different definitions. Reputation is described as the aggregate perceptions of the organization's multiple audiences over time with regards to the organization's relative success in fulfilling the expectations of these multiple audiences (Fombrun and Shanley, 1990). According to Washington and Zajac (2005: 283), reputation reflects "the underlying quality or the intersubjectively agreed-upon reality of quality differences among organizations". In those definitions, emphasis is laid on the notion of distinctiveness as well as on the multiplicity of evaluation.

For the purpose of this work, I define reputation as "a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals" (Fombrun, 1996: 72).

1.1.4. Legitimacy

Ever since Weber (1947), legitimacy has been a central theme in sociological analysis. Legitimacy refers to a socially constructed sense of appropriateness (Suchman 1995) and to "the endorsement of an organization by social actors" (Deephouse, 1996: 1025). It has notably received much attention from scholars in institutional theory who focus on the process of normative evaluation of the organization, organizational form, or practice (Meyer and Rowan, 1977; Oliver, 1991; Suchman, 1995). A basic assumption of institutional theory is that structures, practices, and values are enacted in the larger institutional environment, and then incorporated in organizations to gain legitimacy (DiMaggio and Powell, 1983). As organizations are motivated by the search for social approbation, stability, and survival, they adopt structures and practices that can help them secure this legitimacy (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). An organization is thus said to be legitimate when it is perceived to pursue socially acceptable goals in a socially acceptable manner (Ashforth and Gibbs, 1990).

In this dissertation, I adopt Suchman's broad definition (1995: 574) of legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions."

The neo-institutionalist perspective stresses the diversity of institutional influences stemming from the environment in which the organization operates (DiMaggio and

Powell, 1983; Suchman, 1995) by focusing on how regulative, normative and cognitive forces shape the emergence and the diffusion of practices within organizations (Scott, 2001). These institutional influences operate on different levels and spread via three isomorphic processes (DiMaggio and Powell, 1983): coercive, normative, and mimetic. Coercive isomorphism stems from the formal and informal pressures exerted on the organization by other organizations or by society. Normative isomorphism results from the increasing professionalization of the environment. As for mimetic isomorphism, it is generated by environmental uncertainties. Facing the ambiguity of the objectives and of the means to reach them, the organization sets imitation up as a behavioral heuristics by seeking its models in the organizations that it perceives legitimate and successful. As these three isomorphic processes lead the organizations to incorporate structures and practices matching the socially accepted models, they contribute to the homogenization of organizational fields (DiMaggio and Powell, 1983).

1.2. The Distinctive Properties of Status, Reputation and Legitimacy

1.2.1. Social Structures and Market Interactions

As mentioned earlier, status, reputation and legitimacy are perceptual constructs that crystallize audiences' evaluations of a focal actor's value and of the likelihood of her behavior. As such, actors will be classified into a hierarchy of social positions, and actors endowed with higher status, reputation or legitimacy will be awarded more attention or deference than others. As Skvoretz and Fararo (1996) argue, "the structural level constrains events that may occur at the behavioral level. The current structure determines the probability distribution over various events that could occur on the behavioral level" (p. 1375). In other words, an actor's position in this hierarchy affects others' perceptions and actions towards the actor and thereby the opportunities, constraints and threats she faces in the market (e.g., Gould, 2002, Jensen, 2008; Jensen and Roy, 2008; Podolny, 1993, 1994, 2005; Skvoretz and Fararo, 1996; Shamsie, 2003; Zuckerman, 1999). Although the outcomes and underlying mechanisms may be different whether it is status, reputation or legitimacy that is valued in a specific situation – as I will develop further in the next sections – they all participate in the categorization and differentiation dimensions of the strategic decision-making process.

Differentiation among actors with respect to various valued outcomes is a central issue in the field of strategy. However, actors are constrained in their socio-cognitive capacities (Phillips and Zuckerman, 2001). As the complexity of making comparisons among organizations increases along with the number of organizations, observers thus need to restrict their consideration set to a smaller number of options (i.e., a specific category). After categorizing organizations (e.g., high vs. low-status or legitimate vs. illegitimate actors), actors can start differentiating them within the bracket they are interested in (Jensen and Roy, 2008; Phillips and Zuckerman, 2001).

As an illustration, let us consider Jensen and Roy's paper (2008) on the U.S. audit industry. The authors present the choice of exchange partners as a two-stage process where actors first use status cues to screen potential partners, and then use reputation cues to differentiate between the organizations belonging to the appropriate status bracket and select a specific one as a partner. Similarly, Zuckerman (1999) proposes that organizations are categorized based on their legitimacy. He studies the U.S. stock market from 1985 to 1994 and shows that the stock price of an organization is discounted if this organization does not get reviews from the securities analysts that specialize in its industry. Since legitimacy is gained through reviews by the critics that have expertise in the domain, the organization is penalized for this lack of coverage and automatically gets an "illegitimacy discount."

In conclusion, the categorization process is important to strategic decision-making because it simplifies comparisons among organizations. It is also important because actors are sorted into social positions (i.e., the categorization process is based on social evaluations) that carry unequal obligations, expectations, and rewards (Gould, 2002), which thus affect the range of strategic opportunities these actors face in the market. In the following sections, I further discuss the strategic value of these social positions by respectively looking at status, reputation and legitimacy advantages.

1.2.2. The Strategic Value of Status – A Distinction Mechanism

Developed by Merton (1968) and originally documented in the context of the scientific community, the Matthew effect refers to a phenomenon where status begets status and where higher status actors benefit not only from easier conditions for producing output but also from greater rewards than their lower-status counterparts for producing a given level of quality (Gould, 2002). From minor differences in outcome qualities during initial social interactions, actors get assigned large differences in status, which are then reproduced and increased through time (Podolny 1993). The Matthew effect is used to explain the impacts of status on an actor's rewards and opportunities in the market place, and specifically on the inequalities of rewards associated with occupying different positions in the status ordering (Gould, 2002). Similar to "privileges", that is, non-merit based (i.e., unearned) benefits, these unequal rewards – or rents (Gould, 2002) – accrue to actors because of their possession of discriminating status-valued characteristics (Ridgeway and Berger, 1986) and of the high social position they derive from it (Washington and Zajac, 2005).

Extant research suggests, for instance, that high status organizations are more likely to enjoy lower transaction costs (Podolny, 1993, 2005), lower marketing, financial and labor costs (Podolny, 2005), greater returns from quality investments (Benjamin and Podolny, 1999), greater returns from interorganizational partnerships (Benjamin and Podolny, 1999; Stuart, Hoang, and Hybels, 1999), reduced risks to be preyed upon when entering a new market (Podolny and Scott-Morton, 1999), and reduced pressures to conform to social norms and expectations (Phillips and Zuckerman, 2001).

Documenting this dissymmetry of rewards, Benjamin and Podolny (1999) posit that the value a focal organization can derive from its pattern of affiliation varies according to its status. In their study of the Californian wine-industry, they show that high-status wineries are more likely to benefit from affiliations to high-status appellations than low-status wineries do. Specifically, they bring evidence that high-status wineries derive more benefits from their quality investments than low-status actors do because they are more likely to be noticed by market participants and consequently correctly evaluated. The winery's social position will thus influence the quality at which it will choose to produce:

because of these dissymmetric rewards, lower-status wineries will choose to produce at a lower quality level than their higher-level counterparts. In a similar vein, Podolny and Morton (1999) who examine entry and predation behaviors in the British merchant shipping industry at the turn of the century, report that the social status of an entrant actor influences the predation behavior of the incumbent cartels. Specifically, they show that the risk of being preyed upon is 40% lower for high status entrants than for low status ones, as high status is taken both as a signal of wealth and an indicator of the future cooperation of the entrant in espousing the "moral community" of the cartel.

1.2.3. The Strategic Value of Reputation – A Differentiation Mechanism

Because reputations stand for how well a focal organization fares compared to its competitors, market participants rely on it to make investment decisions, career decisions, and product choices (Fombrun and Shanley, 1990). Enjoying a favorable reputation has thus been associated with numerous economic and strategic benefits: ability to charge premium prices (Milgrom and Roberts, 1986a), attraction of better employees (Stigler, 1962), attraction and retention of customers (Herbig and Milewicz, 1993), obstacles to the mobility of competitors in an industry (Caves and Porter, 1977; Ferguson, Deephouse and Ferguson, 2000), sustained market dominance (Shamsie, 2003), enhanced access to resources (Fombrun and Van Riel, 2004) and specifically to financial resources (Beatty and Ritter, 1986; Milgrom and Roberts, 1986b), sustained financial performances over time (Roberts and Dowling, 2002) and eventually insurances against risks (Fombrun and Van Riel, 2004). To sum it up, a good reputation is a key source of differentiation from rivals (Fombrun and Van Riel, 2004). Building and exploiting reputation can thus allow organizations to derive significant value in contexts of imperfect information (Shamsie, 2003).

For instance, in a study of strategic groups in the property/casualty segment of the U.S. insurance industry, Ferguson and colleagues (2000) suggest that strategic groups with higher reputations perform better on loss ratios (i.e., success in reaching a global profitable distribution among all exposures accepted) and expense ratios (i.e., ability to manage operational expenses) – which are both crucial to long-run survival in this industry. A high reputation thus constitutes a mobility barrier at the industry level. Similarly, Roberts and Dowling (2002), in an empirical study based on 15 years of data, suggest that a good reputation not only entails higher financial performance but also allows for these superior profit outcomes to persist over time.

1.2.4. The Strategic Value of Legitimacy – A social License to Operate

Being or appearing illegitimate entails penalties. Organizations that do not meet institutionalized expectations for how they should act are viewed as illegitimate (Zuckerman, 1999). For instance, Zuckerman (1999) shows in his study of the U.S. stock market that organizations which fail to appear legitimate to security analysts suffer from discounted stock prices. On the opposite, being or appearing legitimate entails numerous positive outcomes. These outcomes encompass increased financial performance (Certo, 2003; Suchman, 1995), increased survival chances (DiMaggio and Powell, 1983; Meyer and Rowan, 1977, Rao, 1994; Ruef and Scott, 1998), enhanced ability to acquire resources (DiMaggio and Powell, 1983; Lounsbury and Glynn, 2001; Pfeffer and Salancik, 1978; Suchman, 1995), facilitation of institutional change (Sherer and Lee, 2002), acceleration of rates of adoption of innovation (Tolbert and Zucker, 1983), avoidance of evaluation and questioning by audiences (Meyer and Rowan, 1977; Suchman, 1995), and if evaluation occurs, insurance that it will be favorable to the organization (Dowling and Pfeffer, 1975).

For instance, Ruef and Scott (1998) suggest that the ability of a hospital to secure social approval significantly increases its survival chances. Specifically, using data on 143 U.S. hospitals between 1945 and 1990, they show that obtaining legitimacy at the technical and managerial levels positively affects the survival of these organizations. As these organizations operate in highly institutionalized environments, achieving managerial or technical legitimacy is respectively valued in institutional environments that are characterized by the presence of extensive formalized relations (managerial) and environments that are characterized by centralized regulatory and funding controls (technical).

1.2.5. The Distinctive Properties of these Social Evaluations – A Synthesis

Status, reputation and legitimacy are key related concepts of organizational theory that belong to "a single nomological net of constructs describing different facets of symbolic, cognitive and relational processes in and around organizations" (Bitekhtine, 2006: 9). As such, they share a certain number of common characteristics. For instance, status, reputation and legitimacy can be studied at different levels of analysis (i.e., individual, organizational, or group) and conceptualized as multidimensional constructs. They are perceptional constructs that situate actors in the social structures of markets. As a consequence, they all significantly influence market actors' perceptions of a focal actor's worth as well as their willingness to exchange resources with her (positively when evaluations are high, negatively otherwise). These overlaps can also be found at the level of the underlying mechanisms. For instance, status and legitimacy both imply acts of social acceptance. Similarly, reputation and legitimacy are based on assessments of a focal actor's fulfillment of expectations, and since they are both multidimensional constructs, the same organizational attributes or characteristics may be used to evaluate both reputation and legitimacy.

These commonalities have led to discussions on the concepts terminological differences when several of them are simultaneously used in a piece of research. To differentiate them, a substantial body of literature thus strives to discuss their relations with each other, sometimes altogether (e.g., Deephouse and Suchman, 2008; Rindova et al., 2006), more often in a dyadic format – reputation and status (e.g., Jensen and Roy, 2008; Benjamin and Podolny, 1999, Washington and Zajac, 2005) or reputation and legitimacy (e.g., Deephouse and Carter, 2005; Rao, 1994)[5]. If these commonalities have led to terminological differentiation attempts, it is worth noting that they have also entailed numerous confusions between the three constructs which are often used interchangeably in single papers (e.g., Podolny, 1993). But the presence of overlaps does not mean that these concepts are substitutable.

[5] To my knowledge, the status-legitimacy relationship is rarely discussed, probably because status and legitimacy share less common characteristics than the other two pairs.

Although status, reputation and legitimacy share common characteristics they differ on several dimensions. For instance, reputation and status constitute profit-based expectations whereas legitimacy deals with socially-anchored ones. Similarly, whereas reputation and status are signals for quality which ultimately lead to potential value creation, legitimacy signals the ability of the organization to operate activities in a socially defined environment, and thus increases the organization's survival chances within its environment. If legitimacy and status both imply social acceptance, legitimacy relies on an integrative mechanism (i.e., inclusive mechanism) whereas status relies on social closure (i.e., exclusive mechanisms). As summarized by Rindova and colleagues (2006: 55), "legitimacy differs from reputation and status in that it focuses on the degree to which a firm's products, practices, and structures are consistent with societal expectations, rather than on its distinctive performance outcomes".

These social evaluations also differ in their underlying mechanisms. Reputation judgments are grounded on the observation of an organization's past quality and behavior and they are driven by a differentiation mechanism. Reputation judgments focus indeed on differences between organizations on specific characteristics and involve comparisons between organizations. Status judgments are grounded on the organization's possession of desirable attributes or characteristics. They are driven by a mechanism of distinction. The distinction mechanism is to be understood as associated with the notion of prestigious standing and of hierarchy, contrary to the neutral differentiation mechanism underlying reputation judgments. As with reputation, status judgments thus involve comparisons but the antecedents and mechanisms of evaluation remain different. As for legitimacy judgments, they operate on a completely different sphere. Contrary to reputation and status judgments which focus on identifying differences between organizations, legitimacy judgments focus on identifying similarities. They do not involve direct comparisons between organizations but comparisons of the organization's behavior or characteristics with social expectations. As they are grounded on the observation of the organization's compliance with the norms and values deemed desirable, they are driven by a similarity mechanism, in the sense that compliance with expectations implies an isomorphic convergence of organizational behaviors. When reputation and status are about standing out, legitimacy is thus about blending into anonymity. The following table summarizes the distinctive properties of status, reputation and legitimacy.

Table 1 – The Distinctive Properties of Status, Reputation, and Legitimacy

Evaluation	Definition	Underlying Expectation	Mechanism	Standing
Status	Social ordering of actors based on the deference and social esteem they can claim	Possession of desirable and valued attributes (e.g., ties with prestigious partners)	Distinction	Ranking relative to other actors (not related to performance)
Reputation	Generalized expectations about actors' future performance based on past performance	Ability to deliver quality and create value	Differentiation	Comparison with other actors (related to performance)
Legitimacy	Generalized perceptions about alignment of actors' behavior with societal beliefs	Compliance with social norms and values	Similarity	Fit with social guidelines (not related to performance)

1.3. Strategic Agency and the Evolution of External Social Evaluations

1.3.1. Gap

Stability is a central feature of social structures. A lot of academic attention has been vested on the continuity or reproduction of these structures (Baker, 1984; Gould, 2002), which is explained in terms of self-validation of social expectations and beliefs. Gould (2002) suggests that the stability of the actors' social ranking does not result from stable intrinsic differences but from the pervasive effect of self-validating expectations.

The first issue with this perspective is that by failing to recognize that social orders keep evolving over time, it has downplayed the role of strategic agency in the evolution of actors' social standing within these structures. However, it seems difficult to assume that actors automatically and unconditionally follow socially determined norms and values and keep reproducing orders and beliefs over time. The second issue with this perspective is that it exclusively adopts the point of view of dominant actors (i.e., actors enjoying high status, good reputation, or legitimacy) and pay little attention to the agentic potential of dominated ones, that is, actors that suffer from low status, poor reputation, or illegitimacy (for an exception, see for instance the work of or Leblebici et *al.*, 1991 on the role of fringe players in triggering institutional changes). By assuming that every actor, whether occupying a favorable or unfavorable social position, is satisfied with the constraints and opportunities they face in the market, this perspective fails to take into account the willingness of dominated actors to improve their social standing in order to get higher pay-offs.

Consider for instance a situation where two sets of producers (high-status vs. low-status actors) produce goods of similar quality but are differently rewarded for this quality: high-status producers derive more benefits from their investments than low-status producers do. According to Gould's perspective (2002), the lower-status producers will compensate this dissymmetry in rewards by adjusting the level of their investments and lowering the quality at which they will produce, thereby self-validating the social expectations that lower-status actors produce lower-quality goods than higher-status actors do. In turn, this situation leads to the reproduction of the status order and thus to an equilibrium where every actors are satisfied with their current situation because they have no incitation to produce at a different level of quality. However, why should we assume that actors capable of producing at a given quality level will be satisfied with producing at a lower quality level because their low social ranking does not allow them to derive the expected benefits from the quality they are capable of producing? One alternative is the one described by Gould (2002) and other scholars documenting this dissymmetrical reward effect (e.g., Benjamin and Podolny, 1999), where self-interest commands that lower-status actors lower their quality investments to reduce the quality/reward mismatch. Another alternative however is that lower-status actors reduce this mismatch by improving their social position in order to obtain the expected rewards for the quality level they are able produce. In this case, the equilibrium perspective does not hold anymore because some dominated actors have incitation to work their way up in the social orders in which they are immersed. This is the perspective I adopt in this dissertation.

Although I develop this example in the context of a status hierarchy, I consider that the dominant/dominated interface works identically for social structures that are based on reputation or legitimacy. Given that social structures shape the opportunities and constraints actors face in the market, it is reasonable to believe actors with lower social evaluations will be willing to compete to improve their position.

1.3.2. Thesis

This dissertation thus seeks to deepen our understanding of the role that organizations may play in improving their social standing, that is, their external social evaluations (i.e., status, reputation, and legitimacy). In particular, it focuses on the strategies that dominated actors, that is, actors suffering from a lack of status, reputation, or legitimacy, develop to influence positively perceptions of their behavior.

In this dissertation, I pursue a double objective: a) developing distinct theoretical and/or methodological contributions in each of the three essays; and b) addressing a question than spans across several theories: How do organizational actors strategically improve their external social evaluations? In a sense, the question amounts to importing strategic agency (Beckert, 1999) into sociological explanations of economic phenomena. Based on the definition of strategic agency as "the systematic attempt to reach conceived ends through the planned and purposeful application of means" (Beckert, 1999: 782), this dissertation investigates how expressions of conformity to and/or framing of audiences' expectations enable organizations to improve their external social evaluations (i.e., status, reputation, and legitimacy).

2. Conformity and Framing Strategies

Conformity and framing are particularly interesting behaviors to study in the context of social evaluations because status, reputation and legitimacy judgments are based on perceptions of conformity to or deviance from behavioral expectations (even if those expectations may vary in nature according to the type of assessment). Social evaluations lie in the eye of the beholder: status, reputation and legitimacy are not objective intrinsic characteristics of a focal actor but represent a set of particularized normative expectations regarding a focal actor's behavior. They are perceptional constructs that are built by outside observers through an evaluative and attributional process, based on expectations of what actors should look like and how they should behave. Although differing from one another (cf. table 1 above), they all imply standards of behaviors that must be respected.

2.1. Conformity

Conformity to norms or expectations is a central topic in several streams of literature (e.g., sociology, social psychology, institutional theory). Every social group is structured by norms and expectations that provide a frame of aspirational reference to its members (Merton, 1938). These norms are powerful standards of behavior that are rooted in widely shared beliefs about how actors should behave (Reno, Cialdini, and Kallgren, 1993; Warren, 2003). Conformity to norms and expectations refers to the recognition and acceptance of these norms by group members. It is the "conscious obedience to or incorporation of values, norms, or institutional requirements" (Oliver, 1991: 152). Conformity is the most common and widely diffused pattern of behavior (Merton, 1938). The stability and continuity of social orders rely on these conforming behaviors. For instance, several studies show how institutional features are transmitted and become resistant to change over time as a consequence of conformity to norms or expectations (Tolbert, 1985; Tolbert and Zucker, 1983). Actors are said to be conforming when a) they are aware of the existence of a given group norms and b) their behavior is in accordance with what the norm prescribes (Hollander, 1958). Conformity thus acts as a sign of the members' motivation to belong to the group (Hollander and Julian, 1970) and of their willingness to put the group's interest above their own (Kimberly, 1967, 1972).

The institutional perspective has emphasized the survival value of conformity, where organizations face strong institutional pressures toward conformity (DiMaggio and Powell, 1983; Oliver, 1991). A central tenet of this perspective is that "an organization's survival requires it to conform to social norms of acceptable behavior (Covaleski and Dirsmith, 1988: 563). In addition to its survival value, conformity translates into various rewards, such as increased legitimacy, prestige or access to resources. For instance, Hollander (1958) suggests that prior conformity to norms and expectations enhances status, which subsequently entails greater influence and allows some nonconformity.

2.2. Framing

Introduced by Tversky and Kahneman (1981), the notion of framing effect describes how valence (positive or negative) can affect individuals' willingness to take risks. It is later adopted by organizational scholars to account for the importance of cognitive processes through which actors understand and enact their environment (Daft and Weick, 1984; Reger, Gustafson, Demarie, and Mullane, 1994), as well as for the power of language crafting in reaching desired outcomes, such as legitimacy (Gioia and Chittipeddi, 1991)[6].
For instance, framing has become a key concept in the literature on social movements to describe how social movement organizations can affect audiences' interpretations of an event (Snow, Rochford, Worden, and Benford, 1986). Frames are defined as "schemata of interpretation" that actors use to render events or occurrences meaningful (Goffman, 1974; Snow et al., 1986) by affecting the way these events or occurrences are interpreted by audiences (Fiss and Zajac, 2006). They simplify and condense reality by selectively coding events (Fiss and Zajac, 2006). For instance, in their study of shareholder value management among German firms, Fiss and Zajac (2006) show that German firms use two framing approaches – acquiescence and balancing – to account for strategic shifts toward shareholder value management. Similarly, Sonenshein (2006) develops a model of issue crafting, where individuals strategically shape the meaning of social issues in their public discourses, by either subtracting or embellishing the justifications they espouse in their private discourses.

Framing is often discussed in relation to sensegiving, that is, the processes by which events are selectively punctuated, coded, and disseminated to an organization's audiences (Fiss and Zajac, 2006; Gioia and Chittipeddi, 1991) in order to shape their perceptions.

[6] Note that framing perceptions through discursive actions for instance, does not necessarily imply pretence or deceit (i.e., decoupling between substantive and symbolic behavior). Although such a decoupling may occur, framing merely implies a selective encoding of events by highlighting some elements while hiding others (Williams and Benford, 2000).

Because frames affect the interpretation of events among audiences (Fiss and Zajac, 2006), they help confer them meaning. Interestingly, Fiss and Zajac (2006: 1174) emphasize the interconnection of conformity and framing when they suggest that "since an organization's survival over time often depends on its conforming to normative expectations (...), the importance of ensuring both understanding and acceptance (...) among key constituents is a central element of the legitimacy imperative for organizations." The impacts of conformity and framing on the organizations' external social evaluations are studied in the three essays of this dissertation. The following section introduces the research design of these essays.

3. Introduction to the three Essays

3.1. Format of the Dissertation

3.1.1. Theoretical Background

This dissertation follows a three-essay format and mainly draws inspiration from economic sociology (in the 1st essay) and neo-institutional 2nd essay and in a more marginal fashion in the 3rd essay) theories. Institutional theory emphasizes the importance of the social context within which firms operate and more specifically the effect of institutions on shaping actors' behaviors and interactions. Although organizations have some discretion to operate within institutional constraints (Beckert, 1999; Goodrick and Salancik, 1996), failure to conform to critical, institutionalized norms and rules can threaten the organization's external evaluations, its social license to operate, and ultimately its survival (DiMaggio and Powell, 1983; Oliver, 1991). By criticizing a pure market approach to economic action and advocating a more sociological perspective (Granovetter, 1985), economic sociology similarly emphasizes "how social structure constrains, supports, or derails individual goal-seeking behavior" (Portes and Sensenbrenner, 1993).

These two theories share a common desire of understanding the social foundations and dynamics of market relationships and competition and emphasize the importance of social relations and institutions in the facilitation or impediment of economic exchanges. They both develop embedded rather than atomistic conceptions of inter-actors relationships, and most importantly, they share the same behavioral assumptions of self-interest and intended but bounded rationality (Simon, 1957). To make decisions, actors need to rely on available information that they derive from their social or institutional environment. Within a neo-institutional perspective, attention is centered on legitimacy and to a lesser extent reputation, while economic sociology mainly highlights the significance of status and reputation as useful cues to palliate situations of imperfect information.

3.1.2. Empirical Background

The empirical context on which this work is based (except for the first essay which is theoretical) is corporate environmentalism – "the recognition and integration of environmental concerns into a firm's decision-making process" (Banerjee, 2002: 177). Corporate environmentalism is a particularly fertile ground to analyze issues of conformity to social norms and framing of perceptions given the high degree of normativity it is imbued with. A large body of research has started documenting how responsible environmental practices have become critical to organizations' relationships with a variety of stakeholders (e.g., Bansal and Clelland, 2004; Barnett and Salomon, 2006; Hoffman, 1999). Social expectations about the degree to which organizations should assume responsibility for protection of the natural environment have largely increased over the last decades (Bansal, 2005; Hoffman, 1999) and having a poor environmental performance may expose organizations to negative consequences such as fines and lawsuits (Perrow, 1984), negative media coverage (Hamilton, 1995), protests by community activists or NGOs (Eesley and Lenox, 2006), losses in equity (Hamilton, 1995), higher unsystematic risk (Bansal and Clelland, 2004) and degradation of their reputation (King and Lenox, 2000).

Expectations of conformity have thus dramatically increased in this field and the natural environment is being increasingly drawn into organizational discourses (Bansal and Clelland, 2004, Livesey, 2002; Milne, Tregidga, and Walton, 2008; Newton, 2005; Prasad and Elmes, 2005). How organizations frame their discourse about the natural environment is "both integral to environmental management itself and a critical aspect of business sustainability" (Livesey, 2002: 83). Indeed, environmental discourses can be understood as attempts to "shape and manage the institutional field of which they are part" (Hardy and Phillips, 1999: 1). Corporate environmentalism – specifically corporate environmental communication – therefore appears as a promising setting to investigate both conformity and framing behaviors at the organizational level.

3.2. Essay 1 - Selecting an Exchange Partner: Attributional and Structural Status Cues as Uncertainty-Reduction Mechanisms

The first essay is a theoretical paper that investigates the status antecedents of the partner selection process and develops implications on the strategies that lower-status organizations can implement to improve their ranking within the status hierarchy. Selecting an exchange partner represents a critical challenge for any organization. In status-based models of market competition, much of the theory behind interorganizational relationships considers uncertainty as a prerequisite to the relevance of status in the selection of an exchange partner. This essay challenges the conventional idea that uncertainty is an exclusive property of the market and argues that it should instead be regarded as a property of both the market and market ties. This claim motivates the central question posed in this paper: Which status cues matter when, in the selection of an exchange partner? To investigate this question, I propose a status-based theoretical model of partner selection. This model extends prior research on status-based models of competition by broadening the delineation of potential status cues that organizations may usefully observe when deciding to select an exchange partner. It considers how variations in the nature of uncertainty confronted by organizations lead to different status-conferral judgements and thus different dynamics of partner selection. I propose that the dynamics underlying the selection of a focal organization as an exchange partner can be explained by the combination of structural status cues (i.e., the organization's pattern of affiliations) and attributional status cues (i.e., the organization's individual characteristics). A key implication of this model is that organizations can negotiate their standing position in the status hierarchy when status-conferral judgments are based on attributional status-cues. An organization willing to increase its position in the status order can either change its own characteristics to adopt characteristics that are deemed status-valuable by the core actors (thus replicating and reinforcing status beliefs through conformity behaviors), or alter these actors' perceptions of what status-valued characteristics should be (thus redefining the other actors' perceptions through framing behaviors).

3.3. Essay 2 – The Differentiated Impacts of Conformity on Organizational Reputation

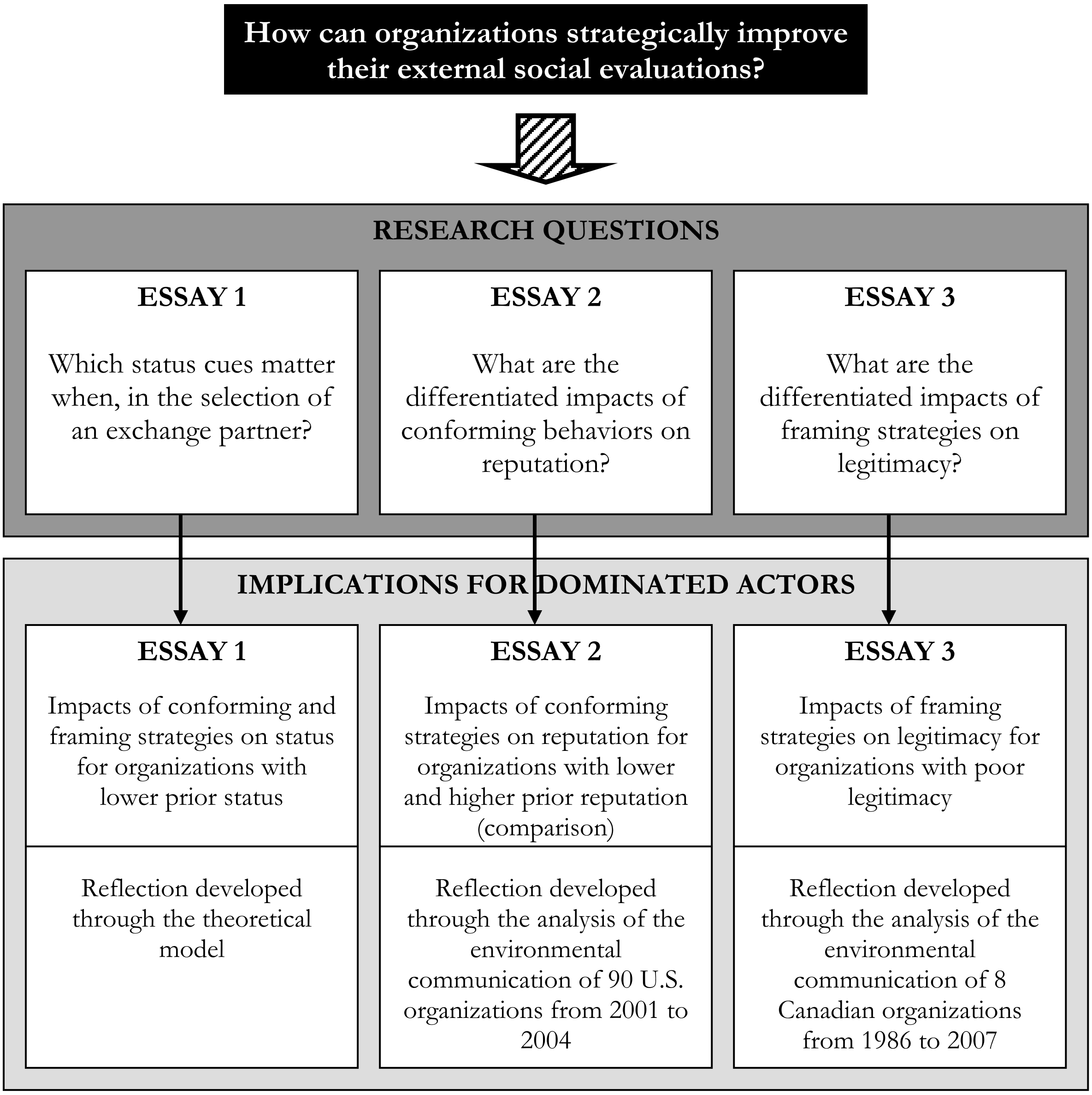
The second essay is a quantitative paper that is jointly developed with Rodolphe Durand (HEC Paris) and investigates the question of how conformity can be strategically used by organizations to improve their reputation. In the institutional literature, conformity is widely considered as a non-strategic passive response to the pressures exerted on the firm by its institutional environment. This study instead turns attention to the strategic aspect of conformity by arguing that conforming to social norms might be an expression of strategic intent. We identify four types of conforming behaviors and investigate their impacts on organizational reputation. Focusing on the norm of environmental transparency, we hypothesize that corporate environmental disclosures constitute conforming behaviors that have differentiated impacts on reputation, depending a) on the organization's compliance with the socially approved goal of environmental friendliness and b) on its level of commitment towards the norm. We test the hypotheses on data from the corporate environmental disclosures of 90 U.S. organizations over a four-year period (2001-2004). We find that organizations derive different reputational rewards/sanctions depending on whether they conform to the goal and/or procedure dimension of the norm and whether they are evaluated at the environmental or global reputation level. Our results also indicate that organizations with lower prior reputations are more sanctioned than their counterparts with higher prior reputations when they disclose information that does not comply with the goal of environmental friendliness. However, organizations with lower prior reputation derive more benefits from their high commitment to the socially approved procedures than their counterparts. In some cases, a high level of commitment is rewarded even when the disclosures are not complying with the goal of environmental friendliness.

3.4. Essay 3 – Corporate Environmentalism and Framing Strategies: Evolution, Dynamics and Effects on Organizational Legitimacy

The third and last essay is a qualitative paper that is jointly developed with Tima Bansal (Ivey Business School, UWO). In this paper, we explore changes in the organizations' framing strategies with regards to corporate environmentalism. Tracking the evolution of these environmental frames over time allows us to investigate whether the use of different framing strategies has differentiated impacts on the organizations' legitimacy. The analyses are conducted on the environmental communication of a sample of 8 Canadian organizations belonging to the natural resources industry over a 20-year period of observation – 1986 to 2007. We focus on this industry because it suffers from a severe environmental legitimacy discount due to the risks its activities pose to the natural environment. It is thus interesting to study how organizations pertaining to this industry strive to improve their legitimacy. Based on analyses of the environmental communication's narrative grammar, we find evidences of different framing strategies relative to corporate environmentalism. Specifically, to account for their relationship with the natural environment and the adoption of environmentally practices, organizations use three different stories: *profit-driven*, *recognition-driven*, or *values-driven*. These stories differ in terms of their modalities of action, spatial and temporal constructions. Some results also seem to indicate that they differ in their impacts on the organizations' environmental legitimacy.

As summarized in figure 2, the three essays are designed to answer the dissertation's overarching question – whether directly through the specific research questions of Essays 2 and 3 or indirectly through the implications of the theoretical model developed in Essay 1. In addition, the three essays take into account the dominant-dominated tension discussed earlier by either exclusively focusing on dominated actors (Essays 1 and 3) or contrasting behaviors of dominant and dominated actors (Essay 2).

Figure 2 – Articulation of the Three Essays



Chapter 2

Selecting an Exchange Partner: Attributional and Structural Status Cues as Uncertainty-Reduction Mechanisms

Selecting an exchange partner represents a critical challenge for any organization. In status-based models of market competition, much of the theory behind interorganizational relationships considers uncertainty as a prerequisite to the relevance of status in the selection of an exchange partner. This essay challenges the conventional idea that uncertainty is an exclusive property of the market and argues that it should instead be regarded as a property of both the market and market ties. This claim motivates the central question posed in this essay: Which status cues matter when, in the selection of an exchange partner? To investigate this question, I propose a status-based theoretical model of partner selection. This model extends prior research on status-based models of competition by broadening the delineation of potential status cues that organizations may usefully observe when deciding to select an exchange partner. I consider how variations in the nature of uncertainty confronted by organizations lead to different status-conferral judgments and thus different dynamics of partner selection. The dynamics underlying the selection of a focal organization as an exchange partner can be explained by the combination of structural status cues (i.e., the organization's pattern of affiliations) and attributional status cues (i.e., the organization's individual characteristics). I further suggest that lower-status organizations can improve their social standing and thus the probability of being selected as partners either by adopting socially desired characteristics (i.e., replicating and thus reinforcing status beliefs through conformity) or by redefining the actors' perceptions of which characteristics are status valuable (i.e., altering status beliefs and referential structures through framing).

1. Introduction

Status is an important feature of market dynamics and is particularly relevant in contexts where there is great uncertainty about qualitative differences between market participants (Podolny 1994, 2005). A central claim of status-based models of market competition is that the relevance of status is contingent on the presence of uncertainty about the underlying quality of a focal actor. Based on the assumption that an actor's valued quality is to some extent positively related to her status, this actor's status can serve as an indicator of the valued quality in situations where it cannot be observed directly (Podolny, 2005). Hence the following central assumption that the greater the uncertainty surrounding the underlying quality of an actor or an actor's products, the more market participants will rely on status to make inferences about that quality. As a corollary, the greater this uncertainty, the more returns from status will increase (Podolny, 2005).

Status is a position within a social structure that confers prestige and privileges upon an actor according to ascribed and achieved criteria (Parson, 1970). Because the concept of status involves the classification of actors into a hierarchy of positions, an actor's rank in this hierarchy affects others' perceptions and actions towards the actor and thereby the opportunities and constraints she faces in the market (Jensen, 2008; Jensen and Roy, 2008; Podolny, 1993, 1994, 2005). High status organizations are more likely to enjoy lower transaction costs (Podolny, 1993, 2005), lower marketing, financial and labor costs (Podolny, 2005), greater returns from quality investments (Benjamin and Podolny, 1999) and greater returns from interorganizational partnerships (Benjamin and Podolny, 1999, Stuart et *al.* 1999), reduced risks to be preyed upon when entering a new market (Podolny and Scott-Morton, 1999), and reduced pressures to conform to social norms and expectations (Phillips and Zuckerman, 2001).

In recent years, a growing field of enquiry has been directed at the dynamics of status, traditionally explained in terms of interorganizational ties (Podolny and Phillips, 1996, Podolny, 2001). The fundamental claim of this stream of research is that in a market exchange relationship, the manifest transfer of resources (goods or services) goes along with a latent transfer of status between exchange partners (Podolny and Phillips, 1996, Stuart et *al.*, 1999). More specifically, research on status dynamics argues that an actor's status is a direct function of the status of her affiliates.

An important limitation of this literature is that it overemphasizes a structural explanation of status mobility where actors' social positions are determined by the social positions of their affiliates and where the heterogeneity of actors' rewards is mainly determined by the differentiated structural positions they occupy in the status hierarchy (Jensen, 2008; Jensen and Roy, 2008). A first corollary of this structural conception of status mobility is that at the empirical level, the social standing of an actor's exchange partners is usually used as a proximal surrogate to her status (Gould, 2002). This is problematic for two reasons. First, such a measure only represents an indirect evaluation of the focal actor's status. Second, this operationalization might appear tautological in nature as the exchange partners' status will also be measured by their own pattern of affiliations. The second and main corollary is that although this stream of research has greatly contributed to our understanding of the crucial impact of status cues on the selection of an exchange partner, we still know little about the underlying mechanisms that account for this selection process and the subsequent formation of a tie. Put differently, although we may have a good understanding of how a focal organization's pattern of affiliations affects the way it is perceived by the other market participants and subsequently the opportunities and constraints it confronts in the market, we have less understanding of how these affiliations are created in the first place. Curiously, although this question has intrigued researchers in the field of competitive strategy (e.g., strategic groups and strategic alliances), the dynamics of tie formation remain poorly understood in the status literature. By attempting to specify the underlying mechanisms of partner selection in status-based markets, this research is thus motivated by a desire to correct for the over-emphasis of extant research on a structural explanation of status dynamics and for its subsequent neglect of the dynamics underlying the formation of an interorganizational tie.

To investigate the research question of which status cues matter when in the selection of an exchange partner, I articulate a theoretical model where I challenge the conventional idea that uncertainty – which is a fundamental characteristic of status-based models of market competition – is an exclusive property of the market. Indeed, the key assumption that underlies the model is that uncertainty should instead be regarded as a property of both the market and market ties and that it cannot be held constant across all market actors. From this claim, I consider how variations in the nature of uncertainty confronted by organizations lead to different status-conferral judgements and thus different dynamics of partner selection. I suggest that the dynamics of tie formation can be explained by the combination of an attributional hypothesis (where status conferral judgements are based on the observation of the organization's individual characteristics) and a structural hypothesis (where status conferral judgements are based on the observation of an organization's pattern of affiliations). Specifically, I propose that the value of attributional status cues increases for organizations engaged in selecting an exchange partner in the context of an affiliation. These attributional status cues will be used to reduce concerns relative to the compliance of the potential partner with expectations on the creation of social capital through the relationship. In contrast, I suggest that the value of structural status cues increases for organizations engaged in selecting a partner in the context of an arm's length transaction. These structural status cues will be used to reduce concerns relative to the compliance of the potential partner with expectations on the value of the resource exchanged through the relationship.

This essay extends prior research on status-based models of competition by broadening the delineation of potential status cues that organizations may rely on in the exchange partner selection process. Rather than limiting observations to structural status cues, the model spells out how organizations may also draw relevant inferences from attributional status cues. The main contribution of this paper is to show that the nature of the market tie that an organization seeks to form affects the level of uncertainty it faces and thereby the status cues it relies on to make partner selection decisions. It sensitizes us to how tie-specific uncertainty affects the relative attention paid to structural and attributional status cues and allows us to understand when structural status cues will be preferred over attributional status cues. Overall, this essay further expands our understanding of the mechanisms that underlie status dynamics by showing that it is the combination of attributional and structural status cues that drives the selection process of an exchange partner and the subsequent formation of its pattern of ties.

This essay continues as follows. I begin by providing a brief review of extant literature on uncertainty and status dynamics to ground the discussion and argue for the need of a more nuanced approach to uncertainty and a more balanced approach to status dynamics. This section is followed by the presentation of the model, where the logical reasoning behind the proposed theory and the scope conditions are discussed. The article concludes by summarizing the theoretical contributions, discussing the implications and limitations of the model, and outlining suggestions for future research.

2. Literature Review

2.1. Uncertainty and the Selection of an Exchange Partner

Uncertainty is a central concept in explaining organizational behavior (March and Simon, 1958). For purposes of this paper, it is defined as "the difficulty firms have in predicting the future, which comes from incomplete knowledge" (Beckman et *al.*, 2004, p. 260). Under conditions of uncertainty, organizations have imperfect information, which prevents them from knowing how to behave and what to expect from their environment (Hogg and Terry, 2000). They will thus actively engage in uncertainty reduction strategies and rely on various mechanisms that can buffer them from the problems of uncertainty and help them regain confidence in their ability to identify appropriate behaviors. For instance, Tversky and Kahneman (1974) argue that when confronted with uncertainty, actors will rely on heuristic principles to reduce the complexity inherent to the decision-making process. These heuristics allow actors to substitute "simpler judgmental operations" for "complex tasks of assessing probabilities and predicting values" (p. 1124).

The selection of an exchange partner plays a central role in several streams of research (e.g., literatures on strategic alliances, transaction cost theory, social networks or status-based models of market competition) and organizational collaboration has often been investigated in relation to uncertainty. For instance, a substantial stream of research in the strategic management and transaction cost literatures has investigated the influence of uncertainty on the vertical integration phenomenon (e.g., John and Weitz, 1988; Heide and John, 1990; Sutcliffe and Zaheer, 1998; Williamson, 1985). We discern, however, two different strands of thinking about partner selection and uncertainty. Podolny's typology of uncertainty (2001) provides a useful tool to contrast these perspectives. He distinguishes between two types of market uncertainty. Egocentric uncertainty involves a focal producer being uncertain about the market opportunities she faces in the market and the means to realize them. Altercentric uncertainty involves potential exchange partners being uncertain about the quality of the goods that are offered by the focal producer. While the literatures on strategic alliances and social networks address egocentric and altercentric uncertainty issues, the status literature exclusively deals with altercentric uncertainty.

As documented by a large body of research, an organization confronted by egocentric uncertainty will select an exchange partner to alleviate this uncertainty (Auster, 1992; Pfeffer and Salancik, 1978). In research on strategic alliances, empirical studies suggest that organizations facing environmental uncertainty will partner with other organizations in order to share risks and acquire knowledge (Gulati, 1995; Kogut, 1991; Luo, 1997; Powell et *al.*, 1996). For instance, multinational corporations willing to expand in emerging markets will elect to form joint-ventures with local partners to reduce institutional and operational uncertainty (Luo, 1997). Similarly, the literature on social networks considers uncertainty as a driving force behind the formation of interorganizational ties (Beckman et *al.*, 2004; Granovetter, 1973). For instance, Beckman et *al.* (2004) found that large U.S.-based service and industrial organizations experiencing uncertainty tended to form interlock ties and strategic alliances with existing or new exchange partners, depending on the nature of the uncertainty facing the organization.

Although associating with an exchange partner might enable an organization to reduce egocentric uncertainty, there is also uncertainty posed by the selection of the exchange partner (i.e., altercentric uncertainty). Because organizations might not be able to effectively evaluate potential exchange partners prior to starting a collaboration, a key issue in the partner selection process is reducing uncertainty relative to the potential partners' capabilities (Kogut, 1988) and trustworthiness (Gulati, 1995). Works on strategic alliances and social networks suggest that actors can mitigate this selection uncertainty by restricting their range of possible partners to those with whom they had prior interactions (Beckman et *al.*, 2004; Gulati, 1995; Gulati and Gargiulo, 1999; Keister, 2001; Li and

Rowley, 2002) or by relying on the endorsement of a new exchange partner by trusted familiar partners (Uzzi, 1997) or powerful third-parties (Gulati and Higgins, 2003; Higgins and Gulati, 2003).

The literature on status provides a different perspective on the issue of partner selection uncertainty. The central assumption of status-based models of market competition is that the relevance of status is contingent on the presence of uncertainty about the underlying quality of a focal organization. Uncertainty is a prerequisite not so much for the existence of a status-order within a given market (status hierarchies can exist in the absence of uncertainty) but for the relevance and value of status cues in the social dynamics of this particular market. Based on the assumption that an organization's valued quality is to some extent positively related to its status, this organization's status can serve as an indicator of the valued quality in situations where it cannot be observed directly (Podolny, 1994, 2005). Hence the following central claim that the greater the uncertainty surrounding the underlying quality of an organization or an organization's products, the more that market participants will rely on status to make inferences about that quality (Podolny, 2005). This claim is particularly fundamental as several corollaries follow directly from it. For instance, the greater the uncertainty, the greater the returns from status and the greater the probability of high-status organizations to refrain from selecting a lower-status exchange partner (Podolny, 2005). For instance, Podolny (1994) shows that investment bankers in highly uncertain primaries security markets adhere to a principle of exclusivity in selecting exchange partners: they are likely to interact with partners of similar status. In a similar vein, Chung and colleagues (2000) report that status similarity has a stronger impact on alliance formation in initial public offering deals than in secondary offering deals, as greater market uncertainty is attached to the former than to the latter.

To summarize, the selection of an exchange partner is an important question in different streams of the organizational literature. As documented by the large body of research on strategic alliances and social networks, uncertainty reduction is a strong motivation in the selection of an exchange partner. But in the absence of perfect information on potential exchange partners, the partner selection process is also inherently ambiguous. To mitigate this selection uncertainty, organizations will adopt judgmental heuristics (Tversky and Kahneman, 1974). In status-based models of market competition, organizations will thus rely on status cues to select exchange partners.

2.2. Uncertainty as a Property of both Market and Market Ties

A large number of studies have examined the responses that organizations develop when facing uncertainty (DiMaggio and Powell, 1983; Haunschild, 1994; Pfeffer and Salancik, 1978) and different types of uncertainty have been discussed and investigated (e.g., Beckman et *al.*, 2004; Gulati and Higgins, 2003; Milliken, 1987; Podolny, 2001; Yasai-Ardekani, 1986). The sources of uncertainty can be either common to all organizations in the market or specific to the focal organization experiencing it (Beckman et *al.*, 2004).

Market-specific uncertainty refers to the impossibility of predicting how components of the environment - such as demand or input costs (Beckman et *al.,* 2004) – will evolve (Milliken, 1987) or how the other market actors will behave (Podolny, 2001). Firm-specific uncertainty comes from sources unique and usually internal to the organization (Beckman et *al.*, 2004). It can refer to the inability of predicting the effects of environmental changes on the organization (Milliken, 1987), the difficulty of identifying good opportunities (Gulati and Higgins, 2003) or the appropriate responses to external changes (Milliken, 1987). For instance, Gulati and Higgins (2003), who study U.S. biotechnology firms going public, argue that variations in the level of uncertainty of equity markets will lead to variations in the nature of investors' concerns. In the case of a hot equity market (where many young organizations try to go public), investors are worried about investing in low-potential organizations. When the equity market is cold on the other hand (where fewer organizations seek to undergo IPO), investors are more worried about missing investment opportunities in high-potential organizations.

While these distinctions are useful, they fail to capture variations in the uncertainty attached to the interorganizational dynamics. Posed in a different way, all these distinctions refer to the organization-environment interface and assume that uncertainty is an exclusive property of markets. They do not capture the uncertainty that specifically arises from the relationship between exchange partners – tie-specific uncertainty. A general limitation comes from the assumed similarity of the effects of market uncertainty across all market participants. Although Beckman et al. (2004) discuss uncertainty that is unique to a firm, the question of how altercentric market uncertainty – which is common to all actors – will affect differently the actors according to the role they play in the market (e.g., producers, customers, investors) has been neglected. However, given that the main antecedent of tie uncertainty is a lack of qualitative knowledge on the potential partner's intrinsic characteristics and motivations, it seems misleading to assume that market actors occupying different roles will all be confronted with the same uncertainty. I argue instead that the role played by actors in the market affects the way they interact with other actors and the nature of the ties they form. In turn, this affects the uncertainty they face when selecting an exchange partner. For instance, tie uncertainty differs according to whether an actor seeks to engage in a simple arm's length transaction or a more complex long-term affiliation. The uncertainty related to the selection of an exchange partner gives rise to different concerns according to the nature of the tie. For example, a customer searching for a supplier or a producer willing to form an alliance with a competitor will be confronted to different types of uncertainty and will therefore use different uncertainty-reduction mechanisms. This perspective is consistent with the idea that variations in the nature of uncertainty can affect the prevailing logic of strategic decision-making (Gulati and Higgins, 2003).

2.3. The Prism Perspective: A Structural Approach to Status Dynamics

The concept of status is particularly useful in understanding interorganizational dynamics in contexts where organizations are confronted by altercentric uncertainty (Podolny, 2001). In status-based models of market competition, selection uncertainty can be reduced by relying on status cues. The status literature specifically highlights the role of interorganizational relationships as conveyers of information about potential exchange partners' status. Podolny (2001) conceptualizes these relationships as "prisms" through which external audiences perceive a focal organization. Audiences infer an organization's intrinsic quality from the quality of the organizations it is connected to (Benjamin and Podolny, 1999; Podolny, 2001; Washington and Zajac, 2005). This view is premised on the assumption that the willingness of others to associate with the focal organization provides a way to evaluate the organization's underlying quality (Podolny, 1994; Podolny and Phillips, 1996). For instance, Stuart et al. (1999) suggest that in contexts of significant information asymmetry such as the valuation of young firms in the biotechnology industry, potential investors will rely on the young firms' pattern of affiliation to assess their quality. They find that young biotechnology firms that are allied with prominent partners are more likely not only to go to IPO faster but also to get greater valuations than their counterparts lacking such ties.

In recent years, a substantial stream of research has explored the dynamics underlying status-based stratifications. Status-based models of market competition posit that as market actors can derive benefits from a status increment (Park and Podolny, 2000), they will engage in behaviors that maintain or enhance their own status. Because status is traditionally defined as the prestige ascribed to an organization for the position it occupies in the market, an organization's status position is conceptualized in terms of its pattern of exchange relationships. More specifically, research on status dynamics argues that an organization's status is contingent on the status of its affiliates (Podolny and Phillips, 1996). The fundamental claim of this stream of research is that in a market exchange relationship, the manifest transfer of resources (goods or services) goes along with a latent transfer of status between exchange partners (Podolny and Phillips 1996; Stuart et *al*., 1999). Organizational fields are thus relationally negotiated orders where status dynamics are traditionally explained in terms of changes in an organization's pattern of market ties (Podolny and Phillips, 1996; Podolny, 2001). It follows that a central concern has been to investigate the impact on status of affiliating with others. For instance, in their study of the US intercollegiate postseason basketball tournament, Washington and Zajac (2005) document this "leaking" condition of status by suggesting that status evolution is a function of the accumulation of positive and negative associations and that status can be transferred through cooperative as well as competitive relationships. They find that competing with high-status schools enhances a team's status, regardless of its performance during the game but that competing with low-status schools erodes a team's status, again regardless of how it performed.

This leaking property accounts for the documentation of a status homophily phenomenon, where actors tend to affiliate with others of roughly similar status (McPherson and Smith-Lovin, 1987; McPherson et *al*., 2001; Podolny, 1994). When organizations with dissimilar status positions associate, higher status organizations suffer from status erosion, while their lower-status partners experience status growth (Podolny and Phillips, 1996). If associations with high status organizations will positively impact the privileges that an organization can derive from these associations, associations with low-status actors will decrease the likelihood that the organization will enjoy these privileges in the subsequent periods. Organizations are thus reluctant to associate with lower-status counterparts. For example, Podolny (2004) reports that investment banks engaged in forming alliances to issue junk bonds will tend to engage in transaction with organizations of similar status.

A direct consequence of the "prism" perspective assumption is that the status of affiliated partners is almost always used as a proximal surrogate to an organization's status. This is problematic for two reasons. First, such a measure only represents an indirect assessment of the focal organization's status instead of a direct evaluation of its intrinsic characteristics. Second, this operationalization appears tautological as the status of the organization's exchange partners will also be measured by their own pattern of affiliations. Eventually, this implies that the probability of the organization to form new ties is entirely dependent on its current pattern of affiliations.

3. Proposition for a New Model

3.1. The Need for a New Model

While the informative impact of status cues on the selection of an exchange partner seems quite evident, two important and related deficiencies in extant research limit our understanding of the processes involved. First, how do we reconcile the fact that if we hold the status homophily condition true, this should not allow for much mobility in status orderings? Indeed, according to the status homophily condition, high-status actors should be reluctant to associate with lower-status counterparts due to the negative perceptual externalities that accrue to them for engaging in an exchange relation with others significantly lower in status (Podolny, 1994; Podolny and Phillips, 1996). However, we do observe market ties between actors of dissimilar status positions. It is thus important to understand why a high status organization would select a lower status exchange partner and what it gets in return that is worth a potential depreciation of its status.

Second, although the "prism" perspective discussed earlier provides us with a good framework for understanding the role of an organization's pattern of ties, it paradoxically focuses more on the nature of the ties than on the dynamics of their formation and thus leaves aside a crucial question: What leads to the pattern of ties that any market actor can observe? The over-emphasis of this perspective on a structural explanation of status attainment neglects the role that non-structural status cues can play in the selection of an exchange partner and the subsequent formation of a tie. To escape the tautological answer where the probability of an organization being selected as an exchange partner depends on its existing pattern of affiliations, we need to broaden the delineation of potential status cues from which organizations may draw relevant inferences.

The present research thus seeks to address these weaknesses by proposing a theoretical status-based model of partner selection. My twin objectives in this model are to show that attributional and structural status cues are differentiated mechanisms underlying the selection of an exchange partner and to shed light on their foundation.

3.2. Introduction to the Key Concepts of the Model

Following Zuckerman (1999) and Phillips and Zuckerman (2001), I consider an organizational field where two sets of actors coexist. I draw from a core/periphery structure – often used in social network analysis for example – to distinguish between these two sets of market actors, respectively termed core actors and peripheral actors. I term core actors organizations that draw on similar inputs to produce similar goods or services in the organizational field (i.e., industrial peers). Other non-peer market participants that revolve around these core actors (e.g., customers, suppliers, investors) are termed peripheral actors. In a given organizational field, organizations typically create relationships with other organizations. As in Zuckerman's models, one set of actors (i.e., peripheral actors) seeks to start a relationship with the other set (i.e., core actors). Unlike these models though, core actors also interact with each others and seek to form ties with other core actors. The unit of analysis of the model is a focal core organization and the event that is studied is the selection of this focal core organization as an exchange partner by other field actors. This leads to the characterization of two types of ties: core-core ties between two core actors and core-periphery ties between a core actor and a peripheral one. Note that the periphery-periphery ties are not considered in this model. The absence of periphery-periphery connection is usually assumed as a defining property of core/periphery structures.

According to Podolny and Phillips (1996), any market tie between two actors should be understood as an affiliation where status is transferred along with good and services. In this model, I differentiate between market ties and argue that according to the nature of the tie, different logics and concerns will prevail. Core-core ties are considered here to follow a logic of affiliation. Examples of core-core ties include horizontal affiliations through strategic alliances, trade associations, consortia, industrial working groups or professional associations. For instance, Washington and Zajac (2005) investigate how college participation in a post season basketball tournament is influenced by the status of the different US colleges (i.e., core actors). However, market ties between core and peripheral actors are not considered as following a logic of affiliation but instead as following a logic of arm's length transaction. Examples of core-periphery ties include vertical relationships such as those occurring in supplier-producer or producer-customer relationships. For instance, Jensen (2006) studies the maintenance or suppression of ties between US publicly traded firms (i.e., peripheral actors) and a high-status audit firm (i.e., core actor) after the latter has been compromised in a financial and accounting scandal.

3.3. Scope Conditions

The main assumption of the model is that uncertainty is a property of both markets and market ties, which entails systematic variations in the nature of the uncertainty confronted by market actors involved in a partner selection process and thus different uncertainty-reduction mechanisms. This theoretical framework also relies on three other critical assumptions. First, it is relevant for organizational fields that are socially stratified and contain established status characteristics and referential structures. Following Berger et al. (2002, p. 157), I define a status characteristic as a characteristic "that differentiates actors into social categories that are associated with different status values" and referential structures as "generalized cultural beliefs relating status characteristics to social reward levels". Second, it is applicable as long as market constituents can access information that allows them to identify each potential partner's position in the status hierarchy relative to the others' position (higher, lower, equal). Third, this framework assumes that core actors have better knowledge of a focal core organization's intrinsic attributes and characteristics than peripheral actors do.

3.4. The Formation of Core-Core Ties – A Logic of Affiliation

Core actors refer to peers operating in a given organizational field (e.g., producers). This group of peers is stratified by a status hierarchy, where each organization possesses a status that is lower, equal or superior to the others' status. These core actors can select an exchange partner among their peers. As indicated previously, I consider that these core-core ties follow a logic of affiliation.

These affiliations encompass dyadic interorganizational relationships (e.g., strategic horizontal alliances, joint-ventures between two peers) as well as multiple interorganizational relationships (e.g., consortia or trade associations comprising several peers) but the mechanisms underlying the selection process of a focal organization as an exchange partner are roughly the same in both cases. However, for the sake of the discussion and because the mechanisms underlying the formation of an affiliation might appear more salient in the context of multiple interorganizational ties, I mainly concentrate on affiliation as a group type of relationship rather than a dyadic one. Instead of one core actor assessing the quality of a potential exchange partner, I thus deal with a group of core actors assessing the quality of this potential partner. This choice is also prompted by the etymological origin of "affiliation" – which means membership of or adhesion to a group or a community. Building on this conception of affiliation and going back to the original Weberian elaborations on status (1968[1922]), I consider status hierarchy as a group-based system, where status groups (*Stände* in Weber's original writings) tend to form communities (*Gemeinschaften*). In a recent paper, Chan and Goldthorpe (2007) draw from this Weberian conception of status to argue that the social organization of status tends to take the form of "networks of relations" among actors (p. 517) that will over time constitute communities – sociocultural groups with well-defined social boundaries created and enforced by processes of selection, socialization and closure. This conception of group-based status stratification resonates with the vast literature in social psychology (although at a different level of analysis) that describes status mobility in terms of acceptance of an actor within a group. (e.g., Bettencourt et *al.*, 2001 ; Ellemers et *al.*, 1990; Ellemers et *al.*, 1993). Core-core ties will thus lead over time to the formation of core actors' communities within an organizational field and each group will come to occupy a position in the status hierarchy.

To illustrate this intra-industrial community phenomenon, consider the example of Industrial Peer Networks (IPNs) which have been recently documented by Zuckerman and Sgourev (2006). IPNs consist of small, exclusive groups of non-competing peer organizations, often sponsored by trade associations, that can be found in industries with regionalized market structures. For instance, Zuckerman and Sgourev focus their study in auto retailing and private residential construction but IPNs can also be found in industries such as community banking or advertising. IPNs help members learn from the experience of their peers through discussion of problems common to all organizations and sharing of financial data. One defining characteristic of IPNs is particularly relevant for the purpose of our discussion: membership restriction. Existing members have a strong control over group boundaries as the admission of a prospective member requires unanimous consent from the incumbents.

The central question that arises at this point is to understand the mechanisms underlying the acceptance of a new member within the group (i.e., the selection of a new exchange partner) and thus the formation of these core-core ties. To answer this question, it is necessary to go back to the fundamental claim of the model. In this paper, I posit that the uncertainty confronted by organizations varies according to the nature of the tie they seek to form (core-core vs. core-periphery). In turn, differences in the uncertainty confronted by organizations will entail different prevailing concerns. The mechanisms underlying the selection of an exchange partner will differ depending on whether a core actor (i.e., logic of affiliation) or a peripheral actor (i.e., logic of transaction) seeks to select a focal core organization as an exchange partner.

I propose that in contexts of affiliations, actors face uncertainty related to the generation of social capital. Social capital is a resource that does not belong to individual actors but that is inherent to the structure of relations between them (Coleman, 1988). It consists in "expectations for action within a collectivity that affect the economic goals and goal-seeking behavior of its members, even if these expectations are not oriented toward the economic sphere" (Portes and Sensenbrenner, 1993: 1323). It is generated through the members' compliance with the group's collective expectations (Portes and Sensenbrenner, 1993). Here, I suggest that core actors are specifically concerned about two aspects of social capital: a) the endorsement and maintenance of the group's social codes (i.e., social identity, values and rules of behavior) by the potential affiliate and b) the collective orientation of this potential affiliate.

The first concern is directly related to status anxiety, the fear of being devalued because other market actors within the field doubt the quality of one's partners (Jensen, 2006). In the context of an affiliation, incumbent members may worry that the inclusion of a new member within the group will depreciate the group's status and therefore the individual status of its members. They will thus be particularly concerned about the potential exchange partner's ability to sustain the morality of the community (i.e., the values and rules of behavior of the group of which it would like to be part). Scholars in social psychology describe status mobility in terms of acceptance of an actor within a group. Because each group has its pre-existing norms, values and power structures, the current members take on the role of gatekeepers. In order to be accepted, the new entrant must demonstrate that it does not threaten to change the group's dynamics and that it will be able to sustain its values. In other words, it must be deemed worthy of belonging to the group. A paper by Podolny and Scott-Morton (1999) provides an insightful perspective on this mechanism. In this piece of research, they examine entry and predation behaviors in the British merchant shipping industry in the 19th century. They report that high-status entrants are less likely to be preyed upon by the incumbent cartel than low-status entrants because "high status will be taken as an indication of a willingness and ability to uphold the 'moral community' of the cartel" (p. 47).

The second concern is related to the subordination of the potential exchange partner's individual goals to the expectations of the group related to the market advantages that can be derived from belonging to a community (Portes and Sensenbrenner, 1993). When selecting a new partner, there is a risk that the new member free-rides on the community and serves its individual interests to the detriment of the community's interests (Portes and Sensenbrenner, 1993). Because low-status actors are less trusted than their higher-status counterparts, low-status members who seek to join a group will need to prove their group-oriented motivations before being accepted as members (e.g., Ridgeway, 1978, 1981). Based on these observations, I derive the following proposition:

> **Proposition 1**: In contexts of affiliations, actors are primarily concerned about the potential exchange partner's ability and willingness to a) sustain the moral community and identity of the group and b) subordinate its individual goals to the collective expectations

From this proposition, it follows that actors will strive to reduce the uncertainty linked the outcome of the potential affiliation. Since their main concern is to determine whether the potential partner's individual motivations are aligned with those of the group as a whole, they will search for clues that would give them insights about the focal core organization's intentions. I suggest that the decision to affiliate with a focal core organization is contingent on its possession of attributes or characteristics that are status valuable in the eyes of incumbent members. Status value may attach to an individual characteristic (e.g., possession of a specific capability or skill) if this characteristic can serve as the basis of differentiation between actors in a categorical way (Ridgeway, 1991) and if it is salient and known to all parties (Berger et *al.*, 2002; Thye, 2000). Different states of these status characteristics will be valued differently and the performance expectations attached to these states will eventually shape differentiation along an observable status order (Berger et *al.* 2002; Ridgeway, 1991; Thye, 2000). For instance, in the French gastronomy industry at the end of the 20th century, the use of cooking techniques borrowed from a specific culinary category – classical or nouvelle cuisine – by an elite chef had a strong status signaling value to peer chefs (Rao et *al.*, 2003).

Observing the focal organization's pattern of affiliation (if it already has ties with other core organizations) will not help core actors reduce the uncertainty relative to the ability and willingness of this organization to abide by the group's expectations. On the contrary, if the potential exchange partner possesses specific individual characteristics that are status valuable for the group members, these characteristics might be taken as an indication that the potential partner will not threaten the group's dynamics. The potential partner can then be granted group membership. The organization will thus not derive status from the affiliation per se but from the possession of valuable characteristics in the eyes of its peers. The affiliation actually represents the observable evidence that the organization has received the required social approval from its peers. In the context of affiliations, the signaling value of individual attributes or characteristics will thus be greater than the signaling value of the focal organization's pattern of affiliations (if any). For these reasons, attributional cues (i.e., the actor's individual characteristics and attributes) will be preferred over structural status cues (i.e., the actor's pattern of affiliations) to form the basis of status conferral judgments. I therefore propose the following:

> **Proposition 2**: In contexts of affiliations, actors primarily rely on attributional status cues as uncertainty-reduction mechanisms in the selection of an exchange partner

3.5. The Formation of Core-Periphery Ties – A Logic of Transaction

Peripheral actors refer to non-peer market actors (e.g., customers, investors) seeking to form ties with a focal core actor operating in the organizational field. As argued previously, the formation of a core-periphery tie obeys a different mechanism than the formation of core-core ties. They consist of dyadic relationships and follow a logic of arm's length transaction.

I propose that in contexts of arm's length transactions, peripheral actors face uncertainty related to the value of the good or service that is exchanged, that is, the satisfaction they can derive from possessing this good. I further suggest that these actors are primarily concerned about the potential partner's ability and willingness to deliver the expected performance on two aspects of a good's value: a) its use value and b) its status value.

The use value of a good stands for "the specific qualities" of the good perceived by actors in relation to their needs (Bowman and Ambrosini, 2000: 2). The status value of a good is more symbolic (but no less utilitarian) and refers to a type of worth or prestige that is attached to the good (Thye, 2000; Thye et *al.*, 2006). An actor's status can alter the perceived value of a good to which he is related. Such a claim is based on the assumption that there is a spread of status value from the actor to the exchangeable good (Thye, 2000; Thye et *al.*, 2006). High status actors will thus be perceived as controlling goods that are more valuable than the goods controlled by lower-status actors, even if these goods possess the same use value. These goods will thus be more desirable. Hence the following proposition:

> **Proposition 3**: In contexts of arm's length transactions, actors are primarily concerned about the potential exchange partner's ability and willingness to deliver a good or service that possesses a) the expected use value and b) the expected status value

To maximize the use and status values that they can derive from the good that is exchanged, peripheral actors will tend to select the partner with the highest possible status. However, because peripheral actors are not part of the community but interact with its members through arm's length transactions, they are less knowledgeable than core actors on a focal core actor's intrinsic characteristics and attributes. Consistent with the prism perspective developed in the status dynamics literature (Benjamin and Podolny, 1999; Podolny, 1994, 2001; Podolny and Phillips, 1996; Washington and Zajac, 2005), I argue that for peripheral actors, the pattern of affiliations of a focal organization will represent an important means of inferring the organization's underlying quality and determining whether to transact with it. In the absence of accessible knowledge on the organization's intrinsic attributes and characteristics, the willingness of other core actors to affiliate with this organization will provide the peripheral actors a way to evaluate its underlying quality and by association, the quality of its products. For these reasons, structural status cues will form the basis of the peripheral actors' status conferral judgments. Based on these observations, I derive a final proposition.

> **Proposition 4**: In contexts of arm's length transactions, actors primarily rely on structural status cues as uncertainty-reduction mechanisms in the selection of an exchange partner

3.6. Illustration of the Model

The model, which is represented below, identifies the two set of actors and the two distinct mechanisms in the partner selection process based on variations in the uncertainty confronted by these different sets of actors.

Table 2 – Proposition for a Status-Based Model of Partner Selection

Type of Actor	Core organization or group of core organizations	Peripheral organization
Underlying Logic	Affiliation	Transaction
Source of Concern	Compliance of potential partner with expectations on the creation of social capital through the relationship • Upholding of the moral community and identity of the group • Subordination of individual goals to collective expectations	Compliance of potential partner with expectations on the value of the exchanged good • Use value of the good • Status value of the good
Uncertainty-Reduction Mechanism	Attributional Status Cues	Structural Status Cues
Action	Selection of a focal core organization as an exchange partner	

To illustrate this model with a concrete example, let us apply it to the case of "Relais & Châteaux" (R&C hereafter) in the hotel and restaurant industry. R&C originated in 1854 when 8 French establishments situated along the Paris-Nice route decided to affiliate. Today, this association gathers 460 establishments (4 and 5 star hotels and gourmet restaurants) in 55 countries. There are strict prerequisites for admission in the association. Besides complying with several quality standards (i.e., offer hotel services with a minimum of 4 stars, have a hotel capacity less than 100 guest rooms, have a quality gourmet restaurant, have operated for at least one year under the same owner or the same general manager, do not belong to a competing hotel chain), potential members must adhere to a system of values defined as the 5 Cs: courtesy, charm, character, calm, and cuisine. The association's mission is to spread its unique art de vivre by selecting establishments that possess a truly unique character. This mission is encapsulated in their signature: "all around the world, unique in the world". For this reason, there is no standardization of the R&C members and the establishments remain completely independent from one another.

The establishments that are willing to become part of the association must formally apply for membership. Once compliance with the quality standards has been established by incumbent members of the association (the applicant must fill in a detailed application file), random audits are conducted to determine whether the applicant respects the 5 Cs. The decision of whether or not to accept the candidate as a new member is eventually taken by the board of directors that comprises members of the association. The selection of the new member will thus be mainly based on its ability to sustain the values and rules of behavior of the association, as this is the primary aim of its mission. The internal sanctioning capacity of the group is therefore central to the maintenance of effective collective norms and expectations (Coleman, 1988; Portes and Sensenbrenner, 1993). This mechanism is illustrated here by the fact that more than 20 establishments are excluded each year from the association for non respect of its values. The priority of R&C is not to expand the number of members but rather to sustain the values behind the label and its high-status image. For peers (i.e., core actors), the decision to select a new member for inclusion in the association will thus be based on attributional status-cues (i.e., the establishment's unique characteristics).

Due to its exclusive nature, the label R&C is synonym for customers (i.e., peripheral actors) of high-status prestigious establishments. Because each establishment is unique, customers do not know in advance the content of the service they will be provided (unlike hotels which belong to a chain and which are thus fully standardized). However, membership of the R&C association constitutes a guarantee that they will get a high-quality performance. In the absence of specific knowledge about the intrinsic quality of the establishment, the affiliation with the label will thus be interpreted by customers as a relevant structural status-cue in the selection-process of an establishment. The two sets of actors (i.e., peers and customers) have different concerns and will thus use different uncertainty-reduction mechanisms when selecting their exchange partner.

4. Discussion

The model developed in this paper focused on one key question: which status cues matter when, in the selection of an exchange partner? Although the question of the antecedents of partner selection is a key issue in other literatures exploring interorganizational relationships, it has not received proper attention in the literature on status dynamics because status-judgments are assumed to be exclusively passed according to a focal organization's pattern of affiliations. While this perspective clearly over-emphasizes a structural explanation of the status-based partner selection process, the model suggests instead that the selection of an exchange partner is based on both attributional and structural status cues. It explains how the perceived worth of attributional and structural status cues differs according to the nature of the uncertainty faced by market actors.

While uncertainty is a necessary condition for the emergence and persistence of status-based models of market competition, previous research has usually considered it as an exclusive property of markets, which is thus common to all market actors. Here I posit that the uncertainty confronted by actors is tie-specific. Although extant research on status dynamics does not differentiate between market ties (e.g., Podolny and Phillips, 1996), I distinguish between two types of ties: affiliations (i.e., core-core ties) and arm's length transactions (i.e., core-periphery ties). I argue that the uncertainty attached to affiliations differs from the uncertainty attached to transactions. In the context of affiliations, actors are concerned about the potential partner's ability or willingness to sustain the social codes and identity of the group and to subordinate its individual motivation to the group's expectations. In the context of transactions, actors are concerned about the potential partner's ability or willingness to provide a good that possesses the expected use and status values. Following Gulati and Higgins (2003), this paper proposes that different cues have different levels of signaling value depending upon the actors' prevailing concerns. Unlike their study though, the paper suggests that the difference in the actors' concerns is not a function of the market's general level of uncertainty but depends on the uncertainty related to the nature of the market tie. The value of structural status cues as uncertainty reduction devices will increase for organizations engaged in arm's length transactions while the value of attributional status cues will be enhanced when organizations seek to form affiliations.

Such a perspective is consistent with previous research on status dynamics as it suggests that an organization's pattern of affiliations might represent an important means of inferring the organization's underlying quality and determining to transact with it. Unlike previous research, it argues that this specific uncertainty-reduction mechanism is particularly valuable to one fraction of market actors, those who do not possess knowledge of a potential partner's individual characteristics (i.e., peripheral actors). For other actors (i.e., core actors), the potential partner's pattern of affiliations does not convey the information necessary to reduce the uncertainty they confront – even though this existing pattern of affiliations might still provide a supplementary incentive to the core actor to affiliate with another (as one attribute among other non-structural ones). They will therefore rely on a different mechanism to reduce this uncertainty and determine whether to affiliate with the organization.

At the core actor level, a focal organization's pattern of affiliations signals that the organization has already gained enough status among its peers to be accepted as a group member. Status is not derived from interorganizational ties per se but rather from the possession of status valuable characteristics prior to the formation of these ties. What could be interpreted from an outside observer's standpoint as an association between a focal low-status core organization and a higher-status one, actually captures a situation where there is a discrepancy between the focal organization's external status (as assessed by non-peer actors from the observation of its previous pattern of ties) and its internal status (as assessed by its peers from the possession of valuable characteristics). Once this new affiliation is observed by non-peer actors, the discrepancy is reduced. This implies that status is "leaking" through ties only to the extent that non-peer actors observe these core-core ties and subsequently update their status judgments on a focal organization. The organization's structural position as defined by its pattern of core-core ties thus represents the concretization of an already acquired status at the peer level. These observations have several theoretical implications.

5. Implications

5.1. Attributional Decisions with Structural Outcomes

Prior research suggests that structural positions have attributional outcomes. A first implication of the model developed in this paper is to suggest instead that attributional decisions will have structural outcomes. For instance, in their model of middle-status conformity, Phillips and Zuckerman (2001) contend that the location of a candidate on an interface (inside, on the dividing line or outside) leads to status differentiation (high, middle or low). This differentiation in structural position affects the attention that audiences will devote to candidates' attributes and characteristics. In this model, attributional cues are only meaningful for middle status actors. Because high status actors are confident in their social acceptance, they feel free to deviate from the norm. At the same time, low status actors also feel free to deviate because they are already excluded from the social group. Both high and low status actors' identity is thus defined by their structural position, regardless of their actions or characteristics. On the contrary, middle status actors aspire to get social recognition and will thus conform to the social norm. In their case, their structural position leads audiences to scrutinize their actual attributes and characteristics.

Phillips and Zuckerman also argue that these differences in location are particularly relevant because of the socio-cognitive capacity constraints on audience consideration sets. Because the complexity of making comparisons among actors increases along with the number of actors, audiences will restrict their consideration set to a small number of options. Jensen and Roy (2008) draw on this idea to depict the choice of an exchange partner as a staged model in which an actor will first use status (defined as a structural position) to define her consideration set and then use reputation to select a partner within that status bracket. In this case, the actors' structural positions simplify decision making by allowing audiences to eliminate alternatives that do not meet their requirements. Attributional cues will only be observed and assessed for the firms within the selected status bracket. Although these two works argue for attributional implications of structural positions, I suggest a different model where attributional decisions will have structural implications. The structural positions that peripheral actors can observe (i.e., core-core ties) are dependent on the previous attributional judgments that have led to the formation of these ties.

5.2. A Dynamic Perspective on Status Mobility

A second implication of the model is that rather than focusing on the structural inertia of status orders, it allows for a truly dynamic perspective on the status mobility phenomenon, where actors can actively negotiate their social position within the status hierarchy. If organizational fields are indeed relationally negotiated status orders where organizations compete for prestige, the question that arises at this point is to understand how a focal organization can positively influence other actors' status conferral judgments. Because judgments based on structural status cues occur when the status order has already crystallized in observable core-core ties, I suggest that organizations can mainly negotiate their standing position in the status hierarchy before the formation of these ties, that is, when attributional status cues are considered relevant to assess a focal organization's standing. Because the social recognition of a focal organization by peripheral actors is dependent on its prior social recognition by peers, it is at the peer level that the organization can gain status.

Status inequalities are constructed and justified by the existence of status beliefs, that is, widely shared cultural beliefs that favor some individual characteristics over others and thus associate them with greater status (Ridgeway et *al*., 1998; Ridgeway and Erikson, 2000). The existence of status beliefs suggests some degree of consensuality, where actors who own status-valued characteristics and actors who don't own them both come to agree that some individual characteristics are more valuable than others (Ridgeway and Erikson, 2000). From this observation, and drawing from Jasso (2001), I suggest that an organization willing to increase its position in the status order can either change its own characteristics to adopt characteristics that are deemed status-valuable by the core actors, or alter these actors' perceptions of what status-valued characteristics should be.

The first strategy implies adopting organizational practices or structures that are prerequisite to the inclusion in the status group. It consists in replicating and thus reinforcing status beliefs through conformity behaviors (i.e., adopting taken-for-granted status-valued characteristics). For instance, some pieces of research in social psychology emphasize that conformity acts as a "sign of the member's motivation to belong to the group" (Hollander and Julian, 1970: 36) and her willingness to put the group's interest above her own (Kimberly, 1967, 1972). The second strategy implies framing or altering actors' values and beliefs so that the prerequisites to the inclusion in the targeted status group shift to encompass the characteristics already owned by the focal organization. Several theoretical and experimental papers building on the theory of status construction (Berger and Fişek, 2006; Ridgeway, 1991; Ridgeway et *al.,* 1998; Ridgeway and Erikson, 2000) argue that status beliefs can be altered and that initially non valued characteristics can acquire status value. For instance, Berger and Fişek (2006) propose a theoretical framework for status creation where an initially non valued characteristic can build up status value as a result of its association with characteristics that already possess status value. Specifically, they argue that the process of status construction is initiated by the association with already valued status elements. This is followed by the emergence of generalized performance expectations that become connected to the initially non valued characteristic. Once these performance expectations are confirmed through a social validation process, the newly status valued characteristic is likely to become stable.

To summarize, by adopting socially desired characteristics or by redefining the other actors' perceptions of what desirable characteristics are, an organization can increase its chances of receiving positive status conferral judgments and thus being selected as an exchange partner.

6. Conclusion

6.1. Contributions

This research extends prior research on status-based models of competition by broadening the delineation of potential status cues that organizations may usefully observe when deciding to select an exchange partner. Rather than limiting observations to structural status cues, the model spells out how organizations may also draw relevant inferences from attributional status cues. The model contributes to the literature on status by suggesting differentiated implications of uncertainty for status dynamics. The main contribution of this paper is to show that the nature of the market tie that an organization seeks to form affects the nature of uncertainty it faces and thereby the status cues it relies on to make partner selection decisions: each type of status cues mitigates a specific type of uncertainty and thus varies in importance according to the nature of the tie. This paper also contributes to extant research by further expanding our understanding of the mechanisms that underlie status dynamics through the adoption of a more dynamic perspective on status mobility. Specifically, it suggests that the issue of whom a focal organization is associated with matters less than how it became associated with others and thus shifts the question from the nature of the tie to the dynamics of its formation.

In addition to contributing to research on status dynamics, the present study extends prior research on the sources and implications of uncertainty for the partner selection process. Prior research has conceptualized uncertainty as a property of the organization-environment interface. I extend these studies by investigating the effects of a different source of uncertainty: tie-specific uncertainty. By considering how the nature of the concerns that organizations face when selecting an exchange partner differs substantially as a function of the type of market tie they seek to form, I contribute to a multidimensional approach of uncertainty (Gulati and Higgins, 2003; Milliken, 1987) that emphasizes how variations in the nature of uncertainty can alter the actors' prevailing logic of decision-making (Gulati and Higgins, 2003).

6.2. Limitations and Avenues for Future Research

The purpose of this paper has been to develop a theoretical model for explaining the mechanisms underlying the status-based selection of an exchange partner. One limitation of this model seems especially important to note. This model rests on the notion that market actors can be categorized in two categories: core and periphery. Such a categorization excessively simplifies reality. An alternative approach would be to drop this discrete categorization in favor of a more qualitative distinction of market actors. Another limitation of this model is that it is unidirectional, in the sense that it only considers the motivation of core or peripheral actors to associate with a focal core organization but not the motivation of this focal core organization to form an exchange relationship with them.

As I contemplate future developments of this model, I believe that there are two particularly important extensions to pursue. One of these extensions is empirical, the other is substantive. The empirical issue relates to the test of the model on empirical data. As with any newly proposed theoretical model, this one should benefit from empirical testing. This might lead to changes in the model and help determine the relative impact of each of the two types of status cues in the construction of an actor's final status. One interesting question that could be investigated is how much of an actor's final status depends on its core-core and core-periphery ties. It might differ depending on the context under investigation. The substantive extension involves a move from comparing the underlying mechanisms of the partner selection process within an already crystallized status order, to comparing these mechanisms within an emerging status order. Such a setting could provide an interesting basis for evaluating the extent to which different status cues will receive attention in the emergence and crystallization of the new status order. Because emerging organizational fields are still in their formative stages and group boundaries more permeable, status conferral judgments in these environments might differ from those passed in a stabilized setting.

Chapter 3

The Differentiated Impacts of Conforming Behaviors on Organizational Reputation

A central question in recent strategy research has been to examine the consequences of conformity to and deviance from social norms on organizational outcomes. While prior work has widely considered conformity as a nonstrategic, passive behavior, we argue that firms can choose to conform to a norm along two dimensions: compliance to the goal and level of commitment toward the procedures. Based on these two dimensions, we build a typology of four conforming behaviors (strengthening, abiding, targeting, and finessing behaviors) and hypothesize that they have differentiated impacts on firm reputation. We test our hypotheses on data from the corporate environmental disclosures of 90 U.S. organizations over a four-year period (2001-2004) and on four measures of reputation. We find that organizations derive different reputational rewards/sanctions depending on whether they conform to the goal and/or procedure dimension of the norm and whether they are evaluated at the environmental or global reputation level. We also find differentiated impacts of conformity depending on the organizations' level of reputation (i.e., lower vs. higher prior reputation). We discuss the strategic implications of these findings for the literatures on environmental communication, reputation, and social conformity.

1. Introduction

A central question in recent strategy research has been to examine how deviance from social norms may be beneficial or detrimental to organizations. For instance, works exploring deviant behaviors have generated several typologies of deviance and suggested differentiated impacts on key organizational outcomes (D'Aunno, Succi, and Alexander, 2000; Durand, Rao, and Monin, 2007; Kraatz and Zajac, 1996). Conformity however, despite being the most frequent behavioral pattern (Merton, 1967), has failed to attract a similar level of attention. Conformity to social norms represents a fundamental dimension of individual behavior, as a long tradition of research in sociology and social psychology attests (e.g., Hollander, 1958, 1960; Merton, 1967; Ridgeway, 1978, 1981). Although we know that firms tend to conform, the strategic aspect of such conformity has been insufficiently explored. Institutional literature generally considers conformity as a nonstrategic, passive response to pressures exerted on the firm by its institutional environment (DiMaggio, 1988; Meyer and Rowan, 1977; Oliver, 1991; Zucker, 1977). We argue instead that conforming to social norms may be an expression of strategic intent, such that firms purposefully choose to conform in more nuanced ways than we know. This conceptualization induces us to adopt a more fine-grained approach to conformity, with which we suggest a more complex picture of conforming behaviors and apply it to an exploration of the differentiated impacts of these behaviors on a strategic organizational outcome, namely, an organization's reputation.

Our research mainly draws on literature pertaining to institutional theory (e.g., DiMaggio and Powell, 1983; Goodrick and Salancik, 1996; Meyer and Rowan, 1977; Oliver, 1991), as well as works from social psychology (e.g., Kimberly, 1967; Ridgeway, 1978, 1981) and functionalist sociology (e.g., Merton, 1967). Rather than considering conformity a monolithic variable, we propose a typology of norm-conforming behaviors based on an organization's level of commitment toward the norm and its compliance with socially approved goals. We therefore distinguish among abiding, strengthening, targeting, and finessing conforming behaviors. We then relate behavioral conforming types to organizational reputation, a key mediator of performance and ultimate survival as evidenced by recent studies (Basdeo et *al.*, 2006; Deephouse and Carter, 2005; Durand et *al.*, 2007; Rindova et *al.*, 2006). We select a domain imbued with a high degree of normativity to conduct our study: corporate environmentalism, defined as "the recognition and integration of environmental concerns into an organization's decision-making process" (Banerjee, 2002: 177). Social expectations in the field of environmental responsibility have increased dramatically since the 1990s (Bansal, 2005; Bansal and Clelland, 2004), as has the related production of organizational texts useful for empirical studies (Deephouse and Carter, 2005; Phillips, Lawrence, and Hardy, 2004). These characteristics make corporate environmentalism a relevant field to explore. We investigate this abundant production of texts to discern different types of conforming behaviors and determine their relationships with an organization's reputation.

Our approach uncovers differentiated impacts of the four conforming behaviors on reputation. Specifically, we find that disclosures that comply with the social expectation of environmental friendliness enhance reputation, whereas noncompliant disclosures deplete it. We also find that the level of commitment, exhibited through the organization's choice of a mode of communication, reinforces the respective impact (positive or negative) of compliant or noncompliant behaviors on reputation. Furthermore, prior reputation level acts as a prism for current perceptions of organizations' disclosures. We find evidence that the positive influences of both goal compliance and a high degree of commitment on reputation become enhanced for organizations with lower prior reputation levels. Noncompliant disclosures with a high level of commitment (i.e., targeting behavior that expresses a solemn recognition of a negative environmental footprint) relate positively to reputation gains for lower reputation organizations; that is, for some firms, conformity to means seems to offer greater social rewards than conformity to goals. Finally, the level of commitment tends to supersede the goal compliance effect at another level of analysis: Whereas a noncompliant disclosure with a high degree of commitment (i.e., targeting behavior) negatively influences an organization's environmental reputation gain, at an aggregated level (i.e., impact on the firm's overall reputation gain), the effect is positive, which implies that audiences assess the degree of commitment differently depending on the reputational dimension they evaluate, whether the part or the whole.

These findings suggest several contributions. First, we help fill a gap in existing literature about corporate environmental communication by providing an empirical investigation of the direct impacts of environmental disclosures on an organization's reputation. Second, this study tests the impacts of conformity on a key organizational variable, an organization's reputation, and thus contributes to research on the antecedents of organizational reputation. Third, we provide a more nuanced and strategic understanding of conformity. Achieving such a fine-grained differentiation of conforming behaviors is important because conformity is not a monolithic variable, nor does it always constitute a passive response to institutional pressures. We specifically highlight the consequences of variations in how (compliance vs. noncompliance) and how much (high vs. low level of commitment) an organization is willing to conform to a norm and we emphasize the importance of considering various levels of analysis in the reputational assessments (overall vs. environmental levels).

2. Theory Positioning

Conformity to social norms is a central topic in several streams of literature (e.g., sociology, social psychology, institutional theory). A large body of research supports the view that an actor's behavior depends in large part on social factors, such as the desire for social support, prestige, or influence (DiMaggio and Powell, 1983; Kimberly, 1967; Meyer and Rowan, 1977; Ridgeway, 1978, 1981). Because deviations from accepted norms are often sanctioned, these social factors tend to produce behavioral conformity (DiMaggio, 1988; DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

Along with industry standards, social norms work as decentralized institutions (King, Lenox, and Terlaak, 2005) because conformity by actors is voluntary (i.e., actors can choose to deviate) and because rewards and sanctions for conformity or nonconformity are provided by diffuse actors rather than a central authority (Ingram and Silverman, 2002). Social norms are powerful standards of behavior that are rooted in widely shared beliefs about how actors should behave, such that their function is to summarize the behavior of a reference group or category (Warren, 2003) by specifying what is approved within the group and what ought to be done in a given setting (Reno, Cialdini, and Kallgren, 1993). Membership in a specific category is salient through conformity to the norms that define appropriate behaviors within this category (Kimberly, 1967). For example, an organization that recycles its waste signals to observers that it belongs to the "environmentally friendly organizations" category.

2.1. Social Norms and Conformity

A central question in recent strategy research has been to examine how conformity to and deviance from social norms may be beneficial or detrimental to organizations. Although the strategic aspects of deviant behaviors and their impacts on organizational outcomes have been widely studied (D'Aunno *et al.*, 2000; Durand *et al.*, 2007; Kraatz and Zajac, 1996), conformity has failed to trigger similar investigations. We know that organizations tend to conform, yet the strategic aspect of this conformity remains relatively neglected or generally appears as a nonstrategic, passive response to external or institutional pressures (Berger and Luckmann, 1967; DiMaggio, 1988; Oliver, 1991). Early institutional works emphasized conformity's roots in the taken-for-granted aspects of institutional rules (Berger and Luckmann, 1967; Zucker, 1977), while later studies shifted focus to how it may be induced by its survival value within the institutional environment (e.g., Dobrev and Ozdemir, 2006; Lee and Pennings, 2002). However, conforming to social norms also may be an expression of strategic intent, which organizations purposefully use in nuanced ways.

Social norms specify the means deemed appropriate to pursue valued ends. In the institutional literature, conformity to social norms often appears in a holistic form, encompassing both the end result and the behavior to achieve that end. When an organization conforms to a norm, it appears to be conforming to both the valued ends and the means for reaching them. This argument assumes perfect alignment between means and ends and does not take into account their possible decoupling (cf. Beckert, 1999; Goodrick and Salancik, 1996). However, drawing from several works in functionalist sociology and institutional theory, we question this assumption. Merton (1967) argues that every social group couples its desired goals with institutionalized procedures for attaining them, and though they operate jointly, the two dimensions do not entail constant relations. Similarly, Beckert (1999) refers to the means–ends couple as correlated but not perfectly aligned. We extend this discussion by suggesting that socially approved goals and procedures may be even entirely decoupled. In a highly normative context, an organization might selectively conform to one aspect of the norm without conforming to another.

The empirical context on which we base our study involves corporate environmentalism (Banerjee, 2002). Greater societal concerns about the degradation of the natural environment have contributed to the emergence of social norms pertaining to environmental issues (Banerjee, 2001, 2002; Hoffman, 1999). In a longitudinal study of the U.S. chemical industry, Hoffman (1999: 363) demonstrates how corporate environmentalism has become a "normative institutional pillar" and a "matter of obligation."

The social norm we study is corporate environmental transparency. Because organizations are accountable for the impact of their activities on the natural environment, they are expected to integrate environmentally friendly practices into their activities, yet it remains difficult for outside observers to measure and assess the actual extent of an organization's environmental performance (Bansal, 2005; Baron, 2001). Audiences must rely in great part on the organization's own environmental disclosures to assess the congruence between the organization's actions and expected behavior, then form opinions about the extent of its corporate environmentalism.[7] To reduce information asymmetries, organizations are expected to follow the norm of corporate environmental transparency, that is, to communicate about their environmental behavior by providing timely and transparent reports of the impacts of their activities on the natural environment.[8] Environmental disclosures provide insights into the organization's management quality

[7] An organization's corporate communication is not the only source of information. Outside observers can also rely on data released by third-party bodies, such as watchdogs or nongovernmental (NGOs) specializing in environmental issues.

[8] Although many scholars show that decoupling substantive and symbolic behaviors is a real risk for norm-based institutions (e.g., Westphal and Zajac, 1998, 2001), we clarify here that decoupling issues fall outside the scope of this investigation. Instead, we explore how outside observers perceive the organization's environmental performance when they rely on its disclosures, not whether these disclosures match the organization's actual performance. Although we acknowledge the potential for information manipulation, perceived environmental performance is sufficient for our purposes, as long as the environmental transparency norm is respected.

while also enabling an assessment of its degree of risk exposure (Berry and Rondinelli, 1998; Deegan, 2002; King and Lenox, 2001; King *et al.*, 2005).

2.2. Decomposing Conformity: Goal Compliance and Level of Commitment

To move beyond this holistic level, we distinguish between two dimensions of the environmental transparency norm. According to Merton (1967), the "goal dimension" specifies what is approved in society, whereas the "means dimension" refers to the procedural nature of the norm by prescribing desirable means for complying with the socially approved goal. In our context, the first dimension addresses the nature of the information organizations should be disclosing (i.e., content of disclosures). The socially approved goal underlying the transparency norm specifies that organizations should disclose information demonstrating their environmental friendliness, that is, their efforts to reduce their ecological footprint (e.g., lowering polluting emissions, using recycled materials). The second dimension entails how organizations disclose the required information (i.e., mode of disclosure), so the procedural dimension specifies that organizations should use appropriate means to disclose environmental data.

We thus conceptualize environmental communication as an institutional mechanism that dispenses norm conformity signals to organizations' audiences and define environmental disclosures as those "that relate to the impact company activities have on the physical or natural environment in which they operate" (Wilmshurst and Frost, 2000: 16). Although all organizations that disclose environmental data in their corporate communication can be labeled conforming actors, we argue that they do not constitute a single homogeneous category and instead exhibit varied conforming behavioral patterns. On the basis of our distinction between goals and procedures, we investigate these variations along two dimensions: (1) the compliance of the disclosure with the socially approved goal of environmental friendliness and (2) the level of commitment toward the norm of environmental transparency, as expressed through the disclosing means.

According to the norm of environmental transparency, organizations should communicate about the impacts of their activities on the natural environment. However, the nature of their environmental disclosures varies, in that the released information might be positive (e.g., certification of products or processes, financial donations to environmental causes, environmental training of employees) or negative (e.g., polluting event, suits and fines related to the violation of environmental regulations). According to the first, goal-oriented dimension of the transparency norm, organizations should demonstrate a reduction of their ecological footprint through their disclosures. In the case of positive information, the organization complies with the socially approved goal of environmental friendliness, whereas in the case of negative information, the organization fails to comply, because the information it discloses reveals a larger ecological footprint. A firm thus may simultaneously conform to the transparency norm (i.e., disclose environmental information) but fail to comply with the underlying expectation of a reduced ecological footprint (i.e., disclose information about damages inflicted on the environment).

The second, procedure-oriented dimension of this norm specifies that organizations should use appropriate means to disclose the required environmental information. However, in some situations, these means might not be fully imposed, either because they are unspecified (Beckert, 1999) or because there are acceptable alternative means to conform to expectations (Goodrick and Salancik, 1996) and discretion may thus be exercised. This is the case with the environmental transparency norm: although communicating about environmental behavior indicates conformity to this norm, organizations can release data at their discretion. We thus suggest that organizations exhibit different levels of commitment to the transparency norm, and to distinguish among them, we focus on the organizations' recourse to socially approved modes of communication. The choice of specific modes of communication should reflect the extent of the organizations' cognitive and identity-based adhesion to the norm, such that some modes of communication are associated with higher levels of commitment than others (i.e., they indicate higher degrees of transparency). A high level of commitment implies a strong adhesion to the appropriate behaviors and thus a high level of conformity with the socially approved procedures, whereas a lower level of commitment demonstrates a minimal level of conformity and is merely sufficient to avoid being stigmatized as a deviant organization. Using procedures that are socially desirable increases perceptions that organizations have internalized the values and requirements associated with engaging in responsible environmental behavior (Bansal and Clelland, 2004), which in turn enhances perceptions of conformity toward the environmental transparency norm.

By evaluating organizations' behaviors with respect to both their compliance with the socially approved goal and their level of commitment, we derive four categories. Behaviors that both comply with the socially approved goal and exhibit a high level of commitment toward the norm reflect *strengthening behaviors*. These behaviors demonstrate the congruence of the organization's actual actions with what is expected of it, and this congruence gets strengthened by the high level of commitment, which emphasizes the firm's strong adhesion to the appropriate procedures. Behaviors that comply with the socially approved goal but exhibit a lower level of commitment are *abiding behaviors*. Although complying with expectations of environmental friendliness, these organizations do not contribute to reinforce the social code because they do not demonstrate strong adhesion to the procedural aspect of the norm. They simply abide by the behavioral standard. Next, we consider behaviors that do not comply with the socially approved goal but display a high level of commitment, or *targeting behaviors*. These behaviors fall short of the social expectation of environmental friendliness, but the high level of commitment shows that the organization explicitly acknowledges the disjunction between its current actions and what is expected from it as a margin of progress. Finally, behaviors that fail to comply with the social expectations and exhibit a low level of commitment are *finessing behaviors*. Conformity to the norm of environmental transparency persists at a low level (i.e., the firm discloses environmental information), but because of the low level of commitment, the disjunction between the organization' actual and expected actions is somewhat hidden from scrutiny. This categorization can be expressed as a typology (Table 3) that differentiates various conforming behaviors according to their compliance with the socially approved goal (compliant vs. noncompliant) and their level of commitment (high vs. low).

Table 3 – Typology of Conforming Behaviors

		Socially Approved Goal	
		Compliant	**Noncompliant**
Level of Commitment	**High**	Strengthening Behavior	Targeting Behavior
	Low	Abiding Behavior	Finessing Behavior

3. Hypotheses

In the different streams of research focusing on conforming and deviant behaviors, a central question has been to examine how conformity and deviance might benefit or harm organizations (e.g., D'Aunno *et al.*, 2000; Deephouse, 1999; Washington and Zajac, 2005). These studies usually involve classic organizational outcomes (e.g., productivity, firm survival) rather than external evaluations by third parties (for exceptions, see Durand *et al.*, 2007; Washington and Zajac, 2005). Here, we attempt to disentangle the differentiated effects of conforming behaviors on organizational reputation. A strong reputation is a key asset that provides organizations with strategic advantages at both the asset and market levels (Peteraf and Barney, 2003; Podolny, 1993) and represents an important mediator or antecedent of organizational performance and ultimate survival (Deephouse, 2000; Fombrun, 1996; Rindova *et al.*, 2005).

Organizational reputation encompasses the perceptions of an organization's audience about its ability to provide value compared with its peers and rivals. We follow Basdeo and colleagues (2006: 1205) and define reputation formation as "a signaling process, in which the strategic choices of firms send signals to observers, and observers use these signals to form impressions of these firms." Outside observers scrutinize and interpret the organization's actions and eventually use them to evaluate the organization's underlying but unobserved key characteristics (Basdeo *et al.*, 2006; Fombrun and Shanley, 1990; Heil and Robertson, 1991; Rindova *et al.*, 2006).

Organizations commit to corporate environmentalism because they seek social approval (Bansal, 2005; Meyer and Rowan, 1977). In the past two decades, responsible environmental practices have become essential to an organization's relationships with its audience, and social expectations about the degree to which organizations should assume responsibility for protection of the natural environment have significantly increased (Barnett and Salomon, 2006; Hoffman, 1999). Despite the greater salience of the environmental transparency norm though, there are still very limited legal requirements on what environmental information organizations must release and how they should release it. Disclosing environmental information thus mainly remains a discretionary decision.[9] Organizations that choose to disclose information about their environmental behavior engage in proactive attempts to align with their institutional environment and emphasize the congruence between their own values and actions and those deemed appropriate by society (Deephouse, 1996; Suchman, 1995). Due to powerful isomorphic pressures associated with norms and values (DiMaggio and Powell, 1983; Scott, 2001), conformity to the environmental transparency norm should be compensated with socialized rewards, such as a stronger reputation (Basdeo *et al.*, 2006; Fombrun, 1996; Ridgeway, 1978). By disclosing environmental information, the organization provides outside observers with unobservable information that they can use to assess the extent of its environmental friendliness, which should result in a reputational gain.

However, when releasing information about its environmental behavior, the organization might either provide positive information about its environmental performance or disclose negative information about its environmental liabilities (Bansal and Clelland, 2004). In both cases, the organization conforms to the norm of environmental transparency. Yet if in the first case, the organization demonstrates its compliance with the socially approved goal of environmental friendliness and thus signals that it actually cares for the environment, in the second case, it fails to comply with environmental friendliness expectations. Independent of their consistent conformity to the norm of environmental transparency, organizations that comply with the goal of environmental

[9] According to widely accepted accountability principles, firms must disclose their environmental liabilities in their financial statements. In practice however, the extent of a firm's liability at the moment of the infraction is highly uncertain, which gives the firm significant discretion with regard to the content and timing of the disclosure (Bansal and Clelland, 2004).

friendliness (i.e., display strengthening or abiding behavior) should earn social rewards, whereas firms that communicate about their poor environmental performance (i.e., exhibit finessing or targeting behavior) should tend to be socially penalized and not benefit from a positive reputation effect (Bansal, 2005; Bansal and Clelland, 2004; Fombrun, Gardberg, and Barnett, 2000; King and Lenox, 2000). We therefore predict:

> **Hypothesis 1a**: The greater the compliance of behaviors with the socially approved goal of environmental friendliness, the greater the positive effect on reputation.

> **Hypothesis 1b**: The greater the noncompliance of behaviors with the socially approved goal of environmental friendliness, the greater the negative effect on reputation.

Similar to the variations in the content of the disclosures, there are variations in the modes of disclosure. The environmental transparency norm does not specify a unique mode of communication to release environmental information. In situations in which multiple procedures appear socially acceptable, discretion can be exercised, and organizations can pursue their own particularistic and strategic interests (Beckert, 1999; Goodrick and Salancik, 1996). We argue that some modes of communication may be perceived as signals of better quality, because they are more costly to emit and thus imply greater commitment by the emitters (Spence, 1974) and because they allow outside observers to assess more easily the credibility and authenticity of the disclosed information (Heil and Robertson, 1991). As a consequence, we suggest that the choice of a specific mode of disclosure reflects the organization's level of commitment toward the transparency norm. Because the importance that organizations grant to the norm provides a behavioral identity marker (Elsbach, 2004) to outside observers, this level of commitment may serve as a means to categorize organizations according to their degree of adhesion, that is, their conformity to the norm.[10]

In the context of goal-compliant behaviors, exhibiting higher adhesion to the norm should amplify perceptions of conformity. It follows that the benefits associated with conformity also should be amplified. We suggest that organizations that have recourse to socially approved procedures associated with higher levels of commitment (strengthening behavior) obtain positive distinctiveness from others and should therefore derive greater rewards than firms that rely on procedures associated with lower levels of commitment (abiding behavior). A similar line of reasoning applies to goal-noncompliant behaviors, as positive distinctiveness of socially valued procedures is beneficial to reputation. Hence, a high level of commitment toward the norm should buffer the negative impression conveyed by the discrepancy between the organization's actual behavior and social expectations. Therefore, organizations exhibiting a high level of commitment without complying to social expectations (targeting behavior) are likely to be less penalized than firms that do not comply with the goal of environmental friendliness and conceal it through a low level of commitment (finessing behavior). These latter organizations are likely to be categorized as passive and suffer more penalty than organizations displaying targeting behavior. Thus we suggest an amplifying (for goal-compliant behavior) and buffering (for goal-noncompliant behavior) effect of commitment on reputation:

> **Hypothesis 2a**: The greater the organization's commitment to socially approved procedures, the greater the positive effect of goal-compliant behaviors on reputation.

> **Hypothesis 2b**: The greater the organization's commitment to socially approved procedures, the lesser the negative effect of goal-noncompliant behaviors on reputation.

[10] Because we focus on conforming behaviors, we only deal with situations in which the degree of commitment by each organization is positive (hence our use of the term "adhesion").

Because the environmental transparency norm calls for disclosure of information about environmental behavior, it leads to the production of abundant, convergent, and highly standardized discourses. In such a context marked by high ambiguity and uncertainty, audiences cannot easily verify information and are likely to use screening devices to assess the credibility of the firms' disclosures. We hypothesize that audiences tend to use past reputation as a baseline measure from which to assess behaviors (Heil and Robertson, 1991) and evaluate the extent of the organizations' adhesion to the norm. In other words, the level of a organization's prior reputation likely moderates the impact of its disclosures on its future reputation, and we study this interaction effect according to the two dimensions of our framework (i.e., compliance with goal and level of commitment).

Organizations with lower reputations suffer stronger pressures to conform to social norms (Phillips and Zuckerman, 2001), and they likely receive rewards for aligning their behavior with audiences' expectations[11]. Because the amount of effort to align their behavior is proportionally greater for organizations with below-average reputations, we expect the positive effect of compliant behaviors to be magnified for organizations with lower levels than for organizations with higher levels of prior reputation. Previous research also documents that organizations benefiting from high social evaluations are somewhat buffered from the negative effects of deviating from socially accepted behaviors (e.g., Phillips and Zuckerman, 2001). On the contrary, organizations with lower levels of social evaluations are more likely to be sanctioned if they deviate from socially appropriate behaviors. Bansal (2005) shows that organizations that have previously incurred fines – and that thus suffer from an existing reputation deficiency – likely are subject to more scrutiny for further mishaps. For a lower reputation organization, disclosing information that does not comply with expectations of environmental friendliness should trigger greater sanctions. Overall, we expect that having a low level of prior reputation amplifies the merits (penalties) of disclosing goal-compliant (goal-noncompliant) information. We thus suggest:

[11] We purposefully do not use the expression "poor reputation" to qualify these organizations. Because the sample consists of America's Most Admired Companies, they all benefit from a decent reputation. "Lower" thus refers to comparisons with the other organizations within this sample. These lower-reputation organizations correspond to the "middle-range firms" category in Phillips and Zuckerman's (2001) typology.

Hypothesis 3a: The positive relationship between goal-compliant behaviors and reputation is stronger for organizations with lower prior reputations.

Hypothesis 3b: The negative relationship between goal-noncompliant behaviors and reputation is stronger for organizations with lower prior reputations.

Is the effect of commitment on reputation similarly magnified for organizations with reputations that are lower than average? Hypothesis 2 indicates that other things being equal, a higher degree of commitment should amplify the positive effect of compliance on reputation and buffer the negative effect of noncompliance. In general, for organizations with lower prior reputations, a high level of commitment should be perceived more positively than for those with stronger reputations. A high level of commitment means exhibiting a higher level of adhesion to the environmental transparency norm through the use of recognized procedures. Lower reputation organizations that endorse these procedures and involve themselves in deferring to these normalizing means of acting give credit to audiences' expectations. Audiences tend to consider more positively actions from deserving agents than from agents for which such a behavior is expected as normal. Therefore, in the case of goal compliance, by electing a high level of commitment, the lower reputation organization demonstrates its willingness to not only adhere to the transparency norm but also reach the expected degree of environmental friendliness in a way that exceeds audiences' level of expectations. As a result, strengthening behavior should be more rewarded than abiding behavior for lower-reputation organizations.

In the case of goal noncompliance, a high procedural commitment acts as an excuse for not complying with the goal of environmental friendliness (e.g., no improvement of the firm's environmental footprint). The likelihood that this excuse will be accepted is greater for lower prior reputation organizations than for higher reputation firms for which demands weigh more heavily and constantly. By explicitly acknowledging and discussing the discrepancy between its current performance and social expectations of environmental friendliness, a lower reputation organization may be able to reassure its audience that such liabilities will not reoccur (Bansal and Clelland, 2004). As a result, the disclosure may act as a normalizing account that isolates the negative information from broader assessments of the organization (Bansal and Clelland, 2004; Suchman, 1995), as well as indicate strong adhesion to the cognitive and identity-based dimensions of the norm. By contrast, higher reputation organizations would not benefit from this credit from audiences as non-compliance associated with high commitment sounds more like a failure for recognized organizations than an acceptable excuse for margin of improvement. Hence, targeting behavior should be less sanctioned than finessing behaviors for organizations with lower prior reputations. Overall we suggest:

> **Hypothesis 4a**: The amplifying effect of commitment on the goal-compliant positive relationship with reputation is reinforced for organizations with lower prior reputations.

> **Hypothesis 4b**: The buffering effect of commitment on the goal-noncompliant negative relationship with reputation is reinforced for organizations with lower prior reputations.

4. Data and Methods

4.1. Sample and Data

To investigate the causal relationships between environmental disclosures and reputation, we conducted an empirical analysis with a longitudinal data set for the years 2001–2004. We chose this period for two reasons. First, the proximity of the Enron scandal and its aftermath conferred unprecedented salience to corporate social responsibility issues (e.g., accounting, financial and environmental transparency). Second, on a strictly environmental level, corporate environmental issues started to receive much more attention after the Johannesburg Earth Summit in 2002. We thus expect corporate environmentalism to be more salient in organizations' communication during this period of time.

We explore our research question using a cross-industrial sample of organizations belonging to 11 different sectors.[12] We randomly selected 90 U.S. organizations present in at least three consecutive years in the *Fortune* magazine's annual "America's Most Admired Companies" survey. These organizations are the largest U.S. competitors in their sectors of activity. Our level of analysis is therefore the organization-year.

The data for this study come from several sources. We first focused on the organizations' annual reports, because among the various external corporate communication media that an organization may employ, annual reports represent a strategic communication tool that organizations mobilize to convey information that may legitimize their behavior in the opinion of outside observers (Brown and Deegan, 1998; Sharma and Henriques, 2005). This goal is particularly significant in the context of environmental communication. The United States insists on few obligatory environmental disclosures—the Toxic Release Inventory (TRI)[13] and the disclosure of environmental performance data in firm organizations' 10-K reports—so every environmental disclosure outside this frame falls within the province of organizations' strategic attempts to influence outside observers' perceptions (Ullmann, 1985). Therefore, the annual report offers a particularly interesting source of information to study an organization's strategy, notably with regard to its environmental management (Bansal and Clelland, 2004; Sharma and Henriques, 2005; Wilmshurst and Frost, 2000). We collected a total of 306 annual reports (due to missing data for some years), of which 233 contain environmental disclosures.

Parallel to our collection of the annual reports, we retrieved corporate stand-alone reports on environmental responsibility, sustainable development, social responsibility, or environment health and safety issues that contained information about organizations' environmental performance. Although the initiative for releasing an environmental report originally came from the most polluting industries (e.g., chemical, petrochemical), this behavior has spread to other industries. Again, there is no legal obligation to publish an environmental report, but it represents a valuable opportunity for the organization to

[12] The sample is partitioned as follows: 8.9% financial industry, 10% consumer products, 4.4% contracted services, 7.8% shelter, 13.3% stores and distributors, 8.9% computers and communication, 11.1% natural resources, 8.9% power, 6.7% precision equipment, 4.4% media and entertainment, and 15.6% transportation.

[13] The TRI, created in 1987, requires organizations to publish the details of their chemical emissions into the air, water, and land.

communicate strategic data about its environmental behavior to outside observers.[14] We collected 53 stand-alone environmental reports; only 22% of the organizations in our sample released such reports. Finally, we consulted the COMPUSTAT database to collect information about organizations' performance.

Overall, our data set tracks 90 organizations over a four-year period. The theoretical maximum number of observations is 360 (i.e., 90 organizations × 4 yearly observations). Because some organizations are not present in all four years, missing information and the use of variation scores and lagged variables reduces the actual total number of observations to 258.

4.2. Dependent Variable

In strategy and organizational literature, most studies that analyze organizations' corporate reputation use *Fortune*'s reputation score, published with the list of "America's Most Admired Corporations" (e.g., Basdeo *et al.*, 2006; Brown and Perry, 1994; Fombrun and Shanley, 1990; Love and Kraatz, 2009; Roberts and Dowling, 2002). This reputation survey, released in March of each year, is based on the answers of some 10,000 executives, directors, and financial analysts who have been asked to rate *Fortune* 1000 organizations in their industry on a range of dimensions that reflect how well they fare in terms of asset use, financial soundness, community and environmental friendliness, ability to develop key people, degree of innovativeness, investment value, management quality, and product quality.[15] Each dimension is rated on an 11-point scale (0 = poor to 10 = excellent). Using the averaged aggregation of these eight scores, the survey determines the organization's overall reputation score, which similarly ranges from 0 to 10.[16]

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[14] Except for the information disclosed in the financial section of the annual report, the data released in the narrative sections of the annual report and those contained in the stand-alone environmental report are not audited by third parties (unless required and explicitly specified by the organization).

[15] For a detailed review of the data collection procedure, see Fortune's website at http://money.cnn.com/magazines/fortune/mostadmired/2009/faq/

[16] Gardberg and Fombrun (2002) note that although academics conducting studies on corporate reputation rely heavily on practitioners' ratings (e.g., Fortune, Kinder, Lydenberg, and Domini [KLD]), these measures suffer from several limitations, particularly in terms of size, sector membership, and respondent misrepresentation biases. First, the surveys generally focus on large firms. Second, they rely on

We measure reputation at two different levels: a global level with the overall reputation rating (i.e., average rating across eight dimensions) and a specific level with the reputation rating obtained on the community and environmental friendliness dimension. Because reputation might be both an asset and a flow (Dierickx and Cool, 1989), we decline each of these variables as (1) a reputational score (i.e., rating for a given year) that measures the accumulated asset stock of reputation and (2) a differential score (i.e., score variation from year to year), which provides a dynamic marker of a firm's reputation gain or loss. Overall, we thus measure reputation in four ways: *OverallReputation* and *EnvironmentReputation* for the stock variables, and *VarOverallReputation* and *VarEnvReputation* for the flow variables.

4.3. Independent Variables

We build our independent variables around the differentiated nature of organizations' environmental disclosures, based on both their compliance with the socially approved goal and their level of commitment. We analyze organizations' annual reports (narrative and financial sections) and environmental stand-alone reports and code for the presence of environmental disclosures within the two communication media. Except for one case in which we rely on a binary variable, we use qualitative measures of organizations' environmental disclosures. Because the richness (i.e., quality and level of precision) of the disclosures is more likely to influence perceptions of outside observers than is their mere presence, we believe that a qualitative measure is more appropriate than a dichotomous partition.

We start by distinguishing between disclosures that comply or do not comply with the socially approved goal of environmental friendliness. Goal-compliant disclosures mention

a restricted pool of respondents who only rank the firms in their own industries. Third, they fail to incorporate the evaluations of all stakeholders because they focus exclusively on senior managers and financial analysts. To palliate these biases, the authors propose a more robust measure, the reputation quotient. We decide not to use this quotient but rather retain the Fortune indicator as our dependent variable because data pertaining to the reputation quotient are available for only 60 firms per year, only 9 of which are common to our sample, which would considerably reduce the extent of our analyses. Furthermore, our study deals with established firms (i.e., with prior reputations), so our results are less likely to be undermined by size and sector membership biases than would studies dealing with reputation building among unevenly endowed firms.

achievements in the organization's efforts to reduce its ecological footprint (e.g., environmental certification of products or processes, environmental training of employees, sponsorship of environmental causes, reduction of polluting emissions) and thus demonstrate the organization's environmentally friendly orientation. Goal-noncompliant disclosures instead allude to damages suffered by the natural environment (e.g., an oil spill, payment of fines due to violations of environmental regulations), which indicates deviance from the socially approved goal of environmental friendliness (i.e., increased ecological footprint).

Next, we distinguish among disclosures according to their level of commitment. To operationalize this level of commitment, we consider the modes of communication chosen to disclose environmental data. Because organizations have significant discretion in this choice, we posit that the selection of a specific medium (annual vs. stand-alone report) reflects the organization's degree of adhesion to the transparency norm. Specifically, releasing environmental information within the annual report should indicate a lower level of commitment to the transparency norm than does publishing a document entirely dedicated to the organization's environmental performance. Although the annual report is one of the most common places to encounter environmental reporting, such environmental disclosures often lack specificity and scarcely go beyond the mere declaration of intentions. Moreover, the dissemination of environmental information within the narrative and financial sections of the annual report makes it harder for the audience to identify whether the organization is simply abiding by the disclosure norm or more eagerly committed to be fully transparent in its environmental behavior. In contrast, a stand-alone environmental report represents an effective management tool to increase transparency with regard to the organization's environmental performance by disclosing and discussing performance indicators. Because the visibility of the disclosed data is greater than in the annual report, organizations that choose to publish stand-alone environmental reports implicitly accept the cost of increased social scrutiny. The more visible the organization is, the more it will be held accountable for the authenticity of the information it discloses. We thus define the level of commitment toward the environmental transparency norm as high if the organization discloses environmental information within a stand-alone report and low if the information appears within the organization's annual report.

To ensure the internal validity of the coding process, the two authors and a third scholar not involved in the study coded the material independently. Specifically, the first author coded all the material, and the other two coders each addressed 20% of the data set. To determine interrater agreement about the presence or absence of environmental disclosures and about the qualitative nature of these disclosures, we used the kappa statistic, equal to 0 when there is complete disagreement and 1 when there is perfect agreement among the evaluators. Landis and Koch (1977) suggest that kappa statistics greater than 0.60 represent good agreement among observers; the interrater agreement about the presence of environmental disclosures has a kappa statistic greater than 0.85 for all instances but one (0.80). For the qualitative coding of these disclosures, our kappa statistic is also greater than 0.85 for all instances but three. For any discrepant ratings, we came easily to an agreement and reached full consensus. We thus create four variables that correspond to the four behaviors described in the typology.

Abiding behavior consists of goal-compliant disclosures located in annual reports. This variable equals 0 when there is no such disclosure in the organization's annual report, 1 when environmental issues are tackled in very vague and broad terms, 2 when the information is specific to the organization and gives precise information about the environmental dimension at stake, and 3 when the information is organization-specific and illustrated by qualitative and/or quantitative examples.

Strengthening behavior consists of goal-compliant disclosures located in stand-alone reports. Because the readers of environmental stand-alone reports likely are more sensitive to environmental issues than average readers of annual reports, we expect the environmental data provided within these reports to be more detailed and specific than that incorporated in annual reports. Therefore, we do not replicate the coding scheme used for abiding disclosures but instead develop a different qualitative measure that equals 0 when there is no such disclosure in the organization's stand-alone report and 1 when the environmental information disclosed consists of qualitative data with few metrics. To ensure optimal transparency, it is important for data to be contextualized. Consequently, the variable equals 2 when the stand-alone report contains metrics that track multiyear trends (for comparisons at the intra-organizational level over time) and provide background information or use a Global Reporting Initiative (GRI[17]) disclosing procedure (for benchmarking with other organizations). Finally, the variable equals 3 if there are metrics that track multiyear trends and provide background information and the organization discloses its environmental information following the GRI procedure or discusses its listing in the Dow Jones Sustainability Index.[18]

Targeting behavior pertains to goal-noncompliant disclosures located in stand-alone reports. This variable equals 0 in the absence of such disclosures. It equals 1 when there are qualitative mentions of an environmental incident and a detailed discussion of corrective actions, 2 when the incident is qualitatively described but without mention of corrective actions, and 3 when there is a simple mention of the incident, an environmental notice of violation, or a fine.[19]

Finessing behavior refers to goal-noncompliant disclosures located in annual reports. When coding for the presence of these finessing disclosures, we note that they systematically are located in financial statements and/or 10-K reports. Consequently, these disclosures take the form of short mentions of environmental fines and penalties for failing to conform to environmental regulations. Because we cannot derive a qualitative measure from these

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[17] The GRI's goal is to ensure transparent and comparable disclosures of sustainability information. It provides outside observers a standardized comparable structure from which to understand disclosed information. Organizations can adopt it on a voluntary basis. For further information, see http://www.globalreporting.org/Home.

[18] The Dow Jones Sustainability Index rates organizations on their corporate sustainability (economic, environmental, and social) according to a set of criteria and ranks them within their industry. Only the industry leaders are selected to be part of the Dow Jones Sustainability Index. For more information, see http://www.sustainability-index.com/.

[19] Note that in this case, the disclosed information is goal-noncompliant (i.e., negative), so we reverse the coding scheme order. According to the goal of environmental friendliness, it is preferable for an organization not to cause environmental damages (0) but if such events occur, it is preferable for the organization to be transparent and give as many details as possible (1). In this coding scheme, we go from the most preferred option (i.e., absence of negative disclosure) to the least preferred one (i.e., vague disclosure of negative event). Conversely, for abiding and strengthening behaviors, we code from the least preferred option (i.e., absence of positive disclosure) to the most preferred one (i.e., very detailed disclosure of positive event).

data, we use a binary variable, such that finessing behavior equals 0 when there are no such disclosures and 1 when they are present.

The following table summarizes the coding scheme that we adopted for the four independent variables.

Table 4 – Coding Scheme for the Independent Variables

STRENGTHENING BEHAVIOR	TARGETING BEHAVIOR
0. Absence 1. Mainly qualitative data with few metrics 2. Longitudinal metrics <u>or</u> GRI reporting procedure 3. Longitudinal metrics <u>and</u> GRI reporting procedure or Dow Jones Sustainability Index	0. Absence 1. Qualitative description of incident and detailed discussion of corrective actions 2. Qualitative description of incident 3. Mention of incident/notice of violation/fine
ABIDING BEHAVIOR	**FINESSING BEHAVIOR**
0. Absence 1. Vague mention 2. Organization-specific mention 3. Organization-specific mention with qualitative and/or quantitative examples	0. Absence 1. Presence

Although we use sentences as the basis of our coding scheme, the score for each independent variable is built at the level of the communication medium. Two different cases of multiple disclosures might occur. First, we might encounter disclosures of different quality levels (i.e., specificity) within a single report, in which case we retain the highest score. For example, if an organization's annual report contains goal-compliant disclosures (i.e., abiding behavior) that are vague (coded 1) and others that are specific and illustrated by examples (coded 3), the variable takes a final value of 3. Second, we might encounter disclosures of different natures (i.e., goal-compliant vs. goal-noncompliant) within a single report. The organization then gets a score for each type of disclosure. Imagine a stand-alone report in which the organization simultaneously discloses (1) specific data about its efforts to reduce its ecological footprint using a GRI procedure and (2) detailed descriptions of an environmental incident with mentions of corrective actions. This organization would earn a score of 3 for strengthening behavior and 1 for targeting behavior.

4.4. Control variables

Environmental issues do not have the same salience and importance across all industries and years, so we control for such variability by adding two sets of variables. We use industry dummies to account for differences in industry sensitivity to environmental issues, and we include year dummies to control for interyear variability.

Size, age, and performance may relate positively to reputation (Deephouse, 1996; Deephouse and Carter, 2005), so we include these aspects as control variables. The length of time an organization has been in business may positively influence outside observers' evaluations, because longevity is an antecedent of reputation. Therefore, we introduce *Age* as the logged number of years an organization has been operating. The size of an organization also may affect its visibility and relationships with its environment (Deephouse, 1996), so we measure size as a yearly logged measure of total assets, as listed on COMPUSTAT, such that the *Size* variable indicates the variation from one year to the other. Finally, because superior financial performance may predispose audiences to assess an organization more positively (Fombrun and Shanley, 1990), we use the two-year averaged return on assets as a proxy of *Performance* and collect the appropriate information from COMPUSTAT.

Because path dependency exists for reputation building, we also include a measure of past reputation, *PriorEnvReputation*, which is the absolute *EnvironmentReputation* score of the previous year. We use this lagged variable across models to facilitate comparisons, though our results are similar when we employ the prior level of overall reputation.

Our model thus deals exclusively with disclosures from sources internal to the organization, though media coverage might affect an organization's reputation (Fombrun and Shanley, 1990) in terms of both visibility (i.e., amount of information released about the organization) and content (i.e., negative vs. positive tone of press articles). Consistent with studies that suggest the media actively participate in constructing the social realities they cover (Clayman and Reisner, 1998; Rindova *et al.*, 2006; Zilber, 2006), we control for the possible impact of information intermediaries on audiences' perceptions and assessments of organizations. From Lexis-Nexis, we retrieved all articles mentioning the environmental behavior of the organizations within our sample during 2001–2004 by searching for documents that contained "environment" or "environmental" as major terms. Articles that did not use these words in relation to the natural environment were excluded. This sampling procedure yielded 2,156 pertinent articles about the 90 organizations of our sample. To code the articles, we follow the procedure advocated by Deephouse and Carter (2005). We identify and code the recording units according to the description of the organization's actions in each article in terms of its environmental behavior. We attribute equal weights to each recording unit and then rate it as either positive or negative about the organization's environmental behavior. A unit is positive when it mentions past or present actions in compliance with the socially approved goal of environmental friendliness. When the unit indicates goal-noncompliant environmental behavior, we rate it as negative. Next, we create annual measures for each organization using the Janis-Fadner coefficient of imbalance, which taps the relative number of positive (p) and negative (n) mentions of an organization's environmental behavior in a given year with the formula:

$$\text{Media tonality} = \begin{cases} (p^2 - p.n) \;/\; (p + n)^2 \text{ if } p > n; \\ 0 \text{ if } p = n; \text{ and} \\ (p.n - n^2) \;/\; (p + n)^2 \text{ if } n > p. \end{cases}$$

Media tonality ranges from –1 to 1, where –1 indicates all negative coverage, 1 equals all positive coverage, and 0 is a balance between the two. We also compute *Coverage intensity* to capture the magnitude of impact of having more articles than less, independent of their tonality. Hence, *Coverage intensity* is the log of (p + n) for each year and each organization.

4.5. Analyses

The data involve 90 organizations over several years and thus create two major violations of ordinary least squares models. First, regressions performed on time-series data mean the errors may not be independent. Often errors are autocorrelated, such that each error is correlated with the error immediately before it. Second, cross-sectional time-series panel data raise concerns about panel heteroskedasticity. Ordinary regression models assume that the errors have the same variance throughout the sample, but if the error variance is not constant, the data are heteroskedastic. Both the Durbin-Watson and Woolridge tests indicate the presence of autocorrelation in our data, and the LR test for heteroskedasticity is significant.

We also investigate whether the decision to communicate is randomly attributable to organizations, because environmental communication and reputation might depend jointly on unobserved factors, which would raise issues of endogeneity (Hamilton and Nickerson, 2003; Shaver, 1998). We thus instrumented the probability of communicating about environmental issues. We used the xtivreg procedure on the reputation scores to test the effects of our variables and the instrumented variable, as well as the systematic difference in coefficients relative to the noninstrumented equation. The test proves insignificant. Therefore, we reject the presence of bias due to endogeneity in our models.[20]

[20] Note that this absence of endogeneity in our sample is problematic. It seems difficult to assume that the decision to communicate on an organization's environmental behavior is randomly distributed across all organizations, which is the reason why we suspected in the first place that there might be endogeneity issues in our data. The fact that we did not find any has two serious implications. First, if there really is no endogeneity in the data, it implies that the decision to communicate is not strategic, which thus undermines any conclusion we may draw on actors' intentionality. Second, if there is endogeneity that we failed to capture, it implies that the instruments we used were not appropriate. I believe the most likely explanation to be the second one, but it would require that we construct new instrumental variables and run new statistical tests to reject the first one.

Following Greene (2003), we ran tests using the Prais and Winsten estimator (also known as the feasible generalized least squares [FGLS] estimator). However, FGLS assumes panel homoskedasticity, whereas our data exhibit symptoms of panel heteroskedasticity. Therefore, we use the panel-corrected standard error (PCSE) estimates for linear cross-sectional time-series models (Greene, 2003). When computing the standard errors and variance-covariance estimates, we assume the disturbances are heteroskedastic and contemporaneously correlated across panels. The FGLS and PCSE estimators are β consistent, and therefore, only the standard deviations change (and are smaller for PCSE).[21] Finally, we took two steps to address issues related to multicollinearity among independent variables. First, we mean-centered all variables before creating the interaction terms (Cohen, Cohen, West, and Aiken, 2003). Second, we assessed muticollinearity by using a variance inflation factor (VIF) test. The results indicate the absence of any serious multicollinearity issues among the independent variables as the factor values are lower than the accepted threshold (i.e., 10).

5. Results

In Table 5 we provide the correlations among the variables used to test the hypotheses. Note that the correlations among the main effects are not problematic. In Table 6, we present the models that explain the overall and environmental reputation levels. Models 1 and 2 contain control variables for each reputation level, Models 3 and 4 include conformity variables, and the last two models feature the interaction effects.

[21] We conduct the same models with XTGLS and find consistent results using the panels (hetero) option (i.e., greater levels of significance but without controlling for autocorrelation).

Table 5 – Descriptive Statistics and Correlations

		Mean	Std. Dev.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	OverallReputation	5,99	1,14	2,84	8,33																
2	EnvironmentReputation	5,82	1,06	3,42	8,72	0,91															
3	VarOverallReputation	0,08	0,62	-2,45	2,11	-0,30	-0,27														
4	VarEnvReputation	0,10	0,72	-1,59	2,50	0,24	0,30	0,00													
5	Size	0,07	0,16	-0,48	0,93	0,07	-0,06	-0,13	0,00												
6	Age	3,90	0,94	1,10	5,15	0,12	0,12	0,05	0,06	0,02											
7	Performance	4,30	7,17	-38,12	18,66	0,24	0,11	-0,10	0,07	0,43	0,16										
8	Prior EnvReputation	0,06	0,98	-2,21	2,49	-0,70	-0,73	0,13	0,27	0,06	-0,05	-0,09									
9	Media tonality	0,04	0,53	-1,00	1,00	0,03	0,06	0,14	0,10	0,00	-0,02	0,03	-0,04								
10	Coverage intens	0,98	1,26	0,00	4,68	0,28	0,38	0,03	0,02	-0,12	0,14	-0,02	-0,37	0,04							
11	Abiding behavior	0,60	1,15	0,00	3,00	0,17	0,26	0,04	-0,05	-0,02	-0,05	0,04	-0,29	0,14	0,57						
12	Strengthening beh.	0,39	0,89	0,00	3,00	0,23	0,33	0,04	0,09	-0,04	0,10	0,03	-0,25	0,19	0,60	0,43					
13	Finessing behavior	0,58	0,49	0,00	1,00	-0,10	-0,03	-0,08	-0,07	-0,12	-0,11	-0,16	0,00	-0,03	0,12	0,26	0,03				
14	Targeting behavior	0,24	0,67	0,00	3,00	0,10	0,19	0,11	0,02	-0,08	0,13	0,05	-0,15	0,28	0,41	0,34	0,77	0,06			
15	Abiding x PriorEnvRep	0,62	4,01	-12,30	32,16	0,35	0,44	-0,07	0,17	-0,05	0,21	0,04	-0,31	0,06	0,36	0,31	0,40	0,01	0,26		
16	Finessing x PriorEnvRep	-0,06	0,87	-2,48	2,82	0,75	0,81	-0,27	0,20	-0,08	0,09	0,11	-0,64	0,07	0,29	0,21	0,27	-0,06	0,20	0,41	
17	Targeting x PriorEnvRep	0,12	0,64	-3,88	3,45	0,31	0,40	-0,07	0,22	0,02	0,03	0,05	-0,25	0,08	0,35	0,33	0,47	0,11	0,37	0,45	0,30

Table 6 – PCSE Analysis of Conforming Behaviors' Effects on Overall and Environmental Reputation Levels

n = 258	(1) Overall Reputation	(2) Environmental Reputation	(3) Overall Reputation	(4) Environmental Reputation	(5) Overall Reputation	(6) Environmental Reputation
Year Controls	included	included	included	included	included	included
Industry Controls	included	included	included	included	included	included
Size	-0.297	-0.648*	-0.452	-0.788**	-0.511+	-0.809**
	(-1.05)	(-2.46)	(-1.60)	(-2.95)	(-1.88)	(-3.23)
Age	-0.0594	0.0286	-0.0413	0.0319	-0.0503	0.00920
	(-0.66)	(0.40)	(-0.48)	(0.48)	(-0.58)	(0.13)
Performance	0.0268**	0.0131	0.0275**	0.0135	0.0290**	0.0159+
	(2.74)	(1.50)	(3.01)	(1.64)	(3.19)	(1.90)
PriorEnvReputation	-0.637***	-0.593***	-0.593***	-0.531***	-0.526***	-0.478***
	(-10.24)	(-9.21)	(-9.60)	(-8.02)	(-8.07)	(-7.69)
Media tonality	0.0208	0.0257	0.0781	0.0294	0.0854	0.0688
	(0.22)	(0.30)	(0.73)	(0.29)	(0.82)	(0.75)
Coverage intensity	0.109*	0.163***	0.0469	0.0923+	0.0242	0.0760+
	(1.98)	(3.40)	(0.71)	(1.70)	(0.39)	(1.65)
Abiding behavior			0.0369	0.0977*	-0.0234	0.00199
			(0.65)	(1.95)	(-0.39)	(0.04)
Strengthening behavior			0.321***	0.285***	0.248*	0.100
			(3.47)	(3.67)	(2.43)	(1.53)
Finessing behavior			0.105	0.0978	0.00384	0.0328
			(0.82)	(0.86)	(0.03)	(0.29)
Targeting behavior			-0.345**	-0.254**	-0.295**	-0.128+
			(-3.19)	(-2.77)	(-3.05)	(-1.65)
Abiding x PriorEnvReputation					0.0293**	0.0449***
					(3.01)	(4.35)
Targeting x PriorEnvReputation					0.298***	0.322***
					(5.09)	(5.56)
Constant	6.340***	5.807***	6.300***	5.821***	6.322***	5.923***
	(15.45)	(17.41)	(16.33)	(18.68)	(15.89)	(18.22)
R-squared	0.946	0.939	0.947	0.942	0.949	0.946
chi2	294.3***	253.4***	320.7***	293.4***	336.8***	448.4***
delta chi2			26.4***	40.0***	42.5***	185.0***

t statistics in parentheses; + p<0.10, * p<0.05, ** p<0.01, *** p<0.0

According to Models 1 to 6, the effects of the base model with control variables are similar for both reputation-level variables. We observe that the organization's size has either a marginally (*OverallReputation*) or significantly (*EnvironmentReputation*) negative impact on reputation level, whereas performance contributes positively to reputation levels (significantly for *OverallReputation* and marginally for *EnvironmentReputation*). Also, two control effects contribute to both levels of reputation. The prior level of the environmental reputation score (*PriorEnvReputation*) logically reduces reputation levels (both overall and environmental), because it is difficult to increase them any more. Coverage intensity also contributes positively to reputation levels, but the intensity of this effect declines as we add the independent variables.

Models 3 and 4 introduce conforming behaviors to the models. From Hypothesis 1a, we expect that compliant behaviors (strengthening and abiding) have positive effects on reputation levels, and from Hypothesis 1b that noncompliance (targeting and finessing behaviors) should impact reputation negatively. The results from Models 3 and 4 converge and confirm these hypotheses. That is, the coefficients for the *Strengthening behavior* variable are positive and significant in Models 3 and 4, whereas those for the *Targeting behavior* variable are negative and significant. *Abiding behavior* has a positive and significant effect on *EnvironmentReputation* in Model 4.

Hypothesis 2a states that the impact of conforming behavior on reputation should vary, depending on the level of an organization's commitment to socially approved procedures. Therefore, for Models 3 and 4, the strengthening effect should be greater than the abiding effect on reputation levels, as is true and obvious in Model 3. In Model 4, a Wald test of coefficient equality shows a significant difference in coefficients ($Chi^2 = 4.63$, $p = .03$), which confirms the greater coefficient value of *Strengthening behavior* compared with *Abiding behavior* as expected by Hypothesis 2a. According to Hypothesis 2b, the effect of goal-noncompliant behavior should also vary and a high commitment to socially approved procedure should attenuate the negative effect of disclosing goal-noncompliant information. Therefore, for Models 3 and 4, the negative effect of targeting should be lower than the finessing effect. From Model 4 however, we find that *Finessing* (insignificant coefficient) and *Targeting behavior* differ significantly ($Chi^2 = 5.04$, $p = .02$), but that *Targeting behavior* has a greater negative impact on reputation levels than does *Finessing behavior*, which contradicts Hypothesis 2b.

In Hypothesis 3a, we suggest that organizations with a lower prior reputation should benefit more from compliant behaviors than more highly evaluated firms. Models 5 and 6 include the interaction effects between prior overall reputation and conformity behaviors. Because their interactions with *Strengthening* and *Finessing behaviors* are not significant, we remove them from the models. The coefficients between *Abiding* and *Targeting behaviors* and *Prior reputation level* are both positive and significant. To interpret these effects, we plot them using Model 6 (results identical to Model 5) and show in Figure 3 that abiding behavior benefits organizations with lower reputation levels, whereas for organizations with the highest levels of prior reputation, the absence of abiding behavior is slightly more beneficial than it is for those with this behavior. These findings confirm Hypothesis 3a. From Figure 4 we also observe that *Targeting behavior* makes a positive difference for lower reputation organizations, in contrast with Hypothesis 3b, in which we predicted that they would be heavily sanctioned for failing to comply with the socially approved goal of environmental friendliness. This result may indicate that the level of commitment induces positive rewards for lower reputation, goal-noncompliant organizations, as we expressed in Hypothesis 4b. Overall, Hypotheses 3 receives mixed support, and the results pertaining to *Targeting behavior* appear to confirm the argumentation developed for Hypothesis 4b, that is, a high level of commitment attenuates the negative impact of goal noncompliance for organizations with relatively lower prior reputation levels.

Figure 3 – Interaction Effect of Abiding Behavior and Prior Level of Environmental Reputation (Centered Values) on an Organization's Level of Environmental Reputation

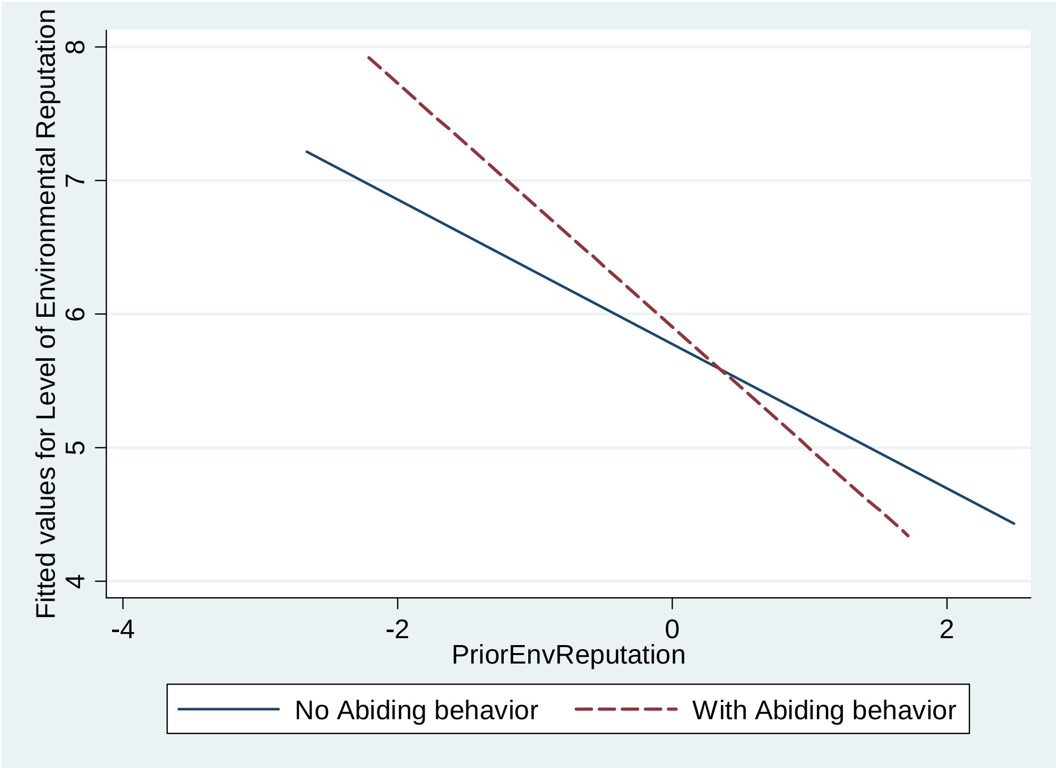
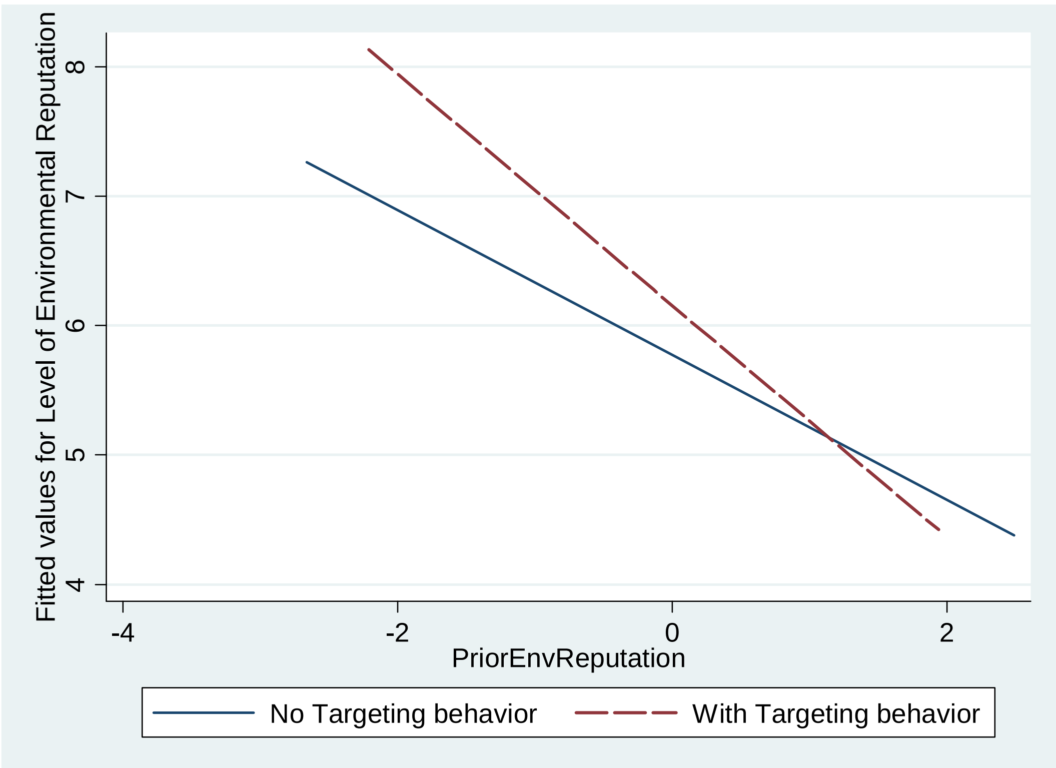


Figure 4 – Interaction Effect of Targeting Behavior and Prior Level of Environmental Reputation (Centered Values) on an Organization's Level of Environmental Reputation



In unreported models, using the prior value of the variation of *EnvironmentReputation* as a control (instead of the prior level of *EnvironmentReputation*), we obtain similar results. Coefficients for *Abiding* and *Strengthening behaviors* are positive and significant, as in Model 4, and *Strengthening behaviors* have a significantly greater effect than do *Abiding* behaviors. The coefficient for *Targeting behavior* is not significant. The interaction effects reveal the same direction but are slightly less significant than those in our current models, with the exception of *Strengthening behavior*, for which the interaction is positive and significant at $p < .05$, in support of Hypothesis 3a and potential support of Hypothesis 4a.

In Table 7, we present the corresponding models for explaining the variation of environmental reputation (i.e., *VarEnvReputation*). Model 7 contains the baseline model, Model 8 adds the conforming behavior variables, and Model 9 reflects the full model with all significant interactions. Controls show that higher prior levels of environmental reputation (*PriorEnvRep*) are negatively associated with a gain in the environmental reputation score (negative and significant coefficient), as is coverage intensity (also negative and significant coefficient). Age links positively to *VarEnvReputation* ($p < .05$).

Table 7 – PCSE Analysis of Conforming Behaviors on Variation of Environmental Reputation

n = 258	(7) Variation Env. Reputation	(8) Variation Env. Reputation	(9) Variation Env. Reputation
Year Controls	included	included	included
Industry Controls	included	included	included
Size	-0.335	-0.336	-0.0551
	(-1.51)	(-1.63)	(-0.27)
Age	0.0316*	0.0420***	0.0398*
	(2.01)	(3.50)	(2.19)
Performance	0.00626	0.00848	0.0123*
	(1.05)	(1.15)	(2.42)
PriorEnvReputation	-0.306***	-0.300***	-0.237***
	(-7.09)	(-5.81)	(-5.99)
Media tonality	0.0614	0.126	0.154+
	(0.77)	(1.06)	(1.67)
Coverage intensity	-0.0974***	-0.0806***	-0.0352+
	(-6.76)	(-3.58)	(-1.83)
Abiding behavior		-0.0697	-0.0941
		(-1.29)	(-1.51)
Strengthening behavior		0.0592	0.0415
		(1.20)	(0.80)
Finessing behavior		-0.0835**	-0.156***
		(-2.60)	(-3.79)
Targeting behavior		-0.149***	-0.143**
		(-4.59)	(-3.24)
Finessing x PriorEnvReputation			-0.147*
			(-2.10)
Targeting x PriorEnvReputation			0.173***
			(11.64)
Constant	-0.131	-0.184+	-0.224**
	(-1.02)	(-1.66)	(-2.93)
R-squared	0.209	0.225	0.332

+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001 t statistics in parentheses

Regarding the direct effects of our four conforming behaviors, we find that the coefficients of compliant behaviors appear insignificant, whereas those for noncompliant behaviors are both negative and significant, as we predicted in Hypothesis 1b. Testing the difference in the coefficients shows that, in contradiction to Hypothesis 2b, greater commitment to socially approved procedures amplifies the negative impact of noncompliance: the absolute value of the coefficient for *Targeting behavior* is greater than that for *Finessing behavior* in Model 8 (-.149 vs. -.083, $Chi^2 = 4.69$, $p = .03$). The interaction effects of each noncompliant behavior with prior reputation level indicate a negative sign for the interaction with *Finessing behavior*, and a positive one for the interaction with *Targeting behavior*.

Graphs depicting these effects show that organizations with lower reputations that deploy finessing behaviors obtain lower expected gains in environmental reputation than organizations that engage in no finessing behaviors (see Figure 5). In line with Hypothesis 3b, the negative relationship between goal-noncompliant behaviors and reputation is stronger for organizations with lower reputations. However, the interaction coefficient for *Targeting behavior* is positive; therefore, it is logical to observe that for organizations with lower reputations, those that engage in targeting behaviors (i.e., conform with more commitment to the transparency norm though the content of their communication is noncompliant with expectations of environmental friendliness) obtain a higher gain in environmental reputation than do organizations that do not engage in targeting behavior (see Figure 6). On the basis of Hypothesis 4b, we expect that this interaction should result for organizations with lower prior reputations in a reduced negative impact, relative to the effect of the interaction involving *Finessing behaviors*. The positive interaction effect we find is compatible with Hypothesis 4b but exceeds even our expectations.

Figure 5 – Interaction Effect of Finessing Behavior and Prior Level of Environmental Reputation (Centered Values) on Variation of Environmental Reputation

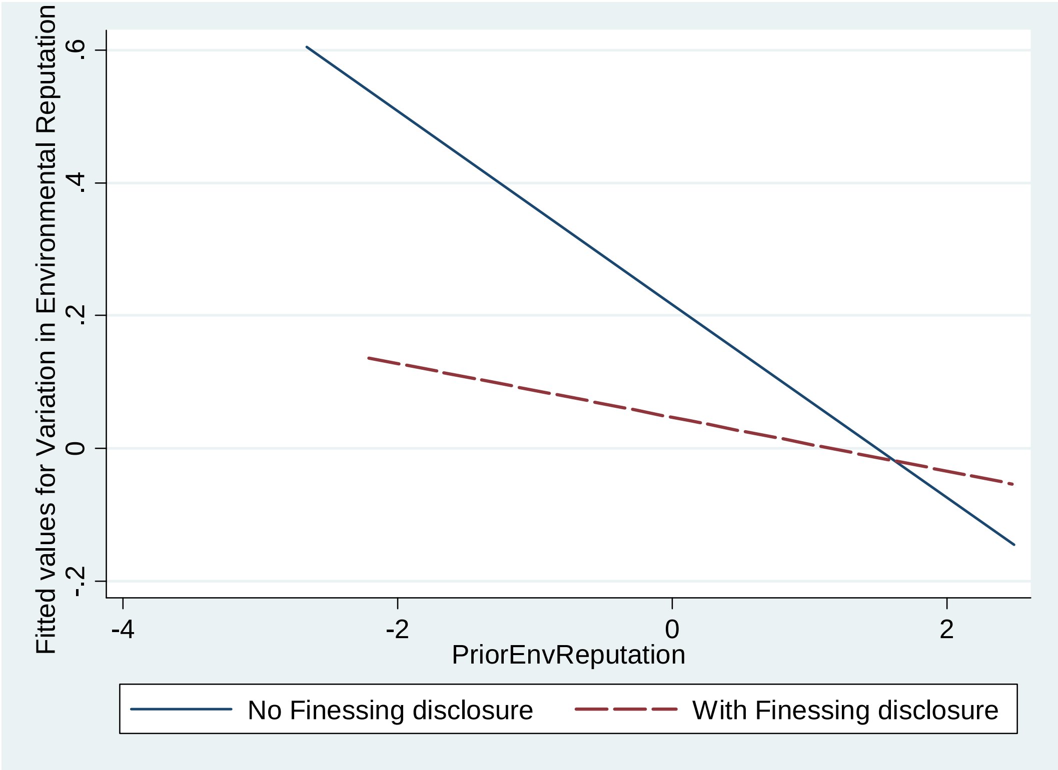
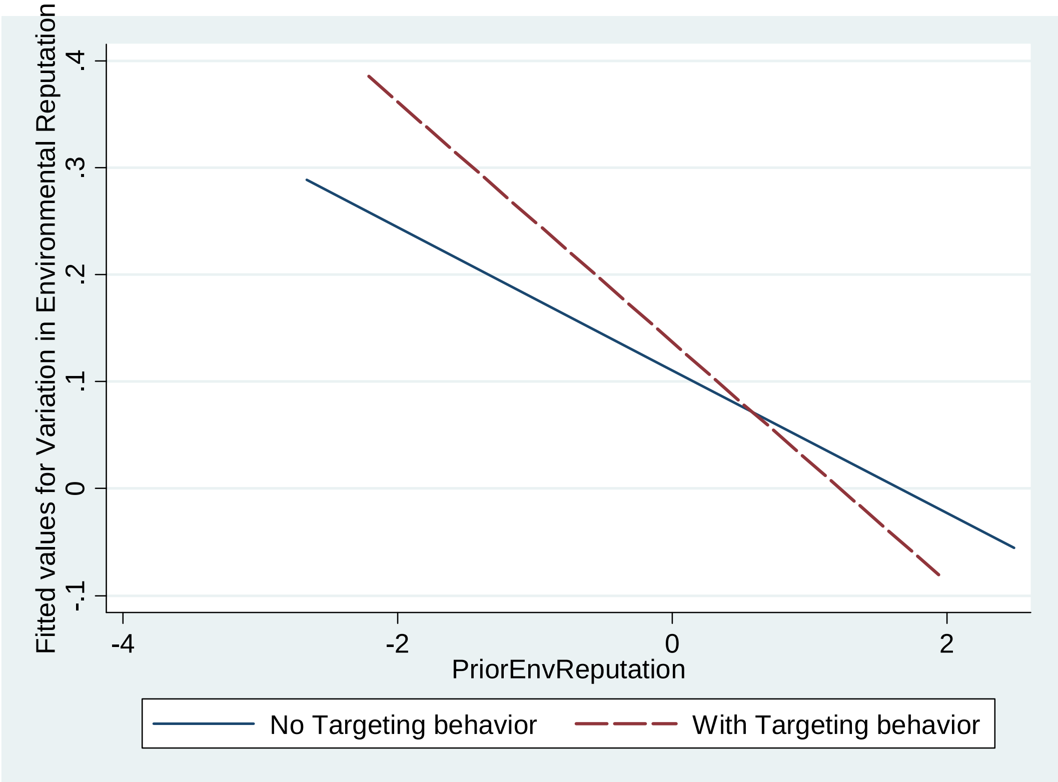


Figure 6 – Interaction Effect of Targeting Behavior and Prior Level of Environmental Reputation (Centered Values) on Variation of Environmental Reputation



In Table 8, we make the variation of the overall reputation score (i.e., *VarOverallReputation*) our dependent variable. *Media tonality* relates positively to greater overall reputation, whereas *Coverage intensity* is insignificant, which implies that the content of the environmental information disclosed by media matters more than their quantity in the explanation of overall reputation gain. Of the four direct effects in Model 11, three indicate the same patterns of influence as in Table 6, in which *VarEnvReputation* is the dependent variable (i.e., Model 8). Both conforming behaviors' coefficients are insignificant, whereas *Finessing behavior* is negative and significant. However, the coefficient for *Targeting behavior* is positive and significant, in contrast with Hypothesis 1b and the result in Table 4 (Model 8). Interaction effects with prior reputation score appear negative and significant for *Finessing behavior* (as in Model 8) but not for *Targeting behaviors*. We do not include a figure depicting the interaction effect between *Finessing* and *Prior reputation*, because it looks very similar to Figure 3.

Table 8 – PCSE Analysis of Conforming Behaviors on Variation of Overall Reputation

n = 258	(10) Variation Overall Reputation	(11) Variation Overall Reputation	(12) Variation Overall Reputation
Year Controls	included	included	included
Industry Controls	included	included	included
Size	-0.209	-0.166	-0.116
	(-0.62)	(-0.49)	(-0.35)
Age	0.0824	0.0680	0.0566
	(0.72)	(0.62)	(0.65)
Performance	-0.00607	-0.00810	-0.00536
	(-0.74)	(-1.01)	(-0.61)
PriorEnvReputation	0.159	0.163	0.0725
	(1.49)	(1.59)	(1.13)
Media tonality	0.141***	0.0986***	0.0843***
	(14.32)	(4.97)	(3.35)
Coverage intensity	0.0272	0.00792	0.0211
	(0.56)	(0.17)	(0.32)
Abiding behavior		0.0370	0.00246
		(0.71)	(0.05)
Strengthening behavior		-0.0357	-0.0121
		(-1.07)	(-1.12)
Finessing behavior		-0.135**	-0.141***
		(-2.70)	(-7.98)
Targeting behavior		0.165***	0.136***
		(3.69)	(3.95)
Finessing x PriorEnvReputation			-0.182***
			(-5.41)
Targeting x PriorEnvReputation			0.0262
			(0.36)
Constant	-0.171	-0.0991	-0.0241
	(-0.41)	(-0.28)	(-0.06)
R-squared	0.189	0.206	0.301

t statistics in parentheses
+ p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Our findings do not offer unconditional support to our hypotheses, though in most cases, the direction and magnitude of effects is as expected. In particular, we find that behaviors that are compliant with the socially approved goal of environmental friendliness relate positively to the level of reputation (in support to Hypothesis 1a), and the level of commitment amplifies this effect, in that the coefficient of *Strengthening behavior* supersedes that of *Abiding behavior* (in support to Hypothesis 2a). Furthermore, noncompliant behaviors relate negatively to reputation levels (for *Targeting behavior*) and to variation in reputation levels (for *Finessing behavior*), in support of Hypothesis 1b.

Also, the buffering effect of a high level of commitment has proven to be inoperative on average (in Tables 6 and 7, the coefficient for *Targeting behavior* is more negative than the one for *finessing behavior*). Therefore, on average a high level of commitment implies an amplifying effect of compliance and noncompliance. In two instances however, high commitment operated as expected: when the dependent variable is the variation of the overall reputation score and when it interacts with prior reputation. In Model 11 (Table 8), *Targeting behavior* influences the variation of overall reputation positively whereas it has a negative influence on the variation of environmental reputation (Model 8, Table 7). We explain these contrasted effects by the dual nature of our dependent variable, where reputation is assessed at both environmental and overall levels. At the environmental level, *Targeting behavior* indicates that the organization's environmental footprint is high, which has a negative influence on its corresponding environmental reputation score (in support of Hypothesis 1b). In contrast, at the overall level, audiences value the high degree of commitment implied by targeting behaviors and disregard the noncompliance of these disclosures. In summary, organizations get penalized for noncompliance at the category (i.e., environmental) level but rewarded for their level of commitment at the general level.

In Hypotheses 3 and 4, we theorized about interaction effects with prior levels of reputation. Our findings provide some support for Hypotheses 3a and b, in that organizations with lower reputations benefit from abiding behaviors (Figure 3), but their reputation suffers when they adopt finessing behaviors (Tables 7 and 8; Figure 5). When we include the level of commitment, the positive influence of high commitment appears to supersede the effect of compliance or noncompliance. As we show in Tables 6 and 7, the interaction effect for *Targeting behavior* is positive for lower reputation organizations, which contradicts Hypothesis 3b but satisfies Hypothesis 4b.

6. Discussion

This study attempts to unpack the complex nature of conforming behaviors and provide a more strategic perspective for explaining the impact of conformity on an organization's reputation. We propose a typology of behaviors and suggest, on the basis of the differentiated impacts of conformity on reputation, that organizations should choose their conforming behavior strategically to increase their reputation. This study speaks to the limited body of research which suggests that conformity might not always benefit firms (e.g., Deephouse and Carter, 2005; Phillips and Zuckerman, 2001). Building on these works, we further suggest that there might be optimal configurations of conformity.

Compliant behaviors induce higher levels of reputation, and highly committed organizations benefit more from this effect. For noncompliant behaviors though, the picture is more contrasted. Noncompliance with the goal of environmental friendliness negatively affects both the environmental and overall reputation levels and the variation of environmental reputation. However, the findings single out the effects of noncompliant behaviors combined with high commitment (targeting behavior). First, the direct effect of targeting behavior is positive for gains in overall reputation but negative for gains in environmental reputation. Second, targeting behaviors benefit lower reputation organizations at the environmental reputation level and variation as well as at the overall reputation level.

Therefore, our study suggests a greater importance of conformity to means rather than goals in two particular situations. First, when there is a dual evaluation, noncompliance in the category might be sanctioned at this category level (i.e., environmental reputation), but the level of commitment may be valued at a general level (i.e., overall reputation) independently from this noncompliance. These results imply a dual mechanism. At the environmental reputation level, environmental friendliness constitutes an imperative, a category-defining norm and the value of goals supersedes the value of means. Because compliance with expectations of environmental friendliness is what matters most, assessments on this dimension are stricter: organizations are expected to show they are environmentally friendly. At the global reputation level though, environmental friendliness represents a differentiating mechanism, such that the emphasis is reversed, and conformity to means (i.e., level of commitment to socially approved procedures) supersedes conformity to the goal. Assessments of the organizations become more flexible, and organizations are mainly expected to show that they care about the environment. These results extend the existing debate about ceremonial versus substantive conformity (Meyer and Rowan, 1977). Because organizations might exaggerate or misrepresent their environmental behavior to secure their audience's approval (Ashforth and Gibbs, 1990), there is a risk of "ceremonial conformity" – that is, of a discourse that provides the appearance of conformity without support from substantive actions (Ashforth and Gibbs, 1990; Westphal and Zajac, 1998, 2001). If substantial conformity (i.e., compliance with the goal of environmental friendliness) is required at the category level, ceremonial conformity (i.e., commitment toward the socially approved procedures) might be enough to satisfy outside observers at the overall level. In the latter case, the content of the disclosures thus seems to matter less than the ways in which they are delivered (Zimmerman and Zeitz, 2002) and their ceremonial value supersedes their communicative one (Kirsch, Goldfarb, and Gera, 2009).

Second, for lower prior reputation organizations, the degree of commitment matters as much if not more than their compliance or noncompliance with expectations of environmental friendliness. These findings seem to indicate that outside observers use the level of commitment displayed by organizations to categorize them as passive or active conformers and reward them as such. A higher level of commitment is associated with a stronger level of adhesion to the norm of environmental transparency, which amplifies perceptions of conformity and the associated rewards. Although conforming behaviors might be internally motivated by the organization's adhesion to the norm, a plausible alternative explanation suggests conformity is externally motivated by a desire to avoid sanctions (Ridgeway, 1978, 1981). By screening organizations according to their choice of disclosing procedures, outside observers can evaluate whether their conforming behaviors offer reliable reflections of the firms' motivations and reward then accordingly. Active conformity (i.e., higher commitment) thus induces more rewards than passive conformity (i.e., lower commitment) in some situations.

6.1. Limitations

Several limitations of this study deserve mention before we examine the contributions of our study. First, the *Fortune* score is not flawless, in that it aggregates different perceptions and several dimensions of reputation, is correlated with performance, and does not distinguish potential variety in audiences' representations. Although we control for past performance, endogeneity, autocorrelation, and panel heteroskedasticity problems, other metrics might distinguish the plurality of audiences' assessments of reputation. We might intuit that different observers offer different reputation assessments, depending on the conforming behavior types. Second, reputation studies should study reputation convergence across various sources and different ratings. Our study presently uses one main source to assess reputation, at the category and overall levels. It would be interesting to triangulate it with other sources (e.g., media or opinion surveys). Third, our study does not take into account the fact that reputation is relative. However, some works suggest that organizations are more concerned about their relative standing among other organizations than their actual raw score (e.g., Elsbach and Kramer, 1996). By using the organizations' reputation ranking or change in ranking instead of the reputation score or change in score, we could better investigate how organizations disclose information to improve their relative standing. Another way of incorporating the relative dimension of reputation would be to create a ratio of the focal organization's reputation score change divided by the average change of all organizations (either across the whole sample or within a given industry). This would allow us to identify whether the focal organization is moving up or down faster than the others.

6.2. Contributions

Notwithstanding these limitations, our article makes several contributions. First, this study contributes to the literature on corporate environmental communication and fills an important gap by providing one of the first empirical attempts to examine the impact of environmental communication on reputation. Although some prior research has investigated the relationships of corporate environmental communication with environmental performance (Clarkson *et al.*, 2008; Ingram and Frazier, 1980) or financial performance (Bansal and Clelland, 2004; Blacconiere and Patten, 1994), minimal attention has centered on a systematic, empirical exploration of causal relationships between corporate environmentalism and reputation levels and gains. Our findings specifically indicate that environmental communication influences category-specific and general perceptions of an organization (not just perceptions of it as an environmental friendly entity), beyond the limited domain of natural environment policies.

Second, we contribute to literature on reputation by investigating the outcomes of an organization's environmental communication on the reputation-building process. As illustrated by Pollock and Rindova (2003), the presence of infomediaries (i.e., information intermediaries) influences audiences' perceptions of the desirability and appropriateness of an organization's behavior. For example, because media actively construct images of firms by featuring them in dramatic narratives (Rindova *et al.*, 2006), they affect the organization–audience relationship and influence outside observers' perceptions of organizations. In our study, depending on the models, the tonality and intensity of media coverage affect an organization's reputation. By controlling for these media effects, we better contrast and assess the influences of compliant and noncompliant disclosures on reputation. We also show that the richness of the effects depends on the nature of the dependent variable. Therefore, we measure four different dependent variables to acknowledge reputation as a stockpile and a flow, at both the category and overall levels. Further studies of reputation should include not only stock and flow variables but also richer depictions of conforming behaviors, in addition to controls for audiences' perceptions effects (i.e., media tonality and coverage intensity). Beyond this methodologically necessary precaution, we point to our important theoretical insights, namely, that conformity is neither passive nor monolithic.

Third, we contribute to literature on social conformity by adopting a fine-grained lens to investigate the differential impacts of conforming behavior on reputation. Conformity to norms is a central tenet of institutional theory, but because actors are expected to conform (e.g., Berger and Luckmann, 1967; DiMaggio and Powell, 1983), most research downplays strategic factors and emphasizes instead the importance of coercive, normative, and mimetic pressures in explaining conforming behaviors (e.g., DiMaggio and Powell, 1983; Oliver, 1991). We adopt a different stance to argue that conformity is not a monolithic behavior, nor does it always constitute a passive response to institutional pressures. Accordingly, prior research stressed the importance of dereifying organizations by allowing them to be concurrently inert and active, explorer and exploiter. Some offered evidence that the combination of conforming and violating behaviors has significant impacts on an organization's external evaluation (Durand *et al.*, 2007). Hence, rather than considering conforming behaviors as a single homogenous category, we take into account their diversity along two dimensions: compliance/noncompliance with socially approved goals and an organization's level of commitment.

We thus demonstrate that both dimensions of behavior affect outside observers' reputational ordering of organizations and show that conformity is not always associated with rewards; it may even be detrimental to reputation (as evidenced by noncompliant behavior). On some occasions, conformity to the institutionally defined means is more important than conformity to the goals. By disentangling the different types of conforming behaviors and their impacts on the organization's reputation, we emphasize the complex nature of conformity, which deserves attention equivalent to that lavished on deviance. There are variations in how much an organization is willing to conform to a norm (high vs. low commitment) and to which part of that norm it elects to conform (means vs. goals). Following the lead of Goodrick and Salancik (1996) and Beckert (1999), we incorporate this strategic choice perspective into institutional theory without dismissing the constraints imposed on the organization by prevailing institutional expectations. Rather, we argue that organizations may choose appropriate actions according to their strategic interests but that these choices remain bounded by institutional expectations.

This study is also relevant to managers, in that it provides incentives to monitor their competitors' environmental policy and manage their own environmental communication carefully. The nature of the information disclosed (goal compliant vs. noncompliant), the mode of communication used to release the environmental information (annual vs. stand-alone report), and the association between these dimensions influence reputation scores and reputation gains. Environmental communication should be fine-tuned, depending on the organization's prior reputation and the media coverage it receives about its environmental behavior, according to the evidence we offer regarding the optimal configurations of conformity, such that an organization's reputation may be enhanced by its environmental disclosures. In conclusion, our findings suggest different ways to conform to a social norm and organizations have some discretion in how they do so.

7. Conclusion

In this study we have advanced understanding of the strategic dimension of conformity by empirically identifying and disentangling the differentiated impacts of conforming behaviors on reputation, in the context of corporate environmentalism. The typology of conforming behaviors we developed here provides a new perspective on conformity. It suggests that organizations can strategically choose how much they conform to a norm and to which part of that norm they conform. Our results indicate that these conforming behaviors are differently rewarded, depending on the chosen conforming behavior, the organization's prior reputation, and the level of the evaluation – environmental or global reputation.

Chapter 4

Corporate Environmentalism and Framing Strategies: Evolution, Dynamics and Effects on Organizational Legitimacy

Organizational life is full of attempts to influence others' perceptions and understandings. Organizational narratives are central forms of expression that organizations can mobilize to convey their interpretation of reality. Drawing on a longitudinal study of framing in organizations, we show the coexistence of plurivocal interpretations of the relationship between organizations and the natural environment. Specifically, we find that organizations that suffer from an environmental legitimacy discount may use different framing strategies to improve their legitimacy in the environmental field. Based on a study of the elements that form the narrative grammar of environmental discourses, we identify three different stories – *profit-driven*, *recognition-driven* and *values-driven* – that account for the organizations' relationships with the natural environment and their adoption of corporate environmentalism. We also discuss the differentiated impacts of these framing strategies on the organizations' environmental legitimacy. The main research contribution this paper makes is fourfold. First, it contributes to the literature on corporate environmental communication by using a novel approach to content-analysis that is inspired by literary analyses. Second it contributes more generally to extant research on corporate communication through the longitudinal dimension of the data and analyses. Third, it contributes to the neo-institutional literature by showing that plurivocal interpretations of institutional pressures may coexist even in the presence of strong homogenizing forces. Eventually, it contributes to the literature on the discursive construction of meaning by building testable propositions on how different elements of the narrative grammar of environmental discourses can be deployed to gain legitimacy.

1. Introduction

A growing literature in both the strategy and organizational theory fields now recognizes the importance of language, interpretation and meaning as a basis for analyzing organizational phenomena (Phillips and Hardy, 2002; Phillips et *al.*, 2004).[22] Along with the sensegiving literature (e.g., Gioia and Chittipeddi, 1991; Maitlis and Lawrence, 2007), research on impression management (e.g., Bansal and Kistruck, 2006; Bolino, 1999; Sanders and Carpenter, 2003), framing processes (e.g., Daft and Weick, 1984; Fiss and Zajac, 2006; Snow et *al.*, 1986; Weick, 1995), and issue selling or crafting (e.g., Dutton and Ashford, 1993; Sonenshein, 2006) provide insights on the processes through which actors can influence and shape their audiences' perceptions. The concept of framing provides a particularly attractive theoretical basis for investigating how organizations seek to influence their audiences' interpretations, definitions and explanations of events (Fiss and Zajac, 2006; Goffman, 1974). In particular, it is very useful to study narratives, which are central forms of expression that organizations use to build representations of actions and events (Brown, 1998).

We study these framing processes in the context of corporate environmentalism (Banerjee, 2001; 2002). In the last two decades, the management of the natural environment has become a crucial issue facing organizations (Bansal, 2005). Expectations of conformity have dramatically increased in this field and environmental communication plays a crucial part in the organization's environmental management (e.g., Prasad and Elmes, 2005; Newton, 2005). In this essay, we are specifically interested in understanding how organizations frame their relationship with the natural environment within their corporate communication and how they build representations of their corporate environmentalism. Because the adoption of environmentally friendly practices provides opportunities for organizations suffering from an environmental legitimacy discount to bolster their position as legitimate actors in this field, we also investigate the impacts of

[22] There are significant differences across discursive approaches (Phillips and Hardy, 2002; Vaara et *al.*, 2006). An important one relates to the ontological understanding of the relationship between language and social reality: whether language is understood as participating in the construction of social reality or whether the focus of investigation is exclusively on language (Vaara et *al.*, 2006). In this paper, we adopt the latter position, where language is used instrumentally to reach desired outcomes.

these framing strategies on organizational legitimacy. Specifically, we examine whether some strategies are more efficient than others in enhancing organizational legitimacy.

To investigate these two research question, we draw on a longitudinal, qualitative study of framing strategies in the environmental communication of 8 organizations that belong to the Canadian natural resources industry, a sector that suffers from an environmental legitimacy discount due to the risks its activities pose to the natural environment. Through the content analysis of their annual reports, we find that organizations use different frames to account for their relationships with the natural environment and give sense to their adoption of corporate environmentalism. Based on a study of several key elements of environmental discourses, we identify three different stories – *profit-driven*, *recognition-driven* and *values-driven*. We also find differentiated impacts of these three stories on the organizations' environmental legitimacy. Specifically, we observe that the values-driven story seems to be the most efficient strategy, while the profit-driven one appears to be the least one.

This paper makes contributions to different research areas. First, it contributes to the literature on corporate environmental communication by using a novel approach to content-analyze organizational discourses. This approach is inspired by conceptual frameworks developed by Greimas (1966; 1971) to study fiction. Second it contributes more generally to extant research on corporate communication through the longitudinal dimension of the data and analyses. This paper also contributes to the neo-institutional literature by suggesting that organizations facing the same institutional pressures to incorporate environmentally friendly practices may interpret these pressures differently in spite of the homogenizing forces of their institutional environment. Eventually, it contributes to the literature on the discursive construction of meaning by building testable propositions on how different elements of the narrative grammar of environmental discourses can be deployed to gain organizational legitimacy.

The remainder of the paper is organized as follows. We begin by providing a brief review of the literature on sensegiving and framing to ground the discussion before introducing the notion of narrative grammar that constitutes the foundation of our analyses. This section is followed by a detailed presentation of the methods we used to conduct the study. Eventually, we present the results and conclude by discussing implications and outlining suggestions for future research.

2. Theoretical Framework

2.1. Framing Processes and the Construction of Stories

2.1.1. Framing

Organizational life is full of attempts to influence others' perceptions and understandings. Several studies have emphasized the key role of persuasive or evocative language in shaping the meaning construction of others (e.g., Fiss and Zajac, 2006; Gioia and Chittipeddi, 1991; Maitlis and Lawrence, 2007; Sonenshein, 2006) and discourse-based methods like semiotics, hermeneutics, lexicographic, rhetoric or discursive analyses have become increasingly popular when investigating organizational phenomena (e.g., Barley, 1983; Brown, 1998; Blanc and Huault, 2009; Kilduff, 1993; Golant and Sillince, 2007; Heracleous and Barrett, 2001; Phillips and Brown, 1993; Suddaby and Greenwood, 2005; Vaara, 2002; Vaara et *al.*, 2006). For instance, Gioia and Chittipeddi (1991) show how sensegiving strategies developed by the leaders of a large public multi-campus university have an impact on the acceptation of a major strategic change. Similarly, Sonenshein (2006) studies how actors can shape the meaning of social issues by intentionally portraying them in public through a language that differs from their private understanding of the situation.

To shape their audiences' perceptions and understanding, organizations rely on the purposeful crafting of language through framing processes. Frames are "schemata of interpretation" that actors use to render events meaningful (Goffman, 1974; Snow et *al.*, 1986). They imply a selective encoding of events by highlighting some elements while hiding others (Williams and Benford, 2000). As such, they affect the way these events are interpreted by audiences (Fiss and Zajac, 2006).

Framing processes are essential dynamics of organizational life that develop through the production of organizational narratives. These narratives are central forms of organizational expression that constitute the most appropriate vehicles for representing actions and events in organizations (Brown, 1998). Underlying narrative structures are stories (Pentland, 1999) that help explain the relationships between events (Barthes, 1977). Stories are "abstract conceptual models used in explanations of observed data" (Pentland, 1999: 711). Organizations use stories to make sense of their world for their audiences in narrative terms (Weick, 1995) as they "selectively distill a complex jumble of otherwise ambiguous and contradictory activities, pronouncements, and impressions into a simplified and relatively coherent portrait" (Ashforth and Humphrey, 1997: 53). Organizations also plan and enact narratives that are consistent with their values and beliefs (Czarniawska, 1997). As such, narratives provide a window onto the values, system of meanings and motivations of actors (Gioia and Chittipeddi, 1991; Pentland, 1999). For instance, Brown (1998) investigates a software implementation process in a hospital from a narrative perspective. By providing three competing narratives on the implementation process, one from each of the major groups involved in it, he shows that each group has different latent motivations to engage in the project and thus a different story about their participation.

A story contains more than just bare events (Barthes, 1977). Specifically, it consists of a sequence of events that are given meaning through a plot (Ricoeur, 1983). This plot is not intrinsic to the events related but imposed upon them by an author (Brown, 1998). It builds causality between events and specifies – through a variety of textual indicators – the Aristotelician trinomial nexus of drama – action-time-space. That is, it specifies the actors, modes of actions, as well as the temporality and space in which these actions are anchored.

2.1.2. Actors and Modalities of Action

Action is the fundamental dimension of a story: who performs the action and how the action is performed are central elements of the storytelling process. To study this agentic dimension, the semiotician Greimas (1966) proposes a theoretical model that can be applied to all types of narratives. Based on Propp's theories (1970), the actantial model postulates different modalities of action. Modalities refer to propositions that express different modal categories of action (e.g., necessity, impossibility, possibility). They are necessary constituents to a story as they specify the relationships between its different elements on a syntactic level. Attributions of agency are realized grammatically through verbal constructions that reflect the different modalities (Greimas, 1987).

As the same action may be seen from different perspectives, it is interesting to investigate which type of actantial model organizations construct in their narratives to account for their activities. Using this type of literary analysis can allow us to study how organizations frame their relationships with their different constituents and what type of modality they attribute to their actions. But to understand the underlying mechanisms of organizational actions, it is necessary to pay attention to the context in which these actions take place. The spatiotemporal situation of actions is necessary to the construction of a narrative. Without time and space, actions cannot unfold.

2.1.3. Time and Space

The construction of meaning through a narrative requires a governing plot that gives the story an overarching coherence and situates it in time and space (Czasrniawska, 2004). Literary theory suggests that the chronotope – the spatiotemporal matrix which governs the base condition of all narratives (Bakhtin, 1981) – builds the whole discourse structure. The concept of chronotope allows us to situate events in time and space. According to Bakhtin (1981: 250), the chronotope is the place "where the knots of narrative are tied and untied. It can be said, without qualification, that to them belong the meaning that shapes narrative... spatial and temporal indicators are fused into one concrete whole. This intersection of axes and fusion of indicators characterizes the chronotope."

The chronotope thus serves as a means for studying how time and space are articulated in relation to one another. The particular way in which these two dimensions intersect in a narrative constitutes a specific chronotope (e.g., in some chronotopes, space may take precedence over time while in others, time may dominate space). In turn, this specific chronotope constitutes a particular representation of the world.

These literary methods are usually mobilized in the analysis of fictional texts but they can be applied to all types of narratives, including organizational ones. Although scholars in organizational theory recently started using methods borrowed from the fields of linguistics, semantics, semiotics, or hermeneutics, they exclusively focus on the agentic dimension of the "narrative grammar"[23] (i.e., actors and modalities of action) but quite neglect the chronotope (i.e., spatiotemporal dimension) in which the actions take place. In this paper, we aim at investigating all aspects of the narrative grammar of organizational stories in order to provide a more exhaustive picture of organization's framing strategies. As the plot is not an intrinsic characteristic of the story but rather is purposefully constructed, studying these organizational narratives sensitize us to the interpretive frames by which events are understood by organizations and acquire significance and relevance (Brown, 1998).

2.1.4. Empirical Context and First Research Question

The recent trend toward corporate environmentalism presents a particularly interesting case within which to study organizational framing processes. Increases in societal concerns for the degradation of the natural environment have contributed to the emergence of social norms on environmental issues (Banerjee, 2001, 2002; Hoffman, 1999). For instance, in a longitudinal study of the U.S. chemical industry, Hoffman (1999) demonstrates how corporate environmentalism has become a "normative institutional pillar" and a "matter of obligation" (p. 363). Because organizations are accountable for the impacts of their activities on the natural environment, they are expected to integrate environmentally friendly practices in their activities. Incorporating environmental concerns into organizational decisions and actions have thus become crucial issues facing organizations (Bansal, 2005) and expectations of conformity in this field have dramatically increased.

[23] Developed in the field of linguistics, "narrative grammar" is an expression that is based on the conceptualization of a story as a sentence. Due to the recurrence of the characteristics of narrative structures, the story can be analyzed as having a structure of development similar to the syntactic structure of a sentence (Greimas, 1971).

Because environmental and business interests have often been portrayed as essentially incompatible (Menon and Menon, 1997), most organizations responded to institutional pressures regarding corporate environmentalism by either rejecting it or "doing good" on the spot. However, organizations progressively started to incorporate reflections on environmental impacts in their decision-making process and introduce environmental information in their corporate communication. The natural environment is now being increasingly drawn into organizational narratives (e.g., Livesey, 2002; Milne, Tregigda, and Walton, 2008; Newton, 2005; Prasad and Elmes, 2005) and the way organizations frame their discourse about the natural environment is "both integral to environmental management itself and a critical aspect of business sustainability" (Livesey, 2002: 83). According to Driver (2006), corporate social responsibility is not a question of whether organizations are/should be responsible for the wider community (both social and environmental), but whether or not organizations understand themselves to be so. We are thus interested in understanding how organizations infuse meaning into institutional pressures about corporate environmental friendliness and in identifying the different framing approaches that they may use to build representations of their relationship with the natural environment. Based on the previous discussion, the first research question we thus address is the following: How do organizations frame their relationships with the natural environment within their corporate communication?

2.2. Discursive Strategies and Legitimacy Enhancement

2.2.1. The Narrative Construction of Legitimacy

Framing strategies are designed to influence organizational outcomes (Fiss and Zajac, 2006). In this study, we consider the function of organizational stories as that of legitimating the organization's behavior to its audiences. Because organizational legitimacy is based on the understandability of these actions (Lounsbury and Glynn, 2001; Suchman, 1995), well-crafted stories aim at conveying explanations of, and rationales for, these actions (Lounsbury and Glynn, 2001).

Acquiring and maintaining legitimacy is a key concern for organizations because being legitimate leads to enhanced ability to acquire resources and increased survival chances

(DiMaggio and Powell, 1983; Golant and Sillince, 2007; Lounsbury and Glynn, 2001; Meyer and Rowan, 1977; Suchman, 1995). However, the attribution of legitimacy to an actor implies perceptions that the actors' actions are desirable, proper or appropriate within a given system of beliefs and values (Suchman, 1995). An organization is thus considered legitimate when it is perceived as pursuing socially acceptable goals in a socially acceptable manner (Ashforth and Gibbs, 1990).

A large body of research has demonstrated that organizational legitimacy is narratively constructed (e.g., Golant and Sillince, 2007). That is, legitimacy stems from its insertion within a narrative frame of interpretation (Robichaud et *al.*, 2004). Based on the idea that actors craft stories that provide legitimacy and accountability for their actions (Czarniawska, 1997, 1998; Pentland, 1999), a number of studies from different fields have demonstrated the significant impact of impression management (Elsbach, 1994; Elsbach and Sutton, 1992; Arndt and Bigelow, 2000), storytelling (Aldrich and Fiol, 1994; Golant and Sillince, 2007), or manipulative rhetoric (Suddaby and Greenwood, 2005) in the construction, enhancement or repairing of organizational legitimacy.

For instance, Lounsbury and Glynn (2001) suggest that stories act as accounts that legitimate organizational actors in the eyes of multiple audiences. Because they lead to favorable perceptions of the focal actor, they can influence amounts of capital acquisition and subsequent wealth creation. Similarly, Vaara and colleagues (2006) investigate the discursive strategies used by journalists to construct senses of legitimacy in the media. Focusing on issues of organizational restructuring in the pulp and paper industry, they identify five discursive strategies used when legitimating industrial restructuring: *normalization*; *authorization*; *rationalization*; *moralization*; and *narrativization*.

The discursive legitimation process has been particularly studied in relation to organizational founding or during early stages of organizational development (e.g., Aldrich and Fiol, 1994; Golant and Sillince, 2007; Lounsbury and Glynn, 2001; Suddaby and Greenwood, 2005). In such contexts, organizational stories fill a void by turning unfamiliar forms or practices into familiar, understandable and acceptable ones (Lounsbury and Glynn, 2001; Suchman, 1995) and legitimacy is established through this familiarization process. Less attention has been vested however on discursive strategies in contexts of legitimacy enhancement, where legitimacy is gained through the alignment of the organization's actions with audiences' expectations regarding appropriate behaviors. Although some studies have investigated the impacts of narrative strategies of legitimation after the occurrence of controversial events (e.g., Elsbach, 1994; Elsbach and Sutton, 1992), less effort has gone into understanding how legitimacy can be gained through organizational discourse, in the absence of such controversial events.

2.2.2. Second Research Question

Because expectations of conformity in the field of corporate environmentalism have significantly increased over the past two decades, the adoption of environmentally friendly practices provides opportunities for organizations to bolster their position as legitimate actors in this domain. Therefore, communicating on their environmental behavior should help organizations acquire legitimacy. We thus investigate how the framing strategies they mobilize in their organizational narratives influence their legitimacy. As each framing strategy corresponds to a specific representation of an organization's relationship with the natural environment, we postulate differentiated impacts of these strategies on organizational legitimacy. Therefore, the second research question we address in this study is the following: What are the impacts of these framing strategies on the organizations' environmental legitimacy?

3. Methods

3.1. Research Setting

In this study, we examine the environmental communication of a set of Canadian organizations belonging to the resource industry. The sample comprises 8 organizations operating in 3 different sectors: 1) forestry, paper and forest products; 2) oil and gas; and 3) mining. We selected an industry specific sample on the basis of several considerations. First, this is an industry facing major environmental exposures and thus likely to attract the attention of different market participants (e.g., media). Prior research indicates that organizations belonging to visibly polluting sectors such as the resource industry suffer from an environmental legitimacy discount and are thus reactive to institutional pressures about environmental issues (Bansal, 2005; Bansal and Roth, 2000). Second, the industry focus allows us to ensure contextual validity of data. Practices associated with environmental responsibility are often context-specific (Bansal, 2005). The three sectors we study here are similar enough to allow across-sample comparisons because of their orientation to primary-good extraction, significant operating costs, and the risks their activities pose to the natural environment (Bansal, 2005). At the same time, they are different enough to allow some variation in the coded material. Eventually, this is an industry that has undergone important transformation in the last two decades, which makes it suitable for a longitudinal analysis as it allows variance in the organizational discourses.

3.2. Data and Procedures

3.2.1. Data Collection

The main source of data consists in the annual reports of these 8 organizations from 1986 to 2007. Following Tolbert and Zucker (1983) and Bansal (2005), a content analysis of the annual reports was carried out for 8 years - 1986, 1989, 1992, 1995, 1998, 2001, 2004 and 2007. The earliest year of the analysis, 1986, was chosen because it seems that awareness of sustainable development was very limited prior to 1987 – the year that sustainable development was popularized by the publication of the Brundtland Commission report and by the Montreal Protocol. This lack of awareness was confirmed by a search in a Canadian newspaper, the *Globe and Mail,* performed via Factiva which yielded very few mentions of sustainable development prior to 1986 (seven mentions in total between 1981 and 1985 and no mentions at all prior to 1981). The final year, 2007, is the last year for which organizations released an annual report during the data collection period.

For each firm, we thus collected 8 annual reports. In spite of the criticisms attached to the use of annual reports on the ground of disclosure inconsistencies (Ingram and Frazier, 1980) and symbolic impression management (McGuire, Sundgren, and Scheneeweis, 1988), annual reports constitute the most relevant data source in the context of this study. While the organization has the use of numerous external organizational communication media, the annual report is the most representative when it comes to present the organization to its stakeholders (Brown and Deegan, 1998; Peslak, 2005). It is thus very useful to assess the salience of specific issues for the organization, specifically with regards to corporate environmentalism (Bansal and Clelland, 2004; Deegan and Rankin, 1997; Henriques and Sadorsky, 1999; Wilmshurst and Frost, 2000). In addition, annual reports enable us to perform longitudinal research because they provide detailed continuous organizational stories (Miller and Friesen, 1980).

The first step was to retrieve the annual reports for all the firms in the sample. Typically, the most recent years were available in electronic format and were collected directly from the firms' websites. The earlier years were only available in paper versions and necessitated archival searches. This collect yielded 64 annual reports[24]. To have comparable computer-readable data throughout the years, we transcribed the content of all the paper annual reports into electronic documents. Then we imported the content of the annual reports into the software analysis tool Nvivo 7. This software enables text to be imported into project databases where it can be searched and modeled for thematic analyses. We only imported the content of the narrative sections of the annual reports as we were not interested in the standardized audited discourses present in the Managerial Discussion and Analysis (MD&A) and financial sections of the reports.[25] Eventually, we performed a content analysis (Krippendorff, 1980; Weber, 1985) of annual reports to assess whether firms were using different frames to talk about their relationships with the natural environment.

3.2.2. Data Analysis

We carried out the data analysis in three main stages. In the first stage, we built a coding scheme based on the typical narrative grammar dimensions: modes of action and

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[24] Due to financial problems, one organization applied for protection under the Companies' Creditors Arrangement Act (CCAA) of Canada during the last term of 2007. As a consequence, it did not release an annual report in 2007, so we retained the 2006 annual report as the last report.

[25] Due to their high degree of standardization, the MD&A and financial sections are not representative of the organizations' strategic discourse, which is the reason why they were ignored in our content-analyses.

chronotopes. To study the first dimension, we focused on the verbal constructions (e.g., modals, active or passive forms) that organizations use to refer to their environmental behavior. Specifically, it consisted in identifying, categorizing, and counting the different occurrences of these verbal constructions. For the second dimension, we performed chronotopic analyses. That is, we focused on the construction of time and space in the organizations' environmental discourses. In a narrative, time can be expressed at different levels – in temporal adverbials, in the morphology or syntax of the verb phrase, and in the discourse structure of the stories above the sentence (Bell, 1998; Smith, 2007). For the present study, we focused on both implicit (e.g., tense system) and explicit (e.g., temporal adverbials) times references to analyze the organizations' temporal construction. To study their spatial construction, we focused on the spatial cues (i.e., mainly but not exclusively spatial adverbials and verbs) that are used to locate the organization or its actions in space. As with the agentic dimension, we identified and categorized the different temporal and spatial cues that referred to the organizations' environmental behavior.

The second stage of the data analysis consisted in identifying framing strategies that organizations use to account for their perceptions of corporate environmentalism and their relationships with the natural environment, based on the previously developed coding scheme. The output of the two first stages of the data analysis is a set of three organizational stories that correspond to three different ways of infusing meaning into institutional pressures about organizational environmental friendliness.

In the third stage, we focused on answering our second research question, by building a measure of environmental legitimacy. As noted by Deephouse and Suchman (2008), increasingly popular measures of legitimacy involve counting the number of media articles or analyzing their tonality (e.g., Deephouse and Carter, 2005). The media are a rich indicator of public legitimacy (Baum and Powell, 1995; Deephouse and Suchman, 2008) and media analyses have been frequently used to measure organizations' legitimacy (e.g., Bansal and Clelland, 2004; Deephouse, 1996).

In this study, we thus used media coverage to assess corporate environmental legitimacy. The full-text articles were extracted via Factiva from the computerized database of the

Globe and Mail. We used the *Globe and Mail* as our media source because it dominates the national newspaper market in Canada and we relied on this single source to avoid the duplication of stories. We retrieved all articles mentioning the organizations and their environmental behavior from the beginning of 1984 (i.e., two years prior to the first analyzed annual reports) to the end of 2008 (i.e., one year after the last analyzed annual reports). As keywords for the retrieval of articles, we used the organizations' name and the following modifiers: "environment", "green" and their derivatives.

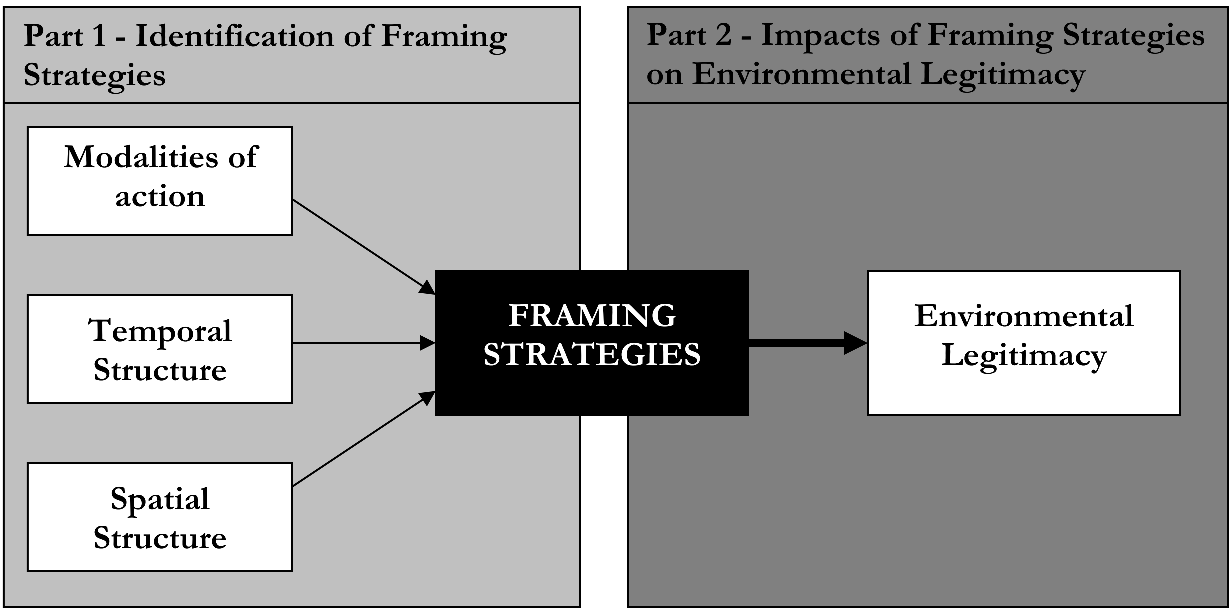
To code these articles and calculate the organizations' legitimacy, we followed the procedure advocated by Deephouse (19996) and Deephouse and Carter (2005). We identified recording units based on the mention of an individual organization in a single article.[26] Over the 3969 articles that were collected, we identified 696 relevant recording units that were subsequently analyzed. We coded each of these units according to the description of the organization's actions in the article in terms of its environmental behavior. Equal weights were attributed to each recording unit, which were then rated positive, negative or neutral with regards to the organization's environmental behavior (Bansal and Hunter, 2003). A unit was considered positive when it mentioned past or present actions indicating an environmentally friendly behavior. When the unit indicated unfriendly environmental behavior, we rated it as negative. A unit was coded as neutral when it simply mentioned environmental actions that the organizations had to undertake (e.g., processes to obtain an environmental permit) without being linked to an otherwise friendly or unfriendly environmental behavior. Illustrations of the coding scheme are available in appendices D, E, and F. Next, we created annual legitimacy measures for each organization using the Janis-Fadner coefficient of imbalance – originally developed as a coefficient of media endorsement (Janis and Fadner, 1965) – to tap the relative number of positive (p) and negative (n) mentions of an organization's environmental behavior in a given year (Bansal and Clelland, 2004). The formula is as follows:

[26] When several organizations were mentioned in the same article, we considered the article as comprising multiple recording units (each organization mentioned being associated with one unit).

$$
\text{Janis-Fadner coefficient} = \begin{cases} (p^2 - p.n) / (p + n)^2 \text{ if } p > n; \\ 0 \text{ if } p = n; \text{ and} \\ (p.n - n^2) / (p + n)^2 \text{ if } n > p. \end{cases}
$$

The coefficient ranges from –1 to 1, where –1 indicates all negative coverage, 1 equals all positive coverage, and 0 is a balance between the two. The 59 units that were coded neutral were dropped when computing the coefficient in order to isolate the influence of positive and negative media endorsement. However, they were taken into account in the total number of articles published in a given year to calculate the final environmental legitimacy measure. We computed a coverage intensity measure to capture the magnitude of impact of having more articles than less, independent of their tonality. To do so, we used the log of positive, neutral, and negative units for each year and each organization. The final environmental legitimacy score thus consists in the multiplication of the Janis-Fadner coefficient by the coverage intensity. It ranges from –3.20 to 2.78, where negative scores indicate environmental illegitimacy and positive ones legitimacy. The following figure summarizes the research design of this paper.

Figure 7 – Research Design



4. Findings

4.1. Identification of Framing Strategies

Our first research question asks which framing strategies organizations deploy when discussing about their environmental behavior. As described above, the first step of the analysis consisted in analyzing the narrative grammar mix used by organizations to account for their environmental behavior. This mix was subsequently analyzed to identify how organizations frame their relationships with the natural environment.

4.1.1. The Narrative Grammar of Environmental Discourses

As expected, our analysis of the organizations' environmental communication reveals that corporate communication comprises the traditional narrative grammar mix: modes of action, time and space. More interestingly, the analysis showed variations in the way these elements were used across organizations.

Two modalities of action predominantly emerged from the data: desire and obligation.[27] These two modalities account for a fundamental opposition in the motivational drivers of organizational behavior: whether organizational actions reflect the organization's willingness to act according to its own system of values and its objectives – that is, where the organization acts as its own mandator; or whether organizational actions are mandated by external imperatives – that is, where the organization acts in reaction to the pressures of its environment. In the context of corporate environmentalism and environmental friendliness, the presence of a "desire" modality refers to expressions of a voluntary approach to corporate environmentalism and of the organization's willingness act in an environmentally-friendly fashion. On the opposite, when the "obligation" modality is employed, environmental behavior is presented as mandated by various external pressures – legally or socially-based on the one hand, and market-driven on the other. This opposition is illustrated by quotations in Table 9.

[27] These two modalities correspond to two of the four modalities of action that Greimas' model postulates: *volition-to-do* (basic modality that refers to the willingness and desire to accomplish the action); *obligation-to-do* (deontic modality that refers to the necessity of accomplishing the action). The other two modalities are *cognition-to-do* (espistemic modality that refers to the possession of knowledge necessary to the accomplishment of the action); and *power-to-do* (alethic modality that refers to the possibility of accomplishing the action). These two modalities were not significantly present in the data, which is the reason why we focused on the first two that were prevailing.

Examining these two modalities led to two interesting findings. First, we observe that the two modalities are not equally distributed over time. Specifically, the "desire" modality appears more frequently in the later part of the observation period. It rarely appears at the very beginning but rather in the mid or late 1990s (except for two organizations where this modality is used in 1989). When it is used, it either complements or totally replaces the "obligation" modality. Second, each of these modalities distinctly affects the three sectors represented in the sample. In the Mining sector, the "obligation" modality is the dominant one. In the Oil & Gas sector, the two modalities are roughly used at the same frequency, with an emphasis on the "desire" modality at the end of the period. The situation is more heterogeneous in the Forest and Forestry products sector: two organizations operate a complete shift from the "obligation" to the "desire" modality at the end of the 1990s. Another is using both modalities at the same time and the last one mainly uses the "obligation" modality across the period of time considered.

We also observe variations at the chronotope level. The content analysis reveals that the construction of time and space through the environmental discourses differs across organizations. The concept of continuity emerged as the pivotal point that differentiated organizations across the spatiotemporal structures that underlie their narratives. That is, we notice variations in the organizations' discourse based on their use of continuous or discontinuous spatiotemporal cues.

Temporal continuity refers to a mechanism binding successive events so that they form a coherent whole in the organizations' history and temporal discontinuity as a fragmented sequential representation of events. Temporal continuity is typically expressed through the use of temporal markers indicating duration and unboundedness (e.g., duration or frequency adverbial locutions, present perfect or progressive tenses). All these expressions seek to maintain a temporal continuum where all events are interconnected in time. On the contrary, temporal discontinuity implies the anchoring of actions in a specific time, where each event is clearly bounded. Temporal discontinuity is thus expressed through the use of temporal segmentation markers (e.g., starting or ending anchorage points, preterit tense). In the context of corporate environmentalism and environmental friendliness, this translates into two different conceptions of the relationships between the organization and the natural environment. When the discourse conveys a sense of temporal continuity, corporate environmentalism is framed as an enduring component of the organization's history and not as a recent ephemeral behavior that would have been imposed to the organization by institutional pressures. Efforts are made to convince audiences that corporate environmentalism and environmental friendliness represents a long-term commitment for the organization. On the other hand, when environmental disclosures convey a sense of discontinuity, the starting point of the described event is anchored in an absolute time scale external to the narrative (Costermans and Begsten, 1991) and thus disconnects it from the rest of the organization's history. In this case, corporate environmentalism is presented as a late addition to the organization's strategy. Illustrative quotations for these temporal cues may be found in Table 10. Interestingly, we observe a large dominance of continuous cues over discontinuous ones across sectors and time.

Studying spatial cues also revealed interesting findings. We found the notion of continuity to be as relevant at the spatial level to differentiate between organizations than at the temporal level. But an additional finding was that this differentiation could be observed at two levels of analysis: intra- and interorganizational. At the intra-organizational level, spatial continuity refers to a representation of corporate environmentalism as embedded within the organization and spatial discontinuity as a representation of corporate environmentalism as peripheral to the organization's core activities. In the first case, corporate environmentalism is presented not as a mere addition but as an integral part of the organization's strategy and culture. For instance, the values of corporate environmentalism are often presented as enshrined in the practical standards that govern the organizations' activities. Such representations draw attention to the congruence of the organizations' core values with the values underlying corporate environmentalism and to the fact that economic and environmental goals might be compatible (e.g., illustrative quotations 3.2 in Table 11). In the second case, however, spatial discontinuity is mainly expressed in terms of incompatibility between economic and environmental goals which indicates that environmental considerations are not fully integrated within the organization's processes. Spatial discontinuity is also present when the organization's environmental behavior refers to an activity that remains peripheral to its core business (e.g., illustrative quotations 3.6 and 3.7 in Table 11).

At the interorganizational level, spatial continuity refers to a representation of the focal organization as connected with the wider community and spatial discontinuity as a fragmented representation of the community where actors are unrelated with one another. The issue is whether the organization understands itself as a field actor (i.e., spatial continuity) or an isolated one (i.e., spatial discontinuity). In the first case, the organization seeks to represent itself as a team player engaged in close relationships with the members of its industry and its stakeholders. In the second case, the organization pictures itself as an isolated player. The emphasis is laid on the ownership of the environmental initiatives more than on the co-construction of environmental stewardship with the organization's constituents. Illustrative quotations for these spatial cues are available in Table 11 (cf. 3.5 and 3.8). The (dis)continuity spatiotemporal framework is summarized in the Table 12. Although not reported in the core body of the study, occurrences of various the narrative grammar elements are available in Appendix H.

Table 9 – Data Supporting the Element "Modalities of Action"

Modalities of Action	Representative Quotations
"Obligation" (mandated) 121 occurrences	1.1. "As the world becomes more sensitized to the origin of the raw materials that it consumes, the Diavik Mine has become a leader in the diamond industry. It has achieved ISO 14001 certification of environmental compliance standards and ISO 9001 certification of chain-of-custody and product quality control." (Aber, 2004) 1.2. "In response to growing public interest in environmental issues, Canfor sponsors public tours of its logging and forestry operations and seeks opportunities to ensure the public has full information at its disposal regarding Canfor's logging and forestry practices." (Canfor, 1992) 1.3. "Emissions from three beehive burners exceeded permit limits for opacity. To achieve compliance, extensive modifications were completed on one burner while operational problems were corrected for the other two." (Canfor, 1998) 1.4. "Refiners and marketers must also take further steps in environmental protection to respond to public concern and new legislation. The result will be cleaner, safer operations, but substantial capital expenditures will be required to achieve these benefits." (Petro-Canada, 1986) 1.5. "There have also been significant changes in the demand mix in favour of lighter, higher octane and cleaner products." (Petro-Canada, 1989)
"Desire" (not mandated) 67 occurrences	1.6. "Doing it better" is the attitude that has inspired our efforts to operate the safest mills in British Columbia to lead the industry in responsible forest management practices, to be the first forest products company to undertake stewardship audits, and to equip our mills to exceed legislated environmental requirements." (Canfor, 1995) 1.7. "By implementing energy efficiency and emissions reductions projects, voluntary initiatives have eliminated almost 1.3 million tonnes of annual greenhouse gas (GHG) emissions between 1990 and 2003." (Petro-Canada, 2004) 1.8. "In addition to working with governments and industry to find solutions to environmental concerns, Sunoco Group continued its own programs to reduce environmental risks." (Suncor, 1989)

Table 10 – Data Supporting the Element "Temporal Structure"

Temporal Structure	Representative Quotations
Continuity 243 occurrences	2.1. "Over its 57 year history, Canfor has built a reputation for solid performance in the areas that are fundamental to its business safety, stewardship and quality." (Canfor, 1995) 2.2. "Historically, we've had a very, very proactive forest management policy at Canfor. And, we're going through yet another review right now to ensure that it's in tune with the evolving science and technology and commercial realities of managing forests in the future." (Canfor, 1998) 2.3. "Despite financial restraint, Petro-Canada remains committed to environmental responsibility." (Petro-Canada, 1992) 2.4. "Environmental protection has always had an impact on our business. Over the years, we've made continuous environmental improvements, and have worked closely with governments and our communities to address environmental issues." (Suncor, 1989) 2.5. "Teck's commitment to the environment is evident in its application of the three R's to mining operations. Historically, the metals and minerals sector has been the industry leader in reusing water and in recycling scrap steel and other metals. Today, these boundaries are being continually expanded to meet the expectations of society, and the company is recycling oil, grease, solvents, fine paper products, news-paper, cardboard, batteries, oil filters and even laser printer cartridges." (Teck, 1992)
Discontinuity 61 occurrences	2.6. "In March 1988, Canfor introduced a new product, Ecobrite, to the market. Ecobrite is all environmentally safe anti-sapstain lumber spray." (Canfor, 1989) 2.7. "Early in 1999, Petro-Canada joined 120 international companies in the World Business Council for Sustainable Development, an organization committed to the principles of environmentally sustainable economic growth." (Petro-Canada, 1998) 2.8. "In 1989, faced with long delays at the few testing laboratories able to measure trace levels in the part per trillion and part per quadrillion range, Weyerhaeuser established its own dioxin analysis to determine if mill process changes are having the expected positive impact." (Weyerhaeuser, 1989)

Table 11 – Data Supporting the Element "Spatial Structure"

Spatial Structure	**Representative Quotations**
Continuity 209 occurrences	3.1. "To better utilize wood waste throughout our Pulp and Paper Group, projects were developed to combat the dramatic rise in energy costs experienced in 2001. One such project included building a steam line between Canfor's Intercontinental (Intercon) and Prince George Pulp and Paper (PGPP) operations, which allowed for the transfer of surplus steam." (Canfor, 2001) 3.2. "By integrating environmental planning into all aspects of a project from its inception, the Company expects to reduce impacts while improving project economics. One facet involves cogeneration of electricity, which will reduce the need for coal-fired power generation in Alberta. Success has prompted Petro-Canada to apply Life Cycle Value Assessment to other projects." (Petro-Canada, 1998) 3.3. "We practice sustainable forestry and integrate environmental considerations into every phase of our manufacturing process." (Pope & Talbot, 2001) 3.4. "Teck's concern for environmental protection starts at the conceptual stage of any new mining venture, with extensive background surveys to determine the diversity and quantity of the flora and fauna and to detect any particularly sensitive life forms." (Teck, 1989) 3.5. "In 1989, Sunoco Group continued to work with governments and industry groups to find cost-effective solutions to a number of air and water quality issues." (Suncor, 1989)
Discontinuity 41 occurrences	3.6. "Environment and education come together in an innovative way for children attending the Petro-Canada "Bird School". The Company sponsors week-long programs at Calgary's Inglewood Bird Sanctuary that give elementary to high-school students a hands-on opportunity to observe and study in nature's classroom." (Petro-Canada, 1998) 3.7. "Protecting the environment was also a key focus of Suncor's donation and community activities. Funding was provided to Alberta schools as part of the Destination Conservation energy efficiency program." (Suncor, 1998) 3.8. "In 2007, we continued to develop our proprietary CESL hydrometallurgical technology. Although the technology has not yet been commercialized, there are indications that processing at a mine site may help improve environmental performance relative to the conventional shipping of concentrates and subsequent treatment at smelters and refineries." (Teck, 2007)

Table 12 – The Spatiotemporal Framework

	SPACE: Outside the organization	SPACE: Within the organization	TIME
CONTINUITY	Collective orientation, where the organization exists as an open entity in constant interaction with its institutional environment (no barriers)	Integration of environmental reflections into the core processes of the organization	Stability, coherence, permanence of the organization's corporate environmentalism
DISCONTINUITY	Individual orientation, where the organization exists as an autonomous entity with no/few interactions with its institutional environment (barriers)	Environmental reflections only concerns peripheral elements of the organization's processes	Change and rupture in the organization's corporate environmentalism

4.1.2. Emergence of Three Organizational Stories

Scholars in linguistics emphasize that actors can construct qualitatively different concepts of the time-space interface, and thus that each chronotope constitutes a particular representation of the world. The data studied here indicates the existence of three different chronotopes – three different spatiotemporal framings of the organization's environmental behavior. By connecting these three chronotopes with the modalities of action used by organizations (i.e., their motivational drivers to engage in corporate environmentalism), we see three stories emerge on the relationships between the organization and the natural environment: a *profit-driven story*; a *recognition-driven story*; and a *values-driven story*.

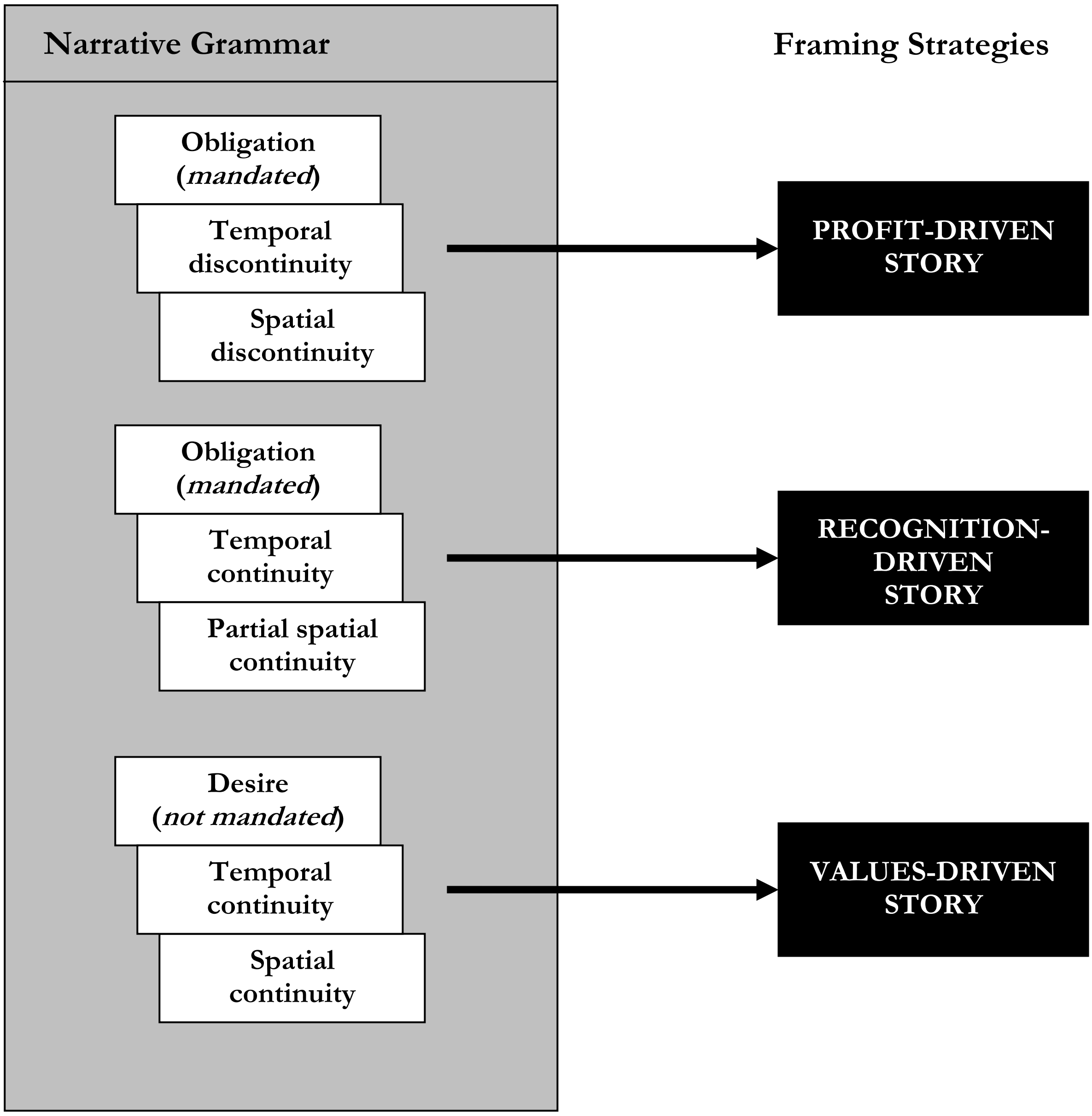
In the profit-driven story, corporate environmentalism is represented as valuable to the organization because of its economic advantages. In this framing strategy, environmental behavior is motivated by the search of profit. As corporate environmentalism has never been an important concern for the organization, only its economic aspect matters. Consequently, the addition of corporate environmentalism is dictated by the laws of market (e.g., illustrative quotation 1.5 in Table 9). The most frequently mentioned modality of action is obligation. That is, the organization merely reacts to external pressures to adopt an environmentally friendly behavior. Corporate environmentalism remains peripheral to the organization and does not entail changes in the organizational core processes. Chronotopic analyses indicate both temporal and spatial discontinuity, that is, corporate environmentalism is not presented as embedded within the spatiotemporal world of the organization.

In the recognition-driven story, corporate environmentalism is represented as valuable to the organization because of its conformity advantages. The story is framed in such a way that the organization's corporate environmentalism is presented as motivated by conformity to external social norms and rules. Corporate environmentalism has not always been part of the organization's activities but given the institutional pressures towards incorporating environmentally-friendly practices, it is given increasing importance in the organization's strategic decision-making process. The organization wants its conforming behavior to be acknowledged by the institutional environment. In a fashion similar to the previous framing strategy (i.e., profit-driven), the modality of action that is adopted is one of obligation. But here, environmental behavior is mandated by institutional and social pressures, rather than market demands (e.g., illustrative quotations 1.1 and 1.2 in Table 9). In this framing strategy, the organization is striving to incorporate environmental reflections in its daily activities and this entails changes in its organizational history. However, the organization is also concerned about maintaining the coherence and stability of its history and activities. Temporal continuity provides a useful means of resolving this tension. By reconnecting old and new elements of the organizational self in a temporal continuum, the organization can build a representation of temporal continuity. The internalization of the external pressures allows the organization to give sense to corporate environmentalism with regards to its own history. However, at the spatial level, it is more difficult for the organization to incorporate environmental reflections in its core processes. It also takes time to build relationships with the wider community when an organization is not used of working as a field player and representing itself as such. Chronotopic analyses thus indicate strong emphasis on temporal continuity but less on spatial continuity. This means that corporate environmentalism is presented as partially embedded within the spatiotemporal world of the organization.

In the values-driven story, corporate environmentalism is represented as valuable to the organization because it echoes the organization's core values. The framing strategy adopted here emphasizes the idea that corporate environmentalism is motivated by the organization's own mission and intrinsic values. Contrary to the two other framing strategies, the modality of action that is mainly expressed in this story is one of desire. The organization's environmental behavior is not externally mandated (e.g., illustrative quotation 1.8 in Table 9). Corporate environmentalism has always been part of the organization's activities and mission and its importance is maintained or strengthened by institutional pressures in the environmental field. Consequently, there is consistency and permanence in the organization's history as the same values and practices are reasserted. Chronotopic analyses thus indicate temporal and spatial continuity, that is, corporate environmentalism is presented as completely embedded within the spatiotemporal world of the organization.

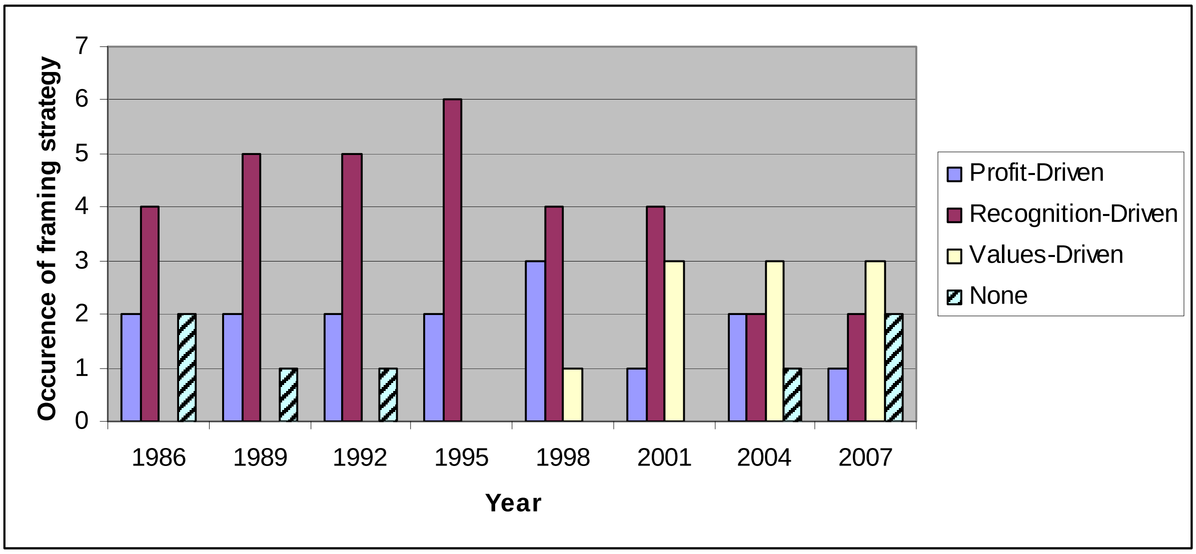
The following figure summarizes the three stories that organizations use to frame their relationships with the natural environment, account for their environmental behavior, and give sense to institutional pressures about corporate environmentalism.

Figure 8 – The Three Organizational Stories



As displayed in Figure 9, which summarizes the occurrences of the three framing strategies over the 1986-2007 period, the profit-driven and recognition-driven stories coexist over the whole period (with a higher frequency of use for the latter one), while the values-driven story only appears in the second half of the period (i.e., first occurrence in 1998). While not entirely replacing the other two, the values-driven strategy frame becomes the most frequently used in 2004 and 2007. We also observe that 1995, 1998, and 2001 are the only years where all organizations within the sample disclose environmental information in their annual reports.[28]

Figure 9 – Evolution of the Use of Framing Strategies



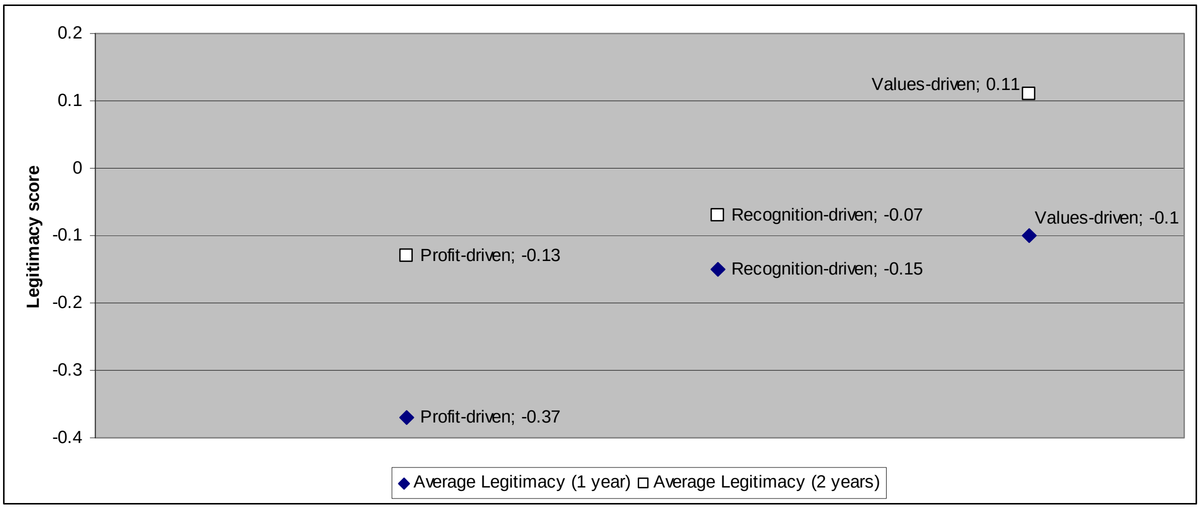
4.2. Impacts of Framing Strategies on Environmental Legitimacy

Our second research question wonders about the impacts of different framing strategies on the organizations' environmental legitimacy. Due to a small number of observations and missing values in the dependent variable (which contributed to reduce the total number of exploitable observations), it was not possible to conduct statistical tests. We performed an analysis of variance test (ANOVA) to check whether the three framing strategies we previously identified had differentiated impacts on the organizations' legitimacy. We used two different measures of environmental legitimacy, taking into account the temporal hiatus between the focus of the annual report and its public release. That is, the annual report at t_0, is usually released at the beginning of the following year.

[28] The absence of environmental disclosures is not surprising during the earlier years of the study, as institutional pressures regarding corporate environmentalism were not as strong as in the 1990s. The absence of these disclosures during the latest years of the study (2004 and 2007) may be explained by the fact that one of the organizations was facing financial difficulties (and eventually went bankrupt at the end of the period): it thus focused on publishing financial information to their shareholders. As for the other one, it purchased another organization in 2006 and transformed into a totally new identity. This might explain the absence of environmental disclosures in the 2007 annual report.

We thus started by testing the impact of environmental communication at t_0 on the environmental legitimacy score at t_1. To take into account a potential lag effect, we also tested the impacts of framing strategies at t_0 on the means of the legitimacy scores at t_1 and t_2. Although the test of means differences was inconclusive due to the non significance of results, basic descriptive statistics tend to indicate differentiated impacts of the three framing strategies. Namely, we find that the values-driven framing strategy has the most positive impact on environmental legitimacy, while the profit-driven one has the most negative one. These results are consistent across the two measures of legitimacy, as graphically represented in the following figure.

Figure 10 – Differentiated Impacts of the Three Framing Strategies on Legitimacy



5. Discussion

Two research questions guided this study: 1) How do organizations frame their relationships with the natural environment within their corporate communication? and 2) What are the impacts of their framing strategies on the organizations' environmental legitimacy? Because the notion of framing implies the existence of competing interpretations and ways of presenting organizational actions (Oliver, 1991), we were expecting different representations of the organizations' relationships with the natural environment, and different impacts of these representations on their legitimacy.

Regarding the first question, we have shown that organizations adopt different framing strategies to create stories about their relationships with the natural environment and build representations of their corporate environmentalism. Drawing on literary analyses, we identified variations in the way organizations used the elements of the narrative grammar. Specifically, we found that two modalities of actions were privileged in the organizations' environmental discourses: "desire" and "obligation". These two modalities account for a fundamental opposition in the motivational drivers of organizational behavior: whether organizational actions reflect the organization's willingness to act according to its own system of values and its objectives or whether organizational actions are mandated by external pressures stemming from the institutional environment.

We also found that organizations differed in their construction of time and space in their environmental discourses and the notion of continuity – whether temporal or spatial – emerged as a central differentiating criterion. According to Hazan (1984), actors are constantly trying to construct meaning by reconstructing (restructuring) the story of their activities. Such a phenomenon is particularly interesting to explore in a context where organizations are facing strong institutional pressures to incorporate changes in their organizational practices (i.e., adopt new environmentally-friendly practices) but are at the same time trying to create meaningful stories and maintain a coherent organizational history over the time. In this paper, we suggest that the emphasis laid on temporal continuity enables organizations to smooth the perceived impact of change, by building a discursive bridge (gradual transition vs. rupture) between the new organizational practices and the former ones, as successive events are presented to audiences as temporally interconnected. In turn, this temporal interconnectedness in the organization's former and new practices strengthens the causality links between organizational events and thus legitimates the organization's actions thanks to their coherence and stability in time. This resonates with a vast literature on identity and more specifically on organizational self. Such a finding resonates with works in social psychology that emphasize the importance of the temporal nature of identity maintenance and the quest for coherence amongst past, present, and future identities (Breakwell, 1986; Cinnirella, 1998). Breakwell (1986) suggests indeed that identity construction is often motivated by a desire for continuity and coherence over time. Actors are led to "re-interpret and re-construct past, present, and future social identities so that a sense of temporal continuity is perceived to exist" (Cinnirella; 1998: 236). Similarly, the emphasis laid on spatial continuity at the interorganizational level enables the organization to present itself as interconnected with its stakeholders and thus legitimate its actions through the involvement and endorsement of other field players. At the intra-organizational level, it enables the organization to present itself as a whole entity where processes and values are interconnected and economic and environmental goals compatible.

The analysis and interpretation of the variations in the elements of the narrative grammar led us to identify three different stories on corporate environmentalism, three ways of portraying the relationships between the organizations and their natural environment: a profit-driven story, a recognition-driven story, and a values-driven story. These findings also resonates with March (1994) and March and Olsen's (1998) logics of consequences and appropriateness. To account for the basic logic of human behavior as well as the way this behavior is interpreted, the authors identify two logics. On one side, action is driven by a logic of anticipated consequences, while on the other it is driven by a logic of appropriateness and senses of values. The consequential logic suggests that actions are driven by expectations of returns. The logic of consequences considers decisions as "based on an evaluation of alternatives in terms of their consequences for preferences" (March, 1994: 57). In contrast, the logic of appropriateness suggests that action involves doing what is essential to one's particular values and beliefs and/or what is in accordance with the rules and practices that are socially constructed and taken-for-granted. These two logics thus specify different modes of action.

When looking at the three framing strategies that emerged from our data, we find correspondences between them and these two logics. In the profit-driven story, corporate environmentalism is valuable to organizations because of its economic advantages. Environmental actions are driven by the search of profit. In other words, the organizations that adopt such a framing follow a logic of consequences. In the recognition-driven story, organizations are motivated by the willingness of being considered socially desirable. Corporate environmentalism is valuable because of its legitimacy advantages. Organizations that adopt such a framing strategy follow a logic of appropriateness, in the sense that they emphasize their conformity to social and institutional expectations. Eventually, in the values-driven story, corporate environmentalism is valuable because it echoes the organizations' intrinsic values. Organizations that adopt such a framing strategy also follow a logic of appropriateness. But instead of being triggered by external pressures as in the recognition-driven strategy, this sense of appropriateness is built and sustained internally. In the former case, appropriateness of actions is assessed with regards to external behavioral rules; in the latter one, it is evaluated with regards to the organization's own behavioral rules.

As previously mentioned in the results section, the discussion of the impacts on legitimacy is limited because we have too few observations to derive significant statistical results. However, we were able to identify some trends that we can interpret at the level of our sample. First, we observed that framing strategies had differentiated impacts on the organizations' environmental legitimacy. The profit-driven story seems to be the least effective strategy in terms of legitimacy-enhancement. One plausible explanation stems from the normative dimension of corporate environmental issues. Perceptions of the organizations' environmental friendliness may be increased if organizations express that they engage in corporate environmentalism because they feel it is appropriate rather than because they expect to derive individual profit from it. Similarly, organizations may be better rewarded when their commitment towards the natural environment derives from their core values (values-driven story) rather than from their willingness to conform to social and legal expectations (recognition-driven story). This difference in reward may be explained by the fact that the values-driven story rests on a differentiation mechanism (i.e., assertion of uniqueness), while the recognition-driven story rests on a similarity mechanism (i.e., assertion of alignment with other organizations). While the first mechanism allows for improved reputation, the second one simply ensures legitimacy (cf. Table 1).

Second, we notice that even if these framing strategies have a positive impact on the organizations' environmental legitimacy, it is not enough to totally buffer the environmental discount attached to their industry. Except on one case, where the values-driven framing strategy leads to a slightly positive environmental legitimacy, organizations remain categorized as illegitimate in the field of the environment. Some improvements towards the legitimacy threshold seem however possible.

Based on the previous findings and discussion, we offer four testable propositions about how organizations may use the different elements of the narrative grammar to facilitate the construction of legitimacy through their environmental discourse.

> **Proposition 1**: Organizational stories that make claims which emphasize the organization's proactivity and willingness in adopting corporate environmentalism improve organizations' environmental legitimacy.

> **Proposition 2**: Organizational stories that make claims which emphasize the integration of corporate environmentalism within the organization's history (i.e., temporal continuity) improve organizations' environmental legitimacy.

> **Proposition 3**: Organizational stories that make claims which emphasize the organizations' close relationships with their stakeholders (i.e., spatial continuity at the organizational level) improve organizations' environmental legitimacy.

> **Proposition 4**: Organizational stories that make claims which emphasize the organizations' integration of corporate environmentalism within their core processes (i.e., spatial continuity at the intra-organizational level) improve organizations' environmental legitimacy.

6. Limitations and Avenues for Future Research

There are of course several limitations to this study. First, it is conducted on a small sample of organizations, which affects both the study's generalizability and our ability to run statistical tests. To palliate both issues, it would thus be interesting to collect more data (e.g., adding more organizations to the sample) and run statistical tests[29]. In a similar fashion, the study exclusively focuses on the organizations' annual reports, while their environmental stand-alone reports might have provided a rich complementary source of data (especially in the last years of the period of observation where they become more frequent). It would thus be interesting to complement the analysis of annual reports with analyses of these stand-alone reports as we might observe differences in the framing strategies that are used. As an extension to the present study, it would also be relevant to conduct interviews of managers pertaining to the different organizations in the sample.

A further limitation here concerns our focus on the two prevailing modalities of action we encountered – "desire" and "obligation" (i.e., *"volition-to-do"* and *obligation-to-do* in Greimas' actantial model), and the subsequent exclusion of the two other modalities present in his model (i.e., *cognition-to-do* and *power-to-do*). Studying the latter ones would also be relevant in the context of corporate environmental communication to get a more exhaustive picture of the sense that organizations infuse in their relationships with the natural environment. It could also prove relevant in the wider context of corporate communication, as discourses can be structured around the four modalities. In a similar fashion, studying the organizations' environmental discourse through the lens of the six "actants" model (Greimas, 1966) might provide better insights into the organizations' cognitive maps with regards to their understanding of corporate environmentalism and of their relationships with other actors involved in the field. As corporate social responsibility calls for a redefinition of the relationships between organizations and their stakeholders, it would be interesting to examine more precisely how organizations build representations of these connections between actors.

Finally, this study assumes that organizations pertaining to the natural resource industry suffer from an environmental legitimacy discount due to the threats their activities pose to the natural environment. Although this assumption is based on observations of the media coverage received by the Canadian natural resource industry in general, and the

[29] We already collected variables that could be used as controls in these tests (i.e., presence of an environmental report and occurrence of a specific environmental incident) as they might affect both the tonality and intensity of the media coverage.

three sectors we investigate more specifically (see appendix G for illustrative quotations of this environmental legitimacy discount), we do not compare our "illegitimate" sample to another "legitimate" one (i.e., with organizations pertaining to more environmentally-friendly sectors). Future research could thus consist in comparing the framing strategies developed by these two categories of organizations and see whether these strategies differ 1) in their nature and their evolution over time and 2) in their impact on the organizations' environmental legitimacy.

7. Conclusion

This research makes several contributions. First it contributes the literature on environmental communication by offering insights on an original methodology inherited from the field of literature. Specifically, analyzing the narrative grammar of environmental discourses (i.e., modalities of actions, temporal and spatial construction) constitutes a novel way of approaching the study of environmental communication. In addition, it allows us to better understand how organizations build representations of their corporate environmentalism and how they give sense to it with regards to their own history.

Second, due to the normative context in which we conduct this study, our findings also speak to the neo-institutional literature. Although neo-institutional theory has largely put the emphasis on the isomorphic forces driving organizational adoption of new practices, our study seem to indicate that the heterogeneity of actors does not entirely disappears through the homogenizing forces of the institutional environment (Giddens, 1984; Hensmans, 2003). Rather, we suggest that organizations facing the same institutional pressures to incorporate environmentally friendly practices may interpret these pressures differently. Our findings are consistent with the view that plurivocal framings of a particular event or phenomenon may coexist (eg., Brown, 1998; Fiss and Zajac, 2006; Vaara, 2002; Vaara et *al*., 2006; Williams and Benford, 2000), even if they are differently rewarded by the institutional environment.

Third, the use of the concept of framing appears relevant in the context of corporate environmentalism and corporate social responsibility in general. Since corporate responsibility calls for a reordering of organizational priorities and a redefinition of the relationships between the organization and its stakeholders, these changes need to be justified to the organization's audiences. The framing perspective allows us to understand organizations' attempts to explain and justify changes in their practices (Fiss and Zajac, 2006). Our findings also speak to the literature that calls attention to the intentional use of language for seeking influence, whether financial or social (e.g., Fiss and Zajac, 2006; Sonenshein, 2006) through the formulation of testable propositions on the impact of framing strategies on legitimacy

Eventually, we also contribute to extant research on corporate communication in general through the longitudinal dimension of our data and analyses. Prior research has studied framing strategies but generally in a cross sectional fashion – even when using data that span across several years (e.g., Fiss and Zajac, 2006; Nutt, 1998; Sonenshein, 2006). Following the lead of Gamson and Modigliani (1989), we extend these studies by investigating the evolution of organizations' framing strategies over 20 years.

Conclusion

1. Implications and Contributions for Theory and Practice

This dissertation began with the broad question of what makes the evolution of social structures possible. In particular, it sought to understand how actors that pertain to those structures can change them through purposeful strategic actions. This work specifically concentrated on the strategies (i.e., conformity and framing) that organizations can deploy to improve their external social evaluations (i.e., status, reputation and legitimacy) and subsequently alter their positions within these social structures.

In the first essay, I suggest that both conformity and framing strategies may potentially improve a focal organization's status. In the case of conformity, it involves adopting organizational practices or structures that are prerequisite to the inclusion in a targeted status group. That is, it consists in replicating and reinforcing status beliefs through the adoption of taken-for-granted status-valued characteristics. In the case of framing, it involves altering actors' values and beliefs on the nature of desirable status characteristics. Specifically, it consists in altering the extant status beliefs so that the prerequisites to the inclusion in the targeted status group shift to encompass the characteristics already owned by the focal organization. Although the latter appears by far the riskiest strategy and the most difficult one to implement, it might also provide the greatest rewards in terms of status enhancement. Also, it might ultimately lead to significant evolutions in the status structure of a given market as the positions of all actors will be redefined according to the newly adopted status beliefs.

In the second essay, I suggest that organizations' reputation may be improved through conforming strategies (i.e., the disclosure of environmental information in their annual and stand alone reports) with different effects depending on the type of reputation I consider (i.e., environmental vs. global). If ceremonial conformity through the use of adequate communicating procedures is sufficient to improve global reputation, the improvement of environmental reputation rests on substantive conformity to social expectations of environmental friendliness.

In the last essay, I suggest that some framing strategies may have a beneficial effect on organizations' environmental legitimacy but that overall, these strategies are not sufficient to fundamentally change the image of organizations that pertain to environmentally stigmatized sectors. One implication of these results may be that proof of substantial conformity is requested before framing strategies can have a significant effect on legitimacy.

Although this dissertation builds heavily on Podolny and Zuckerman's works, it also differs on several dimensions. First, Zuckerman builds a one-dimensional universe where actors who deliver social evaluations and actors that are evaluated have no interactions. In my work, actors actually interact and evolutions in evaluations are anchored in these interactions. I also add multidimensionality to the work of Zuckerman by studying the distinct mechanisms that drive the categorization of actors along status, reputation, and legitimacy orders. Second, works by Zuckerman and Podolny suggest that the categorization process is unilateral, in the sense that evaluations only occur after actors have been categorized by audiences. In this dissertation, I argue that the categorization and evaluation processes work both ways. That is, I suggest that evaluations of actors' individual attributes may also enable audiences to subsequently categorize them, while Podolny and Zuckerman argue that differentiation at the attribute level only occurs after the categorization process.

The first contribution of this dissertation is to attempt to disentangle status, reputation, and legitimacy and their underlying mechanisms. Although these three constructs share common features and may even overlap in some instances as discussed in Chapter 1, they refer to strictly different behavioral expectations. By investigating different strategies to improve these external social evaluations, I provide evidence that they are not substitutable concepts. Overall, my results suggest that conforming strategies have a better impact on legitimacy than on reputation, while the opposite holds for framing strategies. It would require data to test and discuss the differentiated effects of conforming and framing strategies on status, but based on previous discussions, we may assume that conforming strategies would be the safest bet to improve an actor's status.

A foundational concept of neo-institutional theory is that of isomorphism, which stresses the importance of social expectations in shaping the behavior of actors (e.g., adoption of organizational practices). This perspective offers little room for strategic agency, with the exception of the decoupling and institutional entrepreneurship literatures which suggest that actors can either chose to symbolically conform to social expectations without substantially conforming to them, or trigger structural institutional changes. One contribution of this work is to offer a different path. I grant more agentic power to actors embedded in these social structures by suggesting that expectations that are constitutive to these structures can be changed without fundamentally altering institutional structures (i.e., changing perceived desirability within the structure rather than changing the structure itself). Specifically, I argue that since these structures have observable underlying mechanisms, actors that are unsatisfied with their positions in the structure have other means to improving their standing than decoupling their symbolic behavior from their substantial one, or becoming institutional entrepreneurs. In a sense, I also suggest that isomorphism does not necessarily have to be univocal.

The representation of markets as socially constructed structures is a crucial insight that sociology has added to the understanding of economic life and interactions among market actors. Another contribution of this dissertation is to consider these social structures as evolving structures rather than mere fixed research objects. Although extant literature has devoted considerable attention in explaining the antecedents of the stability and continuity of social structures (e.g., Gould, 2002; Podolny, 2003) and describing organizational fields once social structures have crystallized into stabilized orders (e.g., Baker, 1984), there has been little attention devoted to the role of agency in the evolution of these structures. By paying attention to actors suffering from lower social evaluations than their counterparts, this dissertation seeks to show that social structures are never fully crystallized. Because actors' position in the social structures largely determines the opportunities and constraints they face in the market, dominated actors (as well as dominant actors to a lesser extent) are constantly incited to improve their social position, which in turn keep these structures from being fully crystallized.

A fourth contribution of this dissertation – and closely related to the two previous points – rests on the longitudinal dimension of this work, which is present both at the theoretical (Chapter 2) and data (Chapters 3 and 4) levels. A major implication is that it provides a dynamic perspective on the phenomena that are studied. In Chapter 2, the longitudinal dimension (which is present in the implications of the model) is intrinsically related to the nature of the research object: status dynamics, that is, the underlying mechanisms of status evolution. In Chapter 3, I examine changes in organizations' reputation (gain or loss) as a function of organizations' choice of conforming behaviors. The study is conducted over a 4-year period of time. Eventually, Chapter 4 focuses on the evolution of organizations' framing strategies in the realm of corporate environmentalism through the analysis of 20 years of corporate communication, which allows me to identify different patterns in the use of these discursive strategies.

An additional contribution of this dissertation lies on its emphasis on the heterogeneity and diversity of the concepts both at the methodological and theoretical levels. We often observe a general tendency to adopt homogeneous visions of research objects, without really paying attention to their inherent diversity. Such a perspective is problematic because it may remain blind to the richness of the research objects and miss out opportunities to reach more fine-grained conclusions. In Chapter 2 for instance, I explore the notions of uncertainty and status cues. Rather than exclusively focusing on structural status cues (as currently done in the status literature), I contrast the efficiency of two types of status cues in reducing the uncertainty that is confronted by market actors engaged in the selection of an exchange partner. Similarly, I distinguish between different types of uncertainty that actors face and suggest that the efficiency of status cues varies according to the nature of this uncertainty. Chapter 3 starts by acknowledging the paucity of interest on the heterogeneous nature of the concept of conformity, in contrast to the vast literature investigating the multifaceted concept of deviance. To address this gap, I build a typology of conforming behaviors and empirically test their differentiated impacts on organizational reputation. In this chapter I also take into account the heterogeneous nature of reputation by computing four different measures (i.e., variation vs. raw score and global vs. environmental scores). In Chapter 4 eventually, I identify three framing strategies that organizations may use to account for their relationships with the natural environment. These framing strategies correspond to different representations of the relationships between the organization and the natural environment and have differentiated impacts on organizational legitimacy.

Eventually, I would like to discuss the managerial implications of this dissertation not exclusively for corporate environmentalism but by extending the reflection to the management of CSR issues. Because corporate communication is intrinsically linked to actions, I discuss both dimensions even though the dissertation exclusively focuses on the communication one. Most organizations currently feel compelled to engage in environmentally and socially responsible behaviors, but not all have figured out how to turn them into business opportunities. I outline below different ways in which CSR practices can create value to organizations and the wider society.

Embedding CSR in organizations could be seen as a two-stage process: a conforming stage followed by a differentiating stage. Conforming to norms and regulations is essential[30] as it enables the organization to establish its legitimacy, that is, its social licence to operate. Once legitimacy is established, the organization can start differentiating from its peers and build a reputation by selecting the most appropriate areas in which its environmental and social impacts may be maximized (these areas will differ according to the industry the organization belongs to and the resources it possesses). This applies to CSR communication too, as generic discourse on environmental or social responsibility will likely be associated with deceitful public relations rather than be interpreted as a truthful expression of the organizations' commitment toward CSR.

Whatever the outcomes of organizational actions, the best strategy is to talk about them. The results of this dissertation suggest that by disclosing information on its corporate responsible actions, the organization can improve its legitimacy and reputation. As

[30] It is true even if these norms or regulations are just emerging and are not yet fully enforced as conforming to them might yield benefits through first mover advantages.

disclosing this information allows stakeholders to evaluate the extent of the organization's responsible behavior, it appears counter-productive to do do good without relaying the information to the outside. Disclosing this information is also beneficial to the wider society as it allows to advance knowledge on best practices that may be diffused and adopted elsewhere. The findings also reveal that hiding negative information is more detrimental to organizations than discussing them openly. In cases of mishaps, it is better not only to acknowledge them but also to discuss thoroughly how organizations plan on remedying the situation as it proves to audiences that organizations are concerned about the impact of their activities.

CSR actions and communication should be adapted to the organization's unique context. That is, there is an optimal configuration in the action and communication mix that allows for the organization to derive the greatest value. For instance, if the organization belongs to an environmentally sensitive industry, conforming to norms and regulations is not sufficient. It needs to be more proactive and clearly differentiate from its peers. Similarly, CSR communication should be adapted to the organization's various stakeholders (i.e., financial analysts, employees, suppliers, customers, stockholders). An efficient CSR communication is one that resonates with the various expectations of these different stakeholders.

To sum it up, this work emphasizes the importance of carefully choosing the mode of CSR communication and its content. Going beyond these findings, I believe that CSR may provide a fantastic opportunity for the organization to rethink its business model and identity and create value for itself and society.

2. Limitations

There is only a certain amount of work that can go into a single dissertation. As such, this work suffers from several limitations[31] that are important to discuss. These limitations

[31] These limitations come in addition to the limitations specifically discussed in each chapter.

concern various parts of the dissertation and can be observed at the conceptual, empirical, and structural levels.

First, an important underlying assumption of this work – actors' intentionality – should probably have required more consideration. In Chapter 1, I briefly discuss the notion of strategic agency and throughout the dissertation[32], there is an implicit recognition that actors design and implement actions meant to attain a particular effect (Beckert, 1999; Goodrick and Salancik, 1996). Specifically, in Chapter 3, I assume that the choice of a mode of communication to disclose environmental information is strategic and that this strategic choice aims at enhancing the organizations' reputation. Similarly in Chapter 4, I assume that representations of corporate environmentalism are being constructed to improve the organizations' environmental legitimacy. I must however acknowledge that the research designs I adopted do not really allow me to bring out actors' strategic intent. Although we may hypothesize intentionality when organizations release environmental stand-alone reports or disclose environmental data in their annual reports, it remains difficult to capture actors' strategic intent while exclusively relying on secondary sources of data (i.e., corporate communication) that might be a product of a carefully thought strategy from the top managerial team but that could also simply be an artefact of communication agencies in charge of writing the organizations' various reports. I did not have the opportunity to do so while working on the dissertation, but an interesting extension would be to interview managers that belong to these organizations in order to better apprehend the intentionality hidden behind the organizations' actions.

Second, the choice of corporate environmentalism as the empirical field of this work raises a concern about the status of the norms I study. In Chapter 3, I focus on the norm of environmental transparency, where organizations are expected to disclose information on their environmental behavior. In Chapter 4, I investigate the impact of the norm of environmental friendliness on the organizations' discursive strategies. In both cases, I assume (without investigating it further) that these norms are enough institutionalized to be followed by a majority of actors. Statistically speaking, this proves to be the case (i.e., in Chapter 3, the majority of the organizations communicate on their environmental

[32] With a particular emphasis on the two empirical chapters (Chapter 3 and 4).

behavior; in Chapter 4, all organizations in our sample release environmental information). However, the relative newness of these social expectations of environmental friendliness as well as the variations we observe in the conformity to the norms (e.g., dual pattern of results I observe in Chapter 3), may question the stability of the norm, or at least its degree of institutionalization. The question would therefore be to determine whether corporate environmentalism falls into the category of a widespread social expectation that is progressively reaching the status of a social norm but remains imprecise on some dimensions (Beckert, 1999; Goodrick and Salancik, 1996) or whether it belongs to the category of fads and fashions (Abrahamson, 1991).

Another issue is that, in the first chapter, I review the distinctive properties of status, reputation, and legitimacy, which – in spite of these concepts' numerous overlaps – provide evidence of their non-substitutability. I must however admit that the question of substitutability may be raised for Chapters 3 and 4 (exclusively at the theoretical level but not at the empirical one). Although I believe that this does not fundamentally change the results or the hypotheses, it is important to discuss the issue. Chapter 3 focuses on the impact of conforming behaviors on organizational reputation. It might be argued however that given the neo-institutional perspective I adopt and the context under study (i.e., corporate environmentalism), it would be more relevant at the conceptual level to talk about organizational legitimacy. But going back to the dual pattern of results we observe in this chapter (i.e., sanctions or rewards according to the reputation score that is observed – overall or environmental), we may consider that at the level of the environment, disclosing environmental information is an essential element to the attribution of legitimacy, while at the overall level, it is a differentiation element that nourishes the organization's reputation. Similarly, we may argue that for organizations belonging to industries sensible to environmental issues, the disclosure of environmental data contributes to the organizations' legitimacy, while for organizations belonging to less concerned industries, disclosing environmental data is a reputation-enhancement tool. In this case, thus, it seems that reputation and legitimacy would be more complementary than substitutable. In Chapter 4, I focus on the impacts of different framing strategies on organizational legitimacy. At the operationalization level, the dependent variable clearly targets organizational legitimacy. At the conceptual level however, it is unclear whether we should discard reputation as a variable of interest. In this chapter, I focus on the environmental communication behavior of a set of organizations belonging to sectors that suffer from an important environmental legitimacy discount. The argument I develop is that these organizations try to improve their environmental legitimacy through the use of framing strategies. But there is another way of telling the story, where organizations individually try to enhance their environmental reputation (and thus differentiate themselves from the other actors of their organizational field) to buffer the collective environmental legitimacy discount they suffer from due to the industrial sector they belong to. In this case, it would be more appropriate to talk about reputation rather than legitimacy.

In the introduction and Chapter 1 of the dissertation, I discuss the overemphasis of extant research on dominant actors' point of view and the subsequent lack of consideration allocated to the dominated actors' agentic power. Although I meant it to be the main thread of the dissertation, I realize that it should have been further theorized. This dominant/dominated tension is hinted at in the three essays but not specifically discussed. I believe however that this dissertation is not simply about how organizations can improve their external social evaluations, which would eventually amount to smooth the differences between actors enjoying high or low social evaluations, but that it is really about how less endowed actors can deploy strategies aiming at improving their position within social structures. For instance, because they already benefit from high social evaluations, dominant actors are less prompted to engage in time and money consuming activities to enhance their standing because 1) improvements can only be marginal (i.e., it is more difficult to improve one's basis when the basis is already high) and 2) the costs associated with the enhancement of one's position might rapidly offset or supersede the benefits derived from this sought-after better position. Similarly, in the case of framing strategies aimed at changing perceptions about the nature of status valuable characteristics (as discussed in the implication section of Chapter 2), only low status-actors would benefit from such a strategy. The effect would be the opposite for high-status actors, as a change in the status valuable characteristics could threaten their position within the status hierarchy. Eventually, if we consider that high social rankings buffer actors from social sanctions in case of slight deviations from the norms (e.g., Phillips and Zuckerman, 2001), these high-ranked actors are less prompted to conform to these norms and publicize their conformity. To sum it up, it seems that the improvement of external social evaluations is more relevant to actors that suffer from low evaluations than to their highly evaluated counterparts.

Eventually, given my choices in terms of empirical field (i.e., corporate environmentalism) and study focus (i.e., corporate communication), it might seem strange that this dissertation does not openly discuss the issue of greenwashing. Greenwashing refers to disinformation that is disseminated by organizations that falsely promote their actions as environmentally responsible. BP for instance makes frequent claims about its environmentally-friendly behavior (specifically in the field of global warming), but was denounced at the 2002 Earth Summit in Johannesburg for its increasing ecological footprint. Such a behavior is assumed to be very frequent, which has led a group of NGOs to hold a "Greenwash Academy Award" during the Earth Summit to publicly denounce organizations that indulge in such practices (Lyon and Maxwell, 2006). Widely discussed in the public sphere (specifically by NGOs), this phenomenon has recently started to receive attention in academic works (e.g., Greer and Bruno, 1996; Laufer, 2003; Lyon and Maxwell, 2006). In addition, this phenomenon resonates at a conceptual level with discussions on the notion of "decoupling". Decoupling, which is a fundamental issue in the field of neo-institutional theories, refers to the loose (or absence of) correlation between an actor's symbolic and substantial actions (Ashforth and Gibbs, 1990; Meyer and Rowan, 1977). It has been widely studied, specifically in highly institutionalized fields where organizations face strong pressures to incorporate new practices (e.g., Westphal and Zajac, 1998, 2001). However, greenwashing falls behind the scope of this dissertation as it does not directly serve its purpose. Although I consider it an important topic, addressing it here would require a major theoretical reframing of the dissertation and additional collections of data (on the substantial environmental behavior of organization vs. its declared one). More significantly, the focus of the two empirical chapters is on the perceived conformity of organizations to expectations of environmental friendliness (chapter 3) and on the construction of representations of corporate environmentalism (chapter 4) through corporate communication. Whether or not this communication is decoupled from substantial actions is not significant in the context of my studies.

However, although greenwashing was not directly included in my studies, I have been careful not to draw conclusion on the organizations' actual environmental behavior but merely on the way they were picturing it in their reports. A direct extension of the extant two essays would thus consist in collecting additional data on the organizations' actual environmental behavior and put their conforming and framing strategies in perspective.

Eventually, the three-essay format that I have adopted to write this dissertation has many advantages but also limits inherent to its structure. In particular, it raises an important concern for the consistency and cohesion of the three research essays. I selected this format at the very beginning of the research process. As such, I continually strived to create and maintain a sense of cohesion between the different essays. However, it proved quite difficult as I realized early on that I could not use the same database for the three studies. Nor could I rely on the same theoretical framework because the research objects and questions of each essay had evolved in slightly different directions. This might explain the under-theorization issue mentioned in the fourth point of this limitation section.

3. Avenues for Future Research

There are several issues, merely skimmed over in this dissertation, that deserve further exploration. The first has to do with the emergence and evolution of social structures. It is widely assumed in extant literature that the current state of a social structure matters more than the processes through which it emerged (e.g., Gould, 2002) and even that the processes that contributed to its emergence are irrelevant to the study of the actual structure. On the contrary, I argue that it is essential to investigate the processes that shaped the emergence of these structures. Social structures are socially constructed. That is, they are endogenously shaped by the cumulative interactions of actors over time (Berger and Luckmann, 1967). As such, they can be explained as the product or outcome of purposeful actions crafted by the actors immersed in them. A detailed exploration of the processes that contributed to their formation could uncover different mechanisms through which actors can reach the positions they currently occupy within them, which is paramount to the understanding of the existing structures.

Another promising avenue for research would consist in studying the evolution of social structures after the occurrence of exogenous shocks (as opposed to their evolution through the purposeful actions of actors immersed in them, as it is the case in this dissertation). For instance, it could be interesting to study modifications occurring in a status hierarchy after some actors have faced adverse events (e.g., bankruptcy, scandals). Because these adverse events likely will affect the actors' status, these actors' partners may be willing to terminate their relationships with them in order to avoid devaluating their own status (cf. status homophily and status anxiety phenomena). In turn, this should affect the current state of the social network and status hierarchy.

A growing number of studies are pointing to the central role of language in strategy (e.g., works in frame and sensemaking analyses, rhetorical studies, conversation analysis, and critical discourse analysis). As an illustration, the two empirical chapters of this dissertation emphasize language as a powerful strategic tool to manage external perceptions. An interesting avenue for research would be to further develop the strategic role of corporate communication in the study of corporate environmentalism in particular and corporate social responsibility in general. For instance, because economic and environmental goals are often understood as incompatible (Menon and Menon, 1997), this perceived incompatibility should lead to discursive struggles between the different logics. Similarly, as corporate social responsibility calls for a reordering of organizational priorities and for a redefinition of the relationships between the organization and its stakeholders, these changes need to be justified to the organization's audiences. The framing perspective allows us to understand organizations' attempts to explain and justify changes in their practices. The analysis of organizational discourses on that matter would provide good insights on the sensemaking processes that are occurring at the organizational level. .

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Appendices

TABLE OF APPENDICES

Appendix A – List of Organizations Pertaining to the Sample

1	3M	36	Dow Jones	71	Spartan Stores
2	Abbott Laboratories	37	Equity Residential	72	Stanley Works
3	ABM Industries	38	First American	73	Stryker
4	AES	39	Furniture Brands Intl.	74	Symantec
5	Air Products and Chemicals	40	Gateway	75	Symbol Technologies
6	Alcoa	41	Genuine Parts	76	Textron
7	Allegheny Technologies	42	Golden West Financial	77	TJX
8	Allianz Life Ins. Co. of N.A.	43	Harrah's Entertainment	78	Tribune
9	AMC Entertainment	44	Herman Miller	79	TXU
10	America West Holdings	45	Hub Group	80	Union Pacific
11	American Express	46	Humana	81	United Stationers
12	AmeriSourceBergen	47	ITT Industries	82	Universal Forest Products
13	Analog Devices	48	Kohl's	83	US.Bancorp
14	Aramark	49	L-3 Communications	84	Vishay Intertechnology
15	Arkansas Best	50	Loews	85	Volt Information Sciences
16	ArvinMeritor	51	Lowe's	86	Wesco International
17	Asbury Automotive Group	52	Marathon Oil	87	Weyerhaeuser
18	Bank of America	53	Masco	88	Winn-Dixie Stores
19	Beckman Coulter	54	Matsushita Electric Industrial	89	Xerox
20	BP	55	Merck	90	York International
21	Brinker International	56	Mirant		
22	Brink's	57	Morgan Stanley		
23	Campbell Soup	58	Nextel Communications		
24	CDW	59	Nike		
25	CH2M Hill	60	Paccar		
26	Chiquita Brands Intl.	61	Peabody Energy		
27	Coca-Cola	62	PepsiCo		
28	Colgate-Palmolive	63	Performance Food Group		
29	Computer Sciences	64	Phillips-Van Heusen		
30	Cooper Cameron	65	Plains All American Pipeline		
31	Crown Holdings	66	Qualcomm		
32	D.R. Horton	67	Reynolds American		
33	DaimlerChrysler	68	Scientific-Atlanta		
34	Delphi	69	Shaw Group		
35	Dominion Resources	70	Silgan Holdings		

Appendix B – Illustrative Quotations for Abiding Behavior

Code	Meaning	Supporting Data
0	Absence	
1	Vague mention	1.1. "Cooper Cameron is keenly aware of the social, environmental and economic impacts the company's operations can have on the variety of locations where we do business." (Cooper Cameron, 2004) 1.2. "As a global company with more than 140,000 employees, we try to be sensitive not only to the interests of our shareholders, but also to those of other important constituencies as well as the natural environment in which we live and work." (Pepsico, 2002)
2	Firm-specific mention	2.1. "The Cooper Cameron HSE council (…) provides leadership and oversight for the company's efforts in addressing local, national and international rules and regulations." (Cooper Cameron, 2002) 2.2. "Abbott has long been a supporter of academic and related programs to help promote math, science and environmental education programs." (Abbott Laboratories, 2001)
3	Firm-specific mention with qualitative and/or examples	3.1. "In 2004, for the fifth consecutive year, 100 percent of our farms in Latin America earned Rainforest Alliance certification on the basis of scheduled and surprise annual audits." (Chiquita, 2004) 3.2. "Protecting the environment goes hand in hand with Colgate's programs to reduce costs. For example, water is an integral part of the Company's product formulations and manufacturing operations. In seeking ways to use water most efficiently, Colgate has succeeded in reducing the amount of water required to produce a ton of product by 19% over the past six years." (Colgate, 2003)

Appendix C – Illustrative Quotations for Targeting Behavior

Code	Meaning	Supporting Data
0	Absence	
1	Qualitative description of incident and discussion of corrective actions	1.1. "During 2001, we had two accidental spills, each less than five liters, of hydraulic oil into the water. In both cases, we took corrective action, including modification and enforcement of the planned maintenance system. There was a third incident of leaking oil, but we corrected the situation before there was a release into the water, and we made provisions to prevent a similar occurrence on sister ships." (Chiquita, 2002) 1.2. "In 2003, we received 20 EHS-related Notices of Violation, all in the United States, and had no penalties. Two of the safety notices were related to fire protection. The majority of the environmental notices were associated with water discharge excursions. In 2003, we conducted formal root-cause analyses for all Notices of Violation. We developed corrective action plans, some of which we implemented in 2003, and others that we will continue to implement in 2004." (Abbott Laboratories, 2003) 1.3. "Our largest spill since the end of 2000 occurred in 2004 at the Kwinana refinery, Australia. Nearly three million litres of light gasoline component leaked from a storage tank after hydrochloric acid corroded the tank floor, creating a hole. Two million litres were recovered during 2004 and clean-up operations are scheduled to continue until 2006. The leak was not detected by the tank's automatic leak detection system because of the constant refilling and emptying of the tank. The investigation recommended improving leak detection for tanks at the Kwinana refinery and instituting routine testing of the oil for hydrogen chloride." (BP, 2004)
2	Qualitative description of incident	2.1. "The incident in Toledo refinery in the US, when almost 800,000 liters of diesel fuel leaked into a sewer, was the largest." (BP, 2003) 2.2. "In Mozambique, we have been investigating an incident that occurred in 2004, where quantities of BP illuminating paraffin (IP) were contaminated with small quantities of motor gasoline, which could make the fuel more combustible. (BP, 2004)
3	Mention of incident/notice of violation/fine	3.1. "Company-owned plants included in this report had 13 notices of violation, and paid fines or other penalties of $107,410 in 2002." (Coca-Cola, 2002) 3.2. "Four notices of violation were issued in 2004, resulting in a compliance ratio of 98.5%." (TXU, 2004)

Appendix D – Illustrative Quotations for Media Coverage Analysis – Negative Verbatims*

* Emphasis added

Some environmentalists in the Northwest say Weyerhaeuser is marketing the residential tree farms near urban areas like Seattle **to divert public attention from aggressive logging practices on more remote timberland**. “It's a way of green-packaging logging,” says Peter Goldman, director of the Washington Forest Law Center, an environmental law group in Seattle.

The Globe and Mail, June 18, 2004

Suncor CEO Rick George is correct that being green is good for a company (It's Not Easy Being Green, But It's Good Business – Report on Business, June 23).

Unfortunately, Suncor isn't even close to being an environmental leader. Recently, it released its “progress” report. Some progress: It showed that **Suncor's absolute greenhouse gas emissions and its overall emission intensity had increased in 2007 from 2006**. Suncor's emissions are projected to double between 2007 and 2012, for a whopping 520-per-cent increase since 1990. **That will make the tar sands, and Suncor in particular, a major factor in Canada failing dismally to achieve its Kyoto emissions-reduction target**.

The Globe and Mail, June 25, 2008

There are small farms and abandoned harvesters along the way, but nothing to link this place with the **sprawling, sulphur-spewing Weyerhaeuser Co. Ltd. paper mill** 30 kilometres to the west at the far end of Lake Wabigoon.

The Globe and Mail, Nov 26, 2001

Teck Cominco and Fording have faced strong criticism for developing the Cheviot coal project, located next to Jasper National Park, which critics say **could affect the habitats of grizzly bears and migratory birds**.

The Globe and Mail, Feb 23, 2007

It was with stunned amazement that I read that Teck Cominco Ltd. had received approval to **dump mine tailings in a fish-bearing Newfoundland lake** (Troubled Waters For Miners, Environmentalists – Report on Business, June 23). It is inconceivable to me that any government with the slightest pretension to ecological sensitivity would grant any industry permission to **destroy the environment** to save money.

The Globe and Mail, June 24, 2008

Appendix E – Illustrative Quotations for Media Coverage Analysis – Positive Verbatims*
* Emphasis added

Teck Cominco Ltd., one of the world's largest zinc mining companies, **is planning to recycle junk electronics hoping to turn old televisions and stereos into gold, according to a company official. The company won approval from environmental authorities in Canada** to try large-scale recycling of 3,000 tonnes of discarded electronics at its Trail smelter in British Columbia.

The Globe and Mail, March 20, 2006

Last week, forestry giant **Weyerhaeuser Co. announced that it is teaming up with the U.S.'s second-largest oil company, Chevron Corp., to research and develop techno-logy to produce ethanol from wood fibre and other non-food sources**.

The Globe and Mail, April 21, 2007

Forest product companies Domtar Inc. and Tembec Inc. **have won praise from conservationists for pioneering environmentally friendly harvesting practices** in a large swath of Canada's vast boreal forest region.

The Globe and Mail, Dec 27, 2005

Howe Sound Pulp and Paper Limited is equally owned by Canfor Corporation and Oji Paper Co., Ltd. The company operates a 1000 tonne per day market kraft pulp mill and 585 tonne per day newsprint mill in Port Mellon, British Columbia, and a sawmill chipping facility in Vancouver. The Port Mellon operation recently completed a $1.3 billion modernization and expansion program. **It is now one of the most environmentally friendly kraft pulp mills in the world**.

The Globe and Mail, Dec 9, 1992

Appendix F - Illustrative Quotations for Media Coverage Analysis – Neutral Verbatims*
* Emphasis added

The federal government has ordered an environmental review process for the whole northern Alberta oil sands region in place before it approves Suncor Energy Inc.'s oil sands expansion. Calgary-based Suncor, whose regulatory hearing for its $2.2-billion Project Millennium expansion began Tuesday, says it is optimistic the new requirement can be met in time to allow final approval of the project by April 1.

The Globe and Mail, Jan 14, 1999

The timetable for developing the Voisey Bay mine relies not on the company but rather the **government, which has to issue permits, and the public, which has to have input into environmental impact studies.**

The Globe and Mail, Sept 9, 2005

Suncor's proposal will be reviewed by regulators**, who will assess various environmental, economic and social impacts.**

The Globe and Mail, Aug 1, 1997

Appendix G – Illustrative Quotations for Environmental Illegitimacy of the Canadian Natural Resources Industry

FOREST PRODUCTS

In the late 1990s, the industry was still digging in its heels in bitter disputes with environmentalists and native communities. Canadian companies were the targets of international boycotts by the Sierra Club, Greenpeace and other activists. Then, in 2001, an agreement between companies, environmentalists, natives and the B.C. provincial government to protect 15.8 million acres of the Great Bear Rainforest heralded a new spirit of co operation. Two years later, it was followed by the Boreal Forest Conservation Framework, an agreement between producers, natives and environmentalists, which sought to protect at least half of the 1.5-billion-acre forest that stretches across Northern Canada. Disputes remain, however, such as the one between International Forest Products (Interfor) and the Friends of Clayoquot Sound over logging in old-growth forests. And transforming the industry into an environmentally sustainable one remains a challenge. Producing paper and wood products still generates significant air and water pollution, and companies such as Abitibi-Consolidated, Norbord, Tembec and West Fraser Timber have all paid significant fines for violating environmental regulations in recent years.

The Globe and Mail, Feb 23, 1998

MINING

The good news: Most of our 10 mining companies now recognize the need for a "social licence" to operate—a welcome change given that most have facilities in developing countries and environmentally sensitive regions. (…) But many still have significant improvements to make, particularly on the environmental front. Although they're taking steps to prevent spills and ensure the safety of tailings dams, few companies have set targets for reducing greenhouse gas emissions or water consumption. Local communities worldwide are often wary of large-scale mines, and activists are tapping into their concerns with increasingly sophisticated campaigns that can delay and kill projects—and affect shareholder value.

The Globe and Mail, Feb 23, 1998

Next to coal mining and forestry, the oil and gas business probably has one of the worst image problems when it comes to the environment. Between shots of oil spills, such as the Exxon Valdez, and aerial photos of the oil sands moonscape near Fort McMurray, it's easy to see the industry as just a collection of rape-and-pillage environmental disasters waiting to happen.

The Globe and Mail, June 2, 1998

OIL & GAS

The industry has substantially reduced its emissions of carbon dioxide and other greenhouse gases per unit of oil and gas output over the past decade. Some companies have also invested in wind power and other renewable sources of clean energy. Both strategies may help producers cope with declining conventional oil and gas reserves, and with any government limits on greenhouse gas emissions.

Several oil sands producers are also trying so-called sequestration of carbon dioxide emissions—injecting the gas underground to permanently capture it. But total emissions of greenhouse gases are still climbing and will continue to do so, largely due to the expansion of the vast oil sands projects in and around Fort McMurray. Those projects also use massive amounts of water, most of it taken from the already-depleted Athabasca River, and virtually none of the land stripped to extract oil has been reclaimed.

The Globe and Mail, Feb 23, 1998

Appendix H – Frequency of Occurrence of the Narrative Grammar Elements

		MODE OF ACTION		TEMPORAL FRAME		SPATIAL FRAME			
		Obligation	Desire	Continuity	Discontinuity	Integration	Periphery	Individual orientation	Collective orientation
Aber	1986	0	0	0	0	0	0	0	0
Aber	1989	0	0	0	0	0	0	0	0
Aber	1992	0	0	0	0	0	0	0	0
Aber	1995	3	0	0	1	0	0	0	0
Aber	1998	2	0	1	1	0	2	0	2
Aber	2001	1	0	1	0	0	0	1	0
Aber	2004	1	0	0	1	0	0	1	0
Aber	2007	0	0	0	0	0	0	0	0
Canfor	1986	0	0	2	0	0	4	0	3
Canfor	1989	6	2	1	4	9	3	0	0
Canfor	1992	6	2	5	1	3	2	0	1
Canfor	1995	3	5	10	2	5	3	0	4
Canfor	1998	9	7	7	3	5	4	0	1
Canfor	2001	5	1	9	0	8	0	0	3
Canfor	2004	2	1	12	2	5	2	0	6
Canfor	2007	0	1	2	0	0	0	0	1
Petro-Canada	1986	6	0	2	0	0	1	0	1
Petro-Canada	1989	4	0	3	3	1	1	0	1
Petro-Canada	1992	0	1	1	0	0	1	0	0
Petro-Canada	1995	0	0	1	0	0	1	0	1
Petro-Canada	1998	4	2	13	4	4	2	0	7
Petro-Canada	2001	1	1	2	0	0	0	0	0
Petro-Canada	2004	1	2	2	2	2	0	0	0
Petro-Canada	2007	0	2	2	0	1	0	0	0
Pope & Talbot	1986	0	0	2	0	0	0	0	0
Pope & Talbot	1989	3	0	3	0	0	0	1	0
Pope & Talbot	1992	1	0	1	0	0	0	0	0
Pope & Talbot	1995	1	0	2	0	0	0	0	0
Pope & Talbot	1998	0	0	2	0	1	0	0	0
Pope & Talbot	2001	1	1	2	0	3	0	0	0
Pope & Talbot	2004	0	0	0	0	0	0	0	0
Pope & Talbot	2006	0	0	0	0	0	0	0	0
Suncor	1986	0	0	0	1	2	0	0	0
Suncor	1989	5	5	8	2	4	0	0	5
Suncor	1992	4	3	9	1	10	3	0	1
Suncor	1995	0	0	1	1	2	0	0	0
Suncor	1998	4	2	10	2	7	1	0	5
Suncor	2001	6	2	7	3	5	2	0	8
Suncor	2004	2	1	8	3	4	0	0	2
Suncor	2007	1	1	8	0	3	0	0	0
Teck	1986	0	0	0	0	0	0	0	0
Teck	1989	3	1	1	1	1	1	0	3
Teck	1992	8	1	3	4	7	0	0	1
Teck	1995	4	0	5	2	3	0	0	1
Teck	1998	3	3	11	3	2	0	0	4
Teck	2001	3	0	3	0	0	0	0	1
Teck	2004	0	2	7	3	2	0	0	2
Teck	2007	5	1	12	2	1	0	1	2

Appendix H Continued – Frequency of Occurrence of the Narrative Grammar Elements

		MODE OF ACTION		TEMPORAL FRAME		SPATIAL FRAME			
		Obligation	Desire	Continuity	Discontinuity	Integration	Periphery	Individual orientation	Collective orientation
Tembec	1986	1	0	0	0	0	0	0	0
Tembec	1989	1	0	5	0	4	0	0	1
Tembec	1992	1	0	2	0	2	0	0	1
Tembec	1995	3	0	6	2	1	0	0	4
Tembec	1998	3	0	8	1	1	1	1	4
Tembec	2001	0	1	4	0	1	0	0	1
Tembec	2004	0	3	6	3	3	0	1	3
Tembec	2007	0	1	2	0	0	0	0	1
Weyerhaeuser	1986	0	0	3	0	1	0	0	0
Weyerhaeuser	1989	1	2	4	1	0	0	0	2
Weyerhaeuser	1992	2	0	3	1	1	0	1	1
Weyerhaeuser	1995	1	0	6	1	0	0	0	5
Weyerhaeuser	1998	0	3	4	0	1	0	0	0
Weyerhaeuser	2001	0	1	2	0	0	0	0	1
Weyerhaeuser	2004	0	4	1	0	0	0	0	3
Weyerhaeuser	2007	0	2	6	0	0	0	0	1
TOTAL		121	67	243	61	115	34	7	94

Social Perceptions and the Structuration of Markets: Three Essays on the Impacts of Conforming and Framing Strategies on Organizational Status, Reputation, and Legitimacy

Abstract:
Through theoretical and empirical analyses, this dissertation explores the mechanisms that drive the evolution of organizations' position within the social structures of markets. Specifically, it investigates the impacts of two strategic behaviors – conformity and framing – on three social evaluations that significantly influence market actors' perceptions of organizations and willingness to exchange resources with them – status, reputation, and legitimacy. Although extant literature has been particularly interested in explaining the antecedents of the stability and continuity of social structures, this work focuses on the agentic power of organizations willing to improve their position within these social structures.

Through the exploration of corporate environmental communication, this dissertation argues that both conforming and framing strategies may have positive impacts on status, reputation, and legitimacy, but that proof of substantial conformity is often requested before framing strategies can have a significant effect on external social evaluations.

Keywords: social structuration; status; reputation; legitimacy; conformity; framing; environmental communication; neo-institutional theory; economic sociology

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Perceptions sociales et structuration des marchés : Trois essais sur l'impact des stratégies de conformité et « framing » sur le statut, la réputation et la légitimité des organisations

Résumé :
Au travers d'un ensemble d'analyses théoriques et empiriques, cette thèse explore les mécanismes qui sous-tendent l'évolution des positions des organisations au sein des structures sociales des marchés. Plus précisément, ce travail étudie l'impact de deux comportements stratégiques – conformité et « framing » - sur trois évaluations sociales qui ont une influence significative sur les perceptions et décisions des acteurs du marché – le statut, la réputation, et la légitimité. Alors que la littérature existante s'est principalement focalisée sur les antécédents de la stabilité et continuité des structures sociales, cette thèse s'interroge sur le pouvoir d'action des organisations désireuses d'améliorer leur position au sein de ces structures.

En se fondant sur l'exploration de la communication environnementale organisationnelle, ce travail suggère que les stratégies de conformité et « framing » exercent potentiellement une influence positive sur le statut, la réputation et la légitimité des organisations. Cependant, il suggère également que des preuves de conformité substantielle sont fréquemment nécessaires pour que les stratégies de « framing » puissent avoir un effet significatif sur ces évaluations sociales.

Mots-clés : structuration sociale ; statut ; réputation ; légitimité ; conformité ; framing ; communication environnementale ; théorie néo-institutionnelle ; sociologie économique