Social Discrimination in the Corporate Elite: How Status Affects the Propensity for Minority CEOs to Receive Blame for Low Firm Performance

Sun Hyun Park¹ and James D. Westphal²

Abstract

This study examines social discrimination in the attributions that top executives make about the performance of other firms with minority CEOs in their communications with journalists. Drawing from the literatures on intergroup relations and status competition, our theory suggests how out-group biases and negative forms of envy toward higher-status minority CEOs may increase the propensity for white male CEOs to make negative or internal attributions for the low performance of the minority CEOs’ firms. We also examine how CEOs’ internal attributions in conversations with journalists increase the tendency for those journalists to attribute performance to internal causes in reporting on the minority CEOs’ firms. We consider how the gender and race of journalists could moderate the influence of CEOs’ performance attributions on journalists’ reports, such that female or racial minority journalists would be less easily persuaded by white male CEOs’ internal attributions for the low performance of firms with female or racial minority CEOs, and thus less prone to issuing negative statements about the CEOs’ leadership.

Empirical analyses based on original survey data from a large sample of CEOs and journalists provided strong support for our hypotheses. We discuss implications of the findings for theory and research on social discrimination in the corporate elite and social psychological determinants of corporate leader reputation.

Keywords: minority CEOs, social discrimination, intergroup relations, status competition, top management, journalists, leader reputation, corporate elite

¹ Marshall School of Business, University of Southern California
² Stephen M. Ross School of Business, University of Michigan
There has been longstanding interest among scholars in a variety of disciplines in the potential for social discrimination in the corporate elite (for a review, see Finkelstein, Hambrick, and Cannella, 2009). This literature has tended to focus on whether and how members of demographic minority groups, including female managers and racial minorities, are disadvantaged in gaining top executive positions and board appointments and in ascending to high-status positions in the corporate elite (Hitt and Barr, 1989; Hillman, Cannella, and Harris, 2002; Westphal and Stern, 2006; Zweigenhaft and Domhoff, 2006; Hillman, Shropshire, and Cannella, 2007). For example, there is evidence from this literature that women and racial minorities typically need more impressive educational credentials or more extensive management experience to have the same chance of getting appointed to a corporate board or a prestigious board committee (Bilimoria and Piderit, 1994; Daily, Johnson, and Dalton, 1999; Hillman, Cannella, and Harris, 2002; Zweigenhaft and Domhoff, 2006).

While scholars have devoted considerable attention to determining the ways in which demographic minorities are disadvantaged in gaining access to prestigious positions in corporate leadership, little attention has been devoted to identifying possible sources of social discrimination against minorities who have managed to acquire high-status positions. The importance of this issue has increased in recent years as women and racial minorities come to occupy an ever-increasing portion of CEO positions at large and mid-sized public U.S. companies. One recent study indicated that the number of women and ethnic minority CEOs in Fortune 500 companies has more than doubled between 2000 and 2011 (Zweigenhaft and Domhoff, 2011: 1–2). One potential source of social discrimination are the attributions that top executives make about the performance of other firms with minority CEOs in their communications with journalists who cover those firms. According to intergroup relations theory, social discrimination involves differential treatment of individuals due to in-group/out-group distinctions that are based on “natural or social categories” rather than “individual capacities or merits or the concrete behavior of the individual person” (Allport, 1954: 52; Tajfel et al., 1971; Hewstone, Rubin, and Willis, 2002; Scheepers et al., 2006). We draw from intergroup relations theory in suggesting how out-group biases may increase the propensity for white male CEOs to make negative or internal attributions for the low performance of other firms with minority CEOs in communicating with journalists, whereby they attribute low firm performance to internal factors such as mistakes in strategic decision making or weak leadership rather than external factors such as adverse conditions in the industry environment. Moreover, white male executives may be especially likely to render internal attributions for the low performance of firms with minority CEOs who occupy relatively high-status positions in the corporate elite. Our theory suggests why status competition, together with in-group/out-group biases, may elicit negative forms of envy among white male executives toward minority CEOs who occupy higher-status positions in the corporate elite. Such biased sentiments may make white male executives more inclined to render internal attributions for the low performance of firms with minority CEOs in their conversations with journalists who cover the minority CEOs’ firms. In addition, we draw from the sociological literature on journalism to suggest why such performance attributions by CEOs are likely to have a significant influence on the propensity for journalists to issue internal attributions for low firm performance in articles about companies with minority CEOs.
Thus our theory explains how and why minority CEOs who occupy relatively high-status positions in the corporate elite are especially likely to receive blame in the media for relatively low firm performance. Given evidence that journalists’ reports can have a significant influence on the reputation of corporate leaders among a variety of stakeholder groups (Chen and Meindl, 1991; Pollock and Rindova, 2003; Graffin et al., 2008; Pollock, Rindova, and Maggitti, 2008; Wiesenfeld, Wurthmann, and Hambrick, 2008), this study ultimately suggests how demographic minorities (e.g., racial minorities and women) who occupy positions of corporate leadership are disadvantaged in maintaining their reputations as corporate leaders.

In addition, this study contributes to theory on the consequences of social status in corporate leadership. Researchers have documented the various benefits that accrue to individuals who occupy high-status positions in the corporate elite, ranging from higher compensation and perquisites to greater influence over strategic decision making (e.g., Belliveau, O’Reilly, and Wade, 1996; Westphal and Khanna, 2003; Fiss, 2006; Graffin et al., 2008). A central concept in this literature is the so-called “Matthew effect,” which refers to the tendency for high-status actors to derive greater rewards than low-status actors for similar accomplishments (Merton, 1968; Podolny, 1993; Rao, 1994). There is tantalizing evidence, however, that the Matthew effect does not always operate in the context of corporate leadership. For example, Wade et al. (2006) found that CEOs who had received Financial World’s CEO of the Year Award tended to experience a larger decline in their compensation (or smaller increases in their pay) following relatively low firm performance than CEOs who had less status in the corporate elite (cf. Malmendier and Tate, 2009; Bothner, Kim, and Smith, 2012; Graffin et al., 2013). Their results suggested that in some cases an “inverse Matthew effect” can occur in corporate leadership, whereby high-status leaders are held more accountable for low performance than managers who occupy relatively low-status positions (Wade et al., 2006; Jensen, Kim, and Kim, 2011: 98). In the present study we reveal an important contingency in the inverse Matthew effect wherein some corporate leaders are more likely to experience negative returns to status than others. Specifically, demographic minorities who occupy relatively high-status positions in corporate leadership may be especially likely to receive blame for low firm performance from fellow top executives and journalists who cover their firms. Our study ultimately suggests that, with respect to such performance attributions, white males tend to enjoy positive returns to status (i.e., they are less likely to receive blame for low firm performance from fellow top executives and journalists to the extent that they occupy high-status positions), while the inverse Matthew effect operates for racial minorities and women.

Moreover, while scholars have focused on how corporate managers seek to influence the reputations of their firms and their own reputations as leaders by engaging in “self-serving” attributions for firm performance in their communications with stakeholders (for reviews, see Ginzel, Kramer, and Sutton, 1992; Westphal and Deephouse, 2011), in this study we consider how and why internal attributions for low performance by top executives at other firms may have a strong, independent influence on journalists’ assessments of the focal firm’s leadership. Our study therefore identifies a potentially important, social influence on corporate leader reputation.
Finally, we consider how the gender and race of journalists could moderate the influence of CEOs’ performance attributions on journalists’ reports. Our theory suggests why in-group/out-group biases may render female and racial minority journalists less easily persuaded than white male journalists by executives’ internal attributions for the low performance of firms with female or racial minority CEOs, and thus less prone to issuing negative statements about the leadership of such CEOs. Accordingly, this study advances social psychological perspectives on leaders’ reputation by considering how intergroup biases influence the behavior of multiple social actors implicated in the process by which a leader’s reputation is constructed. By extension, our theory and findings shed unique insight into the social and psychological mechanisms that underlie social discrimination.

SOCIAL DISCRIMINATION IN THE CORPORATE ELITE

Intergroup Bias and Internal Attributions for Low Firm Performance

According to theory and research on self-categorization, people routinely classify each other into social categories to simplify their social worlds (Turner et al., 1987; Messick and Mackie, 1989; Shah, Kruglanski, and Thompson, 1998). Such categorization tends to occur “automatically [and] with little intent or conscious awareness” (Ashburn-Nardo, Voils, and Monteith, 2001: 789). Moreover, people are particularly prone to categorizing each other on the basis of visible or easily observable characteristics such as race and gender (Stangor et al., 1992; Ashburn-Nardo, Voils, and Monteith, 2001). In fact, people have “difficulty suppressing attention to these [social] categories” even when they appear to be irrelevant to individual behavior or performance (Fiske et al., 1999; Kinzler, Shutts, and Correll, 2010: 582). Because categories that include the self are held in positive regard, social categorization tends to result in intergroup bias, which refers to a systematic propensity to evaluate in-group members, with whom one shares salient social features such as race or gender, more positively than one evaluates out-group members who are different on these dimensions (Tajfel et al., 1971; Mikulincer and Shaver, 2001). One element of intergroup bias is the so-called “ultimate attribution error,” or a tendency to make external attributions for low performance of in-group members and internal attributions for similarly low performance by out-group members. Among corporate executives, for example, intergroup bias would be manifested as a tendency for white observers to attribute low firm performance to external factors such as uncontrollable changes in the industry environment if the CEO is an in-group member, while attributing low performance to internal factors such as mistakes in strategic decision making or weak leadership if the CEO is an out-group member (e.g., a racial minority) (Pettigrew, 1979; Hewstone, 1990; Mikulincer and Shaver, 2001). Similarly, male observers should be especially prone to rendering external attributions for the low performance of firms with male CEOs, while favoring internal attributions for the low performance of firms with female CEOs.

Intergroup bias of this kind tends to be especially pronounced when the causes of performance are relatively complex or ambiguous (Crandall and Eshleman, 2003). Given that the sources of firm performance are both highly ambiguous and inherently complex (Pfeffer, 1981), the attribution of firm performance may be even more susceptible to the influence of intergroup bias.
performance to firm leaders vs. external factors in the industry environment becomes highly subjective, increasing the potential for intergroup bias in performance evaluations.

Another manifestation of intergroup bias is a tendency to discount the career success or achievements of out-group members. People tend to systematically overestimate the extent to which an out-group member’s career success is due to special advantages or favors (Pettigrew, 1979; Hewstone, 1990; Murrell et al., 1994). For example, there is evidence that whites tend to presume that successful African Americans have benefitted from preferential selection processes such as affirmative action at various stages of their careers, and men tend to make similar implicit assumptions about the career success of women (Kluegel and Smith, 1986; Jackman, 1994; Kane and Whipkey, 2009). As a result, white (or male) observers tend to discount, at least preconsciously, the capabilities of successful African American (or female) professionals (Jackman, 1994). This tendency to discount the achievements and capabilities of out-group members should increase the propensity for white (or male) top managers to make internal attributions for low firm performance when the CEO is a racial minority (or a woman).

Moreover, theory and research from the intergroup relations literature would suggest that people are especially likely to engage in out-group “derogation” toward individuals who are dissimilar on salient dimensions such as race and gender when those individuals have relatively high social status (i.e., higher status than the focal actor) (Spears, Jetten, and Doosje, 2001; Leach et al., 2003; Cuddy, Fiske, and Glick, 2007; Leach and Spears, 2008; Fiske, 2010). One aspect of out-group derogation is the articulation of negative performance attributions—including internal attributions for low performance—to third-party actors. Such out-group derogation is especially pronounced in social contexts characterized by status competition (Leach and Spears, 2008). Individuals who occupy high-status positions in a social hierarchy are perceived to enjoy a collection of rights and privileges (Linton, 1936: 113; Gould, 2002; Jensen, Kim, and Kim, 2011) that makes them the potential object of envy by lower-status actors. Corporate executives who occupy high-status positions in the corporate elite are perceived to enjoy a variety of tangible and intangible privileges and benefits, including relatively high compensation and perquisites, greater influence over corporate policy where they serve as executive or director, and opportunities to serve in prestigious and influential positions outside the corporate sphere, such as governmental advisory boards (Useem, 1984; Palmer and Barber, 2001; Graffin et al., 2008). The subset of individuals who occupy high-status positions in the corporate elite is sometimes referred to as the “inner circle” or inner group of corporate leaders (Useem, 1984; Palmer and Barber, 2001; Domhoff, 2002; Davis, Yoo, and Baker, 2003), and organizational scholars have long suggested that executives vie with one another for positions in this privileged group of elites (Mills, 1956; Useem, 1984; Domhoff, 2002).

In social contexts such as the corporate elite that are characterized by competition for the most prestigious and privileged positions in the social hierarchy, people routinely engage in upward social comparisons, which have the potential to elicit feelings of envy toward higher-status peers. Social psychologists characterize envy as an interpersonal emotion that can range from a relatively benign form to a more negative form. According to Fiske and colleagues, the benign form of envy simply says, “I wish I had what you have,” while the more
negative form also says, “I should have what you have” (Cuddy, Fiske, and Glick, 2007; Fiske, 2010: 698). Smith and colleagues characterize the latter form of envy as a kind of “resentment emotion” (Smith et al., 1996; Smith and Ho, 2002: 341). In the context of intergroup relations, people are likely to exhibit lower levels of envy, or relatively benign forms of envy, toward in-group members who occupy higher-status positions, while exhibiting relatively high levels of envy, especially in its more negative form, toward out-group members who occupy a privileged position in the status hierarchy. Social identification contributes to a kind of partial mental merging of the self with other members of the psychological group (Hogg and Terry, 2000). Because people tend to socially identify with individuals whom they categorize as in-group members, they experience the success of in-group members as to some extent their own successes (Shah, Kruglanski, and Thompson, 1998; McDonald and Westphal, 2010). Moreover, the success of in-group members has been shown to increase latent self-confidence and optimism about one’s own prospects for achieving a privileged position (Shah, Kruglanski, and Thompson, 1998). By contrast, the success of out-group members in achieving a high-status position has been shown to elicit negative forms of envy among individuals who occupy less privileged positions in the status hierarchy (Smith and Ho, 2002; Cuddy, Fiske, and Glick, 2007; Fiske, 2010). When people make upward social comparisons with in-group members, referred to as “upward assimilative comparisons” in the literature, they are guided by the preconscious sentiment “that could be me,” whereas in making upward social comparisons with out-group members, referred to as “upward contrastive comparisons,” they are guided by the sentiment “that should be me” (Cuddy, Fiske, and Glick, 2007: 632; Fiske, 2010). In effect, envy can result from a perceived social inequity between the social position of out-group members and one’s own position in the social hierarchy.

The tendency for people to feel envy of this kind toward out-group members who occupy higher-status positions is due in part to intergroup bias. To the extent that people systematically overestimate the degree to which an out-group member’s career success results from special advantages and favors rather than talent and hard work (Pettigrew, 1979; Hewstone, 1990; Murrell et al., 1994), they should tend to underestimate the capabilities of out-group members who occupy high-status positions. At the same time, people exhibit a robust tendency to overestimate their own capabilities and potential, and this self-enhancement bias is routinely extended to in-group members with whom they socially identify (Brewer, 1979, 2001; Hewstone, Rubin, and Willis, 2002). In fact, there is recent evidence that corporate executives tend to exhibit substantial self-enhancement bias regarding their strategic judgment and leadership capability (Park, Westphal, and Stern, 2011), as well as in-group/out-group bias in assessing the capabilities and performance of their peers (e.g., Westphal and Zajac, 1995; Zajac and Westphal, 1996). Such biases tend to be preconscious and to have a latent (though pervasive) impact on social comparisons (Hogg and Abrams, 2003; Kwan et al., 2008). Thus, as a result of these biases, the upward social comparisons of white executives are likely to be influenced by the preconscious assumption that they (or fellow in-group members) are more worthy or deserving of high-status positions than individuals whom they categorize as out-group members (e.g., racial minorities), and consequently they should tend to exhibit negative forms of envy toward
minorities who occupy higher-status positions in the corporate elite. Intergroup biases should likewise enhance the tendency for male executives to exhibit negative forms of envy toward women who occupy higher-status positions.

Recent theory and research on intergroup relations would further suggest that such negative forms of envy should tend to promote out-group derogation toward relatively high-status comparison others who are dissimilar on salient characteristics such as race and gender (Smith and Ho, 2002; Cuddy, Fiske, and Glick, 2007; Fiske, 2010). As discussed above, one type of out-group derogation is the articulation of negative performance attributions (e.g., internal attributions for low performance) to third-party observers, which we refer to as derogatory performance attributions. In effect, while people are prone to making internal attributions for the low performance of out-group members due to preconscious, intergroup biases, the negative forms of envy described above provide an additional, motivational impetus to articulate derogatory attributions about the performance of high-status out-group members to third-party observers. There is evidence from the social psychological literature on envy that when people have envious feelings about a comparison other, they tend to derive measurable, intrinsic satisfaction from the mere act of voicing negative attributions about that person’s performance to a third party (Smith, 1991; Smith and Ho, 2002). Moreover, if issuing negative performance attributions has the potential to affect the reputation or social standing of the envied individual, they may derive additional satisfaction from doing so. There is compelling evidence from the social psychological literature on schadenfreude that most people tend to feel some level of satisfaction when envied out-group members experience a “reversal [in] their fortunes” (Smith et al., 1996; Leach and Spears, 2008: 1383; Combs et al., 2009). In reviewing this literature, Fiske (2010: 703) concluded that “envy is harm waiting to happen.” As discussed above, envy can result from out-group biases that create a perceived inequity between the social position of out-group members and one’s own position in the social hierarchy (and that of fellow in-group members). A growing, interdisciplinary literature on “inequity aversion” suggests that, not surprisingly, most people are highly averse to perceived inequities between their social position and that of comparison others and are motivated to alleviate such inequities (Fehr and Schmidt, 1999; Camerer and Fehr, 2004; Johansson and Svedsater, 2009). One way to alleviate perceived inequity between one’s social position and that of a comparison other (“alter”) is to issue relatively negative attributions about alter’s performance to third-party observers who are in a position to influence alter’s reputation. Thus when presented with the opportunity to assess the performance of an envied out-group member in conversations with a third-party observer, a focal actor may feel inclined, consciously or preconsciously, to issue relatively negative performance attributions that have the potential to compromise the individual’s reputation or social standing.

Accordingly, we should expect that white (or male) executives, when given the opportunity, may feel inclined to issue relatively derogatory attributions about the performance of higher-status, out-group CEOs to third-party observers who are in a position to influence a CEO’s reputation. One opportunity for CEOs to issue such performance attributions is in conversations with journalists who cover an out-group CEO’s firm following the disclosure of low
corporate earnings at that firm. In particular, we expect that CEOs are most likely to render such attributions in their conversations with journalists following a so-called “negative earnings surprise,” earnings that are below the consensus forecasts of security analysts (Hirshleifer et al., 2008). Prior research specifically indicates that journalists are most likely to report on firm performance following a negative earnings surprise. According to qualitative research on journalism, journalists view negative events that can be framed as unexpected or surprising as especially newsworthy. Such events beg for an explanation and hook the reader’s interest in the story (Tuchman, 1978; Jacobs, 1996a, 1996b; Schudson, 2003). Moreover, negative earnings surprises attract particular attention among members of the financial community. Investors, analysts, and advisors seek to determine the causes of unexpectedly low performance (Barron, Byard, and Yu, 2008), and journalists seek to inform those assessments (Gans, 1979). Negative earnings surprises also attract the attention of top executives at other firms in the industry, who seek to ascertain the implications of the unexpectedly low performance for their own strategy and performance prospects (Matsumoto, 2002). Thus, given that CEOs are especially likely to have reflected on the causes of unexpectedly low firm performance at another firm in the same industry, and journalists are particularly interested in reporting on such performance outcomes, CEOs are especially likely to make attributions about the performance of another firm in the same industry in their communications with journalists following a negative earnings surprise at the particular firm.

Our theoretical argument leads to two sets of hypotheses. The first portion of our argument drew from theory and research on intergroup bias to suggest that white (male) CEOs should be especially likely to render internal attributions for the low performance of firms with racial minority (female) CEOs. The second portion of our argument suggested that negative forms of envy would render CEOs especially prone to issuing such derogatory performance attributions about firms with out-group CEOs who occupy relatively high-status positions in the corporate elite (i.e., in comparison to the focal CEO). Thus we first posit a main effect of demographic differences on the propensity for CEOs to render internal attributions for a negative earnings surprise at another firm and then posit interactions between demographic differences and relative status in the corporate elite on the propensity to issue such derogatory performance attributions:

Hypothesis 1a: White CEOs are more likely to make internal attributions about the performance of another firm (A) in conversations with journalists following a negative earnings surprise at A if the CEO of A is a racial minority.

Hypothesis 1b: Male CEOs are more likely to make internal attributions about the performance of another firm (A) in conversations with journalists following a negative earnings surprise at A if the CEO of A is a woman.

As discussed further below, the derogatory performance attributions that we examine are essentially anonymous from the perspective of other CEOs, in that journalists do not quote CEOs who issue such attributions by name in their stories (i.e., journalists typically attribute the attribution to a CEO or top manager who is familiar with the company or industry). Accordingly, CEOs face minimal risk of retaliation from other CEOs for issuing derogatory performance attributions.
Hypothesis 2a: White CEOs are more likely to make internal attributions about the performance of another firm (A) with a racial minority CEO in conversations with journalists following a negative earnings surprise at A to the extent that the CEO of A has high status in the corporate elite relative to the focal CEO.

Hypothesis 2b: Male CEOs are more likely to make internal attributions about the performance of another firm (A) with a female CEO in conversations with journalists following a negative earnings surprise at A to the extent that the CEO of A has high status in the corporate elite relative to the focal CEO.

CEOs’ Internal Attributions for Low Performance and Journalists’ Reports

The performance attributions that CEOs make in their conversations with journalists are likely to have a significant influence on the content of journalists’ reports about firm performance, for several reasons. First, top executives are credible commentators on firm performance, and their accounts are likely to be especially persuasive to journalists. Journalists face knowledge asymmetries vis-à-vis top executives in making attributions about firm performance. Executives have direct experience with strategic decision making and corporate leadership, and they have firsthand knowledge of problems and opportunities in the industry environment—knowledge and experience that journalists typically do not have (Gans, 1979; Cose, 1989; Shoemaker and Reese, 1996). In addition, journalists normally face significant constraints on the time and attention that they can devote to any one story (Tuchman, 1972; Gans, 1979; Wiesenfeld, Wurthmann, and Hambrick, 2008). These knowledge asymmetries and time and attention constraints make executives’ accounts especially useful to journalists in assessing the reasons for unexpectedly low firm performance, rather than relying on their own, less expert judgment or having to gather additional data to validate the CEO’s opinion.

Moreover, journalists are concerned with ensuring the credibility and perceived objectivity of their stories in the eyes of important constituents, which include not only the “end consumer” (e.g., readers), but also peers and superiors (Breed, 1955; Tuchman, 1978; Gans, 1979; Schudson, 2003). Quoting a knowledgeable source is a primary means by which journalists enhance the credibility of their stories with these audiences. Given that executives are presumed to have firsthand knowledge and experience with strategic decision making and corporate leadership, their attributions of firm performance to corporate leadership are likely to be persuasive, not only to journalists but to their editors, peers, and readers as well. Moreover, several ethnographic studies of journalists and the media have concluded that quoting or citing a knowledgeable insider can be viewed as a “strategic ritual” that gives the “appearance of objectivity” to a story (Tuchman, 1972; Darnton, 1975; Tuchman, 1978: 661; Shoemaker and Reese, 1996; Bennett and Serrin, 2005). There is evidence from this literature that stories that do not include quotations or citations to credible sources are more likely to be revised by editors, tend to receive less

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2 Preliminary interviews in our study indicated that in submitting initial drafts of a story to their editor, journalists frequently quote their sources by name, and this was confirmed by responses to our large-sample survey of journalists. Moreover, survey responses and analysis of journalists’ reports indicated that in the story itself, top executives who provide internal performance attributions are usually cited anonymously, as a CEO or top manager who is familiar with the company and/or industry.
prominent placement in the publication, and tend to be evaluated less positively by fellow journalists (Breed, 1955; Darnton, 1975; Bennett and Serrin, 2005). Each of these eventualities reflects poorly on the journalist and ultimately reduces his or her chances of promotion (Darnton, 1975; Tuchman, 1978; Bennett and Serrin, 2005). Moreover, sociological studies of journalism indicate that reporters and editors are particularly concerned about the appearance of objectivity in articles that reflect poorly on powerful figures (Breed, 1955; Shoemaker and Reese, 1996; Bennett and Serrin, 2005). There is evidence that corporate leaders may engage in “negative reciprocity or retaliation” in response to negative press coverage in which they refuse to provide access to journalists who have issued negative assessments of their strategy or leadership (Westphal and Deephouse, 2011: 7). Moreover, editors must be concerned about the potential for libel suits in response to negative coverage of prominent individuals (Tuchman, 1972, 1978; Gans, 1979; Schudson, 2003). Although such lawsuits are rare, they can have serious financial repercussions for a media organization. Thus journalists and editors are likely to place a high priority on quoting or citing credible sources to lend a veneer of objectivity to stories that attribute low firm performance to the strategic decision making or leadership of top executives.

By quoting or citing a top executive as making internal attributions for low firm performance, a journalist merely “reports” on the attributions made by a knowledgeable insider, rather than actually making the attributions him- or herself, thus enhancing the perceived objectivity of the story (Tuchman, 1972, 1978; Bennett and Serrin, 2005). Of course, journalists and editors can eliminate the risk of retaliation and reprisals from firm leaders entirely by simply excluding negative attributions from stories about firm performance. But journalists and editors at prominent media organizations are heavily socialized into professional norms that place a premium on objective reporting, and failing to report negative performance attributions simply to avoid the risk of reprisal directly violates such norms (Breed, 1955; Gitlin, 1980; Shoemaker and Reese, 1996; Schudson, 2003). Moreover, sociological studies of journalism indicate that, due in part to prevailing norms of objectivity, journalists risk losing credibility with their editors and peers if they issue only positive or neutral assessments of their subject over a period of time (Gitlin, 1980; Schudson, 2003). In the present context, if journalists only issue positive or neutral assessments of firm leadership in reporting on firms with relatively low performance, they risk losing credibility with fellow journalists and superiors. Thus when top executives make internal attributions for the low performance of another firm in conversing with a journalist, they present the journalist with an opportunity to satisfy norms of professional objectivity in two respects: by quoting or citing the executive’s attribution, the journalist demonstrates a willingness to issue a critical assessment of his or her subject (i.e., corporate leadership), while also presenting that assessment as expert opinion rather than as a personal judgment. Accordingly, we expect that a journalist will be more likely to issue internal performance attributions about a particular firm following a negative earnings surprise to the extent that CEOs have rendered such attributions in their communications with the journalist:

**Hypothesis 3**: Internal attributions by CEOs about the performance of a focal firm (A) in conversations with a journalist following a negative earnings surprise at A will
be positively associated with subsequent internal performance attributions by the journalist in reporting on A.

**Moderating effects of journalists’ race and gender.** The race and gender of journalists could moderate the effects of executives’ derogatory attributions about the performance of female and racial minority CEOs on journalists’ reports. As discussed above, theory and research on self-categorization and social identity indicate that race and gender provide a salient basis for in-group/out-group categorization, and there is evidence that these characteristics provide a salient basis for social identification among professionals in particular (Hogg and Terry, 2000). In addition, people are especially likely to socially identify with individuals who are not only similar on salient attributes such as race and gender but who also have relatively high social status (Shah, Kruglanski, and Thompson, 1998; Cuddy, Fiske, and Glick, 2007). Accordingly, female journalists may tend to socially identify with female CEOs, and journalists who are racial minorities may likewise tend to socially identify with minority CEOs to the extent that CEOs are generally considered to be high-status professionals. From an intergroup relations perspective, therefore, female and racial minority journalists should tend to exhibit in-group favoritism toward female and racial minority CEOs, respectively. One manifestation of in-group favoritism is an inclination to protect the reputation of in-group members to a greater extent than out-group members, sometimes referred to as “in-group protection” (Turner, 1975; Hewstone, 1990: 320; Weber, 1994; Beal, Ruscher, and Schnake, 2001). In the present context, a relative inclination to protect the reputation of in-group members may leave female and racial minority journalists less willing to issue internal attributions for the low performance of firms with female and racial minority CEOs.

In addition, female and racial minority journalists may be less easily persuaded by internal attributions for the low performance of firms with female or minority CEOs, respectively. As discussed above, one element of intergroup bias is an inclination to attribute the low performance of in-group members to external factors over which individuals have little direct control (Pettigrew, 1979; Hewstone, 1990; Mikulincer and Shaver, 2001). Such attribution biases would leave female (or racial minority) journalists inclined to attribute the low performance of firms with female (or racial minority) CEOs to external factors such as uncontrollable changes in the industry environment, rather than to internal factors such as mistakes in strategic decision making or weak leadership. Thus intergroup biases may render female (or racial minority) journalists less easily persuaded than male (or white) journalists by executives’ internal attributions for the low performance of firms with female (or minority) CEOs.

As discussed previously, moreover, people tend to systematically overestimate the extent to which an out-group member’s career success is due to special advantages or preferential treatment. Evidence indicates that white (or male) individuals tend to presume, consciously or preconsciously, that successful African Americans (or women) have benefitted from preferential selection processes such as affirmative action or tokenism at various points in their careers (Kluegel and Smith, 1986; Jackman, 1994; Kane and Whipkey, 2009). As a result, white (or male) individuals are predisposed to discount, on a preconscious level, the capabilities of successful African American (or female)
professionals (Jackman, 1994). Conversely, women tend to presume that female professionals who occupy high-level positions have been disadvantaged relative to men in a wide variety of ways, and at various stages of their careers, and have managed to succeed in spite of those disadvantages (Kluegel and Smith, 1986; Jackman, 1994; Kane and Whipkey, 2009). Moreover, racial minorities similarly tend to assume that minorities who occupy prestigious positions have been disadvantaged relative to whites and have had to meet higher performance hurdles to achieve success than whites in comparable positions (Kluegel and Smith, 1986; Jackman, 1994). As a result, women and racial minorities tend to presume that successful female (or racial minority) professionals are at least as capable in important respects as their male (or white) counterparts. Moreover, this presumption is especially widely held among professionals (Kluegel and Smith, 1986; Jackman, 1994). These systematic differences in presumptive beliefs about the capabilities of women and minorities who occupy high-status positions should tend to make female (or racial minority) journalists more skeptical than male (or white) journalists about derogatory attributions by executives that blame low firm performance on poor strategic decision making or weak leadership by female (or minority) CEOs. Moreover, there is also evidence from the intergroup relations literature that women are far more likely than men to interpret negative attributions about the performance of other women as biased, and thus to discount or reject such attributions (Pettigrew, 2002; Pettigrew et al., 2008; Kosloff et al., 2010). Similarly, racial minorities may react more skeptically than whites to negative performance attributions about racial minorities. Accordingly, our intergroup relations perspective suggests the following, additional hypotheses:

Hypothesis 4a: Internal attributions by CEOs about the performance of a focal firm (A) with a racial minority CEO in conversations with a journalist following a negative earnings surprise at A will be less positively associated with subsequent internal performance attributions by the journalist in reporting on A if the journalist is a racial minority.

Hypothesis 4b: Internal attributions by CEOs about the performance of a focal firm (A) with a female CEO in conversations with a journalist following a negative earnings surprise at A will be less positively associated with subsequent internal performance attributions by the journalist in reporting on A if the journalist is a woman.

METHOD

Sample and Data Collection

The population for this study included top executives at large- and mid-sized public U.S. companies with more than $50 million in sales. We conducted preliminary interviews with 21 current or former top managers from large- and mid-sized public U.S. companies with more than $50 million in sales, as well as 17 journalists who cover firms in this population. Interviews were approximately 15 to 40 minutes in length. The top managers whom we interviewed were representative of top managers in the study population with respect to age, functional background, and educational specialization, as well as indicators of status in the corporate elite described below.
The sample frame for our primary analyses includes three sets of actors: CEOs who are potential targets of performance attributions (“target CEOs”), CEOs who are potential providers of attributions (“source CEOs”), and journalists who cover the target CEOs’ firms. As discussed further below, the unit of analysis in models of internal performance attributions by CEOs is the CEO dyad (i.e., dyadic combinations of source CEOs and target CEOs in the same industry, broadly defined). The primary dependent measure in these models is a count variable that indicates the number of internal performance attributions rendered by a source CEO about a target CEO’s firm in conversations with journalists over the two-week period following earnings disclosures, as reported by source CEOs in the executive surveys. The unit of analysis in models of journalist reporting is the firm-journalist dyad (i.e., dyadic combinations of target CEOs and journalists who report on the CEO’s firm). As discussed further below, the primary dependent measure in these models is a count variable that indicates the number of internal performance attributions issued by the focal journalist for low performance of the target CEO’s firm during the two-month period after the period for which internal attributions by source CEOs were measured. Examples of internal performance attributions by CEOs for other firms’ low performance are provided in the Online Appendix (http://asq.sagepub.com/supplemental).

The initial sample frame included 3,000 target CEOs randomly selected from the population in 2005. We measured performance attributions with survey responses from source CEOs and journalists. Surveys were also sent to target CEOs to assess the interrater reliability of several survey measures. Because our preliminary interviews suggested that performance attributions may be provided by CEOs of competitors, of firms in buyer industries (i.e., current or potential buyers), or of firms in supplier industries, we sent questionnaires to CEOs of firms in the population that are competitors, buyers, or suppliers of firms with a target CEO in the sample frame. For each of the 3,000 target CEOs, we randomly selected four source CEOs to receive questionnaires. Industry was defined by the two-digit SIC code, and potential buyer and supplier firms were identified using input-output accounts data provided by the Bureau of Economic Analysis. We sent surveys to these CEOs at regular intervals surrounding each quarterly earnings disclosure by firms with a target CEO in the sample frame from 2005 to 2007, inclusive: just prior to an earnings disclosure, two weeks after the disclosure, and four weeks after the disclosure. We took several steps to increase response rates, including a qualitative pret-test that involved in-depth interviews with 21 current or former top executives at firms in the population, and these are described in the Online Appendix. The average response rate to these surveys was 39.7 percent. We provide evidence in the Online Appendix that CEOs personally responded to these surveys.

We also measured performance attributions by surveying journalists who had reported on one or more firms in the sample frame during the year prior to the survey. We included journalists who wrote for major news and business publications in the U.S., as listed in Factiva and LexisNexis (Pollock and Rindova, 2003), as well as journalists who reported on a firm in the sample frame for a daily newspaper in a city where the firm was headquartered or had
significant operations. As discussed in the Online Appendix, we conducted a qualitative pretest of the survey instrument that included in-depth interviews with 17 journalists. We surveyed up to five journalists for each firm in the sample frame. If more than five journalists covered a particular firm, five were randomly selected to receive questionnaires. We surveyed these journalists over the same fixed time intervals surrounding earnings disclosures noted above throughout the three-year study period. The average response rate was 40.8 percent. Responding journalists were representative of all journalists in the Factiva and Lexis-Nexis databases who had reported on one or more firms in the sample frame during the prior year with respect to the proportion who wrote for major wire services, major U.S. business publications, national newspapers, and regional newspapers.

We obtained data on reported earnings and other firm financial characteristics from COMPUSTAT and EDGAR Online. Data on the race and gender of CEOs and journalists were provided by a large management consulting firm. Electronic copies of articles by journalists in the sample frame were obtained from multiple sources, including Factiva and Lexis-Nexis. We obtained earnings forecasts from the I/B/E/S database, and conference call transcripts came from Thomson Financial. We used multiple sources for demographic data on CEOs, including The Dun and Bradstreet Reference Book of Corporate Managements, Who’s Who in Finance and Industry, Capital IQ, and proxies. We obtained data on appointments at nonprofit boards from Who’s Who in Finance and Industry, biographies in proxy statements, and open-ended survey questions that prompted CEOs to list such memberships. Data on executive compensation were obtained from the ExecuComp database and firm proxy statements, and data on corporate board appointments also came from proxies. We used the SDC Platinum database and Factiva to identify strategic alliances among firms in the sample frame, and we used input-output data from the Bureau of Economic Analysis to calculate market constraint.

This archival and survey data collection process yielded a sample of 18,147 source-target CEO dyads (i.e., dyadic combinations of source CEOs and target CEOs at firms disclosing a negative earnings surprise) over the sample period of 2005–2007 in models of internal performance attributions by CEOs, and 21,235 target CEO-journalist dyads in models of internal performance attributions by journalists. We tested for sample selection bias using Heckman
models in which the selection equation estimates the likelihood of responding to the survey, and the inverse Mills ratio is included in a second-stage equation that tests the hypothesized relationships (Heckman and Borjas, 1980). The selection equation included independent and control variables derived from archival data, together with variables that capture variation in the survey process. The selection parameter was not significant in these models, and the hypothesized results were not substantively different from those reported below. Thus non-response bias does not appear to threaten the validity of our findings. Further analysis also indicated that non-responding CEOs and journalists were not significantly different from the CEOs and the journalists in the final sample with respect to the archival measures discussed below, including corporate elite status (in the case of CEOs), race, and gender.

Measures

**Negative earnings surprise.** Consistent with numerous studies in the accounting literature, in the primary analyses, we measured negative earnings surprises using a dichotomous indicator coded 1 if a firm’s most recently reported quarterly earnings were below the median forecasted earnings for the same period among all analysts covering the firm, and 0 otherwise (e.g., Kasznik and Lev, 1995; Barton and Simko, 2002; Barron, Byard, and Yu, 2008; Hirshleifer et al., 2008). As discussed further below, in separate analyses we used a continuous measure calculated as the difference between reported earnings and the median forecasted earnings, and the hypothesized results were substantively unchanged. The results were robust to a number of variations on these measures (e.g., see Pfarrer, Pollock, and Rindova, 2010), including (1) alternative cutoffs for low earnings (e.g., earnings below the 25th, 30th, or 40th percentile of analyst forecasts), (2) a continuous measure based on the percentage difference between reported earnings and the median forecast, and (3) a measure based on spline functions, with separate variables for earnings above and below forecasts (see Greve, 1998). The hypothesized results were unchanged using each of these alternative operationalizations.

**Internal performance attributions by CEOs.** We developed a multi-item survey scale to measure CEOs’ internal attributions for low firm performance. The scale, provided in the Online Appendix, is intended to measure common forms of internal attributions referenced in our theoretical arguments, in the prior literature on organizational impression management, and identified in our pretest interviews (e.g., Staw, McKechnie, and Puffer, 1983; Salancik and Meindl, 1984; Clapham and Schwenk, 1991; Westphal and Deephouse, 2011). Some items gauge whether a source CEO attributed low firm performance to the target CEO’s leadership, how many times, when, and to whom. Other items gauge whether a source CEO attributed low firm performance to the target CEO’s strategic decision making, how many times, when, and to whom. Responses to separate open-ended questions indicated that the items in this scale captured over 95 percent of the internal performance attributions by source CEOs. As discussed further below, CEOs rarely made both internal and external attributions for the performance of another firm. Nevertheless, in separate analyses we controlled for CEOs’ external
attributions for the low performance of a target CEO’s firm and estimated the ratio of CEOs’ internal attributions to total attributions; the hypothesized results were essentially unchanged.

Respondents answered these questions for each CEO in their industry with whom they were familiar (including CEOs of potential buyer and supplier firms). Confirmatory Factor Analysis (CFA) provided evidence for the validity of the survey items. All items loaded on the same factor as expected, without loading on other factors in the measurement model. Standardized validity coefficients were highly significant for all items in the scale (lambda ranged from .85 to .92). Inter-item reliability of the scale was also acceptably high ($\alpha = .88$). As noted above, the dependent measure in tests of hypotheses 1–2 is a count variable that indicates the number of internal attributions by the source CEO for low performance at the target CEO’s firm over the two-week period following an earnings disclosure. Separate analyses indicated that the results were robust to alternative time windows, including one week and four weeks following an earnings disclosure. In other models we used factor scores generated by CFA as the dependent measure, and again the hypothesized results were unchanged. Moreover, journalists also responded to questions about performance attributions by CEOs that directly parallel items in the CEO survey (e.g., “[Over the specified period] did [another CEO] make comments suggesting that low firm performance at [the target CEO’s firm] can be attributed to [the CEO’s] leadership of the firm? How many times? Specify [the CEO and date(s)]”). We used these journalists’ responses to measure the number of instances in which other CEOs made internal attributions for low performance of the target CEO’s firm in conversations with the focal journalist during the two-week period subsequent to an earnings disclosure. We used this measure as the independent variable in tests of H3–H4 regarding the effect of internal performance attributions by CEOs on performance attributions by journalists in reporting about the target CEO’s firm. We examined interrater reliability by comparing responses of source CEOs and journalists. Intraclass correlation coefficients (ICCs) for the survey items ranged from .86 to .92, providing strong evidence for interrater reliability (McGraw and Wong, 1996). Moreover, in separate tests of H3–H4 we measured internal performance attributions by CEOs using CEO responses, and over shorter and longer time periods, including one week and four weeks following earnings disclosures, and the hypothesized results presented below were unchanged.\footnotemark

\footnotetext{\footnotesize Although memory lapses inevitably introduce some level of measurement error into survey measures of this kind, such error is likely to be minimal in the present study, for several reasons. First, our primary survey measures require only that CEOs recall their conversations with journalists over the prior four weeks or less. Past studies indicate that most CEOs can recall the essential content of conversations with important external constituents, including information intermediaries such as journalists and security analysts, that occurred as long as twelve months earlier (e.g., Westphal and Graebner, 2010). Second, the survey items do not require that CEOs recall every detail of their conversations with journalists, the precise wording of their arguments, or the way that they expressed their points. They need only recall the essence of the points that they made (e.g., CEOs were prompted to indicate whether they made comments suggesting that low firm performance at [alter’s firm] can be attributed to [the CEO’s] leadership/strategic decision making). Finally, the strong evidence for interrater reliability noted above confirms that measurement error from faulty recall is minimal in this study.}
**Internal performance attributions in journalists’ reports.** As noted above, the primary dependent measure in models of journalist reporting is a count variable that indicates the number of internal attributions by the focal journalist for low performance of the target CEO’s firm over the two months following the period for which performance attributions by CEOs were measured. To develop this measure, we identified all articles authored by journalists in the sample during the four-month period subsequent to the period for which internal attributions by CEOs were measured that mention a firm or CEO in the sample. Three coders independently assessed each article: one coder was an MBA student with an undergraduate degree in accounting, the second was an MBA student specializing in marketing at a different university, and the third was an engineering student with no background in business. The varied backgrounds of the three coders afforded a stronger test of interrater reliability (Weber, 1985). In the primary analysis, the recording unit was the sentence. Coders judged whether each sentence referring to a company or CEO in the sample contained an internal attribution for low firm performance, using instructions that were based on Staw, McKechnie, and Puffer’s (1983) procedure for coding performance attributions in annual reports (see also Westphal and Deephouse, 2011). The intraclass correlation coefficient (ICC) across the three coders was .93, indicating a high level of interrater reliability.

In separate analyses, we examined whether the results were robust to alternative recording units, including the paragraph (i.e., each paragraph was coded as containing or not containing an internal performance attribution), the “point,” or the entire article. We ran separate models using measures based on these recording units and found that the hypothesized results were essentially the same. Moreover, while in the primary analyses we measured internal performance attributions by journalists over a two-month window, the results were substantively unchanged using shorter or longer windows (e.g., two weeks, one month, three months, or four months). As discussed further below, the hypothesized results were also robust to estimating internal attributions as a proportion of total attributions.

**Race and gender.** To test the effects of CEOs’ race and gender on internal performance attributions by other CEOs, we created two dichotomous variables, the first coded 1 if the source CEO was white and the target CEO was a racial minority, and the second coded 1 if the source CEO was male and the target CEO was female. To examine the moderating effects of journalists’ gender and racial minority status on internal performance attributions, we created two additional dichotomous variables, the first coded 1 if both the journalist and target CEO were racial minorities and the second coded 1 if both the journalist and target CEO were women.

**Status in the corporate elite.** We used five indicators of status in the corporate elite: the number of appointments held at corporate boards, the number of appointments held at nonprofit boards, elite education, the average stock rating of firms where the individual served as an outside board member, and memberships in prestigious social clubs. We used Finkelstein’s (1992) measure of elite education, which was adapted from the measure developed by Useem and Karabel (1986). We used Palmer and Barber’s (2001) listing of prestigious
social clubs. The first four indicators have been validated in multiple prior studies of corporate elites (D’Aveni, 1990; Finkelstein, 1992; Westphal and Khanna, 2003; Park, Westphal, and Stern, 2011). In addition, scholars have long argued that memberships in prestigious social clubs reflect an individual’s status in the corporate elite (Galaskiewicz et al., 1985; Belliveau, O’Reilly, and Wade, 1996; Palmer and Barber, 2001; Domhoff, 2002), and such memberships are significantly correlated with the other indicators of status listed above (Palmer and Barber, 2001; Park, Westphal, and Stern, 2011). Each indicator was measured in the year prior to the period for which performance attributions were measured. CFA showed that all five indicators loaded on the same factor as expected, without loading on other factors in the measurement model. Standardized factor loadings were statistically significant at alpha = .001 (lambdas ranged from .75 to .84).

Hypothesis 2 predicted that white (or male) CEOs would be especially likely to make internal attributions for a negative earnings surprise at another (target) CEO’s firm in conversations with a journalist if the target CEO is a racial minority (or woman) and the target CEO has higher status in the corporate elite relative to the focal (source) CEO. We tested this hypothesis by estimating three-way interactions between the source CEO’s characteristics, the target CEO’s characteristics, and relative status, controlling for two-way interactions and main effects. In the primary analysis, we measured relative status as the target CEO’s status minus the source CEO’s status (cf. Fiss, 2006). In separate analyses, we assessed the effect of relative status by interacting the target CEO’s status with the source CEO’s status, controlling for the “absolute” status of each CEO (D’Aveni and Kesner, 1993; Belliveau, O’Reilly, and Wade, 1996). The hypothesized results were essentially unchanged from those presented below.

Control variables. We included separate survey scales in the executive and journalist surveys to measure impression management by target CEOs, other top executives, and staff about firm leadership and strategic decision making. These scales were developed and validated by Westphal and Deephouse (2011) and gauge external performance attributions and positive statements about firm leadership and strategic decision making by CEOs, CFOs, and public relations (PR) staff (e.g., “[over specified time period], did [the CEO/CFO/members of the PR staff] suggest that low firm performance at [the target CEO’s firm] can be attributed to uncontrollable factors in the industry or macroeconomic environment? How many times? [Specify date(s)]”; “... did [the CEO/CFO/members of the PR staff] make positive remarks about [the target CEO’s] leadership? How many times? [Specify date(s)]”). Responding executives

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6 In separate analyses, we used firm size (measured as the log of total sales) as an additional indicator of the prestige of corporate board appointments and the number of memberships on board nominating committees as another indicator of status; the results were unchanged.

7 The five measures of status can be considered as both causal and reflective indicators (e.g., board appointments both influence an executive’s status and reflect his or her status) (Bollen and Bauldry, 2011). In the primary analyses, we combined the indicators into a single index using principal components analysis, a data reduction technique that is appropriate for combining causal indicators (Kolenikov and Angeles, 2009; Bollen and Bauldry, 2011). The results were also robust to using factor scores derived from the principal factor method and the iterated principal factor method (Kaplan, 2009).
answered these questions separately for each journalist with whom they had communicated during the period for which internal performance attributions were measured, and journalists similarly answered these questions for each CEO in the sample with whom they had communicated. There was a high level of inter-item and interrater reliability between CEOs and journalists for each of these scales, consistent with prior research (α’s ranged from .86 to .91, ICCs ranged from .87 to .93). In the primary models, we used journalists’ responses to develop these measures.

We also developed analogous measures of impression management in conference calls with analysts, press releases, and annual reports. One measure was based on content analysis of archived conference calls that occurred at the time of earnings announcements by firms in the sample. The three coders looked for positive statements by executives about firm leadership or strategic decision making and external attributions by executives for low performance, again using instructions that were based on Staw, McKechnie, and Puffer’s (1983) procedure for coding external attributions in annual reports. We conducted similar content analyses of press releases in the PR Newswire issued by the target CEO’s firm at the time of the earnings announcement and over the period for which internal performance attributions by CEOs were measured and letters to shareholders in the firms’ most recent annual report prior to the earnings announcement. Again interrater reliability was adequately high (ICCs ranged from .86 to .90).

We controlled for friendship ties between source CEOs and target CEOs in estimating internal performance attributions by CEOs, using a survey scale that has been validated in prior organizational research (Burt, 1992; Westphal and Deephouse, 2011). We also controlled for friendship ties between target CEOs and journalists in estimating internal performance attributions in journalist reports.8 We controlled for similarity between CEOs on demographic characteristics other than race and gender that could provide a salient basis for social categorization among corporate leaders, including age, functional background, and personal characteristics other than race and gender that could provide a salient basis for social categorization among corporate leaders, including age, functional background.

8 Our primary measure prompted CEOs and journalists to list corporate leaders in the sample frame who were acquaintances, more than acquaintances but less than personal friends, and personal friends. Respondents were then asked to distinguish between friends and close friends. Prompting respondents to make these distinctions is thought to yield a more precise measure of friendship than simply asking respondents to list their friends (Labianca, Brass, and Gray, 1998; Swart et al., 2011). Multiple prior studies have provided evidence for the interrater reliability, convergent validity, and predictive validity of this measure (Westphal and Stern, 2006; McDonald and Westphal, 2010; Westphal and Deephouse, 2011). Consistent with prior research, there was a high level of interrater agreement for this measure between source CEOs and target CEOs (weighted kappa [K] = .91) and between target CEOs and journalists (weighted kappa [K] = .89). Also in line with prior research (McDonald and Westphal, 2010), these measures were significantly correlated with a separate, Likert-type scale that assessed the strength of CEOs’ personal relationships with other CEOs and journalists (p < .001). In separate analyses we measured friendship ties using dichotomous measures (e.g., one variable coded 1 if the source CEO perceived the target CEO to be a friend, another variable coded 1 if the source CEO perceived the target CEO to be a close friend, and analogous measures for friendship ties between CEOs and journalists), and the hypothesized results were unchanged. In other models we controlled for friendship ties between journalists and source CEOs, and again the results were unchanged. We also ran separate analyses that controlled for common friendship ties (i.e., friendship with the same, third-party CEOs) (Mizruchi, 1992) as a measure of structural equivalence that has been used in the corporate elite literature (common board ties is also a measure of structural equivalence and is included in the main models). The hypothesized results were unchanged.
and educational specialization (Hambrick and Mason, 1984; Tsui, Egan, and O’Reilly, 1992; Williams and O’Reilly, 1998). We combined these measures into a single index using principal components analysis. We also controlled for board ties between CEOs (i.e., the number of board seats held by CEOs at the same firm), and each CEO’s tenure in position. Moreover, in models of internal performance attributions by journalists, we controlled for the target CEO’s status in the corporate elite. In addition, we controlled for the size of the target CEO’s firm, measured as the log of total sales, and performance of the source CEO’s firm, measured as the most recently disclosed corporate earnings relative to consensus forecasts.

We included dummy variables to control for whether the source CEO’s firm was a current or potential supplier of the target CEO’s firm, a current or potential buyer, or a competitor (in models of journalist reports, these variables indicate the proportion of source CEOs who communicated with the focal journalist whose firms were competitors, buyers, or suppliers of the target CEO’s firm). The results were robust to including a larger set of controls that distinguish between current suppliers (or buyers) and potential suppliers (or buyers). We also included a dummy variable to control for whether the two firms had announced an alliance within the previous three years. In addition, we controlled for industry-level factors that may promote cooperative behavior between firm leaders and inhibit them from issuing negative performance attributions about each other. Specifically, we controlled for industry concentration using the mean-deviated four-firm concentration ratio, which indicates the level of competitive uncertainty in an industry and takes on higher values when concentration is neither relatively high nor low (Pfeffer and Salancik, 1978; Burt, 1983; Palmer and Barber, 2001). Moreover, we controlled for Mizruchi’s (1992) composite measure of market constraint, which indicates the level of vertical resource dependence between firms (Burt, 1983; Palmer, Friedland, and Singh, 1986). We also included industry dummy variables in all models (coefficients for these variables are not reported in the tables to conserve space but are available from the authors).

There is recent evidence that journalists sometimes experience diminished access to CEOs after issuing negative reports about the CEO’s leadership and that journalists who become aware of such instances may be deterred from issuing negative reports themselves (Westphal and Deephouse, 2011). Thus we included a survey scale developed by Westphal and Deephouse (2011) that measures journalists’ awareness of cases in which other journalists had difficulty communicating with a CEO after issuing negative reports about the CEO’s leadership (α = .89). We also controlled for other major firm announcements that were made within the prior six-month period that might be expected to influence media reports, such as dividend changes or stock repurchase plans. In other analyses, we controlled for a composite measure of board power over the CEO at the source CEO’s firm (Finkelstein and

9 We ran separate models of performance attributions by CEOs and journalists in which we controlled for the level of CEO compensation measured as the most recently disclosed total direct compensation, logged (Wade et al., 2006), and indicators of strategic similarity between source CEOs’ firms and target CEOs’ firms, including similarity in the profile of firms’ business-level investments (e.g., advertising expenditure, R&D spending, etc.) (Geletkanycz and Hambrick, 1997) and similarity in the level of corporate diversification. The hypothesized results were substantively unchanged with these controls included in the models.
D’Aveni, 1994; Porac, Wade, and Pollock, 1999), and the results were unchanged. We controlled for the possibility of social contagion in journalist reports (Breen, 1997; Boyle, 2001) by including the average number of internal performance attributions for the target CEO’s firm over the period for which the dependent variable was measured. We also included controls that indicate whether the focal journalist was employed as a commentator and whether the journalist was employed by an outlet that focuses on business news (e.g., the Wall Street Journal) or a more general news outlet (e.g., the New York Times). In other models, we controlled for the circulation of the journalist’s employer and the extent of the journalist’s prior experience (in years), and the hypothesized results were unchanged. Finally, we controlled for the prior level of the dependent variable in each model to address the potential for unobserved heterogeneity. In models of internal performance attributions by CEOs, this represents the number of such attributions by the source CEO over the prior year. In models of journalist reports, this control indicates the number of internal performance attributions in articles by the focal journalist during the prior three-month period. We also considered the potential for personality attributes of CEOs and journalists to influence the hypothesized results. In separate models, we controlled for a survey measure of self-monitoring based on the reports of CEOs and journalists (Kilduff, 1992) and found the hypothesized results were unchanged.

Analysis

As discussed above, we measured internal performance attributions for firms in our sample quarterly, surrounding each quarterly earnings disclosure, over a three-year time period. The dependent measures in these models are count variables characterized by overdispersion. Thus we estimated internal performance attributions using negative binomial regression. Vuong (1989) tests indicated that zero-inflated regression did not provide a better model fit. Moreover, we used the random effects estimator to correct for serial correlation. The Hausman (1978) specification test indicated that the random effects estimator provided an adequate model fit ($p > .20$). As noted above, the unit of analysis in models of internal performance attributions by CEOs is the CEO dyad (i.e., dyadic combinations of source CEOs and potential target CEOs). Because multiple dyads involve the same CEO, we adjusted for the resulting non-independence of observations by using a robust variance estimator for clustered data (Wooldridge, 2003). Similarly, the unit of analysis in models of internal performance attributions by journalists is the journalist-CEO dyad (i.e., dyadic combinations of journalists and potential target CEOs), and multiple dyads involve the same journalist. Thus we used a robust variance estimator in these models as well to correct for any bias in the standard errors from non-independence of observations. In other models we randomly selected one dyad per responding CEO or one dyad per responding journalist, and the hypothesized results were essentially unchanged.

In the primary analyses, we tested the hypothesized effects of the independent variables on internal performance attributions following a negative earnings surprise using the Heckman selection procedure (Heckman and Borjas,
This is a two-stage approach in which the first-stage equation estimates the likelihood of a negative earnings surprise using probit regression, and parameter estimates from that equation are included in a second-stage equation that estimates internal performance attributions using negative binomial regression. These models help control for unmeasured differences between firms that disclosed a negative earnings surprise and other firms in the population. As an alternative approach, we interacted the independent variables with negative earnings surprises in estimating internal performance attributions. We discuss the results of these analyses separately below. To address any potential difficulties in interpreting interaction effects in models that employ nonlinear estimation (see Hoetker, 2007), we conducted separate analyses that estimated internal attributions by source CEOs and by journalists as a proportion of total internal and external attributions. As noted above, the hypothesized results were essentially unchanged in these models.

RESULTS

Table A.1 in the Online Appendix includes descriptive statistics and bivariate correlations. The descriptive statistics indicate that the provision of internal attributions for low firm performance at other firms by CEOs in their conversations with journalists is not a rare occurrence in our sample. CEOs rendered internal performance attributions for firms that issued a negative earnings surprise .52 times on average, with 23 percent of CEOs rendering at least one such attribution. Moreover, correlations between the independent variables and dependent variables are generally significant and in the expected direction. For example, the correlation between source CEOs’ internal performance attributions about the target CEO’s firm and internal performance attributions in the focal journalist’s reports is .26.

Table 1 provides the results of Heckman negative binomial regression models of CEOs’ internal performance attributions for firms that have issued negative earnings surprises. The results for several of the control variables deserve mention. As expected, CEOs are significantly less likely to render internal attributions about another firm in conversations with journalists following a negative earnings surprise at the firm to the extent that they are connected to the firm’s CEO by a friendship tie. CEOs are also less likely to render internal attributions about a competitor firm (vs. current or potential buyer/supplier firm) or alliance partner following a negative earnings surprise at the firm (further discussion of the controls is included in the Online Appendix). Model 2 includes two-way interactions between the race of source CEOs and the race of target CEOs. The reference category in this model is the dyadic combination of white source CEO and white target. Consistent with H1a, there is a significant interaction between white source CEO and racial minority target: white CEOs are significantly more likely to render internal attributions about another firm in conversations with journalists following a negative earnings surprise at the firm when the target CEO is a racial minority (vs. white). Model 5 includes two-way interactions between the gender of source CEOs and target CEOs. The
Table 1. Heckman Negative Binomial Regression Models of CEOs’ Internal Performance Attributions for Firms That Have Issued Negative Earnings Surprises (N = 18,147)*

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racial minority target CEO</td>
<td>0.154*** (0.038)</td>
<td>0.147*** (0.038)</td>
<td>0.117** (0.039)</td>
<td>0.131*** (0.034)</td>
<td>0.121*** (0.035)</td>
<td>0.085* (0.036)</td>
</tr>
<tr>
<td>Female target CEO</td>
<td>0.147*** (0.038)</td>
<td>0.117** (0.039)</td>
<td>0.147*** (0.038)</td>
<td>0.117** (0.039)</td>
<td>0.121*** (0.035)</td>
<td>0.085* (0.036)</td>
</tr>
<tr>
<td>Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>-0.034*** (0.008)</td>
<td>-0.032*** (0.009)</td>
<td>-0.023* (0.009)</td>
<td>-0.033*** (0.009)</td>
<td>-0.029*** (0.009)</td>
<td>-0.021* (0.010)</td>
</tr>
<tr>
<td>Racial minority source CEO</td>
<td>0.059 (0.061)</td>
<td>0.060 (0.061)</td>
<td>0.065 (0.061)</td>
<td>0.061 (0.061)</td>
<td>0.061 (0.061)</td>
<td>0.061 (0.061)</td>
</tr>
<tr>
<td>White source CEO and racial minority target CEO (H1a)</td>
<td>0.163** (0.067)</td>
<td>0.150* (0.066)</td>
<td>0.163** (0.067)</td>
<td>0.150* (0.066)</td>
<td>0.163** (0.067)</td>
<td>0.150* (0.066)</td>
</tr>
<tr>
<td>Racial minority source CEO and white target CEO</td>
<td>0.119 (0.065)</td>
<td>0.112 (0.065)</td>
<td>0.119 (0.065)</td>
<td>0.112 (0.065)</td>
<td>0.119 (0.065)</td>
<td>0.112 (0.065)</td>
</tr>
<tr>
<td>Racial minority source CEO and racial minority target CEO</td>
<td>-0.107 (0.070)</td>
<td>-0.111 (0.070)</td>
<td>-0.107 (0.070)</td>
<td>-0.111 (0.070)</td>
<td>-0.107 (0.070)</td>
<td>-0.111 (0.070)</td>
</tr>
<tr>
<td>White source CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>-0.029 (0.034)</td>
<td>-0.031 (0.033)</td>
<td>-0.029 (0.034)</td>
<td>-0.031 (0.033)</td>
<td>-0.029 (0.034)</td>
<td>-0.031 (0.033)</td>
</tr>
<tr>
<td>Racial minority target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>0.077* (0.031)</td>
<td>0.081* (0.033)</td>
<td>0.077* (0.031)</td>
<td>0.081* (0.033)</td>
<td>0.077* (0.031)</td>
<td>0.081* (0.033)</td>
</tr>
<tr>
<td>White source CEO and racial minority target CEO (H2a)</td>
<td>0.434*** (0.050)</td>
<td>0.434*** (0.050)</td>
<td>0.434*** (0.050)</td>
<td>0.434*** (0.050)</td>
<td>0.434*** (0.050)</td>
<td>0.434*** (0.050)</td>
</tr>
<tr>
<td>Racial minority source CEO and white target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>0.112* (0.052)</td>
<td>0.112* (0.052)</td>
<td>0.112* (0.052)</td>
<td>0.112* (0.052)</td>
<td>0.112* (0.052)</td>
<td>0.112* (0.052)</td>
</tr>
<tr>
<td>Racial minority source CEO and racial minority target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>-0.080 (0.059)</td>
<td>-0.080 (0.059)</td>
<td>-0.080 (0.059)</td>
<td>-0.080 (0.059)</td>
<td>-0.080 (0.059)</td>
<td>-0.080 (0.059)</td>
</tr>
<tr>
<td>Female source CEO</td>
<td>0.039 (0.046)</td>
<td>0.042 (0.047)</td>
<td>0.050 (0.047)</td>
<td>0.042 (0.047)</td>
<td>0.042 (0.047)</td>
<td>0.050 (0.047)</td>
</tr>
<tr>
<td>Male source CEO and female target CEO (H1b)</td>
<td>0.095** (0.035)</td>
<td>0.089* (0.035)</td>
<td>0.095** (0.035)</td>
<td>0.089* (0.035)</td>
<td>0.095** (0.035)</td>
<td>0.089* (0.035)</td>
</tr>
<tr>
<td>Female source CEO and male target CEO</td>
<td>0.059 (0.034)</td>
<td>0.054 (0.032)</td>
<td>0.059 (0.034)</td>
<td>0.054 (0.032)</td>
<td>0.059 (0.034)</td>
<td>0.054 (0.032)</td>
</tr>
<tr>
<td>Female source CEO and female target CEO</td>
<td>-0.134 (0.106)</td>
<td>-0.150 (0.108)</td>
<td>-0.134 (0.106)</td>
<td>-0.150 (0.108)</td>
<td>-0.134 (0.106)</td>
<td>-0.150 (0.108)</td>
</tr>
<tr>
<td>Male source CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>-0.033 (0.032)</td>
<td>-0.035 (0.032)</td>
<td>-0.033 (0.032)</td>
<td>-0.035 (0.032)</td>
<td>-0.033 (0.032)</td>
<td>-0.035 (0.032)</td>
</tr>
<tr>
<td>Female target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>0.053* (0.024)</td>
<td>0.056* (0.025)</td>
<td>0.053* (0.024)</td>
<td>0.056* (0.025)</td>
<td>0.053* (0.024)</td>
<td>0.056* (0.025)</td>
</tr>
<tr>
<td>Male source CEO and female target CEO X Target CEO’s status in corporate elite relative to source CEO’s status (H2b)</td>
<td>0.225*** (0.032)</td>
<td>0.225*** (0.032)</td>
<td>0.225*** (0.032)</td>
<td>0.225*** (0.032)</td>
<td>0.225*** (0.032)</td>
<td>0.225*** (0.032)</td>
</tr>
<tr>
<td>Female source CEO and male target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>0.071* (0.035)</td>
<td>0.071* (0.035)</td>
<td>0.071* (0.035)</td>
<td>0.071* (0.035)</td>
<td>0.071* (0.035)</td>
<td>0.071* (0.035)</td>
</tr>
<tr>
<td>Female source CEO and female target CEO X Target CEO’s status in corporate elite relative to source CEO’s status</td>
<td>-0.097 (0.060)</td>
<td>-0.097 (0.060)</td>
<td>-0.097 (0.060)</td>
<td>-0.097 (0.060)</td>
<td>-0.097 (0.060)</td>
<td>-0.097 (0.060)</td>
</tr>
</tbody>
</table>
Table 1. (continued)

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendship tie between source CEO and target CEO</td>
<td>-0.047**</td>
<td>-0.047**</td>
<td>-0.046**</td>
<td>-0.047**</td>
<td>-0.046**</td>
<td>-0.045**</td>
</tr>
<tr>
<td>Board ties between source CEO and target CEO</td>
<td>(0.018)</td>
<td>(0.018)</td>
<td>(0.018)</td>
<td>(0.018)</td>
<td>(0.018)</td>
<td>(0.018)</td>
</tr>
<tr>
<td>Similarity between source CEO and target CEO</td>
<td>-0.025</td>
<td>-0.025</td>
<td>-0.024</td>
<td>-0.026</td>
<td>-0.026</td>
<td>-0.025</td>
</tr>
<tr>
<td>Mean-deviated industry concentration</td>
<td>-0.024</td>
<td>-0.024</td>
<td>-0.024</td>
<td>-0.024</td>
<td>-0.024</td>
<td>-0.024</td>
</tr>
<tr>
<td>Competitor of target CEO’s firm</td>
<td>-0.085*</td>
<td>-0.084*</td>
<td>-0.082*</td>
<td>-0.085*</td>
<td>-0.083*</td>
<td>-0.083*</td>
</tr>
<tr>
<td>Alliance between source CEO’s firm and target CEO’s firm</td>
<td>-0.130*</td>
<td>-0.129*</td>
<td>-0.127*</td>
<td>-0.131*</td>
<td>-0.130*</td>
<td>-0.128*</td>
</tr>
<tr>
<td>Source CEO’s tenure</td>
<td>(0.023)</td>
<td>(0.023)</td>
<td>(0.023)</td>
<td>(0.023)</td>
<td>(0.023)</td>
<td>(0.023)</td>
</tr>
<tr>
<td>Target CEO’s tenure</td>
<td>(0.022)</td>
<td>(0.022)</td>
<td>(0.022)</td>
<td>(0.022)</td>
<td>(0.022)</td>
<td>(0.022)</td>
</tr>
<tr>
<td>Impression management in letters to shareholders at target CEO’s firm</td>
<td>0.005*</td>
<td>0.005*</td>
<td>0.005*</td>
<td>0.005*</td>
<td>0.004*</td>
<td>0.004*</td>
</tr>
<tr>
<td>Impression management in press releases at target CEO’s firm</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Impression management by target CEO in comm. with journalist outside conference call</td>
<td>0.006*</td>
<td>0.006*</td>
<td>0.005*</td>
<td>0.006*</td>
<td>0.006*</td>
<td>0.006*</td>
</tr>
<tr>
<td>Impression management by CFO in comm. with journalist outside conference call</td>
<td>0.007</td>
<td>0.007</td>
<td>0.006</td>
<td>0.007</td>
<td>0.006</td>
<td>0.005</td>
</tr>
<tr>
<td>Impression management by other staff of target CEO’s firm in comm. with journalist outside conference call</td>
<td>0.003</td>
<td>0.003</td>
<td>0.003</td>
<td>0.003</td>
<td>0.003</td>
<td>0.003</td>
</tr>
<tr>
<td>Log of sales, target CEO’s firm</td>
<td>0.015*</td>
<td>0.014*</td>
<td>0.013*</td>
<td>0.014*</td>
<td>0.014*</td>
<td>0.012*</td>
</tr>
<tr>
<td>Mean-deviated industry concentration</td>
<td>-0.025*</td>
<td>-0.024</td>
<td>-0.023</td>
<td>-0.024</td>
<td>-0.023</td>
<td>-0.019</td>
</tr>
<tr>
<td>Industry constraint</td>
<td>-0.013</td>
<td>-0.013</td>
<td>-0.012</td>
<td>-0.013*</td>
<td>-0.012</td>
<td>-0.012</td>
</tr>
<tr>
<td>Prior internal performance attributions for other firms</td>
<td>0.013</td>
<td>0.013</td>
<td>0.012</td>
<td>0.012</td>
<td>0.012</td>
<td>0.013</td>
</tr>
<tr>
<td>Wald $\chi^2$</td>
<td>325.58***</td>
<td>436.66***</td>
<td>595.09***</td>
<td>350.94***</td>
<td>449.25***</td>
<td>587.38***</td>
</tr>
</tbody>
</table>

*p ≤ .05; ** p ≤ .01; *** p ≤ .001; t-tests are one-tailed for hypothesized effects, two-tailed for control variables.

* Standard errors are in parentheses.
internal attributions about another firm following a negative earnings surprise at the firm when the target CEO is female (vs. male).10

Model 3 includes interactions between source CEOs’ race, target CEOs’ race, and relative status in the corporate elite on internal performance attributions following a negative earnings surprise. Consistent with H2a, there is a positive interaction between the source CEO’s race, the target CEO’s race, and relative status on internal attributions: white CEOs are more likely to render internal performance attributions for firms with racial minority CEOs in conversations with journalists following a negative earnings surprise to the extent that the target CEO has high status in the corporate elite relative to the source CEO. Moreover, model 6 reveals a comparable interaction between CEO gender and relative status on internal attributions. As discussed further in the Online Appendix, we obtained equivalent results using different categories as the reference group.

The interactions are displayed graphically in figure 1. The graph is based on subsample regression analyses that included the full set of controls from models in table 1. The figure reveals an interaction between CEO race and status

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10 In separate models, we included the interaction terms for race and gender together (e.g., white source CEO and racial minority target together with male source CEO and female target). Although the reference categories for these models are more complex, the hypothesized results were consistent with those in table 1.
wherein relative status is negatively related to the probability that white source CEOs will render internal performance attributions for firms with white target CEOs following a negative earnings surprise, but positively related to the probability that white source CEOs will render internal performance attributions for firms with racial minority target CEOs following a negative earnings surprise. The figure also shows a parallel interaction between CEO gender and status. The coefficients for relative status were statistically significant at alpha = .01 in each of these models, that is, significantly negative for dyads that included white (or male) source CEOs and white (or male) targets, and significantly positive for dyads that included white (or male) source CEOs and racial minority (or female) targets.11

Table 2 includes the results of Heckman negative binomial regression models of internal performance attributions in journalists’ reports. Again the results for several of the control variables deserve mention. Journalists who are employed by an outlet that focuses on business news (vs. more general news) issue fewer internal performance attributions for firms that have disclosed a negative earnings surprise, and reporters issue fewer internal performance attributions than journalists who are employed as commentators. Moreover, journalists are less likely to issue internal performance attributions for firms that have disclosed a negative earnings surprise to the extent that they are connected to the firm’s CEO by a friendship tie. The results in models 1 and 4 provide evidence that CEOs’ internal performance attributions have a significant effect on the content of journalist reports about firm performance. Consistent with hypothesis 3, internal performance attributions by CEOs in conversations with a journalist following a negative earnings surprise at the target CEO’s firm are positively associated with subsequent internal performance attributions by the journalist in reporting on that firm. Moreover, the results in models 3 and 6 provide similarly strong support for hypotheses 4a and 4b. There is an interaction between internal performance attributions by CEOs and demographic similarity between journalists and target CEOs, such that the positive relationship between internal performance attributions by CEOs and internal performance attributions in journalist reports is significantly weaker when the journalist and target CEO are both racial minorities. Similarly, the positive effect of internal performance attributions by CEOs is significantly weaker when both the journalist and target CEO are women. The reference category in models 1–3 is the dyadic combination of racial minority journalist and white target, and the reference category in models 4–6 is the combination of female journalist and male target; the hypothesized results were robust to alternative reference categories.12

The magnitude of these effects is considerable. For example, if CEOs who communicate with a journalist following a negative earnings surprise at the target CEO’s firm render an internal performance attribution about the firm on one occasion, the likelihood that the journalist will issue an internal performance attribution in articles about the firm is 3.9 times greater than if CEOs

11 Wald tests indicated that the coefficients for interactions that included minority source CEOs and minority targets were significantly less positive than the coefficients for the cross-group interactions (i.e., white or male source CEOs and racial minority or female targets).
12 Again we ran separate models that included the interaction terms for race and gender together, and while the reference categories are more complex, the hypothesized results were consistent with those displayed in the table.
Table 2. Heckman Negative Binomial Regression Models of Internal Performance Attributions in Journalists’ Reports about Firms That Have Issued Negative Earnings Surprises (N = 21,235)*

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm (H3)</td>
<td>0.036***</td>
<td>0.036***</td>
<td>0.031***</td>
<td>0.039***</td>
<td>0.037***</td>
<td>0.030***</td>
</tr>
<tr>
<td>(0.005)</td>
<td>(0.005)</td>
<td>(0.006)</td>
<td>(0.005)</td>
<td>(0.005)</td>
<td>(0.006)</td>
<td></td>
</tr>
<tr>
<td>Racial minority journalist</td>
<td>0.067*</td>
<td>0.064*</td>
<td>0.057*</td>
<td>0.067*</td>
<td>0.061*</td>
<td>0.076*</td>
</tr>
<tr>
<td>(0.030)</td>
<td>(0.030)</td>
<td>(0.028)</td>
<td></td>
<td>(0.030)</td>
<td>(0.027)</td>
<td>(0.030)</td>
</tr>
<tr>
<td>Female journalist</td>
<td></td>
<td>0.096*</td>
<td></td>
<td></td>
<td>0.090*</td>
<td>0.100*</td>
</tr>
<tr>
<td>(0.044)</td>
<td></td>
<td>(0.045)</td>
<td></td>
<td></td>
<td>(0.044)</td>
<td></td>
</tr>
<tr>
<td>Racial minority target CEO</td>
<td>0.099*</td>
<td>0.103*</td>
<td>0.121**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.041)</td>
<td>(0.042)</td>
<td>(0.044)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Female target CEO</td>
<td></td>
<td>0.054*</td>
<td></td>
<td></td>
<td>0.061*</td>
<td>0.078*</td>
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<tr>
<td>(0.026)</td>
<td></td>
<td>(0.027)</td>
<td></td>
<td></td>
<td>(0.030)</td>
<td></td>
</tr>
<tr>
<td>Journalist and target CEO both racial minorities</td>
<td>–0.230*</td>
<td>–0.223*</td>
<td></td>
<td></td>
<td>–0.197*</td>
<td>–0.194*</td>
</tr>
<tr>
<td>(0.104)</td>
<td>(0.106)</td>
<td></td>
<td></td>
<td></td>
<td>(0.094)</td>
<td>(0.095)</td>
</tr>
<tr>
<td>White journalist and racial minority target</td>
<td>0.077</td>
<td>0.074</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.050)</td>
<td>(0.052)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White journalist and white target</td>
<td>–0.062*</td>
<td>–0.065*</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(0.030)</td>
<td>(0.033)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male journalist and female target</td>
<td>0.055</td>
<td>0.062</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.045)</td>
<td>(0.046)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male journalist and male target</td>
<td></td>
<td>–0.056*</td>
<td>–0.056*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.025)</td>
<td>(0.027)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Journalist and</td>
<td>–0.283***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>target CEO both racial minorities (H4a)</td>
<td></td>
<td>(0.056)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Journalist and</td>
<td></td>
<td></td>
<td>–0.427***</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>target CEO both female (H4b)</td>
<td></td>
<td></td>
<td>(0.059)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X White</td>
<td>0.043</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>journalist and racial minority target</td>
<td></td>
<td>(0.031)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X White</td>
<td>–0.084*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>journalist and white target</td>
<td></td>
<td>(0.039)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Male journalist</td>
<td>0.025</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and female target</td>
<td></td>
<td>(0.026)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Male journalist</td>
<td></td>
<td>–0.045**</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>and male target</td>
<td></td>
<td>(0.017)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Racial minority</td>
<td>0.084*</td>
<td>0.103**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>target</td>
<td></td>
<td>(0.039)</td>
<td>(0.040)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Female target</td>
<td>0.072*</td>
<td>0.096**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.032)</td>
<td>(0.033)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Female target</td>
<td>–0.066*</td>
<td>–0.060*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.028)</td>
<td>(0.029)</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>CEOs’ internal performance attributions about target CEO’s firm X Racial minority</td>
<td>–0.052*</td>
<td>–0.049*</td>
<td></td>
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<td></td>
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<tr>
<td>journalist</td>
<td>(0.025)</td>
<td>(0.026)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Proportion of source CEOs from competitor firms</td>
<td>–0.070*</td>
<td>–0.071*</td>
<td>–0.072*</td>
<td>–0.071*</td>
<td>–0.071*</td>
<td>–0.072*</td>
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<tr>
<td>(0.031)</td>
<td>(0.032)</td>
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Table 2. (continued)

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<th>Independent variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
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<tr>
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<td>Proportion of source CEOs from buyer firms</td>
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<tr>
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<td>Proportion of source CEOs from supplier firms</td>
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<td>0.086</td>
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<td>Target CEO’s tenure</td>
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<tr>
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<td>(0.004)</td>
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<tr>
<td></td>
<td>(Low) reported corporate earnings vs. forecasts, source CEO’s firm</td>
<td>0.074*</td>
<td>0.072*</td>
<td>0.070*</td>
<td>0.073*</td>
<td>0.072*</td>
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<tr>
<td></td>
<td>(0.033)</td>
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<td>Log of sales, target CEO’s firm</td>
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<td>0.019*</td>
<td>0.017*</td>
<td>0.020*</td>
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<td>(0.008)</td>
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<td>Internal performance attributions by other journalists</td>
<td>0.025***</td>
<td>0.024***</td>
<td>0.023***</td>
<td>0.024***</td>
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<td>(0.006)</td>
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<td>Reporter vs. commentator</td>
<td>−0.075**</td>
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<td>−0.074**</td>
<td>−0.075**</td>
<td>−0.075**</td>
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<td>(0.027)</td>
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<td>Type of media outlet (business vs. general news)</td>
<td>−0.043**</td>
<td>−0.042**</td>
<td>−0.042**</td>
<td>−0.043**</td>
<td>−0.043**</td>
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<tr>
<td></td>
<td>Impression management in conference calls by executives at target CEO’s firm</td>
<td>−0.005**</td>
<td>−0.005**</td>
<td>−0.005**</td>
<td>−0.005**</td>
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<tr>
<td></td>
<td>Impression management in letters to shareholders at target CEO’s firm</td>
<td>−0.006*</td>
<td>−0.006*</td>
<td>−0.006*</td>
<td>−0.006*</td>
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<tr>
<td></td>
<td>Impression management in press releases at target CEO’s firm</td>
<td>−0.004</td>
<td>−0.004</td>
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<td>(0.002)</td>
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<tr>
<td></td>
<td>Impression management by target CEO in comm. with journalist outside conference call</td>
<td>−0.006**</td>
<td>−0.008**</td>
<td>−0.008**</td>
<td>−0.008**</td>
<td>−0.006**</td>
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<td>Impression management by CFO in comm. with journalist outside conference call</td>
<td>−0.007</td>
<td>−0.006</td>
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<td>−0.007</td>
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</tr>
<tr>
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<td>Impression management by other staff of target CEO’s firm in comm. with journalist outside conference call</td>
<td>−0.005*</td>
<td>−0.005*</td>
<td>−0.005*</td>
<td>−0.005*</td>
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<tr>
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<tr>
<td></td>
<td>Friendship between target CEO and journalist</td>
<td>−0.101*</td>
<td>−0.099*</td>
<td>−0.096*</td>
<td>−0.100*</td>
<td>−0.098*</td>
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<td>Target CEO’s status in corporate elite</td>
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<tr>
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<td>(0.024)</td>
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</tr>
<tr>
<td></td>
<td>Journalist’s awareness of others’ inability to communicate with target CEO</td>
<td>−0.066**</td>
<td>−0.065**</td>
<td>−0.063**</td>
<td>−0.066**</td>
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<tr>
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<td>(0.022)</td>
<td>(0.023)</td>
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<td>(0.023)</td>
<td>(0.023)</td>
</tr>
<tr>
<td></td>
<td>Other announcements at target CEO’s firm</td>
<td>−0.074</td>
<td>−0.073</td>
<td>−0.070</td>
<td>−0.074</td>
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<tr>
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<td>(0.060)</td>
<td>(0.060)</td>
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<tr>
<td></td>
<td>Prior internal attributions for low firm performance</td>
<td>0.016***</td>
<td>0.012***</td>
<td>0.012***</td>
<td>0.016***</td>
<td>0.012***</td>
</tr>
<tr>
<td></td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
<td>(0.003)</td>
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</tr>
<tr>
<td></td>
<td>Constant</td>
<td>0.262</td>
<td>0.254</td>
<td>0.233</td>
<td>0.258</td>
<td>0.248</td>
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<tr>
<td></td>
<td>(0.181)</td>
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<td>(0.185)</td>
<td>(0.180)</td>
<td>(0.183)</td>
<td>(0.184)</td>
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<tr>
<td>Wald χ²</td>
<td>712.97***</td>
<td>868.92***</td>
<td>1060.88***</td>
<td>775.59***</td>
<td>914.31***</td>
<td>1154.43***</td>
</tr>
</tbody>
</table>

* p ≤ .05; ** p ≤ .01; *** p ≤ .001; t-tests are one-tailed for hypothesized effects, two-tailed for control variables. * Standard errors are in parentheses.

do not render an internal performance attribution about the firm in communicating with the journalist. Yet if the journalist and target CEO are both women, the likelihood that the journalist will issue an internal performance attribution about that firm is only 14 percent higher if source CEOs render an
internal performance attribution about the target CEO’s firm in communicating with the journalist. The interactions are displayed graphically in figure 2 (the graph is based on subsample regression analyses that included the full set of controls). As shown in the figure, racial minority journalists were less likely to issue negative performance attributions about minority vs. white CEOs. Moreover, while CEOs’ negative performance attributions had little effect on the reporting of minority journalists when the target CEO was a minority, such attributions had a strong effect on the reporting of minority journalists when the target was white. There was a similar pattern of results for female journalists. This pattern of results is consistent with in-group favoritism, in that journalists were less prone to report CEOs’ internal attribution.

Figure 2. Probability of internal performance attribution in journalists’ reports about firms that have issued negative earnings surprises.

* This figure is based on subsample regression analyses that included the full set of controls from the models in table 2. It illustrates the results of hypothesis 4a on the racial similarity between journalists and target CEOs (e.g., racial minority journalist and racial minority target CEO). The pattern for gender similarity between journalists and target CEOs (e.g., female journalist and female target CEO) is very similar to the pattern displayed in this figure.
attributions about demographically similar CEOs than demographically different CEOs.

Our theoretical argument would suggest that the hypothesized interaction between demographic differences and relatively high social status of the target CEO on negative performance attributions by the source CEO should be mediated by envy (in its more negative form) toward the target CEO. To provide a more direct test of this theoretical mechanism, we included a multi-item survey scale in the CEO survey that gauges envy of this kind toward target CEOs. Items were derived in part from survey measures developed by Smith and colleagues (Smith et al., 1994, 1996). Two items directly asked respondents whether they felt envy for a target CEO (e.g., “To what extent do you feel envious of [CEO]?”), and three other items asked about feelings of resentment toward the target CEO. CFA indicated that all items loaded on one factor, without loading on other factors in the measurement model, and inter-item reliability was acceptably high (α = .86). We tested for mediation using the procedure recommended by MacKinnon et al. (2002). Results indicated that both of the hypothesized interaction effects on CEOs’ internal performance attributions were significantly mediated by envy toward the target CEO.13

Our theoretical argument also suggested that internal performance attributions by CEOs increase the likelihood that journalists will issue such attributions in reporting on firm performance in part because the journalist can quote the CEO’s attribution to his or her editor and/or cite the CEO’s attribution in articles about the target CEO’s firm, thus increasing the perceived objectivity and credibility of his or her reporting. We conducted several supplemental analyses that provided additional evidence for the validity of this argument. The questionnaire distributed to journalists four weeks after earnings disclosures included an additional survey scale that asked respondents to indicate whether they had quoted a CEO by name to their editor as attributing low firm performance at the target CEO’s firm to the CEO’s leadership and/or strategic decision making. CFA indicated that the items in this scale loaded on a single factor with acceptable reliability (α = .87). In separate analyses, we regressed this measure on the independent variables for hypotheses 3, 4a, and 4b. The results indicated that CEOs’ internal performance attributions about a target CEO’s firm had a strong, positive effect on journalists’ propensity to quote a CEO to their editor as making an internal attribution for low performance at that firm. Moreover, Sobel tests indicated that the measure of journalist quotations of a CEO to the editor significantly mediated the effects of internal performance attributions by CEOs on internal performance attributions in journalist reports (i.e., the final dependent variable). Moreover, in analyzing the content of journalist reports, we coded whether internal performance attributions in journalist reports were credited to a top executive or “industry expert.” Again, separate regression analyses indicated that CEOs’ internal performance attributions about a target CEO’s firm had a strong, positive effect on journalists’ propensity not only to issue internal performance attributions about a target CEO’s firm, but also to credit the attributions to a top executive or industry expert. As noted above,

13 Further analysis indicated that, for the sample of dyads in which the target CEO has greater status than the focal CEO, the survey measure of malicious envy was positively associated with dichotomous variables that indicate whether the target CEO was different from the source CEO on race or gender.
such citations were nearly always anonymous (i.e., the source CEO is not mentioned by name).

We address possible alternative interpretations of the results in more detail in the Online Appendix. We provide survey evidence from journalists, top managers, and corporate directors indicating that journalists rarely make up their mind ex ante that they will issue an internal attribution for low performance at a particular firm and then, in communicating with CEOs, screen for quotations that confirm their attribution (see Online Appendix for details). Moreover, although survey responses confirmed that executives usually make attributions about the performance of other firms in response to open-ended questions from journalists inviting them to comment on the performance of other firms in their industry (i.e., without the journalist naming a specific company), as a precaution we ran separate analyses of internal attributions that controlled for whether or not the source CEO was invited by a journalist to comment on the performance of a particular other CEO’s firm and found the hypothesized results were unchanged (see Online Appendix for details). Other analyses described in the Online Appendix indicated that majority CEOs were not more likely to temper their internal attributions when both the target CEO and journalist were minorities (or when both the target CEO and journalist were women) and that journalists were not more likely to misinterpret a source CEO’s attribution as less internal than it actually was when both the journalist and target CEO were racial minorities (or when both were women).

It might be suggested that firms with female and racial minority CEOs are more likely to be the subject of internal performance attributions following negative earnings surprises because minority CEOs are less experienced in strategic decision making and/or less qualified for the CEO position than white males (on average) and are therefore more prone to mistakes in strategic decision making or executive leadership. But this alternative explanation is contradicted by considerable evidence (summarized above) that women and racial minorities typically need more management experience and more impressive educational credentials to have the same chance of getting appointed to a corporate leadership position as a white male. Moreover, in further analyses we examined the association between CEOs’ internal attributions for low performance at a target CEO’s firm (i.e., the dependent variable in our primary analyses) and various indicators of subsequent performance at the target CEO’s firm (reported earnings, ROA, and total stock returns). These models controlled for prior firm performance, sales, industry, and managerial discretion (Haleblian and Finkelstein, 1993). We estimated subsequent firm performance over different time periods ranging from one to three years. Internal performance attributions by CEOs following a negative earnings surprise were not significantly associated with subsequent performance of the target CEO’s firm in any of these models.

**DISCUSSION**

Overall, the results provided strong support for our intergroup relations perspective on CEOs’ internal attributions for the low performance of other firms and the consequences for journalist reporting about firm performance. The first set of results indicated that white male CEOs, in communicating with journalists, were more likely to render internal attributions for the low performance of
firms with female or racial minority CEOs, and white male CEOs were especially likely to render internal attributions for the low performance of firms with minority CEOs who had relatively high status in the corporate elite. These findings are consistent with our intergroup relations perspective on CEO performance attributions, which suggested how status competition, together with out-group biases, may trigger negative forms of envy among white male executives toward minority CEOs who occupy positions of higher status in the corporate elite and how such biased sentiments may leave white male executives more inclined to issue internal attributions for the low performance of firms with minority CEOs in communicating with journalists who cover the minority CEOs’ firms.\footnote{It might be suggested that minority CEOs who occupy high-status positions may nevertheless be viewed as having low status, purely by virtue of the fact that they are minorities. As discussed above, we adopt the traditional definition of social status as a position in a social system that encompasses a collection of rights, privileges, and duties. Demographic minorities who occupy high-status positions in the corporate elite enjoy similar rights and privileges as members of the demographic majority who occupy such positions, such as opportunities to serve in prestigious and influential positions outside the corporate sphere (Useem, 1984; Graffin et al., 2008), and they perform similar social roles, such as acting as spokespersons for large corporations in their communications with public officials (Useem, 1984). Thus minorities who occupy high-status positions so defined would not necessarily be viewed as having less status than members of the majority who occupy such positions. Moreover, our survey data supported this premise. As discussed further in the Online Appendix, responses from a representative subsample of CEOs indicated that while our measure of status in the corporate elite is strongly correlated with CEOs’ perceptions of status, the gender and race of CEOs do not independently predict perceived status. In addition, while our status measure encompasses multiple indicators that have been used and validated in multiple prior studies, and CFA confirmed that all five indicators loaded on the same factor as expected, CEO race or gender did not load on the same construct as the status indicators. Thus CEO race and gender are not theoretically or empirically confounded with status in the corporate elite.}

The second set of findings addressed the consequences of these attributions for journalists’ reporting about firm performance. Results indicated that while CEOs’ internal attributions for the low performance of another firm in conversations with a journalist significantly increased the journalist’s subsequent tendency to issue internal performance attributions in reporting on that firm, this effect was contingent on the journalist’s race and gender. Whereas white male CEOs’ internal attributions for the low performance of firms with a female (or racial minority) CEO increased the propensity for male (or white) journalists to issue internal attributions in reporting on firm performance, such negative performance attributions had a significantly weaker effect on the reporting of female (or racial minority) journalists. These results provide further support for our intergroup relations perspective on performance attributions in journalist reports, which suggested why female or racial minority journalists are less easily persuaded than male or white journalists by executives’ internal attributions for the low performance of firms with female or racial minority CEOs respectively, and thus ultimately less prone to issuing negative statements about the CEOs’ leadership.

Our study makes several contributions to theory and research on corporate elites. First, our theoretical arguments and supportive findings reveal a previously unstudied mechanism of social discrimination in the corporate elite. Although there has long been considerable scholarly interest in identifying possible sources of social discrimination in corporate leadership across a variety of disciplines, this literature has focused mainly on whether and how members of
demographic minority groups are disadvantaged in gaining access to prestigious positions in corporate leadership. Scholars have given less consideration to the potential for social discrimination against minorities who manage to acquire high-status positions. Similarly, the organizational literature has focused mainly on downward social discrimination (e.g., less favorable treatment of out-group members who occupy lower-level positions in the social hierarchy), and to a lesser extent on “lateral” discrimination (Baron, Davis-Blake, and Bielby, 1986; Cohen, Broschak, and Haveman, 1998; Hogg and Terry, 2000; Beckman and Phillips, 2005); little theoretical or empirical attention has been devoted to understanding mechanisms of upward social discrimination in which organizational actors engage in less favorable treatment of demographically different individuals who occupy positions of higher status. In the present study, we address this issue by presenting theory and supportive findings that reveal a social and psychological mechanism by which female and racial minorities who occupy relatively high-status positions in the corporate elite are especially likely to receive blame (i.e., internal attributions) in the media for relatively low firm performance. Given abundant evidence that media reports, including journalists’ attributions about firm performance, influence the reputation of firm leaders among a variety of corporate stakeholders (Chen and Meindl, 1991; Pollock and Rindova, 2003; Pollock, Rindova, and Maggitti, 2008; Wiesenfeld, Wurthmann, and Hambrick, 2008), this study ultimately suggests how demographic minorities who occupy positions of corporate leadership are systematically disadvantaged in maintaining their reputations as capable corporate leaders.

Our theory and findings also shed light on the consequences of social status in corporate leadership. A fundamental principle in the status literature is the so-called “Matthew effect,” which refers to the supposed tendency for high-status actors to receive more rewards than low-status actors for a comparable record of accomplishment. Conversely, high-status actors are expected to receive fewer sanctions or penalties than low-status actors for sub-standard levels of performance (Merton, 1968; Podolny, 1993; Rao, 1994). In fact, several studies have shown that high-status corporate leaders tend to receive higher compensation, perquisites, and influence over strategic decision making than low-status leaders who have a comparable record of performance (Belliveau, O’Reilly, and Wade, 1996; Westphal and Khanna, 2003; Fiss, 2006; Graffin et al., 2008). At the same time, there is recent evidence that CEOs who acquire greater status in the corporate elite sometimes experience a larger decline in their compensation (or smaller increases) following a period of low firm performance than CEOs who have less status in the corporate elite (Wade et al., 2006; Graffin et al., 2008). These findings suggest that, at least in some instances, an inverse Matthew effect can occur wherein high-status actors are held more accountable for low performance than actors who occupy lower-status positions (Jensen, Kim, and Kim, 2011). Our findings contribute to the status literature by revealing an important contingency in the inverse Matthew effect, wherein some corporate leaders are more likely to experience negative returns to status than others. In particular, the crossover interactions between status and race and gender suggest that while occupying a position of relatively high status in the corporate elite does tend to reduce the likelihood of receiving blame for low firm performance if the focal CEO is a white male, it tends to increase the likelihood of receiving blame for low performance if the focal CEO
is a racial minority or a woman. Given prior evidence that internal performance attributions in journalists' reports can influence the reputation of corporate leaders among an array of firm constituents, the findings ultimately suggest that, while status tends to insulate white males from the potential reputational costs of low firm performance, it tends to increase the reputational costs of low performance for racial minorities and women. In this respect, therefore, our study suggests that while the Matthew effect tends to operate for the in-group, white male majority in corporate leadership, the inverse Matthew effect tends to operate for corporate leaders who are demographic minorities.

This study also contributes to the literature on corporate elites by examining an important social influence on corporate leaders’ reputation. While many studies have examined how corporate managers seek to influence the reputations of their firms and their own reputations as leaders by engaging in impression management with firm stakeholders, such as providing self-serving attributions for firm performance in their communications with journalists, prior research has given little consideration to how the performance attributions of top managers from other firms may influence corporate leaders’ reputation. In a recent study, Westphal et al. (2012) provided evidence that top managers sometimes help manage impressions of other corporate leaders by rendering external attributions for the low performance of other firms. The authors found that such impression management support had a more positive influence on media reporting about firm leadership than impression management by top executives and staff about their own firms. The present study complements this prior research by examining how and why top executives sometimes harm the reputations of other corporate leaders by rendering internal attributions for the low performance of other firms. Moreover, it is interesting to note that among the three kinds of performance attributions examined in these studies—external attributions for low performance by leaders and staff about their own firms, external attributions by leaders about other firms, and internal performance attributions—the effects of internal attributions by leaders about other firms on media reports were by far the strongest in magnitude.

Moreover, our theory and findings also advance social psychological perspectives on the determinants of leader reputation (Meindl, Ehrlich, and Dukerich, 1985; Chen and Meindl, 1991). In delineating how in-group/out-group categorization may not only distort the attributions that executives make about the performance of other firms in their conversations with journalists but also influence journalists’ receptivity to those attributions (e.g., reducing the receptivity of minority or female journalists to internal attributions for low performance of firms with minority or female CEOs relative to firms with white male CEOs), our theoretical framework suggests how social categorization...
processes influence the behavior of multiple social actors implicated in the process by which a leader’s reputation is constructed.

Our theoretical perspective suggested that white male CEOs should tend to feel greater resentment toward higher-status CEOs who are demographic minorities, and supplemental survey data provided direct corroboration for our arguments. According to the intergroup relations literature, one element of out-group bias is a systematic tendency to overestimate the degree to which an out-group member’s career success results from special advantages and favors rather than talent and hard work (Hewstone, 1990; Murrell et al., 1994). As a result of such a bias, CEOs should tend to view the career success of out-group members as less deserved than the success of in-group members, prompting greater resentment toward out-group members who occupy positions of higher status. While CEOs should tend to view the success of similar others as more deserved, they are also more likely to socially identify with in-group members. As a result, they should tend to experience the success of in-group members as to some extent their own successes, further diminishing any malicious envy toward similar others who occupy positions of higher status (Shah, Kruglanski, and Thompson, 1998; McDonald and Westphal, 2010). The success of in-group members has also been shown to increase latent self-confidence and optimism about one’s own prospects for achieving a privileged position, which should further temper malicious envy toward the higher-status alter (Shah, Kruglanski, and Thompson, 1998), although the latter mechanism would not apply to contexts in which individuals perceive little opportunity for upward status mobility because they lack the necessary credentials in the first place. Resentment toward higher-status minorities may also be greater in contexts in which minorities are perceived by members of the majority to be gaining status as a group or demographic diversity is increasing (Fiske and Cuddy, 2006), as in corporate leadership.

Future research could extend our study by examining the social characteristics and behaviors of minorities who manage to avoid or mitigate the social discrimination revealed in this study. Our analyses suggested that friendship ties to fellow CEOs and journalists significantly reduced the likelihood of internal attributions for low performance of a focal CEO’s firm. Thus minority CEOs may be able to mitigate the reputational damage caused by negative performance attributions by engaging in social influence behaviors such as ingratiating and favor rendering that have been shown to build social network ties between and among corporate leaders and information intermediaries (Westphal and Stern, 2006; Westphal and Deephouse, 2011). Given experimental evidence that “consciousness raising” can reduce social discrimination, at least among well-educated persons who have internalized norms against prejudicial behavior (Son Hing, Li, and Zanna, 2002: 77), it would also be interesting to examine whether education or mere publicity about the biased reporting revealed in this study could reduce the incidence of social discrimination against minority leaders.

Future studies could also examine the generalizability of our theoretical arguments to other professional settings. For example, scholars could investigate whether and when women and racial minorities who occupy high-status leadership positions in professional service organizations or governmental bodies are especially likely to get blamed for the weak performance of their units (or the low performance of their white male subordinates) during a cyclical downturn.
Such research would contribute to our understanding of the social processes in organizations that facilitate social discrimination. The social discrimination revealed in this study is facilitated by the collaborative nature of media reporting: CEOs render performance attributions in conversations with journalists but do not actually write the stories, and when journalists quote or cite a top executive as making internal attributions for low performance, they can merely “report” on the attributions made by a knowledgeable insider without actually making the attributions themselves. Accordingly, the social process of media reporting about firm leadership permits a kind of diffusion of responsibility for negative coverage of minority leaders. Similar forms of social discrimination may be especially likely to occur in organizational settings in which the performance evaluation of leaders is a social product, influenced formally or informally by the assessments of multiple individuals, whether subordinates, peers, superiors, customers, or other interested parties.

**Acknowledgments**

We acknowledge the helpful comments of Maxim Sytch, Lori Yue, and conference participants at the Wharton School and University of Oxford on earlier versions of this manuscript. We are also grateful for the thoughtful reviews of Associate Editor John Wagner and three anonymous reviewers and for the editorial support of Linda Johanson.

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Zajac, E. J., and J. D. Westphal

Zweigenhaft, R., and G. W. Domhoff

Zweigenhaft, R., and G. W. Domhoff
Authors’ Biographies

Sun Hyun Park is an assistant professor of management and organizations at the Marshall School of Business, University of Southern California, Los Angeles, CA 90089-0808 (e-mail: sunpark@marshall.usc.edu). His current research interests include social structural and psychological approaches to strategic decision making, specifically in the area of corporate governance and institutionalism. He received his Ph.D. in strategy from the University of Michigan.

James D. Westphal is the Robert G. Rodkey Collegiate Professor of Business Administration and Professor of Strategy at the Ross School of Business, University of Michigan, Ann Arbor, MI 48109-1234 (e-mail: westjd@umich.edu). His current research interests include corporate governance, symbolic and institutional processes, social influence, and corporate elites. He received his Ph.D. in organization behavior from Northwestern University.