

STATUS CONCERNS IN TOP EXECUTIVE HIRING:
THE CASE OF U.S. HIGHER EDUCATION

BY

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DISSERTATION

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ABSTRACT

While organizational status is an important concern in organization and management literature, its effect in top executive hiring has not been examined yet. Drawing on the decision-making theory of organizations, this research examines top executive hiring as a strategic decision that an organization makes when entering relationships with other organizations. It argues that organizations are possibly motivated to maintain their existing status and, more importantly, to achieve higher status and to avoid lower status. Taking decision-making approach, this research theoretically and empirically develops a model of status consciousness that attempts to explain under what circumstances status concerns are more or less important for interorganizational relation formation decisions. An analysis of presidential hiring in U.S. colleges and universities from 1987 to 2006 was used to test the empirical patterns in the maintaining and building of organizational status. In so doing, this research makes a case for the effect of organizational status in the formation of interorganizational relationships.

To all of you who have offered me help and given me hope to go through this...

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CHAPTER 1 INTRODUCTION

A long-standing tradition in organizational and management research has been to understand the phenomena that organizations choose or are chosen to form relationships (e.g. joint ventures, strategic alliances, trade associations, interlocking and personnel flows, and so on) with or by certain other organizations (Aldrich and Pfeffer, 1976; Galaskiewicz, 1985; Granovetter, 1985; Oliver, 1990; Whetten, 1981; Van de Ven, 1976). When scholars from different disciplines have made extensive accounts of the dynamics of coordination and competition in different forms of interorganizational relations at different levels, such as dyads, triads, groups, and networks, their central and unifying concern has been to identify the driving forces through which organizations enter into relationships with one another and thusly, with whom organizations choose to partner (e.g. Baty, Evan, and Rothermel, 1971; Gulati and Gargiulo, 1999; Mizruchi and Galaskiewicz, 1993; etc.). For instance, some researchers have focused on effective management of interdependence and coordination, reducing risks and uncertainty, and knowledge sharing and transfer (Gulati, 1998; Kogut, 1994; Leblebici and Salancik, 1982). In recent years, others have been revitalizing and expanding their interest in how organizations obtain power and control resources through interorganizational coalitions and interests, and how legitimacy is pursued and achieved through interorganizational relations (Casciaro and Piskorski, 2005; Gulati and Stych, 2007; Oliver, 1990; Pfeffer and Salancik, 1978; Van de Ven and Walker, 1984). Another group of scholars has dedicated its efforts to integrating these findings into an overarching framework for the motivations of interorganizational relations (Brass, Galskiewicz, Greve, and Tsai, 2004; Galaskiewicz, 1985; Oliver, 1990; Van de Ven, 1976).

Yet these efforts have largely overlooked another different but powerful motive, organizational status, despite the fact that ample empirical evidence has shown that organizations are motivated to maintain their status and, if possible, to achieve higher status through entering relations with other organizations (Podolny, 2005). Derived from various definitions in literature, the definition of “organizational status” in this study is the prestige accorded to an organization for its hierarchical position in a social structure, which goes beyond its observable economic performance; in other words, it is “a mixture of ascription and achievement” (Deephouse and Suchman, 2008:61; Gould, 2002; Jensen, 2008; Podolny, 1993; Washington and Zajac, 2005). Many studies have detailed the positive outcomes associated with an organization’s status position. For example, Podolny and his coauthors found that high status not only “lowers the cost of producing and selling a good of a given quality” (Podolny, 1993: 841), but it also has a positive effect on a firm’s market share (Podolny, Stuart, and Hannan, 1996), its propensity to innovate (Podolny and Stuart, 1995), and its return from partnering with others (Benjamin and Podolny, 1999). In addition to the benefits of organizational status, current research has demonstrated that one organization’s status is often determined by the status of the other organizations with which it affiliates or partners (Stuart, Hoang, and Hybels, 1999; Podolny and Phillips, 1996). As organizations position themselves through relations with other organizations, organizational status is produced and reproduced through partnership, endorsement, or affiliation (e.g., Benjamin and Podolny, 1999; Podolny, 1993). Especially when uncertainty makes it difficult to evaluate the quality of a product or its performance, an organization is more likely to associate with other organizations for their status (Podolny, 1994; Chung, Singh, and Lee, 2000; Jensen, 2006).

Though existing theory and evidence provide evidence that suggests that status concerns may play a key role in motivating interorganizational relation formation and affecting partner choices, the question of when and how decisions of interorganizational relations are influenced by organizational status remains unanswered. On the one hand, more empirical research is needed to understand the important role of organizational status in the formation of interorganizational relations. To date, the empirical basis of this issue has been limited to a handful of industry contexts and specific types of connections, such as endorsement and affiliations among investment banks, wineries, law firms, and biotechnology firms, etc. It is therefore necessary to explore different types of interorganizational relations across a range of other research contexts. On the other hand, it is not clear how and when organizational status bears on the decision of interorganizational relations, given that the influence of organizational status comes into play in combination with other factors. As suggested by the integrative frameworks (Galaskiewicz, 1985; Oliver, 1990), it is challenging to discover the boundary conditions under which organizations are motivated to form relationships with some instead of others. Moreover, we do not know how and when organizational status is taken into consideration by all those involved in this decision-making process.

In an attempt to answer the questions above, this study has two purposes. First, it explores status effects in a distinctive form of interorganizational relations that has not been empirically examined before: top executive hiring. Personnel movement, especially the movement of top executives, has always been intriguing topic in the tradition of interorganizational relations (Baty et al., 1971; Kraatz and Moore, 2002; Pfeffer and Leblebici, 1973). Top executives are those leaders, such as presidents of universities and colleges, in top administrative positions within

organizations who not only have overall control and authority within organizations but who also represent the organizations symbolically to outside parties (Fligstein, 1990). The selection and appointment of top executives is therefore directly related to organizational status because no other single individual can be closer to be the bearer of organizational status than the leader at the top. To be clear, top executive hiring is here referred to as hiring top executives from other organizations (Finkelstein, Hambrick, and Cannella, 2009; Kraatz and Moore, 2002). In top executive hiring, the two ends of association are the organization to which the executive moves and the organization from which he/she comes (Boeker, 1997; Kraatz and Moore, 2002; Pfeffer and Leblebici, 1973). The associations and connections established by top executive hiring are a unique form of interorganizational relation, unlike other well-studied status-driven behaviors such as affiliate, endorsement, and alliance partnership, which are highly relevant to organizational status.

The second purpose of this study is to examine when or under what circumstances organizational status is more or less of a concern in decisions about interorganizational relations. Although it is an important motive behind many organizational decisions and actions, organizational status is not the only or the most important factor that has an impact on interorganizational relation decisions. Organizations are sometimes deliberately concerned with their status when they enter into interorganizational relations (e.g. Espeland and Sauder, 2007), but on other occasions, studies of interorganizational relations do not provide evidence of organizational status in their decision-making process (Gulati, 2007). The consequences of these different degrees of status concerns are thusly perplexing: status-driven decisions are often criticized for being overly pretentious or superficial, while organizations that pay little attention to organizational status

may be considered ineffective in their management of organizational status. Therefore, it is important to find out what factors are driving organizations to be more or less status-concerned in their interorganizational relations decisions.

Responding to the above purposes, this research conducts two semi-independent studies. The first study establishes top executive hiring as a distinct form of interorganizational relations for the reason that it provides many of the same benefits as other types of interorganizational relations (Baty, Evan and Rothermel, 1971; Pfeffer and Salancik, 1978). It is argued that top executive hiring decisions can also affect an organization's status and therefore status motives are likely to play a significant role for these decisions. Moreover, because of the role of top executives in organizations, their hiring decisions are highly public and symbolic in nature. The general implication is that organizations will tend to hire executives from those organizations of equal or higher status and avoid hiring from lower status organizations. It is also expected that this pattern is especially prominent in industries that are subjective and when status hierarchies are salient and well established.

The second study is to develop and test the theory that explains when status concerns are more or less important in determining partner choices. Following the tradition of organization decision-making theory (Cyert and March, 1963; March, 1994; Simon, 1947), this is a study of status consciousness. Status consciousness means the degree to which status considerations are important to an organization's decisions, the extent to which an organization is concerned about its own relative status, and in particular the extent to which status concerns tend to "color" an organization's interaction with others (Anderson and Cunningham, 1972; Blalock, 1959:243;

Kaufman, 1957). Organizations are increasingly considered to be open systems; in other words, interorganizational relation decisions are influenced by multiple parties and interests within and among organizations. It is therefore most interesting to explore how or when more weight is given to status concerns in the decisions of interorganizational relations due to the inconsistent status preferences of the involved parties and interests inside and outside of the organizations. To complicate the decision-making process further, ambiguity in the interpretation of status and categorical difference also creates room for status consciousness in the decisions of interorganizational relations. In correspondence with the above complexities that involve multiple interests and ambiguity, this study focuses on status consciousness in political dynamics and peer comparisons through the decisions of interorganizational relations.

The context of this research is set on presidential hiring in U.S. higher education, i.e. the hiring decisions and processes of chief executive officers from institutions of higher education in the United States. These two semi-independent studies examine top executive hiring and its status dynamics in U.S. higher education for a period of 20 years, from 1987 to 2006. Higher education in the U.S. consists of a variety of colleges and universities that provide post-secondary education. It is one of the largest higher education systems in the world, and it has built its prestige not only through strong funding and research as an entirety but also by embracing a good number of the world's top colleges and universities. The higher education context is appropriate for this proposed study for many reasons. First of all, the majority of presidential hires within higher education organizations are external. According to a recent publication on American college presidents by the American Council on Education (ACE report, Ross and Green, 2000), presidents of all types of colleges and universities are usually hired from another

institution rather than from within that same institution. Unlike most firms in the business world, universities and colleges often conduct external searches for future presidents instead of relying on internal promotions. In addition, organizational status is of particular relevance in this context because the quality of higher education is more intangible and, in a sense, is harder to evaluate. Moreover, the external environment of colleges and universities is more uncertain. Finally, it is also a highly stratified field where executive hiring is consequentially more sensitive to organizational status.

This inquiry into top executive hiring and the status dynamics behind such interorganizational relations has important implications. Most of all, this research builds upon the findings and attempts to make a contribution to contemporary organizational status literature on interorganizational relations both theoretically and practically. Theoretically, it examines the general patterns of status consciousness in interorganizational relations and, more importantly, identifies forces that make organizations change across situations or over time to become more or less sensitive to organizational status in interorganizational relations. An underlying assumption of this research is that organizational status is only one of the many motives that can come to bear on strategic decisions of interorganizational relations. Practically, status consciousness does not always seem to be best for organizations, though it may be an important force in interorganizational relations. This research studies status consciousness, but it is also concerned with those possible (perhaps, pathological) consequences that derive from status concerns in interorganizational relations.

In order to address the research questions above, this study is organized in the following manner. First, it starts with an extensive literature review on the motivations of interorganizational relations and, in particular, organizational status, which includes an overview of definitions, characteristics, interpretations, and the multiple underlying mechanisms. Building on this review, the theory and analysis are staged in two semi-independent studies to address the two research purposes. Study 1 first makes a basic argument for the role of status in top executive hiring. Then it explains the form of the relationship between organizational status and top executive hiring. Taking an organization-centric view, this research examines how organizational status matters and how status positions make a difference. After that, this general argument is translated to the context specific to the hypotheses, i.e. the context of U.S. higher education. Study 2 develops and tests a model that explains when status concerns are more or less influential in interorganizational relation formation decisions. Then, drawing on organizational theory of decision-making, this research posits that a range of factors intensify or mitigate status concerns in interorganizational relation formation decisions. Correspondingly, it focuses on the political dynamics of varied interests and parties within and outside organizations and compares organizations across categories for their field-level dynamics. Incorporating the research context of U.S. higher education, a set of hypotheses in each study have been developed and tested. These hypotheses are examined by top executive hiring decisions by U.S. universities and colleges using multiple sources of extensive longitudinal archival data. Finally, this research concludes with a discussion section that considers research implications and future research directions. The theoretical implications of this research are first to confirm that organizational status plays an important role in top executive hiring, and more importantly, to identify the factors that make organizations more or less status-concerned. In practice, this research

demonstrates that organization status may sometimes not be best for organizations in spite of its importance in top executive hiring. Future research questions include: what are the consequences of status-conscious decisions in interorganizational relationships? Is organizational status changed as intended by these actions? How can the seemingly circular relationship between organizational status and top executive hiring be disentangled?

CHAPTER 2

MOTIVES FOR INTERORGANIZATIONAL RELATIONS

In recent decades interorganizational relations have drawn much scholarly attention (Aldrich and Pfeffer, 1976; Galaskiewicz, 1985; Granovetter, 1985; Mahoney, 2005; Oliver, 1990; Whetten, 1981; Van de Ven, 1976). Theorists from different traditions have provided a wide range of rationales about why organizations enter into relations with one another or how organizations make their decisions about with whom they interact. The first half of this chapter reviews the motives for the formation of interorganizational relations from different theoretical perspectives. It is organized into two main streams of distinct theoretical traditions: organizational economics and organizational theory. In addition, the integrating efforts of an overarching framework are highlighted to understand the formation of interorganizational relationships. The second half of this chapter focuses on organizational status as an emerging yet important perspective. In sum, this detailed literature review provides an overview of the definitions, characteristics, interpretations, underlying mechanisms, and multiple motives for interorganizational relationships and organizational status.

1. Interorganizational Relationships

Because organizations are viewed as open systems, it is critical to understand organizational decisions through the environments in which organizations enter into relationships with others (Aldrich and Pfeffer, 1976; Galaskiewicz, 1985; Granovetter, 1985; Oliver, 1990; Whetten, 1981; Van de Ven, 1976). The environment consists of the set of individuals or organizations with whom or which organizations engage in relations in order to secure resources like human capital, materials and knowledge and to reduce uncertainty, gain legitimacy, and achieve collective goals (Galaskiewicz, 1985; Oliver, 1990; Davis and Powell, 1992). Therefore,

interorganizational relations are defined very broadly as the relatively enduring transactions, flows, and linkages that occur between an organization and one or more organizations in its environment (Oliver, 1990). The vast body of interorganizational relations research studies the dynamics of coordination and competition in different forms of interorganizational relations such as joint ventures, strategic alliances, trade associations, director interlocking and personnel flows, at the levels of dyads, triads, groups, and networks (e.g. Baty, Evan, and Rothermel, 1971; Gulati and Gargiulo, 1999; Mizruchi and Galaskiewicz, 1993).

1.1 Organizational Economics

According to organizational economics, organizations enter interorganizational relations when they are more efficient governance forms between “to make” by themselves and “to buy” from the market (Mahoney, 2005). In this tradition, the dominant views include transaction cost economics, the resource-based view, knowledge-based view, and agency theory. These perspectives assume efficiency under bounded rationality is pursued through minimizing transaction costs, gaining economies of scale, and maximizing values under uncertainty. Scholars in this tradition argue that organizations enter into interorganizational relations to improve efficiency and to gain access to valuable assets although neither hierarchy nor market provides a better, more cost-efficient alternative.

From a transaction cost economics perspective, interorganizational relations are a range of hybrid governance structures between these two extremes: hierarchy and market. They are employed when an exchange calls for an intermediate form of governance between hierarchy and market due to asset specificity, risk/uncertainty, and transaction frequency (Williamson, 1991).

Assuming bounded rationality, market is considered more efficient for unspecific, certain, and infrequent transactions, while hierarchies are considered more efficient for specific, uncertain, and frequent transactions (Williamson, 1985). Thus, the characteristics of a transaction determine the relative costs of market-based governance versus hierarchy-based governance (to buy vs. to make). Overall, empirical support for transactional economics arguments is somewhat mixed, with some studies finding strong empirical support (Masten and Saussier, 2000) and others indicating less robust results (Carter and Hodgson, 2006; David and Han, 2004).

From the resource-based views perspective, organizations form interorganizational relations to obtain access to complementary resources. Scholars from a resource-based views perspective understand an organization as a collection of resources and capabilities (Barney, 1991; Penrose, 1959). Due to resource heterogeneity and immobility, resource-based views scholars argue that organizations develop firm-specific valuable resources, capabilities, and competences to build a competitive advantage. Thus, interorganizational relations are one of the major vehicles to acquire resources together with internal development, external procurement, and full acquisition (Rivera-Santos and Inkpen, 2009). Interorganizational relations typically provide quicker access to resources than internal development does, allow access to tacit and imperfectly tradable resources, and are less costly than acquiring an entire organization.

Agency theorists propose that organizations enter into interorganizational relations to align incentives between principals and agents when ownership and control are separated. As such, they study what mechanisms align the goals and actions of agents (i.e. managers) with the demands of principals (i.e. shareholders) (Fama and Jensen, 1983). This principal-agent

relationship model predicts that if risk-averse managers are given rewards that are independent of their efforts, they will have no incentive to exert efforts that are detrimental to the interests of shareholders. From this perspective, interorganizational relations are a specific form of relationships between principals and agents, in which ownership and control are separated. Interorganizational relations are of particular interest for two reasons. First, interorganizational relations are like any other strategic expansion decision made by managers (agents) according to their interests, but they bring potential risks for shareholders (principals) (Ahern and Weston, 2007). Second, interorganizational relations are a form of structure in which partner organizations also need to create mechanisms to align their interests.

In sum, the organizational economics perspective states that interorganizational relations are formed when it is more efficient for an organization to enter relationship with other organizations than either to remain on its own or make transactions through the market. The focus of this perspective is to identify an appropriate governance structure, to obtain complementary resources, and to align incentives among partner organizations.

1.2 Organization Theory

In contrast, organization theorists believe that organizations partner with others to accomplish tasks more effectively. Interorganizational relationships enable organizations to gain resources and allies, improve their reputation, status, and legitimacy, and to gain access to greater and more diverse sources of social capital. These studies also advocate for more enduring rather than more transient interorganizational relationships, which are most beneficial when they facilitate trust, collaboration, and learning between organizations. Four main theoretical perspectives are

reviewed below in relation to interorganizational relations: resource dependence theory, stakeholder theory, institutional theory, and social networks theory.

Resource dependence theory emphasizes power and dependence as motives for interorganizational relations, as organizations use these coalitions of interests to gain control over critical resources (Hillman, Withers, and Collins, 2009; Pfeffer and Salancik, 1978). The key assumption in this approach is that organizations are dependent upon critical resources that may be controlled or owned by others, leading to power struggles and uncertainty in their operating environment. By forming interorganizational relations with other organizations to exert control over those resources, this uncertainty can be reduced. Meanwhile, interorganizational relations can facilitate coordination and increase power and influence.

Similarly, stakeholder theory (Freeman, 1984; Laplume, Sonpar, and Litz, 2008) suggests that organizations will partner with influential stakeholders to reduce uncertainty. Stakeholder theorists focus on identifying and understanding the interests and claims of different stakeholders, including employees, customers, suppliers, activists, legislators, and the media. Forming interorganizational relations with stakeholders is one way that organizations can better understand stakeholders' views and can influence them in positive ways. In particular, organizations may partner with stakeholder organizations that are powerful, legitimate, and salient to advance their status positions, to gain their legitimacy, and to improve their reputations.

Legitimacy is often examined by institutional theorists, who suggest that it is one of the key drivers of interorganizational relations. This perspective's basic assumption is that organizational actions are socially constructed and constrained by isomorphic forces that prompt organizations to conform (DiMaggio and Powell, 1983; Scott, 2000). These isomorphic pressures lead organizations to adopt practices that mimic their peers or follow norms and regulations. In doing so, organizations may gain legitimacy and reputation in addition to improving their performance.

As with institutional theory, social network perspective also emphasizes an organization's social standing in the social structure (Borgatti and Foster, 2003; Kilduff and Tsai, 2003). According to this perspective, organizations are tied to other organizations by both market transactions and social connections. The motivation for interorganizational relations is to gain information and knowledge by creating a new tie or strengthening a current tie. Relatively long-term relationships will result in greater trust and collaboration, with a more extensive exchange of social capital and the ability to transfer more complex knowledge. Interorganizational relations are important for organizational learning and innovation, as these activities often are promoted and facilitated by trust in and cooperation with interorganizational relations. For instance, Powell, Koput, and Smith-Doerr (1996) found that dedicated biotechnology firms that had more networking experience subsequently gained more knowledge, had more diverse network portfolios, and became more central in collaborative networks. Ahuja (2000) found that chemical firms that had more inter-firm ties subsequently were more likely to form joint ventures based on new technologies.

To summarize, the organization theory perspectives argue that the formation of interorganizational relations is often based on prior relationships, trust, and social connections between organizations. Since organizations are embedded in a broader social structure, organizations may be motivated by legitimacy and reputation to make connections. Organizations may also form relationships with powerful partners to reduce their dependency and uncertainty in environment.

1.3 Integrating Frameworks

In the large body of interorganizational relations literature, the rationales provided by each of these theoretical perspectives may or may not vary greatly in explaining why organizations form relationships with others. To summarize, the possible motives for interorganizational relations are effective management of interdependence and coordination, reducing risks and uncertainty, and knowledge sharing and transfer (Gulati, 1998; Gulati, Nohria, and Zaheer, 2000; Kogut, 1994; Leblebici and Salancik, 1982). They may also be motivated to obtain power and control resources through interorganizational coalitions and interests (Casciaro and Piskorski, 2005; Gulati and Stych, 2007; Oliver, 1990; Pfeffer and Salancik, 1978; Van de Ven and Walker, 1984) or to pursue legitimacy or status or reputation (Cowen, 2012; Gulati and Higgins, 2003; Jensen, 2003; Podolny, 2001; Powell, 1990). There have been ongoing efforts to bring together the motives and forms of interorganizational relations in the contingency approach (Oliver, 1990; Galaskiewicz, 1985; Brass, et al., 2004).

Galaskiewicz (1985) noted four motives behind interorganizational relations: to acquire resources, to reduce uncertainty, to enhance legitimacy, and to attain collective goals. He examined three

arenas of interorganizational relations: resource procurement and allocation, political advocacy, and organizational legitimation. For each arena, he pointed out that the motives for interorganizational relations are different. For example, in resource procurement and allocation, the focus is dependency and uncertainty in environment. In political advocacy, specific attention is given to coalitions of interests and collective actions. In the arena of organizational legitimation, efforts are given to identifying with highly legitimate organizations or societal symbols.

Oliver (1990) proposed a set of determinants of interorganizational relationship formation and applied them to the predictions of different types of interorganizational relations. These critical contingencies include necessity, asymmetry, reciprocity, efficiency, stability and legitimacy, and they motivate organizations to enter into relationships with one another. In this seminal work, organizations are assumed to have choices, are conscious, and make intentional decisions for their purposes. According to this framework, organizations may enter into relationships with other organizations to fulfill necessary legal or regulatory requirements, to exercise power and control other organizations or their resources, to reciprocally benefit from coordination and sharing of knowledge and information, to achieve the most efficient input/output ratio, to attain stability in uncertain environment, and to enhance legitimacy or improve status and reputation. These conditions are brought together from a contingency perspective to predict under what circumstances certain forms of interorganizational relations are preferred over others.

In a more recent work, Brass, Galaskiewicz, Greve, and Tsai (2004) not only look at the conditions that promote the formation of interorganizational relations but also identify conditions

that facilitate interorganizational cooperation, such as experience, trust, norms, equity, and context. For example, organizations that have more experience working with other organizations are more likely to form new and more diverse relations and to become dominant players (Powell, Koput, and Smith-Doerr, 1996). In another example, organizations of similar status were found to be more likely to form interorganizational relations (Chung, Singh, and Lee, 2000); meanwhile, Emerson (1962) argued that the power differential between organizations could create an unstable situation for low-status organizations.

However, neither the interorganizational relations literature nor the integrating framework for interorganizational relations pays much attention to organizational status. These sources pay little attention to the role of organizational status; however, organizational status is a different yet very powerful motive has been largely overlooked from an organization-centric point of view (Podolny, 2005; DiMaggio and Powell, 1983). Therefore, the second half of this chapter focuses on the concept of organizational status, its definitions, characteristics, manifestations, and mechanisms.

2. Organizational Status

2.1 What is organizational status?

Sociology scholars have long endeavored to further or refine our understanding of status through various definitions. As mentioned above, Blau (1977: 57) broadly defined status as “attributes of people that exhibit graduations,” including but not limited to those associated with prestige or power. In his definition, Blau did not require status to be manifest in superordination or subordination in social relations. Blau further explained his preference for treating status as a

continuous graduation, and he argued that the existence of ordinal scales is only due to a lack of accuracy in the measurement of the underlying status concept. Meanwhile, status is also broadly referred to as a position in a social system that is stable and significant enough to generate beliefs and expectations, ensuring a pattern of behaviors (Broom & Selznick, 1955). This definition followed the sociological tradition by considering status as social position and describing some of the characteristics of status. However, such broad definitions have not provided me with sufficient means to differentiate status from a position or role in general, such as professor and student, or manager and employee, or a social differentiation parameter, such as sex, race, and religion. Therefore, I searched for more definitions of status in literature. For example, Weber (1978:187) defined status as “a social estimation of honor.” He noted that status is a positional or relational element of a social structure that can exist independently of economic antecedents and the consequences of which can at best be described as privileges. Status is then associated with “Matthew Effect,” the phenomenon in which contributions of apparently similar quality are evaluated differentially depending on the status of the contributors (Merton 1968; Zuckerman and Merton 1971; Cole and Cole 1973). Status is also interpreted as a deference or social exchange in social interactions by which status accumulates as expendable capital (Blau, 1964).

Following in the footsteps of sociologists, organization and management scholars have also contributed to our understanding about what status is. DiMaggio and Powell (1983) pointed out that organizational status is relatively stable as it aggregates collective perceptions of an organization’s past performance and future prospects in an organizational field of reputational orderings. Podolny (1993) defined it as “the perceived quality of that producer’s products in relation to the perceived quality of that producer’s competitor’s products” (1993:830). Recently,

Jensen & Roy (2008) depicted organizational status as a “bracket” established on discontinuous hierarchical structures. A side note here is that this definition differs from broader views of status, such as Blau’s. I will continue this discussion in the methods section about status measure. As in a recent study of status origin, status is defined in this study as the accorded prestige for the hierarchical positions in a social structure (Gould, 2002). Building on all the above efforts, organizational status is defined here as the accorded prestige to an organization for its hierarchical position in a social structure more than merely for its observable economic performance, i.e., “a mixture of ascription and achievement” (Deephouse and Suchman, 2008:61; Gould, 2002; Jensen, 2008; Podolny, 1993; Washington and Zajac, 2005).

From the above definition, it is evident that organizational status is a hierarchical position in the same way as status defined in a broad sense. In order to better understand organizational status, there are two necessary elements: what prestige means to organizations and how it is gained by organizations. First, unlike power, which emphasizes how one can carry out one’s own will despite resistance (Weber, 1947), prestige, according to this definition of organizational status, denotes a standing or an estimation of respect and admiration in the eyes of others. In other words, prestige involves appearing “good” or “better” not only to peers but also to their related third parties (Wegener, 1992; Davis and Moore, 1945; Parsons, 1940). For instance, take Harvard University as an example. Its status as a top university in the United States, and even worldwide, is established not because it is self-claimed but because it is perceived in consensus to be prestigious by its peers and related others, people, or organizations. In contrast, it would seem to be a joke to most if a diploma mill promoted itself as a top university. Organizational status is a mixture of ascription and achievement because it is both ascribed and achieved, or put

in another way, both unearned and earned (Washington and Zajac, 2005; Deephouse and Suchman, 2008; Wegener, 1992). This disconnect between organizational status and economic-based performance is intriguing. To use the analogy of capital, organizational status can be ascribed and achieved, or it can be accrued from both unearned and earned income. Unearned or ascribed, as historical legacy it is inherited, achieved, or earned based on performance-based evaluations. To continue to use Harvard University as example, I will quickly notice that its status is somewhat loosely coupled with what it does or how well it does (or does not). At the same time, it would be somewhat disappointing for a less well-established university that forges ahead with effective reforms to find its status unimproved.

From this brief summary of what organizational status is and where it comes from, it is clear that improved organizational status operates by staying far from what it is not. The following discussions clarify the distinctions between organizational status and the other concepts with which it is often confused or compared.

2.2 What is not organizational status?

The above section covers different ways of defining status and organizational status. However, the more discussions there are about organizational status, the more some other concepts emerge in comparison, such as reputation. Wisdom may advise that there is no better way of understanding what something is than disentangling it from what it is not. The next section disentangles organizational status from some of its related concepts. Such efforts are even more meaningful if our understanding of organizational status benefits from the existing research on these related concepts.

First of all, status and reputation are two closely related yet distinct concepts (Washington and Zajac, 2005). Fombrun and Shanley (1990) define reputation as the result of perceptions. Fombrun (1996) further defines organizational reputation as a perceptual representation of an organization's past actions and future prospects that describe its overall appeal to all its key constituents when compared to other leading rivals. Roberts and Dowling (2002) expand on these definitions to indicate that reputation manifests itself as the extent to which a firm is seen as "good" and not "bad." Podolny (1993, 1996, 2001) mentions that reputation is determined by the value of the organization's previous efforts. Weigelt and Camerer (1988) believe that organizational reputation is the jointly held beliefs of underlying characteristics of an organization. Meanwhile, Rao (1994) indicates that organizational reputation is socially constructed and legitimates organizations in a field. In short, organizational reputation is referred to as an overall perceptual representation of an organization's past actions and future prospects to its key constituents (Fombrun, 1996; Fombrun and Van Riel, 2004; Love and Kraatz, 2009; Robert and Dowling, 2002; Schultz, Mouritsen, and Gabrielsen, 2001). For example, subjectively assessed organizational reputations are produced through the popular media such as Fortune magazine's "Most Admired Company" rankings and the reputational scores in *U.S. News and World Report's* "Best Colleges," both have been widely accepted and actively followed by practitioners and researchers.

Organizational status and reputation are both a "stock" and a "flow." In organizational reputation research, many prior studies have attended to the relationship between "stock-like" reputation and other consequences, such as maintaining financial soundness and assuming

social/community responsibilities (CSR), signaling product quality and charging price premiums, inhibiting competitors and attracting investors, recruiting talents and gaining status (e.g. Davies, Chun, Da Silva, and Roper, 2003; Dowling, 2001; Fombrun and Shanley, 1990; Fombrun, 1996; Fombrun and Van Riel, 2004; Fryxell and Wang, 1994; Rindova, Williamson, Petkova, and Sever, 2005; Roberts and Dowling, 2002). Less work has been done in terms of treating organizational reputation as a “flow” and examining which strategic actions such as downsizing, M&A, etc., and reputation management techniques, have led people to change their opinions of an organization’s overall appeal, or, in other words, to understand how organizational reputation is changed (e.g. Flanagan and O’Shaughnessy, 2005; Fombrun and Shanley, 1990; Love and Kraatz, 2009; Staw and Epstein, 2000; Williams and Barrett, 2000).

Despite the similar nature of reputation and status as a response to and a representation of signals, the uniqueness of organizational status is emphasized in this research. For instance, Podolny and Phillips (1996) noted that organizational status incorporates the social link and exchange between actors whereas reputation does not. Reputation, unlike status, has no clear rank ordering. It is informal in the sense that it relies on evaluative activities that are not closely tied to the actor's economic, social, or professional position. For example, many film and sports stars build reputations for social activism that are distantly related to their work in their chosen field of endeavor. The relevant point for the present discussion is that this reputation may under certain circumstances enhance their overall status.

A good example of how status and reputation differ and how the two can nonetheless work together is philanthropy. The wealthy often use philanthropy to enhance their reputation as

generous or discerning people. It is for this reason that while philanthropists seek status through the size of their donations relative to the giving of other rich philanthropists (Murray, 2006), they are aware that the reputation of their endowments may depend on the quality of their giving.

The close relationship between status and reputation is based on the ability to recycle one into the other. Status is a base for creating reputation, and reputation is used to enhance status. Thus, large firms use reputation to charge higher prices, the profits from which are then used to invest in activities (e.g. better service and advertising) that create greater reputation. Likewise, individuals acquire greater status by forming alliances with socially powerful actors but then take care to show that they are loyal and trustworthy, thereby generating a reputation for being reliable allies that are likely to remain in good status when it comes to acquiring more allies.

The above discussions about organizational reputation and status illustrates that both are aimed at perceived overall quality of an organization. In addition, researchers have drawn on the similar mechanisms, especially signals, to understand the formation and impact of organizational reputation or status (e.g. D'Aveni, 2000; Dollinger, Golden, and Saxton, 1997; Podolny and Phillips, 1996; Rao, 1994; Roberts and Dowling, 2002; Staw and Epstein, 2000; Jensen and Roy, 2008). With that being said, it is still possible to borrow from past research on organizational reputation, especially on signaling effect, for a better understanding of organizational status.

Status and legitimacy are also often put together for comparison (Elsbach, 1994; Fombrun and Shanley, 1990; Deephouse and Carter, 2005; Deephouse and Suchman, 2008). Legitimacy is an important concept that is often used in institutional research to explain why some practices and

organizational forms are more prevalent than others. Organizational legitimacy is “an anchor-point of a vastly expanded theoretical apparatus addressing the normative and cognitive forces that constrain, construct and empower organizational actors” (Suchman, 1995: 572). In other words, “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995:572). Accordingly, institutional theories highlight that organizations may strategically adopt certain practices or organizational forms in order to increase their legitimacy in the field, thereby improving their chances for survival and their performances (Oliver, 1991; Meyer and Rowan, 1977; Scott, 2002).

Both organizational status and legitimacy function similarly as basis for acceptability and access. Like the analogy of prism, organizational status is a differentiation device that separates organizations into different groups where they mainly associate within the group (Blau, 1964; Podolny, 2001). Moreover, a surprisingly similar approach is both used in organizational status and legitimacy research. For example, Ashforth and Gibbs (1990) proposed two general approaches, i.e., substantive and symbolic, for organizational legitimacy. They also highlighted three purposes for legitimation efforts: gaining, maintaining, and defending. Nonetheless, status by definition is a tiered structure that further refines the explanations of legitimacy (Strang and Sine, 2001).

Finally, if status, reputation, and legitimacy are compared altogether, it is clear that there is much similarity in these research streams but also significant differences among them. They may look at similar antecedents, consequences, mechanisms, sources, etc. For this reason, organizational

status may borrow a lot from the research on organizational reputation and legitimacy. However, organizational status is fundamentally different from the others. The picture is even clearer by their measures: legitimacy is dichotomous; status is mostly ordinal and categorical; and reputation is continuous (Deephouse and Suchman, 2008; Deephouse and Carter, 2005).

Because status-seeking is part of a generalized competition for prestige and recognition, it is closely related to reputation-seeking (Washington and Zajac, 2005; Perretti and Negro, 2006). To understand the relationships, it is important to distinguish between status as a formal property of social, economic, and professional systems and reputation as an informal process that is based on interpretation and attribution. Status-seeking as a formal process usually takes place in relationship to a social, economic, or professional system whereas ranking of individuals is based on criteria that are intrinsic to these systems. For example, election to town council elevates some citizens to a higher status, appearing on the Forbes richest list divides the super-rich from those who are just rich, and winning awards for professional achievement is a distinction that divides exceptional talent from solid performers. Put differently, status-seeking in these instances is based not only on trying to improve one's own position in absolute terms, but also on the relative position of others.

2.3 Key Characteristics of Organizational Status

From the above discussions about organizational status, it is clear that status as a position affects an organization's relations with others, and, in turn, that the organization positions itself through relations with others. However, what organizational status actually is so far has not been made clear. Drawing on both the literature of status and organizational status, some key characteristics

associated with organizational status are summarized, i.e. scaled, relative, self-perpetual, reputational, and signaling. In practice, these characteristics most likely appear in combinations of more than one at a time to different schools of scholars in social and management research.

TABLE 2.1 KEY CHARACTERISTICS OF ORGNAIZATIONAL STATUS

	Explanations
Relational	It affects an organization’s relations with others, and the organization also positions itself through connections with others.
Scaled	It is an order of either one above the other or the same.
Relative	The hierarchical order may vary across situations.
Self-perpetual	It is relatively stable over time.
Reputational	It is possibly changed with the performance of the organization.
Signaling	It is formed and functioning in signals.

First, status is scaled in hierarchy. Blau (1977) implied that status indicates a vertical graduation process incidental to inequality as heterogeneity describes horizontal differentiation. Parson (1953:117) provided accounts that show that status is hierarchical because it is driven by personal differentiating values. He noted that, “To say that all acts are valued equally, that it did not ‘matter’ what a person did or how he did it, would simply be to say that the category of evaluation was irrelevant to the analysis of action. But given the process of evaluation, the probability is that it will serve to differentiate entities in a rank order of some kind.” It is the hierarchical nature of status that causes the monopolization of opportunities by groups of higher status at the expense of others (Weber, 1978). More importantly, as Simmel (1950) pointed out, each hierarchical status position has an established set of expectations, behaviors, and rewards to a greater or lesser degree that all individual actors abide by.

Second, status is relative. Dumont (1980:244) pointed out that status is of relativity, i.e. left is the left only in relation with the right. He wrote, “As moderns, I tend to put everything on the same

plane. If it were possible, I would have nothing to do with hierarchy. When I introduce it, I must not forget that it is intrinsically two-dimensional. As soon as I posit a relation of superior to inferior, I must become accustomed to specifying at what level this hierarchical relation itself is situated. It cannot be true from one end of experience to the other (only artificial hierarchies make this claim), for this would be to deny the hierarchical dimension itself, which requires situations to be distinguished by value. Hierarchy thus offers possibility of reversal: that which at a superior level was superior may become inferior at an inferior level. The left can become the right in what might be called a ‘left situation’, and again, in the complex complementariness that unites them, each of two moieties may appear alternately superior and inferior.”

The next two characteristics of organizational status, self-perpetual and reputational, are closely related. On the one hand, status is self-perpetual because it is relatively stable over time. This stability in status is mostly due to a separation between performance and status. Podolny and Phillips (1996) demonstrated that past performance outcomes do not fully explain the current organizational status. Meanwhile, the unearned non-merit-based part of status, which is irrelevant to the earned performance-based reputation, comes mostly from historical legacy (Washington and Zajac, 2005). On the other hand, status is also reputational because it is not entirely determined by historical legacy but also achieved through efforts, such as merit-based performances that are directly related to reputation, partnership with high status partners, or endorsements from high status organizations, etc. (Stuart, Hoang, and Hybel, 1999; Washington and Zajac, 2005; Podolny, 2002). It is both elements—the earned and unearned, the achieved and ascribed, the perpetuity and changeability of status—that make it unique and interesting to study in the setting of organizations.

Finally, organizational status is signaling. In economics, a signal is an “alterable” and “observable” indicator of quality, the indicator must at least partially manipulable by the actor, and it must be obtained with cost or difficulty inversely correlated with the general quality of the producer (Spence, 1974). For instance, a professional certificate is a signal of qualification because an individual’s efforts are essential in the certification process and because it is more difficult to attain for those who lack of necessary skills or knowledge. Similarly, despite the fact that the status of an organization depends largely on the expressed opinions and actions of others, the organization exercises at least some control over its status since its own past actions and future prospects are important in understanding how it is perceived. Moreover, the difficulty of acquiring status for an organization is inversely associated with the general quality level of its outcomes. In this sense, the conceptualization of status as “a signal of underlying quality of a firm’s products” is compatible with the formal economic understanding of signals (Podolny, 1993: 831). Organizations that are of high status over time develop their reputations for quality, which will then serves useful signaling function when other forms of direct and credible information on quality are lacking or unclear (Spence, 1974; Weigelt and Camerer, 1988; Podolny, 1993). Related to organizational status’s characteristic of being reputational, it has been well established that external audiences form or change their reputational perception of an organization in response to various “signals” that the organization sends out (Podolny 1993, 2005; Podolny and Phillips 1996; Benjamin and Podolny, 1999; Deephouse, 2000; Fombrun and Shanley, 1990; Fombrun and Van Riel, 2004; Rindova, et al., 2005). Among the multitude of signals that are generated, transmitted and received, status, firmly rooted in the social structure of differential stratification, signals power imbalances related to one’s own advantage over others

(Blau, 1964; Weber, 1978). At the same time, as signals about organizations' past performances and future prospects diffuse, individual perceptions perpetuate as collective judgment of status and reputational orderings in the organizational field (DiMaggio and Powell, 1983).

Taking all the key characteristics together, status is a relative, self-perpetual, and signaling. It is alive in relations, but only in part achievable through performance-based reputation, with the rest of it ascribable to historical legacy. These key characteristics of organizational status are all important in my later discussions about how organizational status influences executive hiring.

2.4 Status Manifestations

At the individual level, Blau described status as expendable capital, "which an individual can draw on to obtain benefits, which is expended in use, and which can be expanded by profitably investing it at interest" (1964:132). In such a game of status, he further argued that an individual gains in status if he associates with persons of superior status on an egalitarian basis (i.e., "expanded by profitably investing it at interest"), and by the same token, loses in status if he regularly socializes with others of inferior status (i.e., "expended in use"). Likewise, organizations consider how they can make use of and establish their associations with others: the status position of an organization affects its relations with others, and in turn, the organization positions itself in status hierarchy through establishing linkages with others (Blau, 1964; Homans, 1961; Coleman, 1990). For instance, past research has demonstrated that one organization's status is determined by the status of other organizations with which it affiliates or partners (Stuart, Hoang, and Hybels, 1999; Podolny and Phillips, 1996). Especially when uncertainty makes it difficult to evaluate the quality of its product or its performance, an

organization is more likely to associate with other organizations for its status (Podolny, 1994; Chung, Singh, and Lee, 2000; Jensen, 2006). By the same analogy of capital, organizational status flows or exchanges in thusly formed associations and connections. Through these relational “pipes,” status is expendable capital insofar as one’s loss is the other’s gain. Moreover, these social relations act like “prisms”: status is a differentiation device that splits up the entirety into strata while emitting signals to related parties (Blau, 1964; Podolny, 2001). Therefore, status is indicative of behaviors because it functions through associations and relations (“pipes”) and symbols and signals (“prisms”).

2.4.1 Associations and relations

Status flows through associations and relations that involve exchange or deference. On the one hand, exchange relations are characterized by “an implicit, loose equality” (Podolny, 2005:14). Blau (1964) noted that an individual’s status depends largely on the status of those who accept him and socialize with him as an equal. If an individual associates with a person of higher status on an egalitarian basis, the reward is a possible increase in his/her own status. By the same token, an individual who regularly socializes with others of lower status is in danger of being considered by the community to be on a lower status level.

On the other hand, deference relations provide another channel for status flow. For example, in observing the interactions among federal enforcement agents, Blau (1962) found that receiving deference from high-status actors usually generates more status gain than receiving deference from low-status actors. Similarly, Elias and Scotson (1965) discovered the endorsement of a higher-status resident helps open doors for newcomers in communities.

2.4.2 Symbols and signals

Organizational decisions and actions are likely to catch the attention of their external audiences through signals. In the interpretation of a signal in interorganizational relations, the status of one organization is indicative of what it indicates to its associates (Spence, 1974; Podolny, 1993).

In organizational literature, it is well established that external audiences form or change their reputational perception of an organization in response to various “signals” that the organization sends out (Podolny 1993; Podolny and Phillips 1996; Benjamin and Podolny, 1999; Deephouse, 2000; Fombrun and Shanley, 1990; Fombrun and Van Riel, 2004; Rindova, et al., 2005).

2.5 Status Mechanisms

As seen above, organizational status is a critical force in organizational decisions and actions. However, it is not clear how it plays its role, especially in terms of different status positions. A general observation on organizational status as a social position is that there are always two possible directions for its effect: status conforming or status non-conforming behaviors. In the first scenario, the motivation is to maintain existing organizational status. For the second type of effect leading to non-conforming behaviors, the motivations are more complicated depending on what status position an organization takes. Possible motivations are either the ambition for achieving higher status or the anxiety of losing current status. The below table summarizes what status motive(s) an organization may have at each status position.

TABLE 2.2 A SUMMARY OF STATUS MECHANISMS

	The ambition for achieving higher status	The maintaining of existing status	The anxiety of losing existing status
High		√	√
Middle	√	√	√
Low	√	√	

2.5.1 The maintaining of existing status

As discussed above, status flows through associations and relations that involve exchange or deference. Exchange relations are characterized by “an implicit, loose equality” (Podolny, 2005:14). Blau (1964) noted that an individual’s status depends largely on the status of those who accept him and socialize with him as an equal. Meanwhile, to be associated with other organizations of the same or different status unquestionably signals to an organization’s key constituents, thereby influencing their subjective evaluations of the organization’s overall status. D’Aveni (1996) found a homogeneous and closed system using a multiconstituency approach to organizational status. The underlying assumption is that organizations defend their status by aiming to remain in the same status groups. Han (1994) examined the phenomenon of high-level isomorphism in the auditor selection and found that status positions condition what organizations choose as their auditors. However, imitation comes from peer pressure to remain in the same status group. Metiu (2006) specified the mechanisms through which status positions are maintained or reinforced through group dynamics.

2.5.2 The ambition for achieving higher status

If an individual associates with a person of higher status on an egalitarian basis, the reward is a possible raise of his/her own. Low-status organizations seek to achieve higher status, however, giving deference to superiors impedes relaxed socializing. Podolny, Stuart, and other scholars have successfully shown that organizations tend to aim for higher status by getting endorsement

from higher-status organizations, partnering with higher-status organizations, associating with higher-status organizations, etc. Lounsbury (2002) demonstrated that organizations are more likely to gain higher status in institutional transformation.

2.5.3 The anxiety of losing existing status

An individual who regularly socializes with others of lower status is in danger of being considered by the community to be lower status. High-status organizations, rewarded with deference from the inferior, are in danger of losing prestige by associating with those of lower status. Phillips and Zuckerman (1999) found that organizations are more likely to conform when they are on the dividing lines of “in” and “out.” Jensen (2006) found that organizations get questions from their partners if they are disassociated from high-status partners.

To recap, organizational status serves as a powerful motive, as much as the other motives, to drive organizations to enter relationships with other organizations. Nonetheless, it has been often neglected in the study of interorganizational relations so that the question of how and when such decisions of interorganizational relations are influenced by organizational status remains unanswered. The following chapters are aimed to address these unanswered questions. To begin with, the subsequent chapter examines status effects in a distinctive form of interorganizational relations that has not been empirically examined before: top executive movement.

CHAPTER 3

STUDY 1: TOP EXECUTIVE HIRING AS DRIVEN BY ORGANIZATIONAL STATUS

As stated above, this research joins scholarly efforts to understand the decision of interorganizational relations, i.e. why organizations enter into relationships with others and with whom they partner. This chapter, together with the next chapter, specifically addresses the first purpose of this research, that is, to explore status effects in a distinctive form of interorganizational relations: top executive hiring. Inspired by prior research on interorganizational relations, this chapter begins with a brief introduction of top executive hiring as an interorganizational relation decision. Then it focuses on organizational status as a motive in top executive hiring; in other words, the role of organizational status. The next chapter will introduce the empirical context of US higher education, develop hypotheses and present an initial analysis.

Top Executive Hiring as an Interorganizational Relation Decision

Top executive hiring is an important strategic decision that organizations make among the choices they have or are given. Amongst the multitude of decisions and actions by any organization, choosing its top executive, i.e. the future top leader, either from within or from outside – and if from outside, from where – is of great strategic importance because top executives are those leaders at the top administrative position in organizations who not only have overall control and authority within organizations, but who also represent organizations symbolically to any other outside parties (Fligstein, 1990). Nevertheless, top executive hiring is a unique type of interorganizational relation because it involves organizations at one end and individuals at the other end. The labor market of individuals is a separate system that individuals act on their own considerations of pay, location, status, and the other factors and as a result, a top

executive hiring is a two-way selection both by the organization and by the individual. However, top executive hiring is a distinctive organizational decision of interorganizational relations for the following important reasons.

First, top executive hiring may have similar effect on organizations like any other interorganizational relations (Boeker, 1997; Kraatz and Moore, 2002; Pfeffer and Salancik, 1978; Pfeffer and Leblebici, 1973). For example, scholars have argued that the movement of executives between organizations has been an important process for communication and socialization so that interorganizational structures may be promoted this way (Pfeffer and Salancik, 1978; Pfeffer and Leblebici, 1973). Kraatz and Moore (2002) also demonstrated that when executives move from one organization to the other, their different skills, understandings, assumptions, and values may lead to institutional change at the field level.

Second, top executive hiring also creates an interface between an organization and its environment through the acquisition of human capital. The environment in interorganizational relations consists of other organizations from which key resources, including human capital, are acquired. Barnard (1938:73) defined an organization as “a system of consciously coordinated activities or efforts of two or more persons.” To pursue their goals, organizations acquire human, financial, material, and other resources from their environment. Research on interorganizational relations studies the interface between an organization and its environment, which is made of other organizations where resources are obtained and influences are exerted (Baty, Evan and Rothermel, 1971).

Second, personnel flow and especially, top executive movement, which has been a traditionally well-accepted phenomenon in the research of interorganizational relations. The recruitment of personnel is a universal and recurrent organizational decision and process (Collins and Clark, 2003). The flow of personnel, especially top executives among organizations, falls in the tradition of interorganizational relations research as an important strategic decision for two reasons (Baty, Evan and Rothermel, 1971; Pfeffer and Salancik, 1978). First, these members create a flow of information and knowledge between organizations. Second, they are conscious or unconscious carriers of values, cultures, and institutions.

Lastly, recent findings about the consequences of hiring top executives from outside organizations have been intriguing. As noted, top executive hiring creates a connection between organizations that is similar to any other interorganizational relationships in terms of transfer of knowledge, resources, and values. When organizations promote top executives from within, they are often prepared by selecting and training relay executives over well intended but often failed succession planning. Prior research has shown when organizations hire from others, they often choose those who are essentially indistinguishable and interchangeable from their own candidates, especially if there is no organizational failure or crisis involved (DiMaggio and Powell, 1983; Scott, 2000). This suggests that normative isomorphism, through continuous selection and socialization processes (e.g., professionalism in the form of professional and trade associations, formal education, and guarded career paths) is encouraged as chosen executives “view problems in a similar fashion, see the same policies, procedures, and structures as normatively sanctioned and legitimated, and approach decisions in much the same way.” (DiMaggio and Powell, 1983:152) However, more recent research has shown the influence on

institutional change or strategic change made by those organizations that top executives come from (Kraatz and Moore, 2002; Boeker, 1997; Pfeffer and Leblebici, 1973).

Therefore, top executive hiring as an interorganizational relation decision is particularly interesting to better understand the motivations behind decisions about the formation of interorganizational relationships.

Status as a Motive in Top Executive Hiring

Organizational status is pursued by organizations because it has been found to be important not only to an organization's performance outcomes but also to its interactions with other organizations. As noted above, Podolny and his coauthors found that high status provides signals for high quality, especially when uncertainty makes it difficult to evaluate the quality of an organization's product or its performance. When an organization's status is not known, research has also provided evidence that status cues are sought from the other organizations it affiliates or partners with (Stuart, Hoang, and Hybels, 1999; Podolny and Phillips, 1996). Positive status signals are often interpreted and utilized to the benefit of organizations in terms of lowering their production costs, charging high premiums, gaining large market shares, and so on (Podolny, 1994; Chung, Singh, and Lee, 2000; Jensen, 2006). In choosing alliance partners, organizations also prefer those of higher status, which make them enter into strategic alliances at a higher rate (Stuart, 1998). In recruiting talent, young and poorly connected firms tend to hire veterans from more established companies (Rao and Drazin, 2002).

As discussed above, top executive hiring forms connections between organizations that can be used for status cues. Especially at the top level of an organization, top executives are symbolic bearers of organizational status (Dutton & Dukerich, 1991; House, 1993; King & Fine, 2000). Hiring top executives from outside and, furthermore, from which outside organizations provides signals to an organization's key constituents, thereby influencing their subjective evaluations of the organization's overall status. Therefore, when an organization considers hiring top executives from outside, it assesses not only the capabilities and experience of individual candidates but also evaluates the status of the organizations that its candidates have worked for.

Therefore, top executive hiring is a possible route for organizations to move up the status hierarchy. Aside from hiring top executives or those of similar status in order to maintain its existing status, status-concerned organizations may have two different directions to choose from: hiring those of higher status (hiring up) or hiring those of lower status (hiring down). When firms collaborate with other organizations to complete some task or assignment, Castellucci and Ertug (2010) found that organizations that are relatively low, rather than high, in status will tend to devote more effort, time, and resources to this task or assignment. In their study, F1 teams often collaborate with engine manufacturers. When other factors are controlled, engine manufacturers that are low in status, i.e. organizations that, in the past, have collaborated only with teams that are not prestigious, are more likely than engine manufacturers that are high in status to frequently update or redesign their engines. That is, firms that are low in status are especially likely to gain resources and prestige if they satisfy firms that are high in status; hence, they often devote more effort to their collaborations with these firms.

However, many concerns arise for organizations hiring down when it comes to maintaining better performance or achieving higher status in the long run. At the individual level, Blau (1964) noted that if an individual associates with a person of higher status on an egalitarian basis, this rewards the individual with the possibility of raising his/her own. Blau (1964:133) continued, “[b]y the same token, an individual who regularly socializes with others of inferior prestige is in danger of being considered by the community to be on their level and, hence, of losing prestige.”

As is the case with individuals, organizations are motivated to hire their top executives from others of higher status because of the positive signals emitted by such social interactions. As discussed before, hiring top executives is a symbolic act in a sense that it signals the status standing of an organization. In the case of top executive hiring, the status of the other organization from which an organization hires becomes a signal to its key constituents, thereby influencing their subjective evaluations of the organization’s overall quality in terms of hierarchical status. In selecting top executive candidates, the status standing of the organization that potential candidates work for is part of their credentials. When an organization hires someone from an organization of higher status, it might be driven to send signals to its membership and increase its legitimacy to higher status. Especially when the quality measure of an output is ambiguous, the status of a focal organization as the quality of its outputs as perceived by others are dependent on the status of other organizations with whom the focal organization interacts or associates (Podolny, 1993). In all, if an organization hires from another of higher status, its status may be elevated because others perceive it to be equivalent to the

higher status organization. Such inferences made by others are more common for organizations when the quality of its output is hard to evaluate.

In this chapter, top executive hiring is examined as a distinct form of interorganizational relation. This research argues that organizational status plays an important role in interorganizational relations such as top executive hiring. The next chapter features the empirical context of U.S. higher education, and it also develops and tests the hypotheses within the specific context.

CHAPTER 4

STUDY 1: CONTEXT, HYPOTHESES, AND ANALYSIS

Following the last chapter, this chapter describes the empirical context of U.S. higher education and explains why this context fits the purpose of this research. More importantly, predictions are made about the relationship between organizational status and interorganizational relations such as top executive hiring in U.S. higher education. Resonating with the importance of middle status in research, this chapter also discusses the uniqueness of middle-status positions in top executive hiring decisions. In order to test the hypotheses, the measure of organizational status is developed. In the end, some preliminary results are presented.

The Context: Presidential Hiring in U.S. Higher Education

Presidential hiring in U.S. higher education refers to the hiring decisions and processes of top executive officers of an institution of higher education in the United States, i.e., U.S. college or university presidents and chancellors. The chief executive officer of a university or college in U.S higher education is commonly known as president. If there are several (sometimes quite a number of) branch campuses, the titles can be chancellor, dean, or chief executive officer instead. In day-to-day activities, the role for many college and university presidents varies from mediator to facilitator to consensus maker for issues both internal and external to the institution. Presidents in such a research setting are the top executives of focus in this study.

This research examines the relationship between organizational status and top executive hiring in U.S. higher education over a period of 20 years, from 1987 to 2006. Higher education in the U.S. consists of over 1300 colleges and universities for post-secondary level education. It is one of the

largest higher education systems in the world, and it has built its prestige not only of strong funding and research as an entirety but in particular by embracing a good number of the world's top colleges and universities.

The higher-education context is appropriate for this study for the following reasons. First of all, the majority of presidential hires are external. According to a recent publication on American college presidents by American Council on Education (ACE report, Ross and Green, 2000), presidents of all types of colleges and universities are usually hired from another institution rather than from within the same institution. In other words, unlike most firms in the business world, universities and colleges often conduct external searches for future presidents instead of relying on internal promotions.

Secondly, organizational status is of particular relevance in this context because the quality of higher education is more intangible and, in a sense, harder to evaluate. The historical legacy accrued by positive or negative reputational performance is more likely the basis of status standings when it comes to colleges and universities.

Finally, U.S. higher education is also a highly stratified field in which executive hiring is consequentially more sensitive to status or categorical differences. For instance, the same ACE report also shows that it is uncommon for college presidents to shift between different types of institutions. Individuals who have worked at liberal arts colleges typically remain at liberal arts institutions. The same holds true for doctorate-granting, comprehensive, baccalaureate, or specialized institutions. These categories, provided by Carnegie Classification, not only serve as

the leading framework for describing institutional diversity in U.S. higher education but also provide an indicator of prestige for colleges and universities.

Therefore, universities and colleges are more tuned into their organizational status standing in the context of U.S higher education. At the same time, the interorganizational relations created by top executive hiring in U.S. higher education provides us with an appropriate setting in which to examine the role of organizational status in relations alongside other influences to which an organization is subject.

For at least two more important reasons, this phenomenon of presidential hiring in U.S. higher education is unique from other types of interorganizational relations or other empirical contexts that may provide us more insights about status concerns. On the one hand, due to the extensive nature of the position, the search process to select a college or university president often involves a number of committee members with a vested interest and often takes an entire year or longer. On the other hand, ambiguity in quality makes universities and colleges more status conscious and more likely to engage in status seeking behaviors (Cohen and March, 1974). In the following discussions (see Chapter 6), this research develops context-specific hypotheses to further understand the role of organizational status in interorganizational relations.

Status Predictions

As noted above, organizational status is a motive for interorganizational relations, including top executive hiring. In order to send signals to the constituencies of its membership to a certain

status group or even better, to a higher status group, an organization is most likely to hire top executives from other organizations of equal status and if possible, from those of higher status.

In U.S. higher education, organizational status is of particular importance because the quality of higher education is harder to evaluate. One key underlying assumption about the overall structure of status hierarchy is that organizations are embedded in a status structure that is not a perfectly closed system. In a closed status structure, like the traditional Indian caste system, status is ascribed, i.e. based on characteristics over which the individual has little or no control, such as race, sex, age, ethnicity, and family background. On the opposite end of the spectrum is an open status system in which status is achieved on the basis of individual performances: skills, knowledge, education, diligence, and tenacity. As organizational status defined as a mixture of ascription and achievement, most social structures in reality are somewhere in between open and closed systems, so organizational status hierarchy is both open and closed. In a structure where status is both ascribed and achieved, both unearned and earned, organizations have choices and are motivated to not only maintain their current status standing but also, more importantly, to achieve higher status when possible. However, it is not possible for all organizations to hire their top executives from those of higher status because not many individual candidates are willing to move down in their career. Therefore, organizations such as universities and colleges in higher education are motivated to seek higher status in hiring top executives from outside. Therefore, I propose:

H1: Universities and colleges tend to hire top executives from others of equal or higher status and to avoid hiring from those of lower status.

However, how status positions make a difference in top executive hiring decisions is yet to be explored. In other words, among top-, middle-, and low-status organizations, which group is more likely to or not as likely to only hire from others of their own status? To address this question, deeper understandings of status mechanisms in a hierarchical context are required. Particular attention is focused on the middle-status group as compared with the high- and low-status groups.

The reason for the interest in middle-status organizations is simply because the middle status has always been the focus of status research in comparison with high and low status. There have been a great amount of efforts in addressing this middle vs. high and low distinction. Aside from mixed results about this phenomenon, some influential studies are often disappointing in their interpretation with a tendency of oversimplification. For example, Phillips and Zuckerman (2001) posited an inverted U-shape curve between conformity and status. High-status organizations have full confidence in their social standing and their identity, and they tend to lead in change or innovation. Meanwhile, because low-status organizations have nothing to lose and do not have the pressure or ability to defend their legitimacy or identity, they also tend to deviate from the norm. However, the anxiety of middle-status organizations drives them to conform to social norms for a secure place in their social status standing. Han (1994) examined the high level of isomorphism in auditor selections. He found that high-status firms differentiate themselves from their main competitors, that middle-status firms imitate what high status firms do, and that the low-status firms do neither. All of these socially differentiated behaviors lead to the size polarization of CPA firms and skewed market concentration within audit services.

As noted, organizations at each status position (except for the highest or the lowest) may have both choices—hiring up or hiring down—in the process of status building and maintaining. However, their tendency to hire up or down differs depending on their status positions. Compared to a high and low status organization, how the status of its associates is perceived by others matters more to an organization of middle status. Hiring down, which is associated with a lower-status organization, is for a middle status riskier than for a high and low status organization. Phillips and Zuckerman (2001) argued that middle-status organizations are on the dividing line of a desirable designation, somewhere between the inside and outside. For a high-status organization, when it hires its top executive from a different status organization, its status standing is probably not endangered because it has been secured or fixed over time. Most likely, such a move to hire down for high status organizations is viewed as harvesting the most capable candidates from lower status organizations at a lower cost (Castellucci and Ertug, 2010). A low-status organization is probably not motivated to hire top executives from higher-status organizations because it has to pay premium for a questionable status gain in the eyes of the others.

Jensen and Roy (2008) argue that accountability holds organizations to justify their status-related decisions to their related parties. Accountability also triggers status anxiety of losing their current status (Jensen, 2006). Middle-status organizations are those that lack a clear status signal in the eyes of its audience (Phillips and Zuckerman, 2001). The lack of clear status positioning may cause middle-status organizations more anxious to make connections for a positive cue to their status. Therefore, to choose to hire up for an immediate status cue is often preferred in comparison to hiring down for a long-term performance-based status building process. For this

reason, organizations of middle status, in comparison with lower-status organizations, often are willing to pay more for candidates from higher status organizations, whereas organizations of high status are in an advantageous position because they do not have to do so. Henceforth, I propose a curvilinear relationship between a university or college's status position and its tendency to hire up rather than to hire down.

H2: Universities and college of middle status are more likely to hire top executives from others of higher status than high and low status organizations and to avoid hiring from those of lower status.

Status Measure

In order to test these above hypotheses, a measure of organizational status is to be developed in the context of U.S. higher education. This research begins with the definition and key relations of organizational status, creating a most appropriate measure that serves the purposes of this inquiry. Because this measure lays a foundation for the following empirical analysis, a great amount of theoretical and empirical efforts are made to address possible concerns or challenges, including a thorough review of status measure in literature (see Table 4.1) and extensive correlations with alternative status measures for robustness check.

In the previous discussions, organizational status is defined as the prestige accorded to an organization on the basis of its hierarchical position in a social structure that goes beyond its observable economic performance, i.e., “a mixture of ascription and achievement.” From this definition, we first know that organizational status is not only path-dependent and historically inherited but also possibly subject to changes in reputational performances. In other words,

organizational status is an ascription of the past as well as an achievement for current performances and future expectations.

More importantly, organizational status as “accorded” prestige is given or determined by others that an organization is associated with in a social structure. In order to capture organizational status theoretically and empirically, it is essential to study the relations that an organization chooses or is chosen to be in. Theoretically, organizational status flows or is exchanged in associations and connections where status is expendable capital, or when one’s loss is the other’s gain (Blau, 1964). On the other hand, past research has empirically demonstrated that one organization’s status is reflected by the status of the other organizations with which it affiliates or partners (Stuart, Hoang, and Hybels, 1999; Podolny and Phillips, 1996).

Therefore, social relations are key for examining organizational status. Moreover, those social relations that determine organizational status are not just any but are differentiating and relatively stable over time. These relations are like “prisms,” a differentiation device that splits up the entirety of a group into strata while emitting signals to related parties (Podolny, 2001). For example, those relations of no order or ranking, like memberships for those organizations that belong to the same association, do not help in determining their organizational status. Only when a difference between insiders and outsiders is caused by such membership can that membership be used to help us understand organizational status.

Meanwhile, organizational status is relatively stable over time because it reproduces itself through the social relations in which an organization enters. This stock-like stickiness in

organizational status is partially due to a separation between performance and status. In reality, an organization chooses with whom it is associated or being chosen from by others. The related parties in those relations reproduce their status positions in those choices. The choices will or may not be adjusted immediately after a change in performance. Over time such relations show relatively stable patterns.

All together, the goal in finding a measure for organizational status is now to identify stable and differentiating patterns in social relations that involve directional or hierarchical positioning of an organization's past, present, and future performances. Building upon the concept of organizational status, our next step is to find what social relations we are going to focus on or who the related parties are in such social relations. Table 2 provides a list of status measures used in recent status research.

In the context of U.S. universities and colleges, an American university is known to be “so many different things to so many different people.” A measure of organizational status therefore points to a positivistic multi-dimensional approach, focusing on those differentiating relations. The movement of people in colleges and universities along three dimensions—students, research, and sports (Brewer, Gates, and Goldman, 2002)—provides the best guide to organizational status. In higher education, student enrollment along the dimension of the movement of students is one of the most important indicators of organizational status.

Nonetheless, one specific differentiating factor is mostly targeted for a specific audience. For instance, the three sources of college reputation/prestige—teaching, research, and sports—are

weighted differently to prospective/current students, faculty/administrative staff, and coaches/players. However, the fact that status varies among different audiences does not discourage efforts from being centered on one or more sources that may determine organizational status.

In higher education, student enrollment at a university or college consists of three key components: 1) Application: Students provide information requested by the university/college for the purposes of establishing and administering academic and financial relationships that exist between the university/college and its students; 2) Registration: Students register for courses and provide information needed to assess fees and tuition; 3) Payment of fees: Students must pay all assessed tuition and other special fees and satisfy all due and/or delinquent amounts payable to the university/college. Therefore, student enrollment is essentially the academic and financial relationship between the university/college and the students.

More importantly, student enrollment is a differentiating and stable relationship. The differentiation starts with the admission process: both students and universities/colleges are differentiating and selecting each other. For instance, any high school student only applies for a certain number of universities and colleges, most likely does not get accepted to all the universities and colleges, and eventually only chooses one university or college to attend. And vice versa, a university or college receives a multitude of student applications and only offers admission to certain students.

To evaluate the differentiation, a variety of measures are used for enrollment profiles, e.g. gender, race, admission rate, acceptance rate, and retention rate. These measures indicate how students of different attributes are drawn to different universities and colleges. Among them, the geographic profile of enrolled students represents the student-drawing power of a university or college from different geographic locations. Usually it is examined at the level of states, U.S. territories, and foreign countries.

The boundaries between in-state, out-of-state, and international colleges and universities are firmly entrenched by the different motivations of students and by the different criteria used in admissions at universities and colleges. Financially, students pay less for in-state schools than out-of-state schools, and much more so when they are international students. Aside from the factor of tuitions and fees and living expenses, we expect that the students choose the best possible universities when they apply for out-of-state universities and colleges. This is often the case for international students. Therefore, on the one hand, students are being selected to their best matches through their application and admission process. On the other hand, a university or college is able to recruit its students from each state (besides the state where its campus is located) in the United States and internationally, which means that its national/international influence is stronger than a university or college that remains in its home state or country.

In all, organizational status is here measured as geographic dispersion of student enrollment in universities and colleges. My assumption is that if a university or college is able to recruit its students from each state (besides the state where its campus is located) in the United States and internationally, its national/international influence is stronger than a university or college that

remains in its home state or region. To measure the geographic dispersion of student enrollment, I introduce an economic measure, the Herfindahl Index, which is often used to measure competition within various industries by measuring the amount of market share that each firm has in reference to total market share for that good. A higher measure of this index generally means that there is less competition. Its values are between 0 and 1.

In the case of student enrollment, the Herfindahl Index is calculated by the squared percentage of students from each state, U.S. territories, or foreign countries. The higher it is, the more students are from one or a few locations, i.e. most likely in-state or within the region. Conversely, the lower it is, the more evenly geographically distributed the enrolled students are. Therefore, organizational status of universities and colleges can be calculated as 1 subtracted from the Herfindahl Index of geographic dispersion of student enrollment. The more the value is, the higher organizational status is and vice versa.

TABLE 4.1 A LIST OF STATUS MEASURES IN LITERATURE

References	Context	Status Measures
Benjamin and Podolny, 1999.	California wineries that account for 90% of all U.S. wine production (1980-1991)	Wineries affiliated with formally recognized regions or appellations to increase their status, in addition to their own geographic locations
Castellucci and Ertug, 2010.	F1 formula racing from 1993 to 1999.	The residuals obtained by regressing press mentions (in Lexis-Nexis for yearly article counts the term "Formula One.") for a race team on the total points scored by a team for each yearly cross-section.
Fombrun and Shanley. 1990.	1985 Fortune MAC 292 firms.	Model performance (current & past), risk, inst'l signals (e.g. ownership, social resp., media visibility), strategic signals (advertising; diversification)

Table 4.1 (cont.)

D'Aveni, 1996.	The input (students and new faculty) and output (MBA and PhD students) in 20 business schools	Status was drawn from several surveys to determine each constituency's degree of admiration for the focal school (academic rankings, national business community ranking, and student ranking).
Gould, 2002.	Three studies: verbal communication in task groups or various sizes, interaction of quintuplets between age 2 and 3, friendliness ranking among residential fraternity	Euclidean distance as a measure of role dissimilarity. The further two actors are from each other in status, the more they differ in their patterns of attachment to others.
Han, 1994.	1984 publicly listed U.S. firms and their CPA firms (auditor-client pairs)	Absolute size of the firms and Big 4 (vs. other CPA firms)
Jensen and Roy, 2008.	New auditor's choice after the collapse of Arthur Anderson for 900 U.S. companies	Big four (PricewaterhouseCoopers, Deloitte & Touche, KPMG, and Ernst & Young) vs. others
Jensen, 2006.	Event history analysis of defection after the collapse of 2002 Arthur Anderson	Ownership of public pension funds, the coverage of security analysts, NYSE standing, WSJ media coverage, size, interlocking firms, higher fee payment
Jensen, 2008.	The entrance of commercial banks to nonconvertible corporate bonds issued by U.S. publicly listed nonfinancial firms in 1991-1997	Similar to Podolny's method, yearly underwriting management networks in bond market/syndicate lending (>.85 high, <.10 low)
Keith, 1999.	Three surveys (1970 Roose and Anderson, 1982 Conference Board, and 1995 NRC) of departmental prestige	Scholarly publications/citations per faculty, gini coefficient for departmental publications/citations, faculty number, graduate student enrollment, proportion of highly rated departments
Lounsbury, 2002.	All professional and business finance associations in existence between 1945-1993	The founding rate of professional finance associations represents the likelihood of status mobility.
Metiu, 2006.	U.S. and Indian software engineer teams working on the same project	The deepening of status hierarchy through informal channels, i.e. lack of communication, use of geographic distance, criticism, etc.

Table 4.1 (cont.)

Podolny and Phillips, 1996.	Non-investment grade market underwritten by investment banks (1981 and 1987)	Bonacich's power centrality using the announcements of security offerings that appear in major business newspapers.
Podolny, 1993.	Investment grade debt market underwritten by investment banks (1982- 1987)	Bonacich's power centrality using the announcements of security offerings that appear in major business newspapers.
Phillips and Zuckerman, 2001.	Two datasets: Silicon Valley law firms; security analysts depending on the status of their affiliated banks	Middle status is on the social boundary that divides the members and nonmembers of a desirable social designation. Law firm status is operationalized as the proportion of the firm attorneys from top six elite law schools. Bank status is the mean status ranking by <i>Institutional Investor</i> .
Sauder, 2006.	A qualitative study of law school rankings by U.S. News and World Report	The introduction of a third-party status system by USNWR in top, 2nd to 4th tier law schools and its influence on law school administrators/faculty/students/prospective students.
Sauder, 2008.	Interviews about law school rankings by U.S. News and World Report and the interorganizational relationship in the field	The introduction of a third-party status system by USNWR and the transformation of institutional logics.
Stuart, Hoang, and Hybels, 1999.	301 dedicated biotechnology firms specializing in-vitro diagnostics and therapeutics and the endorsements they received from 1978-1991	The prominence of partners is evaluated in strategic alliance network and patent citation network, using a degree centrality network measure.
Washington and Zajac, 2005.	NCAA Basketball: The Official College Basketball Records Books (1989-1996)	The likelihood of receiving the invitation to participate the NCAA postseason basketball tournament.
Wegener, 1992.	Review of status concept and measure: a hierarchy of positions (as dominant); social closure (psychological scaling of status awareness as emerging)	Individual level: social standing, value to society, power, skill, degree of autonomy, desirability, etc.

First, the geographic distribution of fall student enrollment is calculated by Herfindahl index. Its formula is:

$$H = \sum_{i=1}^N s_i^2$$

where s_i is the percentage of student enrollment from state i and N is the number of states plus international students. The value of H is between 0 and 1. The closer it is to zero, the more student-drawing power a university or college has to draw students because its student body is widely dispersed nationally and internationally. Vice versa, the closer it is to one, the less power a university or college has because its student body is mostly from one state or region.

Second, the above Herfindahl index is normalized as below:

$$H^* = \frac{(H - 1/N)}{1 - 1/N}$$

where again, N is the number of states plus international students, and H is the Herfindahl Index of student enrollment, as calculated above. Whereas the Herfindahl index ranges from $1/N$ to one, the normalized Herfindahl index ranges from 0 to 1.

Finally, organizational status is defined as below:

$$S = 1 - H^*$$

where H^* is the normalized Herfindahl Index of student enrollment. In this way, organizational status manifests itself in student drawing power. In other words, a university or college that recruits its students from widely dispersed geographic regions has higher organizational status and, vice versa, lower organizational status.

For robustness check, a number of correlations were run between this measure and other status measures, traditionally accepted as at least partially reflecting organizational status. Such

alternative measures include *U.S. News and World Report* Rankings, Peterson's selectivity scores, and others (as detailed in the description of data sources in Chapter 6). To further check its validity, this measure is also calculated only on the basis of all the states and outlying territories in America, excluding international students because their recruiting and enrollment processes are subject to very different considerations both from the students and from the universities and colleges. From these above exploratory efforts, this measure continues to stand strong and be reliable in comparison with others. Therefore, the measure of organizational status as the inverse of student geographic dispersion is created and used in this research.

Status Difference and Preliminary Results

To run the empirical test, status difference is introduced as the difference between the organizational status (\mathcal{S}_f) and origin's organizational status (\mathcal{S}_o) (c.f. Gould, 2002; Podolny and Phillips, 1996; Podolny, 1993). In order to capture the direction of hiring up or down and how far an organization goes up or down in status hierarchy, status difference is employed here to describe the difference of actors with respect to their own statuses (Blau, 1977; McPherson and Smith-Lovin, 1987; Phillips, Rothbard, and Dumas, 2009). Specifically, status difference refers to the distance of organizational status between the organization that hires a new top executive from outside and the organization from which this new top executive comes. In operationalization, status difference between the focal and origin organizations (by Euclidean distance matrices: a) uses pairwise calculation, and b) takes care of the concern over the two directions from mean, +/-). This method is often used in network studies. For example, Gould (2002) used it to support his argument that the further two actors are from each other in status, the more they differ in their patterns of attachment to others. In this research, status difference is

calculated with the origin's organizational status subtracted from the focal's organizational status.

To test H1, in which organizations are argued to hire top executives from others of equal or higher status and to avoid hiring those from lower status, a t-statistic test is run for status difference between the focal and origin organization's status. Specifically, the mean is used to run t-test here. In the meantime, the other two kinds of averages, mode and median, are also run for a robustness check. Due to ceiling and flooring effects, I have excluded the bottom and top status organizations in the data. In the meantime, I also use status measure and selectivity scores for the focal and origin organizations to run linear regression to demonstrate strong positive association between the origin's and focal's organizational status.

In order to test H2, which is about whether middle-status organizations are more likely to hire top executives from others of higher status than high and low status organizations, three separate dummy variables are calculated based on the focal's organizational status. First I look at the sum and standard deviation of organizational status for the overall sample. Then organizations are labeled as middle-status organizations if their status is within one standard deviation of the mean. If its status value is above one standard deviation of the mean, it is defined as high status; otherwise, low status if it is below the value of the mean subtracted from one standard deviation. To cross check the validity of these status groups, I also group the organizations into different status groups by even percentile of the focal's organizational status, depending on its distribution. Then, for further support, I run correlation between this measure and the five-point measure of a college's overall selectivity in admissions, which was obtained from Peterson's

Guide to Colleges (see Chapter 6 for details). I also run regression on the focal organization's status and include a squared term to test the more specific argument that middle-status colleges would be more status-conscious in top executive hiring decisions.

Hypothesis 1 is supported through t-test of status difference between the origin's and focal's organizational status. Due to ceiling and flooring effects, I have excluded the bottom and top status organizations in the data. That is, in some cases, if the focal organization's status is as low as 0, I take them out because these organizations cannot hire further down; in other cases, if the focal organization's status is as high as 1, I also remove them because these organizations cannot further hire up. In spite of the smaller number of cases, this proves to be a more conservative test for the hypotheses about the role of organizational status. In addition, other tests over mode and median were run. The additional tests about mode does not provide much information because they are all zero while the results on median are consistent with what shows in Table 4.2. From Table 4.2, the t statistics are significant at the level of .05 (two-tailed) for status difference across the sample. This also shows that status difference at high and low levels of organizational status is statistically significant for their tendency to hire down (it is much smaller size of tendency for high status though than that of low status), whereas middle status organizations show the opposite tendency. This table also provides at least partial support for H2, that middle-status organizations are more status conscious in their top executive hiring decisions in comparison with high and low status organizations (Chapter 6 further tests H2 in Model 1 and 2).

TABLE 4.2 T TEST FOR STATUS DIFFERENCE

Status difference	# of Cases	Mean	S.D.	t statistics
All	780	0.023	0.011	2.12
High Status	219	-0.026	0.013	-1.96
Middle Status	458	0.211	0.019	11.15
Low Status	103	-0.239	0.025	-9.66

To supplement the above analysis, the regressions of the origin's status on the focal's status (not presented here) also demonstrate strong positive association between the origin's and focal's organizational status. The results provide further evidence that the focal and origin's status are positively associated and that consequently, universities and colleges have the general tendency to hire up instead of hiring down. The regression also presents a strong negative coefficient for the squared term of the focal organizational status, indicating middle status organizations are more status-concerned.

All in all, Study 1 (as in Chapter 3 and 4) focuses on the role of organizational status in top executive hiring decisions. Organizational status is found an important motive in the formation of interorganizational relations. Study 2 in the next two chapters turns to the factors that may make organizations more or less status concerned in interorganizational relation formation decisions.

CHAPTER 5
STUDY 2: A DECISION-MAKING APPROACH TO STATUS CONCERNS
IN INTERORGANIZATIONAL RELATIONS

As argued in the previous chapters, organizational status plays an important role in an organization's strategic decisions about interorganizational relations, such as top executive hiring. In Chapter 2, organizational status was reviewed as a new but powerful motive for interorganizational relations with limited empirical evidence. Correspondingly, Chapter 3 and 4 henceforth demonstrate the role of organizational status in the specific empirical context of top executive hiring. However, this research is aimed to study not only the role of organizational status but, more importantly, to discover to what degree organizations are concerned with organizational status in decisions about interorganizational relations. In a more general sense, status concerns in the formation of interorganizational relations are affected by a range of different factors that motivate organizations to enter into relationships with others. For instance, firms may enter strategic alliances for knowledge or resources, but research has provided evidence that firms may also be motivated to get associated with high-status partners to elevate their own status. It is both theoretically and empirically important to examine how the concerns about organizational status are factored into the decisions in terms of when and with whom organizations form relationships.

Addressing the latter purpose of this research, this chapter therefore continues to examine when or under what circumstances organizational status is more or less of a concern in the formation of interorganizational relations, such as top executive hiring. Drawing on the decision-making theory of organizations (March, 1994; Simon, 1947; Cyert and March, 1963), this research focuses on the process of how interorganizational relation decisions are made. Taking the

decision-making approach, this research introduces the concept of status consciousness and proposes a model of status consciousness. The model of status consciousness is consisted of political dynamics and peer comparisons. It examines the conflict and politics of multiple actors with inconsistent preferences and then discusses the interpretation and ambiguity that arises when peer comparisons about identity and category come into the picture. Finally, hypotheses are developed in the context of U.S. higher education.

A Decision Making Approach

In order to understand why some organizations are more concerned with their status than the others in their decisions about interorganizational relations, this research turns to the decision-making theory for answers. In the last chapters, organizational status is argued to play an important role when organizations form relationships with other organizations through a variety of ways, including top executive hiring. However, the formation of interorganizational relations is a decision-making process in which all other factors in relations with organizational status come to bear. In the case of top executive hiring, if organizational status were the only determinant or the most important factor among all in these decisions, as assumed in most status research, organizations would be at the risk of being only for “looking good or better” instead of finding the most competent and desirable candidate. Therefore, it is important to explore variability in the degree to which organizations are affected by organizational status in their decisions about interorganizational relations.

The theory of organizational decisions (March, 1994; Simon, 1947; Cyert and March, 1963) sheds light on our understanding about the role of organizational status for two reasons. First of

all, when and with whom organizations enter relationships are important strategic decisions that organizations make. As noted above, organizations gain access to information and knowledge, resources and capabilities, legitimacy and status, and so on. Decisions about interorganizational relations are of strategic importance to organizational performance and survival. Second, decision-making theory provides an answer in terms of how organizations weigh a variety of factors in their decision-making process, especially when they are not aligned with one another in decisions about choosing partners with which to form an interorganizational relation. Decisions about interorganizational relations are no different from any other decisions in terms of following the general decision-making rule. Understanding any decision about interorganizational relations requires concrete knowledge of the contexts in which historical, social, political, and economic factors all come into the play. By focusing on this process, the theory of decision-making is greatly applicable for a better understanding of interorganizational relationship formation.

This decision-making approach is fundamentally different from the contingency approach for overarching frameworks (Oliver, 1990; Galaskiewicz, 1985; Brass and others, 2004). In contingency approach tradition, scholars have attempted to map the motivations of interorganizational relations into decisions about when and with whom to form a relationship. For example, Oliver (1990) proposed a set of determinants of interorganizational relationship formation and applied them to the predictions of different types of interorganizational relations. These critical contingencies include necessity, asymmetry, reciprocity, efficiency, stability and legitimacy, which motivate organizations to enter into relationships with one another. In this seminal work, organizations are assumed to have choices, are conscious, and make intentional

decisions for their own purposes. In a more recent work, Brass, Galaskiewicz, Greve, and Tsai (2004) looked at the conditions that promote the formation of interorganizational relations and identified conditions that facilitate organizations' cooperation, such as experience, trust, norms, equity, and context. However, such ambitious frameworks have fallen short of empirical support and are often criticized for that reason.

The current approach to decision-making looks into the process of how a decision about interorganizational relationship is made. It extends the investigation further to those circumstances under which organizations are to a greater or lesser degree subject to organizational status concerns. That is, in order to further the argument that organizational status plays an important role, it is theoretically and empirically important and also interesting to identify important factors that affect the propensity of organizations to form interorganizational relations in order to maintain and build organizational status. The advantage of this approach is to build understanding about status concerns in interorganizational relations incrementally, both in theory and through empirical supports.

The Concept of Status Consciousness

To capitalize on the theory of decision-making, this research introduces the concept of status consciousness. Status consciousness means the degree to which status considerations are important in an organization's decisions, the extent to which an organization is concerned about its own relative status, and, in particular, which status concerns tend to "color" its interaction with others (Blalock, 1959; Anderson and Cunningham, 1972; Kaufman, 1957).

This concept originated in sociological tradition. At the individual level, Blalock (1959) described an ideal-type model of the highly status-conscious person. For Blalock, this person is one who adheres “religiously” to the values of his/her group and who has high status aspirations. He/she is careful to learn the proper etiquette and to join the right organizations. In his/her interpersonal relations, he/she associates with those people who are in positions to help him/her maintain or advance toward the top, shunning those who are beneath his/her in status. In summary, an extremely status-conscious person “lives and acts as though status considerations are of the utmost importance” and they are to this person “the essence of social interaction” (Blalock, 1959:243). Derived from the conceptualization of status consciousness at the individual level, it is important to note that status consciousness in this research is not an actor’s trait but a property of the decision-making process. In other words, one organization may display a different degree of status consciousness in different types of decisions, including their interactions with other organizations.

To conceptualize status consciousness in a decision-making process has two important implications in the study of interorganizational relations. First, status consciousness becomes observable and measurable when organizations enter relationships with others. As sociologists observed status-conscious behaviors of individuals, organizations similarly make their choices when they take organizational status into consideration in relations with other important factors. Status consciousness is thus not elusive but can be captured in the decisions and actions of an organization. Second, given the strategic importance of organizational status, status consciousness acknowledges that organizational status is only one of the many factors that may affect decisions about interorganizational relations. Focusing on the organizational decision-

making process, a study of status consciousness provides insights about when and how organizations are more or less concerned with organizational status.

A Model for Status Consciousness in Interorganizational Relations

As status consciousness is conceptualized in this decision-making process, this research focuses on the process of decision-making, or how organizations are more or less concerned with their status in their decisions about interorganizational relations. Following the approach of organizational decision-making, a model of status consciousness is proposed here to understand status concerns in interorganizational relations.

Informed by the organizational theory of decision-making (March, 1994; Cyert and March, 1963), a model of status consciousness in interorganizational relations is developed in search for a better understanding of when and how organizations are concerned with their status. In his primer on decision-making, March (1994) began with a description of the decision-making process, during which an organization as a single entity may follow different logics, i.e. a logic of rationality or a logic of appropriateness, may have a range of goals demanding different actions, and may have its own preferences and priorities over their choices. As has been argued in the previous chapters, status consciousness varies in the decision-making process about interorganizational relations due to the multiplicity of logics, goals, and preferences for any organization.

Moreover, this model of status consciousness in interorganizational relations complicates the above decision-making process in two ways. First, status consciousness involves multiple interests and parties inside and outside of the organizations, which generate a battlefield for

politics and powers. March (1994) introduced decision-making processes with the fact that an organization is made of multiple parties and interests. These multiple parties have their own preferences, and their preferences are often inconsistent and sometimes at odds with one another. Henceforth, politics and power are needed to resolve and align these conflicting and colliding interests. Therefore, the model in this research brings in the multiple parties that are involved in organizational decision-making process. As organizations are increasingly viewed as open systems, decisions about interorganizational relations are influenced by multiple parties and interests within and among organizations. It is therefore most interesting to explore how or when more weight is given to status concerns in decisions about interorganizational relations, given the different status preferences of the involved parties and the interests inside and outside of the organizations.

Moreover, the model of status consciousness in interorganizational relations takes into account confusion, interpretation, and complexity in the decision-making process. Ambiguity invites varied interpretations, especially when the situations cannot be coded mutually exhaustive and exclusive categories. March added ambiguity to the decision-making process, by which he means there is “a lack of clarity or consistency in reality, causality or intentionality” (March, 1994:178). Building on these insights, this research focuses on the role of organizational status and explores how organizational status plays an important role when multiple interests and ambiguities are involved.

To sum up, this chapter builds on the core argument that the formation of interorganizational relations is a decision making process. Informed by organizational theory of decision-making,

the concept of status consciousness is derived. Moreover, the model of status consciousness is developed with the help of organizational decision-making approach. Chapter 6 provides more context-specific discussions about the model, especially in political dynamics and peers comparisons.

CHAPTER 6

STUDY 2: HYPOTHESES AND ANALYSIS

Following the tradition of decision-making, this research employs the concept of status consciousness to introduce political dynamics and peer comparisons to answer the question of when organizations are more concerned with their status in interorganizational relations, such as top executive hiring decision. In the following discussions, this research develops hypotheses for political dynamics and peer comparison separately in terms of the phenomenon of top executive hiring in the context of U.S. higher education.

Political Dynamics

This section focuses on multiplicity and dependency in political dynamics for a better understanding of status consciousness. Multiplicity of constituents refers to the varied parties involved in the decision making process that may have conflicting interests. What multiplicity brings out is not the nominal number of parties involved, but that these different parties play different roles in maintaining the existing order and are involved at different intensity levels within internal conflict. Dependency examines how strongly an organization is dependent on a specific interest parties. The dependence of organizations on a certain party allows this party to have a more influential voice in organizational decisions and actions.

In U.S. higher education, universities and colleges have two important internal parties, and the interests and claims of these two parties are closely related to organizational status: faculty and administrators. Faculty and administrative personnel are two internal groups whose values and identities diverge (Kraatz, Ventresca, and Deng, 2010). In comparison, faculty members are

more professionalized and less status-driven because of the professionalization and socialization process (DiMaggio and Powell, 1983; Scott, 2002). On the contrary, administrators, who deal with day-to-day business, tend to be more status-conscious (Kraatz et al., 2010). Both old and new institutional perspectives acknowledge the importance of professionalization as the normative isomorphic pressure. Selznick (1957) further pointed out that professionalism, as a source for a broader sense of responsibility, needs to be balanced with internal conflict in organizations. The more professionalized an internal interest party is, the more likely it is to pursue institutional integrity, despite the challenges from other interest parties. Ocasio (1994, 1999; Ocasio and Kim, 1999) highlighted the institutionalization of power as a political process in which powerful individuals and groups entrench themselves in formal positions and increase their control over others. One way to protect or claim their power is to proliferate in number, because the intricate power balance may be tipped over as the size of one internal group is outnumbered by those of other groups.

Building on the above insights, I predict that organizations will be more likely to be status-conscious when the internal elites who are active in status maintaining and building dominant positions over the others. In particular, I use the ratio of the number of faculty to administrators to evaluate the power balance between these two parties. Therefore, the more dominant faculty are in organizations and/or the less dominant administrators are, the less likely status maintaining and building is manifested in top executive hiring.

H3: Universities and colleges with large ratios of faculty to administrators tend to hire presidents from others of higher status than from those of lower status.

Podolny (1993: 831) conceptualized status as “a signal of underlying quality of a firm’s products”. Status-driven behaviors, in nature, view organizational status as a mediating strategic step in a cycle of social and economic resource acquisition. Lin's discussion of how individuals go about improving their status represents this perspective. He defines striving for higher status as "the process by which individuals mobilize and invest resources for returns in socioeconomic standing" (2001:78). Individuals therefore pursue status because it gives them access to greater economic and social resources, and they use economic and social resources to improve their status. To realize such benefits for a preferred status standing of an organization, the key internal constituents are those who deal with the organization’s customers/clients. When uncertainty and ambiguity make it impossible to evaluate an organization’s quality, its customers/clients mainly rely on status signals instead so that the importance of organizational status is elevated and the organization’s motives for higher organizational status are also amplified (Podolny, 1994; Chung, Singh, and Lee, 2000; Jensen, 2006).

The internal constituents interfacing with their customers/clients understand this best, and the elevation of their power or positions in organizations indicates dependence on status evaluations from their customers/clients. In a study by Kraatz et al. (2010), enrollment management is examined as an organizational structure that involves the integration of various administrative functions, such as the admissions and financial aid offices that may affect enrollments and tuition revenues. This structural change is highlighted by the creation of a new administrative position, typically titled “Vice President for Enrollment Management.” The purpose of adopting this EM VP position is “to enable increased coordination between admissions, financial aid, and other enrollment-relevant functions.” (Kraatz, et al., 2010:1522) The creation a high-level position

indicates that organizations are willing to cater to their customers/clients, who are often overly concerned with organizational status.

Therefore, I hypothesize that if an organization increases its dependency on a certain group for status concerns, it is more likely to hire its top executives from those of higher status.

H4: Universities and colleges that have increased their dependency on a certain group (adopted EM VP positions) tend to hire presidents from others of higher status more than from those of lower status.

External constituents may impose laws or regulations on, set expectations to, and instill taken-for-grantedness in organizations (Oliver, 1991). Pfeffer and Salancik (1978) argued that organizations facing incompatible and competing demands may find it difficult to conform to the environment because the satisfaction to one external constituent may mean ignoring or defying the others. Generally speaking, the more parties that are involved, the more complicated the internal conflict is expected to be (Oliver, 1991). Therefore, organizations with more demanding external constituents or external constituents with more incompatible demands or expectations are more likely to hire top executives from other organizations of higher status as their way of responding to status pressures.

Similar to what I find in the discussion on internal constituents, the multiplicity of and dependency on external constituents make an organization more or less status conscious in top executive hiring. I start with the role of the demanding external constituents and focus on how organizations become more or less status conscious under the influence of certain external

constituents on which they depend on, in the case of this research, the government and the market. Here I focus on the government and the market because these involvements may be incompatible with the existing organizational/institutional values and goals and, at the same time, they are probably (but not necessarily) at odds with each other. In terms of the government, this research emphasizes the demanding requirements for government funding. For dependence on the market, I examine two specific factors in the context of U.S. higher education: enrollment economy and professional program adoption.

Although the government (federal, state, and local) in most cases plays a secondary role in supporting and financing U.S. higher education, this role remains quite substantial and continues to shape the entire higher education landscape, especially for public universities and colleges (U.S. National Advisory Committee on Education, 1931). The government invests in higher education mainly in the following two ways. First, the government supports and directs higher education by assuring access to postsecondary education and sustaining basic and applied research that is in the public interest. Second, the government provides support via direct or indirect funding, regulation of funded activities, and mandates to related public agencies.

From the above description, the goals and values of the government to a large degree echo what higher education institutions may hold dear in their missions. However, the necessary requirements for universities and colleges to receive financial support are so demanding that they are forced to cater externally to the government and to stay attuned to what the government attends to. The federal, state, and local government all do not directly get involved with the actual operations. Their fund allocation is not based on the measure of organizational status but

more of a range of mixed political or economical factors, including enrollment (need-based or merit-based assistantship), faculty (number and their achievement), etc. As a result, the federal, state and local government is less sensitive to status signals sent out by universities and colleges. As I emphasize in my discussion of top executive hiring, the linkages created by such hiring are possibly a shortcut to the elevation of organizational status. Instead of becoming more status-conscious, universities and organizations that are getting more financial support from government are, therefore, less likely to be status conscious and to hire their top executives from above.

H5: Universities and colleges that rely more on government support are less likely to hire presidents from others of higher status than from those of lower status.

In a study of enrollment management by Kraatz et al. (2010), organizations are found to be more likely to adopt “value-subverting” innovations when they are more dependent on external resource pressure. Enrollment management (EM frequently hereafter) is an administrative structure and a set of accompanying practices that have come into wide use over the past two decades (Hossler, 1984; 2004; Dolence, 1998). The structural element of EM involves the consolidation of various administrative functions that affect enrollments (most typically the admissions and financial aid offices) and the creation of Vice President position for enrollment management (EM VP). In the discussion about internal dependency, I emphasized that the customers/clients play an important role in organizations being more status conscious. Indeed, the influence of the market has been increasing as the government gradually withdraws its presence in higher education. As I discussed in the adoption of EM VP positions, the prioritization of customers, i.e. students, has been highlighted with the penetration of the market

logic (Bok, 2004; Kirp and Holman, 2002). Here I focus on this particular external constituent group and examine how important they are to organizations, i.e., how dependent organizations are on their concerns about organizational status.

In U.S. higher education, student enrollment contributes tuition funding to universities and colleges. The percentage of tuition as their source of revenue is crucial to universities and colleges, determining how they address concerns from this status-sensitive body of external constituents. Therefore, I argue that the more dependent an organization is on student enrollment that is concerned with organizational status, the more likely that they will be to hire top executive from other organizations of higher status.

H6: Universities and colleges with strong external dependency on student enrollment tend to hire presidents from others of higher status more than from those of lower status.

To a large degree, the spread of professional programs is similar to EM in that both are driven by the underlying market logic (Kraatz, 1998; Kraatz and Zajac, 1996; Kraatz and Moore, 2002; Kraatz et al. 2010). In these studies, professional programs are argued to have value-subverting innovation that has been confronted with significant resistance among traditionally liberal arts colleges. However, the pressure from the market or the reliance on the market has made this controversial practice more and more prevalent.

Unlike the analysis of adoption, this research turns the focus to the scales of professional degree offerings to evaluate the dependency on the market. In the same logic I apply in terms of student enrollment, it is possible to affect an organization's status consciousness. That is, if a university

of college offers more professional degrees, it is more likely to be status conscious, thereby hiring top executives from other universities or colleges of higher status. Therefore, I predict that:

H7: Universities and colleges that offer more professional programs tend to hire presidents from others of higher status than from those of lower status.

Peer comparisons

According to Oliver (1991), uncertainty and interconnectedness are the two important dimensions to evaluate institutional pressure in the environment in which organizations are embedded. Pfeffer and Salancik (1978: 67) defined environmental uncertainty as "the degree to which future states of the world cannot be anticipated and accurately predicted."

Interconnectedness refers to the density of interorganizational relations among occupants within an organizational field (Aldrich and Whetten, 1981; DiMaggio and Powell, 1983; Pfeffer and Salancik, 1978; Leblebici and Salancik, 1973). As top executive hiring creates a path between two organizations, I here extend contextual interconnectedness to a relational dimension: the comparison between the origin organization where the top executive comes and the focal organization where the top executive goes. In this relational comparison, I focus on one key concept, category, to capture contextual uncertainty and interconnectedness. I first examine cross-category hiring in terms of Carnegie classification and control type. In order to bring forward the influence of contextual uncertainty, I choose to look at organizational consequences that are due to unexpected or uncontrollable classification rearrangements. After that, I examine the relational comparison in two characteristic features of organizations, size and age, in the hope of disentangling the forces behind the relationship between category and organizational status.

A category is broadly defined as “a spatial, temporal, or spatio-temporal segmentation of the world” (Bowker and Star, 2000: 56). Categorization, the process of making categories, is used to understand objects by grouping some of them together and separating them from others (Zerubavel, 1991, 1996). Categories are particularly important to organizations. Sometimes categories are “made up” by organizations when categories help them locate their competitors and differentiate themselves from their competitors through this self-branding process (Porac, Thomas, and Baden-Fuller, 1989), or when categories are used to reinforce their identities and protect their own niche from imitation (Swaminathan, 1999).

Category and status are often studied together because they have similar organizational consequences, such as legitimacy. However, category differs from status as much as heterogeneity does from inequality (Blau, 1977). Category is more widely encompassing because categories at times indicate favorable or unfavorable social positions, which is similar to what status does. However, one of the differentiating characteristics is that while status connotes hierarchical comparison, category does not do so. For example, there may be no way to identify bowls or cups as the better or worse category of utensils, but a set of fine china probably carries more prestige than plain coffee mugs manufactured in large quantity. In other words, such comparisons of prestige between bowls and mugs are not common because I tend to compare bowls with bowls or mugs with mugs instead of crossing categorical boundaries.

Here I argue that hierarchical standings in social status are more salient in the same social category than across categories. That is, the prestigious value attached to fine china is more

relevant in comparison to a plain dinner set than to some plain coffee mugs. Zuckerman (1999, 2000) demonstrated that analysts are less likely to track firms whose portfolio of business lines does not conform neatly to those institutionalized categories. Such a lack of attention leads to higher cost of capital, forcing firms to restructure to fill in those categories.

Cross-category hiring

Organizational status is by nature relative, and it is more meaningful in the same category. Cross-category hiring mitigates the importance of maintaining status similarity and creates more status-driven opportunities. When an organization seeks its top executive from another category of organizations, it is more likely that it is motivated to achieve higher status because organizations in another category are not operated in similar way, even if they are of similar status or carry the same institutional values. Therefore, it is more likely for organizations to seek candidates from higher status organizations as status symbols. Meanwhile, the individual candidates who are willing to move from one category of organizations to another will be out of the social realm that they are usually in for evaluations and comparisons.

In the setting of U.S. higher education, Carnegie classifications (doctoral /master's /baccalaureate) and control types (public vs. private) are the simplest and most frequently used category measures. According to the number/percentage of their highest degree offerings, universities and colleges are in general divided into three groups: doctorate-granting, master's (comprehensive), and baccalaureate (undergraduate liberal arts). Public universities are mostly funded by the government, usually the state government, e.g. University of California systems and even a certain part of Cornell (which is itself an Ivy League university). Private universities

and colleges are all privately funded through tuitions, donations, etc. For example, Stanford, the Ivy Leagues, and so on. The categories formed by Carnegie classifications and the control types provided a way to represent this diversity by grouping roughly comparable institutions into meaningful, analytically manageable categories. These categories also enable researchers to make reasonable comparisons among “similar” institutions and to contrast them with groups of “different” ones.

According to the above discussions, the following arguments are built upon the mutual reinforcement of status and institutional categories on top executive hiring patterns.

H8: All else being equal, focal universities and colleges tend to hire presidents from other organizations of higher status when the focal and origin universities and colleges belong to different Carnegie classifications.

H9: All else being equal, focal universities and colleges tend to hire presidents from other organizations of higher status when the focal and origin universities and colleges belong to different control types.

Rearrangement of categorization systems

Unlike those categories developed by organizations themselves, outside categorization schemes, such as industry directories and university classification systems, are created by other outside parties (Zuckerman, 1999; 2000; Fleischer, 2008). However, these outside categories are important to organizational actions and decision. In this latter case, category becomes a symbolic institutional carrier and is a cultural-cognitive isomorphic force in the institutional field (Scott,

2001; Suchman, 1995). The identity, meaning, and value attached to such category are important in understanding its role in the field (Zuckerman, 1999, 2000; Zilber, 2002; Glynn, 2002; Fleischer, 2009; Rao, Monin, and Durand, 2005; Hsu, 2006; Elsbach and Kramer, 1994).

Drawing on neo-institutional field-level analysis, institutional change is examined as institutional discontinuity at the field level. There has been increasing evidence that the effect of status is contingent on institutional changes in which organizations are involved (Podolny 1993; Podolny, Stuart, and Hannan, 1996). Institutional change at the field level creates disturbance to the observance of status similarity, and institutional change at the field level brings new order to status hierarchy, creating possibilities for organizations to elevate their status. Therefore, with a change in institutional continuity, organizations are more likely to hire from the other status groups.

H10: Universities and colleges that have been rearranged by categorization systems tend to hire top executives from other organizations of higher status more than from those of lower status.

Organizational size

Organizational size is viewed as a peripheral component of an organization when it comes to the organization and its environment (Scott, 2000). Organizational size is usually indicated by the number of participants or the scale of an organization's actual performance (Kimberly, 1976). Scholars have been debating whether a large size benefits organizations. For those who believe that does not, organizations that grow larger accumulate inertia as an outcome of structural change (Hannan and Freeman, 1984; 1989). Because more time and energy are required to

coordinate actions and to communicate information across large organizations, large size leads to increased organizational complexity (Blau, 1970; Blau and Schoenherr, 1971). And organizations gain inertia simply by virtue of their success (liability of smallness, where size is used as an indicator of success) because an organization's members often employ routines that were successful in the past in novel situations where they may be inappropriate (Starbuck 1983). In the meantime, other scholars point out that large size confers distinct advantages. Internally, large organizations maintain more complex routines that support their social and economic fitness (Nelson and Winter, 1982). Externally, large organizations have more resources and can weather environmental fluctuations (Aldrich and Auster, 1986). Large organizations can even influence their environments directly, either by monopolizing key environmental resources or by exerting control over their institutional environment (Pfeffer and Salancik, 1978). Nonetheless, research has shown that bigger is not necessarily better but that large size results in a more influential social position (Range-Moore, 1997).

The status of an organization of small size may not be well established due to its external influences or social connections with other organizations. Therefore, smaller organizations are more anxious to establish their social positions or achieve their aspired social positions through linkages with other higher status organizations. Top executive hiring is one practical approach for them to achieve this goal. Compared with those larger organizations, smaller organizations are more likely to hire their top executives from organizations of higher status for social legitimacy and/or economic fitness.

It is necessary to point out that organizational size is one of the most important criteria used in Carnegie classification systems. If I do find hiring up patterns in cross-category relations, it is plausible to reason that a large size difference between the focal and the origin organizations may cause such an effect. Therefore, I predict:

H11: All else being equal, it is more likely that focal universities and colleges tend to hire top executives from other organizations of higher status when the focal and origin universities and colleges have a large size difference.

All in all, this chapter focuses on status concerns in the decisions of interorganizational relations. As noted, the important role of organizational status has been argued and supported in research. However, the question to which degree or under what circumstances organizations are more or less concerned with their status in the decisions of interorganizational relations has been largely overlooked or unexamined before. Following the footsteps of organizational decision-making theorists, the concept and model of status consciousness have been developed. In the context of U.S. higher education, the model is materialized into a set of hypotheses about political dynamics and peer comparisons.

In the following section, I describe the data and targeted data sources. Also I operationalize the variables in my hypotheses and present an event analysis for the study.

Sample and Data

The sample is the complete population of baccalaureate or higher-degree offering universities and colleges as defined by Carnegie Foundation for the Advancement of Teaching (1987). These

over 1300 universities and colleges in the sample are studied over a 20-year period, from 1987 to 2006. I focus on top executives in these universities and colleges, i.e. presidents and chancellors, and their movements from one university or college to the other. The data come from separate sources.

First, the president/chancellors are tracked with the dataset of names and titles in administrative positions within the U.S. higher education system. The newcomers to top positions, such as the Chief Executive Officer (President/Chancellor) who directs all affairs and operations of a higher education institution and the Chief Executive Officer within a system (President/Chancellor) who directs all affairs and operations of a campus or an institution as part of a university-wide system, are tracked for all the universities and colleges in the sample. By matching these newcomers' names, titles, etc. with the people who have left their positions in the prior year(s), I am able to identify the origin schools of these newcomers and to establish the linkage between the focal and origin organization. If their names do not show up in the immediate prior year, I go back to the data from the year before. If this happens again, I track them up to three years back. However, the assumed reporting lag allowed here is three years at maximum.

Second, I use data from the Integrated Postsecondary Education Data System, often abbreviated as IPEDS, which is the core postsecondary education data collection program for the National Center for Education Statistics, which is part of the United States government. IPEDS data are available from 1981 and its predecessor, the Higher Education General Information Survey (HEGIS), dates back to the early 1970s. Both sources provide annual data on the finances, enrollments, faculty, curricula, and other institutional characteristics of the universities and

colleges in the sample. In addition to these sources, the official websites of universities and colleges are referred to in collecting founding year and presidential tenures throughout the history of each individual organization.

The third data source is derived from IPEDS and specializes in financial and operational measures: the Delta Cost Project. It has organized data on institutional spending and revenues into aggregate measures of costs per student and costs per degree/certificate produced. These measures are developed using data from the IPEDS to allow evaluation of changes over time and to put information in context through comparison with patterns within other states or sectors. These metrics and fact sheets are likely to be most relevant to state policy makers who need to make decisions about issues such as funding adequacy, student tuition policies, and the relative cost effectiveness of existing investment patterns. The following measures are presented in the fact sheets per full-time equivalent (FTE) students and adjusted for inflation using the Consumer Price Index (CPI-U): 1) Education and related (E&R) costs: includes all spending for instruction and student services, plus a portion of spending on academic and institutional support and for operations and maintenance of buildings; 2) Net tuition portion of E&R costs: is the amount of tuition revenues an institution takes in from students (including fees) and the net of all institutional grant aid provided; 3) Average subsidy portion of E&R costs: the difference between E&R expenses and net tuition revenue; this is the average dollar amount of E&R costs that is covered by institutional resources (primarily state funding at public institutions); 4) Net tuition share of E&R costs: the percentage of E&R expenses that is paid, on average, from net tuition revenues; this measure is also commonly referred to as the "student share" of costs; 5) Instruction share of E&R costs: the percentage of E&R expenses that is dedicated to instructional

spending; 6) Completions per 100 FTE Students: indicates how many completions (including degrees, certificates, and other formal awards) were produced for every 100 FTE students enrolled in the course of the academic year (this metric is not the same as the cohort graduation rate); and 7) Education and related spending per completion: an estimate of total education and related costs per completion, as contrasted to costs per student enrolled. All these data, together with IPEDS and HEGIS, provide the financial and operational performance of the universities and colleges in the sample.

Fourth, the annual Peterson's Guide to 4-year Universities and Colleges, which contains profiles about 1,800 four-year accredited colleges, giving enrollment, cost, admission requirements, financial aid, programs, campus life, and more. It is designed to help students select colleges that suit their needs, lists schools under several headings, including entrance difficulty, costs, majors and test scores. Five entrance difficulty levels are provided by Peterson's Guide: non-competitive, minimally difficult, moderately difficult, very difficult, and most difficult. Table 6.1 summarizes the criteria used to assign a score to each university or college, mostly based on their admission rate. The entrance difficulty level captures the selectivity of college admissions and indicates the status of those colleges. This selectivity score is used to prove the validity and reliability check for the status measure of student enrollment based on geographic dispersion developed in this research.

TABLE 6.1 A SUMMARY OF PETERSON'S SELECTIVITY SCORES

Selectivity Score	Level of Difficulty to be Accepted	Criteria
0	Noncompetitive	Colleges to which virtually all applicants were accepted for admission, regardless of high school grades or test scores.
1	Minimally difficult	Most current freshmen were not in the top half of their high school class and scored somewhere below the 1010 combined on the SAT test or below 18 composite on the ACT while up to 95% of applicants were accepted for admission.
2	Moderately difficult	More than 75% of the current college freshmen from the top half of their high school class and scored over 1010 combined on the SAT test or above 18 composite on the ACT while approximately 85% or fewer of the applicants were accepted for admission.
3	Very difficult	Colleges have more than 50% for the current college freshmen that were in the top 10% of their high school class and scored over 1230 combined on the SAT test or over 26 composite on the ACT while about 60% or fewer of the applicants were accepted for admission.
4	Most difficult	Colleges have more than 75% of the current college freshmen that were in the top 10% of their high school class and scored over 1310 combined on the SAT 1 test or over 29 composite on the ACT. About 30% or fewer of the applicants were accepted for admission in this last group.

The last data source is Carnegie Categorizations (see Table 6.2 for a summary). In 1970, the Carnegie Commission on Higher Education developed a classification for colleges and universities to support its program of research and policy analysis. Derived from empirical data on colleges and universities, the Carnegie Classification was published for use by other researchers in 1973 and was subsequently updated in 1976, 1987, 1994, 2000, and 2005. For

over three decades, the Carnegie Classification has been the leading framework for describing institutional diversity in U.S. higher education. It has been widely used in the study of higher education, both as a way to represent and control institutional differences, and also in the design of research studies to ensure adequate representation of sampled institutions, students, or faculty. With the 2005 revision, the single classification system was replaced by a set of multiple, parallel classifications. The new classifications provide different lenses through which to view U.S. colleges and universities, offering researchers greater flexibility in meeting their analytic needs. They are organized around three fundamental questions: what is taught (Undergraduate and Graduate Instructional Program classifications), who are the students (Enrollment Profile and Undergraduate Profile), and what is the setting (Size & Setting). The original Carnegie Classification framework—now called the Basic classification—has also been substantially revised. From its inception, the Carnegie Classification’s purpose has been to assist those conducting research on higher education. Researchers need a way to deal with the great diversity among colleges and universities in the United States, and classifications enable them to identify groups of roughly comparable institutions. The primary audience is the research community, including academic researchers and institutional research staff, as well as other education analysts. By providing a set of distinct classifications, as well as a set of online tools for creating custom listings (combining categories within classifications, identifying institutions in similar categories across classifications, or filtering listings by selected criteria), researchers now have much greater analytic flexibility, allowing them to match classification tools to their analytic needs.

TABLE 6.2 A BRIEF HISTORY OF CARNEGIE CLASSIFICATIONS

Editions	1970, 1976, 1987, and 1994	2000	2005
Doctor's	<ol style="list-style-type: none"> 1. Heavy emphasis on research 2. Moderate emphasis on research 3. Moderate emphasis on doctoral programs 4. Limited emphasis on doctoral programs Comprehensive	<ol style="list-style-type: none"> 1. Doctoral/Research Universities—Extensive 2. Doctoral/Research Universities—Intensive 	<ol style="list-style-type: none"> 1. Research Universities (RU/VH) (very high research activity) 2. Research Universities (RU/H) (high research activity) 3. Doctoral/Research Universities (DRU)
Master's	<ol style="list-style-type: none"> 1. Colleges Comprehensive colleges I 2. Comprehensive colleges II 	<ol style="list-style-type: none"> 1. Master's Colleges and Universities I 2. Master's Colleges and Universities II 	<ol style="list-style-type: none"> 1. Master's Colleges and Universities (Master's/L) (larger programs) 2. Master's Colleges and Universities (Master's/M) (medium programs) 3. Master's Colleges and Universities (Master's/S) (smaller programs)
Baccalaureate	<ol style="list-style-type: none"> 1. Liberal arts colleges—Selectivity I 2. Liberal arts colleges—Selectivity II 	<ol style="list-style-type: none"> 1. Baccalaureate Colleges—Liberal Arts 2. Baccalaureate Colleges—General Baccalaureate/Associate's Colleges 	<ol style="list-style-type: none"> 1. Baccalaureate Colleges-Arts & Sciences (Bac/A&S) 2. Baccalaureate Colleges-Diverse Fields (Bac/Diverse) 3. Baccalaureate/Associate's Colleges (Bac/Assc)

For H3, in which the ratio of faculty to administrators is proposed to be negatively associated with the likelihood of hiring top executives from others of higher or equal status, the expected sign for this hypothesis is negative. Here administrators are referred to as non-faculty, non-academic, functional executives in university or college administration, whereas faculty members include full-time tenure and non-tenure track positions at universities and colleges. The

ratio is calculated as the total number of faculty members divided by the total number of administrators.

For H4, the adoption of EM structure, i.e. EM VP position, is used as a proxy for the importance of the internal group that takes care of the customers. The expected sign for this hypothesis is positive so that status difference is positively associated with the adoption of EM structure. The adoption occurs when a college first reports the existence of an administrative position with the title of “Vice President for Enrollment Management.” This variable was also developed from the data within administrative directories. To get this measure, I went back to the earliest time of such adoption and coded the variable as 1 if EM structure was adopted for that year and onwards.

For H5, reliance on government support is calculated using the federal, state, and local appropriations, grants, and contracts share of operating revenue (including net tuition; federal, state, and local appropriations, grants, and contracts; and private gifts, grants, and contracts). Status difference is negatively hypothesized with the share of government funding in the operation revenue of universities or colleges. That is, the higher the percentage of government funding is, the less status-conscious a university or college is. The expected sign for this hypothesis is negative. This variable was mainly derived from the Delta Project and cross-checked with the original IPEDS data. This is a continuous measure in percentage ranging from 0 to 1.

For H6 on enrollment economy, tuition reliance is calculated as the net tuition share of operating revenues (including net tuition; federal, state, and local appropriations grants, and contracts; and

private gifts, grants, and contracts). Status difference is positively hypothesized with the share of student tuition in the operation revenue of universities or colleges. That is, the higher percentage of student tuition contribution to the operating revenue, the more status-conscious a university or college is predicted to be. The predicted sign for this hypothesis is positive. Again, this variable was mainly derived from the Delta Project and cross-checked with the original IPEDS data. It is also a continuous measure ranging from 0 to 1.

In order to test H7, the percentage of professional degree awarded indicates the importance of professional programs in universities and colleges, the number of professional degrees awarded divided by the total number of degree offerings is calculated. A university or college is predicted to be more status-conscious when the percentage of professional degree offering is higher. The expected sign is positive. Again, it is a continuous measure ranging from 0 to 1.

For H8 and H9 on cross-category hiring, two dummy variables are used. The first one is based on broader Carnegie classifications: research/doctoral, master's, baccalaureate. If the focal and the origin university/college belong to two different groups of the above categories, the variable of cross Carnegie classification is coded 1 or 0 if otherwise. In a similar way, if the focal and the origin university/college belong to different control types, i.e. one is public while the other is private, the variable of cross control type is given value 1 or 0 if otherwise.

For H10, Carnegie rearranged is operationalized as a dummy variable. Any university or college that has been rearranged to a different category in year 1994's edition is coded with value 1 or 0 if it remained in the same category.

In order to test H11, the size difference between the focal and the origin university/college is calculated as a continuous measure, reflecting the difference between the size of the focal and origin organization. Organizational size is represented by total enrollment, and the annual component of IPEDS collects data on the number of students enrolled in the fall at postsecondary institutions. IPEDS institutions report annually the number of full- and part-time students by gender, race/ethnicity, and level (undergraduate, graduate, first-professional); the total number of undergraduate entering students (including first-time, transfers-in, part-time students, and non-degree students); and retention rates. Student enrollments are calculated as those 1) enrolled in courses creditable toward a degree or other formal award; and 2) enrolled in courses that are part of a vocational or occupational program, including those enrolled in off-campus centers; but excluding 3) high school students taking regular college courses for credit.

Control variables

Three groups of control variables are included in this research. The first group of controls includes the institutional characteristics of universities and colleges, including control and Carnegie classification category as described above, all in dummy variables coded 1 or 0 if otherwise. In addition, focal organization's size is the total number of student enrollment. The reason for size control is that size is often positively associated with organizational status. For example, smaller organizations are more anxious to establish their social positions or to achieve their aspired social positions through linkages with higher-status organizations, and top executive hiring is one practical approach for them to achieve this goal. Lastly, focal organization's total number of employees includes all full-time staff, ranging from faculty

(Instruction/Research/Public Service), executive/administrative and managerial employees, other professionals (employees), technical and paraprofessional employees, clerical and secretarial employees, skilled crafts employees, to service/maintenance employees.

The other group of controls includes the financial and operational performance measures, including total operating revenue, net tuition, total degree completion and so on. The focal organization's total revenue is the sum of net tuition, federal, state, and local appropriations, grants, and contracts, and private gifts, grants, and contracts. Net tuition revenue is the amount of money the institution takes in from students after institutional grant aid is provided. The total number of degree completions includes all that were conferred by a university or college as official recognition for the successful completion of a program of studies. Specifically, they are associate's, bachelor's, master's, doctorate's, and first professional degrees. All these above variables are mainly from IPEDS data and Delta project.

The last group of controls is included for prior alliance relations or connections that organizations entered. Research has shown that organizations rely on their prior alliance experience to choose with whom to partner (e.g. Gulati and Gargiulo, 1999; Luo and Deng, 2009). To find a proxy for such prior alliance partnership, this research uses whether geographic locations of the focal and origin organization are in the same region (Owen-Smith and Powell, 2004).

Model

The study examines 20 years of data from 1987 to 2006. By matching names of the newly hired top executives with the people who have left their positions in the prior years (up to 3 years at maximum), I am able to identify where these top executives come from, establishing the linkage between the focal and origin organization. The analysis is conducted on these events to test predictions about the role of organizational status and status consciousness in hiring up versus hiring down. In this analysis, high-status organizations have fewer higher-status organizations to hire up from than do low-status organizations. Meanwhile, low-status organizations have fewer lower organizations to hire down than do high-status organizations. In order to address such ceiling and flooring effects in cross-status hiring decisions, I use the Tobit model (Tobin, 1958) for many of the analyses. The Tobit model, also called a censored regression model, is designed to estimate linear relationships between variables when there is left- and/or right-censoring in the dependent variable (also known as censoring from below and above, respectively). Censoring from above takes place when cases with a value at or above some threshold, all take on the value of that threshold, so that the true value might be equal to the threshold, but it might also be higher. In the case of censoring from below, values those that fall at or below some threshold are censored. The Tobit model is particularly appropriate for this study because of the flooring and ceiling effects inherent to the organizational status data.

Results

Descriptive statistics and correlations are shown in Table 6.3. Tobit tests of H2-H11 are presented in Table 6.4.

From Table 6.4, Hypothesis 2 is further tested in two models - Model 1 and Model 2. Model 1 includes the dummy variables for middle and high status while Model 2 includes the dummy variables for middle- and low-status organizations. Universities and colleges of middle status are found a stronger tendency than higher and lower status organizations to hire above. Then, for robustness check, I ran correlation between this categorical measure and five-point measure of a college's overall selectivity in admissions, which was obtained from Peterson's Guide to Colleges. I also ran regression on the focal organization's status and include a squared term to test the more specific argument that middle-status colleges would be more status conscious in top executive hiring decisions. The results from these tests all confirmed that middle-status organizations are more status-conscious in their top executive hiring decisions. In other words, middle-status organizations have a strong tendency to hire up and to avoid lower status hires in comparison with high and low status organizations' hiring patterns.

Model 3 in Table 6.4 tests the political dynamics hypotheses by adding the independent variables for hypotheses 3 through 7 to Model 1. This model reveals support for H3, which proposes that the faculty-to-administrator ratio has a negative influence on status consciousness. In other words, the higher ratio of faculty to administrators, the less likely universities and colleges are to be driven by status concerns in their top executive hiring decisions. The size of the coefficient is rather small but the significance level has been consistently strong over the tests.

However, H4 receives no support in the empirical analysis. H4 predicts that the adoption of EM structure, i.e. EM VP position, makes universities and colleges more status conscious. The

predicted sign for this hypothesis is positive. The sign and size of coefficient are both suggestive but the significance level is not sufficient.

For H5, reliance on government supports (the share of government funding in the operation revenue of universities or colleges) is hypothesized to be negatively associated with status difference. In both Model 3 and 4, the size and sign of the coefficient are both good with sufficient significance level of 5% (one-tail). That means the share of government funding has a negative impact on the status-consciousness of a university or college. The more government support a university or college receives, the less likely it is driven by status concerns to hire up and to avoid hiring down.

For H6 on student tuition reliance, status difference is positively hypothesized with the share of student tuition in the operation revenue of universities or colleges. The size of the coefficient is small, but the sign is consistent with the prediction. However, the hypothesis does not receive significant support.

To test H7, a university or college is argued to be more status conscious when the percentage of professional degree offering is higher. The results accord with such prediction: the percentage of professional degree offerings contributes to the status consciousness of a university or college in their top executive hiring decisions. In Model 3, this prediction has a significance level of 5% but in Model 4, it drops to 10% at one-tail test. Overall, this hypothesis receives moderate support in the analysis.

Model 4 in Table 6.4 tests the categorical hypotheses (H8-H11). For H8 and H9 on cross-category hiring, universities and colleges are predicted to be more status conscious in their top executive hiring decisions when the focal and origin organizations belong to two different categories, i.e. Carnegie Classification or control type (private vs. public). Both hypotheses receive support, especially when the focal and origin university or college do not belong to the same control type.

For H10, Carnegie rearranged refers to an event in which a university or college was rearranged to a different category in year 1994's edition and is coded with value 1 or 0 if it remained in the same category. The rearrangement by an external body creates ambiguity and misinterpretation, so it is hypothesized that those universities and colleges are more status conscious in their top executive hiring decisions. However, this prediction does not receive support from this analysis.

For H11, size difference is hypothesized to prompt status consciousness in top executive hiring decisions. Size difference between the focal and the origin university/college here in this study is a continuous variable, reflecting the difference between the size of the focal and origin organization. In Model 4, the size of the coefficient is rather small but the significance level is high. A supplementary analysis using the difference between the natural log of total enrollment in the origin and focal university or college shows similar results, confirming the strong support but moderate size of the coefficient.

Therefore, in the final result of Model 4, the hypotheses on middle status position (H2), faculty to administrator ratio (H3), reliance on government support (H5), the categorical difference

between Carnegie classifications (H8), control types (H9), and size (H11) are all supported. The hypothesis of professional degree offerings (H7) receives moderate support whereas those on enrollment management structure (H4), reliance on student tuition (H6), and rearrangement of Carnegie classification fail to do so.

TABLE 6.3 DESCRIPTIVE STATISTICS AND CORRELATIONS

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20-27
1 Status Difference	.023	.011																				
2 High Status	.587	.493	-.145																			
3 Middle Status	.281	.450	.394	-.745																		
4 Low Status	.132	.339	-.312	-.465	-.244																	
5 Faculty to administrator ratio	6.622	7.333	.043	.056	-.119	.077																
6 EM structure adoption	.133	.340	.049	-.031	.040	-.008	-.073															
7 Reliance on government supports	.276	.273	-.148	.068	-.250	.233	.132	-.189														
8 Reliance on tuition	.573	.255	.122	-.039	.149	-.141	-.051	.166	-.850													
9 Offering of professional degrees	.020	.056	.017	-.056	.127	-.087	-.026	.016	-.008	.018												
10 classifications	.674	.469	.005	.029	.002	-.044	-.051	-.001	-.038	.081	.053											
11 Executives are from different control types	.187	.390	.183	-.058	.088	-.032	.016	-.024	.032	-.005	.017	.186										
12 Rearrangement by carnegie classifications	.090	.286	-.046	.081	-.076	-.017	.022	-.044	-.032	.058	-.043	.065	.022									
13 Size difference	3189.665	10356.680	.194	-.048	.098	-.061	-.069	-.041	-.082	.054	-.065	.159	.320	.014								
14 Focal organization's size	5542.827	7870.075	-.050	.023	-.113	.117	.223	-.058	.516	-.391	.152	-.019	-.055	-.126	-.369							
15 Focal organization's control	1.750	.433	.139	-.075	.301	-.291	-.189	.148	-.892	.689	.061	.016	.049	.026	.121	-.571						
16 Focal organization's total revenue	7.82e+7	1.64e+8	.034	-.115	.165	-.051	.093	-.016	.256	-.273	.212	-.094	-.035	-.108	-.193	.595	-.157					
17 Focal organization's net tuition	2.65e+7	4.74e+7	.081	-.157	.233	-.080	.084	.057	.093	-.076	.299	-.100	-.026	-.117	-.220	.585	-.037	.802				
18 Focal organization's total employees	1110.125	2014.757	.030	-.104	.154	-.054	.094	-.058	.350	-.354	.269	-.072	-.013	-.119	-.241	.734	-.239	.808	.722			
19 Focal organization's total degree completions	1144.160	1643.624	-.011	-.001	-.048	.065	.231	-.045	.445	-.339	.192	-.033	-.036	-.128	-.359	.966	-.471	.680	.705	.794		
20-27 Focal organization's carnegie classification*	.051	.221	.032	-.077	.152	-.091	.015	-.023	.235	-.280	.196	-.136	.052	-.073	-.152	.477	-.054	.648	.586	.809	.559	
28 From the same region	.445	.497	-.072	.012	-.060	.062	-.059	-.017	.038	-.040	.020	.017	-.004	-.095	-.007	-.062	-.095	-.090	-.053	-.032	-.024	-.030

*Focal organization's Carnegie classification has 8 dummy variables for 8 subcategories: Research (4), Comprehensive (2), Liberal Arts (2)

Table 6.4 Tobit Model of Status Difference (Origin organization's status - Focal Organization's Status)

Variables	Model 1	Model 2	Model 3	Model 4
High Status	0.22 (.032) ***		0.23 (.031) ***	0.23 (.031) ***
Middle Status	0.49 (.039) ***	0.27 (.026) ***	0.50 (.039) ***	0.48 (.038) ***
Low Status		-0.22 (.032) ***		
Faculty to administrative ratio			-0.003 (.001) **	-0.003 (.001) **
EM structure adoption			0.04 (.030)	0.04 (.029)
Reliance on government supports			-0.26 (.129) *	-0.24 (.127) *
Reliance on tuition			0.05 (.082)	0.03 (.080)
Offering of professional degrees			0.32 (.197) *	0.25 (.193) +
Executives are from different carnegie classifications				0.04 (.022) *
Executives are from different control types				0.10 (.027) ***
Rearrangement by carnegie classifications				-0.03 (.035)
Size difference				0.000 (.000) ***
Focal organization's size	0.00 (.000) +	0.00 (.000) +	0.00 (.000) +	0.00 (.000)
Focal organization's control	0.00 (.036)	0.00 (.036)	-0.12 (.069) *	-0.15 (.068) *
Focal organization's total revenue	0.00 (.000)	0.00 (.000)	0.00 (.000)	0.00 (.000)
Focal organization's net tuition	0.00 (.000)	0.00 (.000)	0.00 (.000)	0.00 (.000)
Focal organization's total employees	0.00 (.000) +	0.00 (.000) +	0.00 (.000)	0.00 (.000)
Focal organization's total degree completions	0.00 (.000) *	0.00 (.000) *	0.00 (.000) +	0.00 (.000) +
Focal organization's carnegie classification*	0.05 (.099)	0.05 (.099)	0.13 (.103) +	0.04 (.102)
Focal organization's carnegie classification*	0.09 (.080)	0.09 (.080)	0.13 (.081) +	0.09 (.081)
Focal organization's carnegie classification*	0.06 (.066)	0.06 (.066)	0.10 (.067) +	0.03 (.068)
Focal organization's carnegie classification*	0.09 (.056) +	0.09 (.056) +	0.11 (.057) *	0.06 (.056)
Focal organization's carnegie classification*	0.05 (.033) +	0.05 (.033) +	0.05 (.034) +	0.01 (.034)
Focal organization's carnegie classification*	-0.01 (.033)	-0.01 (.033)	-0.02 (.034)	-0.02 (.033) *
Focal organization's carnegie classification*	-0.03 (.033)	-0.03 (.033)	-0.04 (.033)	-0.06 (.033)
From the same region	-0.02 (.020)	-0.02 (.020)	-0.01 (.020)	-0.01 (.020)
Constant	-0.25 (.082) **	-0.02 (.081)	-0.06 (.178)	0.02 (.176)
Log-likelihood	106.63	106.63	98.81	78.66

One tailed tests where a hypothesis was predicted in directions

of cases: 780

Standard deviations are in parentheses

Significance: +p<.1, * p<.05, ** p<.01, ***p<.001

*Focal organization's Carnegie classification has 8 dummy variables for 8 subcategories: Research (4), Comprehensive (2), Liberal Arts (2)

CHAPTER 7 DISCUSSION

In the past few decades, organizational researchers from varied scholarly traditions have devoted their attention to interorganizational relations. Echoing the rise of organizations being viewed as open systems, it is critical to understand organizational decisions through the environment in which organizations form relationships with one another. This vast body of research studies the dynamics of coordination and competition in a range of forms of interorganizational relations such as joint ventures, strategic alliances, interlocking and personnel flows, and so on. The most prominent questions that tie these inquiries together are to understand why and with whom organizations enter into relationships.

Well-established motivations for interorganizational relations include effective management of interdependence and coordination, reducing risks and uncertainty, and knowledge sharing and transfer. Many other studies have documented how organizations obtain power and control resources through interorganizational coalitions and interests whereas other research has also shown how legitimacy is pursued and achieved in interorganizational relations. Moreover, scholars have developed integrating frameworks in contingency approach but their efforts often fail to receive empirical support.

Among these efforts, one important and powerful motive, organizational status, has been largely overlooked. Organizational status has been found to be consequential not only to an organization's performance outcomes but also to its interactions with other organizations, on an equal or unequal basis. As organizations position themselves through relations with others, organizational status has been produced and reproduced in such relations as partnership, endorsement, or affiliation.

Addressing this gap, this research has two purposes: one is to broaden the empirical basis for the role of organizational status in interorganizational relations, and the other important purpose is to integrate organizational status in the decision making process and examine when organizations are more or less concerned with organizational status in their interorganizational relation decisions. For the first purpose, this research finds top executive hiring a most appropriate interorganizational relation to study the role of organizational status. Empirical supports were established in the context of U.S. higher education. Moving onto the second important purpose, this research draws on decision-making theory of organizations and develops a model of status consciousness in the decisions of interorganizational relationship formations.

Implications

This inquiry of the role of organizational status and status consciousness in such interorganizational relations as top executive hiring is both important and interesting. This research builds upon the findings and attempts to make a contribution to contemporary organizational literature on interorganizational relations both theoretically and practically. Theoretically, it examines the general patterns of status consciousness in interorganizational relations, but more importantly it identifies forces that make organizations vary across situations or over time to be more or less sensitive to status concerns in interorganizational relations.

Practically, status consciousness does not always seem to be good for organizations, though it may be an important force in interorganizational relations. A recent study at the individual level by Groysberg, McLean and Nohria (2006: 94) tracked 20 General Electric top executives who

moved to high positions in other companies, and concluded that those who "took over, built, or implemented management systems that resembled GE's were more successful," while "those who went to different industries, those who moved solo (rather than with a team), and those who joined companies whose needs (exploiting existing business opportunities as opposed to exploring new business opportunities) called for different skills performed poorly." Taking this kind of findings to the organizational level, this research focuses on status consciousness and is also concerned with those possible (perhaps, pathological) consequences driven by status concerns in interorganizational relations.

This research builds upon these insights and attempts to make a contribution to contemporary organizational literature on status and interorganizational relations in two ways. First, it examines the roles of status motives or concerns in driving an empirical phenomenon that has not previously been studied: top executive hiring. In particular, my empirical focus is presidential hiring in U.S. universities and colleges from 1987 to 2006. In this research setting, higher education organizations are known to be status-conscious and their presidents, as top leaders, are status symbols. Therefore, presidential hiring becomes a strategic decision for status maintaining and building, and it demonstrates how status concerns play an important role in the process. Using a novel measure for organizational status and status consciousness, this study examines presidential hiring decisions in the entire population of 4-year universities and colleges in U.S. higher education over a two-decade period.

Second, this research theoretically and empirically develops a model that attempts to explain under what circumstances status concerns are more or less important for strategic decisions, such

as top executive hiring. The underlying assumption is that organizational status is only one of the many motives that can come to bear on such critical strategic decisions. Drawing on decision-making theory of organizations, this research makes an effort to understand to whom, when, and why organizational status matters more. In doing so, this research not only examines the importance of status concerns in organizations' strategic decisions, but it also extends the discussion to those possible (especially pathological) consequences driven by status concerns.

All in all, this research builds on the converging efforts from research both on organizational status and on interorganizational relations to understand organizational decision-making process. Organizational status scholars have realized that status is not always the only or the most important factor in organizational decisions (Jensen and Roy, 2008; Podolny, 1994). Research on interorganizational relations makes substantial efforts to integrate different types of relations and their motives from a contingency approach ((Brass, Galskiewicz, Greve, and Tsai, 2004; Galaskiewicz, 1985; Oliver, 1990; Van de Ven, 1976). This research acknowledges the findings from both fields and provides a new way of thinking.

Limitations and weaknesses

This study is a seminal work in exploring the role of organizational status in interorganizational relationship decisions. Yet, at a minimum the following matters need to be acknowledged.

First of all, taking the approach of decision-making in organizational theory, the model of status consciousness provides an expandable, open platform for the role of organizational status in relations with other factors in interorganizational relationship decisions. Unlike those traditional

theories for exclusive and rigid predictions, this model of status consciousness in decision-making approach is only a modest beginning for more systematic and fundamental findings.

Secondly, the empirical results in this study of U.S. higher education are partial and preliminary. In addition, the time varying 20-year data from 1987 to 2006 were not tested as longitudinal panel data. The Tobit model is theoretically valid and appropriate to this study but the empirical testing does not work exactly the way to its advantage. Further exploration of the same phenomenon at other administrator levels, such as deans and department heads, may provide more support.

Thirdly, the measure of organizational status in this research is national/international presence, i.e., the student drawing power over geographic locations. Although I have made every effort, including calculating this measure with and without international students, ensuring relatively high correlations between this status measure and other possible ones, and others, I do not think this is the perfect or best status measure. It has innate shortcomings that arise from its calculation. It is plausible and convincing in most cases, but it does not look reasonable in extreme cases. For instance, if a national university of 3000 student enrollments takes more students from populated states and less from remote states, it may end up with lower status score than a small colleges that only has 50 new students, each of whom are from a different state.

The other probably more inherent limitations of this research include the positioning of this research between interorganizational relations and organizational status because both are unique but kept separately; the exploration of possible factors other than political dynamics and peers

comparisons to understand the decision-making process; and the generalization of this research to other empirical contexts and other interorganizational relations.

Future Research Directions

Possible future research directions include executive hiring that considers insidership vs. outsidership over multiple dimensions. In other words, besides the boundaries among organizations and status groups, it would also be very interesting to examine the usual career track from certain educational backgrounds, academic or functional positions, and tenure or non-tenure experiences. It is also interesting to examine the hiring decisions at the lower level of administrators, such as deans, directors, and department heads. Moreover, organizational status is an important factor in relations with institutional logics in organizational decisions. Many recent developments in institutional research can also be tied to organizational status through analogy or in parallel.

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