Avoiding Bad Press: Interpersonal Influence in Relations Between CEOs and Journalists and the Consequences for Press Reporting About Firms and Their Leadership

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In this study we consider how and when interpersonal relations between chief executive officers (CEOs) and journalists can influence the content of journalists’ reporting about corporate leaders and their firms. Specifically, we draw from the social psychological literature on interpersonal influence and social exchange to suggest (i) how the disclosure of relatively low corporate earnings may prompt the CEO to engage in ingratiatory behavior toward journalists, and (ii) how such behavior may be effective in prompting journalists to issue relatively positive reports about the CEO’s firm. We also extend our theory to consider how relatively negative journalist reports may prompt CEOs to retaliate against individual journalists by limiting or cutting off communication with the offending journalist, and how such retaliation may deter other journalists from issuing negative reports about the firm in the future. We find support for our hypotheses in a unique data set that includes large-sample survey data on CEO–journalist relations. We discuss how our research contributes to the growing literature in organization theory and strategy on the social processes by which corporate leaders influence the behavior of information intermediaries and other external constituents toward their firms. Moreover, we suggest that an implication of our findings is that top executives can actively influence the reputation of their firms, as well as their own reputations as corporate leaders, by engaging in interpersonal influence processes toward journalists.

Key words: corporate governance; upper echelons; top management; journalism; social influence

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Introduction

A growing body of research in organization theory and strategic management has examined how relations between corporate leaders and external constituents of the firm influence corporate strategy, organizational legitimacy, and firm performance. Much of this literature has explored how and when external constituents constrain firm action. Corporate governance studies have provided some evidence, for instance, that large institutional investors sometimes pressure firms to pursue corporate strategies that are believed to promote shareholder interests, such as divesting unrelated businesses (Useem 1999). There is also growing interest in how so-called “information intermediaries” or “social arbiters” such as journalists can influence firm behavior and performance (Wiesenfeld et al. 2008). Theorists have suggested that journalists influence stakeholder impressions about firms through their decisions about what information to include in an article, how much to emphasize or highlight that information, and whether to frame that information in a positive or negative light (Deephouse 2000, Pollock and Rindova 2003, Wade et al. 2006). Although a variety of factors determine firm reputation, and press coverage is admittedly only one contributing factor (Fombrun and Shanley 1990), recent research indicates that journalist reports can have a significant influence on corporate reputation and legitimacy among members of the financial community. Pollock and Rindova (2003) found evidence that the tenor of media coverage about initial public offerings can affect investor behavior, as manifested by the level of under-pricing and the rate of stock turnover on the first day of trading (see also Johnson et al. 2005). Although the relative influence of media reporting on firm reputation depends on specific characteristics of the coverage, such as the novelty of information contained in press reports and whether the stories include validating quotes from credible experts (see Tuchman 1972, 1978; Johnson et al. 2005), journalists can generate new knowledge about firms by assembling and interpreting information from different sources and channeling that information to interested stakeholders (Jensen and Meckling 1998). In this way, journalists can influence the perceptions of a wide array of corporate stakeholders, including customers, suppliers, public policy makers, and the general public (Deephouse 2000, Graber 2004, Fiss and Hirsch 2005).
Media reports not only influence stakeholder perceptions about firms and their strategies but also affect the image of corporate leaders (Chen and Meindl 1991, Wade et al. 2006). Positive media coverage can contribute to the celebrity status of chief executive officers (CEOs), thus enhancing their earning power and career prospects while also increasing their discretion over corporate policy (Hayward et al. 2004). Conversely, negative media coverage can diminish CEOs’ authority and reputation, thus reducing their discretion over corporate policy and potentially damaging their career prospects (Wiesenfeld et al. 2008). Moreover, there is growing interest across multiple disciplines, including law, financial economics, and accounting, in how the media might serve as a corporate control mechanism. Although the empirical literature is still nascent and the evidence is not yet conclusive, several authors have provided evidence that negative press coverage can exert pressure on firms to make changes in corporate governance that limit CEO authority or that increase the risk of CEO dismissal following low firm performance (Dyck and Zingales 2002, Miller 2006, Joe et al. 2008; but see Core et al. 2008). Thus, CEOs should be interested in what is reported about them and their firms in the media and seek to influence journalists who create these reports.

Whereas recent research in strategy and organization theory has examined how journalists and other external constituents influence corporate leadership and firm performance, a smaller but growing stream of work has begun to consider how corporate leaders can influence the behavior of information intermediaries and other external constituents toward their firms. The literature on power and influence suggests two sociopolitical mechanisms by which leaders can garner support from constituents (Edelman 1977; Pfeffer 1981a, b; Bowles 1987). The first such mechanism is at the public, macro level: leaders can manage constituent impressions about their leadership by engaging in symbolic actions or public communications that demonstrate their commitment to constituent interests or give the impression of conformity to prevailing institutional logics or norms of appropriate corporate conduct, such as adopting executive incentive plans or other policies that appear to demonstrate leaders’ commitment to stakeholder interests (e.g., Oliver 1991, Elsbach 1994, Westphal and Zajac 1998, Davis 2005, Zott and Huy 2007).

The literature on power and influence suggests that leaders can also garner constituent support on a more private level by engaging in interpersonal influence and exchange processes such as favor rendering and other ingratiatory tactics that establish personal ties to individual constituents (Edelman 1977, Pfeffer 1981a, Bowles 1987, Sonnenfeld and Ward 2007, Westphal and Stern 2007). Although this literature suggests that both sociopolitical mechanisms can be effective in maintaining the support of constituents, the organizational literature on power and politics in leader–constituent relations has generally focused on the former mechanism (i.e., public symbolic management) and devoted less attention to the latter (i.e., private interpersonal influence and exchange processes). In particular, extant theory and research on organization–constituent relations has given little consideration to how corporate leaders influence constituent behavior by engaging in social influence and exchange processes that develop personal ties to individual constituents of the firm. Moreover, there is little prior work on the sociopolitical mechanisms by which corporate leaders influence the behavior of key information intermediaries such as journalists, despite growing evidence that these actors have a significant influence on how other constituents relate to the firm.

In the present study, we begin to address these gaps in the literature by considering how interpersonal relations between CEOs and journalists can influence the content of journalists’ reporting about CEOs and their firms. Specifically, we draw from the social psychological literature on interpersonal influence and social exchange to suggest (i) how the disclosure of negative information about a firm—specifically, relatively low corporate earnings—may lead the CEO to engage in ingratiatory behavior toward journalists, and (ii) how such influence attempts may be effective in prompting journalists to issue relatively positive reports about the CEO’s firm. We also extend our theoretical framework to consider how relatively negative journalist reports may prompt CEOs to engage in negative reciprocity or retaliation against individual journalists. Moreover, we proceed to suggest how negative reciprocity by a CEO against journalists who issue negative reports against the CEO’s firm may deter other journalists from issuing negative reports about the firm in the future. We test the components of our theoretical framework with a unique data set that combines data from large sample surveys of CEOs and journalists about CEO–journalist relations with archival data on journalist reports.

Although prior research has devoted little attention to interpersonal influence processes in relations between corporate leaders and firm constituents, an exception is Westphal and Bednar’s (2008) recent study of communication between corporate leaders and institutional investors, which showed that CEOs engage in interpersonal influence behavior toward relatively large institutional owners to avoid external pressure from those owners to initiate corporate governance reforms. Our study extends Westphal and Bednar’s work in several important ways. First, we examine interpersonal influence behavior by corporate leaders toward a key information intermediary, or “social arbiter,” of the firm (i.e., journalists), whose reports about the firm can influence firm reputation and the reputation of corporate leaders themselves among a broad array of other corporate stakeholders (Wiesenfeld et al. 2008, p. 234). Second, our theoretical framework posits novel determinants
and consequences of interpersonal influence behavior by corporate leaders. In particular, our theory suggests how the disclosure of negative firm information can prompt ingratiatory behavior by CEOs toward an important external constituent, and how CEO ingratiation, in turn, can affect constituent behavior (i.e., journalist reporting) in ways that ultimately influence firm reputation and the reputation of its leaders. Third, whereas Westphal and Bednar drew from theory and research on social influence tactics to explain political behavior in relations between CEOs and investors, we develop a broader theoretical perspective that draws from social exchange theory (as well as the literature on social influence) to explain not only how interpersonal influence behavior by CEOs can result in more positive journalist reports but also how relatively negative journalist reports may prompt negative reciprocity or retaliation by CEOs against journalists, and how such negative reciprocity may deter other journalists from issuing negative reports about the firm in the future. Fourth, to the extent that journalist reports influence stakeholder perceptions about firms and the public image of corporate leaders, as discussed above, a novel and important implication of our theoretical perspective is that top executives can actively influence the reputation of their firms, as well as their own reputations as corporate leaders, by engaging in interpersonal influence processes toward journalists. By extension, our study has implications for the potential of the press to function as a corporate control mechanism. Although a growing number of studies have indicated that negative press coverage may help pressure firms to initiate corporate governance reforms in response to low firm performance (recognizing that the relative influence of media reports depends on specific characteristics of the coverage, such as whether the stories include validating quotes from credible experts, as noted above), research has not considered how executives may be able to compromise the objectivity of journalists’ coverage of their firms in the first place. To the extent that CEO ingratiation and negative reciprocity toward journalists reduces the negativity of press coverage following the disclosure of negative information about a firm, our theory ultimately suggests a behavioral mechanism by which leaders compromise the efficacy of the press as a corporate control mechanism.

**Interpersonal Influence in CEO–Journalist Relations**

**Ingratiation as a Source of Interpersonal Influence**

Ingratiation is comprised of assertive social influence tactics that enable individuals to gain favor with another person (Kacmar et al. 2004). An extensive literature on ingratiation in social psychology identified three types of ingratiation behavior: flattery or “other enhancement,” opinion conformity (i.e., verbal statements that validate the opinion held by another person), and favor rendering (Jones 1964; Stevens and Kristof 1995, p. 587; Ellis et al. 2002). On one level, these behaviors are believed to engender social influence by enhancing positive affect for the ingratiator. Flattery induces liking through reciprocal attraction. Unreciprocated liking creates cognitive dissonance, so that “people find it hard not to like those who think highly of them” (Jones 1964, p. 24). Opinion conformity induces similarity–attraction bias. Given that similarity in attitudes and beliefs elicits interpersonal attraction, opinion conformity may also enhance liking of the ingratiator (Ellis et al. 2002). Rendering tangible, personal favors for another person should likewise tend to engender positive affect for the ingratiator. Positive affect and liking from ingratiation cause attribution biases in performance evaluation decisions, wherein people overattribute successful outcomes to the ingratiator’s hard work and ability while overattributing failures to bad luck or uncontrollable factors in the work environment, thus leading to favoritism toward the ingratiator in allocating benefits such as pay increases and promotions, as well as in allocating negative outcomes such as pay cuts or dismissals (Westphal 1998).

In addition, the three types of ingratiation behavior create social influence by invoking the norm of reciprocity, which is a nearly universal rule governing social behavior. When someone receives a personal favor, he or she feels morally and socially obligated to return it (Cialdini and Goldstein 2004). Social exchange theory suggests that norms of reciprocity can be triggered by the provision of intangible, socioemotional benefits as well as by the provision of more tangible favors (Cropanzano and Mitchell 2005). Flattery and opinion conformity can be viewed as intangible favors: when someone is “paid a compliment,” he or she feels psychologically indebted to the ingratiator and will look for ways to return the favor. Moreover, opinion conformity is a subtle kind of flattery. In expressing agreement with another person, the ingratiator validates his or her judgment or intelligence. Thus, opinion conformity may likewise induce feelings of psychological indebtedness toward the ingratiator.

Contemporary perspectives on social exchange indicate that reciprocity has both an affective and instrumental basis. The instrumental basis for reciprocity is to increase the likelihood of receiving further benefits in future interactions. In this respect, reciprocity is an act of reinforcement (Pereira et al. 2006). Therefore, the desire to receive further tangible or socioemotional benefits from another person in the future can increase the likelihood of reciprocation in response to ingratiation (Sethi and Somanathan 2003). Reciprocity can also be motivated by positive affect toward an ingratiator. People tend to feel gratitude and liking toward those who provide them with tangible or socioemotional
Ingratiation Between CEOs and Journalists

From this theoretical perspective, we expect that CEOs can deter journalists from writing articles that feature negative statements about the firm and its leaders by engaging in ingratiatory behavior toward journalists who cover their firm. Our preliminary interviews with 13 top executives and 15 journalists (discussed in more depth below) indicated that CEOs sometimes render personal or professional favors for journalists, such as helping them acquire information about recent industry developments by putting them in contact with an executive of a buyer or supplier firm. Interviewees also discussed cases in which CEOs “put in a good word” for a journalist with managers or executives of the journalist’s employer or other media companies, thus potentially enhancing the journalist’s career prospects. Moreover, our interviews suggested that CEOs sometimes engage in flattery and opinion conformity with journalists, for instance, by complimenting them about their work or expressing agreement with their point of view on a business issue; such communications typically occur in one-on-one conversations between a CEO and a journalist.

From a social exchange perspective, such ingratiatory behavior should elicit positive affect and a feeling of indebtedness toward the CEO, thus motivating efforts to reciprocate. To the extent that ingratiatory behavior is particularly effective in deterring harmful actions, as discussed above, ingratiatory behavior by CEOs toward journalists may be especially likely to deter the latter from taking actions that would harm the CEO’s interests, such as highlighting negative information about the executive’s firm or issuing negative statements about the firm’s leadership or strategy in articles that reference the firm. Whereas negative statements about a firm’s leadership can obviously harm the reputation and career prospects of the CEO, negative statements about firm performance or strategy may also impair the CEO’s earning potential and career prospects, given that the CEO’s reputation is closely tied to the perceived quality of a firm’s strategy and to the firm’s overall reputation (Chen and Meindl 1991, Hayward et al. 2004, Wade et al. 2006). Thus, our social exchange perspective would suggest that journalists will be more reluctant to engage in negative reporting on a firm and its leaders to the extent that they have been the recipient of ingratiatory behavior from the firm’s top executive. Given norms of reciprocity, journalists would likely experience cognitive dissonance from writing articles that damage the CEO’s reputation when the CEO has ingratiated them with tangible and intangible favors. Social influence theory discussed above would also suggest that journalists may be biased toward CEOs who have ingratiated them. One might question whether the normative ideals of objectivity in journalism could mitigate the efficacy of CEO ingratiation in prompting relatively positive journalist reports. However, journalists’ assessments of a firm’s leadership and strategy can be highly subjective, and their decisions about what information to report or emphasize in writing an article (e.g., whether to highlight negative performance information or whether to attribute low firm performance to actions of the CEO rather than uncontrollable factors in the environment) can be similarly subjective (Fiss and Hirsch 2005). As a result of this subjectivity, journalists are vulnerable to “several types of biases, including cognitive, affective, and attributional biases” in their reporting (Wiesenberg et al. 2008, p. 235; Bennett and Serrin 2005). Our theory indicates how ingratiation can lead to such biases. Flattery, opinion conformity, and favor rendering increase positive affect for the CEO, which results in a tendency to discount the CEO’s responsibility for negative firm
outcomes such as poor performance. Thus, given the ambiguity and subjectivity inherent in reporting, these biases can be manifested in journalists’ assessments of firm leadership and strategy and in their judgments about what information to include or highlight in writing an article.

Moreover, scholars in the journalism literature have long suggested that journalists tend to reconcile the normative ideal of objectivity in reporting with the ambiguity and subjectivity inherent in actual reporting by engaging in “ritualistic procedures,” or routines that give the appearance of objectivity in their stories (e.g., Tuchman 1972, p. 661; Bennett and Serrin 2005). As one example, journalists routinely search for quotes from an “expert” that validate points the journalist was inclined to make in an article (Tuchman 1972, Shoemaker and Reese 1996). In this case, if a journalist is inclined to attribute poor firm performance to external factors (rather than to firm leadership), the journalist might seek out an industry expert who can provide a quote referring to difficult challenges in the industry environment. Such routine practices lend a veneer of objectivity to reporting that may actually be influenced by the reporter’s social and psychological ties to the subject (in this case, a reluctance to make statements that would damage the CEO’s reputation as a result of ingratiation behavior by the CEO).2

CEOs’ status and prestige may also enhance the effectiveness of their ingratiation attempts. Social influence theory and empirical evidence suggest that flattery and opinion conformity by high-status actors are especially potent in creating positive affect and a feeling of indebtedness toward the ingratiator (Jones 1964, Ellis et al. 2002). Complimentary remarks and expressions of agreement are more esteem enhancing when they come from a high-status source (Vonk 1998). Thus, ingratiation behavior by CEOs toward journalists is likely to be particularly effective in influencing the content of journalist reports.

CEO ingratiation toward journalists is distinct from impression management in which the CEO or other members of the organization (e.g., public relations staff) provide information about the company or persuasive argumentation that is intended to create a more favorable impression about the state of the firm or the quality of its management. For example, in response to unexpectedly low firm performance, spokespersons may issue statements in press releases or conference calls with analysts that attribute the disappointing performance to uncontrollable factors in the industry environment rather than the strategic decisions of top management (Staw et al. 1983, Salancik and Meindl 1984). Journalists are dependent on the firm to some degree for information about the state of the company, and this information asymmetry provides an opportunity for firm spokespersons to manage impressions by selectively disclosing information about the state of the firm and/or providing interpretations of available information that put the firm and its leadership in the best possible light (e.g., such as making external attributions for low firm performance) (Abrahamson and Park 1994). The content of such impression management is distinct from CEO ingratiation toward journalists, which involves flattery, opinion conformity, and favor rendering rather than the selective provision of information about the firm or persuasive arguments about the firm and its environment. Such impression management is also distinct from CEO ingratiation in the mechanisms by which it can lead to more favorable journalist statements about the firm and its leadership (Stevens and Kristoff 1995, Ellis et al. 2002). For example, whereas impression management about the firm may involve the use of information and rhetoric to persuade journalists that low firm performance is attributable to uncontrollable factors in the environment (i.e., rather than to managerial decisions), CEO ingratiation may lead journalists to make biased performance attributions through a more subtle, indirect mechanism (i.e., by increasing positive affect for the CEO, which increases the likelihood of CEO-serving attributions). Our theory also suggests that CEO ingratiation, unlike impression management about the firm, can lead to more favorable journalist coverage by invoking norms of reciprocity.

Disclosure of Low Corporate Earnings and CEO Ingatiation Toward Journalists. We extend the theoretical argument developed thus far to suggest that top executives may be especially likely to engage in ingratiation behavior toward journalists in response to the disclosure of relatively low firm performance. The literature on power and politics has provided considerable evidence that the subjective expected utility of a social influence tactic affects the likelihood and extent to which people use that tactic in their relations with other actors (Porter et al. 1981, Jones and Pittman 1982). The subjective expected utility of a social influence tactic, in turn, depends on two factors: (i) the perceived likelihood that the tactic would be effective in influencing the target’s behavior and (ii) the perceived value of that influence to the focal actor. Our theory suggests why ingratiation behavior by CEOs toward journalists may be effective in influencing journalists’ reporting about the executive’s firm. The literature on social influence and exchange suggests that ingratiation is particularly effective in deterring others from taking actions that would harm the interests of the focal actor. The disclosure of low corporate earnings increases the subjective expected utility of CEO ingratiation toward journalists because this information could lead to negative reports about the firm and its executives in the press that could harm the CEO’s reputation.

A firm’s reported earnings are typically measured against the earnings that were forecasted by security
analysts. When reported earnings are below analysts’ “consensus forecast” (routinely measured as the median forecast), it is deemed a “negative earnings surprise” (Barron et al. 2008, p. 303). A negative earnings surprise, in particular, has the potential to prompt negative journalist reports about the firm and its leadership. According to qualitative research on journalist practices, events that can be framed as unexpected or surprising are routinely viewed by journalists as more newsworthy because they hook the reader’s interest in the story (Tuchman 1978). Moreover, unexpected or surprising events beg for an explanation, and one possible explanation for unexpectedly low firm performance is poor leadership or strategic decision making. Whereas journalist reports that attribute low earnings to firm leadership can harm the reputation of the CEO, as noted above, negative statements about firm performance or strategy may also have some impact on the CEO’s earning potential and career prospects, because the CEO’s reputation is closely tied to the perceived quality of a firm’s strategy and to the firm’s overall reputation (Hayward et al. 2004, Wade et al. 2006). Moreover, CEOs are likely to find journalist reports that reflect poorly on their leadership or strategic decision making to be highly aversive from a personal standpoint, apart from any material effects such reports may have on their careers. Thus, by increasing the risk of negative reports about the firm, including negative statements about firm leadership and strategy, negative earnings surprises increase the subjective expected utility of social influence behavior that can deter journalists from highlighting the negative performance information in stories related to the firm, or that can reduce the likelihood that journalists attribute low performance to firm leadership or strategic decision making.

Moreover, contemporary theory and research on self-regulation and social interaction indicates the micromechanisms by which negative earnings surprises can lead to ingratiatory behavior toward journalists. This literature suggests that when individuals interact with others (interlocutors) upon whom they are dependent for valued outcomes, and especially when they are dependent on those others to avoid negative outcomes (in this case, a decline in their reputation as a result of negative press coverage), they will be more attuned to the interlocutor’s affective responses to their behavior and more motivated (often on a preconscious level) to engage in interpersonal behaviors that maintain a positive affective response (Leary 1996, Shah 2006). As discussed above, theory and research on social influence suggest that ingratiatory behavior tends to enhance positive affect for the ingratiate. Thus, given that negative earnings surprises increase the potential for journalists to harm the CEO’s reputation by issuing negative statements about firm performance, leadership, or strategy, the literature on self-regulation and social interaction suggests that CEOs will be motivated (on a conscious or preconscious level) to maintain a positive affective response from journalists during their interpersonal interactions by engaging in ingratiatory behavior toward them. Cognitive perspectives on social influence also suggest that ingratiation figures prominently in prevailing “implicit theories of influence”; that is, people tend to presume—again often on a preconscious level—that ingratiatory behavior will lead to relatively favorable treatment by interlocutors (Leary 1996). Thus, to the extent that negative earnings surprises increase CEOs’ concern about avoiding unfavorable treatment by journalists, prevailing implicit theories of influence will lead them to engage in ingratiatory behavior toward journalists under the presumption that such behavior will reduce journalists’ inclination to write stories that would harm their reputation. This leads to the following initial hypothesis.

Hypothesis 1. The lower the reported corporate earnings relative to consensus analysts’ forecasts, the greater the tendency for CEOs to engage in ingratiatory behavior toward journalists who cover their firms.

CEO Ingratiation and Subsequent Journalist Reporting. Our theoretical perspective on social influence in relations between top executives and journalists has suggested how CEOs can use ingratiatory behavior to influence the content of journalist reports about their firm. In particular, our theory leads to the expectation that CEOs can decrease the likelihood that media reports will feature negative statements about their firm or their leadership in response to the disclosure of relatively low firm performance by engaging in ingratiatory behavior toward journalists who cover their firm.

Our specific theoretical arguments suggested that CEO ingratiation may lead journalists to minimize references to poor firm performance in their reports about the executive’s firm. We also proposed that CEO ingratiation would cause journalists to make fewer negative references to executive leadership and strategy in response to poor performance, because they attribute disappointing results less to the executive’s strategic decision making and more to uncontrollable factors in the external environment. Our social exchange perspective suggested that, given norms of reciprocity, journalists would likely experience cognitive dissonance by issuing statements that damage the CEO’s reputation when the CEO has ingratiated them with tangible and intangible favors. Thus, our theory leads to the expectation that journalists will be more reluctant to highlight negative performance information or make performance attributions that reflect poorly on the CEO’s leadership to the extent that they have been the recipient of CEO ingratiation. Moreover, our social influence perspective suggested that journalists may be biased toward CEOs who have ingratiated them. The ambiguity and complexity inherent in making attributions about firm-level performance provide
an opportunity for biases to influence journalist reports (Pfeffer 1981a, Liden and Mitchell 1988). Given that positive affect toward another person increases the likelihood of making external attributions for disappointing performance outcomes, positive affect for an ingratiating CEO may lead journalists to discount the CEO’s responsibility for relatively low firm performance. Moreover, our theory suggested that CEOs’ status and prestige may enhance the effectiveness of their ingratiation attempts toward journalists, because empirical evidence suggests that flattery and opinion conformity by high-status actors is especially potent in enhancing positive affect and a feeling of indebtedness toward the ingratiate. Accordingly, social influence theory would suggest that ingratiation behavior by CEOs toward journalists should be particularly effective in reducing the negativity of journalist reports following the disclosure of relatively low corporate earnings. Thus, our theoretical argument leads to an additional hypothesis regarding the consequences of CEO ingratiation for journalist reports following the disclosure of relatively low corporate earnings. Specifically,

**Hypothesis 2.** CEO ingratiation behavior toward a journalist will negatively moderate the relationship between reported corporate earnings that are low relative to consensus forecasts and the negativity of the journalist’s subsequent reporting about the company, where negative reporting includes (a) negative references to firm performance, (b) negative statements about the firm’s leadership, and (c) negative statements about the firm’s strategy.

**Negative Reciprocity in CEO–Journalist Relations**

In this section we expand our social exchange framework, which has thus far considered how reciprocity and positive affect resulting from CEO ingratiation toward journalists may lead to relatively positive journalist reports, to consider how negative journalist coverage may lead to negative reciprocity by CEOs. Whereas the norm of reciprocity encourages benevolent behavior in response to favors, it also compels negative reciprocity or retaliation in response to harmful acts. Negative reciprocity may partly result from the cognitive motivation to preserve equity or balance in social exchange relations. There is strong evidence from recent research in experimental economics and psychology that most people reciprocate harmful acts to a greater extent than would be predicted by simple economic self-interest (Hoffman et al. 1998, Pereira et al. 2006). Recent evidence also indicates, however, that most people display a “punitive sentiment” in response to defection from a social exchange relationship (Carpenter et al. 2004, p. 415; Cropanzano and Mitchell 2005). This research appears to confirm longstanding assertions by sociologists that there is an emotional component to negative reciprocity (Ekeh 1974). The motivation to punish injurious acts appears to be even stronger and more reliable in many situations than the motivation to reward benevolent acts (Offerman 1999, Charness and Rabin 2000). Evolutionary psychologists have suggested that the punitive sentiment that underlies negative reciprocity is “hard-wired into our motivational circuitry,” so that people are biologically predisposed to respond harshly to uncooperative behavior (Carpenter et al. 2004, p. 415). Such a response may also reflect dispositionalism in social inference, wherein people systematically overestimate the extent to which harmful acts reflect the ill will of another person and underestimate the extent to which those acts are dictated or constrained by situational factors (DeRidder et al. 1999).

Thus, whereas relations between top executives and journalists may provide a context for positive reciprocity, they may also provide a setting for negative reciprocity or retaliation. In particular, we propose that CEOs may engage in negative reciprocity toward journalists who engage in negative coverage of their firms. As discussed above, journalists’ negative statements about a firm or the firm’s leadership can harm the reputation and career prospects of the firm’s CEO. Thus, negative coverage by journalists has the potential to incite retaliatory behavior by the CEO. One possible form of retaliation is to limit or cut off communication with the offending journalist. Journalists rely on communication with executives to obtain information and quotations about strategic issues for their stories. Reliance on experts and authorities is an important journalistic practice (Campbell 2004). CEOs are authoritative sources about the prospects of their companies, and thus, quotations from CEOs are thought to be critical in lending credibility to journalists’ reports. Accordingly, the ability of journalists to get unique quotes from interviews with CEOs can improve the reputation of the journalist and the journalist’s publication. As in political journalism, where the ability to interview high-ranking government officials affects a journalist’s prestige, the prestige of a business journalist is thought to be enhanced by the number of personal interviews the journalist has had with corporate leaders (Tuchman 1978, Auletta 2003). Thus, losing direct communication with the CEO is likely to be aversive to most journalists and would constitute a meaningful form of retaliation in response to negative journalist coverage.

In sum, our social exchange perspective would suggest that CEOs may retaliate in this way against journalists who issue negative statements about their firm, in part to maintain equity or balance in the social exchange relationship, and in part because of negative affect or a punitive sentiment toward the offending journalist. An alternative scenario might be proposed in which CEOs initially respond to negative coverage by engaging in ingratiation behavior in an effort to induce more positive coverage from the journalist, and then engage in retaliation only if the negative coverage persists. Although
this scenario is possible, two factors limit its plausibility. First, theory and research on social exchange discussed above again suggests that CEOs will feel compelled to engage in negative reciprocity by a deeply seated cognitive motive to preserve equity in their social relationships, reinforced by an equally deep-seated punitive sentiment toward defection from social exchange. Second, by embracing the journalist with flattery, opinion conformity, and favor rendering in response to the journalist’s negative statements about the firm, the CEO effectively rewards negative coverage, providing an incentive for other journalists to issue negative statements about the CEO’s firm to receive similarly positive treatment. Thus, CEOs might not benefit overall by responding initially to negative coverage with ingratitude. In any event, the cognitive and emotional factors discussed above lead people to retaliate against defection from social exchange even when it is not entirely in their economic self-interest to do so. Therefore,

HYPOTHESIS 3. The greater the extent to which a journalist issues negative statements about a firm, the less the journalist is subsequently able to communicate with the firm’s CEO.

Negative Reciprocity and Deterrence

We also extend our social exchange perspective to consider how CEO retaliation for negative coverage could influence subsequent journalist behavior. Contemporary social exchange theory indicates that negative reciprocity does not necessarily induce cooperative behavior by the recipient of the negative sanctions. On one level, given that social exchange is influenced partly by instrumental motives, the punished individual may be motivated to cooperate in the future in hopes of restoring benefits from the relationship. At the same time, however, social exchange theory would suggest that norms of reciprocity (i.e., negative reciprocity in this case) and the tendency for punishment to elicit negative affect should reduce the punished individual’s motivation to cooperate (Axelrod 1984, Sethi and Somanathan 2003). As a result, psychological perspectives on social exchange suggest that the net effect of retaliation is to neither increase nor decrease future cooperation by the punished individual, and this expectation has been supported in empirical research (Hoffman et al. 1998). Thus, social exchange theory does not suggest a directional hypothesis about how CEO retaliation against a journalist would influence the journalist’s subsequent reporting about the CEO’s firm. The impetus to engage in more positive reporting in hopes of restoring access to the CEO may be offset by the countervailing impetus to reciprocate the punishment.

At the same time, social exchange theory does suggest a directional hypothesis about how retaliation against an individual journalist would affect the behavior of other journalists who cover the same firm and who become aware of the CEO’s retaliatory behavior. When individuals are embedded in a larger social network that extends beyond a single dyadic relation, they profit from cultivating a reputation for retaliating against noncooperative behavior by social exchange partners (Abbink et al. 2000). Although retaliatory behavior may not induce cooperation by the sanctioned individual who is motivated to reciprocate the punishment, it may nevertheless induce cooperation by third parties who learn about the retaliation. Retaliation provides a credible threat to sanction similarly injurious acts in the future, thus deterring other social exchange partners from neglecting to cooperate with the focal actor (Axelrod 1984, Abbink et al. 2000). The reputational effect of retaliatory behavior partially explains the efficacy of tit-for-tat as a strategy for social exchange (Axelrod 1984). From a social psychological perspective, retaliation makes the costs of noncooperation salient to other social exchange partners, thus motivating higher levels of cooperation from those exchange partners in the future. In addition, research in social psychology has shown that people tend to value a social benefit more highly when they witness similar others lose that benefit (e.g., people have been shown to value their marriage more highly when they see similar others get a divorce) (Van Lange et al. 2007). This principle also applies to social exchange relationships. Contemporary social psychological research on social exchange indicates that when individuals who have a social exchange relationship with a given actor (A) observe a similar other lose the benefits of social exchange with A, they come to value the social benefits of their relationship with A more highly (Van Lange et al. 2007). In effect, having witnessed another actor lose the benefits of social exchange with A, they are more likely to appreciate those benefits and less likely to take them for granted, and thus less likely to behave in ways that could jeopardize their relationship with A.

Thus, on one level, when a CEO retaliates against a journalist for negative coverage of the CEO’s firm by withdrawing communication access to the journalist, it provides a credible threat to retaliate against negative coverage by other journalists in the future and makes the potential costs of issuing negative statements about the firm (i.e., the potential loss of CEO access) salient to other journalists. As a result, such retaliation should tend to deter other journalists from engaging in negative coverage of the CEO’s firm in the future. On another level, the psychological literature on social exchange would suggest that when journalists become aware of instances in which another journalist lost communication access to a CEO after issuing negative statements about the CEO’s firm, they are likely to value and appreciate their access to the CEO more highly and less likely to take such access for granted, and thus less likely to act in ways
that could jeopardize that access (i.e., such as issuing negative statements about the CEO’s firm). Accordingly, contemporary theory and research on social exchange would suggest that CEO retaliation against a journalist for negative coverage of the CEO’s firm may tend to deter other journalists who become aware of the CEO’s response from engaging in negative reporting about the firm following the disclosure of relatively low corporate earnings. This leads to the following hypothesis.

**Hypothesis 4.** A journalist who covers a particular firm and who is aware of another journalist’s inability to communicate with the CEO after issuing negative statements about the firm will be less likely to issue negative statements about that firm in response to reported corporate earnings that are low relative to consensus forecasts.

**Method**

**Sample and Data Collection**

The population for this study was comprised of dyads between journalists and top executives at large and mid-sized public U.S. companies in 2005 with more than $100 million in sales, as listed in the Reference USA index. To test our theoretical framework, we conducted multiple surveys of top executives and journalists in this population. The sample frame for the first series of surveys was all inside directors, including CEOs, at 900 companies drawn randomly from the population. Items in these surveys were used to measure ingratiation and other communications between managers and journalists for testing Hypotheses 1 and 2 about CEO ingratiation. Executives in the sample frame were invited to participate in the study in January 2005. Participating executives responded to questionnaires at four points in time: just prior to the next earnings announcement, 3 days after the announcement, 7 days after the announcement, and 30 days after the announcement. To assess interrater reliability of key survey measures, a separate survey was sent to a random sample of 860 journalists with whom a responding CEO reported having communicated during the prior year. These surveys were distributed 30 days after the earnings announcement.

The second series of surveys were distributed in 2006 to a random sample of 2,000 journalists who had reported on a company in the sample frame (i.e., the 900 firms with more than $100 million in sales) during the prior year. We included journalists who wrote for a major news and business publication in the United States, as listed in Factiva and LexisNexis. We also included journalists who reported on a firm in the sample frame for a daily newspaper in a city where the firm is headquartered or has significant operations. The survey procedure for journalists in 2006 mirrored the procedure for executives in 2005. Journalists were invited to participate in the study in January 2006. Journalists who agreed to participate responded to questionnaires over the same fixed time intervals (just prior to the next earnings announcement, three days after the announcement, and so forth). This survey was used to assess journalists’ awareness of others’ inability to communicate with the CEO for testing Hypothesis 4 and to develop separate measures of CEO ingratiation and firm-level communication with journalists to provide an additional test of the relationship between CEO ingratiation and subsequent journalist reports. Journalists answered the questions separately for each CEO of a company in the sample frame on which they had reported during the prior year.

The third series of surveys were distributed in 2007 to a random sample of 2,000 journalists who reported on a company in the sample frame. These surveys were distributed repeatedly at fixed intervals (each week for four weeks) after they issued statements about a firm. Items in this survey were used to assess journalists’ ability to communicate with the CEO to test Hypothesis 3 regarding the effect of issuing negative statements about a firm on a journalist’s ability to communicate with the firm’s CEO.

We took several steps to maximize the survey response rate. We conducted a pretest of the survey questionnaires that included detailed interviews with 13 top executives and 21 journalists. Each semistructured interview was approximately 20–40 minutes in length. We used feedback from the interviews to revise the survey instructions as well as the wording of several survey items, and the surveys were also endorsed by a highly visible and well-respected corporate executive (Bednar and Westphal 2006). Moreover, the invitation to participate framed the executive survey as part of a series of studies on effective corporate leadership, including the question of how leaders effectively manage key constituents of the firm, while noting that the research project involved faculty at several leading business schools and that thousands of managers and directors had participated in prior surveys. Thirty-nine percent of the top executives participated in the study by responding to each of the four waves of questionnaires. Participation rates for the journalist surveys ranged from 41% to 42%. We tested for sample selection bias using Heckman models (Heckman and Borjas 1980). The selection equation estimates the likelihood of responding to the survey, and the inverse Mills ratio from that model is included in a second-stage equation that estimates the hypothesized relationships. The selection equation included independent and control variables measured with data from archival sources, together with variables that capture variation in the survey process, such as when the survey was completed. The selection parameter was insignificant, and the hypothesized results were not substantively different.
from those presented below, suggesting that nonresponse bias does not threaten the validity of our results.

We obtained electronic copies of articles by journalists in the sample using LexisNexis and Factiva. Demographic data on executives came from Capital IQ, the *Dun and Bradstreet Reference Book of Corporate Management*, *Who’s Who in Finance and Industry*, and proxy statements. Data on earnings and other firm characteristics came from Compustat, and data on board appointments came from proxy statements. Data on analysts’ earnings forecasts were obtained from the I/B/E/S database. Conference call transcripts were obtained from Thomson Financial, and data on the circulation of journalists’ employers were provided by the Gale database of Publications and Broadcast Media.

**Measures**

**Low Reported Earnings.** For hypothesis tests that use 2005 survey data, we measured corporate earnings for the first quarter of 2005 (i.e., if a CEO agreed in January to participate in the study, we measured earnings of the CEO’s firm for the first quarter of that year, and the CEO responded to questionnaires at fixed intervals surrounding the disclosure of earnings for that quarter). For hypothesis tests that use 2006 survey data, we measured corporate earnings for the first quarter of 2006. In the main analyses we measured earnings relative to consensus forecasts as the difference between reported earnings and the median forecasted earnings for the same period among all analysts who cover the focal firm (Bromiley 1991, Barron et al. 2008) (the variable is inverted so that higher values indicate lower earnings relative to forecasts). We ran separate tests that included a control for the average reported earnings of competitors, and results were unchanged.

**Ingratiatory Behavior.** We measured CEO ingratiation toward journalists with a nine-item survey scale (items are listed in the appendix). Consistent with prior research, the scale measures ingratiation according to the extent to which CEOs engage in a pattern of behavior that includes the three major types of ingratatory behavior discussed above: other enhancement, opinion conformity, and favor rendering. The scale was adapted from Westphal (1998) and refined using feedback from the pretest interviews. As noted above, the first executive survey was administered just prior to an earnings announcement and asked about ingratatory behavior during the prior three-month period. Additional questionnaires were administered 3, 7, and 30 days after the earnings announcement, each asking about ingratiation since the last response. Respondents answered the survey questions separately for each journalist (“alter”) with whom they had communicated during specified time periods (respondents were also asked to indicate when they communicated with each journalist). In total, we measured ingratiation toward individual journalists over five specific time periods: (i) the 3-month period prior to the earnings announcement, (ii) the day of the announcement, (iii) the 3-day period subsequent to the announcement, (iv) the 7-day period subsequent to the announcement, and (v) the 30-day period subsequent to the announcement. Our preliminary interviews indicated that most ingratiation behavior by CEOs toward journalists was likely to occur within seven days of the announcement. Thus, in the primary analyses we measured ingratiation for the seven-day period subsequent to the announcement, while controlling for ingratiation prior to the announcement. As discussed below, we ran separate analyses using alternative time windows and found that the hypothesized results were substantively unchanged. For each question we summed the responses across alters and ran a factor analysis on the survey items using the principal factor method with promax rotation (this analysis also included survey indicators of other independent and control variables discussed below). Confirmatory factor analysis (CFA) indicated that the ingratiation items loaded on one factor as expected, with loadings above 0.5 on the same factor and less than 0.2 on other factors. Interitem reliability of the scale was acceptably high (α = 0.90).

We also measured CEO ingratiation from the journalists’ perspective. The survey included a parallel set of questions about the ingratatory behavior of top executives toward the responding journalist (see the appendix). We assessed interrater reliability from the 2005 survey of 860 journalists who covered one or more firms with a responding CEO. The response rate was 41%. We compared journalist and CEO responses regarding ingratatory behavior during the 30-day period subsequent to the announcement using the intraclass correlation coefficient (ICC) (McGraw and Wong 1996). Interrater reliability of the survey items was quite high, with coefficients ranging from 0.87 to 0.94 (τ = 418 CEO–journalist dyads).

**Journalist Reporting About the Company.** To measure negative reporting by journalists in tests of Hypothesis 2, we identified all articles authored by journalists in the sample frame during the three-month period subsequent to the period for which ingratiation is measured that mention a firm or CEO in the sample. For Hypothesis 4, we measured journalists’ statements subsequent to the period for which journalists’ awareness of others’ inability to communicate with the CEO is measured. In testing Hypothesis 3, regarding the effect of journalists’ statements on their ability to communicate with the CEO, we measured journalists’ statements prior to the period for which ability to communicate with the CEO is measured. Three coders independently read and assessed each article: one coder was an MBA student at a leading business school with an undergraduate degree in accounting, the second was an MBA specializing in marketing at a different university, and the third was...
an undergraduate in engineering with no background in business. The coders’ different functional backgrounds permitted a stronger test of interrater reliability. In the primary analysis, the recording unit was the sentence. Consistent with recent studies that have content analyzed journalist reports, each sentence referring to a company or CEO in the sample was coded as positive, negative, or neutral (Deephouse 2000, Pollock and Rindova 2003). Coders then determined whether each negative statement referred to (i) firm performance; (ii) the firm’s leadership, including the CEO; and (iii) the firm’s strategy. We summed the number of statements in each category and compared the resulting measures across the coders. ICCs for these measures ranged from 0.88 to 0.95, indicating consistently good interrater reliability.

We tried many variations on this coding procedure to determine the robustness of our results. First, we checked whether the results were robust to different recording units by having one of the coders separately analyze each article at the level of the paragraph (i.e., each paragraph was coded as positive, negative, or neutral), the “point” (i.e., the coder judged how many points were contained in the article and the valence of each one), or the entire article. We then ran a series of analyses using measures based on these alternative recording units and found that the hypothesized results were substantively unchanged. Second, one person coded each sentence as a statement of opinion, a statement of fact, or both.6 We then ran two sets of separate analyses, one testing the hypotheses for negative statements of opinion, and the other for negative statements of fact. There were no significant differences between the two sets of analyses. Third, we asked two of the coders to rate the positivity or negativity of each statement on a three-point scale (e.g., 1 = slightly negative, 2 = moderately negative, and 3 = extremely negative). Again, the interrater reliability of their assessments was quite high (weighted kappa = 0.92; Fleiss 1981). We then calculated the average negativity of journalist statements in each of the three categories and ran a series of separate analyses using these measures. Again, the hypothesized results were unchanged.

In separate tests of Hypothesis 2, we measured journalist reporting over different time windows; these robustness checks are discussed further below. Moreover, we ran further analyses in which the negativity of media reporting was operationalized using the Janis–Fadner coefficient of imbalance, which in this case measures the proportion of negative to positive statements about the firm by the focal journalist while controlling for the overall volume of statements (Janis and Fadner 1965, Deephouse 2000, Pollock and Rindova 2003); again, the hypothesized results were substantively unchanged.

**Journalist’s Ability to Communicate with the CEO.** We used a multi-item survey measure to gauge a journalist’s ability to communicate with the CEO since the date of the journalist’s most recent statements regarding the firm, with the date specified in the survey. The survey items are listed in the appendix. CFA indicated that the items loaded on one factor as expected, with loadings above 0.5 on the same factor and less than 0.2 on other factors, and high interitem reliability (α = 0.93). As discussed above, respondents answered the survey questions at weekly intervals for four weeks. In the primary analysis we measured journalists’ ability to communicate over the two-week period subsequent to issuing statements about the firm; separate analyses showed that the hypothesized results were robust to alternative time windows, including one week, three weeks, and four weeks. We examined the correlation between journalists’ self-reported inability to communicate with the CEO and the number of CEO quotations in articles by journalists in the sample during the study period. The correlation was −0.58, providing evidence for the validity of the survey measure.7

**Awareness of Another Journalist’s Inability to Communicate with the CEO.** We also used a survey scale to assess whether journalists were aware of another instance in which a journalist had lost the ability to communicate with a CEO after issuing negative statements about the CEO’s firm. The items are provided in the appendix. Again, CFA showed that the survey items loaded on one factor with high interitem reliability (α = 0.89). Respondents were also asked to name the journalists who they believed had difficulty communicating with a CEO. We then examined the correlation between this measure and journalists’ self-reports of their inability to communicate with a CEO (i.e., for the subsample of responding journalists who cover the same firm). The correlation was 0.74, which provides evidence for the accuracy of journalists’ assessments of their colleagues’ inability to communicate with the CEO, thus substantiating the construct validity of the awareness measure.

**Control Variables.** Journalist reports could be influenced by impression management in conference calls, press releases, annual reports, and interpersonal communication (Rindova et al. 2007).8 We controlled for positive statements about the firm in conference calls using both archival and survey data. First, we developed an archival measure of the total number of positive statements about the firm by top executives in conference calls. This measure was based on a content analysis of archived conference calls that occurred at the time of earnings announcements by firms in our sample. The analysis was conducted independently by the three coders mentioned above and yielded adequate interrater reliability for a random subsample of 150 conference calls (ICC = 0.89). The coders looked for positive
statements in different categories, including (i) firm performance, (ii) firm strategy, and (iii) firm leadership and governance. In addition, the executive surveys included a series of questions that prompted respondents to indicate the number of positive statements made by top executives in conference calls on each of these topics (see the appendix). Executives responded to these questions in each wave of the survey. Journalists who indicated that they had heard a conference call or read the text of a call during the relevant time period also answered these questions. Again, there was a high level of agreement between CEOs and journalists about the number of positive statements on each topic (ICCs from 0.87 to 0.93). CFA indicated that the survey and archival measures loaded on one factor as expected, with loadings above 0.5 on the same factor and less than 0.2 on other factors and acceptable reliability (α = 0.88).

We also developed archival and survey measures of external performance attributions by executives in conference calls. The archival measure was based on content analysis of the archived conference calls by the three coders mentioned above (the coding instructions were based on the procedure of Staw et al. 1983 for identifying external attributions in annual reports). The survey measure was based on a three-item scale that prompted respondents to indicate the number of statements made by top executives in conference calls that attributed firm performance to challenges in the industry environment, macroeconomic conditions, or other factors beyond management’s direct control (see the appendix) (ICCs from 0.89 to 0.95; α = 0.90). In analyses based on CEO survey data, we used the factor scores as a control, whereas in analyses based on journalist surveys, we used the archival measure as a control.

We conducted similar content analyses of positive statements and external attributions in (i) letters to shareholders in the firms’ most recent annual report (i.e., prior to the earnings announcement) and (ii) press releases in the PR Newswire issued by the company at the time of the earnings announcement and over the period for which ingratiation is measured (ICCs from 0.88 to 0.91 for letters to shareholders and 0.90 to 0.91 for press releases). In further analyses we controlled for positive statements and external attributions in press releases over the three-month period prior to the earnings announcement, and again the hypothesized results were unchanged.

We also controlled for positive statements and external attributions by executives in interpersonal communications with journalists outside conference calls (see the appendix). Again, executives responded to these questions in each wave of the survey, and they responded separately for each journalist with whom they had communicated during the period for which ingratiation is measured. Interrater agreement between CEOs and journalists was high (ICCs from 0.88 to 0.95 with α = 0.90 and 0.93 for positive statements and external attributions, respectively). We also controlled for the following using survey measures: positive statements and external attributions by chief financial officers (CFOs) in their interpersonal communications with individual journalists that mirror the measures of CEO communication (α = 0.87); interpersonal communication between other staff (e.g., public relations personnel) and journalists (α = 0.90); and the focal journalist’s personal relationship to the CEO using a measure of friendship that has been validated in prior research (Westphal and Stern 2007) (kappa = 0.89).

We also included the following archival controls: daily circulation of journalists’ employers; whether journalists are employed by a general news outlet (e.g., USA Today or the New York Times) or an outlet that focuses on business news (e.g., the Wall Street Journal); whether journalists are retained by the particular media outlet as a commentator; the number of board appointments held by the CEO; attendance at an elite undergraduate or business school (as designated by Palmer and Barber 2001); log of total sales; corporate earnings relative to consensus forecasts for the previous quarter; CEO age and tenure; CEO stock ownership; CEO annual direct compensation (logged); presence of a board interlock tie between the firm and the journalist’s employer; other major firm announcements that could influence journalist reports, such as stock repurchases or dividend changes that occurred in the six months prior to the survey; the average number of positive and negative statements about the firm issued by other journalists over the period for which ingratiation was measured; and industry dummy variables (to conserve space, coefficients are not reported). We controlled for remaining unobserved heterogeneity not captured by our other control variables using prior values of the dependent variable in all models. In models of ingratiation we controlled for a survey measure of ingratatory behavior by the CEO during the three-month period prior to the disclosure of corporate earnings (α = 0.86). In models of journalist reporting we controlled for negative statements about the firm by the focal journalist during the prior three-month period. In estimating journalists’ ability to communicate with the CEO we included a survey measure of the journalist’s access to the CEO during the three-month period prior to his or her most recent statements about the firm (α = 0.89). In separate analyses we controlled for CEOs’ functional background (Ocasio and Kim 1999); results were unchanged.

Analysis

We estimated ingratatory behavior and journalists’ ability to communicate with the CEO using multiple regression analysis. The unit of analysis in these models is the CEO–journalist dyad. Thus, our sample included multiple dyadic combinations that involve the same journalist
or the same CEO, because multiple journalists can cover the same firm, and some journalists cover more than one firm in the sample. Given that residuals for dyads that include the same individual could be correlated, we corrected for clustering of the observations by estimating robust standard errors for clustered data, which treats each cluster (CEO and journalist) as a super-observation that affects the variance estimate (Wooldridge 2003). Because we controlled for prior levels of the dependent variable in these models, which can create serial correlation, we instrumented the prior values of ingratiation behavior and the ability to communicate with the CEO.

Because our measures of negative journalist reports are count variables with extra-Poisson variation (i.e., the number of negative journalist statements about the firm in various categories), and these variables could be correlated, we used seemingly unrelated negative binomial regression to estimate journalist reports (Wooldridge 2003). Again, prior levels of the dependent variable were instrumented, and we estimated robust standard errors. In further analyses we randomly selected one dyad per cluster (i.e., one dyad per responding CEO/journalist), and the hypothesized results were substantively unchanged.

Results

Descriptive statistics and correlations are provided in Table 1. Table 2 includes results of multiple regression analyses of ingratiation behavior by CEOs toward journalists. Model 1 includes survey measures based on CEO responses, and Model 2 includes survey measures based on journalist responses. The results of both models support Hypothesis 1: the lower the reported corporate earnings relative to consensus analysts’ forecasts, the greater the extent to which CEOs engage in ingratiation behavior toward journalists who cover their firms. Although in the primary analyses we measured ingratiation behavior for the seven-day period following the earnings announcement, in separate analyses we measured ingratiation behavior over alternative time windows (e.g., the day of the announcement), and the hypothesized results were unchanged.

Results of seemingly unrelated negative binomial regression analyses of journalist reports are provided in Table 3. Models 1–4 include survey measures based on CEO responses, and Models 5–12 include survey measures based on journalist responses. Models 2–4 and Models 6–8 test interactions between CEO ingratiation and relatively low reported earnings on the negativity of journalist’s subsequent reporting. These models provide support for Hypothesis 2. The higher the level of CEO ingratiation toward a journalist, the weaker (less positive) the effect of relatively low corporate earnings on negative statements by the journalist about the CEO’s firm. As hypothesized, this result holds for negative references to firm performance, negative statements about the firm’s leadership, and negative statements about the firm’s strategy; the interaction for leadership is displayed graphically in Figure 1. Moreover, the effects are significant when CEO ingratiation is measured with journalist responses. In further analyses we measured negativity of journalist reports over alternative time periods subsequent to the period for which ingratiation is measured (two weeks, one month, and four months), and the hypothesized results were consistent with those in the table. We also conducted separate tests in which ingratiation is measured over a shorter time period; e.g., we examined the relationship between ingratiation on the day of the announcement and negativity of journalist reports during the following week. Again, the hypothesized effects of ingratiation remained significant. Thus, the results provide consistent evidence that CEO ingratiation toward journalists reduces the propensity for journalists to issue negative statements about the CEO’s firm in response to the disclosure of relatively low corporate earnings. The magnitude of these effects is considerable. For example, among firms that announce corporate earnings that are below consensus forecasts, an increase in ingratiation from the mean level that involves (1) complimenting the journalist about his or her work as a journalist two more times since the announcement, (2) expressing agreement with the journalist’s view on a business issue one more time since the announcement, and (3) doing one more personal favor for the journalist during that time reduces the number of negative statements made by the journalist by 68%.

Results of regression analysis of journalists’ ability to communicate with the CEO are provided in Model 3 of Table 2, and they strongly support Hypothesis 3: the greater the extent to which a journalist issues negative statements about a firm, the less the journalist is subsequently able to communicate with the firm’s CEO. We conducted a separate test of Hypothesis 3 by estimating...
## Table 1  Descriptive Statistics and Bivariate Correlations

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<th>Independent variable</th>
<th>Mean</th>
<th>SD</th>
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<td>1. (Low) reported corporate earnings vs. forecasts</td>
<td>8.87</td>
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<td>0.26</td>
<td>0.44</td>
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<td>2. Level of CEO compensation</td>
<td>1.44</td>
<td>0.35</td>
<td>0.02</td>
<td>0.04</td>
<td>0.00</td>
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<td>3. Friendship between CEO and journalist</td>
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<td>0.12</td>
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<td>5. Attendance at elite school</td>
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<td>0.21</td>
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<td>6. Board appointments held by CEO</td>
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Westphal and Deephouse: Interpersonal Influence in Relations Between CEOs and Journalists
Organization Science 22(4), pp. 1061–1086, © 2011 INFORMS

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the number of times a journalist quoted the focal CEO during the six-month period subsequent to the survey date. Using a Poisson regression model that included all the controls in Table 2, we found a negative and significant relationship between negative journalist statements about a firm and subsequent quotations of the firm’s CEO in articles by the journalist ($p < 0.001$). As noted above, in separate analyses we also measured journalists’ ability to communicate with the CEO over different time periods, ranging from one week to four weeks, after issuing statements about the CEO’s firm, and the hypothesized results were unchanged.

Hypothesis 4 posited that awareness of another journalist’s inability to communicate with a CEO after issuing negative statements about the CEO’s firm would tend to deter the focal journalist from issuing negative statements about that firm in response to the disclosure of relatively low corporate earnings. This hypothesis is supported. As shown in Models 9–12 of Table 3, there is a negative interaction between awareness of another journalist’s inability to communicate with a CEO after issuing negative statements about the CEO’s firm and relatively low corporate earnings on negative statements issued by the focal journalist about the CEO’s firm; that is, following the disclosure of relatively low corporate earnings, journalists are significantly less likely to issue negative statements about a firm when they are aware of another journalist’s inability to communicate with the CEO after issuing negative statements about the CEO’s firm. This result holds for negative references to firm performance, negative statements about the firm’s leadership (shown in Figure 2), and negative statements about the firm’s strategy.

Using our longitudinal survey data, we are able to address the possibility that the apparent effect of earnings disclosures on CEO ingratiation reflects ongoing

<table>
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<tbody>
<tr>
<td>16. Previous neg. statements by journalists</td>
<td>0.08</td>
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<tr>
<td>17. Journalist ability to comm. with CEO</td>
<td>−0.07 −0.25</td>
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<tr>
<td>18. Awareness of another journalist’s inability to comm. with the CEO</td>
<td>−0.17 0.03 −0.04</td>
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<tr>
<td>19. Positive statements in conference call</td>
<td>−0.05 0.01 0.02 0.03</td>
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<tr>
<td>20. External attributions in conference call</td>
<td>−0.11 0.01 0.00 0.04 0.18</td>
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<tr>
<td>21. Pos. statements in letter to shareholders</td>
<td>−0.02 −0.01 0.00 0.01 0.16 0.11</td>
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<tr>
<td>22. Ext. attributions in letter to shareholders</td>
<td>−0.04 0.00 −0.01 0.03 0.09 0.19 0.15</td>
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<tr>
<td>23. Positive statements in press releases</td>
<td>−0.04 0.01 0.01 0.00 0.22 0.12 0.19 0.12</td>
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<tr>
<td>24. External attributions in press releases</td>
<td>−0.05 −0.02 0.01 0.04 0.14 0.25 0.08 0.17 0.19</td>
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<td>25. Pos. statements by CEO in comm. with journalist outside conf. call</td>
<td>−0.13 −0.11 0.23 0.06 0.19 0.15 0.14 0.20 0.17 0.15</td>
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<tr>
<td>26. Ext. attributions by CEO in comm. with journ. outside conf. call</td>
<td>−0.16 −0.10 0.20 0.04 0.18 0.27 0.10 0.15 0.13 0.18 0.16</td>
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<tr>
<td>27. Pos. statements by other staff in comm. with journ. outside conf. call</td>
<td>−0.11 0.09 0.02 0.04 0.20 0.12 0.18 0.09 0.22 0.21 0.14 0.13</td>
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<tr>
<td>28. Ext. attrib. by other staff in comm. with journ. outside conf. call</td>
<td>−0.13 0.06 0.01 0.06 0.13 0.26 0.11 0.17 0.14 0.25 0.12 0.23 0.17</td>
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<tr>
<td>29. Business vs. general news outlet</td>
<td>−0.15 −0.09 0.05 0.07 −0.01 −0.01 −0.02 −0.01 −0.04 −0.01 −0.03 −0.04 −0.05 −0.07</td>
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<tr>
<td>30. Reporter vs. commentator</td>
<td>−0.20 −0.14 −0.17 −0.05 −0.02 −0.01 0.00 0.01 −0.01 −0.02 −0.12 −0.15 −0.10 −0.11 0.13</td>
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<tr>
<td>31. CEO age</td>
<td>0.05 0.02 −0.04 0.03 0.01 0.02 0.02 0.02 0.00 0.01 0.06 0.07 0.03 0.02 −0.02 −0.03</td>
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<tr>
<td>32. CEO tenure</td>
<td>0.08 0.04 −0.07 0.01 0.03 0.02 −0.01 −0.03 −0.01 0.01 0.10 0.15 −0.01 −0.03 −0.01 0.00 0.17</td>
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<tr>
<td>33. CEO ownership</td>
<td>−0.04 0.01 −0.03 −0.01 −0.01 0.00 0.01 −0.02 0.00 −0.02 −0.03 0.00 0.01 −0.02 0.01 0.04 0.06</td>
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</tbody>
</table>

Note. Survey measures are based on responses to the CEO survey except where indicated.

*aThis variable is inverted so that higher values indicate lower earnings.

*bStandardized factor score.

*cStatistics for this variable are based on responses to the journalist survey.
### Table 2  Multiple Regression Models of CEO Ingratiation Toward Journalists and Journalists’ Ability to Communicate with the CEO

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>CEO ingratiation toward journalists</th>
<th>Journalist’s ability to communicate with the CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model 1</strong>*</td>
<td><strong>Model 2</strong>*</td>
<td><strong>Model 3</strong>*</td>
</tr>
<tr>
<td>(Low) reported corporate earnings vs. forecasts</td>
<td>0.007*** (0.002)</td>
<td>0.009*** (0.002)</td>
</tr>
<tr>
<td>Previous negative statements by journalist</td>
<td>−0.003** (0.001)</td>
<td>−0.002* (0.001)</td>
</tr>
<tr>
<td>Prior ingratiatory behavior</td>
<td>0.046 (0.026)</td>
<td>0.035 (0.022)</td>
</tr>
<tr>
<td>Prior ability to communicate with the CEO</td>
<td>−0.030 (0.018)</td>
<td>−0.021 (0.015)</td>
</tr>
<tr>
<td>Positive statements in conference calls</td>
<td>−0.042* (0.020)</td>
<td>−0.039* (0.018)</td>
</tr>
<tr>
<td>External attributions in conference calls</td>
<td>−0.027 (0.015)</td>
<td>−0.019 (0.014)</td>
</tr>
<tr>
<td>Positive statements in letter to shareholders</td>
<td>−0.042* (0.019)</td>
<td>−0.047* (0.021)</td>
</tr>
<tr>
<td>External attributions in letter to shareholders</td>
<td>−0.005 (0.016)</td>
<td>−0.015 (0.013)</td>
</tr>
<tr>
<td>External attributions in press releases</td>
<td>−0.036* (0.015)</td>
<td>−0.029* (0.012)</td>
</tr>
<tr>
<td>Positive attributions by CEO in comm. with journalist outside conference calls</td>
<td>−0.042* (0.021)</td>
<td>−0.034* (0.017)</td>
</tr>
<tr>
<td>Positive statements by CFO in comm. with journalist outside conference calls</td>
<td>−0.036* (0.017)</td>
<td>−0.038* (0.016)</td>
</tr>
<tr>
<td>External attributions by CFO in comm. with journalist outside conference calls</td>
<td>−0.023 (0.016)</td>
<td>−0.039 (0.022)</td>
</tr>
<tr>
<td>Positive attributions by other staff in comm. with journalist outside conference calls</td>
<td>−0.044* (0.021)</td>
<td>−0.023 (0.015)</td>
</tr>
<tr>
<td>Type of media outlet (business vs. general news)</td>
<td>−0.103* (0.049)</td>
<td>−0.091* (0.045)</td>
</tr>
<tr>
<td>Reporter vs. commentator</td>
<td>−0.095* (0.043)</td>
<td>−0.089* (0.039)</td>
</tr>
<tr>
<td>(Low) reported earnings vs. forecasts previous quarter</td>
<td>−0.003 (0.002)</td>
<td>−0.004 (0.002)</td>
</tr>
<tr>
<td>CEO age</td>
<td>−0.004 (0.003)</td>
<td>−0.006* (0.003)</td>
</tr>
<tr>
<td>CEO tenure</td>
<td>−0.003 (0.002)</td>
<td>−0.002 (0.001)</td>
</tr>
<tr>
<td>CEO ownership</td>
<td>−0.033 (0.027)</td>
<td>−0.026 (0.022)</td>
</tr>
<tr>
<td>Level of CEO compensation</td>
<td>0.040** (0.015)</td>
<td>0.043*** (0.012)</td>
</tr>
<tr>
<td>Friendship between CEO and journalist</td>
<td>−0.066* (0.032)</td>
<td>−0.081* (0.036)</td>
</tr>
<tr>
<td>Circulation of journalist’s employer</td>
<td>0.0003** (0.0001)</td>
<td>0.0003** (0.0001)</td>
</tr>
<tr>
<td>Attendance at elite school</td>
<td>−0.041 (0.057)</td>
<td>−0.031 (0.051)</td>
</tr>
<tr>
<td>Board appointments held by CEO</td>
<td>−0.013 (0.007)</td>
<td>−0.008 (0.005)</td>
</tr>
<tr>
<td>Log of sales</td>
<td>0.007 (0.017)</td>
<td>0.009 (0.014)</td>
</tr>
<tr>
<td>Interlock tie between firm and journalist’s employer</td>
<td>−0.187 (0.102)</td>
<td>−0.156 (0.091)</td>
</tr>
<tr>
<td>Other events</td>
<td>0.076 (0.051)</td>
<td>0.058 (0.045)</td>
</tr>
<tr>
<td>Previous positive statements by journalist</td>
<td>0.002 (0.001)</td>
<td>0.001 (0.001)</td>
</tr>
<tr>
<td>Positive statements issued by other journalists</td>
<td>−0.005* (0.002)</td>
<td>−0.002 (0.001)*</td>
</tr>
<tr>
<td>Negative statements issued by other journalists</td>
<td>0.004* (0.002)</td>
<td>0.002 (0.001)*</td>
</tr>
<tr>
<td>Constant</td>
<td>0.079 (0.164)</td>
<td>0.105 (0.137)</td>
</tr>
<tr>
<td>$F$</td>
<td>43.22***</td>
<td>39.97***</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.43</td>
<td>0.46</td>
</tr>
<tr>
<td>$N$</td>
<td>1,994</td>
<td>2,053</td>
</tr>
</tbody>
</table>

**Note.** The numbers in bold are hypothesized results.

*Sample based on responses to CEO survey.

**Sample based on responses to 2006 journalist survey.

***Sample based on responses to 2007 journalist survey.

* $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$; t-tests are one-tailed for hypothesized effects and two-tailed for controls (standard errors are in parentheses).

Ingratiatory behavior between CEOs and journalists. By controlling for ingratiation prior to the earnings announcement, we essentially examine the effect of announcing relatively low earnings on change in CEO ingratiation behavior toward journalists. Our survey data indicated that a large portion of CEO ingratiation toward journalists occurred after earnings announcements, and as shown in Table 2, CEO ingratiation prior to an announcement did not significantly predict ingratiation subsequent to the announcement.

CEO ingratiation could not only reduce the propensity for journalists to make negative statements about the firm and its leadership, but it could also increase the likelihood that journalists would make external performance attributions for low corporate earnings (i.e., attributing low earnings to challenges in the industry...
### Table 3  Seemingly Unrelated Negative Binomial Regression Models of Journalist Reports

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Sample based on responses to CEO survey</th>
<th>Sample based on responses to journalist survey</th>
<th>Sample based on responses to journalist survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance</td>
<td>Leadership</td>
<td>Strategy</td>
</tr>
<tr>
<td>Previous neg. statements by journalist</td>
<td>0.010***</td>
<td>0.010***</td>
<td>0.021***</td>
</tr>
<tr>
<td>(0.001)</td>
<td>(0.001)</td>
<td>(0.004)</td>
<td>(0.001)</td>
</tr>
<tr>
<td>Ingratiation toward journalists</td>
<td>-0.048***</td>
<td>-0.037***</td>
<td>-0.038***</td>
</tr>
<tr>
<td>(0.007)</td>
<td>(0.009)</td>
<td>(0.011)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>(Low) reported corp. earnings vs. forecasts</td>
<td>0.043***</td>
<td>0.039***</td>
<td>0.053***</td>
</tr>
<tr>
<td>(0.006)</td>
<td>(0.007)</td>
<td>(0.010)</td>
<td>(0.005)</td>
</tr>
<tr>
<td>Ingratiation x (low) reported earnings</td>
<td>-0.042***</td>
<td>-0.090***</td>
<td>-0.030***</td>
</tr>
<tr>
<td>(0.007)</td>
<td>(0.010)</td>
<td>(0.004)</td>
<td>(0.005)</td>
</tr>
<tr>
<td>Awareness of others’ inability to comm. w/CEO</td>
<td>-0.010</td>
<td>-0.013</td>
<td>-0.018</td>
</tr>
<tr>
<td>(0.008)</td>
<td>(0.009)</td>
<td>(0.013)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Positive statements in conference calls</td>
<td>-0.008</td>
<td>-0.011</td>
<td>-0.006</td>
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<tr>
<td>(0.005)</td>
<td>(0.007)</td>
<td>(0.009)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Positive statements in letter to shareholders</td>
<td>-0.015</td>
<td>-0.016</td>
<td>-0.013</td>
</tr>
<tr>
<td>(0.010)</td>
<td>(0.012)</td>
<td>(0.014)</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Positive statements in press releases</td>
<td>-0.011</td>
<td>-0.010</td>
<td>-0.018</td>
</tr>
<tr>
<td>(0.007)</td>
<td>(0.008)</td>
<td>(0.010)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Positive statements by CEO in comm. with journalist outside conference calls</td>
<td>-0.018</td>
<td>-0.019</td>
<td>-0.027</td>
</tr>
<tr>
<td>(0.010)</td>
<td>(0.011)</td>
<td>(0.014)</td>
<td>(0.005)</td>
</tr>
<tr>
<td>Positive statements by CFO in comm. with journalist outside conference calls</td>
<td>-0.010</td>
<td>-0.011</td>
<td>-0.011</td>
</tr>
<tr>
<td>(0.008)</td>
<td>(0.009)</td>
<td>(0.011)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Positive statements by other staff in comm. with journalist outside conference calls</td>
<td>-0.015</td>
<td>-0.017</td>
<td>-0.015</td>
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<tr>
<td>(0.011)</td>
<td>(0.013)</td>
<td>(0.015)</td>
<td>(0.006)</td>
</tr>
<tr>
<td>Positive statements by other staff in comm. with journalist outside conference calls</td>
<td>-0.009</td>
<td>-0.011</td>
<td>-0.016</td>
</tr>
<tr>
<td>(0.006)</td>
<td>(0.007)</td>
<td>(0.009)</td>
<td>(0.003)</td>
</tr>
<tr>
<td>Type of media outlet (business vs. general news)</td>
<td>-0.025*</td>
<td>-0.029*</td>
<td>-0.035*</td>
</tr>
<tr>
<td>(0.012)</td>
<td>(0.014)</td>
<td>(0.016)</td>
<td>(0.008)</td>
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</table>
Table 3  (cont'd.)

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Sample based on responses to CEO survey</th>
<th>Sample based on responses to journalist survey</th>
<th>Sample based on responses to journalist survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance</td>
<td>Leadership</td>
<td>Strategy</td>
</tr>
<tr>
<td>Reporter vs. commentator</td>
<td>Model 1</td>
<td>Model 2</td>
<td>Model 3</td>
</tr>
<tr>
<td>−0.051**</td>
<td>−0.053**</td>
<td>−0.072**</td>
<td>−0.028*</td>
</tr>
<tr>
<td>(Low) reported earnings vs. forecasts in previous quarter</td>
<td>(0.018)</td>
<td>(0.019)</td>
<td>(0.026)</td>
</tr>
<tr>
<td>CEO age</td>
<td>0.011</td>
<td>0.009</td>
<td>0.020</td>
</tr>
<tr>
<td>CEO tenure</td>
<td>0.006</td>
<td>(0.005)</td>
<td>0.011</td>
</tr>
<tr>
<td>CEO ownership</td>
<td>0.026</td>
<td>0.024</td>
<td>0.031</td>
</tr>
<tr>
<td>Level of CEO compensation</td>
<td>0.014</td>
<td>0.014</td>
<td>0.017</td>
</tr>
<tr>
<td>Friendship between CEO and journalist</td>
<td>−0.172</td>
<td>−0.177</td>
<td>−0.368</td>
</tr>
<tr>
<td>Circulation of journalist’s employer</td>
<td>0.0215</td>
<td>(0.0217)</td>
<td>0.029</td>
</tr>
<tr>
<td>Attendance at elite school</td>
<td>0.009</td>
<td>0.009</td>
<td>0.011</td>
</tr>
<tr>
<td>Board appointments held by CEO</td>
<td>0.0026</td>
<td>0.024</td>
<td>0.031</td>
</tr>
<tr>
<td>Log of sales</td>
<td>0.0014</td>
<td>0.014</td>
<td>0.015</td>
</tr>
<tr>
<td>Interlock to journalist’s employer</td>
<td>0.0070</td>
<td>0.007</td>
<td>0.009</td>
</tr>
<tr>
<td>Other events</td>
<td>0.0024</td>
<td>0.026</td>
<td>0.030</td>
</tr>
<tr>
<td>Pos. statements by other journalists</td>
<td>0.0020</td>
<td>0.020</td>
<td>0.021</td>
</tr>
<tr>
<td>Neg. statements by other journalists</td>
<td>0.0005***</td>
<td>0.005***</td>
<td>0.007***</td>
</tr>
<tr>
<td>Constant</td>
<td>0.040</td>
<td>0.031</td>
<td>0.048</td>
</tr>
<tr>
<td>Wald ( \chi^2 )</td>
<td>1,994</td>
<td>1,994</td>
<td>1,994</td>
</tr>
<tr>
<td>( N )</td>
<td>1,994</td>
<td>1,994</td>
<td>1,994</td>
</tr>
</tbody>
</table>

Notes: Standard errors are in parentheses. The numbers in bold are hypothesized results.

\*p ≤ 0.05; \**p ≤ 0.01; \***p ≤ 0.001.
environment, macroeconomic conditions, or other factors beyond management’s direct control). We coded for external attributions in journalist reports, as well as in press releases, letters to shareholders, and conference calls (as noted above, we used the procedure of Staw et al. 1983 for coding external attributions). There was adequate interrater agreement between coders about the incidence of external attributions by journalists in articles about companies in the sample ($\alpha = 0.93$). A separate regression analysis of external attributions showed that higher levels of CEO ingratiation toward a particular journalist significantly increased the likelihood that the journalist would make external performance attributions in response to the disclosure of relatively low corporate earnings during the subsequent three-month period. This analysis further suggests the efficacy of CEO ingratiation toward journalists in leading to relatively favorable media coverage following the disclosure of low performance.

**Discussion**

Overall, the results provided strong support for our theoretical perspective on interpersonal influence in relations between top executives and journalists. The first set of results showed that the disclosure of negative information about a firm—specifically, the disclosure of relatively low corporate earnings—prompts the CEO to engage in higher levels of ingratatory behavior toward journalists who cover their firms. A second set of results indicated that such behavior is effective in influencing subsequent journalist reports about the CEO’s firm. Ingratiation reduced the propensity for journalists to issue negative statements about the firm following the disclosure of low corporate earnings. Moreover, it not only reduced negative statements about the subject of the information disclosure (i.e., firm performance), but it also reduced negative statements about firm leadership and strategy. These findings support our theoretical perspective on social influence and exchange in CEO–journalist relations, which suggested that ingratiation by CEOs toward journalists should tend to induce positive affect and feelings of personal indebtedness toward the CEO, which should make journalists less likely to issue reports that could damage the CEO’s reputation.

A third set of results showed that journalists who issue negative statements about a firm are subsequently less able to communicate with the firm’s CEO. This finding supports our theoretical contention that CEOs may tend to engage in negative reciprocity or retaliation against journalists who issue reports that have the potential to damage the CEO’s reputation by limiting or cutting off communication with the offending journalist. Further results supported our expectation that such negative reciprocity would tend to deter other journalists from issuing negative reports about the firm in the future. In particular, journalists who were aware of another journalist’s inability to communicate with the CEO after issuing negative statements about the CEO’s firm were less likely to issue negative statements about that firm in response to the disclosure of relatively low firm performance. This finding is consistent with the larger literature on social exchange, which indicates that negative reciprocity against uncooperative or injurious behavior can deter similar behavior by third parties who become aware of the retaliation.

Taken together, the results suggest that CEOs can influence journalists to issue relatively positive reports about their firms through two mechanisms: ingratatory behavior toward individual journalists and negative reciprocity that deters other journalists. These findings contribute to the growing literature in organization theory and strategic management that examines how corporate leaders can influence the behavior of information intermediaries and other external constituents toward their firms. Whereas this literature has addressed how leaders can influence constituent behavior by engaging in symbolic actions and public communications that give the impression of conformity to prevailing norms or ideologies, there has been less attention to how leaders garner the support of external constituents through microlevel interpersonal influence and exchange processes. Yet the larger literature on power and influence in organizations suggests that both processes may be important means of gaining constituent support, and there is recent empirical evidence from the governance literature that CEOs engage in interpersonal tactics toward large institutional investors (Westphal and Bednar 2008). Our study further addresses this gap in the literature by considering how interpersonal relations between CEOs and a key information intermediary (i.e., journalists) that involve social influence and exchange processes can affect constituent behavior (i.e., journalist reporting) in ways that ultimately influence firm reputation and the reputation of the firm’s leaders. Journalists are an important constituency because their reports influence the perceptions and behavior of a broad array of other corporate stakeholders, including security analysts and other members of the financial community,
customers, suppliers, public policy makers, and the general public. By virtue of their wide-ranging influence, journalists contribute to the social construction of corporate reputation (Deephouse 2000, Pollock and Rindova 2003, Fiss and Hirsch 2005). Our study suggests that top executives are not passive players in this process but can actively influence the reputation of their firms by engaging in social influence processes toward journalists. Thus, such behavior may represent a relatively subtle form of reputation management by which leaders contribute to the social construction of their firms’ reputation.

Journalist reports not only influence stakeholder perceptions about firms, but they also affect the public image of corporate leaders. Although the press is admittedly not the only social arbiter of leader reputation, and firm activities and leader behavior can influence stakeholder perceptions independently of coverage by journalists (Fombrun and Shanley 1990), media reports are nevertheless an important input to the social process by which leader images are constructed (Chen and Meindl 1991). Positive media coverage can help turn CEOs into celebrities, increasing their earnings potential and career opportunities while potentially augmenting their discretion and authority over strategic decision making within the firm (Hayward et al. 2004, Wade et al. 2006). By contrast, negative media reports can weaken a CEO’s credibility among internal and external stakeholders, which could impair their ability to lead (Hayward et al. 2004). Moreover, although evidence regarding the consequences of negative press for executive careers is preliminary and further research is needed, there is some evidence that bad press has the potential to serve as a corporate control mechanism by prompting changes in governance that can adversely affect a CEO’s earning potential and career prospects (Dyck and Zingales 2002). Our study suggests how CEOs can rely on interpersonal influence with journalists to bolster their reputation as leaders in the face of negative information about their firms, thus helping to maintain their discretion and authority within the firm and potentially mitigating damage to their careers. In effect, CEO interpersonal influence behavior may weaken the power of the press as a corporate control mechanism.13

Compared to symbolic action and other more public forms of impression management, the interpersonal influence processes examined in this study are relatively private and thus less visible to corporate observers. Although the symbolic decoupling of formal organizational policies from actual practices can give the appearance of conformity to stakeholder values and interests while preserving existing routines and power relations within the firm, such symbolic action runs the risk that constituents will eventually discover that formally adopted policies were not implemented, perhaps when expected performance benefits fail to materialize (Meyer and Rowan 1977). Interpersonal influence behaviors are more easily concealed from other stakeholders. Moreover, the effects of ingratiation and social exchange do not depend on persuading constituents that certain outcomes will be achieved, and consequently they may provide a relatively durable form of influence. Our findings attest to the potency of ingratiation as a source of influence in executive-constituent relations. Relatively modest increases in the level of ingratiation toward a journalist (e.g., complimenting the journalist on two more occasions, expressing agreement with them one more time, and doing one more personal favor for them) reduced the journalist’s propensity to issue negative statements about the CEO’s firm following the disclosure of relatively low corporate earnings by 68%, on average.

Whereas recent research has drawn from the social psychological literature on social influence tactics to explain political behavior by corporate leaders, in the present study we develop a broader theoretical perspective that draws extensively from social exchange theory, as well as the literature on social influence, to explain social relations between corporate leaders and a key external constituent of the firm. Our perspective suggests not only how interpersonal influence behavior by CEOs can lead to more favorable treatment by key external constituents, but also how relatively negative treatment by constituents (i.e., actions that violate the interests of firm leaders) may prompt leaders to engage in negative reciprocity or retaliation against them and how such negative reciprocity may deter other constituents from engaging in actions that violate the interests of firm leaders in the future. Further research could examine whether (and under what conditions) our theoretical framework can explain social dynamics in relations between leaders and other constituents of the firm, such as governance watchdog groups, activists, and other social arbiters of the firm; legal arbiters such as regulatory officials and stock exchange officials (Wiesenfeld et al. 2008); or key internal stakeholders such as labor leaders.

From a methodological standpoint, our longitudinal survey research design afforded the advantages of survey research (e.g., proximate measures of key constructs) without the disadvantages of purely cross-sectional designs such as those used in prior research on microlevel behaviors of corporate leaders. We were able to measure key constructs such as ingratiation over multiple specific time periods subsequent to (and prior to) the disclosure of firm information. Our analyses also included extensive controls for other forms of firm-level communication toward journalists, where possible, using both survey and archival data.

Our sample for this study is limited to U.S. corporate leaders and journalists, and thus future research is needed to determine whether and to what extent the interpersonal influence processes examined in this study generalize to other institutional contexts and cultures.
Although research has begun to consider cross-cultural differences in corporate leadership and governance (see Geletkanycz 1997, Li and Harrison 2008), surprisingly little theory or research has examined cross-cultural differences in the political behavior of corporate leaders. Moreover, future research could examine whether executive influence behavior affects journalist coverage of firms and their leaders following the disclosure of controversial corporate policies. Our analyses indicated that the level of CEO pay is positively associated with CEO ingratiation toward journalists. Although generous compensation packages are thought to enhance CEO hubris (Hayward and Hambrick 1997), such that highly paid CEOs may believe that they deserve to be well paid, they may nevertheless recognize the potential for negative press coverage following the disclosure of high CEO compensation. It would be interesting to examine whether CEO ingratiation toward journalists is effective in influencing press reports about firms and their leaders following the disclosure of lavish pay packages or perquisites for executives.

Research could also explore how individual-level characteristics of corporate leaders affect their propensity to engage in ingratiation toward journalists and other firm constituents. For instance, CEO tenure could have countervailing effects on the propensity to ingratiate constituents. On the one hand, CEOs are thought to learn about critical leadership tasks over time (Hambrick and Fukotomi 1991, Ward 2003), including effective tactics for managing external constituents such as ingratiation toward journalists. On the other hand, CEOs tend to acquire power over the course of their tenure (Hambrick and Fukotomi 1991), which may reduce the perceived need to ingratiate constituents. Personality attributes such as narcissism may also have interesting but complex effects on ingratiation. Narcissism is associated with extreme self-absorption and the need to have one’s superiority affirmed in interpersonal interactions, tendencies that run counter to ingratiation, which requires focusing on the interlocutor and engaging in *other* enhancement. At the same time, narcissists are likely to be especially fond of positive press coverage (and especially averse to negative coverage) (Chatterjee and Hambrick 2007), which may increase their motivation to ingratiate journalists. Similarly, CEO celebrity may have countervailing effects on ingratiation: whereas CEOs who already possess celebrity should have less need to engage in ingratiation toward journalists to garner press attention, CEOs who acquire celebrity may begin to expect it, or develop a taste for it, leading them to cultivate more media coverage (Hayward et al. 2004). The potential effects of these individual-level attributes on the interpersonal influence behavior of corporate leaders is a promising direction for future theory and empirical research on corporate leadership.

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**Appendix**

**Survey Scales**

**Ingratiatory Behavior Toward Journalists (CEO Survey)**

1. Over [the specified period], how many times did you compliment this person about [his/her] work as a journalist?
2. [During this period], on how many occasions did you note one or more positive qualities about this person as a journalist in speaking with him/her?
3. [During this period], how many times did you compliment this person about [his/her] reporting in a way that slightly exaggerates the quality of [his/her] work?
4. [During this period], how many times did you note his/her positive and/or growing reputation as a journalist in speaking with [him/her]?
5. [During this period], how many times did you express agreement with this person regarding [his/her] point of view on a business issue, even when you did not completely share [his/her] opinion?
6. In speaking with this individual [during this period], how many times did you do a personal favor for this person without [him/her] asking for it?
7. [During this period], how many occasions did you express agreement with a point made in one of [his/her] previous articles?
8. [During this period], how many times did you do a personal favor for this person without [him/her] asking for it?
9. [During this period], did you do a professional favor for this person without [him/her] asking for it?

**Ingratiatory Behavior Toward Journalists (Journalist Survey)**

1. Over [the specified period], how many times did [the CEO] compliment you about your work as a journalist?
2. [During this period], on how many occasions did [the CEO] note one or more positive qualities that you possess as a journalist?
3. [During this period], how many times did [the CEO] compliment you about your reporting?
4. [During this period], how many times did [the CEO] note your positive and/or growing reputation as a journalist?
5. [During this period], how many times did [the CEO] express agreement with you regarding your point of view on a business issue?
6. [During this period], how many times did [the CEO] point out opinions you have in common?
7. [During this period], on how many occasions did [the CEO] express agreement with [his/her] opinion?
8. [During this period], how many occasions did [the CEO] express agreement with a point that you made in one of [his/her] previous articles?
9. [During this period], did [the CEO] do a professional favor for you without your asking for it?
10. [During this period], did [the CEO] do a personal favor for you without your asking for it?

**Journalist’s Ability to Communicate with the CEO**

1. Over [the specified period], to what extent have you been able to communicate with the CEO (not at all…to some extent…very much so)?
2. Over [the specified period], to what extent have you had difficulties making contact with the CEO?
3. Over [the specified period], the CEO has been accessible to me for interviews (strongly disagree...neither agree nor disagree...strongly agree).
4. Over [the specified period], it has been difficult to get in touch with this executive.
5. Over [the specified period], how many times have you tried to obtain comments from the CEO or arrange for an interview with the CEO and been unable to do so?

Awareness of Another Journalist’s Inability to Communicate with the CEO
1. Are you aware of an instance over [the specified period] in which another journalist who covers [the focal firm] had difficulty communicating with the CEO or the firm in an article about the company? How many such cases do you know about?
2. Do you know of a case [during the specified period] in which another journalist who covers [the focal firm] had difficulties getting access to the CEO after providing negative information or commentary about the CEO or the CEO’s firm in a report about the company? How many such instances do you know about?
3. How many instances are you aware of [during the specified period] in which a journalist who covers this firm wrote a negative article about it and then had trouble getting the CEO to grant an interview?

Positive Statements by Top Executives in Conference Calls
For the purposes of these questions, a “positive statement” means communicating a fact or opinion that reflects well on the firm’s performance, its strategy, or its leadership and governance.
1. Over [the specified period], how many positive statements about [the firm’s] performance did top executives make in conference calls [with analysts]?
2. Over [the specified period], how many positive statements about [the firm’s] strategy did top executives make in conference calls [with analysts]?
3. Over [the specified period], how many positive statements about [the firm’s] leadership and governance did you make?
4. In conference calls over [the specified period], how many times did top executives make public statements about the firm and/or its leadership that reflect well on the firm’s performance, its strategy, or its leadership and governance?
5. In conference calls over [the specified period], how many times did top executives express opinions about the firm and/or its leadership that reflect well on the firm’s performance, its strategy, or its leadership and governance?

External Performance Attributions in Conference Calls
1. In conference calls [with analysts] over [the specified period], how many times did top executives make statements that attributed firm performance to challenges in the industry environment?
2. In conference calls [with analysts] over [the specified period], how many times did top executives make statements that attributed firm performance to macroeconomic conditions?
3. In conference calls [with analysts] over [the specified period], how many times did top executives make statements that attributed firm performance to factors beyond management’s direct control?

Endnotes
1 We focus on ingratiatory behavior by CEOs versus lower-level managers for two reasons. First, our theoretical argument elaborated below suggests that CEO ingratiation toward journalists will deter the latter from issuing statements about the firm that could harm the CEO’s reputation. This argument is less likely to hold for lower-level executives because their reputations are less affected by negative publicity about the firm.

There is a precedent within the journalism literature for suggesting that social pressures within news organizations can reduce the objectivity of journalist reports. This literature has long indicated that journalists are often subjected to a kind of “social control” in media organizations that tended to reduce the negativity of stories that could harm the interests of powerful individuals, including corporate leaders at large companies (Breed 1980, Elbot 1992, Shoemaker and Reese 1996, Bennett and Serrin 2005). For example, Tuchman (1978) showed that editors were more likely to strike or alter negative statements that could harm the interests of powerful leaders, including negative statements about corporate behavior, rather than positive or “safe” statements; this exerted a subtle pressure on journalists to mitigate such negative statements in their initial drafts of stories. Chomsky (1999) examined internal documents at the New York Times and found many mechanisms used by owners and editors to influence reporters. In addition, ingratiation has been shown to influence evaluative assessments in other professional contexts in which objectivity is a normative ideal (Gordon 1996).

Our primary survey sample was limited to journalists who write for print publications. Pretest interviews suggested that
top executives rarely contacted television or radio journalists or authors of Internet blogs, and this was confirmed by the results of our large-sample surveys.

4Ingratiation can involve exaggerated praise and overstated agreement (Jones and Pittman 1982), and this possibility is reflected in the survey scale (e.g., “How many times have you complimented this person about his/her reporting in a way that slightly exaggerates the quality of [his/her] work?” or “How many times have you expressed agreement with this person regarding his or her point of view on a business issue, even when you did not completely share [his/her] opinion?”). Although we follow prior research in measuring ingratiatory behavior according to the frequency of flattery and opinion conformity (e.g., Kipnis et al. 1980), the survey also included several five-point Likert-type scale items that gauged the intensity of such behavior (e.g., “In speaking with this person over [the specified period], how strongly have you complimented [his/her] work as a journalist?”). In other analyses we included responses to these items in our survey measure, and the hypothesized results were substantively unchanged. Although Golden (1992) found that retrospective survey measures of firm strategy can be unreliable, his study examined CEO recollections of strategy two years prior. Our survey asked about communication that occurred within the prior three months or less, which likely reduced retrospective bias. Moreover, we report high levels of interrater reliability for our survey measures.

5Questionnaires that were administered three days after the announcement included separate scales asking about ingratiatory behavior on the day of the announcement and behavior subsequent to the day of the announcement. We used responses to this survey to measure ingratiatory behavior on the day of the announcement and the three-day period subsequent to the announcement.

6A second coder conducted the same analysis for a random sample of 200 articles, and there was a high rate of agreement between them (approximately 94%). We had included the measure of journalists’ ability to communicate with the CEO in the 2005 journalist surveys. Responses were correlated with a measure of journalist-initiated communication with the CEO ($r = 0.57$) included in the CEO survey, providing further evidence of construct validity.

7Although journalists generally do not participate in conference calls (i.e., they do not pose questions to managers in that context), they sometimes listen in on the calls or read archived text of the calls online (Mayew 2008). Positive statements and external attributions accounted for a large portion of all statements made by executives in conference calls (approximately 94%). Although executives sometimes acknowledged performance problems and other difficulties faced by management (and less often accepted responsibility for them), it was typically in the context of a larger, positive statement about the firm’s strategy and/or performance prospects (see Elsbach 1994).

8In other analyses we controlled for (i) the overall amount of communication between CEOs (or other executives and staff) and journalists over the period for which ingratiation is measured, and (ii) the number of positive statements, external attributions, or the overall level of communication with journalists during the three months prior to the announcement, which effectively captures the potential for anticipatory impression management (Elsbach et al. 1998). The hypothesized results were unchanged.

9Our survey data indicated that it was rare for executives other than the CEO or CFO to communicate regularly with journalists about the firm. However, in separate analyses we controlled for positive statements and external attributions by other top executives or directors (e.g., chief operating officers or nonexecutive board chairs) in their interpersonal communications with individual journalists, and the hypothesized results were unchanged.

10We also ran separate analyses that controlled for (i) the total number of statements about the firm issued by other journalists during the period, and (ii) the total number of statements issued by other journalists that referenced the focal firm’s earnings announcement. The hypothesized findings were unchanged using these alternative controls.

11The median number of dyads per responding CEO was 5.61. Similarly, our data and analysis address the possibility that the apparent effect of issuing negative statements about the CEO’s firm on a journalist’s access to the CEO reflects an ongoing lack of CEO access (i.e., by controlling for journalists’ ability to communicate with a CEO prior to issuing negative statements about the CEO’s firm). Moreover, separate analyses indicated that journalists’ prior access to a CEO did not predict the likelihood or extent to which they subsequently issued negative statements about the CEO’s firm.

12It might be suggested that journalists who enjoy relatively high status in their profession would be less influenced by CEO ingratiation. However, the tendency for ingratiatory behavior to elicit positive affect and invoke norms of reciprocity is not necessarily limited to lower-status journalists. Westphal and Stern (2007) did not find a moderating effect of status on the extent to which corporate directors are influenced by ingratiation. Nevertheless, we examined whether several indicators of journalist status might moderate the effects of CEO ingratiation on journalist reports. We developed indicators of the prestige of journalists’ employers, based on measures that have been used in prior research. Following the classification of prestigious media outlets Pollock et al. (2008), we developed a dichotomous measure coded 1 if the journalist is employed by Business Week, Fortune, or the Wall Street Journal. As an alternative classification, we developed a second variable coded 1 if the journalist is employed by one of those three outlets, the New York Times, or the Washington Post (Cose 1989, Dickson 1992). A third measure is the circulation of the journalist’s employer (Cose 1989, Dickson 1992). A journalist’s status is also indicated by the frequency with which his or her stories are reproduced in other outlets (Tuchman 1978). Thus, as a fourth measure of status, we counted the number of stories in all newspapers, excluding the journalist’s employer, in which the journalist had bylines (authorship credit) in the prior two years. We then tested interactions between each of these indicators of journalist status, CEO ingratiation, and low reported earnings on negative statements by the journalist about firm performance, leadership, and strategy. The moderating effects of the indicators of journalist status were consistently nonsignificant, and the hypothesized effects of CEO ingratiation remained strongly significant, which is consistent with the view that high-status journalists are not necessarily less influenced by CEO ingratiation in their reporting.
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